

**“FINANCING OF AGRICULTURAL OPERATION A STUDY OF  
TWO VILLAGES OF EAST KHASI HILLS DISTRICT”**

By

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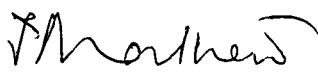
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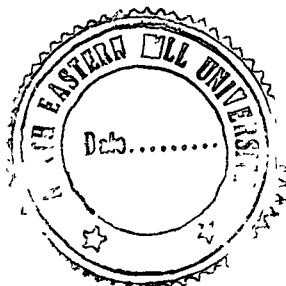
## CERTIFICATE

Certified that the subject matter of this dissertation is the record of work done by Mrs. Niewkor Syngkon, that the contents of this dissertation did not form a basis of the award of any previous degree to her, or, to the best of my knowledge to anybody else, and the dissertation had not been submitted by her for research degree in any other university.

In habit and character, Mrs. Niewkor Syngkon is a fit and proper person for the degree of MASTER OF PHILOSOPHY (in Economics).

Shillong  
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Shillong  
The December, 1987

*Niewkor Syngkon.*  
NIEWKOR SYNGKON

Chapter I

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INTRODUCTION

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The subject of this study is a comparative assessment of agricultural practices and agricultural production in two villages of the East Khasi Hills District of Meghalaya, one of which has been adopted by the State Bank of India as a beneficiaries of its financial assistance for agricultural purposes and the other not so adopted. It is widely recognised that without adequate financial help it would be very difficult, if not impossible, for the agriculturist to improve his agricultural practices and thereby increase his production and income.

In many parts of India for a long time, credit needs for agricultural operation in the rural areas were mainly met by village money lenders. Usually they belong to trading community or big farmers who lend out money. It is usually believed that, in tribal areas such practice of money lending is either absent, or if present, it is very insignificant, considering the over all credit, needs of the small and marginal farmers some even argue that even if some tribal rich lend money they do not charge any rate of interest, that is, money is lend out of their benevolence.

Our preliminary visit to a few villages in East Khasi Hills District of Meghalaya does not confirm this belief. On the contrary, we find that money lending is practical and what is more important, the rate of interest

charged is also quite high. Even in tribal area where capacity for self-financing is much low, the dependent on money lenders is also seen. In this situation it is desirable to examine in what way and through what method these tribal areas can be developed by institutional financing of agricultural activities of the people.

Our study in particular is designed for an assessment of (a) to the extent of which agriculture has been financed by outside agencies upto now, (b) to what extent agricultural credit is necessary for carrying on agricultural activities and (c) whether a systematic scheme of financial assistance would be capable of substantially improving agriculture in the state.

The study is limited to two villages of the Bhoi area of the East Khasi Hills District of the State of Meghalaya, namely, Umsning and Sonidan. These villages are selected because they have almost very similar agricultural and other economic traits, except that the Umsning village has been adopted by the State Bank of India for financial assistance for agricultural purposes; while Sonidan village has not been so adopted. These two villages are close representatives of the agricultural practices of the state, in that we have both wet paddy cultivation and jhum cultivation. Jhum cultivation is confined to these villages as horticulture. Since

agricultural finances are used for both categories of cultivation, we might get an idea of the importance of financial help in agricultural production by a contrasting study of both the villages. The main focus of the study would be to analyse the manner in which credit is utilized by the farmers for productive purposes in agriculture and whether the credit given by the nationalised Banks etc. is equitable, adequate and efficient.

The two villages mentioned earlier in the East Khasi Hills District is taken up for survey. One such village is chosen (purposefully) from among the villages adopted by the State Bank of India for agricultural finance. The other village (purposefully) is chosen in the area known for its agricultural richness but not adopted by any institutional finance or Bank. The method of investigation we have adopted is to select a large number of household (about 60 per cent) from both the villages and to analyse comparatively significant economic factors of these households. Primary data has been collected by field survey and by canvassing questionnaire methods of interview to the Head of the households.,  
Secondary sources of information has been obtained from publication of Banks, and also by personal interview to officers from these institutions. The data is analysed with the help of appropriate statistical techniques and

the result has been subjected to economic logic.,

In the next chapter we give a summary account of the economy of the state of Meghalaya. We discuss there many aspects of agriculture including land and its various characteristics and people, because of the nature of the terrain and the climatic conditions of the State it is seen that the type of cultivation in many parts are still traditional and the scope for horticulture is greatly promising. It has also been shown that because of the traditional agricultural practices especially the practice of jhumming, the productivity of land is comparatively very low. The chapter also discusses the characteristic of the population relevant to agricultural activity in the State.

