Chapter VII

SUMMARY, FINDINGS, CONCLUSIONS
AND RECOMMENDATIONS
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7.1 Summary

A credit plan is a development plan for a specified area projecting technically feasible, economically viable and bankable schemes, which can be taken up by the financial institutions operating in that area.

Credit extended by the financial institutions in the district for the development of agriculture, allied activities, industry and service sectors is one of the important factors for the economic development of the study area. For this purpose, all the financial institutions in the district have provided a credit to the tune of Rs. 1000.29 crore under 20 credit plans. The present study aims at making a deep analysis of the actual impact of the loan on the economy of this district during the study period.

The financial institutions in the district have extended the maximum credit to the tune of Rs. 698.18 crore for the development of agriculture sector between 1980-81 to 1999-2000. This amount included its components namely minor irrigation (1.06 percent), land development (1.76 percent), farm mechanization (1.57 percent), plantation and horticulture (6.44 percent) and crop loan (89.16 percent). An increasing trend was noticed in the credit extended for minor irrigation from 1983 to 1986 due to liberal lending policy of the central government and drought conditions prevailed in the district. Credit facilities were not provided to any one of the nine blocks for land development between 1980
and 1983 because no separate allocation of funds was made for land development activities in the annual credit plan for Kanyakumari district. Thiruvattar block got the maximum credit for minor irrigation (Rs. 1.23 crore) and land development (2.14 crore) activities because the raising of plantation crops in the block required water throughout the year and protection of soil degradation. Between 1983 and 1986, credit was not extended for farm mechanization to Thiruvattar, Thuckalay, Munchirai and Killiyoor blocks due to the lack of awareness among the agriculturists about the scheme. The credit provided by the financial institutions in the district for the development of agriculture sector, decreased the area under cultivation of food crops and increased the area under cultivation of cash crops. It also increased the total agricultural production of the district by 1.773 fold in 1999-2000.

All the financial institutions in the study area have allocated an amount of Rs. 72.54 crore for allied activities sector under the credit plans of 20 years. The total credit provided for the development of dairy farming increased from 24.62 lakh to Rs. 4.44 crore. It led to increase the milk production by 18.2 fold. Still there is a short supply of 9000 litres of milk per day in the district. A total credit of Rs. 4.573 crore was extended to poultry farming for its development. But, it was not a very progressive allied activity in the study area even after a good demand for meat and eggs. No one was ready to start a large scale poultry farming due to the existence of adverse climatic conditions for poultry in the district. Thiruvattar, Munchirai, Thuckalay and Melpuram got the maximum credit for
sheep-goat-pig rearing because these blocks located in the foot of western ghats which have sufficient meadows for rearing these animals. The volume of credit extended for the development of fisheries in the district by the financial institutions increased from Rs. 54 lakhs to Rs. 3.01 crore in between 1984 and 2000. But there is a negative impact on production of fish from 96130 tones to 34999 tones in the same period because due importance was not given to traditional sector in later 90's by financial institutions in the district.

The volume of credit provided by the financial institutions to bring the industrial development of the district increased from Rs. 1.07 crore in 1980-81 to Rs. 11.20 crore. The impact of credit plans on employment oriented village industries (number of units declined from 2208 to 429) and handloom industries (number of units declines from 758 to 527) were not encouraging. But the impact of credit plans on small scale industries was encouraging because number of units of such industries increased from 52 units to 1203 units.

The financial institutions in the district have extended the maximum credit of Rs. 133.4 crore next to agriculture for the development of service sector between the years 1980-81 and 1999-2000. It included the components of this sector namely transport operations (Rs. 55.72 crore), trade and small business (Rs. 46.95 crore), professional and self employment (Rs. 17.72 crore) and housing and education (Rs. 10.17 crore). The credit provided under the 20 years of credit plans has a positive impact on the components of service sector and provided benefit to 5389 persons in transport operations, 44,002 persons in trade
and small business, 23622 persons in professional and self employment and 2,247 persons in education and housing sectors.

