CHAPTER - 7

Conclusion & Suggestions
CONCLUSION & SUGGESTION

The hypotheses that the introduction of bank finance has helped to raise the intensity of cropping is accepted. The analysis revealed that during 1997-98 the intensity of cropping of both the borrowers and non-borrowers was very much alike. However, with the availability of credit facilities in 2000-2001 the intensity of cropping of the borrower's farms is found to be higher as compared to that of their non-borrower counterparts.

The hypothesis that change in the intensity of cropping vary between different size of farms is also accepted. On all type of the farms of the borrowers as well as of non-borrowers, the intensity of cropping has shown an inverse relationship with the size of the holding. The same relationship holds for both the productivity and current years.

The data do not support the hypothesis that the availability of credit has led to better utilization of human and bullock labour and so it is rejected. But the data indicate that with the availability of the credit facilities, the utilization of farm family labour and bullock labour has increased in case of borrowers farm during 2000-2001, but the marginal analysis based on twenty regression equations developed for examining the influence of various farm inputs on the farm return, reveals that the difference between the marginal value productivity of human and bullock labour on farm returns of borrowers and non-borrowers is not statistically significant.

As already discused, the levels of various inputs used has been examined on the per hectare basis the data reveals that during 1997-98 the level of investment in manures and fertilizers is Rs. 35.41 and 38.08 for non-borrowers and borrowers respectively, indicating, thereby, the difference of Rs. 2.67 between the two. However, in 2000-2001 the level of this investment in this input was Rs. 46.54 and Rs. 110.54 for the non-borrowers and borrowers respectively. Indicating thereby a difference of Rs. of 64.00 between the two. Marginal increases have also noticed in the use of human labour and bullock labour during the period under study. When all the variable costs were grouped together, the level of investment in working capital (fertilizer, human labour, bullock labour, seed, irrigation plant protection, interest on the borrowed fund, maintenance of equipment and other miscellaneous items) as indicated by this analysis of the
data shows that the investment in this input for non-borrowers in Rs. 899.25 in 2000-2001 as against Rs. 875.11 during 1997-98; however, the same is Rs. 1096.09 for the borrowers during 2000-2001 as against Rs. 886.14 during 1997-98.

Thus it clearly shows that during the period under study, the increase in the level of investment in working capital increased by Rs. 209.95 for the borrowers as against Rs. 24.14 for the non-borrowers. Hence the hypothesis that the level of investment in variable inputs increases with the availability of credit is accepted.

The hypothesis that the availability of bank finance has helped to raise the yield per hectare of major crops of the area under study as also accepted. The yields of major crops, namely kharif maize, paddy and rabi maize, wheat, sugarcane have been examined for the purpose. In all cases, it is observed that the increase in the yields during the period under study was marginal in all the size-groups of farmers of non-borrowers, however, the increase in the yields on all the size groups of farms of borrowers, for all the five above mentioned major crops, is substantial. When all the sizes groups are pooled together, it is observed that the percentage increase in kharif paddy is 5.28 for the kharif maize, the percentage increase during the period under study for non-borrowers is only 2.53 as against 8.14 for the borrowers. Again for the wheat, the non-borrowers group shows the percentage increase of 3.68 as against 25.98 for the borrowers. The same pattern is also observed in Ravi Maize where the percentage increase for the borrowers is 24.63 as against 4.37 of the non-borrowers. Again, for the sugarcane, the non-borrower shows the percentage increase of 5.16 as against 14.74 for the borrowers. Further, it is observed that the net farm returns has increased on all the farm sizes of both the borrowers and non-borrowers, however, the increase is much more pronounced in case of borrowers as compared to that of the non-borrowers, Therefore, it is accepted that there is an increase in the net farm return due to the availability of bank finance.

The hypothesis that the productivity of inputs is higher on the borrowers farm as compared to that of non-borrowers farm is rejected. In order to test the significance of the difference on the productivity of inputs on the borrowed and non-borrowers farms. The paired t-test is applied.
Also the marginal analysis pertaining to the owned and purchased inputs has indicated that the marginal value productivity of purchased inputs is comparatively higher for the borrowers having small holdings than on the corresponding borrowers counterparts.

The hypothesis that the marginal propensity to consume decrease with the increase in the farm households income is also accepted. The estimated consumption function indicates that the marginal propensity to consume varies inversely with the farm size. Though, some difference between the borrowers and non-borrowers with respect to marginal propensity to consume has been observed but the test of significance does not confirm any significant variation between the two. Thus, in both the case, the marginal propensity to consume decreases with the increase in the farm household incomes.

Inverse relationship of the intensity of cropping with the size of holding refer Table 5.5, clearly brought out the untapped potential of agricultural development which needs to be tapped through developing a proper infrastructure and other relevant incentives supported also by enhanced extension efforts.

