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CHAPTER VII

CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction:

In this concluding chapter, an attempt has been made to gather the important concluding remarks and recommendations based on the previous chapters of the present study. The main objective of the present study is to evaluate performance of the institutions engaged in agricultural credit operations vis-à-vis an analytical study of credit management procedures adopted by these institutions. The study is motivated by the well established fact that over all national economic development depends upon agrarian progress and it is further depends upon the mobilization of capital, proper deployment of funds and also effective management of credit. The present study is made with the help of primary as well as secondary data.

7.2 Conclusions:

The conclusions based on the basis of data analysis of the present study and discussions thereon in forgoing chapters are presented below in summarized form:

1. It is observed from the study that 44 per cent farmers have received timely delivery of credit and 56 per cent farmers have been delayed the credit facility. There is substantial delay in credit delivery in case of marginal and small farmers.
2. 49 per cent farmers have availed crop loan and 51 per cent farmers did not availed crop loan facility. Out of 49 cases of crop loan marginal, small and big farmers availed 14, 13 and 22 cases respectively. Out of 51 cases not availed crop loan in 24, marginal, small and big farmers observed 17 and 10 cases respectively. There is a significant difference between the utilization of crop loan among the different types of farmers. Therefore it can be said that majority of the farmers are not availing the crop loan and there is need for increasing awareness in case of marginal and small farmers.

3. 87.5 percent big farmers and 16.67 percent marginal farmers have availed loan for farm mechanization. Only 15.71 percent marginal farmers have availed term loan for farm mechanization. 61 per cent farmers have not availed term loan for farm mechanization. It can be stated that the term loan facility has been availed more by big farmers and to very less extent by small and marginal farmers.

4. The term loan availed for minor irrigation is observed during the study. 68.75 per cent of the big farmers and 42.11 per cent marginal farmers have availed term loan for minor irrigation. The term loan not availed for minor irrigation is observed maximum by 57.89 per cent in case of marginal farmers and minimum by 31.25 per cent in case of big farmers. Thus it is said that marginal and
small farmers should be promoted for taking minor irrigation term loan.

5. The only big farmers are the beneficiaries for major irrigation. The term loan for major irrigation was not availed by marginal and small farmers. Thus it can be concluded that small & marginal farmers are not going for group to adopt major irrigation scheme.

6. 62 percent farmers have not availed the term loan for the purpose of consumption. Only 38 per cent farmers have availed the term loan for consumption. Thus it is proved that the consumption is the major cause of indebtedness in rural area.

7. The study reveals that 28 per cent farmers availed term loan for repayment of private debts and 72 per cent farmers have not availed the term loan for repayment of private debts. Thus, in spite of efforts at various levels the role of moneylenders and private debts has not been eliminated.

8. 62.50 per cent of big farmers and 46.67 per cent small farmers and 57.89 per cent marginal farmers availed term loan for horticulture. The term loan not availed for horticulture is observed in 53.33 per cent in case of and small farmers and 37.50 per cent in case of big farmers. Thus it is observed that farmers are following traditional farming and not going for changed patterns,

9. 56.25 per cent of big farmers and 40 per cent small farmers availed term loan for marketing of agriculture produce. The term
loan not availed for marketing of agricultural produce is 60 per cent in case of small farmers and 43.75 per cent in case of big farmers. It is thus seen that there is increasing need for implementing this scheme.

10. 75 per cent of big farmers and 36.84 per cent in case of marginal farmers observed the end-use of finance assured. 63.16 per cent of marginal farmers and 25 per cent in case of big farmers observed the end-use of finance not assured. Thus it is concluded that agricultural credit management under the present setup has failed to endorse end use of finance.

11. 55.26 per cent of marginal farmers and 25 per cent in case of big farmers observed the response towards the high documentation cost. 75 per cent of big farmers and 44.74 per cent in case of marginal farmers observed the response towards the low documentation cost. Thus it is seen that documentation cost is very high and no efforts are made at the government level to reduce it.

