Review of Literature
Chapter - II

REVIEW OF LITERATURE

Agriculture sector plays an important role in the Indian economy. More than seventy percent population is living in rural areas. Agriculture is the way of life for rural masses. The agricultural products are being used for day to day consumption. As far as employment is concerned the agriculture provides a more employment in the country-side. The agricultural products also play a significant role in exports through which a good amount of foreign exchange is earned. For these reasons the productivity and production of the agriculture should be increased. To improve the productivity of the agriculture the maximum land should be brought under irrigation and there should be an adequate and timely supply of the credit. The studies which have been made so far in connection with the agricultural credit have analysed the problem and suggested measures to overcome this problem. Although, it is not possible to make a reference of each and every study, some of the important studies related with the agricultural credit can be reviewed. The literature on recovery and overdues of the agricultural loan mainly long-term finance is also reviewed. The adoption of new agricultural technology in the Indian agriculture sector are also reviewed in this chapter.
Majority of the scholars through these articles proposed that the timely and adequate supply of the credit would improve the productivity of the agriculture.

1. Galgalikar and Gadre (1978) have attempted to examine the structure of the rural credit in Akola district of Maharashtra State covering a period of 1965 to 1977, and changes in the quantum of borrowings and the pattern of rural credit. The data was collected from different agencies related to rural credit. It was found that the flow of credit increased over the period and the major increase was in short-term credit. It was noticed that the co-operative sector made a major contribution of about eighty percent in the credit supply and continuous to contribute in it. It was found that the supply of short-term credit displayed a slow increasing trend in the initial years. On the contrary, the medium-term loan showed a phenomenal increase. The long-term loan advances showed a declining trend and a borrowed amount has shown a decreasing tendency with an increase in the size of holdings.

2. Kale, Kshirsagar, Satpute and Rajmane (1978) have examined the pattern of advances made by the Land Development Bank for agricultural purposes in Parbhani district of Maharashtra, to estimate the growth rate in credit advance for different activities connected with the improvement of land and of the production for the period 1978-83.
Time series data was used for this study. It was found that the compound growth rate in advances for new wells is 12 percent followed by renovation of old wells with a growth rate of 11 percent. The growth rate in advances for electric motor is found to be constant whereas the growth rate in advances for oil engines and tractors declined.

3. Singh, Varma, Azad and Pandey (1978) have studied the flow of agricultural credit in Unnao district in U.P. This study was based on secondary data which was obtained from the Land Development Bank. It was found that the LDB advanced the amount for agricultural purposes to the extent of 75 percent of the total loans advanced by different farm financing institutions in the district. The LDB advanced loans mainly for the minor irrigation projects (98 percent). The percentage of recovery to the total loans advanced by the bank was satisfactory in Safipur and Unnao tahsil i.e. 78.80 percent and 68 percent respectively. The overall recovery percentage of the district was 46.73 percent.

4. Satpute, Kshirsagar, Kale and Rajmane (1978) have carried out a district-wise comparative study of advances, recoveries and dues in Maharashtra State. Secondary data used for this study which was collected from the annual reports of the Land Development Banks during the period 1973 to 1977. The study revealed certain facts such
as - 17 districts with respect to advances, 2 with respect to recoveries and 15 in case of dues were found to be significant. A classification of loans advanced for various purposes revealed that the tractors and machinery claimed the highest share of 76 percent, followed by the construction of new wells 15 percent and the share for other activities showed a decline. This shows that the LDBs were concentrating more financing for the purchase of tractors, machinery and sinking of new wells. It was also observed that the advances and overdues were more in the scarcity districts where the recoveries were the lowest.

5. Rajendra Singh and H.P. Singh (1979) have made efforts to study the problem of overdues in co-operative credit and the factors responsible for the overdues and to suggest the measures to reduce the volume of overdues. This study was based on the samples of two co-operative credit societies Midhakur and Sikandra. Nearabout 34 villages of C. D. Block Bichpuri (Agra), Uttar Pradesh were covered for the study. There was of secondary data as well as primary data for the period 1976-77 and 1977-78. It was found that the major factors which influence the overdues were, natural calamities, misuse of loans, inadequacy of loans, forms of loans, unsound lending policies, inadequate supervision, unsatisfactory management and the political factors. It was also found that the co-operative credit was more useful to develop the condition of the farmers, timely supply of credit, proper
supervision and timely recovery of loans must be made. They suggested that, these necessities should be fulfilled.

