Chapter - II

REVIEW OF LITERATURE
Chapter - II

Review of Literature

2.1 Introduction:

The present study is a study on the Agriculture Mechanization and Economic Development in India” A Study With Reference to Nanded District which falls in Marathwada region of Maharashtra. The study encompasses a vide range of subjects related with age, economic development and co-operative banking. Thus this is a micro level multi-dimensional study covering various aspects of economic development with particular reference to agricultural sector and the key role played by farm mechanisation in it.

Needless to mention that a large number of studies have already been conducted right from the grass root level to international scale. These studies present on analytic picture of various aspects of agro economic development & co-operative banking the researcher feels it appropriate at this juncture to present a review of conducted in a surmised form.

It is necessary to clarify the various areas of study with which the present research is connected with various topics such as - economic growth & development, agricultural growth & development, co-operative movement in general, co-operative banking, agrarian structure, rural indebtedness, socio-
economic condition in rural areas etc.

This list can be multiplied but for the sake of brevity the researcher has noted some of the major dimensions with which the present researcher is related.

This second chapter is devoted to the review of research works related with the present study. The researcher has grouped this review in following categories:

a) Literature on Economic Growth & Development
b) Literature on Agriculture Growth & Development.
c) Micro level studies of Farm Mechanization & Economic Development
d) Literature on Banking & Farm Mechanization
e) Studies Conducted at the Government Level.

2.2 Literature on Economic Growth & Development:

While studying the various issues related with economic growth and development of which agricultural development and co-operative banking are but a part, one can't not do without referring to Gunnar Myrdals' voluminous work Asian Drama – An Inquiry into the Poverty of Nations.

At the methodological level, for instance, attempts made by Myrdal² in his Economic Theory and Underdeveloped Regions and in his Asian Drama, to formulate an institutional approach and to apply it to the Indian situation were of great significance. They presented a new approach and raised important
questions in this broad field. The most significant departure that Myrdal made was in following respects.³

a. Myrdal has rejected a single factor approach through his formulation: 'the essence of a social problem is that it concerns a complex of interlocking, circular and cumulative changes'.

b. He has demonstrated the fallacy of the distinction between economic and non-economic factors and argued that non-economic factors were as important for economic development as economic factors.

c. He has showed how land reform contributed to economic development not only thought its direct impact on the system of ownership and operation of land but also through its indirect effects on the social structure, power-balance and the value system.

d. In his Asian observations. Myrdal does not fully take into account some of the peculiarities of the Indian agrarian structure. These peculiarities were not present in western feudalism. In the second place Myrdal does not also take account of the regional variations within India.

Myrdal's⁴ analysis is thus inadequate as it is not based on sufficient empirical data. His prognosis is also defective especially in respect of this assessment of the non-responsiveness of the agrarian structure to introduction
of technological change in all parts of the country. His analysis is also open to
criticism on another ground. He belongs to that school of economists who have
treated the agrarian structure as an independent factor and then analysed its
impact on economic and social development. His work as representative of the
type of work based on hypothesis-building unsupported by direct knowledge of
the field situation and an understanding of Indian agrarian history. This is not to
underestimate Myrdal's contribution which is that of a pioneer in many ways.29

Doreen Warriner (1975)5: has used the Nurksian analytical framework
of the vicious circle and lopsided economy for analysis of the agrarian structure
in relation to economic development. But she too does not go very far in exploring
and identifying the variety of the patterns of agrarian structures in India and the
variations in the degree of their responsiveness to technological change and
economic development.

Datta and Sundharam (1973)6: observed economic development as a
process whereby in economy real national income over a long period of time
and if the rate of development was greater than the rate of population growth
then per capita real income will increase.

The volume of works on economic growth and development is very large
the objective of the present researcher is concentrated to co-operative bank
credit and agricultural development there for the review presented in this section
is somewhat brief.

32
2.3 Literature on Agriculture Growth & Development

The present research is primarily related with agricultural growth and development. Extensive research has been conducted on this issue, here some representative works are noted. These include both micro & macro-levels studies.

Sen S.R. (1966): in his perceptive essay on ‘Agricultural Economics Research and Economic Planning in India, has highlighted some of the basic weaknesses of research in the field of agricultural economics in India. The ‘neglect of economic analysis’ and the ‘lofty preference for philosophical essays’ have been identified by him as the two major deficiencies in this filed Sen observes.

Khusro A.M. (1968): in his recent work on the Economics of Land Reform and farm size in India, has also noted some deficiencies. These deficiencies are, however, related to a more basic weakness viz. the absence of ‘an intimate and proper relationship between observation and theoretical speculation’, which is absolutely necessary for the growth of scientific knowledge.

Daniel Thorner’s (1954): field studies showed the potentialities of filed-work for acquiring new insights about the Indian agrarian structure.

