Chapter – VI
A study of the potentials of the available resource and approaches for realisation has been carried out with a view to assess the potential of credit expansion and approaches to be adopted for expansion of credit. The expected result from credit expansion has been analysed with help of data collected from our sample areas. Impact of Credit over production, productivity and technological change has been examined in this study.

In his studies in 1966 and 1967 S.R. Sen observed that during first 24 years of Century both population and food production were low at a linear annual rate of 0.3 per cent. The next 24 years contrary to positive population growth rate food grains production recorded a negative growth of 0.02 per cent. The National Commission on agriculture (1976) Commented that during a period of 16 years (: 1931-47) production and productivity of both food grains and non-food crops exhibited a declining trend. Sri Alok Ghosh in his studies in 1969 wrote that during the British rule in spite of growing pressure of population on land there was no appreciable shift from extensive to intensive cultivation. The ‘grow more food’ (GMF) campaign launched in 1942 marked the sustained national endeavour at increasing production and productivity in agriculture. In 1951 the deficit of cotton and jute stock were 37% and 85% respectively. Food stock had to be imported yearly about 7 to 8 million tones. The basic emphasis was therefore to increase the production and productivity to meet the domestic requirements of food and supply of raw materials to cotton and jute industry. The GMF campaign was reoriented on the basis of the recommendation of V.T. Krishnamachari Committee – 1952, and much reliance was imposed on the method of intensive cultivation. The Community development programme launched in 1952 was assigned a significant roles in developing rural community. Accordingly agriculture
including irrigation and power was accorded highest priority. A land reforms policy was also adopted aiming at abolishing intermediaries, eliminating exploitation and extending security to farmers. But the increase in production above did not suffice to meet the needs of the galloping growth of population. As such it was contingent upon the initiative to adopt some other measure of intensive use of technology. In sixties some Package programmes of improved agricultural practice based on latest research findings namely IADP and IAAP were launched. The country put all its administrative and technological resource to the adaption and spread of HYV seeds. The strategy yielded spectacular result called ‘green revolution.’ There was a tremendous progress in the coverage area of HYV of food grains by 1995-96 that makes India self reliant in food production. The resultant factors of increased production and productivity are analysed.

Table 23: Coverage under HYV Seeds (Area in Million hectare)

<table>
<thead>
<tr>
<th>Crops</th>
<th>1966-67</th>
<th>70-71</th>
<th>80-81</th>
<th>90-91</th>
<th>95-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy</td>
<td>0.89</td>
<td>5.59</td>
<td>18.23</td>
<td>27.39</td>
<td>31.08</td>
</tr>
<tr>
<td>Wheat</td>
<td>0.54</td>
<td>6.48</td>
<td>16.10</td>
<td>20.97</td>
<td>23.39</td>
</tr>
<tr>
<td>Jowar</td>
<td>0.16</td>
<td>0.80</td>
<td>3.50</td>
<td>7.06</td>
<td>7.49</td>
</tr>
<tr>
<td>Bajra</td>
<td>0.06</td>
<td>2.05</td>
<td>3.64</td>
<td>5.70</td>
<td>5.44</td>
</tr>
<tr>
<td>Maize</td>
<td>0.21</td>
<td>0.46</td>
<td>1.60</td>
<td>2.61</td>
<td>3.53</td>
</tr>
<tr>
<td>Total</td>
<td>1.89</td>
<td>15.38</td>
<td>43.08</td>
<td>63.73</td>
<td>70.93</td>
</tr>
</tbody>
</table>

(Figures in bracket show % of total cropped area)
Source : Statistics published by Govt. of India.