6. Balishter and Chauhan (1980) have attempted to assess the impact of the LDB finance for tubewell installation, for growing the intensity of cropping, cropping pattern and crop output of the farmer borrowers. This study was conducted in Bichpuri block of Agra district. The primary data was collected from 16 villages and from borrower cultivators for 1975-76 (before investment in tubewell) and 1978-79 (after investment in tubewell). The study revealed that the investment in tubewells has enabled the borrowers to adopt double or multiple cropping and also to raise the growth of cropping. The findings also revealed a change in cropping pattern from low income crops to high income crops resulting in economic prosperity of the farmers.

7. R. Singh and H. Singh (1980) have analysed the comparative study of co-operative and non-co-operative credit in agriculture related to the advancement and utilisation of loans and the time factor involved in sanctioning of the loans. This study was based on the large size co-operative credit society Midhapur and it refers to the 30 cultivators from two villages of C.D. Block, Bichpuri, District Agra, for the year 1976-77 to 1977-78. The percentage utilisation of co-operative credit for seven items like repairing of old machinery, manuring and
fertilisers, H.Y.V. of seeds, rents and taxes, irrigation, wages etc. was considered. Further it reveals that though the bulk of credit requirement of the farmer met by the co-operatives (i.e. 70.10 percent), still the credit supplied by the non-co-operatives is not insignificant (25.90 percent) even now. It reveals that the lion's share of the credit for non-agricultural purposes provided by non-co-operative agencies. It was also found that the total credit availed by three categories of the farmers (small, medium and large) for the agricultural as well as non-agricultural purposes comes to Rs. 17933, Rs. 14045 and Rs. 25976 respectively. The share of credit utilised for the agricultural purposes about 49 percent; 72 percent and 70 percent respectively and for the non-agricultural purposes was about 51 percent, 28 percent and 30 percent respectively. The overall credit utilisation for the agricultural and non-agricultural purposes comes to 64 percent and 36 percent respectively. As compared to the commercial banks, the co-operatives take more time to sanction loan and to provide it to the farmer. The money-lenders are found more flexible in providing the loans.

8. K. V. Ramaseshu (1981) has attempted to study the long-term credit and its supply through land development bank in Agra during the period 1975-78. It was observed and concluded that a maximum amount of loan was distributed among the farmers for the improvement of the minor irrigation facilities such as oil engine,
electric motor etc. Another important thing of this study is related with the procedure of loan sanctioning. The farmers had to give some extra amount to the staff for finalising the loan matters in time. The recovery of loans of this bank was about 88 percent of its annual demand. But the position of loan outstanding was increasing year after year. It was found that an important lesson of the lending operations of the LDBs was that the emphasis on maintaining institutional viability had resulted in finance going into the hands of relatively rich farmers and pushing away the poor from the stream of lending.

9. H. K. Bedback (1982) has studied the Institutional Financing for Agriculture in Orissa - An Empirical Study of Primary Land Development Bank. The aspect of analysis of this research paper is to examine the potential role of the agricultural credit and the economic feasibility of accepting the modernisation for paddy cultivation by a sample survey. The sample survey of twenty farmers reveals that the average output of 'Kharif' and 'Rabbi' in modern farming was Rs.3320 and to traditional farming was Rs.895. The average input of both in modern farming and traditional farming was Rs. 2200 and Rs. 702 respectively. The data was intropolated in a mathematical approach and the suggestion was that the farmer should accept the modern farming to maximise profit. There was increasing trend in the loans
advanced and loans collection during 1968-69 to 1979-80 of PLDB. But, similarly during the same period the outstanding loans and loans overdues also increased. It was found that the problems faced by PLDB are an inadequate capital, lack of supervision, increased overdues, concentration on the minor irrigation, proper utilisation of loans. It has been suggested that the removal of these problems could contribute for the prosperity of the bank.