Dandekar and Rath (1974): in their ‘Poverty in India’ and Khusro A. M. in his ‘Economics of Land Reform and Farm Size’ have attempted to examine the nature and magnitude of this problem but fresh and mere authentic regional data are necessary for further work on the subject. In fact, both the nature and
magnitude of the problem present great variation as between regions like the Punjab and Maharashtra on the one hand and West Bengal, Bihar and eastern U.P. on the other.

Rao V.K.R.V. (1975) in his work ‘Growth with Justice in Asian Agriculture’ has discussed the question of peasant agriculture as the institutional framework of agricultural transformation in countries like India.

Doreen Warriner (1975): in her book on ‘Land Reform in Principle and Practice’ recognizes the importance of caste in India’s agrarian structure. She observes: ‘The agrarian structure of India encloses a world of its own since it is neither a large estate nor a peasant system but a system of caste’ (p. 141). This is a very penetrating statement made by an economist. But she has not elaborated this statement by drawing upon the insights available from field studies and by proposing further field studies.

Andra Beteille (1966): in his ‘Studies in Agrarian Social Structure,’ typifies the strength and limitations of the contributions by social anthropologists to the study of the agrarian problem in the recent period.

Joshi (1986): has studied agricultural and economic development in Gujrat state and analysed the structural features and silent changes experienced by Gujrat state economy.

Dandekar M. N. (1988): had examined farm credit in India. He reviewed agricultural economy in India. Farm credit and the role of various agencies,
credit and agricultural growth in India.

Chand and Swarup (1988): have studied overall agricultural development in Himachal Pradesh. Though it had been a priority for the government but due to natural limitation on production base, growth in production and other services did not succeed in deepening pace with expenditure and the domestic product of the state. They emphasized on the need to set up and upgrade the institutional infrastructure under the plan as well as to develop suitable technology to make the production of other fruits equally profitable.

Thakkar and Chole (1992): have studied the agricultural development opportunity of the farmers and factors related with it.

Bhagvati (1993): has studied the level of agricultural development attained by the districts of Assam. The agricultural land use distribution was analysed in the light of some major causal factors.

Lal (1994): has analysed the growth rates of area, production and productivity of rice, wheat and maize in Bihar state, India over the period 1951-52 to 1987-88.

Shrinivas (1994): has studied the compound growth rates of area, production and yield of cotton for Cotton growing states in India (Maharashtra, Gujarat, Karnataka, Andhra Pradesh, Punjab and Madhya Pradesh).

Pandey (1994): has conducted a study which was based on an index no. approach to productivity measurement measured the growth rates of crop
production output and input for each of the 12 districts in Haryana state, India.

Alexandratos (1995)\(^{22}\): discusses future development in world food and agriculture to year 2010, in varying degrees of detail concerning commodities and country groups.

Singh and Tyagi (1995)\(^{23}\): have studied the impact on agriculture in one of the block of Basti district in Eastern Uttar Pradesh. Analysis indicated that the co-operation by providing adequate and timely credit could create a favorable impact on agricultural development even in a backward region.

Ahluwalia (1996)\(^{24}\): has examined some of key policy issues involved in achieving the objectives of faster agricultural growth of around 4 per cent per year in India and examined how this can be addressed within the framework and constraints of the new economic policy in India.

Maheshwari (1996)\(^{25}\): studied agricultural growth in semi-arid area in Karnataka state and concluded that there was growth in the period prior to the Green Revolution which continued in period –II (1967-68 to 1979-80).

Singh (1997)\(^{26}\): has examined trends in area, production and yield of major food grains (rice, wheat) coarse cereals, pulses, oil, seeds, sugarcane and cotton at the state level in India and the factors responsible for determining yield and acreage important food grains coops,

Sharma (1997)\(^{27}\): has conducted study on regional disparities in agricultural development and also stated that the new technology had not been
uniform among different states/regions.

**Rangi (1998)**\(^28\) : has studied the growth pattern in Indian Punjab agriculture over the period 1966-67 to 1994-95.

**Barmah and Pandey (1998)**\(^29\) : have studied growth trends and variabilities in area, production and productivity of rice crops grown in three season. (Summer, autumn, winter) in Assam, India.

**Li San Duk (1998)**\(^30\) : has studied the agricultural development in Korea, Democratic people’s Republic for the year 1960 to 1963.

**Andersan (1999)**\(^31\) : has examined the importance of agricultural development to alleviate poverty in the development world.

**Dev Mahendra (2000)**\(^32\) : has studied the relevance of Agriculture and public distribution system and its affects on rural development and poverty. The author has expressed need for a strategy for effective distribution system.

**Phulpare Balkrishnan (2000)**\(^33\) : has studied agriculture and economic reforms. This study provides an overview of the principal developments in the agricultural sector since 1991, i.e. the economic reforms and of their likely consequence for the standards of living. The paper has been conceived more with a view to raising essential questions than providing complete solutions.

