CHAPTER I

RESEARCH DESIGN
INTRODUCTION

Among the various infrastructure facilities that would influence the economic development of the rural sector in India, provision of irrigation facilities is also an important one. Availability of irrigation facilities may not be a sufficient condition for the development of village communities but is certainly an essential condition without which development will not take place.

Irrigation facilities in a rain dependent agricultural area provides a great stimuli for income generation and savings potential of the farmers. The Malaprabha irrigation project has opened up a flood gate of prosperity to the farmers in Navalgund and Naragund talukas of Dharwad district. The benefit of this project to farmers in these areas have created ample opportunities for creation of additional savings and the savings pattern of the farmers has also undergone a substantial change.

The performance of the agricultural sector has contributed a lot for the improvement of India's economy. Although 40% of the country's economy is dependent on agriculture, information
about the incomes generated in that sector, the banking habits and savings pattern of farmers is rather limited. The non-availability of said information may be due to the fact that the agricultural incomes fall outside the scope of direct taxation.

Further the agricultural sector represents the largest private sector enterprise in the country and much of the effort is essentially individual.

On the contrary 'Rural Banking in India' is a subject which is assuming an increasing importance and it is hoped that it will be a dominant topic of discussion during the decades to come. There has been growing literature in banking in India in recent years. However, there have been very few comprehensive and critical research works on applied issues like 'Banking habits and savings pattern of farmers in a particular area. The present research is an attempt to fill this gap.

MAIN MOTTO

The present study aims at assessing the impact of irrigation facility on the income, savings and change in the savings pattern of farmers in the Malaprabha River Irrigation areas. The main thrust of the study is to analyse and critically assess the role played by various unorganised and organised
banking and financial institutions in these areas. The research also relates to assessing the declining incidence of money-lenders and the emergence of new class of savers with the banks and other institutions in mobilising the savings of these farmers in Navalgund and Nargund talukas of Dharwad district of Karnataka State.

The agricultural sector generates substantially large incomes as well as expenditure for a wide range of goods and services. The extra-vagant expenses on many social functions in the rural areas proved to be hurdles in the way of savings and as per the general belief the average Indian farmer still favours to invest his savings in gold or ornaments. However this tendency is now changing and they are now preferring various other forms of investments for their savings.

Against this background the researcher has undertaken the study on 'Banking habits and savings pattern of farmers in the Malaprabha River Irrigation areas' and to throw the light on the probable savings of these farmers in the days to come.
OBJECTIVES OF THE STUDY

The Indian banking industry is now experiencing a phenomenal change since its nationalisation. It has contributed a lot in channelising the savings of the community to various productive sectors. Today, about 75% of the domestic savings comes from the household sector and approximately 45% of financial savings of the household sector are kept in the bank deposits. One of the main reasons which compelled the researcher to undertake the present is to know the expectations of the society from the banking system and in order to keep pace with the savings pattern of farmers, what other steps need be taken.

Therefore, the present study has the following objectives.

1. To draw an economic profile of the agricultural households, highlighting the cultivation pattern and cropping practices, savings and banking habits of the farmers in Malaprabha River Irrigation areas.

2. To estimate the magnitude of the aggregate savings of these farmers with a view to ascertain the future needs of such farmers so as to provide with the required assistance in this direction.
3. To ascertain the ways and means which banking industry can adopt to attract the savings of farmers.

4. To find out the motivating factors which affect the savings behaviour of the farmers.

5. To evaluate the effect on the income and savings of the farmers in the Malaprabha River Irrigation areas before and after providing them the irrigational facilities.

6. To undertake any other problems germane to the study and make recommendations.

STUDY COVERAGE

The area covered by the present study is Navalgund and Naragund talukas of Dharwad district of Karnataka State coming under the command areas of the Malaprabha River Irrigation Project. Taking into consideration the convenience from the point of contacting the farmers and the considerable effect on the banking habits and savings of farmers with the introduction of irrigation facilities, the area selected is confined to command area of the Malaprabha River Irrigation. In order to carryout an extensive survey of a particular region, the entire command area has not been covered by the study.
The period covered for the study is from 1982 to 1987. The farmers selected for the survey were those who have bank account in any type of bank in the area specified above.

SCOPE OF THE STUDY

As the coverage of the survey was confined to the farmers of the Navalgund and Naragund areas relating to whom the data were insufficient, the researcher intended to cover a few important aspects of their economic life being the banking habits and savings pattern through a sample survey. In the last two decades, the banking system has registered spectacular, indeed unparalleled growth. The study has relied solely on the survey approach, in the absence of ample published data on the agricultural sector. Two aspects i.e. Banking habits and savings patterns, have been given special importance as they are going to shape the destiny of the farmers in future keeping in mind the policies to be adopted by the banking institutions in order to generate more and more rural savings specially from the agricultural community. This would help the Banking authorities to cater the exact needs of their customers from such areas. The detailed and were founded information about farmers of a particular area is useful to appreciate the significance of the role which the banks have been playing all these years.
LIMITATIONS OF THE RESEARCH

As pointed out by Subrata Ghatak in "Rural Money Markets in India", "The dichotomy in the Indian money market has had certain effects. Firstly, it has led to restricted use of cheques. Secondly, to supplement the credit needs of the economy, especially of the rural sector, it has led to a variety of credit instruments. This again has minimised the use of bank credit. Thirdly, it has restricted the volume of monetary transactions and perpetuated non-monetised transactions. Fourthly, the presence of a rudimentary and unorganised sector has deprived the society of an array of financial assets with which savings could have been more effectively tapped and transformed into investment for the purpose of raising the rate of growth. Finally, the existence of the dichotomy has perpetuated some age-old customs, like holding of gold, which have prevented the use of available resources for productive investment", it is rather difficult to measure the exact nature of the unorganised money-market because of inadequacy of data.