In chapter three the main focus of our study is on various aspects of agriculture in the district of East Khasi Hills, where the two villages of our study are located. The economy of the district is more or less similar to the economy of that of the State. In the chapter we give particular attention to the discussion of the two villages with respect to their agriculture and allied activities.

Chapter four is devoted to discussion of the methods of financing of agriculture by institutions and

other agencies. Our discussion is general with respect to their role of the institutions in the agriculture of India as a whole. Our discussion is much more detailed when we come to the analysis of the role in respect of agricultural practices in the state and in the district. Particularly, attention is paid to the part played by the State Bank of India in promoting agriculture and also in trying to developed the socio-economic level of villages in the state.

In chapter five, we analyse the data collected from the villages of Umsning and Sonidan and attempt at a comparative study of the various socio-economic factors in these two villages. Our purposes is to find out whether the village which has been financially assisted by the State Bank of India from 1980 onwards in regards to its agricultural activities has been able to show any significant improvement over the economic level of the other village which has not been assisted by the State Bank of India. Our analysis shows that there has been some progress in terms of agricultural productivity and income generation in the adopted village when compared to the non-adopted village./

In the last chapter we summarised our findings and give the concluding assessment of our findings.

Chapter II

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A Short Account of the Economy of Meghalaya

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A salient feature of the economy of Meghalaya is being discussed here. Our discussion covers the location and size, physical features of agricultural land, which determine the cropping pattern and the productivity of agriculture in the state, the surplus produce, the climate, population, classification of land, and the farming practice. The main purpose of this chapter is to give an overall view of the background and the base of agricultural economy of Meghalaya.

Meghalaya was constituted as a state of the Indian Union on 21st January 1972. It is situated in the North-Eastern part of India and lies between  $25^{\circ}5'$  North latitude and between  $90^{\circ}45'$  and  $92^{\circ}47'$  East longitude. A total boundary length of 520 kilometres of which about 163 kilometres is the international border with Bangladesh. There are five districts in the state viz. the East Khasi Hills, the West Khasi Hills, the Jaintia Hills, the East Garo Hills and the West Garo Hills. The area of Meghalaya is 22,500 square kilometres according to 1981 census.

The state of Meghalaya went through far reaching administrative changes in order to speed up the economic development of the people. Immediately after the inauguration of the state the then Jaintia Hills subdivision of

the United Khasi and Jaintia Hills district was upgraded into a full-fledged district in the early part of 1972. Thereafter in 1976 the Khasi Hills district was bifurcated to form two districts, viz. East Khasi Hills District with headquarter at Shillong and West Khasi Hills District with headquarter at Nongstoin.

Meghalaya covers a land surface of 22.5 lakh hectares (22,500 sq. kilometres) and is a hilly state with undulating topography narrow valleys and strips of plain land in between the Hills. Agriculture is the main occupation in Meghalaya in spite of the fact that only about 10 percent of land is available for cultivation due to hilly terrain condition of the state. Paddy is the main food crop grown all over the state. Maize, wheat, millet and pulses are some other food crops grown. Potato, mesta, cotton, jute, mustard, ginger, turmeric and areconut are some of the important cash crops of the state. Banana, pine-apples and citrus fruits mainly oranges are grown in abundance in medium and lower altitude region, temperate fruits like plums, pears and peaches, etc. are grown in the high altitude temperate region. There are some of the important horticultural crops grown in the state. Though the majority of the people of the state depends on agriculture for their livelihood, food grain production is still at the subsistence level and the state is deficient in term of its requirements although it has a certain

amount of surplus produce of commercial and horticultural crops such as potato, jute, mesta, cotton, turmeric, arecomut, pineapple, banana and citrus fruits. This can be seen from Table I which show the area and production of the principal crops.