In the context of Agroclimatic condition of the country irrigation can make a big difference to productivity by permitting the land to be multi-cropped. It also enables higher value crops on the one hand and helps in increasing average yield and by enlarging the scope for and efficiency of fertilizer and pesticides. Over the past fifty years of planning around Rs.50,000 crores have been invested by public sector alone in different irrigation projects and in fact the irrigated areas have increased to four times from 22 million hectare in 1951 to 80 million in 1995-96. Nearly 40% of food cropped area at present is being covered under different irrigation schemes. The spread of green revolution technology increased installation of STW from a thousand
in 1947 to 60 Lakhs in 1997 with a coverage of half of the net area irrigated in spite of revealed danger of ground water.

The development of irrigation facilities and use of HYV seeds have substantially raised the potential of chemical fertilizer use. As a result demand for funds has greatly increased. Institutions were asked to supply an increasing amount of credit to farmers to meet this increasing demand and also to encourage them in further investment in agriculture.

Table 24: Use of Chemical Fertilizers

<table>
<thead>
<tr>
<th>Fertilizer</th>
<th>50-51</th>
<th>60-61</th>
<th>70-71</th>
<th>80-81</th>
<th>90-91</th>
<th>95-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen</td>
<td>0.55</td>
<td>2.10</td>
<td>14.87</td>
<td>36.78</td>
<td>79.97</td>
<td>98.23</td>
</tr>
<tr>
<td>Phosphetic</td>
<td>0.08</td>
<td>0.53</td>
<td>4.62</td>
<td>12.14</td>
<td>32.21</td>
<td>28.47</td>
</tr>
<tr>
<td>Pottasic</td>
<td>0.06</td>
<td>0.29</td>
<td>2.28</td>
<td>6.24</td>
<td>13.28</td>
<td>11.56</td>
</tr>
<tr>
<td>Total</td>
<td>0.69</td>
<td>2.92</td>
<td>21.77</td>
<td>55.16</td>
<td>125.46</td>
<td>138.76</td>
</tr>
</tbody>
</table>

| Per hectare consumption | 1.38 | 1.90 | 13.13 | 31.83 | 67.49 | 74.81 |

Source: Govt. of India Statistics

It may be noted from table 24 that the use of chemical fertilizer has increased 1.38 Kg. per hectare in 1950-51 to 74.81 Kg. per hectare in 1995-96.

Table 25: All India Compound growth rate of area, production and yield of food grains, non food grains and all crops.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>Food grains</td>
<td>1.35</td>
<td>2.82</td>
<td>1.36</td>
</tr>
<tr>
<td>Non-food grains</td>
<td>2.44</td>
<td>3.74</td>
<td>0.89</td>
</tr>
<tr>
<td>All crops</td>
<td>1.58</td>
<td>3.15</td>
<td>1.21</td>
</tr>
</tbody>
</table>

Base (T.E. 81-82) per cent/ per annum
A = Growth rates of Area
P = Growth rates of Production
Y = Growth rate of Yield.

Source: Statistics, Govt. of India.

Production of food grain has increased several times during the five decades. The full manifestation of green revolution technologies resulted steeper growth in productivity and production of all major crops. The total production of food grain was
50.82 million tones in 50-51 but it was increased to 199.08 million tones in 1996-97. Nevertheless per capita availability of foodgrain shows a little improvement from 394.9 gm. to 575gm. a day owing to immense population growth. However the country has emerged from a chronically deficit stage to a stage self-reliance.

Rural planning warrants adequate inputs including technical and economic knowledge. As it basically contemplates to implement successfully different rural programmes and to raise the productivity of rural schemes so as to optimise the benefits derived from expenditures on various rural development projects. This compelled us to improve productivity in different economic activities of rural sectors. For enhancing productivity of rural industry at unit level better methods of production, improved appliances and new designs should be introduced. Better management and efficient use of raw materials as well as avoidance of wastage during manufacturing, handling and storing will go a long way in improving the productivity of rural industries resulting in reduction of cost per unit that will enable those products to compete in Indian as well as foreign markets.

