3.1 Introduction

3.2 Studies on Agricultural Credit – A Review

References
CHAPTER III

REVIEW OF LITERATURE

3.1 Introduction:

India is the second most populous country in the world. According to 2001 census, population of India was 102,70,15,247, out of which 72.28% population resides in rural area. A major part of this population is leading an economically insecure life due to non-synchronization of employment opportunities. Greater attention is needed to improve the lot of these people. To provide a suitable model of development and overall reconstruction in the changing scenario, there is a need of critical analysis of the rural society and its psyche in the process of development, along with an overall evaluation of present progress of agricultural credit management in India.

3.2 Studies On Agricultural Credit- A Review:

In the present chapter, literature relevant to the problem has been reviewed, gleaning it from various sources viz., relevant books, journals, dissertations, reports, research projects or surveys etc. This part of the present chapter takes into consideration the conclusions and views of various scholars regarding agricultural credit.
Pande U.K. and Murlidharan M.A. (1977)\(^1\) studied applications of discriminate function in agricultural finance. In the study, attempt is made to develop criteria for classifying the borrowers according to their willingness to repay the loans on the basis of differences in their socio-economic characteristics. The study also classified the borrowers into non-defaulters and defaulters on the basis their socio-economic differences. Further the study classified the defaulters into non-willful and willful on the basis of their socio-economic background. The study undertaken is of Banda district of the state of Uttar Pradesh. Econometric and statistical tools were used to analyze the model and its related factors. The authors concluded that the utilization of loan and operated size holding, were the major factors which classified the borrowers into defaulters and non-defaulters and into willful defaulters and non-willful defaulters respectively. The discriminate function was found useful to the financial institution to assess the degree of risk involved with the loan applicant.

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

*Reddy C.R. and P.Kallurao* (1984)³ have examined impact of technology on co-operative credit. It relates to change in the adoption of technology and thereby getting better returns in the post credit period compared to pre-credit one. For the purpose of the study Anantpur district co-operative central bank was selected. Authors mainly categorized types of farmers into two divisions, i.e. small farmers and marginal farmers. The authors concluded that as a result of farm credit productivity, in the farms of both groups, has increased substantially. In a nutshell judicious flow of credit to farm sector creates better employment opportunities, enhances productivity and ensures better income.
Pande U.K., Suhag A.S. and Manocha V.P. (1985) carried out the study on the structure and flows of agricultural co-operative credit in India. The objectives of the study were to work out and compare the item-wise distribution of co-operative credit during a) pre-Green revolution, b) Green revolution and c) post-Green revolution periods, to examine the chronic default in different credit institutions during these three periods, to determine the direction of credit flows, according to size groups of farms and also the extent of loan defaults. Study revealed that the chronic defaults of loans and related factors affect the agricultural co-operative credit. The authors concluded that problem of credit management was aggravated to a great extent. The role of co-operative credit in terms of fertilizer consumption was limited to only few states although consumption of nitrogenous fertilizers had significantly increased in ten states out of seventeen studied.

Balishter and Roshan Singh (1986) carried out a research on the role of Lead Bank in implementing the Integrated Rural Development Programme in Bichpuri Block of Agra District, Uttar Pradesh. The study aimed at analyzing the a) an extent of coverage of the families financed by the bank under the IRDP, b) to study the disbursement of loans by the bank to different categories of identified families in terms of adequacy and purpose, to examine the impact of bank finance on family income of the beneficiary-families under the
IRDP, c) to find out the extent and nature of beneficiary-families crossing the poverty-line, and d) to examine the position of repayment of bank loans by the beneficiary-families. The study reviewed coverage, identification of poor families, distribution of identified poor families, loan advances by the bank under the I.R.D.P., purpose wise loan advances, impact of bank finance under IRDP, number of families crossing the poverty line and repayment performance. Authors held that the growing pressure of population on limited land and absence of any non-agricultural employment to absorb the pressure of landless workers were the main problems in repayment of the loans. Special efforts of the banks were needed to finance scheduled cast (SC) families in proportion to their numbers in the total identified families. The coverage of SC families under the programme was adequate. Advancing of loans to weaker sections by the banks leads to accumulation of bad debts.

