Chapter II

Review of Literature
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REVIEW OF LITERATURE

In this chapter a detailed review of previous studies in this area / related area has been made and presented in the proper order. Previous studies includes articles from journals, books, Ph.D thesis and report published by the government.

Mishra and Datta¹(1970) have pointed out that increases in non- food production contributed significantly to enhance the income of the farmers and also to make the availability of considerable amount of supply of industrial raw materials. The study also revealed that the farmers gaining interest in choosing crop combination which enhances their incomes. The total income in agricultural production is based on area under cultivation, cropping pattern and yield rate. These components and their interactions are those which determine the production and income of the farmers.

Sib Nath Bhattacharyya² (1971) has observed that there is an urgency for putting into effect the various schemes of the government to encourage small and marginal farmers to adopt more and more improved methods of farming to the rise to occasion “New Agriculture”. The ideas are still on paper for offering jobs in rural works through ways which would create productive assets in agriculture among the small farmers. No halfhearted attempt would serve the purpose.

Jain³ (1971) pointed out that the main complaint against the bank has been that there is a lot of abuse and corruption in lending to small borrowers. The solution to this problem does not lie in providing cheaper credit but enlarging the banks resources and making a rational allocation of available fund. Hazari committee reported that the viability of the small farm is affected more by the prices of agricultural input and price support for the marketable surplus than the interest charged by the organized banking section. Banks should ensure reasonable interest rate rather than dramatically low interest rate. The small farmer does not require so much cheaper credit but adequate and timely, institutional credit.
Chauhan⁴ (1971) has conducted a study which aimed at ascertaining cooperative borrowing by small, medium, and large farmers and their overdue position and it was observed in his study that the repayment position of small and marginal farmers was better than big and marginal farmers. Further, the study revealed that poor farmers considered that it is too risky to invest in commercial crops.

Galgalikar and Bhole⁵ (1972) have found that the spread of the banking network in rural areas had a very good effect in mobilizing rural resources and the growth in deposits was mainly due to deposits of individual deposits rather than the deposit of cooperative banks. It was further observed in the study that the role of scheduled and nationalized banks in mobilizing funds from rural sources is very limited. This has strengthened the case for opening adequate branches in rural areas which would provide credit to develop the potential of irrigation for increasing the contributions to larger income of small and marginal farmers.

Sexena⁶ (1972) has pointed out that a change in approach and outlook of the bankers is a prerequisite to their involvement on a massive scale in the field of finance to the small and marginal farmers. For this it was observed that a better economic base to the bankers is reported to operate for helping small and marginal farmers and to persuade them to tailor their policies and procedures of financing in accordance with the new development in the field of agricultural technology.

Mohanan⁷ (1972) has observed that the small farmers are more prompt in settling their debts with the cooperative society. Big farmers are mostly responsible for mounting overdues of the societies. Overdues of small farmers are very often highlighted and a propaganda machinery is formed against them by a group of vested interests. Due to their control over the management of the society, the loan requirement of small farmers are very often deflated. The domination of these vested interest and due representation is not given to small farmers in the managing committee, an integrated credit system to small farmers can never be fulfilled.

Singh and Mehrotta⁸ (1973) have observed that the marginal farmers have the highest percentage of their household debts, followed by the small farmers. The
percentage of households in debts is having decreasing tendency, the quantum of per household debts is having increasing tendency with the size of land holding. Though it is costly, the village money lenders continues to be the most dominant and the borrowing is sources of credit for the marginal and small farmers. The highest percentage of their total credit borrowed in government and co operative credit rather commercial banks. These institutions have given loans mostly to the rich farming community. The commercial banks have been conspicuous by their absence in the field of agricultural finance. Following the pattern of the role of the various credit agencies, the structure of credit cost as reflected in the rate of interest paid by the various categories of household, shows that debt continues to be unjustified and costly for the weaker sections of rural community. Added to this fact, because of their low income, the major part of their debt is borrowed at high cost and it has been utilized for family consumption, marriage, litigation and other unproductive purpose.

Siva prakasam⁹ (1974) has pointed out that the handicaps faced by the small and marginal farmers differ from area to area but on the whole, fragmentation of holdings, insecurity of future, inadequate and untimely supply of inputs and water, lack of sufficient credit facilities and arrangements for marketing and storage, are the common difficulties standing in their way of deriving the benefits of the improved technology. All these factors have constituted handicaps for the small and marginal farmers. Even where they got credit by way of fringe benefits, lack of supply of other inputs in time and extension support have nullified the advantages of such fringe benefits to them.

