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CHAPTER VI
SUMMARY AND
CONCLUSIONS

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SUMMARY AND CONCLUSIONSCHAPTER I:

1. Provision of both short-term as well as long-term credit for agriculture sector is necessary to increase irrigated area, HYVS area and fertilizer consumption which, in turn, cause productivity of land to increase. Improvement in productivity is necessary in as much it provides food and other wage goods to the rising population. Moreover, it ensures a strong base for development of industrial sector. Thus availability of adequate credit and its proper utilization add to productivity of land.

2. Co-operative Credit Policy in India was modified from time to time in that a definite policy of intergrated co-operative credit emerged by the end of the first Five Year Plan. The policy generally held ground for about a decade in second and third plan. During third decade, a shift in policy took place towards multi-agency approach to agricultural financing with the active involvement of commercial banks in this business. Moreover, R.R.Bs and NABARD have been set up.

3. The Co-operatives have the prime role in purveying credit owing to their vast net-work and organizational potential to reach out to the millions of scattered farmers. Commercial banks have a Secondary

role in as much as commercial banks' agricultural credit has not helped to fill even the geographical gap in the availability of credit not covered by co-operatives.

4. There are two wings of the co-operative credit structure, one supplying short-term and medium-term credit requirements and the other long-term investment credit. The co-operatives are generally organised into a three-tier structure for short-term and medium-term credit and two-tier structure for long-term credit.

5. The Role of the R.B.I. has been very important in supply of agricultural finance in as much as it has taken various measures mainly multi-agency approach, establishment of RRBS, NABARD and other measures for improving quality and working oc co-operatives so as to facilitate adequate and smooth flow of credit to agricultural sector.

6. The crop-loan system is accepted policy framework for operations of the PACS for issuing loans for seasonal agricultural operations. However, per-hectare scales of finance based on this system are inadequate and do not bear any relevance either to cost-structure or value returns.

7. The LDBS Lending Policy changed from time to time during plan period. With the advent of planning,

emphasis was placed on loans for productive purposes. Then LDBS accorded top priority to loans for minor irrigation. During 1967-68, LDBS adopted production oriented policy. During recent period, the LDBS followed diversified lending policy.

CHAPTER II

1) PACS in Tasgaon Taluka showed a satisfactory performance in extending coverage as membership per-society continuously increased at annual average growth rate of 3%.

2. Working Capital per-society also rapidly increased during the period from 1977-78 to 1982-83 owing to two reasons:

- a) Share Capital as well as reserves increased respectively at growth rates of 10.58% and 11.83% during the same period.
- b) Average level of overdues per-society also declined at an annual growth rate of 2.77% which resulted in increasing borrowing capacity of PACS. Increase in borrowing naturally caused working capital to increase at a rapid rate.

3. PACS in Tasgaon Taluka showed an impressive performance in regard to advances as average level of advances per-society continuously increased from Rs.2.15 lakhs to Rs.6.81 lakhs during the

period from 1977-78 to 1981-82.

4. Level of overdues per-society, by and large, persistently went on declining except in the year 1982-83.

5. Proportions of short-term and medium-term loans to total varied inversely with each other during the period from 1977-78 to 1982-83.

6. Cash Component formed 58% to 70% of total loans, while kind component formed more than 30% of total loans during the period under review.

7. More than 33% of the short-term loans issued by PACS in Tasgaon Taluka went to weaker sections of farming community consisting of small and marginal farmers during the period from 1978-79 to 1982-83 owing to concentration of efforts on the part of PACS to financing of Weaker Sections.

8. On an average more than 42% of total medium-term loans in Tasgaon Taluka went to Weaker Sections. On the contrary only less than 19% of medium-term loans went to large farmers.

Weaker Sections of farming community in Tasgaon Taluka continued to claim perceptible share in short-term as well as medium-term loans.

9. Overdues in the case of either short-term loans or medium-term loans did not pose any serious problem

(or concern) for PACS in Tasgaon Taluka during the period under review. Low level of overdues and comfortable recovery position were important factors causing level of advance to increase continuously at perceptible rate.

10. Kand Development Bank's long-term credit in Tasgaon Taluka exhibited neither increasing trend nor decreasing trend during the period from 1976-77 to 1983-84. On the contrary, it showed wide fluctuations.

11. Owing to top priority accorded to financing of wells by Primary Land Development Bank, Sangli, the proportion of loans for wells to total loans persistently increased from merely 7% to its highest level of 29% during the period.

12. Proportion of loans for purchase of electric motors to total continued to remain in the range from 9% to 37% during the period under review.

13. Long-term credit for purchase of pumpsets and Pipe-line was significant in amount particularly since 1978-79. The proportion of such loans to total continued to remain in the range from 14.62% to 26.87%.

14. Long-term loans for purchase of machinery, power tillers, tractors etc. were insignificant in Tasgaon Taluka particularly since 1980-81 as

proportion of such loans to total remained below 8.70%.