10. Naresh Kumar (1982) has attempted to study the Role of Co-operatives in Economic Development. The agricultural as well as the industrial development is also required for the economic development. The co-operative credit institutions play a decisive role for the development of the agriculture and allied factors in the rural areas. It has suggested the focal point scheme. Under this scheme, a cluster of five villages from each selected block has been taken and a package of co-ordinated and integrated services was made available through a co-operative society located at the focal village. Under this scheme, the co-operatives are supposed to provide the facilities i.e. centpercent farm credit for co-operative production; long-term finance for minor irrigation and land development; fertilisers and other inputs to the farmers etc. And also to provide establishment of Agro Service Centres, dairy, poultry business in the co-operative basis. It has been studied and concluded that the co-operative should provide sufficient
infrastructure to carry out the programme of economic development. The intention of the development programme is to achieve rapid economic growth, reduction of disparity in income and wealth, eradication of poverty and social justice. The co-operatives form an effective organisation to comprehend these objectives. The various economic activities can be organised through the co-operatives. Thus, the co-operatives play a vital role in bringing together these economically non-value units and help in the development of rural areas.

11. Dr. L. S. Bisht (1982) has attempted to study of the evaluation of existing system of providing long-term finance by State LDB in U.P. which is confined to the development block Radrapur of Nainital district in U.P. A list of the farmers who have obtained long-term finance in ten percent selected (9) villages out of the total 88 in the whole block. The total number of farmers in selected villages was 270. A fifty percent random sample was drawn from each size groups i.e. small, medium and large farm size groups. Thus the total number of selected farmers came to 45 in each group. Thus 135 farmers were selected for this study. The information was collected by personal interviews and questionnaire for the year 1980-81. It was found that the 64 percent small, 40 percent medium and 24 percent large farmers were hesitant to go to LDB for loan because of the strict complex and
delaying steps taken by the bank. The bank employees even get some unexpected amount from the farmers for sanctioning loan. The bank sanctions loan to the farmers those who are ready to mortgage their agricultural land as security. So the small and marginal farmers were unable to get the required amount. Sometimes even after the payment of the required loan, the bank does not wait for long time for the recovery but makes arrangements to auction the secured land. So the farmers prefer to fulfil their financial needs from the money-lenders and traders.

It has been concluded that the bank has to change its delaying process of loan and negative attitude to avoid the drawbacks in the way of their goal

12. P. Krishna Mohan and Sumbasiva Rao (1983) have studied 'The Role of Long-term Credit in Integrated Rural Development - An Appraisal of the Performance of Andhra Pradesh State Co-operative Agricultural and Development Bank'. They attempted to evaluate the performance of APSCADB in availability of credit; credit planning; distribution and recovery etc. The main purpose of this bank is to provide long term finance for agricultural development. The date has been collected and compiled from the annual reports of the bank, Govt. offices. They calculated the growth rates of linear regression model of different indicators of banks performance since its inception. It has
been concluded that the bank has achieved significant progress and its
loan operations have shown commendable performance. But the recent
increase in overdues is the major problem being faced by the bank.
Further, the purpose-wise classification as well as distribution of
loans points out the biasedness of the bank towards large farmers. In
order to play a major role in the achievement of integrated rural
development objectives, the bank should diversify its loaning policy
towards subsidiary activities which are helpful for small and marginal
farmers. It has been searched that it is necessary to adopt the
financial management techniques like budget control and
standardisation of cost for cost minimisation to get more profit in the
future.

13. Dr. R. B. Choubey (1985) has studied the role of land
development banks in the development of India during the VII\textsuperscript{th} plan
period. The strategy for the development of co-operation during the
VII\textsuperscript{th} plan was to provide the fullest support to agricultural production
programmes including dry land farming, pulses and oilseeds. The
benefits of co-operatives should reach to the small farmers and other
weaker sections. All the village primary agricultural credit societies at
the base level will be developed as full fledged multi-purpose
co-operative societies for distribution of credit, fertiliser, seeds etc. It
is necessary to strengthen and bring co-ordination in the co-operative
movement in different sectors. i.e. export processing units, storage etc. Lending policy of the VIIth plan was expected to cover non-farming sections of the rural population because they have to play their role in the context of the objectives and programmes, particularly in rural industry sector. It has been concluded that, it is an era of multi-agencies and diversification of activities. The multi-agencies and more and more diversification of activities in different sectors and sections would achieve the goal of betterment, growth and development.