_Balishter and Roshan Singh_ (1986)\(^6\) also examined institutional finance in agriculture. The study aimed at 1) determining the extent of credit available to different categories of farmers from institutional and non-institutional agencies 2) examining the credit gap existing between the requirement of farm credit and availability of farm credit from these financing institutions in case of different categories of farmers, 3) studying the utilization pattern of institutional credit by
different categories of farmers, and 4) studying the repayment performance of loans availed from different institutional agencies. The study was conducted in Chaumuhan block of Mathura district in Uttar Pradesh. The study narrated the distribution of borrower farmers by financing agencies, availability of credit by agency, purpose wise availability of credit, credit gap, credit utilization and repayment performance. Authors concluded that there was a scope and need for extension of lending operations by institutional agencies. They recommended various policy measures to proper institutional financing in agriculture.

Desai D.K. (1986)\(^7\) has studied the crop insurance pattern in India and other countries. Agricultural production particularly crop production is associated with risks emanating from natural hazards, such as rain, flood, draught, hail storm, cyclones, fire, insect attacks, plant diseases and others. Crop insurance is used as an important device to help farmers to bear these risks. Crop insurance has been tried both by the private and the public sectors in many countries. The study compared India with various countries in the world in terms of crop insurance. Authors observed that though various insurance systems failed, the concept has never been totally discarded. The agricultural insurance scheme is not found suitable for funding by the World Bank and it has overlooked such schemes.
Bhise V.B. (1987) had undertaken research work on farm investment in relation to the size of holding. The attempt was made by the author to find out the pattern of loan utilization in irrigated villages and dry farming villages in Latur district of the Marathwada region. While borrowers in irrigated villages spent the money on purchase of livestock while, the borrowers in dry farming villages spent it on purchase of extra land and for land improvement.

Balishter and Roshan Singh (1987) have studied problems of farm finance, income and savings of the farmers who were financed by the commercial banks. Authors studied the availability of credit to different categories of the farmers from institutional and non-institutional sources. They 1) classified the purpose wise availability of agricultural credit from commercial banks, 2) examined the credit gap existing between the requirement of farm credit and availability of farm credit from these financing institutions in case of different categories of farmers, 3) studied the pattern of utilization of credit by different categories of farmers and examined, 4) the level of income and savings on farm families and the extent of mobilization of the savings by the financial institution. This study was conducted in Bichpuri block of Agra district, in the state of Uttar Pradesh. Authors examined distribution of borrowing farmers by agency, availability of credit, purpose of agricultural finance, credit gap, utilization of farm credit,
income consumption and saving mobilization etc. Authors concluded that there is a scope and need for extension of money lending operations of commercial banks. These banks have been mainly financing marginal and small farmers as a part of government policy only. Farmers borrowing from commercial banks do not have to depend much on non-institutional agencies to meet the credit requirements. Authors found that there is a lack of coordination between commercial banks and co-operatives. So they recommended that the credit passbook system should be introduced to avoid duplication of financing the farmers. The marginal and small farmers are no worse than the medium and large farmers in taking advantage of modern farm technology. There is a greater scope for mobilization of the savings of the commercial banks.

Haque T. and Verma Sunita (1988)\(^{10}\) have analyzed regional and class disparities in the flow of agricultural credit in India. They studied the temporal variations in the relative role of institutional and non-institutional sources of credit in various regions. Authors identified the nature and extent of regional and class biases in the flow of institutional credit and examines the policy implications. They found out far reaching policy implications, as the private agencies including agricultural and professional moneylenders dominated the agricultural credit market. In such a situation the liberation of farmers from poverty
and debt traps was a very remote possibility. As a result of the extent to which relatively better off agriculturists tended to invest in usurious money lending under the motivation of high rate of interest, productive investment in agriculture declined. They concluded that the need for more egalitarian credit plan to be made and monitored for rapid as well as balanced agricultural development in the country is a must.

_Dandekar M. N. (1988)_\(^{11}\) had examined farm credit in India. He reviewed agricultural economy in India, farm credit and the role of various agencies, credit and agricultural growth in India, major channels of credit delivery, source of funds for credit, resources support, extent of growth of credit, innovations in policies to improve farmers access to input, institutional innovation to reduce transaction cost, major problems confronting institutional lenders and further research issues concerning development of rural financing market. He recommended some measures to improve the overall farm credit system from the viewpoint of providing efficient credit delivery services.

