The efforts made by financial institutions from the grassroots level to the district level for the transformation of agriculture have been given in previous chapters. It has been noted that despite the flow of credit from 11 banks with 124 branches spread over 14 blocks of four Tehsils of the district, they have not been able to achieve the desired objective. This is due to many reasons, which have been summarised under four main heads viz. (a) agriculture (b) activities allied to agriculture (c) multi-agency approach and (d) general. Suggestions to remove the main impediments and solve the problems have been given along with

(A) Impediments to Agricultural Production and Productivity:

Small Size of Holdings:

As pointed out in Table No.2.4 of Chapter II, 43.5% farmers hold less than 0.5 hectare and 22.5% hold between 0.5 and 1.0 hectare of land. Thus 66% of total farmers hold up to 1.0 hectare of land. These constitute "Marginal Farmers" who own about 25.54% hectare of land. Again 19.27% farmers who hold between area are termed as "Small Farmers". These two categories of farmers can not make use of farm machinery and equipment.
If the 10.56% of the "Medium Farmers" who own 26.46% of the area are added to the above two categories, then about 95.85% of the farmers hold up to 4.0 hectares of land which is not viable for farm mechanisation. In the whole district there are only 4.15% farmers who are categorised as "Large" and who make full use of mechanisation. Thus small size of holdings forms the greatest impediment to the transformation of agriculture.

Land reform measures could remove this handicap to a great extent. But as discussed in Chapter IX-(a) consolidation of holdings has been done only in two Tehsils—Auraiya and Bharthana—out of the four Tehsils of the district (Table No.9.1); (b) reclamation of Usar land, during the last five years (1983-84 to 1987-88) vide Table No.9.2, could achieve only 638 hectares; (c) The Soil Conservation Units of Etawah and Auraiya could conserve about 29729 hectares of land during 1978-79 to 1986-87 (vide Table No.9.4) and (d) out of the reclaimed land only 14711 hectares could be distributed among schedule, backward and other castes during 1951 to 1987 (vide Table No.9.5).

Thus not only the progress of the land reform movement has been very slow, but the reclamation of Usar and ravine lands and the redistribution of the same also has been very very slow. It is necessary to expedite
consolidation of holdings and reclamation of lands if the change in agriculture production and productivity has to be brought about.

Low supply of Electricity:

Btawah is one of these districts of the State where power potential has been slow progress in irrigation through energisation of Tube-wells and electrification of villages upto 1986 (vide Table No.10.4).

With the completion of the NTPC at Dibiyapur and other seven sub-stations, it is hoped that the deficiency in the supply of electricity and power will be over by the end of 7th Five Year Plan. This will not only increase irrigation potential but also help the farmers in making use of electric tools and implements.

(B) Impediments to activities Allied to Agriculture:

1. Lack of Veterinary Facilities:

Although there has been much progress in the facilities for animal and fish production, still these are inadequate. As discussed in Table No.10.18. There are only 2 poultry units— one at Mahewa and the other at Bidhuna blocks; out of the 4 piggery units, besides one each at Mahewa and Bidhuna, one each is located at Bharthana and Achhalda Blocks. Thus there are no poultry/piggery units in any of the blocks of Tehsil Btawah and Auraiya and no veterinary hospitals at Bharthana, Auraiya, Ajitmal and Achhalda blocks.
In case of fish culture, there are only 5 fish culture centres in the whole of Etawah district. These are located at one at Basrehar, two at Takha, one at Mahewa and one at Ajitmal. There is no centre in Bidhuna Tehsil (vide Table No.10.19).

2. Non-availability of good breeds:

It has been observed that good breeds of animals are not available in the local Melas though the purchase of animals has been effected through 'Purchase Committee' comprising of representatives of B.D.O., Veterinary Surgeon, Bank Manager and farmers.

It is suggested that the Government should arrange for conducting more Melas in chain fashion preferably during calving season. The good breeds should be brought to these Melas by Government Agencies so that purchase committee could select good breeds locally and at lower cost easily.

3. Lack of Marketing Facilities:

Etawah district lacks in proper milk collection facilities. Out of the 14 blocks, these facilities exist only in 5 blocks viz. Jaswantnagar, Ajitmal, Chakamagar, Achhalda and Bidhuna. There are no facilities in any of the three blocks of Tehsil Bharthana (vide Table No.10.18).