Any development either in technology or in human resources requires additional capital. It is imperative at this stage of our economic development to allocate more capital to create technical conditions to provide strategic inputs and to build up an adequate infrastructure for mechanising agricultural sector. Better communication system, power supply, irrigation, fertilizer, pesticides, weedicides, HYV seeds, storage and marketing will ensure higher productivity. As such Modernisation of agriculture requires a good deal of industrial inputs. Development of rural infrastructure like flood control, soil conservation, feeder roads, vocational education and research programmes require huge investment. There is no escape from such investment if rural economy is to be transformed from traditional subsistence economy with low productivity to modern commercial economy with high productivity.

Mechanisation of rural sectors is to be planned as an integral part of the industrialisation plan of the country. Productivity of agriculture can be considerably
increased by applying better technology and other improved inputs. As such industrial growth and rural productivity are inter-dependent. Institutional development is required for extension finance and skill training in adopting changes with enhanced productivity. Model extension-cum-Production centres should impart training to rural youths under the supervision of master craftsman so that farmers of tomorrow also become a good entrepreneur.

Notwithstanding the technical and economic factors playing vital role in maximising productivity, it is human factor which ultimately has to make every possible effort to raise productivity. Therefore, it is essential to make farmers, craftsman, managers and every man and woman aware of advantage of enhance productivity which can be adopted through training and learning modern and advanced techniques. Existing economic conditions should ensure minimization of cost gap between research and appliance at unit level. Innovations that are demonstrably profitable are readily accepted by farmers and artisans as happened in case of HYV seeds.

In an article (1997) Jayanta Kr. Malik however mentions that production of non-food grains nevertheless recorded an impressive growth rate of 5.34 per cent. The net sown area of food grains declined by 0.65% during 90-91 to 95-96 stagnating at 123 million hectares. Increase in food grain production is mainly from increased productivity. The technological change described by D. Byerly in 1992 was an input efficiency phase. The farmers move towards increased technical efficiency by using available inputs more efficiently which has contributed the sustainability in our agricultural sector. Over and above Dr. M.S. Swaminathan opines that 'we are now in a position to launch an ever green revolution which can ensure better yield, income and livelihood per unit of land. If we can bring about a paradigm shift in our agricultural research and development strategies adapting a change from crop centred approach to a system based approach through technological development and dissemination'.
The degree of success of a society depends largely upon the advancement of science and technology. What characterises tribal society from modern one is basically the difference in their level of science and technology. The problem of rural reconstruction is the access of rural society to the fruits and forays made in science and technology.

The objective of rural technological development according to ESCAP is to

a) draw the entire rural labour force into the economic activity.

b) Realise the creative energies of rural people

c) Check the drift of rural population to cities.

d) Enhance participation of women and youth, in production process.

e) Integrate development and environment.

f) Ensure all round deployment of the abundant human resource.

Diversification at the farm level is the most effective means for eliminating the under employment in agriculture. While it also helps in increasing the per capita product. Since increasing population can not be sustained by agriculture alone, some alternative sources of livelihood need to be searched. In order to reduce the burden on the agriculture and to increase the productivity, emphasis is to be given on the development of organisation of the non-farm activities of ISB sectors in such a way so that they help in generating livelihood as well as creating surplus for the society.

Of the ISB sector, village and cottage industries are primarily described into two groups i.e. – (1) traditional and (2) Modern sectors. Traditional sectors are subdivided into some groups.

a) Khadi

b) Village artisans

c) Handlooms

d) Sericulture

e) Handicrafts

f) Coir.
The traditional industries are mostly carried out as household or cottage activities. However, modern industries can be grouped on the basis of resource utilisation:

a) Mineral bases
b) Forest based
c) Agro food based
d) Polymer and Chemical based
e) Engineering and non-conventional energy
f) Textiles
g) Other service industries

These are within the preview of the development activities like KVIC, KVIB, Handloom and Handicraft Board, Central Silk Board and Coir Board.

