Chapter 2
REVIEW OF LITERATURE

Rural credit, as a subject in development studies may be as old as the history of Economics. Ever since the specialisation of primary activities became a social order, production and distribution of saleable articles at commercial scale must have been practiced all over the world. The villages being the source of primary products, have to find finance not only for production but also for taking the produce to the nearest towns for sale. Many countries developed their own practice and system of financing primary sectors, which later evolved into a special area of academic literature viz. Rural Banking.

India, had very strong scientific approaches and social institutions in rural banking, but unfortunately the British regime and their economic system undid them all. The rulers of the present India, being admirers of the western ethos, vitiated our own system holding it responsible for any thing that went wrong. After a long colonial rule for about three centuries, the Government of the Independent India inherited an impoverished rural sector struggling under a system of extortionate and exploitative urban oriented credit institutions. Since then, rural credit became the prime topic of all discussions on development and planning. As a result, there are a large number of studies at micro and macro levels, looking into the functioning of the rural credit market in the country.

India being a welfare nation, having majority of its population and economic activities spread out in villages, has been trying consistently to solve the problems of rural development, since independence. This research on rural banking, taking the financing function of market intermediaries acting in traditional marine fisheries sector as the particular area for discussion, therefore, has to go through literature belonging to different areas of rural development. In order to bring about economic development of traditional fisheries in India, various agencies and institutions have been evolving and implementing programmes and policies for the last many decades. The present day fisheries sector is the product of the combined efforts of many financial as well as development agencies. This research
is, therefore, based on a wide review of literature belonging to studies regarding debt providers in rural banking, rural development, co-operation, fisheries development, and rural marketing.

Studies on banking, credit, cooperation, marketing and development in rural areas were mainly carried out in India by various agencies viz. The Reserve Bank of India, the National Co-operative Union of India, the National Council of Applied Economic Research, the National Commission on Agriculture, and the Planning Commission. Similar studies were also made by international agencies like the World Bank, IMF, UNDP, FAO, etc. Many individual researchers and research institutions have also contributed to a comprehensive understanding and analysis of the rural credit market in India. Studies during the first two decades immediately after Independence were mostly sponsored by the government agencies. The major objective was to prepare a reliable estimate on the spread and extent of the rural indebtedness. Later on, after the beginning of the Planning era, the studies took the mode of performance evaluation. Studies conducted after the nationalisation of Commercial Banks were aimed to substantiate social objectives and mass management of rural credit.

2.1. Review of Official Studies and Reports

2.1.1. Concerted effort to make an assessment of the overall credit situation in the rural sector was first made during the 1930's. The Banking Enquiry Committee (1930) assessed the short and medium term credit requirements of the rural cultivators in British India. According to the Committee the lower limit of the demand was between Rs. 300 crores and Rs. 400 crores. It was only after Independence that concerted efforts to evaluate the rural credit situation began. In pursuance of its professed welfare policies, the Government of India gave importance to the agricultural and rural sector in its development agenda. In this study credit estimates were made disregarding the contribution of indigenous bankers and money lenders, who were playing key roles in rural finance. It was assumed that rural indebtedness was the main barrier to revitalization of the rural economy.
2.1.2. The RBI All India Debt and Investment Survey (1971-72) analysed the outstanding liabilities of the rural households, based on the purpose for which liabilities had been incurred. Out of the total cash debt of Rs. 3.752 crores outstanding against all rural households, Rs. 1,876 crores representing about one-half, was incurred for production purposes and the rest for other purposes. Debts of less than Rs. 500 formed only 9% of the total, while those between Rs. 500 and Rs. 1,000 constituted 11%. Debts exceeding Rs.1000 accounted for 80% of the total debt; the debts size group between Rs. 2,000 and Rs. 5,000 forming the largest chunk in the total.2

2.1.3. The Rural Labour Enquiry Committee, 1974 –75 in its final report, analysed the incidence and extent of indebtedness among rural households. The report pointed out that in most of the States the majority of households were in debt. A comparison between households with cultivated land and those without cultivated land showed that the incidence of indebtedness was higher in all states among households with land, than those without land. At the all-India level the incidence of indebtedness was 71% among households with cultivated land and about 48% among households without cultivated land. More than 75% of the agricultural households were in debt in the Union Territory of Pondicherry and the States of Kerala, Rajasthan, Haryana and Tamil Nadu. Compared to the earlier survey of 1964-65, the incidence of indebtedness had increased by about 6% indicating a significant worsening of the situation in several states such as Kerala (22%), Gujarat (18%), Tamil Nadu (16%), Orissa (13%), Andhra Pradesh (10%), and Jammu and Kashmir (9%).

2.1.4. A notable result observed by the All-India Debt and Investment Survey 1981 was that the indebted households decreased from 43% in 1971 to 20% in 1981. The average debt per household increased from Rs.503 to Rs. 661. The available literature on rural credit shows that a large proportion of the growing credit arise from the capital needs, particularly of medium and large amounts, are for acquisition of fixed assets for the introduction of latest technologies. The highest percentage-wise increase is observed in the demand for medium size- medium term loans for production purposes among the medium asset group. These sections of cultivators are the main beneficiaries of institutional credit.
2.1.5. In 1951, an expert committee under the Chairmanship of Sri Gorwalla was appointed by the Government of India to plan, regulate and supervise a survey regarding facilities available in rural areas for providing credit and to make necessary recommendations. The Committee submitted its report in 1954, which found that there was huge need for and lack of credit in the rural areas. The main findings were:

1. In spite of years of its working, the co-operative credit movement played an insignificant role in the field of rural credit.
2. Mostly it was the big cultivator, who benefited from it.
3. Lending was still on the basis of security of tangible assets and not on the basis of productive requirements.
4. The interests of trader-cum moneylender were very strong and had derived further strength from the superstructure of urban trade and finance, and
5. The co-operatives at the lower levels are not getting much help from the higher tier of co-operatives or from the state.