12. The document procedure is observed complex by 80 per cent of small farmers and 68.42 per cent in case of marginal farmers. The document procedure is observed easy by 31.58 per cent of marginal farmers and 20 per cent in case of small farmers. The document procedure is thus complex and it should be simplified.
13. The interest rate highly observed by 81.25 per cent cases of big farmers and 73.68 per cent in case of marginal farmers. The interest rate is observed lowest by 26.32 per cent of marginal farmers and 18.75 per cent in case of big farmers. The interest rate structure, it can be said that needs discrimination before small and big farmers.

14. The bureaucratic approach is found rigid by 78.95 per cent of marginal farmers and 68.75 in case of big farmers. The bureaucratic approach is found liberal by 31.25 per cent of big farmers and 20 per cent in case of small farmers. Thus, it can be said that, the bureaucracy has initiated to ensure of agricultural policy.

15. It is observed that 57 per cent of the respondents are of the opinion that while processing application forms credit agency took more time. Where as 43 percent of the respondents are of the opinion that credit agency processed their application forms in time. It is observed during the study time taken for application processing is very high in case of marginal and small type of farmers.

16. The pre sanction inspection is found maximum by 40 per cent in case of small farmers and 18.75 per cent in case of big farmers. The pre sanction inspection is not carried in case of 78.95 per cent of marginal farmers and 60 per cent in case of small farmers.
It can be said that the present credit management system has failed to conduct the pre sanction inspection.

17. The post sanction inspections were carried in 33.33 per cent of small farmers and 25 per cent in case of big farmers. The post sanction inspection is carried in 75 per cent of big farmers and 66.67 in case small farmers. The post sanction inspection is not thus carried in all cases. This increases mal-practices.

18. 37 per cent farmers reported that assets verifications were carried out by the credit agency while 63 per cent farmers reported that no asset verification was carried out by the credit agency. It can be said that the funds of credit agency are not secured and immediate steps should be taken in this direction to conduct asset verification at the time of sanction of loan.

19. The cases responded towards the availed insurance coverage is observed by 56.25 per cent of big farmers and 28.95 per cent in case of marginal farmers. The insurance coverage not availed is observed 71.05 by percent of marginal farmers and 43.75 per cent in case of big farmers. Thus there is greater need of implementing insurance scheme among the marginal and small farmers.

20. 32 percent farmers are of the opinion that the installment amount is reasonable while 68 percent of the respondent were of the opinion that installment amount was reasonable.
21. The opinion related to legal recovery methods is observed positive by 75 per cent of big farmers and 68.42 per cent in case of marginal farmers. 31.58 per cent of marginal farmers and 25 per cent in case of big farmers found the non-legal recovery methods. Thus the liberal and assured system for recovery method is essential.

22. 26.67 per cent of small farmers and 21.88 per cent in case of big farmers found the regular repayment positions. 78.13 per cent of big farmers and 73.33 per cent in case of small farmers found the irregular repayment positions. Thus it is seen that a larger number of farmers are irregular in repayment.

23. 50 per cent of big farmers and 26.32 per cent in case of marginal farmers found the liberal decree execution cases. 73.68 per cent of marginal farmers and 50 per cent in case of big farmers found the non-liberal decree execution cases. Thus it is clear that there is a disparity in case of type of farmers at the time of degree execution.

24. The attitude towards compromise responded by 84.38 per cent in case of big farmers and 20 per cent in case of small farmers. 80 per cent of small farmers and 15.63 per cent big farmers found the negative attitude.

25. The high political interference responded is observed by 63.16 per cent of marginal farmers and 25 per cent in case of big farmers.
The low political interference responded is observed by 75 per cent of big farmers and 36.84 per cent in case of small farmers. Thus it can be said that the political interference disturb credit management system.

26. The behavior of bank staff is found co-operative by 84.38 per cent of big farmers and 57.89 per cent in case of marginal farmers. The behavior of bank staff is observed non co-operative by 42.11 per cent of marginal farmers and 15.63 per cent in case of big farmers. Thus the present credit management system has failed to motivate the staff of the credit institutions to achieve the goal.

27. The approach of Panchayat Samittee is found co-operative by 68.75 per cent of big farmers and 26.32 per cent in case of marginal farmers. The approach of Panchayat Samittee is found non-co-operative by 73.68 per cent of marginal farmers and 31.25 per cent in case of big farmers. The local bodies have thus failed to create a spirit of co-operation in the present society.