**Indian Artisan and Technology:**

The impact of modernisation has by and large failed to percolate down to the unorganised sector of rural artisans. A majority of these artisans have continued to persist with traditional tools and practices. The products failed to compete with machine made counterparts. And over the ages their financial status is declining for which they are discarding their profession in large numbers. That caused a serious imbalance on rural socio-economic structure, and a big social groups seeking new avenues of employment on agriculture.

Again, Research and Development (R & D) have failed to filter down to the level of artisans to involve them as a component in newer linkages emerged replacing age-old one that pervaded themselves. It was the artisans who once would provide the agricultural implements and household consumer goods. Their techniques emanating from indigenous skills were duly accepted by the rural masses with confidence. On the basis of experience and realisation of the needs of users, the artisans would make required modification. Since artisans are not given due place in the society as they are treated to be backward classes such mobility is gradually eroded. Their skills evolved over thousands of years are getting dissipated and blunted. Their progeny are neither willing nor able to carry on the family traditions that are on the verge of extinction.
A positive trend however emerging to show signals of escaping the cocoon of tradition by offering innovative solutions with the help of agricultural community. Indian rural artisans have a good technical knowledge base to fulfil the needs of the people. Many more innovative products are being developed according to the needs and demands of the users. Scientists and technologist should also come forward to render assistance to local artisans in developing sophisticated and efficient low cost tools in producing need-based products for farmers and rural community. A close linkage of R&D with rural artisans is to be developed to ensure transfer of technology. Such an endeavour necessarily increases linkage among the various sectors of rural masses and in generating employment in the villages.

In a rather fundamental sense agricultural progress is a prerequisite for Non Farm Sector (NFS) development. An important precondition for NFS development is the achievement of rate of increase in agricultural productivity, which exceeds the concurrent rate of increase in the demand for food. The output or productive capacity of the two sectors must bear a constant relationship to each other as determined by the propensity to consume. If the propensity to consume, savings as well as investment is planned to grow the NFS production at a accelerated rate, then NFS output must be devoted to expand the productive capacity of agricultural sector. Growth of Industry service and Business (ISB) sectors increases the demand for wage goods of which food is the most important item. Increased demand of food will break down the stagnant agricultural demand and stimulate production of Cash Crops more efficiently.
which alternately helps in development of agro-based ISB sector, such process creates
an entrepreneurial class, Capital formation and technological upliftment. As such
agriculture and ISB sector have much to contribute for promotion of each other.

Therefore, investment syndrome need to be enthused for developing
programmes that could create more and more subsidiary occupation for rural people.
With small implements many cottage industries and services sectors can come up with
assistance of organised efforts for marketing, credit supply, research and development
and other services, that would ensure tremendous employment opportunities in our
country side. The face of rural India will undergo perceptible change and the large
masses will feel the glow of real economic freedom. The allocation of investment on
the basis of return on various marginal investment projects may have a combined
effect on the national income that may exceed the sum of the parts. Indeed no
developing country can afford to concentrate all of its investment either on agriculture
and allied activities or on ISB sectors. The process of reinforcing the two sectors
assumes relevance for the reason that both are complementary The marketable
surplus in agricultural sector is a function of the terms of trade between the two
sectors. The efficiency of using terms of trade devices from our ability to channelise
its effect on the marketed surplus.

Credit Management:

Continuous personnel monitoring and evaluation right from policy, procedure,
extension services and proper deployment of staff is the process of credit management
that necessarily ensure end use and recovery.

Credit Management Cycle

Objectives of Credit

Direction of credit

Review of credit

Information of credit

Action for credit

Decision about credit

Analysis of credit

Information about credit
For optimal use of local resources and entrepreneurial talents financial support alone is not adequate to boost up ISB sectors. For this, programme for motivational training, market information, infrastructure and over and above consultancy and extension services are to be arranged for.