The highest production of principal crops in the state of Meghalaya during 1984-85 foodgrain with an amount of 1,58,892 metric tonnes and the highest area is 1,38,590 hectares. Foodgrains like rice, wheat, maize, gram pulses, millet, etc. are found scattered all over the state and in large quantity.

The lowest area is 43 hectare for producing the principal crops of the state of Meghalaya like castor which amount to only 22 metric tonnes.

The second highest produce is potato with an amount of 1,49,424 metric tonne with an area of 18,960 hectares. Not only these but a huge surplus of minor forest produce are accounted as marketable surplus because the structure of the state is favourable for it, since only 10 per cent of the land surface is available for cultivation, the rest are hilly terrain. This can be seen from Table II.

From this table we find that potato is the highest crop accounted as 1,45,000 metric tonnes in the level of production and the marketable surplus of 1,00,000 metric

Table I

Area and Production of Principal Crops in the Jharkhand State During 1984-85

S. No.	Crops	East		West		Jharkhand		East		West		Total for Jharkhand		Average yield, kg/ha
		A	P	A	P	A	P	A	P	A	P	A	P	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1.	RICE	...	...	...	...	...	...	...	...	...	...	...	...	...
a)	Autumn	16377	20690	6829	...	187	15762	622	9578	25670	28404	73603	31001	1110
b)	Winter	33	57	9	15	20	25	1-4	217	1087	2535	1905	2053	1501
c)	Spring	16415	20717	8838	3535	18329	18397	17295	21265	50477	55156	11155	12418	...
	Total Rice	...	...	4	5	...	...	32	45	3017	5131	5053	5151	1410
2.	Wheat	4253	6101	4773	6093	2722	4865	302	810	4006	5504	17625	2410	1368
3.	Maize	552	621	570	506	351	345	277	571	753	740	2659	2643	983
4.	Other Cereals & Small Millets	...	...	...	...	...	...	...	...	...	...	...	...	...
5.	Barley	...	...	...	...	2	1	9	5	154	90	105	90	562
6.	Tur Pulse	15	16	...	...	...	...	683	633	844	720	1512	1272	890
7.	Other P pulses	100	133	2	17	2	23	126	172	1157	901	1500	1200	850
7.	Total P pulses	21476	27612	14211	15310	2211	20031	19454	20399	61006	68075	100530	150842	...
8.	Sesamum	55	13	24	10	24	12	236	118	494	262	813	415	510
9.	Castor	...	...	...	...	2	1	21	11	20	10	43	22	512
10.	Rape & Mustard	76	54	23	13	30	10	202	200	6150	3046	6549	3920	600
11.	Soybean	319	291	58	32	329	300	57	45	437	322	1200	990	825
12.	Jute*	...	...	7	42	...	...	291	2047	5905	45371	6203	47400	1377
13.	Mesta*	...	...	...	...	...	...	301	1370	4500	20475	4804	21854	819
14.	Cotton**	...	...	10	7	7	4	2807	1676	5210	3455	8640	5142	101
15.	Sugarcane	35	116	19	58	12	36	38	122	98	386	202	718	3534
16.	Onion	145	87	77	46	105	63	324	218	944	648	1595	1012	634
17.	Tobacco	13	6	24	14	22	16	254	176	515	357	828	509	687
18.	Turmeric	43	75	10	10	764	1085	63	90	338	503	1218	1763	1447
19.	Banana	1137	15463	428	5514	281	1305	497	6307	1486	19006	3829	47655	12446
20.	Potato	10783	80042	6744	60603	755	4972	55	236	623	3571	18960	149424	7881
21.	Sweet Potato	916	3353	1115	3345	1023	3069	242	750	478	1482	3774	12239	3259
22.	Apioca	513	3058	680	4027	51	940	1227	6337	1365	7120	3836	21482	5600
23.	Papaya	153	1367	47	360	27	102	71	677	103	991	401	3497	8721

\* Jute and mesta in bales of 150 kg each; \*\* Cotton in bales of 170 kg each.