**Gulati Ashok and Bathla Seema (2001)**\(^34\) : have studied capital formation in the Indian agriculture. This study shows the different components of capital formation by digging into the very concepts and intimation procedure followed.
in the India system of national accounts vis-à-vis the united nation system.

2.4 Micro level studies of Farm Mechanization & Economic Development:

Micro Level Studies:

The present study is a micro-level study of farm mechanization and economic development in Nanded district. Such type of studies have also been conducted with reference to different blocks in India. Such studies are important from the point that the conclusions in respect of one geographical area can be advantageously applied to other areas. Therefore some significant contributions in the area of micro-level studies are outlined here.

Krishna Rao (1964)\textsuperscript{35}: in his study "Six Agricultural credit Societies-A case study in Madurai and Salem Districts", reviewed the working of the co-operative credit societies & farm mechanization in the light of members economic conditions. The study revealed the members of the co-operative credit societies were largely indebted to the private credit agencies.

The main funding of this study was that members of the co-operative societies were largely indebted to private credit agencies. The study recommended that the managing committees should be properly constituted so that they could shoulder greater responsibility in dispensing credit to individual members.
Ashtikar (1974) \(^{36}\) has studied the credit requirement in command area of Purna, in Parbhani District for farm mechanization. He has observed that the organizational as well as technological changes would significantly increase the capital and credit requirements on all farms.

Singh and Balishter (1980) \(^{37}\) have studied the effect of flow of institutional credit in agriculture in Bichpuri block Agra district (U.P) for farm mechanization. They have selected its borrowers and classified into small, medium and large size groups, it was observed that the commercial bank mainly financed for fixed capital credit needs of farmers.

Kadam (1980) \(^{38}\) has studied causes of non-repayment of agricultural of loans in Nanded district for farm mechanization. He observed two separate reasons for non-repayment of agricultural loans by farmers. Lower income is one of the principle reasons for small and medium farmers and inadequate credit facility, high rate of interest and higher domestic expenditure for the bigger size group.

Sharma (1981) \(^{39}\) has studied rural indebtedness in Assam. The broad objectives were to study sources, purpose and repayment of credit for farm mechanization.

Kohinkar (1982) \(^{40}\) attempted to study the impact of institutional finance for farm mechanization on farmers economy in southern part of Raigad district of Maharashtra State.
Reddy C.R. and P. Kallurao (1984)\textsuperscript{41} have examined impact of technology on co-operative credit. It relates to change in the adoption of technology and thereby getting better returns in the post credit period compared to per-credit one. For the purpose of the study Anantpur district co-operative central bank was selected. Authors mainly categorized types of farmers.

Kaylankar and Rajmane (1984)\textsuperscript{42} have studied performance of Co-operative finance and indicted that District central Co-operative Bank Parbhani has made a study of Bank loans for farm mechanization and significant progress in the quantitative term as there was increase in the working capital. Growth rates were statistically significant but dangerous malady of over dues increased significantly at bank level, which resulted into non-significant growth rate in the loan advances.

Sing (1984)\textsuperscript{43} has studied role of Agricultural development & farm mechanization in Madhurai district in Financing agriculture and conclude that recovery position of loan advanced by branch is not satisfactory. The amount of loan advanced by bank per hectare was higher in case of large farmers as compared to small farmers.

Chand and Sidhu (1985)\textsuperscript{44} have studied the characteristics of defaulters of agricultural credit for farm mechanization in Punjab. He classified the borrowers of institutional credit into willful defaulters and non-willful defaulters.
Jalal (1985)\textsuperscript{45} has also studied the role of co-operative credit institutions in financing for farm mechanization in agriculture with special reference to Kumaon region of Uttar Pradesh and found that co-operative institutions have failed to make such headway in distribution of credit for agriculture.

Kale (1987)\textsuperscript{46} has studied the progress of agricultural development in Parbani district and also farm mechanization over a period of 20 years from 1960-61 to 1979-80. It was assessed with view to measuring the magnitude of growth and fluctuations in pre-green and post-green revolution periods. Data regarding area, production and yield of major cereal crops like rice, wheat, Kharif and Rabi Jowar and Bajara, gram as well as cash crops like cotton, sugarcane, and groundnut were used.

Narayanswami and Ramchandran (1987)\textsuperscript{47} have studied the profitability performance of South Arcot District Central Co-operative Bank due to credit in farm mechanization. The profitability of the bank was assessed using data relating to the period 1974-84. Different financial ratio were employed in the analysis involving volume of business, interest earned or paid out, wages, total profit, etc. Profitability has been decreased over the decade under consideration.

Jain Hemchand (1988)\textsuperscript{48} has conducted study on impact of farm mechanization on farmers. The Dindori block of Dindori tahsil of Mahdala district was selected. The study reviewed impact on farm production, net value of output of selected farmers, income from various sources and return to labour. Authors
concluded that the institutional credit has the positive impact in raising the farm production, income and employment of tribal farmers in the area covered in this empirical study.


