CHAPTER-6

Findings and Suggestions

1. Findings of the Study
2. Suggestions
Significance of banking sector and its contribution to economic development of any nation needs no emphasis. Banking sector in India has been growing considerably over the past century, especially during post-nationalisation era.

Among different banking institutions co-operatives began in 1904, with an enactment of the Co-operative Societies Act. For a considerable period its activities were confined to the field of agricultural credit. After the gap of 45 years, Banking Regulation Act came into being. Commercial banks started focusing on agricultural credit in a big way after nationalisation of CB, in 1969 and 1980. In the mean time, along with co-operatives and commercial banks, to provide financial assistance to exclusive target groups of weaker sections (rural farmers) in 1975 a new institution was established as Regional Rural Banks.

Thus, a multi-agency consisting of co-operatives commercial banks and regional rural banks have been assisting the primary sector in a much more greater way than ever before. Undoubtedly, banks developed on deposit mobilization, number of branches, credit lending to various activities in the
society. At the same time, there found to be some unevenness in the disbursement of credit, negligence in lending operations, mounting overdues etc. It is felt through various micro and macro level research works emphasizing the role of banking institutions in the development of agriculture.

Majority of the works could study either role of one of the banking institutions in developing agriculture in general, or performance of banking institutions in providing assistance to agricultural activities or some studies are very general in nature.

Against this backdrop, it is felt that, there is need to study the performance of multi-agency approach in serving the farmers of a particular segment (sugarcane growers). Accordingly, the research work entitled and bank finance to sugarcane growers in Belgaum district-A critical study was carried out.

Findings of the study

A summary of results along with major findings reached in the foregoing chapters are recapitulated below:
1. Area, production and yield of sugarcane-trend analysis

Belgaum district, the study area, is placed at the top position with respect to sugarcane cultivation in the state. Area, production and yield of sugarcane in this area witnessed growth of 40, 80 and 15 per cent respectively in 1999-2000 over 1988-99. The co-efficient of variation for the above variables, for the same period stood at 11.75, 34.73 and 11.47 respectively. Further, R² value for the area and yield were quadratically increasing. Whereas, R² value for production was exponentially increasing (Table 2.2.1, 2.2.2 and 2.2.3).

2. Growth of banking system

The banking system, in the study area, consists of CB’s, RRB’s and co-operatives. Over a period from 1990-91 to 1999-2000, this system witnessed growth of branch network at the rate of 10, 16 and 6 per cent respectively (Table 2.4.1). The R² values with regard to growth of urban and semi-urban bank branches witnessed positive increase and were significant at 1 per cent level whereas, rural branches was negatively significant at 5 per cent level (Table 2.5.2).
3. Deployment of credit

The multi-borrowing agency, in the study area deployed credit to farm sector (crop and term loan) and non-farm sectors. It is found that, from the analysis (ANOVA) that, agencies with respect to deployment of credit in the study area for the period 1997-98 to 1999-2000 were not found to be significant (Table 2.6.2).

Bank-wise sectoral deployment of credit from 1997-98 to 1999-2000 in the banking system was found to be significantly uneven. It is proved through ANOVA test. Similarly, in deployment of credit to agriculture differs significantly (F=102.39 P<0.01) between agricultural and non-agriculture loans at 1 per cent level (F=3.2310 P>0.05) (Table 2.6.3 and 2.6.4).

A linear regression analysis (growth rate) of performance of bank credit for agriculture from 1990-91 to 1999-2000 found to be significant at 1 per cent level in crop loan to sugarcane crop, crop loan to other crop and term loan of the banking system (Table 2.6.7). Further, it is noticed that, wide inter-regional disparities in the flow of credit per acre of land. Consequently, the flow of credit to different size groups within the different types of loans also varying. The security is still prime consideration for lending.
4. Performance of district credit plan

The target set in by Lead Bank for crop loan to all crops including sugarcane crop achieved for 1997-98 but it failed to achieve the set target for the year 1998-99 and 1999-2000 (Table 2.7.2). It is panic to note that, the banking system has not achieved the target on term loan from 1997-98 to 1999-2000. The result of two-way ANOVA reveals that, both loans are not significant at 5 per cent level (Table 2.7.3 and 2.7.4). As a result, most of the borrowers felt inadequate finance and inevitably approached the non-institutional credit agencies.