Source: Newsletter, Directorate of Agriculture, Meghalaya, Shillong, vol. VI, No. 3 & 4, July-December, 1985.

Table II

Estimate marketable surplus of various agricultural and minor forest produce (Broomstick and Wild Pepper) of Meghalaya (1984-85)

Crop	Level of production	Marketable surplus
Potato	1,45,000 M.T.	1,00,000 M.T.
Jute and mesta	64,000 Bales	60,000 Bales
Cotton	5,100 Bales	5,000 Bales
Ginger	20,000 M.T.	15,000 M.T.
Pineapple	45,000 M.T.	30,000 M.T.
Vegetable	30,000 M.T.	20,000 M.T.
Banana	40,000 M.T.	20,000 M.T.
Orange	30,000 M.T.	15,000 M.T.
Texpatta	8,000 M.T.	5,000 M.T.
Turmeric	1,500 M.T.	1,200 M.T.
Grass-broom	5,000 M.T.	3,500 M.T.
Wild pepper	100 M.T.	100 M.T.

Source: Directorate of Agriculture, Meghalaya,  
Shillong.

tonnes, Jute and mesta rank second in the level of production with 60,000 bales as marketable surplus. This indicates that the state of Meghalaya is rich in its crops with a large number of marketable surplus.

The lowest level of production is the grass-broom and wild pepper with 5,000 metric tonnes and 3,500 metric tonnes as marketable surplus. Regarding wild pepper the level of production is 100 metric tonnes and the marketable surplus is 100 metric tonnes, which is marketed for medicinal purposes. So if the economy of Meghalaya is well looked after then in no time, there will be a marketable surplus in all crops produced.

There is no proper marketing outlet in the state for the surplus produce, which is a discouraging factor for the farmers, since they are not assured of adequate remuneration for their labour and other inputs and a fair return on the investment made by them for producing the commodities. An efficient agricultural marketing system is essential for increasing agricultural productivity, leading to an increase in income of the farmers.

The climate of the state is of varied nature, from sub-tropical in the lower elevation to semi-temperate in the high lands. On an average the state is neither too hot in summer nor too cold in winter. Though Cherrapunjee

and Mawsynram are the wettest places in the world, rain comes during summer months only.

The state falls under three broad agro-climatic regions: a) Area bordering Bangladesh, b) The Central Plateau of Highland and c) The Sub-tropical region bordering Assam.

The plateau region of the district has a temperate climate, at the foothills in the southern and northern slopes, the climate is somewhat humid and warm. Thus it provides scope for a variety of agricultural crops, ranging from cereals, example rice, maize and millet, various fruits, potato, jute, arecanut, betel leaf, ginger, short-staple cotton, black pepper, etc. are the main cash crops of the state. Nineteen per cent of the cultivated area are under fruits and vegetables and another 8 per cent under potato. So Meghalaya due to diverse agro-climatic conditions and due to different elevation zones ranging from a few 100 metres to over 2,000 metres above sea level, there is an immense scope for growing a number of varieties of horticultural and agricultural crops.

Land in Meghalaya is broadly classified into two types, viz. the 'Ri Raid' land and the 'Ri Kynti' land.

The 'Ri Raid' land is one in which every member of the village or an elaka (a Durbar elaka is a 'Dorbar Syiem; Lyngdoh, etc. consisting of a syiem, lyngdoh, etc. representative of a hereditary clan, and a few elected members representing each raid or group of village as determined') has the right of use and occupancy, without paying any kind of 'Land Revenue'. If any, it is for the improvement of the community as a whole. However, if a person vacate or leaves the land unutilized for three consecutive years, the land reverts to the community, so one has no absolute right of ownership, but only of use of land.

The 'Ri Kynti' land is privately owned and it is broadly divided into two categories: 1) the ancestral and 2) the self-acquired property.

The ancestral property mean a property which is owned from one grandmother to another passing on and on to the new generation that is from mother to daughter, from daughter to daughter's daughter and so on. While a self-acquired property is one in which one gets by his own hard labour. Both types of land are private land. The 'Durbar Kur' has control over the former, while a person who had acquired property has full control over it. The state has no control over the 'Ri Kynti' land except over the settlement of dispute if brought to the 'durbar'.