14. Dr. A. John Winfred (1985) has studied the operational growth of land development banks. The analysis was based on secondary data published by the Reserve Bank of India. The analysis included the Central and the Primary LDBs in the country. The analysis aimed at measuring the rate of growth of operations during the period 1969-70 to 1978-79. He calculated the compound growth rate. It was observed that the foregoing analysis and discussion revealed that the operational growth of the LDBs was not satisfactory in all the States. The banks with limited loan transactions, non-diversification of their lending programmes and mounting overdues could not make any marked impact in the field of agricultural credit. Therefore, the success of the LDBs in future depends on the simplification of loaning procedure, identification of potential areas for further diversification of
loans, monitoring of the end-use of credit, effective co-ordination between investment and production credit and prompt recovery of dues.

15. R. Chand and D. Sidhu (1985) have studied the characteristics of defaulters of agricultural credit in Punjab. The study was confined to the borrowers of co-operative credit societies, land mortgage bank and commercial banks in Ludhiana district. During the study period the frequency of crop failure and the post-ponement of recoveries by co-operative credit societies were maximum in the district. In this district a cluster of the four villages was selected purposively in Sudhar block because in that cluster the recoveries were post-poned most recently. A complete list of cultivator borrowers of those institutions in the selected villages was prepared. Out of these borrowers a random sample of the 75 borrowers was taken for detailed study. It was found that the application of discriminants function is quite efficient in classifying the borrowers of institutional credit into defaulters and non-defaulters and the defaulters into non-wilful and wilful defaulters. It was also found that the higher values of the ratio of dependants on the family, capital expenditure and total borrowing placed the borrowers into defaulters group and vice-versa, whereas higher level of education contributed towards non-default. Similarly, the defaulters with higher size of operational holding, capital

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expenditures and lower levels of education, ratio of dependants in the family, consumption expenditure and net cash income were prone to wilful default and reverse was true for non-wilful defaulters.

16. K. Viswanadha Rao and V. Mohandass (1986) have attempted to study The Co-operative Credit with Certain Dimensions and Problems. The co-operative is the dominant factor in the agriculture sector. It was found that the percentage of viable societies increased from 31 percent in 1969-70 to 66 percent in 1982-83 and correspondingly the percentage of inactive societies decreased from 12 percent to 6 percent respectively. The quantum of loan issued increased about 11 percent; and the loan outstanding of the PACS increased by 12 percent and that of CLDB about 11 percent. Finally it was concluded that the despite of their short-comings the co-operatives have done fairly well in the field of rural credit. However, certain internal and external problems are hampering their smooth progress. The internal problems relate to high overdues, non-borrowing membership, non-viability, dormancy, lack of professional management etc. The external problems arise out of lack of adequate infrastructure, instability of agriculture, scattered and uneconomic holdings etc. The internal problems can be solved by reorganising the societies and rehabilitating the weaker banks by proper ensuring and use of the credit, by undertaking effective recovery drives and by appropriate monitoring of the advances. The
external problems can be solved by suitable agrarian reforms leading to the emergence of economic holdings ensuring remunerative prices for farm produce and providing infrastructural facilities. The co-operative posses the organisational advantage of being located in the villages by virtue of which they can serve the rural masses effectively.

17. Vandana Dongare, Thakare and Borude (1987) have attempted to study the regional inequality in providing long-term credit to the agriculture in Maharashtra State by State LDB. The study was based on secondary data obtained from the said bank for the period 1970-71 to 1984-85. The linear trend of long-term advances was estimated in absolute terms and also in the terms of percentage for each region independently to measure the rate of growth of the long-term credit in each region over the period of this study. Since there are wide variations in the four regions of Maharashtra, on the basis of population, geographical and agricultural conditions, there are also wide variations among the regions in the share of advances by the State LDB. But their share in the long-term advances are not in proportion to the agricultural conditions of each region, and there is not uniformity in the growth of advances. The Western Maharashtra region enjoys the greatest advantage of the advances (54.81 percent), whereas the Vidarbha (23.70 percent), Marathwada (18.39 percent)
and Konkan (3.10 percent) are deprived of these advantage. The Western Maharashtra has a distinct advantage due to a large proportion of area under irrigation and a large area under cash crops.

18. Tirupala and Savaraiah (1987) have examined the performance of The Andhra Pradesh LDB in providing the long-term credit for agriculture. The study revealed that the bank has succeeded in mobilising the external finances and its loaning operations were up to the mark. The purpose-wise classification of loans showed that the activities related to the agriculture being employment-oriented and enhancing the living standards of the rural people received a major share in the total loans advanced by the bank. It revealed that though the bank is operating at profit, the recovery performance in recent years is disgracing due to the rising overdues at the primary level.