28. The of PACS were found and observed co-operative approaches by 75 per cent of big farmers and 63.16 per cent in case of marginal farmers. The non-co-operative approaches of PACs is observed by 36.84 per cent of marginal farmers and 25 in case of big farmers.

29. The delivery of subsidy is found timely by 62.50 per cent of big farmers and 21.05 per cent in case of marginal farmers. The
delivery of subsidy is found delayed by 78.95 per cent of marginal farmers and 37.50 per cent in case of big farmers. Thus there is no co-ordination between lending agency and subsidy institution.

30. The timely receipt of overdue notice cases were found by 43.75 per cent of big farmers and 20 per cent in case of small farmers. 80 per cent of small farmers and 56.25 per cent in case of big farmers found the delayed receipts of overdue notice cases. Thus it is observed during the study that the credit institutions are extremely liberal to serve the notices in scheduled time.

31. 80 per cent of small farmers and 75 per cent in case of big farmers observed the stressed preferences on mortgage by bank. The not stressed preference on mortgage by bank cases were found by 25 per cent of big farmers and 20 per cent in case of small farmers. Thus it is concluded that there is scope to more stressed on mortgage due to assured finance.

32. The personal guarantee of co-farmers by bank is found stressed by 73.33 per cent of small farmers and 43.75 per cent in case of big farmers. The personal guarantee of co-farmers by bank is found not stressed by 56.25 per cent of big farmers and 26.67 per cent in case of small farmers. Thus there is still scope to stress the personal guarantee for all types of farmers.

33. The Kisan Credit Cards cases found stressed by 37.50 per cent of big farmers and 15.79 in case of marginal farmers. The Kisan
Credit Cards cases were found not stressed by 84.21 per cent of marginal farmers and 62.50 per cent in case of big farmers. Thus it is concluded that the present scheme is not yet popularized among all type of farmers.

34. The non-sufficient credit found by 73.68 per cent of marginal farmers and 43.75 in case of big farmers. 56.25 per cent of big farmers and 26.32 per cent in case of marginal farmers found the sufficient credit cases.

35. The response towards personal insurance is found insured by 75 percent of big farmers and 15.79 in case of marginal farmers. 84.21 per cent of marginal farmers and 25 per cent in case of big farmers found uninsured. Thus it is said that the insurance scheme is popular among the big farmers.

36. Only 17% of farmers are involved in banking from commercial banks in Aurangabad district. There is a scope and need for extensions or lending operations by all banks.

37. The commercial banks have been mainly financing big farmers. Marginal and small farmers borrow money mainly from money lending, traders, relatives and friends.

38. There is lack of co-ordination between commercial banks and cooperative banks as far as agricultural credit management is concerned. It is suggested that credit passbook system should be introduced to avoid borrowing from two sources for same object.
39. It is important to note that many times the finance advanced by lead bank or primary agricultural credit society being diverted for use of consumption purposes. To avoid this problem, consumption loans should also be sanctioned in genuine cases along with the agricultural credit for the specific purposes. This goes a long way in preventing the borrowers diverting the loans from productive purposes to unproductive ones.

40. It is observed that majority of framers were illiterates they had little knowledge about as to how to fill in the application forms for the purpose of agricultural credit. Even literate farmers expressed such problems. The establishment of guidance and grievance cell to help such needy farmers can solve this difficulty.

41. Insurance coverage should be extended to all the activities related to agricultural credit. Crop insurance scheme should be made compulsory for agricultural credit to protect the interest of the farmers in case of crop failure this would help the farmers to make adequate investment on land.

42. District wise tribunal courts are constituted to settle the court matter of various agencies financing to the agricultural activities. Thus the matter of recovery and over dues be settled in adequate time to protest the interest of financing agencies which is real and exact need of present era in agricultural credit management.
7.3 Testing of Hypothesis

In the following section the hypothesis related to agricultural credit management are framed and tested. After the compilation of data results are shown.

The type of farmers influences on Agricultural Credit Management.

To test the above hypothesis relevant attributes from the collected data were considered. Collected data was analyzed and Chi Square test was applied to the data. It is clear from the results that 19 attributes found significant at 5% level and 15 attributes found not significant. Thus it can be concluded that the all type of farmers' influences the management of agricultural credit is also shown in Annexure II.