Land revenue should not be demanded by the 'Ri Kynti' owner when the owner disposes off the land by selling it to the same community, as it does not have the sanction of custom, though a 'Patta' might be issued to testify the right of the purchaser is self-contradictory because a patta is also a new thing which come along as an infringement of the rights of a Khasi. Once the land is his own by virtue of purchase, it is a self-acquired property. So far as the patta is concerned the Land Reform Commission feels that a sale-deed duly executed and registered and certified copies of relevant entries from the record of rights may be sufficient testimony to replace a patta. Every change of ownership either of 'Ri Raid' or 'Ri Kynti' has to be registered under the law. The parties failing to do so shall take their own risk.

The state as a whole has not been cadastrally surveyed. This is due to the fact that any radical change in the custom of land tenure system may invoke advance public reaction, for this reason areas of land holdings are not available, though the majority of the people of the state of Meghalaya depend on land for their livelihood, the people of Meghalaya have a peculiar land tenure system.

In Meghalaya majority of the people depend on agriculture for their livelihood, in which shifting type of cultivation (or Jhum) is practised. The essential features of the system are to clear the natural vegetation and burnt the forest debris and dibble seeds in the clearings. After two or three years when the fertility of the soil is exhausted due to erosion of the top soil, the field is abandoned and farming is started in a new area, leaving the previously cultivated area for growth of fresh vegetation. The characteristics of jhum cultivation are:

- 1) Rotation of fields rather than crops;
- 2) Use of fire for clearing and preparation of land,
- 3) Use of human labour as chief inputs,
- 4) Non-employment of draught animal, plough or machinery,
- 5) Use of simple implements (e.g. dibble stick, chopping knife etc.),
- 6) Shifting of homestead, if necessary, when a new area is open in distant places.

Jhum cultivation is an inefficient form of agriculture. Jhumias can only get a bare minimum level of subsistence from jhumming and must depend on other subsidiary occupations. They cannot have any saving for investment, education of children, construction of permanent dwellings, and will deprive the cultivators of benefit of modern technology, no scope for improved

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agricultural implements, land improvement, high yielding variety seeds, fertilizers, etc. The administrators also find it hard to provide basic facilities to jhumias by way of transport, health, schools, markets, etc. as population under jhum are scattered. So an integrated approach is necessary for the control of shifting cultivation and people must have confidence that they can have a better life only, when income from other source are available, where people can sell their produce and labour, to be self-sufficient in foodgrain from other areas in exchange for their other products.

All this shows that Meghalaya has immense potential growth in agricultural production if only the different approaches were made in cultivation and provided that the infrastructure is also developed for the development of agriculture as a whole is magnanimously deficient in this region. Transport and communication follow decade old pattern. The cost of transport is high, because of operating costs, underdeveloped transport system hinders the use of advance technology in agriculture and industry. Movement of personnel, seeds, pesticides, fertilizer, etc. to the remote areas of the region bring about unsurmountable obstacles with the present transport and communication system.

According to 1981 census the state of Meghalaya has a population of 13,35,819 people. The decennial population growth rate 1971-81 is 32.04 per cent as against 31.50 per cent of the decennial growth rate of 1961-71 population. The density of population per square kilometer is 59.00 per cent having risen from 45 per cent in 1971. The urban population of the state in 1981 was 2,41,333 lakh and the rural population accounted for 10,94,486 lakhs. Percentage of urban population to total population is 18.07 per cent. Figures regarding the literacy rate, different workers, household, industries, etc. of 1971 and 1981 is being shown in table III.

The main focus of this chapter has been on resources and factor that are relevant to the agricultural economy of the state. The economy of the East Khasi Hills District is more or less representative of the economy of the state and the factor relevant to a discussion of the economy of the district. However, there are some special features in the economy of the district to a discussion of which we turn in the next chapter.

