INTRODUCTION

Jammu and Kashmir is the Northern most State in the country bordered by the neighbouring countries of China and Pakistan. It has an area of 2,22,236 Sq.Km which forms 7.1 percent of the total area of the Indian Union. Population of the State, as per census 1981, is 59.54 lakhs, of which 81.47 percent depend on agriculture as their mainstay. This reflects the fact that the State’s economy continues to be predominantly agro-based one. Agriculture provides employment to 71.50 percent of the total population of the State, supplies raw material to Agro-based industries and enriches the State’s Exchequer to the extent of 57.2 percent.

Inspite of this prime importance agriculture in the State has been lagging behind for want of sufficient finance, chemical fertilizers, irrigation facilities, use of improved seeds, use of modern technology and farm mechanisation. With a view of overcoming these inadequacies Government has taken series of steps for the last three decades,yet it is sad to note that the optimum use of land resources
Supply of credit was no doubt a burning problem for some time but now it is actually the misuse and misdirection of institutional credit that has retarded the overall growth of the rural welfare. A field survey discloses existence of a credit gap which could not be filled in so far. The present Agro-institutional Credit Complex comprises of Cooperative banks and their affiliated primaries, nationalized Commercial Banks, Regional Rural Banks and specialised agencies like Small Farmers Development Agency / Intensive Rural Development Programme. Also the State Government through its Taqavi loans fills the gap in acute situations.

As elsewhere in the country, only the upper strata of land holders have so far availed of credit facilities to proper advantage. Another striking fact that emerged from the study demonstrates that those having availed of loans under various schemes, through different agencies, have by and large, proved defaulters in repayment. As a result, Overdues with banks have
accumulated to an alarming extent. The loan operations of various credit agencies show an abnormal position of such overdues verging on a collapse of the whole agro-financial infrastructure. Hence the need of the hour is to arrest this deteriorating situation and to make a fresh review. On the working of entire agro-financial frame-work lest the entire economy comes to grief as it looks imminent at the moment.

The need for under taking the present study arose because not much has been said about the role of the newly created agencies harnessed in the field of agricultural development during the last decade. Now that agriculture has emerged as an important National Industry and is no more a mere vocation, the findings made in the past have not only become obsolete, but have lost relevance to the present situation.

Geo-physically the State of Jammu and Kashmir exhibits the same traits of socio-economic environment as are prevalent in the rest of the subcontinent except its terrain. Its pattern of agriculture depicts a picture which requires to be developed
from angles more than one. Credit being by far the most important input of agriculture, has flown into this industry haphazardly. This flow is in conflict not only with the guidelines issued by the Reserve Bank of India, but also contravenes the conditions laid down for financial and administrative support provided by the Government from time to time since independence. The terrain of the State and its Geographical condition have a direct bearing on the socio-economic condition of the people. As cooperative movement has been recognized the most suitable instrument for bringing about a socio-economic change, a constant or at least a periodical review of the working of the movement should engage the attention of the planners and administrators. The Review Committee of Rural Credit Survey has stressed the need for such periodical reviews in its report. The present thesis is an attempt in that direction though it is restricted to the development of agriculture in Jammu and Kashmir State only.

It has been admitted at all hands that like all industries agriculture is the basic industry of the country and it also requires credit of both types produc-
tion and investment according to the needs of the farmers in conformity with the scales and norms fixed for each type of loan for specific crops to be raised or purposes approved for development.

Cooperative sector continues to be charged with the responsibility of providing rural credit, and commercial and other agencies are designed only as supplementaries in this vast field. The present study will reveal that all is not well with the scheme of furnishing necessary credit to the various categories of farmers. The study makes far reaching recommendations to rehabilitate the Integrated Agricultural Credit structure in the State and paves the way for re-structuring the whole exercise in order to build the States' Agricultural Economy on a firm cooperative basis.

Accordingly an attempt has been made to investigate into the causes that have stood in the way of smooth functioning of the agricultural financing mechanism introduced after great thought and effort by the Government. Once a correct diagnosis is made, it does not take much to restore the economy to its proper health.

To complete statistical data the questionnaire method has been used at all institutions personally
visited and discussions held with Chief Executives concerned. Very useful information has been collected from all sources in and outside the State. An in-depth study has been made of various cooperative and commercial banks, Regional Rural Banks, and Small Farmers Development agency operating in the State. Latest information has been obtained from Reserve Bank of India (Regional Office Jammu) state land development banks and state Cooperative Banks of Punjab and Haryana. Libraries at Delhi and Chandigarh have been made use of and various reports of Reserve Bank of India, Agricultural Refinancing Development Cooperation, Annual Reports of National Cooperative Development Corporation, District Credit Plans of State Bank of India, (as lead bank) for the period 1979 to 1982, study reports conducted by National Cooperative Union of India, and of the State Cooperative Union have been consulted and references made. Authenticated and latest data have also been collected from the Directorate of Statistics and Evaluation, Directorate of Institutional Financing, and Registrar Cooperative Societies.

The entire thesis is presented in 21 chapters. Chapter I deals with the agricultural development of the
State in the Post Independence era and need of credit from 1954 - 1960. Chapter II deals with concept and role of cooperatives in the development of agriculture. The three-tier Cooperative Credit Structure has been thoroughly analysed under chapters III to V. The long-term credit agency of Jammu & Kashmir Land Development Bank has been discussed from its inception 1962 to 1980 in Chapter VI. Chapter VII deals with the assessment and performance of commercial banks drawn into agricultural sector after their nationalization. Regional Rural Banks, a recent species of banks in the State are discussed in Chapter VIII. Mention has been made of specialized agencies harnessed to the service of weaker and backward sections of the community under chapter IX. Refinancing agencies namely Reserve Bank of India, Agricultural Refinancing Development Corporation and Developmental Agencies namely National Cooperative Development Corporation and the National Cooperative Union of India and the State Cooperative Union have been individually discussed under chapter X. Chapter XI is devoted to broader suggestions and recommendations for improving the operational efficiency of various credit institutions
in the State and the agricultural economy in general.

The study is of an objective type and is based on critical analysis of the whole set of institutions engaged in the task of financing agriculture and is expected to be useful to the students and administrators alike.