On the basis of discussions held in Chapter V and Chapter VI it is concluded that the financial institutions working in Aurangabad district are providing agricultural credit to the farmers as per the guidelines given by RBI and Government from time to time and they are trying to fulfill the required targets.

It is true that there are set standards for agricultural credit delivery and the banking institutions providing credits to the agricultural sector are adhering to these standards.
There is significant relationship between the credit management and performance of the institutions working in the fields of agricultural credit.

Thus, the above hypothesis is accepted.

7.4 Recommendations:

On the basis of the data analyses using microscopic research system following are the recommendations of the present study:

1. The proper steps should be taken to streamline the credit delivery system so as to assure timely delivery of credit to all categories of farmers. The credit institutions should make efforts to motivate maximum number of farmers to avail the crop loan. The scenario necessitates increasing the crop loan portfolio for increasing awareness among different types of farmers. This move will strengthen the credit management system, as crop loans are generally short-term loans.

2. There is necessity on the part of credit agencies to plug the credit gap that has been observed to exist between different types of farmers' particularly big farmers on the one hand and marginal and small farmers on the other.

3. The objective of agricultural credit policy primarily being reduction of economic inequalities, it becomes imperative for the credit agencies to see that the social justice is to be done through harmonizing credit for the purpose of agricultural
development. The sufficient efforts have been made by the credit agencies in acquainting the farmers with various minor irrigation schemes and making available the finance needed for those schemes, only 52 per cent of the total sample had availed of the credit for minor irrigation scheme. Thus, there is scope for improvement by way of greater efforts on the part of credit agencies to enhance the percentages of minor irrigation schemes.

4. There is a need to imbibe the spirit of co-operative movement among the marginal and small farmers whereby they can come together for planning and implementing major irrigation projects for common benefit. The necessary efforts should be made by the credit agencies in this direction by way of organizing farmers in the style of Self Help Groups (SHG).

5. There is ample scope of improvement in the area of consumption loans as well among marginal and small farmers. In the age of information it would be unjust to let the farmers remain ignorant about the myriad schemes, which could transform their lives. The role of extension officers in agriculture department is important at this juncture. There is ample scope for development with reference to awareness among the farmers of various categories and implementation of the
schemes. The increasing efforts should be made for improving awareness of horticulture scheme among all types of farmers.

6. The financial institutions must promote the interests of agriculturists. Particularly, in the marginal and small category to avail credit for the purpose of marking of agricultural produce so that the produce can fetch better price. The financial institution should make increasing efforts by way of post-sanction inspection along with asset verification for ensuring end use of finance. There is an urgent need that the government should keep the low documentation cost and stamp duty at the minimum possible level for big and small type of farmers and it should be exempted in case of marginal farmers. In view of the state of literacy of Indian farmers the procedure should be made as simple as possible and the documents can be provided in regional languages.

7. The small and marginal farmers felt the pinch of higher rates of interest, whereas the medium and big farmers were found comfortable about the rates of interest. The researcher express his views in this connection that the rate of interest in India is still very high and it should come down minimum by 2 to 3 per cent. The rate of interest should be kept on agricultural lending. The differential lowest rate of interest scheme should adopt for marginal and small farmers. It is recommended that the Indian
farmers being poor and illiterate, efforts should be made to
develop a liberal and sympathetic attitude among the staff of the
credit institutions to reduce the rigidity of the bureaucratic
system and by way of adopting transparency in official
procedure.

8. The financial institutions should set time limit for processing of
credit applications. The small and marginal farmers from the
different states committed suicides due to failure in repaying
loans and private debts taken from village moneylenders. Such
malady took place in India because of delay in obtaining the
institutional loans. It can be avoided by adopting above
procedure, which can set aside the farmers from knocking the
doors of moneylenders. The financial institution should be more
rigid in carrying out pre sanction inspection to judge the actual
credit purpose and need of the farmer.