Sinha¹⁰ (1975) has observed that the deposit mobilization from rural sector by commercial banks are high but they are not providing enough credit to most of agricultural needs, particularly small and marginal farmers. On the other hand it was found that the co operative banks meet most of the credit needs of small and marginal farmers but the co operative banks are not in a position to tap the surplus of the rural sector. As a result, the co-operative banks they are meeting their financing needs by borrowing from RBI. This imbalance in the flow of money between commercial banks and co operative bank causes the inflationary situation
Prasad (1975) observed that the large farmers do not care to make use of irrigation facilities beyond one season, whereas the marginal farmers do.

Inder Sain, Tirath Singh and Joshi (1976) have observed that extent of saving in agriculture, behavior of consumption and disposal of savings totally depend on farm size. Small farm family obtains their income from livestock which was significant as compared to large farms. The increase of farm size is generating more net saving when compared with decrease of farm size. Further, with the adoption of new innovation in the farm sector, subsistence agriculture has been transformed into commercial one. This required more finance for small and marginal farmers. This has lead to an increase in farm production and consequently income of the farmers.

Singh, Singh and Singh (1978) have observed that the cropping pattern has direct impact on farm cost and returns. With the increase in the size of farms, there has been an increase in the intensity of cropping pattern and thus farm size has direct effect on the net farm income. It was observed that physical factors like climate, rainfall, topography and soil determine the type of crop and the cropping pattern in a region. But other factors such as resources situation, transportation facilities, market position, labour position, innovation and the managerial skill determine the most profitable crop for the area under the given set of physical condition.

Raghabir Singh and Grewali (1978) have observed that the problems of the small and marginal farmers can not be correctly viewed in isolation from the imperatives of modern agriculture. Sustained increases in production can not take place unless farming is organized along scientific line and is made contingent upon the use of the most efficient sources of power and energy. The small and marginal categories of farmers are however particularly vulnerable on this account because of lack of finance.

Sharda (1979) has pointed out that as per the estimation of National commission on Agriculture, there is a large credit gap in the agricultural field, hence banks still have a long way to go. The study also revealed that the credit requirements for agriculture and allied activities and availability of credit were found as 2:1 which is not favourable. The
RBI small farmers window scheme and differential rate of interest scheme to the small and marginal farmers have not gone to many agriculturists and hence, there was a need of a vast net work of rural banks and establishment of new banks was felt to extend the benefits to large number of small and marginal farmers.

Saikia (1982) has observed that the most serious problem of Indian agriculture is the existence of uneconomic land holdings of the majority of the farmers. The proportion of small farmers gradually increasing due to partition of families. The farmers below 2.0 hectare could not provide a subsistence income for the maintenance of family. Even 2 to 2.5 hectare of land are found to be only marginally surplus. Hence, small farmers can not afford to have a balanced family budget, so small farmers can not invest in agriculture or allied pursuit from their family income. Further it was observed that attitude of the small and marginal farmer is pessimism because of the absence of infrastructure facilities under changed situation.

Indira Gandhi (1982) pointed out that too many rural programmes have become self defeating, because of the habit of treating every payment as give away. The existing procedures are very cumbersome and must be simplified to cover small and marginal farmers especially in the priority sector. Due to this reason, the small and marginal farmers avail finance from money lenders at higher rate of interest instead of getting loan from banks. Hence it was suggested to enhance the allotment of fund to these sector and the policy makers to take proper initiative.

Savita, Miglani and Gill (1982) observed that the savings of rural family was found as less than savings of urban families. The purpose of saving of rural family did not correspond with urban family. A maximum number of rural families saved money for purpose of dowries and wedding of their children and maximum number of urban families save money for meeting emergencies followed by old age benefits, expenses on marriage expenses of sons and daughters, expenses on education of their children etc.

Arun Kumar mulchopadhyay (1983) has observed that there is a misconception about the priority sector lending. The RBI guidelines stipulated that at least 40% of
advances should be earmarked for priority sector but the study revealed that only 25% goes to the rural areas which is the priority sector. It was further observed that if bulk of the priority sector loans is diverted to urban areas in this fashion, the legitimate share of credit to weaker sections is bound to be low, which would restrict in either small number of such beneficiaries with adequate scale of finance, or larger number with smaller scale finance neither of the position is acceptable. This is evidence of declining the performance of rural credit system both quantitatively and qualitatively.