The development of the economy of the Kanyakumari district depends upon the development of agriculture, allied activities, industry and service sectors. The development of these sectors is determined by the credit extended by the financial institutions in the district. The overall impact of credit provided for the development of agriculture and service sectors is positive and encouraging. The development of allied activities and industrial sectors is also essential for solving the existing unemployment and underemployment problem and for raising the standard of living of the people of the district, but the credit extended by the financial institutions to these sectors is inadequate. The overall views of sample beneficiaries about the impact of credit plans in the district reveals that the loan amount sanctioned by the financial institutions was really not sufficient for their activities and unnecessary delay in sanctioning of loan amount by branch managers made difficult to run their activities. The overall opinion of the branch managers of the financial institutions reveals that maximum defaulters were found in small scale and handloom industries, trade and small business and professional and self employment schemes.

7.2 Objectives

The objectives of the study are,

The main objective of the study is to find out how the credit plans of the financial institutions do promote economic development of Kanyakumari district.
Out of the nine blocks in the district, more fund (Rs. 137.95 crore) was provided to Agasteeswaram for the development of the four sectors like agriculture, allied activities, industry and service. Of this, allied activities (Rs. 16.545 crore) and service (Rs. 19.46 crore) sectors were not developed to significant level even after the allocation of maximum funds to these two sectors. Further, the employment generating industrial sector is still in backward position in this block. A minimum fund (Rs. 89 crore) was allocated to Munchirai block for its development. Agriculture and industrial sectors of this block were allocated lesser credit than the other eight blocks because the development of these two sectors has a very remote chance in these blocks. Moreover, the fund allocated for the development of nine blocks varied from 8.90 percent to 13.79 percent of the total credit provided to the district. Further, as compared to the fund allocated to agriculture sector (Rs. 698.18 crore), the fund allocated to allied activities (Rs. 72.541 crore), industry (Rs. 96.157 crore) and service (Rs. 133.414 crore) sectors was less. When there is under employment and unemployment in agriculture sector, these sectors have a great scope of providing more employment opportunities. Moreover the compound growth rate of employment generated in the economy of the district was 6.138 percent but the compound growth rate of credit extend was 17.30 percent. Thus the credit plans of financial institutions of Kanyakumari district did not promote economic development to the significant level.
The second objective of the study is to find out what extent the credit plans of the financial institutions could develop agriculture of the district.

The total fund allocated under the credit plan for the development of the economy of the district was Rs. 1000.294 crore. Since 58.8 percent of the rural population of this district depends on agriculture for their livelihood, the credit plan of the district had allocated a credit of Rs. 698.18 crore (69.80 percent) for the development agricultural sector. The credit extended to agricultural sector under the credit plans led to the diversification food crops to commercial crops. It is evident that there is a decline in the area under cultivation of food crops by 28.5 percent and increase in the area under cultivation of commercial crops is by 49.86 percent during the study period. Further it also led to the total agricultural production in the district to 2.213 fold and generating employment opportunity to a compound growth rate of 6.063 percent in the study period. This shows that the credit extended by the financial institutions under the credit plans has developed the agriculture sector in the district. This shows that the credit plan of the district has allocated adequate fund for the development agriculture in the district.

The third objective of the study is, to find out to what extent the credit plan would promote allied activities of agriculture in the district.

The total credit provided for the promotion of allied activities was Rs. 72.54 crore that is 7.25 percent of the total credit allocated to the economy of the district. Of this 49.35 percent was allocated to dairy farming, 33.63 percent to...
fisheries, 10.71 percent to sheep-goat-pig rearing and 6.3 percent to poultry farming. The loan provided to dairy farming in the district increased the number of milch animals (3.17 fold) and milk production 18.05 fold. Still, the milk production has not been developed to the level to meet the demand of milk in the district. There is a scope for further development of dairy farming in the district. The credit provided to fisheries increased 10.123 fold but fish production declined by 50.40 percent. Eventhough the credit provided to sheep-goat-pig rearing increased by 18.36 fold, the population of such animals is not increased to a significant level. Thus, the credit plans have not remarkably promoted the allied activities in the district.

The fourth objective of the study is to find out the impact of credit plan on the industrial development of the district.

Industrial development is one of the important factors that determine the economic development of the district. The district has sufficient agricultural, rubber, cashew, coir, mineral, marine and forest resources to start medium scale, small scale, cottage and village industries. But credit plan had allocated was only Rs. 96.157 crore (9.61 percent of total credit) for the development of industries in the district. The fund allocated for industry was highly inadequate compared to the credit provided to agriculture and service sectors. While the number of units of village (2208 units to 409 units) and handloom (758 units to 527 units) industries declined, the number of units of small-scale industries increased to some extent. These industries have not generated employment
opportunities to a significant level to solve the existing unemployment problem in the district. Thus the impact of credit plan on industrial sector was not helpful to develop the district.