5. Credit sanction and disbursement by sample banks

With regard to agriculture credit, PACB was showing better performance (100% of total advance) over CB, PCARDB and MGB. But in absolute terms, CB finance had highest achievement over other banks. Among all sample banks, only MGB has advanced 100 per cent crop loan for sugarcane growers. (Table 3.2.1). Among the banking system CB in Ainapur has advanced the highest loan.

The increase in advance is noticed at 10 per cent, 1.39 per cent and 6 per cent in case of CB, PACB and MGB respectively over a period of one-half decade from 1995-96 to 1999-2000. On the other hand, crop loan to
sugarcane increased in case of small farmers but decreased in case of medium farmers. On the contrary, term loan advance increased in case of medium and large farmers but it was decreased in case of small farmers. (Table 3.2.3)

6. Pattern of credit disbursement

Among all the sample banks, MGB in Gandigawad disbursed highest percentage of crop loan out of total advances. The large farmers in Ainapur and small farmers in Gandigawad and Examba availed the highest crop loan. But, as regards term loan, PACB advanced the highest term loan in Examba village. The major share of term loan is advanced for irrigation purpose.

Among all the large farmers in Gandigawad and small farmers in Examba found to be highest (Table 4.4.1). The result of two-way ANOVA reveals that, between regions and between loans and between farmers and between loans found to be non-significant (except between small farmers in Ainapur) (Table 4.4.2).

7. Source of contact and preference of borrowers with banking agencies

The majority of borrowers in the study area come into contact with banking agencies through their fellow borrowers and political leaders (Table 4.1.1).
It is obvious that, most of the sample borrowers preferred commercial bank in view of adequate financing facility, less rate of interest, prompt and timely sanction of loan (Table 4.2.1).

8. Market share of institutional finance

It is worthwhile to note that, about 65, 60 and 64 per cent sugarcane farm borrowers respectively in Ainapur, Gandigawad and Examba borrowed loan from institutional finance (Table 4.3.1). It must have caused around 35 to 40 per cent of borrowers to rely on non-institutional credit agencies. CB in Ainapur has 90 per cent share, MGB in Gandigawad has 70 per cent share and PACB in Examba has 60 per cent the highest share, in institutional finance.

Of the total institutional finance, large farmers got more in Ainapur and Examba. Similarly, small farmers secured more share in MGB. The result of ANOVA for between regions and between sources found to be significant at 1 per cent level (Table 4.3.2). All borrowers in sample village perceived that the loan provided by sample banks is timely but inadequate.

9. Estimation of credit requirements

i. The total cost of 100 per cent per acre of sugarcane cultivation estimated to be Rs.43762, Rs.38269 and Rs.35752 in respect of planted crop and Rs.35687, Rs.31240 and Rs.30519 in respect of ratoon crop in Ainapur,
Examba and Gandigawad respectively. The another suitable method for estimation of cost per acre is excluding of family labour cost (100 per cent) from total cost of cultivation, which stood at Rs. 40946, Rs.36047 and Rs. 33765 in respect of planted crop and Rs.33932, Rs.28713 and Rs.29231 in respect of ratoon crop in Ainapur Examba and Gandigawad respectively. These are most suitable methods of credit requirement at the time of fixing scale of finance.

ii. The total cost of cultivation includes variable cost and fixed cost. The major cost of cultivation, is human labour, machine labour, fertilizer and tractor charges and in case of fixed cost, depreciation on building, equipment and supervision cost.