Haque and Verma (1988): has conducted a study on regional and class disparities in flow of agricultural credit for farm mechanization in India with reference to Karnataka State.

Shukla (1988): has conducted a study on agricultural credit flow-conduct or intermediation. Study relates to the period June 1982 to December 1993 for commercial banks and 1980-81 for co-operative banks. The study investigates the role of credit institutions in India's agricultural sector and rural areas with special reference to commercial banks contribution to credit flow and deposit mobilization.

Patel Premji M. (1988): has concluded research on the institutional approach for agriculture a case study of three co-operative societies in Sabarkanta district of Gujarat State for farm mechanization. The sample Study was made on Ramos. Gadha, Bayal Dhankharol, and its different related factors of institutional finance for agriculture. The author concluded that the overdue of co-operative societies increased mainly because of the weak and unstable
financial condition of the farmers. So it is essential to enhance the income earning capacity of the farmers. This economic base also must be protected from seasonal functions leading to risky and unstable income.

**Parihar R.S. and Narinder Singh (1988)** have conducted a study into institutional finance for the agricultural farm mechanization sector in Ludhiyana district of Panjab State.

**Radhakishan and Mukundan (1988)**: study conducted on the supply and utilization of short term co-operative agricultural finance for farm mechanization in Palghat district of Kerala. It was concluded by the researcher that there is an inverse relationship between the amount of loan and size of holding and that smaller holding were delivered greater amount of loan as compared the large holdings.

**Pandey and Kumar (1989)**: have studied on economic evaluation of Co-operative credit & farm mechanization in Indian agriculture. The paper examines nature and growth of co-operative credit in different States of India over the period 1970-81.

**Rajendra and Patil (1989)**: have studied Maharashtra State Co-operative land development Bank (MSCLDB) and indicated, that the financial position of MSCLDB concerned to the share capital, loan advanced, debentures, outstanding total demand and concluded that the MSCLDB were performing positive role in agriculture development and farm mechanization through it's
branches and sub-branches.

**Wangikar (1990)**: has conducted a study in Parbhani district of Maharashtra and it was concluded that for a large majority of the farmers (66.11 per cent) were advanced insufficient loan for farm mechanization. Thus insufficient and in time credit delivery was the main problem faced by the farmers.

**Aruncahalum and Palanisamy (1991)**: study conducted in Konganpuram village co-operative credit society located in Salem district of Tamil Nadu and found that the utilization of co-operative crop loan in the village was encouraging as nearly 50 percent of the beneficiaries have fully utilized the loan. This study has also studied diversion of the loan by farmers.

**Ghose and Patel (1991)**: have studied institutional credit for farm sector in India with a particular reference to marginal and small farmers for farm mechanization.

**Suryakumari C. (1992)**: has studied impact of credit on agricultural for farm mechanization output amongst schedule tribes in Visakhapatnam district of Andhra Pradesh.

**Devi (1992)**: has studied the growth and performance of co-operative agricultural credit for farm mechanization in Kerala. Co-operatives have played a prominent role in the promotion of the credit for agriculture in Kerala State and their performance in terms of growth in credit supply has been outstanding,
however analysis of trend in production and yield of major crops in relation to credit supply over the period 1979-80 to 1986-87.

Rayadu (1992)\textsuperscript{62}: has evaluated the role and functioning of co-operative agricultural development banks in farm mechanization in the drought-prone area of Rayalseems in Andhra Pradesh. The main aspects examined are progress made by these banks in enrolling members, their mobilization of resources, extent of beneficiaries credit disbursement outstanding recovery and overdue problems.

Makadia (1992)\textsuperscript{63}: has also conducted study on an evaluation of acquisition and utilization of Co-operative credit for farm mechanization in Junagadh district and found that the average per hectare credit requirement was of the order of Rs.2849/- while the average institutional credit gap was Rs.1296/- per hecter.

Chinnappa (1992)\textsuperscript{64}: has attempted a study on the problems of district central co-operative bank in Andhra Pradesh for farm mechanization.

Singh and Mruthunjaya (1992)\textsuperscript{65}: have worked out on credit utilization and overdues on marginal and small farmers in Aligarh districts of Uttar Pradesh for farm mechanization.

Sharma (1992)\textsuperscript{66}: has conducted a case study on recovery of agricultural loans needed for innovative approach towards farm mechanization. This paper charts the inability of Indian banks to recover debt in a climate of increased
lending to agricultural sector.

**Sujata and Gunther (1993)** have studied fund management and profitability of district co-operative Banks. The present study based on a secondary data collected from record of Ernakulum District co-operative Bank and economic development through farm mechanization.

**Reddy (1994)** has studied the financial performance of co-operative Bank. The success of a multipurpose co-operative bank to a great extent depends upon its financial performance.

**Mruthyunjaya (1994)** has submitted some papers at a seminar organized for the review and discussion of various aspects of the agricultural credit systems for farm mechanization in India. The author has argued in favor of providing sound base for evolving new policies for the rejuvenation of rural credit system.