The fifth objective of the study is to examine to what extent the service sector is benefited from the credit plans of Kanyakumari district.

The loan advanced to the components of service sector such as transport operations, trade and small business, professional and employment, consumption and education and housing increased in 36.61 fold, 22.91 fold, 104.60 fold, 27.75 fold and 97.54 fold respectively. It resulted in increasing the number of beneficiaries to 9.56 fold, 7.67 fold, 6.64 fold, 21.66 fold and 19.33 fold respectively. As a result the service sector generated employment opportunities to the educated and the uneducated mass of the district during the study period of 20 years. The performance of credit plan on service sector development was upto a satisfactory level. At the same time, still there is a scope for further development of service sectors in the district.

7.3 Hypotheses

1) Allocation of funds to agriculture under the credit plans have contributed to diversification of agriculture crops.

Kanyakumari district is basically agricultural district and 58.8 percent of the people lives in rural areas engaged in agricultural activities. The marginal and the small farmers occupied 98.93 percent of the total number of farmers in the district. Since the income from land is insufficient to maintain the family, they
approach financial agencies in the district for getting loans to meet their cultivation expenditure. All the credit agencies in the district have extended a credit of Rs. 698.13 crore for agriculture, which includes the components of minor irrigation (Rs. 7.44 crore), land development (Rs. 1.22 crore), farm mechanisation (Rs. 10.98 crore), plantation and horticulture (Rs. 45 crore), and crop loan (Rs. 622.497 crore). The credits allocated under the credit plans to agriculture have diversified the area under cultivation of major food crops such as paddy and tapioca to cash crops such as rubber, banana and coconut. That is, the area under cultivation of food crops paddy and tapioca is reduced to 25.82 percent (43,727 hectares in 1981 to 32,435 hectares in 2000) and 30.55 percent (12,337 hectares in 1981 to 8538 hectares in 2000) but the area under cultivation of major cash crops rubber, banana and coconut is increased to 1.485 fold, 2.433 fold and 1.402 fold respectively. This hypothesis is also proved statistically under the estimated equation for total credit allocated to agriculture as

\[
\log Y = 10.5843 + 0.16533 t, \quad R^2 = 0.9855 \\
(0.00473)
\]

which showed a compound growth rate of 17.978 percent. Further, the estimated equation for the area under cultivation of food crops is

\[
\log Y = 10.9964 - 0.01855 t, \quad R^2 = 0.6886 \\
(0.0013)
\]

that showed a negative compound growth rate of 1.872 percent where as the estimated equation for area under cultivation of cash crops is

\[
\log Y = 10.2380 + 0.02963 t, \quad R^2 = 0.8993 \\
(0.0010)
\]

that showed a compound growth rate of 3.007 percent.
The estimated equations of area under cultivation of food crops and cash crops indicated that the area under cultivation of cash crops increased by 3.007 percent whereas that of food crops decreased by 1.872 percent. This shows that the diversification of allocation of funds to agriculture under the crop plans has contributed to diversification of crops. Therefore, the hypothesis has been proved statistically.

2) Credit plans have failed to give adequate attention for promoting activities allied to agriculture in the district.

The credit plans allocated an amount of Rs. 35.803 crore for the development of dairy farming in the district. It increased the milk production by 18.2 fold during the study period. The credit extended for the development of fisheries in the district under the credit plan was Rs. 24.397 crore. It benefited 13.39 percent of the active fishermen in the district. But it led to a negative impact on fisheries sector. The funds extended to the development of sheep-goat and pig rearing in the district was Rs. 7.763 crore which led to a negative impact on these sectors. This hypothesis is also proved statistically under

The estimated equation for the credit extended to allied activities is

\[ \log Y = 8.3543 + 0.16388 t, \quad R^2 = .9254 \]

(0.01096)

with the compound growth rate of 17.807 percent. The estimated equation for the beneficiaries of dairy farming is

\[ \log Y = 7.8847 + 0.02345 t, \quad R^2 = 0.5001 \]

(0.00551)

with the compound growth rate as 2.372 percent.
The estimated equation for the beneficiaries of sheep-goat-pig rearing is

\[ \log Y = 5.2615 + 0.09742 t, \quad R^2 = 0.1168 \]

\[ (0.06313) \]

with the compound growth rate as 10.232 percent.