Noorbasha Abdul and Krishnamurthy\textsuperscript{20} (1983) have observed that many rich farmers manage to get loan meant for the poor farmers. This results were shown in the statistics of Regional Rural Bank that the small farmer is not a full beneficiary where as someone else is the beneficiary. The State Bank of India Group which tops the list of sponsored Rural Development Bank in India at the end of 1981, expressed its sense of dissatisfaction relating to credit appraisal eligibility of borrower, inspection process and documents.

Guglani and Pandey\textsuperscript{21} (1983) have observed that the agriculture, despite its importance in the national economy, did not receive due share of the total credit disbursement and the total bank credit to agricultural remained very small. Further, the credit needs of the farmers increased manifold and hence it was felt that co operative alone can not meet the entire credit demand. An urgent need was therefore felt for commercial banks to augment the huge fund in the field of agriculture in order to meet the sizable gaps of institutional credit for production and investment purpose.

George\textsuperscript{22} (1983) has observed that the credit deposit ratio of small, marginal and big farmers 10:40, 25:30, 30:65 respectively in advanced area. The same trend is observed in the backward area also. The small and marginal farmers are hardly getting any meaningful share of their deposit. In advanced area, it is only small and marginal farmers who do not get adequate credit, in spite of having more saving and irrigation area.
Usha Patel and Rupa Shali\textsuperscript{23} (1983) have pointed out that agriculture attracts a surprisingly small share of government spending between 5 and 10 percent of most of developing countries budget. The need for policy and investment changes is not uniform among the developing countries. Many have been quite successful in managing their agriculture and adapting to structural changes. They need little advice, and continued financial support to sustain well designed policies and programmes.

Biswanath Banerjee and Soumendra Dutta Roy\textsuperscript{24} (1987) has observed that the ratio of paid out cost as well as of total cost to total output, gross returns and farm business income per cultivated hectare were higher on small farms than on large farms. Intensity of cropping and use of manures and fertilizers were the responsible factors for higher production on small farms and suggested that the policy for providing better access to input to small farm to be extended for future period also.

Nancharaiah\textsuperscript{25} (1987) has pointed out that the micro level in-depth-study of the problems of agricultural productivity and industrialization of lagging region should provide a suggestive analysis for balanced regional growth. Besides, there is urgent need to rechannelise the institutional finance flows to income generating agricultural and allied activities and small scale business.

S.Khanna, Pavata and Briji Bhushan\textsuperscript{26} (1989) have observed that necessary credit to the farmers is made available to all the States so that the farmers can invest on purchasing the various input required by them. In order to achieve the desired level of agricultural production and productivity, it is important to ensure natural and physical resources availability, modern technology, price support operation and finance sources and allocation.

Badar Alam Igbal\textsuperscript{27} (1989) pointed out that during the last 35 years, India has recorded a considerable progress in agricultural sector. But the progress is not upto the mark so far as area population and resources are concerned. To make agricultural production grow at higher rate, substantial investment must be put in land development, irrigation facilities, better utilization of quality seeds and so on.
Dantwala (1989) has pointed out that the policy makers as well as the people, including poor must accept fact that making the poor creditworthy is inevitably and relatively a slow process which speedup like loan melas cannot accelerate. The new government in its eagerness to get better of pervious government may tend to be overgenerous in supplying credit and neglecting the more difficult task of making weaker section creditworthy.

Ravikumar (1992) has observed that the borrowers do not get their loans in time. This leads to misuse or ineffective use of credit. It is reported that unusual delay in deployment of credit mainly arises because of delayed tactics followed by forwarding the individual loan applications along with the consolidated statement of credit limit to the concerned high ups by the managers and secretaries.

Anwaurul Huq, Sahabad Husain and Mujib Ullah (1995) have observed that high yielding varieties, appropriate production technologies would be required for maximum yield, and income and minimizing cost. The government is ensuring the availability of fertilizer within a reasonable price for the benefit of small farmers. To increase the consumption of vegetables, necessary action programmes were initiated by the Government so that the farmer is benefited by getting profit.