Considering the weaknesses, the committee recommended for:

1. The establishment of an integrated scheme of rural credit,
2. Nationalisation of the Imperial Bank of India.
3. Establishment of National Co-operative and Warehousing Board on all-India level,
4. Establishment of two special funds under the Reserve Bank and a special fund under the Ministry of Food and Agriculture for agricultural finance.
5. Introduction of a system of securing loans, particularly short-term loans on the basis of anticipated crops and not just on the security of land and tangible assets,
6. Need for emphasising the economic feasibility of the co-operatives at the village level, and
7. Formation of regional and state level relief and guarantee funds in order to support in writing off irrecoverable debts arising out of repeated natural calamities over a number of years. The commission, considering the problem of rural indebtedness, reviewed the show of the whole institutional credit system. Besides a thorough assessment of the role of institutions, many broad guidelines were also recommended for the future. A logical structure, linking up the activities of various units, right from the apex banks down to the smallest agencies at the forefront of lending to the rural sector, was suggested by them.
2.1.6 After the **All-India Rural Credit Survey Committee** tabled its report in 1954, the Reserve Bank of India started significant tryouts in rural credit. Some of the recommendations adopted towards the integrated approach⁶ were:

1. Ensuring state partnership through contribution to the share capital of co-operative credit institutions,
2. Full dexterity between credit and other economic activities, especially marketing and processing, and
3. Administration through sufficiently trained and competent personal responsible to the needs of the rural people.

While suggesting for the reorganisation Land Development Banks, the Committee recommended the institution of a Central Land Development Bank in every state with a primary Land Development Bank having a condensed service area like a Taluk. The Land Development Banks were also supposed to undertake production oriented credit activity and raise their funds by way of issuing ordinary as well as rural debentures.

2.1.7. Reserve Bank took many strong steps for augmenting rural credit and refinance by conducting a series of surveys since 1957. The first and second surveys made during 1956-57 and 1957-58 were conducted in selected districts of different states. The third survey for the year ending on 30th June 1959 was conducted in five districts. These surveys emphasised on the urgent need for reorientation of the loan procedure and to vest the powers of securing of credit limits to the central financing agencies, and to launch a crop loan system for making the primary credit societies work.

2.1.8. The Committee on Taccavi Loans⁷ and Co-operative Credit appointed by the Government of India under the Chairmanship of Sri **B. P. Patel** strongly argued that co-operatives should be the normal channel of agricultural credit and taccavi loans should be confined to provide distress finance.

2.1.9. The Governor of the Reserve Bank appointed **Rural Credit Review Committee** almost a decade after the All India Rural Credit Committee set the strategy on rural credit, in July 1966.⁸ In its report presented in July 1969, most
notable recommendations were
1. The establishment of the Agricultural Credit Board in the Reserve Bank
2. The formation of small Farmers Development Agency (SFDA) in each of the selected districts and
3. The establishment of a rural Electrification Corporation. A more active role for the Agricultural Refinance and Development Corporation (ARDC) was also directed to ensure timely and adequate flow of credit to agriculture through co-operative and commercial Banks.

2.1.10. In 1969, the All India Rural Credit Review Committee was appointed by the Reserve Bank of India under the Chairmanship of Shri B. Venkattapaiah to find out measures to regulate and coordinate the role of different institutions and agencies in field of rural credit. The scheme of social control (1967) was suggested by the Committee, which finally led to the nationalisation of 14 major commercial Banks in July 1969.

2.1.11. In 1969 under the Chairmanship of Nariman a committee of Bankers was appointed to draw up a programme for ensuring the extension of enough banking facilities in villages. The committee submitted its report on 15th November 1969, which envisaged a much more active and positive role to the agencies and to act as catalysts in the process of regional development. Under the recommendations, the Reserve Bank of India formulated the "Lead Bank Scheme", to give concrete and functional shape to the integrated area approach to development. The lead banks being the coordinators of development banking were expected to manage the flow of credit through active participation of Commercial Banks, Co-operatives and Government agencies in providing assistance to the rural sector.

2.1.12. After nationalisation the most significant development in the field of rural credit has been the setting up of Regional Rural Banks. This was the outcome of various successive surveys and reviews made by the RBI. In search of a sturdy policy to reduce the popularity of informal credit agencies and to intensify the institutional coverage of rural credit, these reports emphasised on the need for the
development and strengthening of co-operatives as the major instrument for rural development.

2.1.13. In 1978, the Reserve Bank of India set up a Committee to Review the Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD). The findings of the committee on the rural finance necessities and supply made them recommend the constitution of an apex authority. Consequently National Bank for Agriculture and Rural Development (NABARD) came into existence in July 1982. According to the Committee appointed by the RBI in 1981 to review institutional credit, the principal reasons for overdue were:

(a) Lack of link in lending with development programmes.
(b) Defective lending policies like untimely loan disbursements, under-financing or over-financing and unrealistic schedule for loan repayment
(c) Neglect in providing marketing arrangements and lack of linkage of credit recovery through the sale of produce.
(d) Ineffective supervision.
(e) Misuse of loans and
(f) Lack of responsibility and discipline among farmers in regard to prompt repayment of debts.

2.1.14. The Dantwala Committee endorsed the proposition that the weaker sections of the rural community should receive preferential treatment from the credit institutions. But, it observed that this purpose would be better served through direct assistance by the institutional agencies and the State Government in the form of intensified extension services for improving the productivity of the weaker sections rather than by the system of differential rates of interest. It drew attention to the administrative problem involved in implementing the policy of Differential Interest Rates (DIR) with the attendant possibility of leakage through binami transactions.

2.1.15. The report of the task force on Multi agency Approach to Agricultural Finance identified five problems. Viz.

1. The existence of a number of agencies retailing credit in a common area leading to uncoordinated credit disbursement, resulting in multiple financing, over-financing, under-financing, financial indiscipline and diversion of resources.
2. The inability of the banks and credit agencies to formulate and develop meaningful credit programmes on the basis of service area approach,
3. Problems of overlapping and duplication of banking facilities, and consequent wasteful expenditure.
4. Problem of over dues and recovery of credit, with more than one agency having claim on the same income or asset received as security, and
5. Problems arising out of divergent systems, procedures and policies, security norms, varying interest rates etc. The group emphasised on effective co-ordination of all lending activities being an essential factor for the intensification of the institutional credit system.

2.1.16. The Reserve Bank of India constituted a committee in April 1979 under the chairmanship of K.B. Chore to review the operation of cash credit system of lending. The essence of the findings and the recommendations of the committee pointed out the continuing trend of the banks in channelising funds for the benefit of medium and big producers by way of short term loans and disproportionate allocation to small rural borrowers.

2.1.17. In the light of the new approach to lending following the nationalisation of the 14 major commercial banks in 1969, having the emphasis shifted from security oriented approach to production-related lending, it was considered necessary that banks should keep close touch with the operations of the borrowers, to ensure the proper use of borrowed funds and see that the desired objectives were achieved.