It is suggested that more collection centres should be opened by the Government or Cooperative Department.
for implementing the Dairy Scheme successfully and the recovery in Dairying should be linked with marketing by having Tripartite Agreement between collecting organisation, Banks and Farmers.

**Problems and Rationale of multi-agency Approach**

Multi-agency approach to agricultural financing is now an accepted fact in view of historical factors in the evaluation for our institutional agricultural credit system and of the growing gaps in agricultural credit. At present, we have two major components in the institutional agricultural credit system, namely the co-operative component consisting of the primary agricultural credit societies, central banks and apex banks, Farmer's Service Societies, Large-sized Multi-purpose Societies and Land Development Banks; and the component consisting of scheduled commercial banks and the Regional Rural Banks (Purveying credit to agriculture directly or through co-operatives).

Considering the magnitude of the task and the area to be covered, it is clear that no single agency can satisfy all the credit needs of the agricultural sector. With different credit institutions, namely, the co-operatives, commercial banks and the Regional Rural Banks, functioning simultaneously in the field of agricultural credit, certain problems have surfaced...
hindering the efficient disbursement of credit. These are:

(a) The existence of a number of agencies retailing credit in a common area of operation leading to unco-ordinated credit disbursement resulting in multiple financing, over financing/under financing, financial indiscipline and diversion of scarce resources to unproductive purposes;

(b) the inability of credit agencies to formulate and develop meaningful agricultural credit programmes on the basis of area approach;

(c) problems of overlapping and duplication of banking facilities, and consequent wasteful expenditure, besides unhealthy competition;

(d) problems in the recovery of credit, since more than one credit agency may have claims on the same income/security;

(e) problems arising out of different systems, procedures and policies, security norms, service and supervision charges, varying interest rates etc.

1. Need for effective coordination:

What is called for, therefore, is not only a strengthening of the institutional credit structure, but also an effective coordination of their lending
activities. Therefore, the problem of multi-agency approach should essentially be viewed as one of defining the respective rates of the cooperatives, commercial banks and the Regional Rural Banks in any given area of operation, and of finding ways and means of bringing about effective co-ordination between them in their operations.

2. Area Demarcation:

As regards what should constitute the ideal operational area for each of the, a geographical demarcation rather than a functional jurisdiction, is considered more appropriate and practical.

In providing credit for agriculture and allied activities, the prime role would have to be that of the co-operatives in view of the fact that only the co-operatives possess the organisational potential to reach out to the millions of small and scattered farmers and establish grass-root contacts; the co-operative net-work is already vast and can be further extended/strengthened/improved with comparatively greater ease and at less cost. All rural areas are to be covered by a net-work of viable co-operative credit institutions.

The other agencies i.e., the commercial banks/Regional Rural Banks have to play a supplementary role. Until the co-operatives at the field level are well established and placed on a viable footing, the commercial banks/
Regional Rural Banks will have to supplement the credit disbursal of the weak co-operatives and also finance such other rural development activities not normally undertaken by them.

To facilitate area demarcation between different institutional lending agencies, there is need for compiling an objective report for each district on the efficiency/efficacy of co-operative institutions.

3. **Consortium Arrangements:**

As an alternative to the area demarcation approach, the introduction of the consortium arrangement between commercial banks and co-operatives is suggested, where there is a proper understanding and where conditions are favourable, the scheme may be given a trial on a pilot basis in a few selected areas.

4. **Branch Expansion:**

For bridging the credit gaps in the agricultural sector, it is the problem of ensuring an equitable distribution of available credit. For this purpose, it is necessary to regulate the distributive pattern of institutional lending agencies on a more rational basis than it is at present.
5. **Interest Rates**:

In view of the diverse character of the financing institutions in the sphere of agricultural credit, wide differences in the cost of funds to them, purpose, duration and size of loans, risks involved in lending, degree of competition and considerations of social justice, interest rates on agricultural loans vary. They range from 4% to 16\(\frac{1}{2}\) % p.a.

This inequality has not only created confusion, but has also given rise to a feeling of discrimination amongst the borrowers in the same area catered to by different agencies. In the context of evolving an integrated system of agricultural credit under multi-agency conditions, the issue of interest rates, therefore, assumes considerable importance.

There is a strong case for the adoption of a uniform pattern of interest rates by commercial banks as well as the co-operatives.