Jayasena and Ebel (1996) observed that there were several crop enterprises in the farming system, only with low generated profit during the accounting year. Low yields, low prices and high input cost were the major causes for the losses or low profit generated from these crops. Farmers continue with this crop in spite of the losses they incurred. This indicates that the small farmers do not take into account the opportunity cost of their own labour, land and resources and are satisfied with the resultant positive gross margin. The farm income is adequate to cover household net cash income. Hence, income generated from off farm sources are used to bridge the gap. The household net cash income or ending cash balances of most of the farmers are very low. This means, most farmers in these farming systems are living hand – to – month existence. Under such circumstances, it is very unlikely that they will be able to invest for further development.
Vijay Mahajan and Bharti Gupta Ramola (1996) have observed that credit flow to small farmers has remained far below their needs, both for crop cultivation and for long term requirements such as land development, irrigation and farm equipment as compared to the potential demand. The study suggested that the politicians, intellectuals and farmers need to understand that small loans are more expensive and must be priced accordingly. The interest rates on loans to small farmers to be offered not just in terms of regulation but in terms of acceptability.

Maria Saleth (1997) has observed that while crop diversification is certainly an important of the overall strategy for small farm development, other dimensions such as livestock diversification and occupational diversification are also equally important. Diversification can be within each enterprise or across the enterprises. Occupational diversification provides strong employment and income cushion remove one of the basic obstacles for crop diversification among small farmers. Besides small farmers, within an assured off-farm income cover and a higher opportunity cost for their time are more likely to go for higher value crops as the value addition potential to these crops fits well with the current value of their time.

Asha Maheswari (1998) has pointed out that the economic advantages of extra doses of fertilizers need to be looked into by scientist along with recommend level. Expansion of irrigation and better water management have to be worked out and area specific seed varieties to be used for better agricultural growth.

Lakshmi, Rugmini and Jesy Tomas (1998) have observed that marketed surplus, time of saving and credit gap were major characteristics which discriminated the borrowers of crop loan into defaulters and non defaulters. It is important to know whether the marketed surplus is the real surplus after meeting own consumption, the factor responsible for late sowing such as labour on availability for devastating, plaguing etc. Timing up credit disrobement with the improvement in the forming technology, the own resources of the farmers may not be sufficient to meet the total financial needs of farming operation and the credit available was inadequate to the meet the requirement. One reason responsible for the situation is the unrealistic estimation of the financial needs of and its
resultant impact on the scale of finance. To overcome this problem, the scale of finance is to be fixed separately for service area of each bank rather than for the district as a whole, taking into consideration the areas specific variations.

Rahman, Shiddiquur Rahman, Iqbal and Islam\textsuperscript{36} (1999) have observed that analysis of cost and return, less water requiring crops, use of labour intensive pump technology are more profitable for small and marginal farmers than the automatic pump technology. The small farmers are generally the beneficiaries of treadle pump irrigation. Hence it is suggested that small and marginal farmers can continue to use appropriate local technology.

Usha Tuteja\textsuperscript{37} (2000) has pointed out that the female agricultural workers contribute significantly in household income on all farm size and their earnings are found most crucial for landless, small and marginal farm household. But they lacked in education, heath and other support services and frequently do not have access to economic resources. It was further observed that it is imperative to remove the bottle necks through well planned and appropriate strategies designed to suit their development.

Sharma and Bhuyan\textsuperscript{38} (2000) have observed that the absence of institutional finance more particularly from banking sector, small tea growers were forced to come under the clutches of costly money lenders for investment finance and the tea factory for working capital finance at the high cost. Non - availability of appropriate finance leads to low productivity. Channelisation of flow of fund from banking sector will increase profitability and employment of small farmers.

Sharma and Sharma\textsuperscript{39} (2000) have observed that the small farmers used higher amount of human labour and fertilizer as compared to high farm size categories (big farmers). After controlling the effect of irrigation facilities and to some extent, soil quality, which have been traditionally held responsible for higher efficiency on small farmers. The productivity efficiency of small and marginal farmers depends upon intensity of land use, resources development, cropping pattern, degree of commercialization, mechanization in agriculture and the intensity of input use. The farm size is a crucial developmental issue for determining income of farmers.
Dayanatha Jha\textsuperscript{40} (2001) has observed that the small farmers faced constraints relating to the supply of information, material and services, high cost and capital scarcity, scale bias in technologies and bias in institution. Many number of studies show that public as well as private institutions prefer dealing with large farmers instead of small. The study further revealed that the scarcity syndrome of yester years even lent legitimacy to this. Given this inheritance, reorientation of institutional setup is the biggest management challenge in Indian agriculture.

Abdullah Al Mamum, Md Abdul moner miah, Farid Ahmed, Mahfuzul Haque\textsuperscript{41} (2001) have observed that the credit utilization pattern was discouraging and frustrating. Major credit has been utilized for non-agricultural purpose by the small and marginal farmers. There was no proper management of credit by the farmer and Institution. Further, unavailability of sufficient credit for agriculture purpose leads to very low economic development of small and marginal farmers.