As the result of the unprecedented inflation in 1973-74 and the resultant imbalance in the demand and supply of bank credit, the RBI felt the need to curb the use of bank credit. Reserve Bank in July 1974 constituted a Study Group, popularly known as Tandon Committee, for framing guidelines for commercial banks for follow-up and supervision of bank credit to ensure proper use of funds. The Study Group recommended for obtaining periodical plans of business / production and credit needs from customers and suggested an information system for flow of data from the borrowers to financing banks and from the latter to the Reserve Bank. It also prescribed for inventory norms for different industries and indicated the broad
criteria for deviating from such norms, and also evolved criteria for ensuring a satisfactory capital structure and sound financial basis to borrowings. The Study Group also recommended for financing the working capital requirements and reviewed the suitability of the existing system of financing through cash credit / overdraft.

2.1.18. National Credit Council Study Group in its report highlighted the weaknesses of the institutional lending system\(^\text{17}\). Analysing the function of bank lending the NCC Study Group felt that while theoretically commercial bank lending was for short term purposes, in actual practice it was not so. According to the NCC Study Group Report a large part of bank lending was really long term in character and was repayable on demand only in terms. To the extent that outstanding even in a cash credit account never fell below a certain level during the course of a year, there was an element of what is called a ‘hard core’ borrowing which was in reality a quasi-permanent lockup of bank funds in the-borrower’s business. The NCC Study Group thought that the borrowers should repay this ‘hard core’ borrowing as early as possible. This recommendation however, remained unimplemented. Presumably, the state of the capital market, available facilities to raise term loans and the earnings of the borrowers were thought to be inadequate to provide funds to repay the large quantum of the hard core’. Most banks in the past generally had a system of supervision and follow-up of the credit they disbursed which was primarily concerned with the safety of the funds lent and keeping the account in order. Competition among banks was not conducive to a bank taking a close look into the affairs of the customer for fear of upsetting and losing him.

2.1.19. The Reserve Bank of India conducted an All India Rural Debt and Investment Survey 1961-62. According to the report the percentage of indebted households did not show any appreciable variation in comparison with the base figures available for 1951-52. The debt per household was found to be between Rs. 67 to Rs. 69 for cultivators and Rs. 52 for non-cultivators. The average debt per household registered an increase of nearly 16 % from Rs. 447 in 1951-52 to Rs. 647 in 1961-62. The average loan per cultivator household increased from Rs.
in l95I-52 to Rs. 708 in 1961-62 in the case of non-cultivator household the increase was from Rs. 249 to Rs.430 during the period

2.1.20. The Reserve Bank of India, in consultation with the Government of India and World Bank, constituted a review committee on 1st August 1986 with Prof. A.M.Khursro as chairman to study the agricultural credit system in India. In their review report the committee reviewed the performance of agricultural credit disbursement during sixth and seventh five year plan. According to the report out of the target of short term lending of Rs. 4000 crores for the year 1984-85, Rs. 3489.9 crores were achieved. In the case of medium and long-term loans the achievement was Rs. 2435.5 crores as against the target of Rs. 1415 crores only. The committee recorded their satisfaction on the performance. The report revealed the comparative position of credit and outstanding loans between Co-operatives and Commercial banks over the period from 1974-75 to 1984-85. In short term loans, the share of co-operatives were 78.61 % in 1974-75 and the balance 21.39 % of Commercial banks and RRBs. During 1980-81 the ratio was 60:40 and by 1984-85 the commercial banks improved their position as much as 43.35 %. In long term loan lending the share of commercial banks recorded a sharp growth in amount as well as share. In 1974-75 the amount was Rs. 30.73 crores accounting to only 20.20 %. In 1980-81 it rose to 54.40 crores (42.18 %) and in 1984-85 Rs. 70.32 (59.76 %)

2.1.21. As a part of the initial financial structural adjustment efforts, a high-level Committee headed by Shri M. Narasimham was appointed to consider various aspects of the Indian financial system and its components. The Committee was required to make recommendations basically to boost the efficiency, productivity and profitability of banks and financial institutions. This was to be done by infusing greater competitiveness, changing the organisational, supervising and legislative framework, and improving cost composition, coupled with adequacy of capital structure. The report of the Committee was tabled in the Parliament on the 17th December 1991.

Following are the major recommendations of the Committee relating to five broad areas viz. A. Policy Structure; B. Interest Rates and lending;
C. Accounting, Assets and Loan Recovery; D. Appointments and Recruitment; E. Financial institutions and Capital Markets

2.1.21. According to the report of Agriculture Credit Review Committee, the factors for overdue are agro-climatic factors, size of holdings, infrastructure and cropping pattern. Commercial banks accounted for large proportion of overdue from big farmers and cooperative system accounted for the small farmers and landless labourers for the largest part of overdues. Among the defaulters, 54 per cent are willful defaulters, 23 per cent defaulted due to natural calamities, 17 per cent due to low income generation and 6 per cent due to other reasons.

2.1.22. The All India Debt and Investment Survey 1971-72, which estimated the quantity of aggregate debt of all rural households, indicated that the aggregate debts of the rural households in the county were of the order of Rs. 3648 crores comprising Rs. 3552 crores of debt in cash and Rs. 96 crores in kind, the latter forming 2.1 % of the total. Cultivator households, which formed 72 % of all rural households, accounted for Rs. 3374 crores (or about 88 %). The balance of Rs. 47.1 crores (or 12 %) was owned by non-cultivator households.

2.1.24. The 1981 Debt and Investment Survey revealed that the average value of total assets per rural household had increased by more than three folds from Rs. 11,311 in 1971 to Rs. 36,090 in 1981. The debt due from non-cultivator households was distributed among (i) agricultural labourers, (Rs.181 crores or 4.7 %), (ii) rural artisans (Rs. 54 crores or 1.4 %) and other non-cultivators (Rs. 239 crores or 6.2 %). The debt as on June 30, 1971 represented a twofold growth from Rs.1956 crores in 1961 to Rs. 3848 crores. The average debt per household was Rs. 503, in contrast with the average assets per household amounting to Rs.11,343 (4.34 %) of assets. The debt-asset ratio in respect to the cultivators declined from 7 % to 4 % over the years uniformly in all the states. The decline in the debt-asset ratio occurred despite growth of debt by 38 %. Growth in debt was neutralised by the simultaneous growth of 141 % in the assets acquired by the cultivators by the
end of June 1971. The ratio of debts to assets was higher for the non-cultivator group: 9% of its assets. Within this category, highest were for agricultural labourers (14%) followed by artisans (12%) and other non-cultivators (6%). Of all the assets of rural households, land constituted the main component.