_Desai D. K. (1988)_\(^{12}\) attempted to throw light on Institutional credit requirements for agricultural production – 2000 AD. Study was done to review Institutional credit supply in the past, growth of credit supply, distribution of agricultural credit, regional variation in credit supply, feature credit requirements and concluded national level study with various policy measures.
Jain Hemchand (1988)\textsuperscript{13} has conducted study on impact of institutional credit on farmers. The Dindori block of Dindori tahsil of Mandala district was selected. The study reviewed impact on farm production, net value of output of selected farmers, income from various sources and return to labour. Authors concluded that the institutional credit has the positive impact in raising the farm production, income and employment of tribal farmers in the area covered in this empirical study.

Parihar R.S. and Narinder Singh (1988)\textsuperscript{14} have conducted a study into institutional finance for the agricultural sector in Ludhiana district of Panjab State. Random sampling procedure and regression analysis techniques were adopted. The study reviewed agency wise distribution of credit, amount borrowed, factors affecting the share of institutional credit, in total farm investment, small farmer borrowers, medium farmer borrowers and large farmer borrowers. Authors concluded that the factors affecting the shares of institutional credit in total investment on farms, fixed cost per hectar, per capita consumption expenditure, and share of non-institutional credit in total investment were found to be relatively more important.

Patel Premji M. (1988)\textsuperscript{15} has concluded research on "the institutional approach for agriculture - a case study of three co-
operative societies in Sabarkanta district of Gujrat State". The sample study was made on Ramos, Gadha, Bayal Dhankharol, and its different related factors of institutional finance for agriculture. The author concluded that the overdue of co-operative societies increased mainly because of the weak and unstable financial condition of the farmers. So it is essential to enhance the income earning capacity of the farmers. This economic base also must be protected from seasonal functions leading to risky and unstable income.

_Balishter, Roshin Singh and Om Prakash_ (1989)\(^{16}\) examined the study on Crop Loan over-dues in banks. A study of State Bank of India in Agra district of Uttar Pradesh was conducted which aimed at assessing the extent of current and old over-dues on defaulters in different farm size groups. The study was conducted in Bichpuri block of Agra district. Author concluded that the problem of over dues of bank advances is quiet serious. Even a better class of farmers was responsible for a large proportion of over dues that were a matter of serious concern to the banks. The cases of old over dues were higher in case of medium and large farmers as compared to marginal and small farmers. Bank officials could neither pressurize the farmer to repay the loan over-dues nor take any legal action against them. Many times they do not bother for any such action. Study suggested measures to deal with willful default, liberal measures for non-willful
defaulters and recovery camps to develop the atmosphere of repayments in farmers to cut down the over-dues.

*Kittur Anandateerth (1990)*\(^{17}\) examined the diversion of agricultural loans of formal financial institutions. The study aimed at knowing the extent of utilization of loans by borrowers belonging to different farm sizes, and to analyze the nature of diversion of credit by borrowers belongings to different farm size group in irrigation and non-irrigation regions. Author held that the borrowers, lenders, politicians and officials should realize the grave and far-reaching implications of diversion of institutional credits of unproductive purposes. Proper utilization of credit is very essential for the healthy functioning of formal financial institutions and for the economic well. Being of the beneficiaries and the growth of the sector financed.

*Barde S. D. (1991)*\(^{18}\) have studied National Bank for agriculture and rural development regarding 1) Need for setting up NABARD, 2) Its functions and workings. The study was aimed at surveying of refinancing institutions for institutional credits, such as long term and short term loans for the promotion of farm activities in rural areas. The author concluded that NABARD was doing its best to provide credit by way of refinancing.
Chauhan A. K. S., Singh R. K. and Singh Malkhan (1992) have studied an availability and utilization of co-operative credit in agriculture. The study aimed at knowing the resource structure of the farms, to find out the extent of loan availed by the families and the utilization of loan by the families. The study focused on the selected sample of farmers in Achnera Block of district Agra of Uttar Pradesh. The selected societies were Kherasadhan, Kukthala and Runakata Primary Agricultural Credit Society. This study revealed utilization of loans based on short term and medium term.

Suryakumari C. (1992) has studied impact of credit on agricultural output amongst schedule tribes in Visakhapatnam district of Andhra Pradesh. Study aimed at examining the impact of the amount borrowed on the value of output produce and the impact of the borrowed funds used for productive purposes on the value of output. The production function is used to calculate the significance. Author found that though the coefficient of the variables relating to credit are not statistically significant except few cases but, credit has significant impact on output.

