fiancé on education for their children, purchasing of agricultural implements, land development and dry land cultivation etc.

**H5= There is a decreasing trend in the relief of the money lenders to the farmers.**

Revealed that there is a declining trend of the influence of moneylenders due to the maximum utilization. Because institutional fiancé plays a significant role for providing timely credit it shows the improving of their living conditions of the farmer.

**CHAPTER-VI**

**Summary, Findings and Suggestions**

The study shows the link between institutional credit and impact of socio-economic development of small farmers in Mysore district. Time series data has been used for the period of 12 years from 1996-97 to 2007-08. Percentage, Trend line, Annual Growth Rate and Multiple Regression tools have been used to examine the institutional credit disbursed to the small peasants. The various tools have been used to measure the repayment performance, utilization of credit and the impact on socio-economic conditions of the farmers such as Total Loan, Annual Income, Crop Grown, Food Crops, Commercial Crop, Dry Land, Wet Land, Irrigation, Education, Assets Owned and its Impact on the Small farming community.

Estimating the total credit requirements by realizing the importance of agricultural credit, several committees were constituted to evolve the modality of extending the credit facilities to the small farmers from time
to time. The various attempts have been made to estimate the credit requirement of farmers in the study area. As per recommendations made by the committees, the government of India has launched several ambitious programmes and its strategy to include growth. Many of these programmes are aimed at small and marginal farmers, agriculture labourer and rural artisans. For example Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labour (MFAL), Differential Rate of Interest Schemes (DRI), and Integrated Rural Development Programmes (IRDP) had increased the share of institutional credit to ensure the upliftment of small farmers and agriculture labourers.

The Government of India has changed the policy of single agency system and distributed credit through Co-operatives and Multi-agency approach as per the recommendations of the Kamat Working Group. The institutions comprising under Multi-agency system are Co-operatives, State Governments, Commercial Banks and Regional Rural Banks. The State Governments provide 'Taccavi Loans' to farmers and also extend financial support to State Co-operative Banks and State Co-operative Agriculture and Rural Development Banks (SCARDS). At the grass-root level, Primary Agriculture Co-operative Societies (PACS) provide short-term and medium term credit and Primary Co-operative Agricultural and Rural Development Banks (PCARDS) provide long-term credit to farmers. The Commercial and Regional Rural Banks provide Multi-purpose and Multi-term credit for agriculture and allied sectors. The Multi-agency approach adopted by the Reserve Bank of India has helped in increasing the quantum of institutional credit for agriculture and rural development and this has, thus, helped to reduce substantially the dependence of rural households on exploitative non-institutional credit sources.
Karnataka is one of the Southern sates of India. Its share of agriculture is 32 per cent in State Domestic Product. Nearly 70 per cent of population of the state is directly or indirectly engaged in agriculture and allied activities. 42 per cent of per capita income of the state is derived exclusively from primary sector during 2008-09.

Institutional credit is playing significant role in uplifting small farmers, credit expansion to agricultural sector and to allied activities. In the study area the agriculture development is depending upon availability of institutional finance. In that particular aspect, Institutional finance has done crucial role for expansion of rapid development of agricultural sector. It depends upon modern techniques of farming. These modern techniques require huge amount of finance. In this regard institutional finance is performing well in credit expansion to agricultural sector. In Mysore district 85 per cent of the farmers depending on agriculture and allied activities, in such circumstances finance is essential for development of above said sectors. Hence, Institutional Finance played positive role in providing timely credit to small farmers in the district.