2.1.25. The All India Debt and Investment Survey studied the sources of credit both institutional and non-institutional for the period during 1961-1981. The study revealed that the non-institutional agencies continue to occupy the dominant position in the supply of rural credit. The debt owned by the non-institutional agencies was 82% in 1961, 69% of the total in 1971 and 63% in 1981. The institutional agencies are having a better show only in four states viz. Maharashtra, Gujarat, Kerala and Punjab, where the share of institutional credit range between 44% and 71% of the total debt of cultivators. Among the non-institutional lenders, the share of agriculturist moneylenders had declined sharply from 47% in 1961 to 23.1% in 1971, the largest single source of rural credit. Professional moneylenders accounted for 14% of total credit to rural households while the share from landlords rose sharply from 1.1% in 1961 to 8.6% in 1971.

Among agricultural labour, institutional credit did not play a significant role; its share being only 4.5% of the total. Only in three states, the share of institutional credit for agricultural labour exceeded 10% viz. Assam 18%, Kerala 13% and Maharashtra 11%. Co-operative institutions accounted for two-thirds of the institutional debt in Assam, three-fourths in Maharashtra and one-half in Kerala. The distribution of cash debt of all households according to credit agencies indicated that around 25% of it was due to commercial and co-operative banks, 7% to Government agencies and 2% to insurance and provident fund etc. 15% of the overall credit came from non-institutional agencies. Traders and landlords accounted for 7% of the cash debt. Rural households owed 57% of their cash debt to commercial banks and co-operatives and 13% to agriculturist moneylenders and landlords.

The study reveals that on 30th June 1971, 46% of the cultivators, 36% of agricultural labourers, 30% of rural artisans, and 32% of other non-cultivators were in the grip of indebtedness. The Survey studied the outstanding liabilities of
the rural households according to the purposes for which they had been incurred. Out of the total cash debt of Rs. 3752 crores outstanding against all rural households, Rs. 1876, representing about one-half, was incurred for production purposes, and the rest for other purposes. Over the period 1962-71, the share of expenditure on production purposes in the total debt of cultivating households went up from 38 % to 50 % recording a net rise of Rs. 824 crores.

2.1.26. The National Council for Applied Economic Research, in their report on Credit Requirements for Agriculture, found co-operatives, as 'universally acknowledged as the most desirable type of financing agency'. Next to co-operatives, according to the committee, the Commercial banks also recorded significant progress since nationalisation in 1969. They also found the moneylender-trader group as the main source of credit especially for the small farmers, who received 75 % of their requirement from this source. It was also estimated that 66 % of short term loans for cultivation from all sources went to the cultivators of high-yielding variety seeds and new technology.

2.1.27 All India Credit Review Committee Report shows that the repayment performance has been poor and deteriorating in almost all the states in India, except Punjab and Rajasthan. At the national level, over dues has been rising steadily from 20.3 % of outstanding loans in 1960-61 to 33.5 % in 1966-67. Though some states showed relatively better performance the deterioration is evident in states such as Kerala and West Bengal. In Kerala the overdue in 1960-61 was 16.6 %, which increased to 32.9 % during 1967-68. One of the most important factors affecting non-repayment is reported to be the inadequacy of supervision due to lack of staff and general inefficiency of administrative arrangements. Adoption of unsound policies, such as over-financing, under-financing and the provision for writing off of credit, are some of the causes identified. Some external factors are crop failure and pressure by government upon the institutions to fulfill the loan targets.
2.1.28. The Reserve Bank of India appointed a study team for analysing the causes for mounting over dues in the co-operatives. In its report submitted in 1971, the team stated the following causes for over dues: (a) Lack of will and discipline among former borrowers, (b) Deficiencies of lending policies, (c) Apathy of the Government to take quick action against the defaulting members, and (d) Attitude and policy of State Governments which discourage repayment of loans in time.

2.1.29. The Rural Debt and Investment Survey observed that about 50 percent of the cash debt of cultivator households as on 30th June 1971 was incurred at rates of interest not exceeding 12.1%. The percentage of borrowing at the rate of interest of 12.1% was as high as 63%. The RBI further observed that about 10% of the debt had no specified rate of interest attached to it. Cultivator households with assets up to Rs. 2,500 (i.e. 38% of the rural households) accounted for more than 13% of the debt at high rates of interest exceeding 12.1%.

2.1.30. National Council for Applied Economic Research in its study conducted in 1974 found that the small farmers were meeting 49% of their loan requirements from the moneylender-trader group at interest rates ranging from 18 to 24%. Another 17% of loans were borrowed at interest rates as high as 80%. At the same time, interest rates charged by co-operatives, commercial banks and other Government agencies varied according to the size, class of cultivators ranging from 6% to 10%.

2.2. Review of Studies in Rural Banking and Indebtedness

2.2.1. Amit Bhaduri, while analysing the various causes for high rates of interest as put forward by earlier investigations, observed that the determining criteria for credit worthiness of a borrower are different as between the organised and unorganised markets. Credit worthiness depends on the type of collateral viz. unmarketable collateral unacceptable to the organised money markets are accepted in the unorganised money market. Such isolation of the unorganised money market hinges on its differential treatment of collateral securities, which, in turn, provides the essential basis for the formation of usurious interest rates.
2.2.2. **Arun Kumar Bandopadhyaya** write that in traditional sector where the distribution of resources is unequal, one section of the farmers take loans, for consumption purposes from the other section, at high rates of interest. The prevalence of high rates of interest in such societies is mainly due to high-risk premium and administration costs involved, and partly due to monopoly in the credit market. The prevalence of high rates of interest in these underdeveloped areas is also due to use for consumption purposes rendering the demand for such loans highly inelastic. An interesting finding of this study is that the loans contracts which do not explicitly make mention of rates of interest charged do in fact carry, very high implicit rates. Bandopadhyay also points out to the existence of multiple systems of loans that are manifestations of the varying bargaining powers of the lenders and borrowers in the agricultural credit market. A significant observation relates to the fact that when the high rate of interest is decomposed into basic rate, cost of administering loans, risk premium and monopoly profit, the basic rate and monopoly profit are much more important than the risk premium and administrative cost. However, this study does not analyse the available sources of institutional credit. The major emphasis is on non-institutional source of credit since the author apparently tries to make the point that institutional credit is, by and large, not accessible to the small farmer.