Arene C. J. (1993) has studied the use of farm credit by small farmers in rural Nigeria. Author investigated into the credit delivery system of the Supervised Agriculture Credit Scheme (SACS) in the
Anambra State of Nigeria with emphasis on loan repayment performance of smallholder farmer recipients. The author reviewed and analyzed the factors viz. area, size of loan, farm size, farm income, household size, level of farm education of the farmers etc. The author also analyzed the supervision of agricultural credit scheme on issues like distance from home to the lending institutions, farmer’s intention in borrowing, farmer’s evaluation of interests rate, farmer’s evaluation of lending size, and form of loan disbursements to farmers. The author concluded and recommended as per the regular norms of international standards.

*N. S. Bhatt* (1994)\(^{22}\) has examined “The factors causing over-dues in agricultural finance: a case study”, the serious problems of agricultural finance in India having huge over-dues in agricultural credit. Over-dues in agricultural credit adversely affect the recycling of credit, thereby limits, the productive use of the scarce, financial resources at the countries credit institutions. The study was conducted on Dakshina Kannada district of the Karnataka State. The author reviewed the magnitude of over-dues, and the factors causing over-dues. The author came to conclusion that several factors like as simplification of loan formalities, reduction of cost of credit, effective and use supervision, advance of political interference, avoidance of multiple financing and over financing, education beneficiaries, increased
working hours and issue of common agricultural passbook would go a long way in reducing loan defaults.

**Veerashekerappa (1994)**\(^{23}\) has studied in his research work “The determinants of institutional credit flow to agriculture; an inter-district analysis of Karnataka”. According to the author there are regional disparities in the distribution of institutional credit to agriculture. The study revealed the nature of institutional rural credit, the regional variation of institutional credit, and distribution of agricultural credit and determinants flow of institutional agricultural credit. The author concluded that the growth of deposits would not necessarily deploy more agricultural credit.

**Patil M. B., (1995)**\(^{24}\) in his research work conducted on, “The problems and performance of primary co-operative agriculture and rural development banks in Karnataka”, noted that primary co-operative land development banks were the significant components in the cooperative credit delivery system in Karnataka State. The author reviewed and concluded the membership, ratio of borrowing members to total members, share capital per member, govt. contribution to the share contribution, ratio of share capital to working capital, deposits, money advances, loans recovered, over due per member, over dues to outstanding loans, over dues position according to size of holding, cost of management, profit and loss. The author concluded that the
primary co-operative agriculture society and rural development banks in Karnataka State became sick units. They are weak in terms of resources. They are non viable in terms of businesses. They suffer from heavy operational cost. Added to this, the management of these organizations continues to be thick skinned and indifferent to the situations.

Rajput A. M. and Verma A. R. (1995)²⁵ have studied an impact of farm loans on farm productivity. It was a case study of State Bank of India in Indore district of Madhya Pradesh. The authors observed that fulfilling the official formalities was a very difficult task for illiterate and native farmers. It was essential to simplify the loan obtaining procedure and minimize the administrative formalities like filling of several forms, producing solvency, guarantee and producing several certificates. Problems of utilization of loan and non-availability of essential inputs at the village level posed serious problem to proper utilization of credit. Lack of technical guidance and supervision about the use of credit were also the major problems encountered by the farmers in rural areas. The farmers should use credit and make repayment within time limit so that the funds can be recycled to other beneficiary.

The same author²⁶ threw light on the economics of the primary agricultural credit societies. He took the review of agricultural credit in Assam, Andhra Pradesh, Karnataka, Maharashtra, Bihar, and Orissa
States. He identified that the poor foundation was the cause of weakness of the primary agricultural credit societies, declining its participation, availability of poor resources, low turnover, high costs and low margins, small businesses and heavy costs, non-viable units etc. The author concluded that a large number of the primary agricultural credit societies in the country were incurring heavy losses every year. The share of commercial bank in agricultural finance did not increase in a desired speed. With new liberal policies of Govt. of India the co-operatives will have to face more competition in future.

_Shinde B. K._ (1995)\(^27\) studied credit pattern in Parbhani district for his doctoral research. He was of the opinion that the utilization of credit shows diversion of productive loans to unproductive loans. The diversion indicates an inverse relationship with the farm size and level of technology. During the study he observed that the district co-operative bank had been the main source of agricultural credit in the district.