9. There is a scope to make necessary effort for carrying out post
monitoring procedure to avoid the misuse of credit in the
national interest. The financial institution should act meticulously
and be strict in carrying out asset verification to keep non-
performing assets (bad debts) at minimum level. The benefit of
various insurance schemes should be extended to all categories
of the farmers. It should be the responsibility of lending agency
to insure the crop and charge the borrower for the premium. The
repayment installment should be inclusive of the insurance premium.

10. The opinion that the repayment schedules and amount of installment should be rationalized, be strongly accepted. The financial institutions are advised for resorting to 'out of court settlement' of debts and avoid legal complications and unnecessary delay in recovery period. There is an urgent need of improving the credit using discipline among the borrowers towards credit repayment. Private recovery officers should be appointed on commission basis to save the financial institutions from unending bad debts. The more liberal attitude should be adopted by the financial institutions in execution of decree by way of adopting an attitude of compromise before the decree execution procedure. It can be helpful for both that the credit institutions and credit users to avoid expensive and delayed procedure in the field of judicature. So that, the amount that was treated bad debts in earlier it should convert immediately in to recovery amount.

11. Increasing efforts should be made for compromise settlement as per the new scheme recommended by the Reserve Bank of India. The financial institutions' staff should be sufficiently trained to improve their attitude towards compromise settlements to avoid further legal complications. The strong
efforts should be made to minimize the political intervention while sanctioning the credit and also while recovery of the credit. Credit institutions should try to develop and maintain transparency in credit procedure, which should be available to the farmers at a glance while entering in the office of credit agency.

12. There is an urgent need of providing training to the staff of the credit institutions for bringing about improvement in Customer Relationship Management (CRM).

13. The Panchyat staff should be properly trained so as to develop co-operative, social and liberal attitude. The PACS and credit institutions should develop a liberal attitude by way of appointing the public relation officer who should be made literate to all types of farmers in field of agricultural credit. There should not be any subsidy on any credit, which may demolish the financial institutes. The existence of subsidy allure the farmers to obtain credit even when they do not need it. Moreover the WTO norms do not permit existence of any subsidy to the farmers. While the subsidized inputs like low priced fertilizer etc are tolerable the subsidy on loan is direct subsidy and it may not be tolerable to other member countries of the WTO.

14. The efforts should be made for observing time schedule in issuing overdue notices. Instead of issuing only legal overdue
notices there should be genuine dialog between the credit institutions and the borrower for the repayment of the credit. The financial institution should stress strongly for mortgage by adopting modern Risk Management Techniques (RMT) to avoid the bad debts in case of non-repayment of credit amount. The personal guarantee should be stressed in all credit cases for more assurance of repayment. The necessary efforts should be made to popularize the Kisan credit card scheme among marginal and small farmers by way of adopting the new techniques of information technology.

15. The necessary additional efforts should be made by the all approved agricultural financing institutes to meet out the huge credit gap. The necessary additional efforts should be made by the all approved agricultural financing institutes to cover the risk factors.

7.5 General Summary:

This study involves in depth analysis of present agricultural credit system adopted by the credit institutions. It has been well-accepted fact that the progress of Indian economy is solely depending upon agriculture. Unfortunately, India has adopted an urbanization pattern as basis of economic development on the same lines as technologically advanced countries of the west have done it. The five-year plans and various economic policies and regulations provide more
weights to industrialization, technological progress and urbanization. This process has proved detrimental to agrarian progress. Indian agriculture still suffers from insufficient capital, imbalanced growth, problem of wastelands, insufficient irrigation systems, untrained and illiterate agrarian labour, want of infrastructure development as well as traditional systems of production and rigid social infrastructure. Thus the largest agrarian continent has failed to devote sufficiently towards agricultural development and yet time has come to declare agriculture as an industry.

The Aurangabad district is selected for the purpose of study. It is being situated in the backward region of Maharashtra that represent India as a whole. The findings and conclusions applicable to this district are also applicable to Maharashtra and India in general.

The main cause behind the development gap is insufficient flow of agricultural credit. Indian agricultural must be provided the right amount of credit for the purpose at the right time; which is possible only with the help of 'Agricultural Credit Management'.

It is hoped that this study will stimulate further research in the fields of 'Agricultural Credit Management' and the findings will be useful to the thinkers, policy makers, research scholars, academicians, farmers as well as Government and bank officials in particular and public in general who are interested in this area.