2.2.3. **Atiqur Rahman** in his study “Usury Capital and Credit Relations in Bangladesh Agriculture: Some implications for capital formation and capitalist growth” has tried to examine the credit relations prevailing in rural Bangladesh. There the rates of interest charged by moneylenders on credit in money and in kind, were about 100 and 150 % per annum. Marketing intermediaries also charges interest at similar high rates. Rates of interest charged by landlords are between 50 to 100 % per annum. In short, (1) the rates of interest on loans from non-institutional sources are very high, (2) rates of interest charged by landlords are lower than that of professional moneylenders and market intermediaries, and (3) in kind rates are much higher than monetary rates of interest.
2.2.4. Banerjee P.K argued that in developing countries, it is only the Government agencies, that can act as a catalyst for bringing about a fundamental change in the rural debt situation.

2.2.5. Bansal and R.S. Narwal’s article entitled “Farmers Constraints in Borrowing Farm Credit”, discusses the problems faced by the farmers in obtaining credit from financial institutions, particularly from the commercial banks. According to the author, the factors, such as lack of knowledge about banking procedures, illiteracy of the borrowers, non-cooperative attitude of the bank employees and cumbersome procedures of banks etc., prevent farmers to approach commercial banks for obtaining farm credit. The present study has investigated the constraints of farmers in obtaining loans from commercial banks in detail and has suggested a research-based strategy for accelerating the pace of agricultural finance.

2.2.6. Basu S.K., in his study Commercial Banks and Agricultural Credit, gives a critical evaluation of the existing schemes for rural development at the grass root level. The author has made an attempt to assess the contribution of commercial banks in the development of agriculture. His enquiry relates to the adequacy of financial facilities offered by the commercial banks and the rules and conditions of advancing money. He agrees that since nationalisation the commercial banks were doing a commendable job in developing agriculture. But, in his opinion there is an urgent need to have a fresh look on the problem to bring about more improvements in the future plans.

2.2.7. Bottomley argues that the high administrative costs are allegedly the cause for high interest rates particularly on loans obtained from private sources. He observes that individual farmers with relatively petty needs, on an intermediate reluctance or inability to repay, will go on borrowing small amounts, of which every amount will require time to negotiate and recover. The result is the increase in administration costs on each rupee, which will correspondingly increase the moneylenders’ rate of interest on loan. Opportunity cost of the lender’s money is one of the main determinants of high costs. Bottomley states that this high cost is
due to returns on alternative investments and liquidity preference which have a direct bearing on high administration, risk and monopoly charges within the rural rates of interest as a whole. According to him the pure rate of interest is the opportunity cost of money, which determines the market interest rates in underdeveloped rural areas.

2.2.8. Chandran T. R., Balishter and Rajkumar in their study on Availability and Extent of Utilisation of Credit in Agriculture analysed the extent of utilisation of loans in cash and kind provided by institutional credit agencies. According to the study, the proportions credit in cash and kind was 78:22. The misutilisation of credit was more in cash loans. They found loan in kind to be more effective.

2.2.9. Charan D. Wadhwa’s work “Rural Bank for Rural Development” attempts to evaluate the role of institutional credit in rural development. He feels that due to reasons like influence of local politics, complicated procedures, unhealthy attitude of banking personnel, corruption etc., and the poor have not been benefited at all. The work stresses upon the point that rural banks must develop simple schemes and co-operative attitude for providing requisite financial help and assistance to the needy rural poor.

2.2.10. Choubey B.N.- in his book, Agricultural Banking in India, gives a detailed description of the various institutions that are actively engaged in the task of financing agriculture. After reviewing the role of the institutional credit in agriculture, he observed that despite the complexity of institutions like co-operatives, commercial banks, Regional Rural Banks, Agricultural Refinance Development Corporations, and NABARD etc. the agricultural sector is still suffering for want of adequate funds.

2.2.11. Dadhich, C.L observes that higher the amount borrowed, lower was the proportion of diversion of credit. The main reasons of diversion were pressing household needs, repayment of old debts, re-lending at higher rates of interest, low level of education, lack of supervision and irrational lending policies.
2.2.12. Dadhich C.L., in his study on willful default of co-operative credit in Rajasthan has cited five major qualities of that section of the population which indulges in it (a) Those they have large size holdings, (b) Those belonging to higher caste groups, (c) Those having large borrowings from co-operatives, (d) Those having higher levels of education, and (e) Those who are members and ex-members of management committee or their close associates.

2.2.13. Ghosh B.K. “Some Reflections on Rural Banking and Agricultural Financing by Commercial Banks”. This article contains relevant information about rural banking and agriculture financing by commercial banks after nationalisation. The author has made an attempt to see how the banks make much credit available to agricultural sector during 1969 to 1985.

2.2.14. Ghoshal S.N. through his study Agricultural Financing in India, deals with the short-term and medium-term credit needs of the farmers. According to the author, co-operative institutions designed to make available timely and adequate credit to the farmers for agricultural development are not able to provide credit facilities as envisaged. He argues that because of the failure of co-operative credit structure, the responsibility financing the primary sector has to be shifted to commercial banks. The role of indigenous financiers, according to him is anti-development and is to be replaced by organised money market.

2.2.15. Guruswami P. and Balasubramani P.N. in their study on ‘Factors affecting securing and repayment of agricultural credit for Canara bank’ observed that the borrowers for purposes other than agriculture diverted about 45% of the loans. Out of the amount so diverted, nearly 17% were used for repaying past debts and 28% for meeting domestic consumer expenditure, ceremonies etc.

2.2.16. Horace Belshaw in his study carried out for FAO, “Agricultural Credit in Economically Underdeveloped Countries” argues that the effect of credit for development is decided by the use of it. It is necessary that the amount given should go into reproduction of agricultural capital or towards the production of
usable values such as food, clothing, travel, festivals etc. He proposes that in principle there may be objections to grant loans for consumption purposes, but in practice it may not always be easy to ensure that loans for production are so used. A survey conducted by him in Taiwan showed that about 58% of rural credit given there goes towards working capital, of which about 50% were diverted for consumption purposes by the borrowers. He states that he had encountered the phenomenon of usury interest as early as 1913 in a study of a village in Lebanon. According to him the predominance of non-institutional lending agencies is the major reason for the existence of higher and more exploitative interest rates in underdeveloped countries. In India, as per his study, loans for consumption purposes formed more than 50% of the total debt.