19. Suryawanshi (1988) has examined the requirement of credit, its availability and gap in irrigated agriculture in Bhima command area of Maharashtra State. The data collected from a sample of 96 selected farmers from six villages. It was found that the requirement of cash expenditure increased by more than three to five times during three monitoring years (1982-83) and after the introduction of irrigation facilities (1984-85 to 1986-87). Further, it was revealed that before irrigation the loan received from the different agencies was more than
the requirement. However, after the introduction of irrigation the credit gap was widened.

20. T. Paranjothi and K. N. Ushadevi (1988) have examined the growth and extent of diversification of loans by Irinjalakuda Primary Co-operative Agricultural Development Bank Ltd. in Kerala during 1971-72 to 1985-86. There are two types of loans given by the bank viz., ordinary loans and scheme loans. The ordinary loan was given for land improvement and production purposes. The bank issued loan for productive purposes was at least 90 percent and 10 percent for discharge of prior debts. The rate of interest charged for loan was 12½ percent for big farmers and 10 percent for small farmers. Recently, the bank operates the scheme like the minor irrigation, Kayal reclamation, coconut, rubber, poultry etc. The bank has given more importance to the loan schemes. It was observed that the bank's loan amount was increased every year more than the average of the State. A 60 percent loan was disbursed among the small farmers. Recently, the bank is extending it's loans for various non-land based activities like dairy, poultry, piggery etc. The performance of the recovery of overdues was excellent and so the bank was in a better position of lending. The bank was ahead in the State not only in the terms of providing loans, but also in keeping the overdues very low. On recognising this, the bank has been awarded the shield for the best performance.
21. Tiwary (1991) has calculated and analysed the cost of recovery of the bank advances made by the LDB district branch in Solapur. The district branch was selected on account of its bad performance of the recovery in the year 1987-88. The relevant data was collected from the bank records. The beneficiaries, leaders and office bearers of the bank were interviewed. The study revealed that the overdues were more concentrated towards the minor irrigation schemes and big farmers. The information provided by some of the farmers revealed that the over-estimation of the capacity and anticipated income of the minor-irrigation projects was the main cause of maximum overdues. It was also found that about 2.5 percent cost of recovery seems to be very high as compared to the 3 percent margin of the bank. The composition of cost of recovery revealed that more than 50 percent of recovery cost is accounted to salary and daily allowance. The another largest item of expenditure is vehicle expenses, which accounted 26 to 37 percent of the total cost of recovery.

22. K. M. George and K. Sathess Babu (1992) have made an attempt to evaluate the lending pattern of the Quilon Primary Co-operative Agricultural Development Bank Ltd. during the period of 1976-77 to 1985-86. As far as the performance of the banks is concerned there are three main responsible areas i.e. performance in schematic lending, coverage to small farmers and the overdue position. It was found that
the total loan disbursement during the study period was steadily increased with the annual growth rate of 9.91 percent. Whereas it was 8.19 percent and 18.10 percent for ordinary and schematic loan respectively. It was found that the ordinary loan and schematic loan disbursement varies from year to year. The small farmers, on an average received 60 percent or more than the total loan disbursed. The trend in the overdues of the bank from 1981-82 to 1985-86 has been brought down to 16.80 percent. The bank could become a viable unit to earn profit.

23. B. K. Rishi (1992) has exposed the study of the investment credit through the Agricultural Development Bank in Punjab during 1986-87 to 1990-91. Punjab has been playing a very significant role in the overall agricultural development of the country. It produces 23 percent wheat, 9 percent rice and 24 percent cotton of the total production of these things in the country. It was possible that the said bank has the distinction of providing more than 50 percent of State's investment credit under the agricultural sector. The bank is to provide investment credit to its members not only for the development of agriculture but also for the diversification of agricultural activities. It is the greatest contribution to the country that the bank has contributed to the Green Revolution in the State. It was found that about 60 percent of the total loans of the bank were advanced to small
farmers and economically weaker section of the society and 90 percent of the total loans were for identifiable productive purposes. It was also found that the overall performance of the bank in financing its members and recovery of loans has been satisfactory mainly due to the efforts of the field staff. The bank has been working in profit since its inception.

