CHAPTER V

SUMMARY OF FINDINGS AND CONCLUSIONS
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5.0. AGRICULTURAL CREDIT STRUCTURE IN INDIA

Agriculture occupies pride place in the underdeveloped countries of the world. One country should not improve one's standard of living and welfare of the people without agricultural development. It is found technocratic style of development in most of the countries. This strategy ensured a faster rate of growth. It has released problems of second and third generations connected with issue of equity. The existing imperfections in the factor markets and product markets of these countries coupled with large farmer biased policies of the government and those have tended to accentuate regional and social inequalities.

India is undergoing a process of transformation under planning and is confronted with many issues. The new agricultural strategy farming in India requires large volumes of credit. If there is a fall in credit, it leads undevelopment of agriculture and rural development. If the farmers are supplied agricultural credit by the non-institutional agencies, it will cause various vicious problems. So adequate supply of institutional credit is needed in India. It is noticed a slow and steady increase in the share of institutional credit under the regime of planning in India. Anyhow, the percentage of institutional credit in India has
been raised gradually year by year. This is a right step on the part of the welfare of the poor Indian farmers.

Institutional credit has been increased both its number of agencies supplying and its quantity of amount. Supplying number of agencies is generally called multi-agency credit delivery system. Inspite of institutional credit expansion, the role of non-institutional agencies such as money-lenders, landlords and traders still not reduced to the desired extent in agricultural credit supply. Another important obstacle is of mounting overdues. It is difficult for recycling of institutional credit, if one cannot overcome the said obstacle. The Government of India and the state governments concerned have taken many steps and new banking policies to reduce regional imbalances in credit supply. Special agencies has also been established for weaker sections. Special provisions, considerations are also taken in the name of priority sectors and special schematic lending policies drawn exclusively for target groups to ensure growth with justice.

5.1. AGRICULTURAL CREDIT DELIVERY SYSTEM IN KURNOOL DISTRICT

Agriculture is the main stay and occupation of the people and it constitutes key sector of the economy in the district as in the case of State and the country.
The density of population in Kurnool district is 168 persons per Sq.Km, whereas States density of population is 242 persons per sq.km. Eighty per cent of the total population is living in rural areas. Seventy per cent of the working population is depending on agriculture. The distribution of land is highly skewed. The average annual rainfall of the district is about 620 mm. The main source of irrigation is ground water exploited through the wells, the K.C.Canal, the Hundri, the Kunderu, the Krishna river and its tributaries. The Thungabhadra river low level canal and the high level canal are the other sources of irrigation. Groundnut, jowar, tobacco, cotton, sunflower, paddy are the important crops grown in the district. The famous Nallamala forest also lies in this district. The progress of farm mechanisation in the district is very slow. There are four industrial estates in the district are at Adoni, Kurnool, Nandyal and Dhone. Like the agricultural economy of the country the district agricultural credit market is characterised by dualism. The chief source of institutional credit are co-operatives, commercial banks and Regional Rural Banks, whereas money-lenders, traders etc., are the source of non-institutional credit. Besides these agencies the specialised agencies like Small Farmers Development Agency, Harizan and Girijan Development Corporations, Scheduled Tribe Financing Corporation, and Andhra Pradesh Minority Corporations are
functioning in the district to serve the weaker sections of the district.

Inspite of the functioning of the said institutional agencies in the district, the measure of providing institutional credit is inadequate in all respects. Overdue is the common obstacle of the institutional agencies located in the district. The percentage of the overdue is very high. There is a considerable gap in the share allotment between the small farmers and the other sections of people. Most of the primary credit societies in the district are very weak in their performances due to their own problems.

5.2. STRUCTURE AND PERFORMANCE OF SAMPLE SOCIETIES

Regarding the capital structure of the sample societies, it is find weak capital structure. The owned funds and deposits of these societies constitutes below 10 per cent of the working capital and even below 1 per cent for the years 1994-95 and 1995-96. This is very poor and pathetic capital structure position. The working capital of the sample societies highly depends on borrowing funds from the Central Bank i.e., higher financial agency, that provides more than 75 per cent of working capital to the said societies.
It is observed that there is insufficient deposits in the sample societies except Gundupapala society. All sample societies do not have owned funds because of unpaid debts. The contribution of the State Government is meagre. The composition in membership of societies shows diversified picture among the sample wings. The number of borrowing members is increasing. From the observations of the field study, it can be inferred that the membership of small and marginal farmers are greater when compared to other group of farmers. All these societies have own office rooms and godowns with the capacity of 250 MT, trained permanent Paid Secretaries and also one clerk. Gundupapala society has the largest staff members when compared to other societies. It undertakes the multiple activities of the societies concerned i.e., credit agricultural tools, fertilisers, pests, and distribution of essentials, seeds, processing unit and marketing the seeds. This society has more deposits comparing with other societies and this society is also issuing gold loans.

The selected six sample societies in Kurnool District are undertaking both the credit and non-credit business. But no other society in non-credit business is so good as Gundupapala society. It stood first place in non-credit business. Though the other societies are undertaking
non-credit business, there is unsatisfactory results in their performance. After a deep enquiry, it is come to a light that there are several problems in undertaking the non-credit business by all these sample societies except Gundupapala society. One of the major problems faced by the sample societies is overdue. Defaulters are responsible for overdue. The defaulter will effect the societies business adversely. Non-repayment of credit is based on various reasons like famines, production and price fluctuations, borrowers irresponsibility to repay the loans and spending much percentage of borrowed amount on other than productive purpose. One can examine the six sample societies, the Presidents overall societies belongs to socially dominant and economically powerful communities. Though all sections of people constitutes large in membership of the societies, the leader is not elected among their status group. It means the management of the societies is under the control of influenced and dominated persons. So they are in such a tendency to collude rather than co-operate to serve the cause of the community.

5.3. POLICY IMPLICATIONS

After a deep study, one can conclude that the involvement of those persons who are truely in need of credit, in the management of the co-operative societies is needed
for the smooth and effective functioning of the societies which provides justice to all the society members. The single window approach is superior to the previous two-tier credit structure i.e., short-term, long-term credit institutions. Eventhough there is much scope to undertake both the credit and the non-credit business such as supply of agricultural inputs, seeds, fertilisers, pests, processing and marketing functions, the societies are reluctant to undertake the non-credit business due to so many problems. It is needed to solve the problems faced by the society in connection with non-credit business so that the society may achieve their objectives.

The improvement of both the capital structure and the recovery performance is needed. Specific follow up recovery programmes have to be undertaken. Co-operative s must design, tailor-made and democratic in their functions and performances in all aspects to the needs of village people. There is large scope to expand and to develop the society with planned target oriented, integrated efforts by the President, Paid Secretary and its members to the needs of village. Business development programme suggested by Khusro Committee yields good results in Tamil Nadu State and such programme may be implemented in the selected societies under the study area of Kurnool district.