**Role of Extension in Rural Development:**

Present agricultural development is not product specific but operates within a specific socio-economic system and inter-sectoral dependancy. Consequently it is essential to convince the tremendous impact of the technology to the entire farming community on achievement of the desired goals of the development. It necessarily means the use of modern inputs at micro level to improve productivity and acquiring desired economic benefit from it. The primary task is to identify the various known inputs and make them popular through selective measures, over ruling the shortcomings responsible for slow progress.

The extension process is concerned with communicating the scientific technology to the farmers in order to transfer traditional level for betterment of their economic condition. Extension means stretching out the knowledge to farmers for adoption of the new technology and improved practice in various sub-sectors like crop production, livestock rearing, fodder production, sericulture, horticulture etc. Accordingly rural extension deals with several economic and social aspects of:

(i) farm production,
(ii) marketing, distribution and utilization,
(iii) conservation, development and use of resources,
(iv) farm management and
(v) leadership for community development.

The objectives of extension programme depends upon socio-economic conditions of the people in the area and needs to transmit the latest development to suit their requirements are:
(i) to assist people to identify the problems of felt or unfelt needs.
(ii) to develop leadership among various sections of rural community.
(iii) to transmit information, based on research and applied experience with a view to bring about larger farm community under modern technology and
(iv) to keep research workers constantly informed about the problems at field level to offer solution based on further research.

Precisely extension is a continuous process of transmitting knowledge to a section of community for field application and a feedback process to known the problems arising therefrom for further improvement of technology and consequently the results derived from it. Naturally certain techniques and tools are required to teach the people as to how to help themselves and to ensure that extension agencies act as a catalysts or change agents. While trying to conceive a new concept one should consider how this would be adapted to reap the maximum benefits. The adoption through behavioural change may be followed by

(i) Change in knowledge in creating awareness of the facts.
(ii) Change in attitude is possible through motivation, effects of change in age groups, financial and social status, personal and natural crisis on the groups he belongs, as most rural people confers to the attitude of the members of the groups they belong to based on social or economic structure of the society.
(iii) Change in skill through mental and manual adaption to the desired level.

Some of the essential steps of planning for adaption process are:

i) **Attention**: People should get direct attention of extension machineries.
ii) **Interest**: To sustain interest, one idea at a time is to be introduced.
iii) **Desire**: The Community adopts new technology only on urge to satisfy specific needs.
iv) **Conviction**: They should acquire confidence by doing themselves on creating ability within.
v) **Action**: The conviction of the community is generally converted to action process.
vi) **Satisfaction**: The final product is the satisfaction that results in adoption of the new technology.
Rural Society has direct impact on designing extension system. Since extension aims at developing the society as a whole, the analysis of various groups and sociological aspects which bring the desired change in adapting new technological change is necessary. The leadership, which induces technology transfer is an important factor. Informal leaders create interest within members of their own groups for acceptance of specific activity in the rural society. Consistency of those leaders in favour of rural extension system plays an important role in changing attitude. Within the socio-economic structure prevailing in the rural setting, extension agents should adhere to follow up the points for effective results.

i) Never to antagonize influential people in the social groups in the rural setting rather to win their confidence

ii) To percolate the idea not to dictate it

iii) To create attitude and generate personal conviction

iv) To develop personal relationship as familiarity helps to gather the idea of reality of the rural poor.

Techniques must be developed that are sensitive to national needs, constraints and opportunities so as to yet optimum result.

**Impact of Caste, Literacy and Sex over Credit utilization in rural areas:**

In order to sustain and accelerate the pace of technology in rural economy the availability of adequate credit and its use in right direction are of paramount importance. It is estimated that direct demand for agricultural credit was Rs.53316 crores in 1994-95 that has further increased to Rs.110883 crores in 2000 A.D. Several studies have so far been made on utilization and diversification of credit. But certain personal factors also affect the credit delivery. An attempt has been made here to study the impact of Literacy, Caste and sex over credit deployment. Accordingly a set of questionnaire has been constructed and administered on some sample respondent borrowers.