Table III

		Census 1971	Census 1981
Population Total	Persons	1,011,699	13,35,819
	Males	5,20,967	6,83,710
	Females	490,732	6,52,109
Rural	Persons	864,529	10,94,486
	Males	441,533	5,56,958
	Females	422,996	5,37,528
Urban	Persons	147,170	2,41,333
	Males	79,434	1,26,752
	Females	67,736	1,14,581
Decennial growth rate of population		1961-71(%) 31.50	1971-81(%) 32.04
Density of population per sq. km.		45	60
Sex ratio (Number of females per 1,000 males)		942	954
Area in sq. kms.		22,489	22,429
<hr/>			
Literacy Rate	Persons	1971 29.49	1981 34.08
	Males	34.12	37.89
	Females	24.56	30.08
Percentage of urban popula- tion to total population		14.55	18.07
Percentage of workers to total popula- tion (Main activity only)	Persons	44.17	43.43
	Males	53.21	53.12
	Females	34.57	33.29

Break-up of workers (Percentage to total workers)		1971	1981
i) Cultivators	Persons	69.15	62.56
	Males	63.55	57.83
	Females	78.30	70.49
ii) Agricultural Labourers	Persons	9.88	9.98
	Males	9.34	9.98
	Females	10.75	10.91
iii) Household industry	Persons	1.09	0.84
	Males	1.13	0.74
	Females	1.03	0.01
iv) Other workers	Persons	19.89	26.62
	Males	25.98	32.61
	Females	9.92	17.59
Percentage of scheduled caste population to total population	Persons	0.38	0.41
	Males	0.39	0.45
	Females	0.37	0.37
Percentage of scheduled tribe population to total population	Persons	80.48	80.58
	Males	78.29	78.63
	Females	82.81	82.61
Number of occupied residential houses		1,93,050	2,55,826
Number of villages	Total	4,982	5,048
	Inhabited	4,583	4,902
	Uninhabited	399	146
Number of towns		6	12

Source: Census of India, 1981, Series 14, Meghalaya  
Part XIII A & B, District Census Handbook.

Village and townwise primary census abstract.  
East Khasi Hills District.

Chapter III

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Agricultural Economy of the East Khasi Hills  
District

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In this chapter we propose to discuss the main features of the farm economy of East Khasi Hills District. Important aspects of the physical features of agricultural land, climate, irrigation, cropping pattern, facilities for and implement of agriculture, horticulture, plantation crops, market and marketing and population, land tenure system, all of which, one way or the other, influence of agriculture, are briefly looked into in this chapter. Our intention in this chapter is to provide an overall view of the back-ground and the base of agricultural activities and in particular to focus on the features of the two villages in the Bhoi area of the East Khasi Hills District, namely, Umsning and Sonidan, which form the subject matter of our study.

### Physical Features

East Khasi Hills District was carved out of the erstwhile Khasi Hills District in 1976. It occupies a land surface of 5,196 sq. kilometers, it is bounded on the North and North-East by Kamrup, Nowgong and Karbi Anglong Districts of Assam. On the East by the Jaintia Hills District of Meghalaya and on the South by Bangladesh. On its West is the District of West Khasi Hills. Geographically the District may be considered as having three divisions: i) The War area in the Southern part, ii) The Middle or Central part, where the Khasi Hills ranges run

from East to West, which has the highest peak in Meghalaya known as the Shillong Peak having a height of 1,965 metres (or 6,445 feet), iii) Ri Bhoi area which is in the Northern part of the District consist of a series of hills running from the central part of the District, sloping gently to the plains of Kamrup and Nowgong in the North.

The Shillong plateau is in the East Khasi Hills District. Towards the east the plateau extends across the gorges of the Umngot river to continue into the highland of Jaintia Hills District ending in the gorges of Kupli river and forming the Eastern most boundary of the state. To the North, the plateau slopes towards Brahmaputra valley and descend to the sub-mountain region in the valley of river Khri and Umtrew, towards the South the plateau extend almost to the edge of the cliff overlooking Bangladesh. The capital of the state is the Shillong town which is in this plateau. The two villages of our study is influenced by the proximity of the Shillong plateau and Shillong town.