iii. In respect of planted crop as per total cost (100 per cent of cost of cultivation) method the credit gap in banking agencies per acre was Rs.32877, Rs.31561 and Rs.24861 in CB of Ainapur PACB of Examba and MGB of Gandigawad respectively. On the other hand, when the credit requirement estimated based on cost excluding of family labour cost, the credit gap stood at Rs.30061, Rs.30339 and Rs.22880 in CB of Ainapur, PACB of Examba and MGB of Gandigawad respectively (Table 4.6.5).

iv. In respect of ratoon crop, the credit gap in sample banking agencies per acre was Rs.24802, Rs.25532 and Rs.19634 in case of CB of Ainapur, PACB of Examba and MGB of Gandigawad respectively. Whereas, the
amount of credit gap stood at Rs.23047, Rs.23005 and Rs.18346 in Ainapur, Examba and Gandigawad respectively based on the later method.

v. Keeping in view the margin money the credit requirement is estimated and the result of paired ‘t’ test reveals that, the variation in credit requirement at 75 per cent of variable cost vs. crop loan, 75 per cent of total cost vs. total loan were found to be significant at 1 per cent level. Thus, the amount made of by banking system is less than that of the amount of loan required to meet out cost of cultivation (Table 4.6.6).

vi. To test the association between credit gap and the cost of cultivation, is found bullock labour, cost of seed sets, fertilizer irrigation, supervision cost and interest on capitals were the costs influencing more on credit gap (Table 4.6.1).

10. Problems faced by sugarcane growers in availing loans

The result of ranking technique reveals that the technical guidance, lack of faith in borrowers and cumbersome procedure delay in processing of application are the prominent problems from all the sample banks in the study area (Table 4.7.2).

In Examba, the results of ranking technique reveals that, lack of technical guidance delay in processing loan application and delay in sanction of loan are the prominent problems faced by sample borrowers (Table 4.7.2).
Whereas, in the Gandigawad village the results of ranking technique reveals that, lack of technical guidance lack of faith and inadequacy of loan are the prominent among all the problems.

11. Utilization of loan Ainapur village

Further, mis-utilisation of loan accounts for 19 per cent each in CB, Ainapur and MGB in Gandigawad and 34 per cent in Co-operative of Examba. Of whom, again the small farmers mis-utilised crop loan to the extent of 42, 58 and 76 per cent in CB, MGB and Co-operatives respectively (Table 4.8.1).

The majority of the borrowers utilised loan partly for productive and partly for un-productive purposes. Among all size groups of farmers, small farmers ranked in the first position, for mis-utilising of loans (Table 4.8.1).

A small portion of the loan found to be mis-utilised to the extent of 3.57, 6.25 and 26.47 per cent in CB in Ainapur, MGB in Gandigawad and Co-op in Examba respectively (Table 4.8.1).

The major portion of the term loan was utilised for productive purposes by the many sample borrowers. Among the banking system, the highest
amount of loan was utilised in MGB, Gandigawad followed by CB in Ainapur (Table 4.8.1).

The major expanses incurred are, expenses on labour stood first followed by fertilizer and farmyard manure (Table 4.8.3). The major amount of crop loan was spent for agricultural purpose, which includes, irrigation and developmental purpose (Table 4.8.3).

The highest amount of crop loan was spent for consumption of food and clothing, followed by expenses on marriage and social purposes and for purchase of household utensils by the sample borrowers (Table 4.8.3).

The result reveals that, there is a significant positive correlation coefficient and regression coefficient at 5 per cent level in case of large farmer of Ainapur, small farmers of Examba. But, in case of medium farmers, Examba, it is significant at 10 per cent level. However, the rest of other combinations are insignificant at 5 per cent level in case of term loan utilised for productive purpose (Table 4.8.7).

Among all the characteristics, ‘borrowings’ and ‘repayment’ are found to have highly significant relationship with loan utilisation. The next comes, ‘overdues’, ‘landholdings’, ‘annual income’, ‘expenditure on sugarcane
cultivation’, and ‘family size’ are found to be moderately significant correlation (Table 4.8.8).