_Singh N. K., Singh Rajvir and Singh R. P._ (1997)\(^28\) studied “The impact of diversification on income, employment and credit needs of marginal farmers in Meerut district of Uttar Pradesh”. The authors reviewed income generation, employment potential and capital and credit requirements in farm sector. They used stratified random sampling technique. They have developed mixed inter programming
module for the analysis of the study. The authors concluded that the diversification of the farming with high yielding milch animals could play an important role in increasing income and employment on marginal farms. The availability of medium term credit to the farmers can be converted into a substantial amount of loan if the high yielding milch animals were introduced as subsidiary occupation. The authors recommended that the financial agencies should come forward unhesitatingly to provide medium term credit on easy terms to the marginal farmers to diversify their farming with dairy enterprise which could reduce the income variability and realize full potential of income generation.

 Reserve Bank of India (1998)\(^\text{29}\) constituted special committee to study agricultural credit through commercial banks. The study aimed at working of the credit delivery system for agriculture, through field level interaction of farmers who are borrowers with bank staff and to identify the constraints in the flow of agricultural credit. The approach formulated by the committee was to obtain structured response from commercial banks, interaction with farmer borrowers with Government officials, agricultural scientists, extension workers and representatives of farmer's associations in different parts of the country. The committee recommended various policy measures to improve the agricultural credit system through commercial banks.
Sanjeev Chopra (1998)\textsuperscript{30} has studied the structure and organization of the agricultural credit in India, relationship between primary societies, apex bodies and CDFA's. The study involved development of agriculture in India, Organization of co-operative societies in India, institutional credit for agriculture in India, dependents on NABAD and effect on primaries, role of commercial banks in agricultural credit and challenges to the Indian co-operative sector in the competitive environment.

Gupta V. K. (2000)\textsuperscript{31} has examined the problem of long-term agricultural credit a case of Badaun district of Uttar Pradesh. He reviewed integration of co-operative credit at village level, co-operative credit system, financial feasibility of major agricultural investment, repaying capacity, lending policy for economical backward areas, necessity of special lending policy. He held that in the pre-investing period, there is likelihood of miss-utilization of long-term credit and the post-investment period; and is a strong possibility that a major part of the whole incremental income would be diverted for consumption purposes.

Phulapre Balkrishnan (2000)\textsuperscript{32} threw light on agriculture and economic reforms. His study provides an overview of the principal developments in the agricultural sector since 1991, i.e. the economic
reforms and of their likely consequence for the standards of living. The paper has been conceived more with a view to raising essential questions than providing complete solutions.

*Dev S. Mahindra* (2000)\(^{33}\) studied the agricultural development and public distribution system. There are no major institutes in the budget to arrange the disturbing trends in agriculture, rural development and poverty. In case of public distribution system, the Govt. is following poor strategies and they are reflected in the budget. A certain strategy is needed for agricultural development and for improving the effectiveness of the public distribution system in the light of budget proposals. Credit flow to agriculture through institutional channel was expected to increase from Rs.41, 800 crores in 1999-2000 to Rs.51, 5000 crores in 2000-2001. NABAD and SIDBI were expected to cover an additional 1,00,000 self help group during 2000-2001 to develop micro enterprises. Micro finance development fund will be created in the NABAD with an initial of contribution of Rs.100 crores from RBI, NABAD, Banks and other. He observed that the specific proposals did not live up to the expectations regarding agriculture development and welfare increasing programs like PDS. There are no major institutes to arrest some of the disturbing trends in agriculture, rural developments and poverty. In case of PDS the Government is following poor strategies and these are reflected in the
budgets. His emphasis was on the factors responsible for achieving higher agricultural growth apart from rural credit and public investment in irrigation and agricultural research. There was a lack of major initiatives.

Gulati Ashok and Bathla Seema (2001)\textsuperscript{34} studied on capital formation in the Indian agriculture. This study dissected the different components of capital formation by digging into the very concepts and intimation procedure followed in the Indian system of national accounts vis-à-vis the united nation system. The study after redefining and re-estimating trends in capital formation in agriculture concludes that the situation is definitely not good, but not as alarming as was some times ago made out to be. This was because of the increasing share and role of private sector investment in agriculture overtime. And the trend in that had remained roused despite decline in the public sector capital formation in agriculture, and despite the facts that the public sector investment had an inducement effect on the private sector capital formation. This suggests that private sector investment in agriculture had been increasingly influenced by other factors, especially the terms of trade and this had implications for the structure of growth within agriculture.