The estimated equation for credit extended to fisheries is

\[ \log Y = 7.1469 + 0.14058 t, \quad R^2 = 0.1372 \]

\[ (0.08311) \]

with the compound growth rate as 15.094 percent but the estimated equation for beneficiaries of the same fisheries is

\[ \log Y = 6.5346 + 0.02542 t, \quad R^2 = 0.0085 \]

\[ (0.06548) \]

with the compound growth rate as 2.574 percent. All the estimates of the beneficiaries of all allied activities except dairy farming are statistically not significant. Therefore, the hypothesis has been evidently proved statistically.

3) Credit plans have failed to achieve balanced regional industrial development in the district.

Kanyakumari district is one of the industrially backward districts in Tamil Nadu in spite of its adequate infrastructure facilities. The development of this sector has a great scope to reduce the unemployment problem in the district and to provide a steady income for the people in the district. All the financial institutions in the study area have allocated only 9.61 percent of the total credit (Rs. 1000.29 crore) for industrial sector. The credit extended to the industrial sector for its development under the credit plans was highly inadequate to uplift
this industrially backward district in to industrially developed one. The credit plans allocated an amount of Rs. 38.27 crore (7.09 fold) for the development of industries in the sub region I during the study period. It increased the beneficiaries of the same region by 7.95 fold in 1999-2000. The credit extended to industrial sector of sub region II was Rs. 26.11 crore (11.50 fold) which resulted to increase the beneficiaries of this region by 5.04 fold. The funds provided for the development of industrial sector in sub region III was Rs. 31.37 crore (19.87 fold) which led to increase the beneficiaries by 9.42 fold. The growth of beneficiaries in sub regions II and III were very low compared to the credit provided to these two regions. Hence financial institutions in the district have failed to allocate funds uniformly for the development of industries in all the regions. It is also proved statistically. This hypothesis is also proved statistically as under,

The estimated equation for credit extended to industrial development for sub region I is

\[
\log Y = 8.6014 + 0.08798 t, R^2 = 0.3405
\]

\[0.02886\]

which showed the compound growth rate of 9.196 percent. But the estimated equation for the beneficiaries of the same region is

\[
\log Y = 5.7037 + 0.10592 t, R^2 = 0.9307
\]

\[0.00681\]

which pointed out the compound growth rate as 11.173 percent.

The estimated equation for the credit extended for sub region II is
\[
\log Y = 7.7720 + 0.13215 \, t, \quad R^2 = 0.7669
\]

(0.01717)

with the compound growth rate of 14.127 percent. But, the estimated equation for number of beneficiaries for the same region is given by

\[
\log Y = 6.1014 + 0.07653 \, t, \quad R^2 = 0.8368
\]

(0.00796)

which showed the compound growth rate of 7.953 percent.

Further estimated equation for volume of fund extended to sub region III is

\[
\log Y = 7.4634 + 0.16756 \, t, \quad R^2 = 0.8652
\]

(0.01558)

which indicated the growth rate of 18.241 percent. But the estimated equation for beneficiaries of the same sub region III is

\[
\log Y = 5.4361 + 0.05710 \, t, \quad R^2 = 0.9318
\]

(0.00806)

which had a compound growth rate of 5.876 percent. This equation evidently showed that the growth rate of beneficiaries in the regions II and III are very low. Therefore, the hypothesis has been evidently proved statistically.

4) Service sectors of the district are benefited much from the credit plan of the district.