Commercial and Cooperative Banks also playing another important role in mobilization of deposits. It is one of the ways to accumulate the deposits and savings from the farmers and it also paves to inject the credit dispersion to agricultural and non-agricultural sector. We could notice this factor with the help of 13 years data from the Credit-Deposit Ration. The government has implemented various programmes in the study area, many of these programmes aimed at rural areas and population, for example Swarna Mitra Scheme to provide easy loans to needy farmer community to meet their immediate agricultural needs in order to provide basic inputs. At the same time, Kisan Credit Card Scheme & Kisan Gold
Card Scheme these two schemes are aimed at providing for immediate cash credit and consumption credit requirements and purchasing of agricultural implements, bullocks cart, Land Development, repairs to farm machinery, consumption needs, etc., of the farmers. Scheme like, Rain Water Harvesting Scheme for SC/ST farmers in order to augment their income generating capacity and providing facilities to their homesteads farm land.

Banks play a positive role in economic development of farming communities, their savings and as a lender of credit in the country. Indian banking aided to economic development during the last few years (1979-1999) in an efficient way. The banking sector has shown remarkable progress to the needs of planed economy. It has brought about considerable progress in its efforts at deposit mobilization and has taken a number of measures in the recent years for accelerating the rate of growth of deposits. As recourse of this, the Commercial Banks opened a number of branches in urban semi-urban and rural areas and have introduced a number of attractive schemes to faster economic development of the farmers. In this connection, in Mysore district institutional agencies have played a tremendous role in providing agricultural credit as compared to non institutional finance. Institutional credits have been playing a catalytic role in area development, financial assistance to agricultural activities and extended financial support to rural development in a significant manner.

It is understood from the study that the bank has increased supply of credit to agriculture sector for upliftment of socio-economic conditions of small farmers in the district. Commercial Banks and Regional Rural
Banks have disbursed agriculture credit at increasing trend. That accelerated number of bank branches, deposits and advances in agricultural loan. Further, banks have showed that bank need not depend upon credit expansion alone, this concentrates farmer’s socio-economic status have been improved.

Present study shows the impact of institutional finance on small farmers in the Mysore district for supply of timely institutional credit. The study also proves that the institutional role is very important for upliftment of the socio-economic conditions of the small farmers in the district.

It has been witnessed that the institutional Finance helped to improve socio-economic condition of the small farmers in the study area, it is proved from Annual Growth Rate & Trend Analysis. There is difference between Institutional and Non-institutional farmers who borrowed loans more from the various banks, which is proved from ‘Multiple Regression Analysis’.

**Findings**

An attempt has been made to present main findings of the research study are as fallows.

1. Education –wise classification of farmers reveals that the majority of the farmers (72.28 per cent) have completed Primary, High School, college level education. Only a few of them (27.72 per cent) were illiterate.
2. Caste-wise classification reveals that Vokkaliga Community is dominant in the study area. Agriculture is the major occupation in the district. Main source of irrigation in the district is Canal. The Paddy and Ragi are important crops and Sugarcane is the main commercial crop and coconut is the major Horticulture crop in Mysore district.

3. Majority of the growers own 1 to 2.5 acres of dry land and highest per cent of Wet land owned by the growers is under 2.5 to 5 acres slab.

4. The average annual income of the majority of sample farmers (65.1 per cent) was Rs. 50,000 in the study area.

5. The average annual household expenditure of selected respondents was more than Rs.20,000.

6. The average annual households income about 46.8 per cent of the selected respondents was earned between Rs.15,000 to 20,000.

7. Majority of the respondents (87.1 per cent) live in pucca houses.

8. Nearly 40.6 per cent of the respondents had their account in State Bank of Mysore.

9. From the State Bank of Mysore (Commercial Banks), 50 per cent of respondents had borrowed loan and 37.14 per cent borrowed
from Cooperative Bank. Only 7.14 per cent barrowed from other sources.

10. For purchasing of basic inputs, 86.3 per cent of the respondents had borrowed short-term or crop loan and 13.7 per cent respondents had borrowed Medium-term loans.

11. The 81 per cent of respondents have utilized the finance to productive purposes such as purchase of fertilizers, seeds, land development, purchase of agricultural implements etc. 19 per cent of respondents spent on unproductive purposes such as, celebrate ceremony, marriage etc.

12. It is noticed that, 51.7 per cent of the respondents had paid interest from 6 to 10 per cent charged by the Institutional Agencies.