12. Repayment performance

The repayment of crop loan, and term loan was highest in case of large farmers in Ainapur, small farmers in Gandigawad and medium farmers in Examba. The result of ‘r’ revealed that, the selected characteristics such as landholdings, annual income, and loan borrowed, overdues and utilization have positive correlation co-efficient with repayment capacity of borrowers in sample villages (Table 4.9.1 and 4.9.2).

13. Evaluation of recovery performance

There was a tremendous increase in recovery performance over the period in a decade of the total banking system in the district. But, in the study area there were some changes in the recovery performance. The recovery to demand accounted for 85, 66 and 73 per cent in CB, PACB and PCARDB respectively in 1997-98. But, the recovery is reduced to 83, 78, and 74 per cent for the above sample area respectively. The banking system has increased its recovery of term loan and on the contrary recovery on crop loan is fluctuating from bank to bank and year to year (Table 3.3.1).
14. Malignant character of overdues

i. The banking systems in the district is very much alert in minimizing overdues from 60 per cent in 1991 to 24 per cent in 1999. The overdues of the banking system in the district showed decreasing trend. The case is reverse with that of sample villages, the overdues in respect of crop loan increased in CB, Ainapur but decrease in all other sample banks (Table 3.3.1).

ii. Some common causes for overdues, with sample banks are personal factors, low price of output, diversion of income, failure of electricity etc. (Table 3.3.2).

iii. The defaulters and non-defaulters in the study area found to be highest in CB of Ainapur followed by PACB and PCARDB in Examba villages. Among whom, more share was held in by medium farmers in Ainapur and Gandigawad and large farmers in Examba (Table 3.3.3).

iv. The perception of non-defaulters about factors hindering for timely repayment were, wish to avail new loan, knew legal complications, renewal of old loans, to maintain social studies and to be honest and prompt, are the major perceptions of the borrowers in the study area. It is panic to know from the borrowers that bankers put forth their effort in collecting overdues (Table 3.3.4).
v. There were 70 per cent current defaulters in CB of Ainapur and MGB in Gandigawad but 60 per cent chronic defaulters were found in Examba village. Among the different categories of farmers small farmers were the major chronic defaulters (Table 3.3.6).

vi. Almost all farmers in the study area have sufficient repayment capacity, except small farmers in Gandigawad. But it is rather a matter of serious concern that, the amount of loan lent has not been repaid by medium and large farmers in spite of repayment capacity to pay off their dues (Table 3.3.7).

vii. With regard to amount of default in crop loan in MGB in Gandigawad, it is 15.6:1 ratio between wilful and non-wilful defaulters. But, as per term loan default is concerned, it is in 10:1 ratio between wilful and non-wilful defaulters in CB, Ainapur were found to be highest among all sample banks in the study area.

viii. The result of discriminant analysis revealed that, per capita income from sugarcane and loan borrowed were the two important factors discriminating between defaulters and non-defaulters, and defaulters into wilful and non-wilful defaulters. Therefore, bankers should essentially consider these two factors and other significant factors in lending loans to sugarcane growers (Table 3.3.9 to 3.3.13).
15. Risk management in lending

It is found that, MGB in Gandigawad secured highest scores (128), followed by CB in Ainapur (114), PACB in Examba (100). Whereas, PCARDB scored least in considering the factors for mitigating risks in lending loans at pre-sanction, sanction, disbursement and post-disbursement phases in the study area. It means, more the scores less the percentage of overdues to demand (Table 5.3.4).

The correlation coefficient between the factors considered for mitigating the risks under different phases and overdues was found to be statistically significant ($r=-0.9712$) at 5 per cent level.