Primary survey from the questionnaire from a sample size of 200 borrowers taken from 8 villages of 4 Gram Panchayets of Aushgram-I and II Blocks reveals the
following trends. Respondents comprise three groups e.g. literate illiterate and Artisans

**Table 26 : Literacy and degree credit utilization (in %)**

<table>
<thead>
<tr>
<th>Literacy/Purpose</th>
<th>Full</th>
<th>Part</th>
<th>Nil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literate</td>
<td>34</td>
<td>44</td>
<td>22</td>
</tr>
<tr>
<td>Illiterate</td>
<td>19</td>
<td>52</td>
<td>29</td>
</tr>
<tr>
<td>Artisans</td>
<td>48</td>
<td>31</td>
<td>21</td>
</tr>
</tbody>
</table>

(Sources : Primary Survey)

**Table 27 : Literacy and Sectoral Credit Utilization (%)**

<table>
<thead>
<tr>
<th>Literacy</th>
<th>STFL</th>
<th>MTFL</th>
<th>AAG</th>
<th>ISB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literate</td>
<td>42</td>
<td>28</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Illiterate</td>
<td>12</td>
<td>08</td>
<td>43</td>
<td>37</td>
</tr>
<tr>
<td>Artisans</td>
<td>06</td>
<td>17</td>
<td>17</td>
<td>60</td>
</tr>
</tbody>
</table>

(Sources : Primary Survey)

The literacy has been defined in academic knowledge and hereditary vocational knowledge. It is observed that the degree of Credit utilization of the artisans are more than literates and illiterates categories of respondents. Again sectoral utilization shows that the literates are more conversant in Farm sectors in rural areas, whereas the illiterates are at ease in Allied agricultural sector in credit utilization. And naturally the artisans are affluent in ISB sectors. However, a little bit of vocational training would ensure better utilisation.

**Table 28 : Caste and degree of Credit utilization (%)**

<table>
<thead>
<tr>
<th>Caste/Purpose</th>
<th>Full</th>
<th>Part</th>
<th>Nil</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>28</td>
<td>24</td>
<td>48</td>
</tr>
<tr>
<td>ST</td>
<td>36</td>
<td>27</td>
<td>37</td>
</tr>
<tr>
<td>MC</td>
<td>47</td>
<td>36</td>
<td>17</td>
</tr>
<tr>
<td>Gen</td>
<td>42</td>
<td>33</td>
<td>25</td>
</tr>
</tbody>
</table>

(Sources : Primary Survey)
Table 29: Caste and Sectoral Utilization (in %)

<table>
<thead>
<tr>
<th>Caste/Purpose</th>
<th>STFL</th>
<th>MTFL</th>
<th>AAG</th>
<th>ISB</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>17</td>
<td>12</td>
<td>52</td>
<td>19</td>
</tr>
<tr>
<td>ST</td>
<td>29</td>
<td>04</td>
<td>49</td>
<td>18</td>
</tr>
<tr>
<td>MC</td>
<td>14</td>
<td>24</td>
<td>09</td>
<td>53</td>
</tr>
<tr>
<td>Gen</td>
<td>42</td>
<td>26</td>
<td>05</td>
<td>27</td>
</tr>
</tbody>
</table>

(Sources: Primary Survey)

Again while studying the credit utilization in accordance with caste classification it is found that degree of credit utilization of minority community and general upper castes are higher than the of SC/ST. Moreover the sectoral utilization shows that SC/ST community feels easy in allied agril activity. The minority community feel at ease in service and business sector and the upper castes in farm sector. Since the SC/ST communities are mostly agril labour they feel easy with animal husbandry besides their primary occupations. The MC are habituated with trading and processing of agricultural products.