2.2.17. Kahlon A.S. and Karam Singh through their work, “Managing Agricultural Finance” gives the view that the financial institutions like co-operatives, Region Rural Banks and Commercial Banks etc. has failed to cater the agricultural sector and the farmers are still suffering for want of funds. Taking the shortage of resources for providing agricultural credit, they argue for the need of effective management in credit. The authors recommend for the financing of new technology and improved methods and practices that enhance agricultural production.

2.2.18. Kalyankumar in his study on “Willful Default in Loans of Co-operatives” has examined factors that demarcate the willful defaulter from the non-willful defaulter in the Parbhani district of Maharashtra. According to him the probability of becoming non-willful defaulter was higher in low-income group having low amount of loan, low expenditure on fertilizers, improved seeds, modern technologies and insecticides. The probability to become willful defaulters was higher among high-income group, having majority educated members in the family and high caste.

2.2.19. Kaushik Basu attempts to show that high interest rates in underdeveloped rural areas are not due to the conventional hypothesis of lender’s risk. They exist mainly due to the fact that most of the loans taken from non-institutional sources are unproductive, and that there exists personalised relation between the borrower
and the lender. The rate is always higher for the poor as the majority of the loans are for consumption purposes.\textsuperscript{49}

2.2.20. Kewal Kumar in his work Institutional Financing of Indian Agriculture with Special Reference to Commercial Banks have remarked that the development of agriculture is the basis of the rural development.\textsuperscript{50} The study includes the problems of agricultural finance. The author has also attempted to assess the importance and impact of the institutional credit on the agricultural produce. He recommends for an integrated credit policy by the institutions supplying agricultural finance, as the provision of agricultural credit in the context of modernisation of agriculture has become a necessity. According to him, the share of institutional credit was 8 % in 1951, 18 % in 1961 and 32 % in 1971. He estimates decline in the share of agricultural moneylenders in rural credit from 48 % in 1961 to 23 % in 1971. The share of landlords went up from 1 % to 8 % during the same period. Kumar estimated total borrowings of Rs. 6.000 crores in 1976, in which, the share of co-operatives and commercial banks was Rs. 2,700 crores, or 45 %. The Governments recorded 7% share. Supplying 52 percent of the rural credit in 1971, according to him, the institutional agencies emerged as the major contributor. Co-operatives held a major share among the institutional agencies in the farm production front. He points out that about half the direct loans, which were due to repayment, was in arrears. According to him the main causes of poor recovery of agricultural loans and the resultant over dues were (a) Natural calamities like flood, draughts, etc. (b) Defective appraisal of loan applications regarding yield, input cost and output price. (c) Unsatisfactory marketing arrangements, resulting in lower price. (d) Unforeseen expenses due to illness and social ceremonies etc. (e) Willful default on the part of certain agriculturists, and (f) Lenient and loose policy of the government due to political pressure.

2.2.21. Kishore, C. Padhey's "Commercial Banks in Development". The authors have presented an outline of the banking system in our country and their role in economic development. They certify that the commercial banks have been successful in playing a pivotal role in improving the socio-economic conditions of
rural masses and they dare to call the banks agents for development or social change.\textsuperscript{51}

2.2.22. Kodesia J. through his study on "Agricultural Credit in India" observed that one of the most disquieting features of the co-operative credit structure was the increasing proportion of over dues year by year a large part of which was due to willful defaults\textsuperscript{52}

2.2.23. Mahendra D. Desai and Bharat D. Naik, while analysing demand for short-term credit vide their essay 'Prospects of Demand for Short-term Institutional Credit for High Yielding Varieties', found in 1971, at the time when the high-yielding variety programme was being introduced, the demand for credit remained unmet because of the non-availability of credit to small farmers. The institutions then used to select farmer for granting credit in general, from bigger cultivators. In spite of the avowed policy objective of a multi-agency approach for meeting credit requirements of the cultivators, it was the large farmers who in fact constituted the biggest beneficiaries. The evidence was that the commercial banks provided Rs. 210.40 crores by way of short-term and medium-term credit to agriculture of which the bulk went however to the above-average farmers\textsuperscript{53}

2.2.24. Mishra M.N. In an article entitled "Rural Banking for the Rural Poor" projects the view that the Regional Rural Banks are established with a view to provide financial help to the rural poor. But the beneficiaries of these banks are mostly the rich farmers and not the small and marginal ones. According to the author this practice is mainly due to the connivance of and corrupt practices indulged in by the bank officials and the influence of local leaders.\textsuperscript{54}

2.2.25. Mohan Rao J., in his article 'On interest rates in backward agriculture', explains the determination of interest rates on the basis of collateral valuation. The lender's gain consists of two components: monopoly power and default. Monopoly power in the credit market enables the lender to value collateral below their normal price; in such a situation default means loss to the borrower as the lender can raise interest rates substantially\textsuperscript{55}
2.2.26. Murthy K.V. and Vijay Kumar in their article "Small Industries and Rural Development" have made an effort to establish the role of small industries in rural development. The authors hold, if small-scale industries are established in the rural areas, they can generate extra employment opportunities, reduce poverty and dependence of the rural population on agriculture. They can play an important role in improving the overall socio-economic conditions of rural poor.

2.2.27. Nagaraja B. through "Financing and Rural Artisans by Commercial Banks: Some Problems and Suggestions" has observed that rural artisans have been an integral and continuing element in India’s economic and cultural setup. The importance of this sector is indeed phenomenal from the viewpoint of employment generation, contribution to the national income and foreign exchange earnings. The author feels that unfortunately this sector has completely been ignored by the commercial banks and they prefer to finance agriculture that is not the only way of bringing about rural development in the country. Nagaraja has also pointed out certain difficulties faced by commercial banks in financing rural artisans and suggested remedies to remove them.

2.2.28. Naidu L.K. "Bank Finance for Rural Development" (edited). The study certifies that public sector banks have been extending credit facilities to neglected sectors of the rural economy. The finance for agriculture, small business and small-scale industries has been able to eradicate poverty and unemployment from the rural sector.

