Chapter I

INTRODUCTION
The subject of this study is a comparative assessment of agricultural practices and agricultural production in two villages of the East Khasi Hills District of Meghalaya, one of which has been adopted by the State Bank of India as a beneficiaries of its financial assistance for agricultural purposes and the other not so adopted. It is widely recognised that without adequate financial help it would be very difficult, if not impossible, for the agriculturist to improve his agricultural practices and thereby increase his production and income.

In many parts of India for a long time, credit needs for agricultural operation in the rural areas were mainly met by village money lenders. Usually they belong to trading community or big farmers who lend out money. It is usually believed that, in tribal areas such practice of money lending is either absent, or if present, it is very insignificant, considering the over all credit, needs of the small and marginal farmers some even argue that even if some tribal rich lend money they do not charge any rate of interest, that is, money is lend out of their benevolence.

Our preliminary visit to a few villages in East Khasi Hills District of Meghalaya does not confirm this belief. On the contrary, we find that money lending is practical and what is more important, the rate of interest
charged is also quite high. Even in tribal area where capacity for self-financing is much low, the dependent on money lenders is also seen. In this situation it is desirable to examine in what way and through what method these tribal areas can be developed by institutional financing of agricultural activities of the people.

Our study in particular is designed for an assessment of (a) to the extent of which agriculture has been financed by outside agencies upto now, (b) to what extent agricultural credit is necessary for carrying on agricultural activities and (c) whether a systematic scheme of financial assistance would be capable of substantially improving agriculture in the state.

The study is limited to two villages of the Bhoi area of the East Khasi Hills District of the State of Meghalaya, namely, Umsning and Sonidan. These villages are selected because they have almost very similar agricultural and other economic traits, except that the Umsning village has been adopted by the State Bank of India for financial assistance for agricultural purposes; while Sonidan village has not been so adopted. These two villages are close representatives of the agricultural practices of the state, in that we have both wet paddy cultivation and jhum cultivation. Jhum cultivation is confined to these villages as horticulture. Since
agricultural finances are used for both categories of cultivation, we might get an idea of the importance of financial help in agricultural production by a contrasting study of both the villages. The main focus of the study would be to analyse the manner in which credit is utilized by the farmers for productive purposes in agriculture and whether the credit given by the nationalised Banks etc. is equitable, adequate and efficient.

The two villages mentioned earlier in the East Khasi Hills District is taken up for survey. One such village is chosen (purposefully) from among the villages adopted by the State Bank of India for agricultural finance. The other village (purposefully) is chosen in the area known for its agricultural richness but not adopted by any institutional finance or Bank. The method of investigation we have adopted is to select a large number of household (about 60 per cent) from both the villages and to analyse comparatively significant economic factors of these households. Primary data has been collected by field survey and by canvassing questionnaire methods of interview to the head of the households. Secondary sources of information has been obtained from publication of Banks, and also by personal interview to officers from these institutions. The data is analysed with the help of appropriate statistical techniques and
the result has been subjected to economic logic.

In the next chapter we give a summary account of the economy of the state of Meghalaya. We discuss there many aspects of agriculture including land and its various characteristics and people, because of the nature of the terrain and the climatic conditions of the State it is seen that the type of cultivation in many parts are still traditional and the scope for horticulture is greatly promising. It has also been shown that because of the traditional agricultural practices especially the practice of jhumming, the productivity of land is comparatively very low. The chapter also discusses the characteristic of the population relevant to agricultural activity in the State.

In chapter three the main focus of our study is on various aspects of agriculture in the district of East Khasi Hills, where the two villages of our study are located. The economy of the district is more or less similar to the economy of that of the State. In the chapter we give particular attention to the discussion of the two villages with respect to their agriculture and allied activities.

Chapter four is devoted to discussion of the methods of financing of agriculture by institutions and
other agencies. Our discussion is general with respect to their role of the institutions in the agriculture of India as a whole. Our discussion is much more detailed when we come to the analysis of the role in respect of agricultural practices in the state and in the district. Particularly, attention is paid to the part played by the State Bank of India in promoting agriculture and also in trying to developed the socio-economic level of villages in the state.

In chapter five, we analyse the data collected from the villages of Umsning and Sonidan and attempt at a comparative study of the various socio-economic factors in these two villages. Our purposes is to find out whether the village which has been financially assisted by the State Bank of India from 1980 onwards in regards to its agricultural activities has been able to show any significant improvement over the economic level of the other village which has not been assisted by the State Bank of India. Our analysis shows that there has been some progress in terms of agricultural productivity and income generation in the adopted village when compared to the non-adopted village.

In the last chapter we summarised our findings and give the concluding assessment of our findings.