PREFACE

Rae Bareli is one of the economically backward districts of Uttar Pradesh. It is predominantly agricultural, and lacks mineral and forest resources. Although the soil is rich, the full potential of agriculture has not yet been utilised for lack of infrastructural facilities. The peasantry of the district consist of small and marginal farmers who are poor and illiterate.

The village money lender has been a traditional institution providing agricultural credit. The cooperative bank entered the field at a later stage. The two together have worked in the field for long, but the rapid changes in farm technology witnessed in recent years, have transformed the agricultural scene. The introduction of high yielding varieties of seeds, multiple cropping, increased use of agricultural inputs etc., has radically altered the traditional approach to agricultural development. The farmer today feels liberated and looks to the future more hopefully and is accepting modern farm technology and innovation with enthusiasm.

We propose to examine in the present study how the traditional and newly created credit institutions are
responding to the credit requirement of the farm sector in the district. The village money lender, the cooperative bank and its agencies, the commercial banks, the regional rural banks and the governmental agencies, are the principal credit institutions functioning in the district. An analysis of their working and an evaluation of their achievement is the purpose of the present study.

We propose to test the following hypotheses:
(a) that the supply of farm credit falls short of the credit requirements in the district;
(b) that the bulk of the farm credit comes from the cooperative agricultural credit institutions;
(c) that the commercial banks have been more successful in mobilising savings and deposits, but they have not re-invested in full the resources raised from the district;
(d) that the district’s economy is lop-sided and structurally weak due to poor development of economic and social overheads; and unless the construction of basic facilities is financed by the existing credit institutions, the credit facilities made available to farmers cannot be effectively utilised;
(e) that there is a case for diversifying the district’s economy by developing a network of cottage, rural and small scale industries; and that the credit institutions working in the district should come forward to assist them as well.
The study has been divided into eleven chapters. While the first chapter introduces the subject in a general way, the second chapter presents a profile of the district, showing its geographical location, its historical background, its demographic structure, its occupational and educational setting, the social and cultural traits of its people and the main features of agriculture in the district. The third chapter analyses the credit needs of the farm sector. The fourth chapter discusses in a general way the different sources of agricultural credit, pointing out their relative merits and shortcomings. Chapters V, VI, VII and VIII examine in detail the working and achievement of the different credit institutions located in the district. These institutions are: Cooperative bank and its agencies, the land development banks, the commercial banks and the regional rural banks. Chapter IX studies the working of the different governmental agencies through which government funds and subsidies are channelized to the agricultural sector of the district. Chapter X attempts a general assessment of the performance of the different credit institutions. Chapter XI, at the end, summarizes the study, and contains the author’s conclusion.

The material for the study has been collected both from primary and secondary sources. Field work has been done with the help of schedules. Material has also been collected
through interviews with key personnel in the credit institutions, government departments and farmers' associations. Secondary data have been collected not only from published literature but also from office records of the credit institutions themselves. Full care has been taken to avoid bias or prejudice in our approach to the problem.

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