24. Bhuvanendran P. (1992) has studied the LDB - An Agency for Tribal Development Khandwa of M.P. Harsud taluka of Khandwa district was deliberately select for this study, because this taluka branch bank was financing more as compared to other branches. A sample of sixty tribal farmers was selected randomly for different size groups from eight villages in the Harsud taluka. The data was collected through interview method. The category-wise impact on production, income and social status among the borrower tribal farmers has been studied. It was observed that there is positive relation between the long-term loan and the production, but it is not significant among these three categories so far as income is concerned the significant relation between the term loan and income was rejected from medium and large size farmers but it was accepted from small size farmers. It was also found that the relationship between term loan social status was mostly accepted by these three categories. The study revealed that natural calamities and unfavourable geo-physical
conditions were the dominant factors responsible for high overdues and poor recovery among the tribal farmers in the district.

25. Rathod, Marwar, Deshmukh and Deshmukh (1992) have attempted to study the analysis of overdues of agricultural credit. For this study Digras taluka of Yavatmal district was purposively selected. A sample of (90) ninety farmers was selected on the proportional basis for different size groups from four villages. The data were collected through the survey method. The extent of amount borrowed, utilisation of loan and extent of overdues has been studied. It was found that the average per family borrowing of total loan in 1987-88 was Rs. 3306 of which fresh loan borrowed was Rs. 2801 and outstanding loan at beginning of the year was Rs. 505 per family from small, medium and large size groups. The overall ninety selected farmers was observed that the proportion of loan misutilisation increased with the increase in the size of holding. Out of the total 90 borrower farmers, 71 were defaulters while remaining 19 borrowers were non-defaulters. When considered by farm size, 51 percent of small, 31 percent of medium and 18 percent of large size were defaulters. The main causes of the overdues were crop failure, low income, fall in agricultural prices and expected write off of loan by the Government etc.
26. P. C. Mathew (1993) has attempted to study the evaluation of
the level of motivation, moral and job satisfaction existing in the
co-operative organisations in the Kerala State during the year
1989-90. The study was confined to the level of apex federations in the
co-operative sector in Kerala State. The fifteen apex co-operative
federations were classified into five classes, based on their nature and
type of activity. The five apex co-operative federations were selected at
random at the rate of one in each class. It was found that the 97
percent of the respondents did not have any fear of termination.
Similarly the 91 percent had no fear about the future. These factors
indicated the absence of job anxiety and the presence of high moral of
the employees. Regarding opportunities to utilise, skills in the
organisation, the opinions of the respondents differed considerably.
This must be taken as the awareness of the managements concerned,
in order to create better opportunities to utilise the available abilities
and skills of the employees. The 72 percent of the respondents agreed
that they had job security. Similarly the 71 percent of them were
moderately satisfied with the existing total work hours. The major
sample respondents were happy with the existing work environment.
It was interesting to note that the to (90) ninety percent of the
respondents liked the jobs in which they were employed, particularly
from the point of view of job satisfaction.
27. Balishter, A.K. Singh and Vishwajit (1994) have attempted to study the overdues of loans in agriculture. The study was confined to the selected villages from three development blocks of Agra district covered by LDB Agra branch. All the 175 defaulting farmers of tubewells pumpsets in the sample villages were selected for this study. These defaulter farmers were categorised as marginal, medium and large on the basis of owned holdings. The data was collected by personal interviews with the help of schedules and questionnaires for the year 1987-88. It was found that the large and medium farmers together account for about the 37 percent of the total defaulters and for over 57 percent of the total overdues, the marginal farmers account for about 63 percent of the total defaulter and about 42 percent of the total overdues. It means that the better class of the farmers is responsible for a large proportion of the overdues. The percentage of overdues to demand has been continuously increasing during the period of 1978 to 1988 which is a serious matter. It was also found that, out of 175 defaulters of which about 38 percent were wilful defaulters. The most important reason of the wilful defaulter reported that the diversion of income was utilised for purchasing land and other property. These defaulters were in medium and large farmers. And about 62 percent non-wilful defaulters could not repay their loan due to lack of repayment capacity. The non-defaulters reported some reasons for
their default i.e. natural calamities, low price of output, high price of inputs, low crop yield etc. And about the six percent defaulters reported that no one from the bank even visited them after the disbursement of loan.