The service sectors like trade and small business, professional and self-employment and transport operations generate self-employment opportunities to both literate and illiterate youths in the district. An amount of Rs. 133.41 crore was allocated by all the financial institutions in the district under the credit plans.
The credit allocated during the study period had a positive impact on the service sector. The stated hypothesis is also proved statistically under

The estimated equation for the beneficiaries of transport operations is

\[
\log Y = 4.3220 + 0.09945 t, \quad R^2 = 0.6525
\]

\[(0.01711)\]

with the compound growth rate of 10.456 percent. The estimated equation for the beneficiaries of trade and small business is

\[
\log Y = 6.8382 + 0.06825 t, \quad R^2 = 0.5379
\]

\[(0.01491)\]

which showed a compound growth rate of 7.063 percent. The estimated equation for the beneficiaries of professional and self-employment is

\[
\log Y = 5.8440 + 0.09640 t, \quad R^2 = 0.5578
\]

\[(0.01881)\]

with the growth rate of 10.13 percent. The estimated equation for the beneficiaries of education and housing of service sector is

\[
\log Y = 1.8482 + 0.20927 t, \quad R^2 = 0.7753
\]

\[(0.02656)\]

which showed the compound growth rate of 23.281 percent. The above estimated equations for the beneficiaries of the service sector evidently proved that service sectors are benefited much from the credit plans.

7.4 Findings

In this study entitled, “Credit Planning in Kanyakumari District - An Analytical Study” both primary and secondary data are used for analysis. The primary data is collected from 432 sample beneficiaries spread over all the nine
blocks of the district. This chapter presents the findings that are derived from the analysis made by the researcher in the previous chapters.

7.4.1 Findings related to credit plan and agricultural development

There was no separate allocation of fund for land development activities in Kanyakumari district till 1983. Out of nine blocks, Thiruvattar block got the maximum credit for minor irrigation (Rs. 1.22 crore) as well as land development (Rs. 2.13 crore) whereas Killiyoor block got the minimum amount of credit for both minor irrigation (Rs. 44.73 lakh) and land development (Rs. 84.27 lakh) during the study period. As compared to the funds allocated to these two sectors (Rs. 19.70 crore), the development was not significant.

There was an overall increase of credit for farm mechanisation that is by 3.73 fold (from 1991 to 2000) in the district. Thovalai (Rs. 3.12 crore) and Agasteeswaram (Rs. 3.07 core) blocks were allocated the major share for farm mechanisation. But a minimum amount of Rs. 17.84 lakh was advanced as loan to Killiyoor block for the same purpose. But, farm mechanisation is not developed proportionately to the funds allocated for the promotion of this sector under the credit plan of 20 years.

A major share of 22.58 percent of the total loan lent to plantation and horticulture of the district was allocated to Thuckalay block. Thovalai block was provided a less credit of Rs. 1.92 crore among the nine blocks for the same purpose. The funds allocated (Rs. 45 crore) to this sector have a significant
development in the plantation and horticulture production in the district during the study period.

The financial institutions in the district provided a maximum loan of Rs. 82.99 crore to Agasteeswaram block for crop loan that covered 13.33 percent of the total amount of the crop loan provided in the district. Munchirai block got the minimum loan of Rs. 49.96 crore for crop loan. Further a change was found in cropping pattern of the district from food crops to commercial crops due to the influence of crop loan.

The allocation of credit to the components of agriculture such as minor irrigation (1.06 percent), land development (1.76 percent) and farm mechanisation (1.57 percent) was very low as compared to the total loan advanced to the agriculture sector for its development. The total funds provided to this sector increased by 24.886 fold in 2000 but the total agriculture production increased by 1.774 fold in the same year. It means that there is a very meagre growth in agricultural sector, which is not proportionate to the fund provided to the sector.

7.4.2 Findings related to credit plan and allied activities development

Thoavalai (Rs. 5.819 crore) and Agasteeswaram (Rs. 5.199 crore) blocks got the maximum amount of credit for dairy development. But Rajakkamangalam block has a less area of grazing land, which got the minimum share of 8.86 percent of the fund allocated to the allied activities sector. A remarkable increase was found in dairy loan (18.05 fold) during the study period. Still, there is a shortage of 9000 litres of milk per day in the district. This sector has not been
developed to the level to meet the daily demand of milk in the district even after the allocation of credit of Rs. 35.80 crore for dairy farming under the credit plan.

There was no allocation of loan to all the nine blocks in the district to start a large-scale poultry till 1989. There is no modern hatchery to produce hybrid varieties of poultry in order to raise the supply to meet the demand for it. Further, a suitable climate existing for poultry in Kurunthencode block it to got the maximum loan of Rs. 95.63 lakhs for this purpose. Thovalai block got the minimum loan of Rs. 31.77 lakhs for the same purpose.