C. H. Hanumanta Rao (2001)\textsuperscript{35} published special research article on the World Trade Organization (WTO) and viability of the
Indian Agriculture. He revealed rational behind the World Trade Organization, high farm support in developed countries, dis-protection of agriculture in developed countries, farm support in India and impact of micro-economic reforms on Indian agriculture. He advised various policy implications to develop the Indian agriculture as per the International norms of World Trade Organization

_Madaswamy Moni_ (2001)\(^{36}\) studied the impact of economic reforms on Indian agricultural sectors, applications of geometry technology to reduce marginalisation and vulnerability of small farmers in India. He quoted words of Prof. W. A. Lawis “Natural resources determine the course of development and constitute the challenge which may not be accepted by the human mind”. He reviewed economic reform process, impact of economic reforms process on Indian agriculture sector, marginalization of small farmers, and the entire Indian economy related to agricultural sector. He concluded that the technologies relevant to rain-fed areas specifically, judicious land used resource surveys, were efficient management practices and sustainable use of natural resources.

_Kaur Parminder, Sethi Kiran and Kaur Arjinder_ (2001)\(^{37}\) have studied the role of co-operative credit institutions in agricultural development of Punjab. Credit function is the major focus. Co-operatives play a significant role in performing service functions
covering various aspects such as marketing of agricultural produce, agro processing, supply of inputs, supply of essential consumer goods, etc. Study examined the growth and performance of primary agricultural credit society in Punjab and their role in agricultural development. It also examined the role of primary land development banks in the infrastructure creation of Punjab Agriculture. The authors found that the institutional agricultural credit has played a significant role ushering in green revolution in Punjab state by helping in rapid and wide spread adoption of modern seed, irrigation, fertilizer technology as well as encouraging private capital formation especially in tractors and tube wells on farm. Formal agricultural credit agencies have to review there landing policies in order to cater to the credit needs of the farmers to reduce the presence of informal agencies in the agricultural credit market.

Singh V. K. and Pawar Neeraj (2001) have examined the performance of primary agricultural credit society in Haryana. They have undertaken a task to investigate the extent of disparity in institutional credit in Haryana State and to analyze the inter-district disparity of agricultural credit. Study was based on secondary data collected for primary agricultural credit society in Haryana published in various issues of statistical abstracts of Haryana. He also compared growth development, deposit mobilization and agricultural credit
distribution pattern of the primary agricultural credit societies in the State. He observed that the recovery of dues was declined as indicated by percentage decrease in the societies showing profit. The disparity in credit mobilization shows increase where as the disparity in loan advances had shown a decline.

Deshpande R. S. (2002) \(^{39}\) studied the problem of committing suicide of the farmers in Karnataka state. Agrarian distress caused in some districts of Karnataka is a fact and the situation that has led to such distress needs to be squarely tackled. Unfortunately, the climatic weather pattern and resource endowments do not support agricultural growth and weather induced instability continues to inflict miserly on agriculturists. The loss of crops due to inferior quality of inputs and inadequate knowledge of technology has been quite common. It is essential to take steps in order to discourage the interlocking of inputs and credit market. It is mainly due to such interlocking that the farmers tend to buy spurious pesticides from the vendors, as well as fall into a debt trap. It is necessary for the crop insurance scheme to be rationalized, and some of the present insurance programmes could be suitably dovetailed to overcome the distress situation faced by farmers. Market inadequacy and crash in prices were reported as major reasons for farmers’ distress. However a sudden crash in prices and consistently lower prices disproportionate to the price level of inputs causes severe agony and economic stress in the farm family. Revamp of the market discipline, providing proper infrastructure, price
monitoring and providing quick information could go a long way in removing market imperfections. The author identified the agro-economic situations faced by the farming community as well as other factors as reflected by the case studies of the suicide victims and to suggest remedial measures to avert such tragedies in future. The committee recommended a welfare sub system for the farmers through the creation of farmers' welfare fund, a nodal department for the farmers and a wide social security system with facilities for pension for aged farmers. The committee emphasized on support sub system through facilities for healthcare, crop insurance, and rationalization of the credit system.

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29. Reserve Bank of India : Report of the High Level Committee on Agricultural Credit Through Commercial Banks - Summary of


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