**Veerashekerappa (1994)** has studied in his research work "The determinants of institutional credit flow to agriculture, an inter district analysis of Karnataka".

**Patil M.B.(1995)**: in his research work conducted on, "The problems and performance of primary co-operative agriculture and rural development banks were the significant components in the co-operative credit delivery system in Karnataka State with reference to farm mechanization."
Rajput A.M. and Verma A.R. (1995) have studies an impact of farm loans on farm productivity. It was a case study of State Bank of India in Indore district of Madhya Pradesh for farm mechanization.

Bakim Chakarborthy (1996) has made an attempt to study an examination of performance of Maharashtra State Co-operative Bank. It was observed that bank advances were made against the pledge of production of crops and farm mechanization.

Chippani Dilip and Meena Bhatt (1998) have conducted a study on analysis of working of central co-operative bank, Gujarat state. They have made an attempt to examine growth and composition of deposits as well as credit and overdue position of bank due to farm mechanization.

Chandra Enagandula (1999) has studied the performance of Karimnagar District Central Co-operative Bank in Andhra Pradesh. He has made an attempt to evaluate the financial performance of the Bank during 1985-86 to 1994-95.

2.5 Literature on Banking & Farm Mechanization:

In view of the fact that the present study is primarily related with the Agricultural Mechanization in which the role of banking sector is very important. Therefore the researcher has presented a brief review of the literature on Banking and Farm Mechanization.
Sir Mehta V. L (1965): in his 'Towards a Co-operative Socialist Commonwealth' pays special attention to discussing the role of banking in mechanization.

Prof. Gadgil's D.R. (1961): in his book 'Towards a Co-operative Commonwealth' goes into a comparative international analysis and out the essential role of the state in the Indian banking and agricultural mechanization in carrying the developmental message to the lowest units of operation.

Dr. Ghoshal S.N. (1966): in his 'Agricultural Finance in India', has analysed various aspects of agricultural credit for agricultural mechanization in India. The publication was not based on primary data but depended on the data published by the All-India Rural Credit Survey Committee report. The author presented a scientific analysis of the existing loaning procedure. The concept of repaying capacity was related to developmental finance provided by the land development banks.

Ramaswamy P. and Gopalan M. (1970): of Ramkrshna Vidyalaya, in their 'Finance for Agricultural Development' have also discussed the issue. The study revealed that delay and inadequacy of loans were the main bottlenecks in agricultural mechanization. Other difficulties were problems of repayment, higher credit cost and non-provision of long-term loans for dry land cultivation.

Prof. Karve's D.G. (1971): Commemoration Volume offers a detailed discussion of principles of agricultural mechanization and of their application to
developing countries.

Desai V.M. and Desai D.K. (1971)\textsuperscript{81} in their ‘Farm Production Credit in Changing Agriculture,’ have studied the problems related with agricultural mechanization. The study was sponsored by the Indian Institute of Management, Ahamadabad. The study shows that there is a vast scope for expanding institutional credit with the spread of modern technology in agriculture and that traditional cultivation did not require expansion of credit. Since the small farmers with traditional farming found it difficult to repay their dues, it was suggested that the credit institutions should facilitate the use of modern techniques, particularly in the case of small farmers. The credit institutions should act as a catalytic agent, particularly in the case of small farmers.

Agro-Economic Research Center of Vallabh Vidyanagar (1971)\textsuperscript{82} has also conducted a study entitled ‘An Enquiry into the Working of Co-operative Credit Institutions,’ The study examines the following limiting factors in the supply of Agricultural credit for mechanization:

1. Lack of infrastructure in the district.
2. Lack of homogeneity.
3. Lack of social homogeneity and quality of leadership.
4. Structural and organizational impediments.
5. Procedural impediments, and
Pande U.K. and Murlidharan M. A. (1977) studies applications of discriminate function in agricultural finance for mechanization. In the study, attempt is made to develop criteria for classifying the borrowers according to their willingness to repay the loans on the basis of differences in their socio economic characteristics. The authors concluded that the utilization of loan and operated size holding, were the major factors which classified the borrowers into defaulters and non-defaulters and into willful defaulters and non-willful defaulters respectively. The discriminate function was found useful to the financial institution to assess the degree of risk-involved wit the loan applicant.

The authors concluded that as a result of farm credit productivity, in the farms of both groups, has increased substantially. In a nutshell judicious flow of credit to farm sector creates better employment opportunities, enhances productivity and ensures better income.