16. Evaluation and monitoring of loan advancing

It is found that, MGB in Gandigawad, CB in Ainapur, PACB in Examba and PCARDB in Chikodi secured 43, 40, 33 and 29 scores (factors considered in lending loans) respectively. In contrast to this, the percentage of overdues to demand stood at 01, 17, 22 and 26 for the above banks respectively. Hence, overdues are reducing when more and more factors are considered while lending loans (Table 5.3.4).
The correlation coefficient between the factors considered for lending loans and overdues was found to be statistically significant ($r=-0.9002$) at 5 per cent level.

17. Problems encountered by bank officials

The major problems faced by bankers in the study area were, non-co­ordination from the government agencies is the prominent among all other groups (problems from the state government, revenue department to give land record, cut in power supply affects the pump set to lift water for crop growing).

The next comes, organizational problem as the prominent one, which includes, overburden with lot of routine work and farmers find difficult to answer to quarries put up by banks followed by managerial problems (scarcity of inadequate competent staff and difficult to check double financing).

It is worth to note that, more the problems faced, result, in more the percentage of overdues to demand (Table 3.4.1). The correlation coefficient between problems faced by the bankers in lending loans to sugarcane growers and percentage of overdues to demand was found to be statistically significant ($r=0.9964$) at 5 per cent level.
18. Impact of bank finance on sugarcane growers

i. Total income and sugarcane income

The drastic changes in income of borrowers of all size groups are noticed in post-loan period over pre-loan period accounted for 32, 52 and 45 per cent in Ainapur, Gandigawad and Examba respectively. Whereas, the tremendous increase in sugarcane income noticed in post-loan period at 30, 53 and 36 per cent in Ainapur, Gandigawad and Examba respectively (Table 5.1.10).

The value of ‘t’ test reveals that, there was significant change in the income of the farm borrowers who borrowed CL, both CL and TL. It is noticed that the incomes of large and medium farmers were more as comparing to the small farmers in all sample villages (Table 4.1.14).

The regression analysis results clearly indicated that, land holdings, income other than sugarcane, farm expenses, repayment capacity in Ainapur, income other than sugarcane, farm expenses, repayment capacity and food consumption in Gandigawad and income other than sugarcane, repayment capacity and yield under sugarcane in Examba were found to be influencing positively on income (Table 5.1.15).
There is no increase in land holdings, land utilisation, area under irrigation, crop intensity in case of CB, Ainapur, PACB in Examba, on the contrary, a slight increase is noticed in MGB, Gandigawad (Table 5.1.5).

The cost sugarcane cultivation in case of planted and ratoon increased at 29 per cent and 27 per cent in Ainapur, 43 per cent in Examba and 45 per cent in Gandigawad and 26 per cent and 23 per cent in Examba village respectively in post-loan period over pre-loan period. The inference of ‘t’ value reveals significant changes in post-loan period over pre-loan period in respect of borrowers who borrowed CL, both CL and TL (Table 5.1.6 to Table 5.1.9).

ii. Impact of bank finance on employment

i. It is observed that, the bank finance had a positive influence on employment. The employment position increased in all sample villages from 8 to 12 per cent in respect of crop loan borrowers and 7 to 8 per cent in respect of both crop loan borrowers in Ainapur.

ii. In Gandigawad, the employment position raised to 8-13 per cent in case of crop loan borrowers. However, there was negative influence in case small farmers. Similarly, 4 to 11 per cent increase was noticed in case of borrowers of crop and term loan.
iii. There is a sharp decline in employment in respect of borrowers who borrowed only crop loan and both crop loan and term loan from PACB in Examba.

iv. The value of paired ‘t’ test in respect of beneficiaries who availed crop loan and both crop and term loan in all sample villages found to be significant. It is inferred that, there is a significant variation in employment generation between pre-loan and post-loan periods.

v. The results of regression analysis that, among all the variables, food consumption in Ainapur, landholdings, farm expenses in Gandigawad, family size in Examba were directly related with employment. Any variation in above variables result in change in employment.

iii. **Impact of bank finance on asset possession**

i. It is inferred that, 21 per cent 18 per cent and 37 per cent increase in asset in post loan period over pre-loan period. It is found, that, increase in fixed assets thus, the major share in total assets.