Table 30: Sex and Credit utilization (in %)

<table>
<thead>
<tr>
<th>Sex/Purpose</th>
<th>Full</th>
<th>Part</th>
<th>Nil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>37</td>
<td>36</td>
<td>27</td>
</tr>
<tr>
<td>Female</td>
<td>54</td>
<td>28</td>
<td>18</td>
</tr>
<tr>
<td>Joint</td>
<td>47</td>
<td>31</td>
<td>22</td>
</tr>
</tbody>
</table>

(Source: Primary Survey)

Table 31: Sex and Sectoral Utilization (in %)

<table>
<thead>
<tr>
<th>Sex/Purpose</th>
<th>STFL</th>
<th>MTFL</th>
<th>AAG</th>
<th>ISB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>32</td>
<td>21</td>
<td>12</td>
<td>35</td>
</tr>
<tr>
<td>Female</td>
<td>04</td>
<td>02</td>
<td>54</td>
<td>40</td>
</tr>
<tr>
<td>Joint</td>
<td>02</td>
<td>09</td>
<td>42</td>
<td>47</td>
</tr>
</tbody>
</table>

(Sources: Primary Survey)

Credit utilization in terms with sex composition exhibits that the rate of credit utilization of females are better even if Jointly with male because of their realisation of basic needs. Again the females are at ease in animal husbandry and food processing units.
It is observed in the study that a bulk of the credit is diversified otherwise for
not being productively utilized. The nature of such diversification has also been
studies as follows.

**Table 32 : Literacy and nature of Credit diversification (in %)**

<table>
<thead>
<tr>
<th>Literacy / purpose</th>
<th>Basic needs</th>
<th>Ceremonial</th>
<th>Repairing of House</th>
<th>Debt service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literate</td>
<td>17</td>
<td>51</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Illiterate</td>
<td>36</td>
<td>44</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Artisans</td>
<td>18</td>
<td>15</td>
<td>14</td>
<td>53</td>
</tr>
</tbody>
</table>

(Source: Primary Survey)

**Table 33 : Caste and nature of credit diversification (in %)**

<table>
<thead>
<tr>
<th>Caste /Purpose</th>
<th>Basic needs</th>
<th>Ceremonial</th>
<th>Repairing of House</th>
<th>Debt service</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>38</td>
<td>38</td>
<td>08</td>
<td>16</td>
</tr>
<tr>
<td>ST</td>
<td>34</td>
<td>41</td>
<td>16</td>
<td>09</td>
</tr>
<tr>
<td>MC</td>
<td>14</td>
<td>32</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>Gen</td>
<td>21</td>
<td>62</td>
<td>04</td>
<td>17</td>
</tr>
</tbody>
</table>

(Source: Primary Survey)

**Table 34 : Sex Composition and nature of Credit diversification**

<table>
<thead>
<tr>
<th>Caste /Purpose</th>
<th>Basic needs</th>
<th>Ceremonial</th>
<th>Repairing of House</th>
<th>Debt service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>16</td>
<td>32</td>
<td>06</td>
<td>46</td>
</tr>
<tr>
<td>Female</td>
<td>26</td>
<td>42</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Joint</td>
<td>22</td>
<td>36</td>
<td>12</td>
<td>30</td>
</tr>
</tbody>
</table>

(Source: Primary Survey)

It reveals that the artisans and MC who are usually indebted for to the supplier
of their inputs and tools, have to repay their past dues first out the credit they receive
from formal financial institutions. The general caste females are prone to utilize the
credit for ceremonial purpose mostly for marriage of daughters.

Since the poor class cannot expend much for ceremonial purpose for
want of savings, as soon as they get the credit they afford to expend it for ceremonial
unproductive purpose leading them to a debt trap.
Realities and Prospects:

The realities still continue in rural India would be worthwhile to submit here. These are summarized in the following lines:

a) The structure and occupational pattern of rural folk persist on traditional line using locally available human and material resources.

b) Such occupations hardly provide them necessary income to keep the body and soul together burring anything for capital investment.

c) Consequently rural people are caught in vicious circle resulting in low productivity, low income and low consumption.

d) Rural entrepreneurs are primary producers. The benefit on the value added to the products accrues to the urban processors.