Rao M.K. and R. Ramann R. (1982) have studies the small farmer's attitude towards credit for agricultural mechanization. According to the authors any developmental programme, which is credit oriented, largely depends on the attitude prevailing among the farmers of the area. The authors examined attitude towards credit borrowing and utilization of the credit by the farmers who were beneficiaries of Small Farmers Development Agencies (SFDA) through irrigation facilities and starting subsidiary occupation such as dairying. The study was undertaken in Tumkur Tq. of Tumkur District of Karnataka State. Authors adopted
random sampling procedure and collected ninety farmers as sample. Authors studied the attitude of farmers about the borrowings. They concluded that the tendency of diverting loans to other than specific purposes amongst farmers arises mainly - 1) because of absence of proper supervision over credit advanced to them 2) delay in providing ancillary facilities 3) lack of consumption loan facility. Authors came to conclusion that supplementing production loan with consumption loan would increases the repayment capacity of small farmers.

**Pande U.K., Suhag A.S. and Manocha V.P. (1985)**: carried out the study on the structure and flows of agricultural co-operative credit in India. The objectives of the study were to work out and compare the item-wise distribution of co-operative credit during a) pre-green revolution, b) Green revolution and c) post Green revolution periods, to examine the chronic default in different credit institutions during these three periods.

The role of co-operative credit in terms of fertilizer consumption was limited to only few states although consumption of nitrogenous fertilizers had significantly increased in ten states out of seventeen studied.

**Suresh (1991)**: has observed the effects of diversion of loan funds and concluded that the extent credit utilization and resultant production may be adversely affected by the diversion of funds.
Arene C.J. (1993)\textsuperscript{87} has studied the use of farm credit by small farmers in rural Nigeria. The author has investigated into the credit delivery system of the Supervised Agriculture Credit Scheme (SACS) in the Anambra State of Nigeria with emphasis on loan repayment performance of smallholder farmer recipients.

Bhatt N.S. (1994)\textsuperscript{88} has examined "The factors causing over-dues in agricultural finance: a case study", the serious problems of agricultural finance in India having huge over-dues in agricultural farm mechanization.

Bandyopadhyay (1996)\textsuperscript{89} has examined recent changes in the Indian rural credit system and has proposed an alternative approach to rural development & agricultural mechanization. It has been argued by the author that despite of the changes, rural financial institution still suffer from poor recovery of loans, which is related to political interference, occasional loan waivers, and the non-viability of rural projects. Changes within these areas would improve the recovery position of the banks and encourage them to increase rural lending.

Chopra Sanjeev (1998)\textsuperscript{90} has studied the structure and organization of the agricultural credit in India relationship between primary societies, apex bodies and CDFA's. The study involved development of agriculture in India. Organization of Co-operative societies in India, institutional credit for agriculture in India, dependents on NABAD and effect on primaries, role of commercial banks in
agricultural credit and challenges on the Indian co-operative sector in the competitive environment.

2.6 Studies Conducted at the Government Level:

Agriculture being one of the most important sectors of the Indian economy it played role in the planning process. With a view to reach at the root of the various issues related with agricultural growth and development and of the poverty of masses, the Government of India and the Governments of various states in India with the help of the Reserve Bank of India and other institutions have conducted in-depth studies which form the foundation of any study related with agricultural growth and development. It would not be out of place here to present a brief review of this study.

As early as 1892 the Government of Madras appointed Mr. Nicholson as an Officer on Special Duty charged with studying the theory and practice of agricultural and other land development banks. Subsequently another committee was appointed to study the legal aspects of forming a co-operative society. In 1914, another committee was appointed which is known as the ‘Maclagan Committee’ to review the co-operative movement in the country. This committee studied the co-operative movement in detail and made suggestions pertaining to the improvement in accounting methods, management, supervision and so on.
The Royal Commission on Agriculture (1930)93: critically reviewed agricultural credit arrangements. It emphasized the requirements of efficiency in managing co-operative institutions. The Royal Commission on Agriculture stated that the co-operative credit movement failed in many states due to internal defects, which could be rectified by maintaining a high standard of efficiency in work.

The Central Banking Enquiry Committee (1931)94: reviewed the working of the credit co-operatives and observed some defects. The members of credit co-operatives delayed their repayment of loans even when they are in a position of repay. This is one of the main defects noticed by the committee. This seems to be a lack of understanding of co-operative principles and even knowledge of the essentials of rural credit. In 1935 the Banking Enquiry Committee reviewed the overall progress of the co-operative credit movement. It has again referred to efficiency in management, which it said was one of the major drawbacks of the co-operative institutions.

The Statutory Report of the Reserve Bank of India (1937) 95: disclosed a pathetic role the co-operative banks in the country and it suggested the following measures: separation of short and long term credit structures, building up of strong reserve fund, issue of loans for productive end, reformation of primary societies on co-operative philosophy etc.
The Report of the revealed the highly unsatisfactory condition of the co-operative banks in the country. The report made a detailed study of the working of the co-operative institutions and made several useful suggestions. It suggested measures to bring down overdues, the building up of reserves, sanctioning of productive loans on the basis of repaying capacity, reorganization on sound co-operative lines, inducements for joint marketing and finally suitable arrangements for training the staff.