15. Owing to diversified lending policy, Land Development Bank, Sangli issued perceptible amount of long-term credit for purchase of cows in Tasgaon Taluka during 1978-79. However, these loans rapidly declined during 1983-84.

CHAPTER III:

1. Tasgaon Taluka of Sangli District is selected for present research study as it is progressive taluka with adequate co-operative infrastructure and it produces different testive varieties of grape such as Tas-A-Chaman, Tas-A-Ganesh, Selection -7 etc.

2. This study is based on primary as well as Secondary data. The former is collected from reports and records, while the latter from the Sample Survey.

3. Various simple statistical techniques have been made use of to ascertain conclusions. Some of them are: Index of inequality, proportions, average growth rate, compound growth rate, etc.

4. Objectives of this study are: 1)to evaluate the growth performance of co-operative banks supplying credit in Tasgaon Taluka 2)to find out extent of utilisation of credit for productive purposes

3) to find out impact of co-operative credit on fertilizer consumption. 4) to assess the impact of co-operative credit on irrigation facilities and cropping pattern.

CHAPTER-IV:

- 1) Improvement in productivity of land necessitates proper co-ordination between investment credit and production credit. Analysis of production credit reveals that there is no proper co-ordination between short-term and long-term co-operative credit institutions in as much as 23% of the small farmers, 15% of medium farmers and ~~22~~ 14% of large farmers could not be supported with production credit.
2. On per-cultivator basis, distribution of production credit was favourable to large farmers and unfavourable to small farmers. Index of inequality based on number of cultivators for large farmers remained above 100% indicating their strong position in getting more loans. On the contrary, index of inequality for small farmers remained below 100% indicating their weak position.
3. On per-hectare basis, distribution of production credit was far more favourable for small farmers and unfavourable for large farmers. Indices of inequality based on size of land holdings for small and large farmers remained respectively above 100% and less than 100%.

4. Medium farmers were neither better off nor worse off in getting production credit either on per-hectare basis or per-cultivator basis. Both types of indices of inequality for medium farmers remained around 100%.
5. The proportion of loans for grape crop in total loans was largest in the case of all sample borrowers in as much as it accounted for 63%, 59% and 50% respectively in the case of small, medium and large farmers.
6. The highest proportion of credit in kind was availed by medium farmers being 45% followed by large farmers being 35% and small farmers being 31%. Misutilization is more in cash than in kind credit.
7. All sample borrowers of three categories utilised approximately one fifth part of production credit for productive uses. Proportion of credit diverted to unproductive uses accounted for 8%, 22.5% and 24.4% respectively in the case of small, medium and large farmers.
8. Per-hectare fertilizer intake as well as per-hectare utilization of credit were largest in the case of small farmers as compared to medium and large farmers. On the contrary, per-cultivator fertilizer consumption and per-cultivator utilization of credit were found to be largest in the case of large farmers

as compared to small and medium farmers. All aforesaid factors behaved in a similar fashion in case of all categories of cultivators receiving production credit from money-lenders and relatives.

9. Co-operative credit exclusively increased the level of consumption of fertilizer in that availability adequate short-term co-operative credit with perceptible proportion of kind component and good quality of fertilizers supplied by co-operatives induced sample cultivators to increase the levels of per-hectare fertilizer intake and per-hectare utilization of credit which, in turn, enhanced agricultural production under given conditions of assured irrigation facilities and favourable weather conditions.

On the contrary, availability of inadequate short-term credit fully in cash without in kind with high interest rate from money-lenders and relatives did not increase the level of per-hectare fertilizer intake to any notable extent which, in turn, adversely affected agricultural production.

CHAPTER V:

1. Amount of long-term loans as well as average long-term loan per-cultivator were largest in the case of large farmers' group as compared to small and medium farmers' groups owing to large amount of tractor loans farming about 73% of total amount of loans received

by large farmers' group.

2. Index of inequality based on no. of cultivators indicates strong position of only large farmers and weak position of small and medium farmers in distribution of long-term credit issued by three branches of L.D.B. Sangli in Tasgaon Taluka.

On the contrary, index of inequality based on size of land-holdings indicates strong position of small and large farmers and weak position of only medium farmers in distribution of long-term credit.

3. Purpose-wise distribution of investment credit reveals that small farmers group preferred more loans for purchase of cows and poultry farms in as much as allied activities generate additional source of income and moreover, some excess family labours can be utilised for such allied activities.

On the contrary, loans for purchase of tractors were largest in the case of large farmers in as much as tractors are useful to carry on agriculture operations of large land-holdings.

4. Long-term co-operative credit issued to sample borrowers in Tasgaon Taluka undoubtedly produced positive impact on irrigated areas of all categories of sample borrowers. But there are slight variations in these impacts. These impact variations can be explained by different levels of ground water at different places.

5. Long-term co-operative credit also produced a perceptible positive impact on incomes of different categories of sample borrowers in Tasgaon Taluka. However, there are variations in impacts in as much as average levels of income in the case of small, medium and large farmers increased by respectively Rs.2,294, Rs.4,346 and Rs.5,091.

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