The conditions are further aggravated since local administrative setup confines itself basically on law and order resulting in economic stagnation. It is observed that those are the consequences of low capital formation and low productivity. Hence capital assumes prime role in escaping rural India out of such vicious circle. Availability of capital at a reasonable rate and in time revolves the method of production in leading higher productivity and production. But putting credit on productive use depends upon technology, market, infrastructure, information and economic compulsions as well as the attitude of the people.

1. The introduction of improved production technology limits itself to the irrigated area with favourable climatic conditions. Basic research is needed to open new technical horizon since availability of arable land is limited.

2. The risk associated with such technology threatens economic survival of small farmers who live close to subsistence level, since the ability to absorb the shock is extremely limited. Satisfactory risk insurance policy and proper marketing system would minimize such risk.
3. Low and unstable yield and lack of investment in processing units sustain the production system in adverse which further been reinforced by low farm prices. Government policy for improving terms and trade in favour of agriculture would have substantial impact on output employment and growth. The cheaper credit by no means be a substitute for depressed price.

4. Some social overheads like health care and education are determining factors for transfer of technology from lab and land. Banks have to plan their credit so that nothing left other than provision of infrastructural and extension services.

5. Local leadership who could be changed agents remain shy away in stead of confining their attention to development process. This is why the programmes like community development, panchayeti raj and co-operatives have failed to reach their goals.

Yet we are to remember that co-operatives have failed but co-operation must succeed so as to enable the cultivators to get loan from their own organizations and to help the revival of rural economy.

The crucial issues areas and strategies or methodology to be postulated for accelerating rural development are as such:

**Issues considered necessary:**

a) Increasing production and productivity both in agriculture and allied activities.

b) Income and resource appreciation of vulnerable sections of the society.

c) Skill formation and upgradation of the rural artisans and self-employed persons engaged in non-farm sector.

d) Facilitating adequate infrastructural support for marketing storage and transport services.

e) Over and above sufficient capital investment through banks and promoters in rural economy.
The areas where we can accelerate the space of technical change by promoting and financing are:

1. Research laboratories on block farms.
2. Extension of research technology to fields.
3. Extension service for supply of inputs.
4. Training programme for upgradation of skills.
5. Community service centre for weaker section.
6. Agro-Industrial Complex.
7. Informal source of energy.
8. Watershed projects.
9. Rural electrification and
10. Health care and educational services.

The strategies to be adopted for increasing production and productivity both in agriculture and allied activities are to be considered in such a way that:

1. It is necessary to extent the area of cultivation bringing more area under irrigation.
2. Electrification of rural area for energization of MI programmes is much necessary to make multiple cropping cost effective.
3. Supply of input package in time and at reasonable cost is required for adoption of improved methodology.
4. Crop varieties for oil seeds and pulses are to be motivated for need based production.
5. Pricing agricultural products is to be remunerative so that farmers may not be reluctant to adopt better technology for increasing production and productivity.
6. With remunerative prices agricultural income tax is to be imposed so that public exchequer is being contributed by big farmers without losing their stand. On the
other hand small and marginal farmers are able to improve their standard of living and to spare for capital investment intending technological change.

7. Proper extension services are to be ensured for allied activities of animal husbandry like poultry, diary, sericulture etc to make them viable and self-sustaining.

8. In the promotion of traditional cottage and household industries for handicraft products, it is necessary to arrange skill upgradation to innovate appropriate designs to meet market needs.

9. Ever changing technical knowledge and agricultural practices should be imparted to government and bank officials to built up well trained pool of technical staff for percolating research and development in the laboratories to the fields.

10. It would be appropriate to consider the development administration as entirely different from that of law and order or revenue departments.

To conclude, rural development will have to be considered as an integrated approach. Banks with provision of credit would not be instrument of development unless backed up with proper management. Banks can only complement the work of Government. It is the government who has to initiate the development process.