While studying the banking habits and savings pattern of the farmers, the role played by the money-lenders, indigenous bankers should not be underestimated. But the limiting factor in this regard is the non-disclosure of their business. Hence,
the study cripples to incorporate the details of these institutions. In addition, the researcher encountered several difficulties in extracting the real information of savings and incomes of such farmers, who did not maintain their accounts in the Banks. However, the satisfactory attempts were made in incorporating the necessary information so as to depict the clear picture of the issue.

SOURCE OF INFORMATION AND STUDY APPROACH

In the absence of any published data on the farmers of the particular areas, the study has solely relied on the survey approach and it was confined to only two talukas i.e. Navalgund and Naragund talukas of Dharwad district of Karnataka State. The sample was restricted to 236 agricultural families of the selected talukas, since they are the important talukas coming under the command area of Malaprabha River Irrigation. Nevertheless, the sample chosen for the survey was widely distributed among as many as five villages of Navalgund taluka and nine villages of Naragund taluka, so as to render it fairly representative of the farmers in the command area of the said project.

Besides the survey, the discussions were also held with the Tahashildars, Block Development Officers, Bank Managers, Assistant Directors of Agriculture, local leaders and several
other prominent personalities in different fields to cross verify the information generated in the field survey and also to find out the remedial ways by which the banking habits and savings pattern of the farmers of these area can be motivated further. The present research is essentially an outcome of the elaborate survey and the fruitful discussions held with the several personnel mentioned above. Ultimately it has lead to make the research an objective revelation of facts rather than the subjective opinions of the researcher.

FRAMING UP OF THE INTERVIEW SCHEDULE

For the purpose of the survey, a suitable questionnaire was specially designed to elicit the requisite information from the farmers of Navalgund and Naragund areas. In framing the 'Interview Schedules' the practical hints given by the Bank Managers, Assistant Director of agriculture etc have been duly attended and recorded. Before finalising the 'Interview Schedules' and releasing them for the field survey, the researcher interviewed about twenty farmers in both the talukas and made important notes on the practical survey. The same notes were discussed with the Research Guide and his final touch to the Interview Schedule has rendered them to be more informative and elaborate.
The hesitation of farmers to disclose their full particulars of their income and savings has sometimes troubled the research and checked the speed of the survey. To avoid this hesitation, all sincere efforts were made and fullest possible information is extracted. In the meanwhile, to a certain extent the 'English' language of the 'Interview Schedule' was also found to be hurdle in the way of collecting the information from such of the farmer who could not follow it. Under such circumstances the schedules were translated in Kannada language so that the farmers respond the schedule only after understanding them properly. Not even a single respondent was kept in dark.

All throughout the research the interview held was quite unbiased one, since the researcher was firm in disclosing the real information whatsoever it may be.

DATA ANALYSIS AND STUDY OF SCHEDULES

The data collected from the field survey were analysed by developing several tables and presenting the same in bar-diagrams and pie-charts. The individual opinions of the several respondents have been interpreted from the point of practical realms and all those genuine suggestions were given with due importance. The statistical data presented in the study are
aimed to sketch a meaningful picture of the farmers savings and banking habits.

The findings of the present study will not only provide an opportunity to the Indian banking industry, to see its image in the rural area, but at the same time, it will provide a first hand information about the attitudes of farmers' banking habits and their potential savings. This further enlights in identifying the needs and expectations of the bank customers and devising appropriate schemes for moping up the surplus funds available with these farmers through appropriate and attractive means.

Theorically the authorities of the Banks might have formulated several policies in order to provide the necessary financial facilities to the farmers. However the same policies may not have suited to the requirements of them. Hence, it requires to study their practical difficulties and find the solutions. In this direction also, the present research stands useful, since the door-to-door survey of farmers is conducted. While carrying out this study the individual behaviour of the farmers is also reproduced at the appropriate places. The mentality of the farmers as far as the financial requirements are concerned, depends upon their individual problems and
prospects. Therefore, the researcher paid his firm attention towards the farmers attitudes and their responses under different circumstances.

CHAPTER SCHEME

The entire study has been divided into seven chapters. The following is the brief particulars of each chapter.

The first chapter presents the brief design of the research. It deals with the Research framework, study methodology, source of information and the like.

Economic features of Dharwad district in general and the agricultural economic of Navalgund and Naragund talukas in particular are sketched in the second chapter.

Third chapter reveals the impact of irrigation on agricultural income and cropping pattern adopted by the farmers in Navalgund and Naragund talukas.

Savings and savings pattern of the farmers in the talukas in the post irrigation period. The statistical information is furnished in the fourth chapter.
In chapter fifth, the role of banks in mobilising the savings of the farmers in the talukas is discussed with reference to several tables developed on the basis of 'Interview Schedules'. It is the important chapter of the present research.

The banking habits among farmers and the facilities provided by the Banks in the area in the recent period is studied in chapter sixth.

The last chapter is devoted to highlight the major findings of the study. Suggestions for further improvements are also enlisted here.