2.2.29. Naidu. L and Nagraja.B in their article "Financing of Small Scale Industries by Commercial Banks: Some Problems and Suggestions" feel that in an agricultural country like India, where unemployment and underemployment is acute, small scale industrial sector has to play a prominent role. An important feature of small-scale sector is that it helps in diffusing economic power and ensures equal disbursement of wealth-, which is essential to achieve objective of a socialistic society. Authors say that Japan and China have relied heavily on this sector for achieving the objective of economic development. The small-scale
industries not only provide employment opportunities but also make a great
correction to the rapid decentralised growth of our economy. Therefore, realising
the potential of small-scale industries, institutional credit should be made available
to them by the financial institutions like commercial banks. In this article, an
effort has also been made to highlight the problems faced by the commercial
banks and for their removal the authors at the end of the study have listed some
meaningful suggestions also⁵⁹

2.2.30. Narayana Kurup T.V., states that in rural credit the implied rates of
interest has many disguised forms, which the borrowers cannot realise. To analyse
different rates of interest, the author has studied different sources of supply and
the occupational groups involved in loan transactions. He found that the average
rate of interest was much higher than indicated by the All India Rural Debt and
Investment Survey regarding non-institutional agencies. It was found that the
cost of credit was inversely related to the economic status of the borrower and
that the effective interest on loans remained concealed⁶⁰

2.2.31. Narayanappa G.L., in his 'Maladies of Rural Artisans A Case Study' has
observed that the rural artisans in our country have been suffering from certain
socio-economic problems like lack of adequate and timely credit, lack of marketing
facilities at the local level, poor infrastructure, unwillingness to adopt new
technology, and non-availability of quality raw material, etc. After discussing these
problems, the author has suggested some remedial measures to remove these
problems.⁶¹

2.2.32. Naryana G.A. In his work "Problems of Agricultural Loans" has discussed
the problems of small and marginal farmers going for bank loans. He underlines
non-cooperative attitude of the bank employees as the basic reason followed by
complicated and dilatory procedure and their dependence on the Sarpanch and
other functionaries for getting loans. At the end, some suggestions have been
made to remove these drawbacks.⁶²
2.2.33. Nirmal Sanderatne considering the agricultural credit situation in Srilanka says that poor repayment of debts is due to the lack of efficiency in the analysis of the credit worthiness of the borrowers. He observes in his study that co-operatives in Srilanka have virtually become offices for issuing funds, rather than responsible agencies directly concerned with agricultural enterprises, interested in the proper use of funds and their ultimate recovery.

2.2.34. Noor A.B. and Naryana Rao in their article entitled "Agricultural Development Policies: Need for a Fresh Look" highlight the problems faced by the farmers with regard to their credit needs. The study reveals that the credit facilities or incentives for development of agriculture are availed by rich and affluent farmers only. The subsidies and cash incentives are either taken away by feudal landlords or by Government officials. Keeping in view the problems of small and marginal farmers, the author has strongly recommended for restructuring of the agricultural development policies and has also given some suggestions to remove the bottlenecks.

2.2.35. Pal B.K. and K.L. Mukhopadhay vide article "Agricultural Finance in West Bengal" have made a joint effort to assess the credit requirements of the farmers of West Bengal. In their opinion the co-operative banks and other development institutions are catering the credit needs of the farmers, which is still not enough. They recommend for suitable changes abridging the credit gaps present and future. They have a detailed discussion on the non-compatibility of terms and conditions of institutional lending and they suggest that the Reserve Bank of India and other financial institutions should amend their rules and regulations and ensure that the agriculturists are getting the financial assistance easily.

2.2.36. Panda R.K. has studied Agricultural Indebtedness and Industrial Credit and Depicts the measures that have been undertaken by the Government to provide institutional credit to small farmers and small entrepreneurs. The study incorporates a survey on the role of moneylenders in financing small farmers and rural poor.
The study reveals that the small farmers have not yet been benefited by the institutional credit and the money lender continues his usurping in villages. The argument is for developing measures to ensure the effectiveness of the institutional credit.  

2.2.37. Pranab Bardhan and Ashok Rudra through their article ‘Inter-Linkages of Land, Labour and Credit Relations: An Analysis of Village Survey Data in East India’ have tried to examine the terms and conditions of land, labour and credit relations. Their interesting study reveals the part played by professional moneylenders and rich farmers who practiced money lending in West Bengal, Bihar and Eastern U.P. They came across cases of landlords giving consumption loans and advances made to cater the production needs of villagers, both free of interest. The relation for giving such loans free of interest is the result of the practice of rendering of small services to the landlord by the tenant borrowers. The dependence on the landlord was associated with or reinforced by dependence of all other members of the tenants’ household. They found the tenants and the other members working for the landlord under exploitative conditions. The study revealed the existence of bonded labour in those villages in return of the interest free loan until loans were repaid.

2.2.38. Prasanta Kumar Bhanja, found inadequacy of credit to be one of the reasons for overdues. The loans issued by primary credit societies were inadequate for 78.4% of the farmers, of whom nearly 32% were small landholders. The farmers are therefore constrained to borrow from moneylenders for the rest of their credit requirements. They prefer to repay the loans taken from the moneylenders first, because of greater pressure from them. Hence, the borrowers may not have significant surplus money to clear the debt due to the society. As a result overdues accumulate.

2.2.39. Raja Gopal In his article “Agricultural Financing in Changing Perspective-An Overview” has stated that prior to five-year Plans, no deliberate effort was made by the Indian Government for the development of agriculture and it remained
a neglected sector. No doubt, after nationalisation, the commercial banks are actively engaged in the task of financing agricultural sector, but even after the passage of two and half decade, there appears to be no significant change in the socio-economic status of peasant community. Faulty lending policies, inadequate loan amount, non-cooperative attitude of bank employees and complicated procedures of granting loans by the banks, etc. are the main hurdles in the walk of financing by the banks. The author feels that the time has come to have a fresh look on the problems of the farmers and to make the banks to amend their existing banking practices, rules and regulations to enable the people to get the bank aid easily. Despite the presence of commercial banks in rural sector, even today the people are dependent upon moneylenders for their credit requirements.

2.2.40. Rao H.N. In an article “Expanding Role of Banks in Rural Economy” makes an attempt to evaluate the role of banks in the rural economy. He opines that no doubt, commercial banks have contributed substantially for the development of rural sector mainly through agricultural development, but landless labourers and small and marginal farmers have not been benefited by the bank credit so far. He thinks that the banks have to play a leading role in the rural credit market.

2.2.41. Sharma B.P. in “Role of Commercial Banks in Developing Economy” has observed that financial institutions, particularly commercial banks have been playing an appreciable role in the promotion of primary sector and mobilising rural savings since nationalisation. According to him there are much more to be done in this direction. His primary finding is that the banks have failed to recognise the credit requirements of people belonging to lower strata like village labourers, small and marginal farmers etc.