28. Jaya S. Anand (1995) has studied the utilisation of the long-term credit of the Kerala State Co-operative Agricultural and Rural Development Bank. The misuse of bank credit was comparatively less since the sanctioned loan amount was usually disbursed in instalments and not in lumpsum. The first instalment was disbursed immediately after the project proposal was approved. The second and the third instalment was disbursed only after the field supervisor's examination and the technical evaluation report. Thiruvananthapuram district was deliberately selected with the help of multistage sampling technique and the four Primary Banks of the CARD Bank in the district were considered. The different types of loan advanced by the banks i.e. ordinary loans (OL), minor irrigation (MI) and non farm sector loans (NFS) were chosen. These four primary banks selected 293 borrowers randomly out of three different selected sectors. Of these 41 from MI, 151 from OL and 101 borrowers from NFS were selected through the interview method. As far as the utilisation of the long-term loan is concerned, it has been revealed that the 67 percent borrowers out of the total selected borrowers utilized
the credit completely and the eleven percent borrowers utilized it partially for the concerned purpose. The sector-wise loan utilisation is as follows: the minor irrigation 80 percent, NFS 67 percent and OL 63 percent. The misutilization of loan was 20 percent, 23 percent and 27 percent respectively. On investigation it was found that the 58 percent borrowers used the loan intentionally for other purposes while the 17 percent borrowers told that they were forced by the inadequate financing to divert it for other purposes. And rest of the 25 percent borrowers told that they used the loan for an unexpected and urgent expenses.

29. Ajit C. George and E. K. Thoman (1996) have analysed the nature and extent of benefits realised by the farmers after availing bank finance and tried to find out the impact of minor irrigation loan on the economic conditions of the farmers in Palakkad district of Kerala during 1990-91. The list of the farmers who had availed loans of minor irrigation (well and pumpset) from the five Primary co-operative Agriculture and Rural Development Banks in the district. The 120 farmers were selected in different categories i.e. small, medium and large. This study was based on primary data. The data regarding income and employment generation was collected for two periods viz., pre-investment period (1990-91) and post-investment period (1993-94). The data was collected during the period 1993-94.
The study revealed that the bank finance had helped the farmers in raising their income by improvement in the existing cropping pattern through better management of land by using more critical inputs.

30. S. K. Sharma and Dr. K. Pathania (1996) have examined the role and performance of the Himachal Pradesh State Co-operative Agricultural and Rural Development Bank during the period of 1990-91 to 1993-94. The long-term loan and the working capital of the bank was tremendously increased. But it was found that the poor recovery, overdues and outstanding loan affected the smooth process of advancement. It was suggested that the outstanding loan and the overdues should be reduced. The profit of the bank in 1990-91 was Rs.5.61 lakhs which was declined to Rs.3.23 lakhs in 1991-92. The bank incurred loss of Rs. 42.55 lakhs in 1992-93, which increased to Rs.49.54 lakhs in 1993-94, but in 1994-95, bank loss was reduced from Rs. 49.54 lakhs to Rs. 6.95 lakhs.

31. M. S. Talwar (1996) has examined the problems of overdues in the Agricultural Development Banks. The ADBs play a significant role in providing investment credit support to the agricultural sector. To increase production, to improve rural economy, to provide gainful employment and to raise the living standard of the rural population are the main objectives of the ADBs. Today, the major portion of lending by the ADBs goes to the development of minor irrigation like
construction of wells, installation of tubewells and underground water pipe system and non-farm activities also. It was found that the loaning activities of these banks have increased year by year, there by making a corresponding increase in the amount disbursed. Till at the end of 1995, the ADBs provided investment credit aggregating to Rs. 4200 crores. By the end of the eighth plan, the amount is expected to be raised to the level of about Rs. 7400 crores. It was found that, there are a number of problems being faced by the co-operative credit institutions; one of them is overdues. The causes of overdues in the ADBs differ from State to State and even from bank to bank. The internal and external factors are also responsible for the overdues. Some of the internal factors are complexities, inadequate efforts for recovery, lack of proper planning and vested interest, and the external factors are the natural calamities, unfavourable attitude of certain agencies, ineffective coercive measures, low agricultural prices, intentional defaults and lack of motivation etc.
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