The Co-operative Planning Committee (1945): The committee noticed that a number of societies were found to be facing the problem of frozen assets and the latter was of the opinion that laissez faire policy of the state, the illiteracy of people were the main reasons for a poor development of the co-operative movement.

The Report of the Agricultural Finance Sub-Committee released in 1945 suggested reorganization and rehabilitation of co-operative societies. It gave an overall perspective on the accumulation of debt in the rural economy and suggested competition with moneylenders.

The Rural Banking Enquiry Committee (1949): was appointed by the Govt. of India with Shri Purushotamdas Thakuradas as chairman. The committee after examining the co-operative credit movement's functioning style observed that the co-operative banking structure was to be reorganized as it
was not strong except in Bombay & Madras.

The All-India Rural Credit Survey Committee was appointed by the Governor of Reserve Bank of India in 1951. This was a massive research study conducted in the field of co-operative and moneylender's credit through survey method. Field investigation was conducted in two rounds, which covered 75 districts spread all over the country. Seven different types of schedules were used for collecting the data. The survey was conducted at the institutional level as well as at the cultivator level.

The findings of the survey show that the professional moneylenders, the agriculturist moneylenders and the traders had an upper hand in the supplements, the government supplied as little as 3.3 per cent and the co-operatives 3.1 per cent. The study also revealed that of the total institutional credit (either by government or by co-operatives) the larger part went to the bigger agriculturists and only a minor fraction percolated to the small cultivator.

Regarding the primaries, the report says that 'the weakest link of all, in a chain which is weak at all points, is the primary co-operative credit society.

The All India Rural Credit Committee diagnosed the problems faced by the co-operative credit movement in strengthening its base for bettering the rural people. In the survey, the committee covered 9000 households in 75 districts spreading 600 villages. In its conclusion, it said that though co-operation had failed in India it must succeed.
In co-operative credit, the Rural Credit Survey (1954) laid the foundations of a new integrated policy, which was to energize Indian agriculture and provide relief to the farmer from the grip of the moneylender-trader. The period of the Second Plan saw these policies being set in motion. During the period of the third Plan, new technological possibilities appeared when improved seeds became available. The difficulties of reaching the small farmers and the dry farmers with the required inputs had also become clear. There was an upsurge in co-operative credit. The Agricultural Finance Sub-committee (1954) was appointed by the Reserve Bank of India, which studied various related with agricultural finance.

**The Raja Committee (1956)**: laid down a basic framework reconciling the needs of co-operative autonomy and economic planning in the filed of Co-operative law,

**Karve Committee on Crop Loan System: (1956)**: was appointed by The Bombay State Co-operative Bank as an Evaluation Committee headed by Prof. D.G. Karve the examine the various aspects of the crop loan system. The main objective of the committee was to examine the various economic aspects of the crop loan system and suggest measures for improvement in the working of the system in the interest of the co-operative organizations. The report was published in 1958. The main findings of the report were that small farmers and tenants were excluded from the membership of the primary co-operative credit societies. Membership was refused on caste and personal considerations. It
was pointed out that in larger multipurpose societies this discrimination was found to be less. The timeliness in supplying the crop loan affected the repayment performance of the crop loan system was the untrained supervisory staff. It suggested that a comprehensive training programmer for the co-operative personnel working at different levels be worked out. It also suggested that the co-operative institutions should contribute two per cent of their working capital to a training fund.

The Committee analyzed the various aspects of crop loan system. It found that many co-operative societies excluded the small farmers and the crop shares in giving loans and in several cases, membership was refused on personal grounds.

Report of the working Group on Co-operative Policy and Committee on Co-operative Credit - (1959)\textsuperscript{102} : both these committee submitted their reports in 1959. The main recommendations of the committees were in respect of credit-worthiness, repaying capacity and adequacy of loans. They suggested that though the creditworthiness of the farmer should be barrier in advancing loans to the small farmers. The loans in fact should be determined on the basis of the requirements of agricultural production, present as well as future and such loans should be advanced on the basis of adequate sureties.

Rural Credit Follow-up Surveys (1956-57 - 1959-60)\textsuperscript{103} : four follow-up surveys were conducted by the Reserve Bank of India during the period
under reference. All these four follow-up surveys highlighted the following drawbacks in the co-operative credit structure. The Rural Credit Follow up Surveys were conducted on systematic lines in short term co-operative credit societies by the Reserve Bank of India in selected districts.

The Mirdha Committee (1961): examined the problem of vested interests in co-operative, is another landmark which makes the commencement of a new period.

All-India Rural Debt and Investment Survey (1961-62): was conducted by the Reserve Bank of India. In the early sixties the Reserve Bank of India conducted another survey of immense value, popularly known as the All-India Rural Debt and Investment Survey 1961-62. The survey was statistically designed to yield estimates of debt, borrowings, capital formation, etc. in the rural household sector for India as a whole and for individual States. The survey was carried out in a sample of 1,889 villages.