ii. The value of asset increased in case of LF in Ainapur and Gandigawad village in post-loan period over pre-loan period. But the value of asset increased in case of small farmers in Examba. There is significant increase in case of beneficiaries of crop loan and both crop and term loan.
iii. It is inferred that, landholdings, income from other than sugarcane income, overdues, age, education in Ainapur farm expenses, area under sugarcane and sugarcane income in Gandigawad, and land holdings, food consumption and yield under sugarcane had positive influence on increase in value of assets in post-loan period over pre-loan period.

19. **Borrowers perception regarding credit availability**

Majority of borrowers in the study area perceived that, credit provided by all sample banks was found to be inadequate and timely.

**Suggestions**

The following suggestion are advanced based on the findings of the study:

1. **Growth of sugarcane in the district**

As there is lot of growth in area (production and yield of sugarcane in the study area), sugarcane growers, for their farm needs depend on banking institutions. Therefore, banking institutions in the area, should revise exclusive schemes to assist these farmers.
2. **Proper credit disbursement**

i. The proper credit system should be followed to avoid/minimize uneven disbursement of credit between banks, farmers and regions. The credit policy needs to be changed for adequate finance especially to small sugarcane farm borrowers.

ii. The provision of adequate finance facility should be made for investment in agricultural purpose and that to in case of small farmer.

iii. The banking institutions should follow credit planning practices and ensure that, each and every bank should achieve its target and the lead bank should warn those banks, for not achieving set targets.

iv. It is essential at this moment to ease procedure involved in getting loans. Market share should be maintained to achieve proper and systematic disbursement giving emphasis on sector-wise. To provide timely credit it is essential to set-up regular/satellite/mobile branches at appropriate places. A pass-book should be issued to crop loan borrowers to withdraw amount of loan at any time and repay as and when cash available to avoid lengthy procedure in crop loan.

v. It is essential that, CB in Ainapur and Co-op in Examba should enhance the amount of agricultural credit especially to small farmers in the form of crop loan. The MGB should increase the term loan for agriculture purpose (Table 4.4.1).
3. Effective method of credit requirement

Arbitrary method of assessment of credit requirement fails the very purpose of credit delivery system. It is therefore suggested that, the actual cost should be assessed taking into account the technical aspects of agriculture and the cost of inputs. The region wise assessment should be made keeping in view both variable and fixed cost. The appropriate technique should be followed to estimate the credit requirement of the farm borrowers. The cultivation of sugarcane requires more amount of credit, so the DCC should considered cost of cultivation, regional and socio-economic conditions to minimize the credit gap while fixing the scale of finance. It is essential that, 100% of total cost or total cost excluding family human labour cost are the suitable methods to fix the scale of finance. Government should amend its fiscal policies, in such a way, as to help farmers in getting crucial non-conventional inputs like fertilizer, pump sets, tractor, irrigational facilities at a price which even small farmer might be able to pay.

4. Credit Utilization

Proper utilization of credit helps to enhance the production and productivity of sugarcane farm borrowers in addition to the safety of fund from the viewpoint of banker. The bankers need to assess the economic
condition of borrowers in lending loans, if the condition is poor; an additional amount of loan is sanctioned to avoid mis-utilisation. It is the need of an hour to enhance the effectiveness and take necessary action on the borrowers that they should properly utilise the loan sanctioned, with the help of effective supervisory machinery. The system of subsidised loan should be discouraged. The banker should motivate and educate farmers for proper utilization of loans. The bank should mobilize training to staff in regards with technical aspect of agriculture to carry out extension activities, demonstration and training for farmers for increasing output by proper utilization of loan provided. Proper linking of marketing with credit is of great significance to control mis-utilisation of income.