Deepali pant joshi\textsuperscript{42} (2002) has observed that there are still gaps in rural lending, though multi agency system exists in rural credit. The lending institutions ensure timely and increased flow of credit to the farmers and that reduces the regional imbalance and provides increased credit support to the special programmes. The study quoted the results of All India Debt and Investment survey that rural household with assets less than Rs. 20,000 could have access to institutional sources for their credit needs only to the extent of 35 to 37 percent. The share of non-institutional debts was 52 to 62 percent. Those having higher assets base had better access to institutional credit upto 70 percent and hence these gap must be reduced.

Udayakumar and Simon Thattil\textsuperscript{43} (2002) has observed that in spite of borrowing agricultural loans and deploy them in agriculture, the income of agriculture farmers did not find significant increase. The study further suggested that there shall not be any duplication of functions of various credit agencies such as public sector banks and co-operative banks and hence the co ordination is becoming among these agencies become very important in disbursement of loan to farmers particularly small and marginal farmers.
Singh and Nasir\textsuperscript{44} (2003) have observed that agricultural loan increase at the national level but the corresponding growth of loan to small and marginal has been found low. Efforts to improve the adoption level of modern crop production technology and expansion of the network of rural institutions will help agricultural credit and flow.

Govind Prasad Gupta\textsuperscript{45} (2004) observed that in the economic development of small and marginal farmers yet several gaps exist. There is a need to adopt a mission mode approach to provide various support services to small farmers in coordinated manner. At gross root level, small and marginal farmers should organize cooperative venture to provide credit, input, storage, marketing of agriculture produce, agro processing.

Sohi and Chahal’s\textsuperscript{46} (2004) study points out that strengthening the linkage of credit with marketing through institutional mechanism and saving the resources of weak farmers from the exploitation by informal agencies. The operational cost of linkages was to the disadvantages of the borrowers. This needs to be institutionalized in a way that sharing the cost between the borrowers and lenders appropriately. But the linkage system was a failure in the co operative institutional finance because lack of stakeholders participation in the formulation, planning, execution and awareness. Hence, strengthening these aspects is essential to enable the oriented lending system to exist for supply of adequate credit to the farmers.

Singh and Singh\textsuperscript{47} (2004) observed that the small farmers have shifted their practice from cultivation of crops to plantation due to labour problem. The farmers were compelled to give more wages to the agricultural workers who are unskilled. At the same time, prices of different inputs of agriculture like chemical fertilizers, high yielding varieties of seeds, irrigation and fodder have increased abnormally. It is because of these reasons the cost of production of agriculture has been on the increase. In spite of all the constraints of the process of cultivation, it still continues to play a crucial role in the enhancement of income of the farmers.

Swaminathan\textsuperscript{48} (2005) observed that the resource flow to the agriculture sector is declining and indebtedness of small and marginal farm families is rising, input costs are
increasing while factor productivity is declining. Contrary to the general impression of agrarian prosperity in the Punjab, the total debts in the farm sector has been estimated to have increased from Rs 5700 crores in 1996-97 to Rs 11,133 crores in 2002-2003. The average farm debts in the Punjab now exceeds a lakh of rupees out of which more than 40 percent is provided by non institutional sources at interest rate of nearly 24 percent per annum. The cost – risk – return structure of farming is becoming adverse to over 80 million farming families operating small holders. The families which are cultivating 1 to 2 hectares or less are unable to be successful in the production harvest and post – harvest phases of farming. This created huge problem and threats for small and marginal farmers.

Ranjana Kumar\textsuperscript{49} (2005) has observed that the flight of labour from rural to the urban regions needs to be arrested. This can be achieved only if employment opportunities in agriculture, the quality of employment and profitability of agriculture are improved. This can be achieved by boosting public and private investment. Increased investments would also raise the credit requirements. This would require strengthening the credit granting institutions so as to provide proper and timely support and guidance to small and marginal farmers.

Harun Ali and Moniruzzaman\textsuperscript{50} (2005) have observed that the supply of agricultural credit is less than its demand. The study further observed that credit should be provided in adequate amount in right time, so that the farmers can purchase the essential inputs in time. The farmers can also take other necessary steps for proper technical assistance, which may reduce the yield gap as much a possible. Further, he observed that the farmers have faced the problem of lack of capital, transportation, drainage, timely irrigation, lack of human labour, pest and insecticides, low price of products and high cost of interest of the loan. To solve these problems, the gap among farmers, financial institutions and government should be properly reduced.