Shift from local to H.Y.V. of crops is found to be more pronounced on the borrowers farm. Also, capital turn over ratio and rate of return to capital worked out for the data, indicates favourable impact of the lead bank scheme. Further, on the basis of Table 5.21, it is concluded that the borrowers have higher savings as compared to their non-borrower counterparts. Therefore, it is suggested that the efforts be made to cover more and more farms under Institutional financing scheme. Table 5.12 and 5.16, clearly revealed that the borrower farms of marginal and small size had a pronounced impact of Bank's credit facilities on net farm incomes and marginal value productivity of the fertilizer. This implies that the weaker sections had received due attention and benefits from the village adoption scheme of lead bank. It is therefore, suggested that the cash credit limit for the farmers should be fixed by the financing Institution for the whole year. The credit cards should issued to the farmers by which they can draw money when they required from the cash credit limit and the necessary encouragement to continue its good work.
As can be seen from 5.6, the utilization of the human and bullock labour is much below the availability of this type of labour in the district. This is true for all the farms of different size groups belonging to both the categories (borrowers and non-borrowers). Thus, the results indicates wastage of human and bullock energy. It is, therefore, suggested that suitable programmes for creation of supplementary enterprises and employment opportunities may be implemented in Deoria and surrounding the districts.

Decrease over time in the marginal value productivity of fertilizer may be due to various reasons, such as soil depletion. Salinity, etc. it is, therefore, suggested that this aspect may receive its due attention of the research scientists.

On the basis of table 5.11, it concluded that farming is the major source of income of the sampled farm households. As such, it is suggested that special efforts ought to be made to orient the farmers of this area to scientific farming pracitices.

It is a well known fact that many cash inputs such as irrigation, fertilizers, plant protection etc. May give negative marginal return beyond a certain level of application. Also a part of plant nutrients (water and fertilizer elements) are supplied by the soil, therefore, there is always some crop yields even in the absence of any application or irrigation provided by the farms. Thus, the polynomial type of function very well fits to the characteristics of farm data. But such functions require very specific type of data and therefore, the same have not been tried. Even though, it is ideal to have experimental data pertaining to cultivators fields, but the production function analysis is limited to a few levels of inputs (2 to 3 levels of inputs) being used on such field trials. Since, majority of this levels are likely to fall outside the range of profit maximizing level, the farmers are disinclined to entertain such experiments on their field unless they are assured of full compensation. It is, therefore, suggested that the efforts should be directed towards field trials of various cash inputs and some provision for compensating the farmers concerned, be made, so that appropriate production functions may be derived and economic optimum levels of inputs under existing and increased resource supply be
worked out with a view to recommend the same to the farmers.

The limitations of time could not possible to permit the researcher to undertake a through econometric study of all the aspects of Institutional financing. A probe into deposit mobilisation, recovery of loans, over dues, if any, are some aspects which could be added to the over all study of the topic. Hence, it suggested that the researches on these aspects may conduct study which would help to supplement the present study.
SUGGESTIONS

The findings of the present study are -

(1) The small and marginal farm are benefitted more from the institutional credit than large farms.

(2) There is evidence to say that credit is diverted for consumption expenditure.

(3) A high degree of positive correlation is found between investment in operating expenses and credit.

(4) Certain inputs on farms are more closely related to credit than others.

(5) The short-term investments depended upon long-term investment on the farm. This meant that without long term credit, the utility of short-term credit itself might be restricted. Hence, the short-term loan given for seeds, fertilizers, insecticides and other inputs can yield best results, only when the long term credit requirements of the farmers are fulfilled.

(6) Farm credit has a positive influence on the gross farm output.

Policy Implications

The results of the study have several policy implications which are discussed below -

(1) The credit policy of institutional agencies especially the commercial banks should channelise more funds to the small and medium farmers on a continuous basis.

(2) The recipients of short-term loans should be given preference in matter of long term loans.

(3) Steps should be taken by the institutional agencies to monitor the proper utilisation of credit, so that its diversion for consumption expenditure is minimised.
(4) Extension agencies should motivate the farmers to ensure that more area are converted under cash crops, commercial crops and vegetables by availing more of institutional credit.

(5) Suitable marketing structure should be devised either by organising the farmers to have cooperative marketing societies or having regulated market, so that the farmers get a fair price for their practice. Credit should be linked with marketing farms, the area cultivated by a pair of bullocks in hectare was much less as compared to large size farms.

(6) The per household value of assets between size group increase and that per hectare decrease from small to the large farms. The level of capital expenditure was positively associated with the size of farm per farm but per hectare capital expenditure was more in small farms.

(7) The average non-cash expenditure per farm increased and that per hectare decrease from small to large size farms. However, the average cash expenditure both per farm and per hectare increased from small to large size farms.

(8) All size groups of farms have made use of borrowed funds. The farms with higher internal resources relative to their investment requirements were borrowing substantially larger amounts while the farms with lower internal resources were able to borrow only small amounts.