

Summary of the Gokhale Institute Studies

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**Title : A Study on Short Term Agricultural Credit in Maharashtra
by Shri C.S. Gajarajan, Mimeograph Series No.35, January
1992, pp. xi + 195, Rs.120/-.**

The present study, undertaken at the instance of National Bank for Agriculture and Rural Development (NABARD), is the result of a two-stage survey recently conducted in Kolhapur District in the State of Maharashtra. The importance of the study needs no overemphasis. Suffice it to say that agricultural credit is one of the potent instruments of national policy to bring in the desired change in productivity and incomes of farmers. The cooperative farm of organisation continues to be regarded as the most ideal agency at the grassroot level for providing credit and other services to a vast mass of scattered farmers. Although Maharashtra State has a long record of being one of the leading states in cooperative movement, in recent years, however, it has not been smooth going particularly in regard to production credit for agriculture. About 40 per cent of the District Central Cooperative Banks (D.C.C.Bs) are considered to be weak and one half of these being under rehabilitation schemes. Furthermore, the problems at the base level persist even after several corrective measures taken and innovations made consequent to the recommendations of various committees from time to time. Even under the multi-agency approach, institutions outside the cooperative sector, too, are facing the problems on account of bad recovery performance and consequent mounting overdues.

In the above context, the need for more frequent monitoring of the operation of crop loan system at all levels gains importance. The present study is a modest attempt to take a fresh look at the working of crop loan operations at the base level, in a district having a fairly strong central cooperative bank with many viable primary societies operating in diverse agro-climatic zones with distinct crop patterns. The accent is largely on problems faced by farmers requiring crop loans and the constraints faced by the institutional set up to serve this purpose. In the following are given the salient features of the study and the main conclusions.

The credit infrastructure in the selected district, namely, Kolhapur is fairly well developed and in regard to agricultural production credit it is dominated by the cooperative sector. The Kolhapur District Central Cooperative Bank (K.D.C.C. Bank) has been regarded as a fairly sound institution and comparatively successful one among the D.C.C. Banks in the State. The very fact that neither any Farmers' Service Society nor Regional Rural Bank is organised in the district, so far, speaks for the strength of the K.D.C.C. Bank. In recent years it has been managing ably well to finance the short-term credit without resorting to borrowals from the Apex Bank (M.S.C.B.) or any other sources. Another credit