The blocks located at the proximity of the Western Ghats such as Munchirai, Thuckalay and Melpuram have sufficient meadows to rear sheep and goat, and they availed a maximum loan (13.98 percent) for this purpose. But a minimum share (7.41 percent) was provided to Rajakkamangalam block for the same purpose. There was a decline in the population of sheep (60.89 percent) and Pig (72.97 percent) have declined, wherein the population of goat (43.94 percent) increased as compared to the population of these animals in 1981. Even though the loan amount was increased by 18.36 fold, the population of sheep and pig declined to a significant level.

For the development of fisheries in the district, 33.63 percent of the total loan sanctioned to allied activity was provided to it. The allocation of funds was not provided to all the nine blocks for the promotion of fisheries during 1990-91. Since Thiruvattar is one of the non-coastal blocks with reservoir fisheries which is maintained by state public works department, no loan has been provided to this
block for fisheries. Further, a major share of 40.88 percent of the loan provided to fisheries sector was lent to Agasteeswaram block for the promotion of fisheries in the block. A minimum credit was provided to the non-coastal blocks Melpuram, Thuckalay and Thovalai for the promotion of inland fisheries. As far as the loan provided to this sector is concerned, no positive effect is found in the fish production in the district.

**7.4.3 Findings related to credit plan and industrial development**

Due to the abundant availability of rubber and cashew resources, Melpuram block received a maximum credit of Rs. 9.478 crore for the promotion of small scale industries. Killiyoor block received a minimum credit of Rs. 2.049 crore for the same purpose. The funds allocated to the small-scale industries promoted the number of such industries from 52 units in 1981 to 1203 units in 2000.

There was an overall fluctuation in the allocation of credit for the promotion of village industries in the district. The maximum amount of Rs. 1.48 crore and the minimum amount of Rs. 24000 were allocated for the development of village industries in the district in 1999-2000 and 1991-92 respectively. The subsidy provided to the capital investment to the set up industrial units in Thovalai block resulted in sanctioning the maximum amount of Rs. 3.280 crore for this block. Kurunthencode block got the minimum credit of Rs. 62.07 lakh for such purpose, which covers 5.72 percent of the total loan sanctioned for industrial sector during the study period. The number of village industries is
declined from 2208 units in 1981 to 469 units in 2000 even after the loan amount of Rs. 10.844 crore is provided for the district.

There was an imbalanced allocation of block-wise credit to handloom sector in the district. This has turned this sector into sick sector. Further, there was no allocation of loan for the development of tiny industries in the district upto 1992. Munchirai and Thovalai blocks got the maximum amount of fund for rural artisans. The loans provided to village (1.37 percent) and tiny (6.36 percent) industries were highly insignificant as compared to the miscellaneous and small industries in the district. Even after the allocation of Rs. 96.157 crore for the development of industries in the district under the credit plan, the district is still industrially backward.

7.4.4 Findings related to credit plan and service sector development

Munchirai block has inadequate bus services to the small villages in the interior part of this block. This leads to get the maximum credit of Rs. 7.632 crore for the development of transport services. Thiruvattar block got the minimum loan of three crore for such purpose. Agasteeswaram block got the maximum loan amount of Rs. 9.359 crore for the development of trade and small business.

The existence of chappal manufacturing, oil mills and food processing business in Munchirai helped the block to get the maximum credit of Rs. 2.666 crore for the promotion of professional and self employment. Moreover an
increasing trend was found in the fund allocation for education and housing development after 1999-91 onwards.

There was an imbalanced allocation of credit found in both sector wise and region wise in the district under the credit plan of 20 years. Out of nine blocks, Agasteeswaram block got the maximum credit for the promotion of allied activities (Rs. 16.545 crore) and service sector (Rs. 19.46 crore) whereas Thovalai and Thiruvattar blocks got the maximum loan for the promotion of industrial (Rs. 15.70 crore) and agricultural sectors (Rs. 93.182 crore) respectively.

7.4.5 Findings related to the formulation of credit plan

The credit plans are formulated on the basis of the data given in the village profile, which are not fully reliable and adequate. So the plan formulation cannot be free from faults that affect the realistic plan formulation. Further most of the branch managers posted in rural areas do not have experience and expertise in economic survey and strategy. They cannot be developed in a short span of time too. This makes the whole credit planning process less effective.