6. **Security for Loans**:

With different institutional agencies lending to agriculture for different purposes / periods, lending procedures (including type of security) are not uniform. This variation is mainly because different institutions adopt different norms which are entirely subject to individual discretion. In the context of evolving an
integrated agricultural credit system under multi-agency conditions, it is therefore, desirable to have uniform security norms. As regard the basis on which financing institutions may strive for uniformity, it would be necessary to reach a consensus on the fundamental approach to the necessity of obtaining land as security for agricultural advances.

7. Procedures and Systems:

(i) Agricultural passbook:

The use of agricultural pass-book has been suggested as an alternative to the present insistence on periodical verification of land records and the production of encumbrance certificate by institutional lending agencies for granting loans. The agricultural passbook issued by the Uttar Pradesh Government, shows, on the one hand, the land holdings of the farmer with all relevant details and his borrowings/repayments, on the other. No transfer, mortgage, alienation or gift of the land can be effected without the production of/entry in the passbook, which can be an effective safeguard against the multiple borrowing or charging of the same land to two or more credit agencies, at the same time.

(ii) Cash Credit Scheme:

The question of introducing cash credit scheme in agricultural financing may be considered to minimise
paper work. It can be extended, generally, in areas where multiple cropping is practiced and where cost of cultivation of various crops is not dissimilar.

8. **Inspection/Supervision Charges**

Proper end-use of credit should be the key note of institutional finance to agriculture; for, it has a direct bearing on the quality of lending and eventually the recovery performance, neither of which any credit institution can afford to under-estimate.

The emphasis has to be on the quality of inspection rather than on the periodicity of inspections. Lending institutions should evolve a well-structured inspection procedure which should aim at a meaningful and productive follow-up of advances.

Actual expenditure incurred by inspecting officials in carrying out the periodical inspections should be borne by the respective credit institutions, and should not be recovered from the borrowers.

9. **Credit Guarantee cover Premium**

Agricultural advances are at present covered by the guarantee of the credit Guarantee Corporation of India upto certain specified limits. The premium payable for such guarantee cover is being absorbed by banks in some cases and shifted to the borrower in the others. There have been suggestions to exempt the small and marginal farmers from the payment of the CGC premium.
(a) In order to keep the ultimate cost of borrowing in the agricultural sector at a reasonable level, the credit guarantee cover premium should be absorbed by the credit institutions and should not be passed on to the borrowers;

(b) Apart from interest and inspection charges, there should be no other service charge levied on the agricultural borrowers.

10. Statistical Lapses:

The CBI, as the Lead Bank, has been entrusted for collecting and supplying relevant statistics for the entire district through DCPs and AAPs regularly. But it has been found that there are many statistical lapses in this work e.g. (a) as stated in chapters VI, VII and VIII, the figures for achievements against the target have been published up to September for the year 1984 and onwards. On account of this lapse, it is not possible either to draw any conclusions or advance constructive suggestions, (b) most of the information which was supplied in the first DCP was discontinued in the second and again in that of the third, and (c) the statistics supplied in the consecutive AAPs is not comparable.

It is suggested that, not only the statistics should be compiled and published for the whole year but it should be comparable with the previous record.
Need for Effective Role of DCC

For the successful implementation of the DCPs, the district Co-ordination/Consultative Committees will have to be more alert and energetic. In the allocation of the area of operation, they will have to play a more effective and constructive developmental role. They should make periodic assessment to ensure that the programmes are implemented effectively and on schedule.

Co-operation and Coordination Among Various Agencies:

The actual implementation of the plans depends upon the resources, organisational strength of various institutions involved, co-operation of the concerned departments of the State Government and above all, the interest and sense of involvement and participation of the people for whose benefit and welfare the plans are meant. The speed of success will be directly proportional to the extent of mobilising resources and arousing the interest of the people to utilise them most effectively and expeditiously.

The Crucial Role of the C.B.I.

The Central Bank of India, by virtue of its being the Lead Bank of the District will need to play the role of coordinator between the financing institutions on the one hand and between the banks and other organisations connected with the development activities envisaged in the plans, on the other hand.
The Concept of 'District' Planning:

After four decades of planning in the country, the planners have ultimately come to realise the need and sanctity of "District Planning". This would not only lead to "Real" planning, but with the involvement of the District Administration, will lead to peoples participation for which the Government, both at the Centre and in the States, have been looking for. This step will reduce the gap in targets and achievements of the various programmes and the lacuna of Indian Statistics. 'The Performance Budgeting' of the plans at the district level will serve as a panacea for various ills with which the planning concept and Technology have been suffering so far in our country.