2.2.42. Subrata Ghatak comments that in spite of the growth of institutional agencies between 1951 and 1968, the unorganised sector continues to provide about two-thirds of the rural borrowings. The study on interest rates in this sector showed that risk and uncertainty factors as well as the administrative cost could largely explain the high rates involved in lending to agriculture. Considerable
defects were observed in the operations of primary credit societies, and the co-operatives failed to take up the responsibility of marketing and credit. According to him capital investments were the most significant variable than the consumption expenditure.

2.2.43. **Suzanne Paine** suggested that most important characteristics of pre-capitalist production in agriculture, which affect rural credit markets and the determination of interest rates is the evaluation of the default rates. The conventional view of risk interest is invalid. The borrower’s rather than the lender’s risk dominates the credit market, because of its interrelationship with pre-capitalist land, labour and commodity-market conditions. There are a number of studies analysing the interest rate structure prevailing within and outside the money market.

2.2.44. **Tunwai. U** has made some interesting observations on interest rates. According to him in countries with unorganised money markets and institutional and non-institutional credit are equally important, the weighted average of interest would be around 24 % per annum. In those countries where non-institutional credit is of greater importance, it will be 36 %. In most underdeveloped countries where non-institutional credit is relatively more important than institutional finance, the rate of interest usually fluctuates between 24 and 36 % per annum.

2.2.45. **Vashisht.S.K.** arrived at the conclusion in his study that in an agriculturally advanced region in Punjab, 88 % of the loans granted by institutional credit sources were utilised for productive purposes and only the remaining 12 % were utilised for consumption. Among productive purposes, cost of fertilizer accounted for 61 % of the total credit. Social and religious ceremonies accounted for 5 % of the total credit.

2.3. **Review of Studies in Traditional Marine Fisheries Development and Fish Marketing**

2.3.1. **CMFRI Study team** in their evaluation of the economics of ring seine fishery along Kerala coast has tried to study the economic outcome of motorisation of the
traditional fisheries of Kerala. In their opinion, the technological change in ring
seine fishery followed by the cooperativisation of ownership of fishing equipment is
the most positive gain out of modernisation. The economic gain of the ring seine
fishery, according to them will bring in more diversified techniques in the near
future.  

2.3.2. CMFRI study team through their special publication No. 45, “Motorisation
of Country Crafts in Kerala- An Impact study” has tried to analyse the effects of
motorisation of the country boats. In their stock taking study conducted at the end
of the first decade after the onset of motorisation, they seem to be satisfied with
the results. Despite some problems like kerosene supply, use of some gear,
availability of service stations etc. their findings shows positive signs of growth in
the sector.  

2.3.3. Bhushan, B., has studied the socioeconomic impact of mechanisation of
fishing craft on traditional fishermen. The main findings of the study are (a)
Excessive mechanisation has created dissatisfaction and in feeling of helplessness
among small traditional fishermen. This dissatisfaction has converted into violence
in some places. (b) Traditional fishermen have not been able to achieve the benefits
of the mechanisation. The lion’s share of the benefits is being taken away by the
private entrepreneurs. They may be involved in fishing community but not in
catch of fishing. (c) As a result of mechanisation of fishing craft, there is a constant
decline in the landings of the traditional fishing crafts in most of the states. This
has resulted in shortages of locally consumed fished and higher prices of fish.  

2.3.4. Katar Singh through his study on fishermen Co-operatives in Kerala arrives
at the conclusion that there is no change in the borrowing pattern of the fisher folk
after the establishment of co-operatives and the entry of banks in the sector. The
money lender-cum-trader still plays an important role in the lives of fisher folk.
Many exploitative practices such as udambadi still prevail in most of the fishing
villages in the state. The co-operatives face a number of organisational and
management problems which need to be resolved expeditiously.
2.3.5. **Platteau** observed that the credit requirements of a fishing economy are different with other segments of the economy. In his study it is found that credit market in such an area is interlocked with rest of the factor markets. According to this study it is estimated that non-institutional sources especially friends and relatives contribute more than 57% of the total loan transactions. He has also made a detailed study on the technology, credit and indebtedness in marine fishing with the context of three fishing villages in Kerala. This study has tried to throw light on changes of fishing occupation and dynamics of change to which they were possibly subjected.80

2.3.6. **Programme for Community Organisation (PCO), CIFT study team** conducted an elaborate study in to the economic results of motorisation of the traditional crafts in Kerala by name 'Motorisation of Fishing Units- Burdens and Benefits'. They have arrived at the conclusion that there are no specific effects on the efficiency of the fishing units as expected out of motorisation on the crafts. Despite the increase in the investment and resultant indebtedness, the introduction of modern technologies has not enhanced the income earning capacity of the units. They also find the role market intermediaries to be a limiting factor in the progress of fishermen81

2.3.7. **Rajan. J.B.** has tried to study the credit market structure of the small-scale fisheries of Kerala Coast. According to him, more than 65% of the share of credit in the sector is by the informal sources. In his opinion the cost of such credit is not exceptionally high and unethical though from the rate of interest it may feel so. He too, like the studies made in other sectors arrives at the causes of less popularity of institutional credit, like unrealistic credit systems, rigid and inconvenient procedures, scheme based loans, and the general approach. Accounts of fishermen prove that 70 to 80 percent of the borrowing is outstanding. He suggests for a separate credit policy for fisheries sector based on a need-based approach.82
2.3.8. Richard Pollnac offers a concise study of the peculiarities of fishing communities and their relevance in development design. He has identified social and cultural characteristics that are rooted in fishermen’s production. He examines the issue of incremental income distribution in small-scale fishing communities. He argues that only wealthy fishermen or others, who are already well off, can afford to have the costly new technology to increase production. This new technology gives them a further advantage over the poorer fishermen. He has examined the trade off between increased technological efficiency and adverse social effects such as unemployment and greater social satisfaction. He underlines the role of co-operatives in fishery development.

2.3.9. Viswanathan. C. has studied the internal marketing system of marine fisheries products in Kerala in contrast with that of Andhra Pradesh. According to his study the role of market intermediaries is the most important in the finance and market segments of the traditional fisheries sector. He finds fault with the existing system and recommends for a co-operative based institutional system capable of making the fishermen price makers rather than price takers in fisheries marketing.

2.3.10. Yap C. L. has studied impact of trawling on employment in context of West Coast of Malaysian Peninsula. He concluded that improved technology has brought about reduction in unemployment among fishermen who earlier had to resort to alternative occupations. This has lead to higher degree of social stratification within the fishing community.

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