Gunadhar Dey and Sanjib Mukhopadhyay\textsuperscript{51} (2005) have observed that crop enterprises are main sources of almost all the agricultural household in rural areas. While contemplating cultivation of crops, farmers take into account their technical know-how,
resource-base, availability of qualitative input and credit, marketing facility possibility of getting remunerative price for agricultural product. With these capabilities, farmers allocate their scarce resources to various crops. Many times, the resources allocation by the farmers in sub-optimal level, results in loss of return. The study further observed that higher return is obtained from a small number of crops in the optimum plan, leaving some resources, mainly land unused. Working capital is found to be the most limiting resources with availability of more fund residual (unused land) can be utilized properly and hence there is a future possibility of increasing farm income from a borrowed fund, if it is available to farmers.

Narayana Moorthy and Kalamkar\(^2\) (2005) have pointed out that several studies have been made out focusing on the agriculture credit including indebtedness of rural farmers household in India. The reasons for indebtedness are well known to all. He focused in his study that proportion of households reporting debt to either institutional or non-institutional agencies as well as average amount of debt in rupees per household (i.e. Extent of Indebtness) across the state. It was observed that agriculturally advanced states Incidence of Indebtness (101) is relatively higher than that of the less developed states. In agriculturally poor states, availability of agricultural per hectare of net sown area is very low.

Satish\(^3\) (2005) has observed that in agricultural credit there are two classes of borrowers. One class, which has smaller land holdings, lesser capital equipment and is at the lower end of economic prosperity. This co-operative class of borrower mainly comprises the small and marginal farmers. The other class, capitalist farmers who take up on commercial basis. This class is more sophisticated having larger land holdings and high amounts of capital requirements and prefers the commercial banks. Keeping these factors in view, co-operative and commercial banking system would need to tune their lending practices to suit these characteristics.

Sukhpal Singh and Toor\(^4\) (2005) have observed that the farmers are still ignorant about the formalities and produce to obtain loan farm institutional credit agencies. Rather, they find it easy to get loan from private agencies. Marginal and small farmers used huge
amount of their loan for unproductive purpose. The proportion of loan obtained by small and marginal farmers are more from non-institution than institution. The small and marginal farmers need to be educated to manage their living and consumption expenditure within their means. Non-farm sector should be given top priority to provide the rural people with diverse employment in rural village level.

Naidu and Sivasankar (2007) have observed that the majority of farmers in small and marginal categories face lack of self-sufficiency, and hence the farmers have to be depending to a large extent on the borrowed funds. The large size farmers were benefited more from institutional credit where as small farmers to depend on to a large extent on private sources, mainly money lenders. The farmers with high size of holding have borrowed substantially large amounts of both short term and long term credit than the small and the medium size farmers.

Vijay Laxmi and Vinod Mishra (2007) have observed that there is a need to have resources allocation to improve the human capital through extension programme, village communities, meetings, farmers fair etc for enhancing the efficiency adoption. The availability of credit plays a very important role in this decision making process. Therefore, for promoting new technology, availability and accessibility of credit should be ensured.

Vargheese (2007) has observed that the costs, return and profitability need to be analyzed while assessing the economics of any production activity. The cost of cultivation is significantly high in kerala with regard to these major spices. If rental value of land included to the comprehensive cost structure, and small and marginal farmers are at a losing ground. The small size farmers are cultivating these spices and sticking to this field only because they consider this a matter of survival. Further, the cost of production per unit of cost is very high in small size as compared to medium and large size farm group.

Small and marginal farmers account for a major proportion of farm holding. Several studies have been reviewed and all are focusing on the constraints faced by the
small and marginal farmers. The characteristics of small and marginal farmers across the developing countries are common. They are, seasonal producers, fragmented land holdings, unable to exploit economies of scale, dominated by household economics where functions such as consumption, investment, work and social activities are undifferentiated and unspecialized. The constraints faced by small and marginal farmers are in the area of production, input supply, credit, marketing, value addition, limited land area, low level of farm output and income, very little net surplus. All these due to inadequate supply of finance, problem in obtaining finance and uncertain return on their investment.

All the previous studies have concentrated on the constraints cited above. But they have not paid adequate attention on the inherent limitations of the small and marginal farmers in terms of lack of awareness, less productivity and their tendency to spend on unproductive activities. Hence, the researcher has made an attempt to make the overall study of the problem.
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