5. Improving recovery performance with appropriate recovery front

Measures for combating the menace of overdues in agriculture credit system; it is a must to adopt appropriate recovery drive to improve recovery performance. The recovery of loan should be made at the time of payment of sugarcane bill by the factory. The bank officials should also maintain personal rapport with the borrowers, so that effective recovery can be made. The banker should keep in mind before sanctioning of loan, the repayment capacity of borrower with the help of appropriate techniques The bankers should put forth concrete efforts to improve recovery position by way of holding camps, personal contact, non-legal measures and legal proceedings.
The most appropriate method is non-legal measures such as incentives to borrowers for sincere repayment, compromise, motivation, conducting recovery camp, establishment of recovery cell (squads) to make joint recovery campaign. The bank officials should be given incentives for effective recovery drive. Rural and semi-urban branches should necessarily provide sufficient well-trained, positively motivated rural oriented staff to deal with rural folk. Small borrowers find difficult to repay the loan in time, if the reason is genuine, rescheduling of installment, concession in the interest should be made for effective recovery. Ultimately, if the borrowers found to be willful defaulter, legal action should be resorted against affluent wilful defaulters.

6. Strategic risk Management process

i. Measures to overcome pre-sanction phase risks

The bank officials should pay personal visit for identification, assessing economic position saving thrifts, credit status social behavior, and income of beneficiaries at pre-sanction period. The guidance is a must to the borrowers to choice proper scheme of credit. The banker should as essentially elicit information on genuineness of the investment.
ii. **Measures to be taken at sanction phase**

Accurate decision with regard to disposal of loan application with proper scrutiny is necessary to avoid faulty credit decisions. Ignorance and negligence of field staff in verifying the quality of documents cause risks. To minimize this risk; field staff should be informed and trained to verify documents. The banker should fix proper repayment period based on recent circulars. So he should acquaint in with them to minimize risks. The other important measure are to take adequate security and margin for the advance of credit at the time of sanction. It is rightly stressed that, the amount of loan sanctioned by bank is to be released at right time to put it for proper use to avoid mis-utilisation.

iii. **Measures to be taken at disbursement phase**

To minimise/avoid the risk on account of mis-utilisation of loan, banks should go for effective inspection and supervision on utilization of loan. The borrowers in the sample village are almost uneducated therefore; counselling and genuine help from banker for completing the project is must. Timely inspection of schemes minimizes the risk of mis-utilisation. The banker should asses the value of assets at economic level and life span assets created out of bank loan. The banker should persuade effectively to motivate the borrowers to repay loan on time.
7. Human resources development

In recent years, human resource development, in all types of organization is playing key role in activating the objectives of organization by way of improving the performance, productivity and co-ordination of the employees. Similarly, credit department can also avail the benefit of H.R.D. As a part of human resources development, training should be given to the field staff for managing risks effectively in all phases. Rewards and punishment are given for field staff based on their performance. Timely communication about due dates and amount of dues in local language to loanees may bring down the degree of risks.

In addition to above the bankers can improve their performance in lending through initiating social and administrative reforms like:

i. Honouring prompt borrowers
ii. Conducting recovery camps
iii. Effective use of government machinery and
iv. Simplification of lending procedure

8. Need for systematic approach to borrowers problem

Though there is tremendous development in banking sector, facing several problems in lending till today. It is the need of the hour that, the banker should be cautious in eliminating these risks or problems faced by
borrowers in availing loans in the following manner. Issuing passbook for withdrawing loans and repayment, to avoid, lengthy procedure and liberalisation in lending loans. Adequate loans should provide to avoid mis-utilisation of loans. The processing, sanctioning and disbursement of loan are to be eased for quick delivery of loans. The officials should be able to provide technical guidance in improving the problems faced by sugarcane cultivators in the district. This loan facility should be given at the doorsteps of the borrowers.