The lack of interest and enthusiasm on the part of the branch managers in updating the existing inadequate and unreliable data has an adverse effect on future plan formulations. In addition, the geographic and demographic situations of Kanyakumari district are full of heterogeneity. This is a big obstacle to plan formulation at the level of operation.
The undue delay in sanctioning and disbursement of loans affects the purpose for which the loan is availed and it leads to the problems of poor recovery of loans and misuse of credit. Further, inadequate discretionary powers of the branch managers to sanction loan amount affect the rate of progress of loaning. It dampens the enthusiasm of the bank managers and borrowers.

7.5 CONCLUSIONS

The contribution of financial institutions to the promotion of agriculture development as per the records of the credit plan documents is really encouraging. But, the empirical evidence relating to agriculture proves that huge amount of crop loan has produced negative impact on overall development of agriculture. The overall impact of credit in promoting the allied activities in Kanyakumari district is partially good and not uniform. Further, the credit plans impact on industrial development in Kanyakumari district is disappointing. Compared with the loans provided to agriculture the allotment of credit for the industrial development is insignificant. This resulted in the lopsided development in the industrial front in the district. Nevertheless, service is the only one sector which is benefited from the credit plan. Further the credit has failed to achieve one of its important objectives – regional developments of the district. Hence, the overall impact of credit plan of 20 years on the economic development in Kanyakumari district is not an impressive one.
Scope for Future Research

The following are the scope for future research.

1) A comparative study can be made on the performance of credit plans in two different districts.

2) Performance appraisals of evaluation of credit plans of two different Lead Banks of two different districts in Tamil Nadu can also be undertaken.

3) A study can be made on a comparative performance of districts from nearby states like Kerala, Andhra Pradesh and Karnataka.

4) A sector wise analysis of different Lead Banks in the state of Nadu may be undertaken.

7.6 Recommendations

An extension officer for service may be appointed at block level to look after the physical and financial needs of the service area through necessary coordination with village agencies including the banks at the block level. He should arrange the necessary inputs required for the successful implementation of the credit plan.

The strengthening of branches of banks with field and technical staff should be done in the area where there is a good potential for loaning. The staffing pattern in branches should be based on size of the area and the number of villagers there in.
The lending procedures of banks have to be made need based instead of security approach. The banks should also ensure that the system and procedures of sanctioning and disbursal of loans are flexible. Quick expedition of loan application is also essential to save time and energy. For this, credit camps should be organised with concerned authorities to complete formalities about the sanction and the disbursal of loans.

A separate wing should be opened at bank level in order to provide loan to the needy persons. Credit must be allocated to all the nine blocks on the basis of their potential for the development of particular sector. A wide difference exists in the procedures and formalities in providing loan among the banks and this should be eliminated to avoid confusion of the borrowers.

Loans for minor irrigation and land development may be provided to the marginal and the small farmers in the district with flexible conditions. Farm mechanisation loan may also be provided to the farmers, who own five acres of wetland and are ready to give equal amount of collateral security.

Crop loan with full insurance at minimum rate of interest may be provided to the needy marginal farmers without any margin after thorough verification of their records.

Medium term loan with minimum rate of interest like housing may be provided to start poultry hatcheries centre in the district. The district authorities may make marketing arrangement for selling and fixing the price of eggs in other districts of Tamil Nadu.
Traditional sector of fisheries using catamaram and vallam should be provided more medium term loan liberally than at present to increase the employment opportunities of the fisher folk in the district. The loan allocation should be switched over from agriculture sector to allied activities and industrial sectors, to promote higher level of employments and rural development in the district.

The Lead Bank of the district should make necessary arrangements to provide proper training to create self confidence in the literate unemployed youths to start industries. Subsidy should also be provided to the capital investment to set up industrial units any where in the district.

Since village and handicraft industries are the basis of the development of rural economy of the district, the state government should come forward to give tax holiday exemption for minimum period of five years for the development of such industries in the district. The researcher earnestly hopes that if the formulaters of the credit plans pay heed to these recommendations, the future credit plans will be more effective and successful. The fruits of the credit plan will certainly reach to the grassroot, bring economic development and enhance the standard of living of the people in the district.