Report of Informal Group on Institutional Arrangement for Agricultural Credit (1964): The informal Group on Institutional Arrangements for Agricultural Credit was appointed by the Reserve Bank of India under the Chairmanship of Shri B.C. Bhattacharya in 1964 with the following terms of reference:

1. Reviewing the credit needs of agriculture in relation to the development of modern technology.
2. Assessing the credit needs of agriculture in the present context as well as in relation to the expected modernization in future.

The main task of the group was to review and analyse the financial position of co-operative credit societies. It suggested transitional agricultural credit to be operative till the co-operative credit movement was sufficiently strengthened.

The Rural Credit Review Committee (1969)\textsuperscript{107}: laid the foundations of both the SFDAs and the MFALs and for improved arrangements for financing inputs like electricity and irrigation. The land banks had also made considerable progress. The nationalization of commercial banks marks a new period in the development of co-operative credit.

The Banking Commission (1969)\textsuperscript{108}: was appointed by the Government of India. R.G. Sariya was the committee chairman. The commission X-rayed the co-operative banking and recommended the co-ordinated development of co-operative and commercial banks.

The White Paper on Co-operative Movement in Maharashtra State (1970)\textsuperscript{109}: raises fundamental issues relating to persistent non-viable operations, 'irrelevant' development, etc. in a number of sub-sectors.

Reserve Bank of India, (1970)\textsuperscript{110}: has conducted 'Studies in Agricultural Credit', the report which was published in 1970 contains the findings of three filed studies, viz. study of intensive agricultural credit programme, study of
medium-term agricultural credit, and study of long-term agricultural credit. Some of the main findings of these studies were: (1) the participants in the IAD programme had higher farm expenditure than non-participants, which means a higher degree of capital formation, (2) DCC banks did not take active interest in implementing the IAD programme as well as implementing the medium-term loan programme, (3) farm plans were not properly prepared and followed and there was no linking of credit with marketing.

Report of the National Commission on Agriculture, (1971)\textsuperscript{111}: A Study of the Difficulties Faced by Farmers in Obtaining Institutional Credit. The National Commission on Agriculture was appointed by Government of India under the chairmanship Shri T.A. Pai. The report recommended the following structure of the agriculture credit services.

1. Farmer’s service societies – one for each tahasil / block or any other viable unit of convenient size the required number of branches in the area.

2. A union of these societies at the district level, and functional district level, and functional district organizations for specific commodities; and Lead Bank of the district assuming leadership in the matter of organizing agricultural credit services.

The Study Team on Overdues (1974)\textsuperscript{112} and the Expert Committee (1978)\textsuperscript{113}: studied the problem of overdues in co-operative banks. The problem
of overdues is mainly due to willful default besides internal reasons.

**Agricultural Credit Review Committee (1989)**: was appointed at the request of the Govt. of India, RBI appointed the under the chairmanship of Prof. A. M. Khusro to go in the entire grant of rural credit in India. The committee made an in-depth review of the major problems and issues relating to the rural financial system and submitted its report in August 1989. The committee suggested establishment of National Co-operative Bank of India to function as a balancing center for the co-operative credit system.

**The Narsimahan Committee (1991)**: went in the problems of various agencies and proposed a number of changes in the rural credit delivery system. This committee has recommended that commercial banks should segregate the operation of the rural branches through the formation of one or more subsidiaries. Thus it can be observed that the Government has also considered the problem of rural credit, rural development, co-operative banking and the related issues in depth and serious attempts have been made for the economic upliftment of the downtrodden masses living in the quagmire of poverty. Some of the important surveys conducted by the government and there findings are summarized here.

**Notes & References**:


30. **La San Duk (1998)**: Agricultural Development in Korea, Moscow State University, Moscow.


35. **Krishna Rao (1964)**: Six Agricultural Credit Societies – A Case Study in Madurai and Salem District Madras, University of Madras 1964.


56. **Rajendra and Patil (1989):** Impact of Maharashtra Co-operative LDB


63. **Makadia & Others (1992):** An Evaluation of Acquisition and Utilization of Co-operative Credit in Junagarh Dist. Indian Co-operative Review,

65. **Singh and Mruthunjaya (1992):** Credit Utilization & Overdues on Marginal and Small Farmers in Aligarh Dist. of U.P. Agricultural Banker Vol15.2 p.27-29


92. **Dr. Gopal Lal Jain (1997)**: *Ibid p.11*


103. **Reserve Bank of India (1956):** Rural Credit Follow-up Surveys

104. 1956-57, 57-58, and 1959-60.


108. **Reserve Bank of India (1969):** The Rural Credit Review Committee.


111. **Reserve Bank of India (1970):** 'Studies in Agricultural Credit',


115. **Reserve Bank of India (1989):** Agricultural Credit Review Committee Report of Committee on Co-operative Credit Chapter III, VI and XVIII Bombay.