9. **Tackling of bankers' problems in lending loans**

The bankers should be given adequate official conveyance facility to move in rural areas, so that they can pay frequent visit for identification, follow-up, the supervision and monitoring of borrowers. Effective training in respect of credit management helps to overcome mounting overdues. The bankers have to assign with proper responsibility; otherwise overlapping between duties of one staff with others hampers the work. The field plans should be prepared to supervise and monitor each actively of lending. It is inevitable to bankers to educate properly for effective utilization and repayment of loans and should answer properly to the quarries put up by farmers. It is necessary to remove fear complex among borrowers while giving necessary information. The field officers should be given only fieldwork rather giving official work otherwise, efficiency cannot be claimed
due to heavy work. It is also found the bankers are facing problem from government officials in lending and recovery activities. The government should establish cordial relationship in providing financial assistance (Appendix IV).

The banker of CB in Ainapur, has to concentrate on the problems faced by sugarcane growers like technical guidance, lack of faith in borrowers, cumbersome procedure and delay in processing of application.

The banker of PACB in Examba has to concentrate on the problems faced by sugarcane growers like, lack of technical guidance delay in processing loan application and delay in sanction of loan.

The banker of MGB in Gandigawad has to concentrate on the problems faced by sugarcane growers like, lack of technical guidance lack of faith and inadequacy of loan.

10. Monitoring and evaluation of credit

The bankers should evaluate and monitor credit properly; otherwise they are put to trouble. The effective measures should be taken to tackle the credit-lending problems. The proper credit appraisal should be made to assess technical feasibility, economic viability, credit worthiness, repayment capacity, legality of proposals capital, return on investment etc for proper
lending. The monitoring and evaluation of project thus try to give a spectrum of what had happened, what best can be done and scope for further development. The factor like liquidity, safety, and profitability are the important aspects in lending.

Pre-disbursement monitoring that is cropping pattern and its growth periodical review of cost and out come of agriculture assessment of managerial ability etc are important in effective lending. The post-disbursement monitoring should need to be undertaken to ensure productive utilization, project implementation, identification of richness signals etc. should be monitored properly to help proper recovery of loans.

11. Strategic step in curbing overdues

Proper follow-up measures, personal contact and continuous touch with borrowers would go a long way in reducing overdues. It is, therefore, necessary to introduce suitable measures to ensure that the financing agency should keep continuous touch with borrowers. So, before lending, the identification of a genuine borrower is a must. In this regard, discriminant analysis helps to tap the ideas of the prospective beneficiaries. This will be helpful to ensure better repayment. The result of this tool serves as an indicator to predict whether the borrower seems to be good or bad. If the borrower found to be bad loans need to be closely supervised. This helps in turn to minimise the problem of overdues.
Conclusion

Though the multi-agency approach of banking system in India has achieved a remarkable progress in extending credit to agricultural sector in the macro level. But, it has several lacunas in lending loans to farmers at micro level.

Belgaum district is a sugar bowl of Karnataka. For its technology-cultivation, the sugarcane farmers in the study area have needed large amount of finance for cultivation. But, the farmers own savings are insufficient to meet the cost of cultivation. Thus, it is inevitable for them to take financial assistance from the banking agencies.

The sugarcane growers in the study area, come across one or the other problems from all the sample banks. The prominent among them are, uneven disbursement of credit and inadequate loans, unscientific assessment of credit requirements, cumbersome procedure, lack of technical guidance, lack of faith in farmers and require to visit frequently in availing loans (Appendix VI).

On the contrary, the bankers are encountered the problems like, mounting overdues, improper method of recovery, negligence in lending, over burden of routine work, mis-utilisation of loan, inadequate extensive aids, problems from government for not issuing land records and cut in
power supply affects pump set to lift water are the some of the prominent problems (Appendix VI).

If the banks, policy makers and governments give their attention on the aforesaid problems positively, really, there will be possibilities of improving credit system in the study area to enhance the productivity of sugarcane. On the other hand, sugarcane growers enable to pay off their dues in time to avoid long overdues.

There by, a cross can be developed between bankers and borrowers (specially sugarcane growers). It enables, the economic development in general and socio-economic conditions of farmers in particular in the district.