13. Non-institution sources have charged the high rate of interest. In the field study we observed that 90.9 present of the respondent has the same opinion.

14. It was observed that 93.4 per cent of the respondents status after availing the loan from the institutional finance has increased.

15. Repayment by the beneficiaries is some what better, nearly 40.6 per cent respondents have repaid the loan in installments.
16. Around 48.8 per cent of the respondents they did not have sufficient irrigation facilities. 44.6 per cent respondents demanded to increase their loan amount and infrastructure facilities.

**Suggestions:** On the basis of the primary survey, the following suggestion is recorded to lend farmers loans under priority sector advances by the financial institutions to be more effective and purposeful. The main objective of the agriculture credit policies over the years has been to make adequate credit available to the farmers at the right time and at affordable rate.

1. The institutional agencies should educate the farmers to borrow only for right purposes and to repay the loans on right time. They must disburse the loans at the right time and in adequate measures.

2. To liberate the rural farmers from the clutches of moneylenders the entire rural credit should be institutionalized. The Cooperatives and Commercial Banks have to play a more effective role in this respect.

3. In order to make the cooperative credit structure more efficient, government control over co-operative societies should be minimized.

4. There are no particular schemes for small farmers, all benefits are utilized to the big farmers. However, there must be specific schemes for small farmers. Though, these schemes extended to the small farmers also.

5. Proper initiation should be taken to release the short-term loans as an essential inputs such as seeds, fertilizers when ever is required to the small farmers.

6. Crop insurance is provided to the Commercial crops only. These facilities are extended to the food crops also and small farmers land
holding is very small when compared to the big farmers. However, the facilities are used only by big farmers. Therefore, these facilities also extend to the small farmers also.

7. Bank credit is available to the farmers in the form of short-term credit for financing for crop production programme and in the form of medium and long-term credit for financing capital investment in agriculture and allied activities such as, land development including purchase of land, Minor irrigation, farm mechanization, dairy development, poultry, animal husbandry and horticulture. Loans are also available for storage, Processing and marketing of agricultural produces.

8. Since, Money lenders could not be eliminated once for all, attempts must be made to bring the money lenders under some form of monetary regulations and control on the suggestion given by the Banking Commission (1982):
   (a) There is a need to fix the maximum rate of interest at a level which is unduly low.
   (b) The need to have proper and adequate system of supervision.

9. The recovery of loans may be postponed for a considerable period of not less than two years, so that the indebted farmers are enabled to earn some additional income to repay the debt.

10. The process of loaning should be more easy and convenient for the farmers, then only farmers attitude towards money lenders can be reduced.

11. There is a need to tighten the supervision and monitoring mechanisms and provide greater autonomy in the operation of credit institutions and to improve their lending policies and procedures.
12. Strict supervision should be maintained by the financial institutions officials on the proper utilization of finance for productive purpose and also to avoid diversion of funds for other purposes.

13. While advancing loans to the farmer at right time, right person and right purpose should be kept in mind.

Conclusion

Agriculture is one of the most important sector of the Indian economy, gives livelihood to almost two third of the workforce. Agriculture accounts for 18 per cent of India’s GDP although about 43 per cent of India’s geographical area is used for agricultural activities. Agricultural credit is one of the essential requirements for the growth of agricultural production and productivity. The assessment of agriculture credit situation brings out the fact that the credit delivery to the agriculture sector continues to be inadequate. It appears that the banking system is still hesitant on various grounds to purvey credit to small farmers. The situation calls for concerted efforts to augment the flow of credit to agriculture and exploring new innovations in product design and methods of delivery, through better use of technology and related processes.

The agriculture credit plays a vital role in the overall socio-economic development of small farmers in the study area. As per primary survey, till today, some of the farmers are depended on money lenders for agricultural credit. There is a need to strengthen the institutional credit for agriculture and allied activities and need based Agricultural credit system should be provided to small farmers. However, in the study it is revealed