The Shillong plateau forms the water shed of all the principal rivers of the East Khasi Hills District. The rivers either drain to the Brahmaputra river in Assam or Surma river in Bangladesh. The Umkhen river also rises from the north of this peak flowing to Anglong

District of Assam. The Umiam river rises from the range west of Shillong peak and passed through Ri Bhoi turned North-west till it joined the Umsiang river. This water is dammed at a place about 20 kilometres from Shillong for the Umiam Hydel Project. The water is drained away by a tunnel to form a tributary of the Umtrew river. The Umtrew river rises from the western range of Sohpet Bneng near Lum Raitong. The combined water of the Umtrew and Umiam are being used stage by stage to form a continuous power potential Hydel scheme till it reaches the plains. The Umiam river passes through both the villages of our study and its water is used for irrigating the agricultural land.

### Climate

The climate in the East Khasi Hills District, as in other parts of the states, is influenced by South West Monsoon. The monsoon begins usually in the month of May and continues upto the end of September and even well to the end of October after which it stops abruptly. The climate from November to April is almost dry. During the months of October and November the climate is cool and temperate when November approaches, the temperature slowly dropped and the climate changes from cold to mild mid-winter. This climatic condition has a strong influence on agricultural practices in the district.

## Infrastructure

### Power

The District has a total capacity of 65.20 m.w. generated by the Umiam and Umtrew Hydro Electric Project. The Meghalaya State Electricity Board generates hydel power from the Bicon Fall near Mawlai. The Umiam-Umtrew stage IV (2 x 30 m.w) hydro-electric project with upper Khri diversion is expected to be commissioned soon. With its completion, there will be an additional install capacity of 60 m.w. There will be a surplus power available which could be effectively harmless for setting new industrial units and agricultural purposes. So Umsning village has been electrified by the Umtrew Hydro electric project for domestic purposes, Sonidan is also expected to be electrified soon.

### Transport and communication

In the absence of railways and water ways, roads are the only means of communication. A national highway passes through Bhoi area and connects the area with Cachar District of Assam and other states like Mizoram, Tripura and with the rest of the country, and Umsning is on this highway. Agriculture and other products are transported by trucks or light motor vehicles wherever possible. Nevertheless, for major farm produce from the fields and pit heads to the roadsides are mainly carried by head loads.

Other infrastructure facilities are health and education are found in the Umsning village with both Primary and High Schools. Whereas in Sonidan village Middle and Primary Schools are found.

### Soil

The soil of the Bhoi area may broadly be divided into two varieties namely, Hill soil and Plain aluvial. There are also patches of red loamy soil, fine silt constituting the major fractions of the soil is characterised by a very high organic matter and nitrogen content. Clayey to fairly heavy clay are found in other places. But the soil where paddy is grown extensively are heavy loam and contain a fairly large amount of organic matter.

### Cropping pattern

The main crops of the District for the year 1980-81 are paddy, potato, maize and vegetables. The area, production and average yield of the main crops of the District for the year 1980-81 are given in table I.

Medicinal and aromatic herbs, creepers and plants like Solanum khasianum, Lemon grass etc. are also grown in the District. Ipecac and Cinchona are other medicinal plants found in the District mainly in the Bhoi area. A sample list of the medicinal plant grown locally is

Table I

Area and Production of Principal Crops in East Khasi Hills District in 1980-81

Name of the crop	Area (hectares)	Production (tonnes)	Average yield in kgs per hectares
1. Paddy	15880	29130	1834
2. Potato			
a) Summer	6648	53849	8100
b) Spring	1477	7031	4760
c) Winter	1313	6223	4740
Total	9438	67103	7110
3. Maize	3748	3017	805
4. Vegetables	2620	8331	3180
5. Ginger	520	2459	4730
6. Other pulses	125	81	648
7. Other cereals	600	549	915
8. Rape and mustard	43	22	51
9. Dry chillies	130	54	4.5
10. Turmeric	38	67	1763
11. Banana	910	13390	14714
12. Sweet potato	900	3806	4229
13. Tapioca	483	2801	5799
14. Soyabean	65	60	923
15. Black pepper*	323	537	1652
16. Pine apple*	3255	24910	7650
17. Arecanut*(dry nuts)	4510	3790	840
18. Betel leaves*	2868	3028	1055

\* Figures relate to 1978-79.

Source: District Credit Plan (1983-85) and Annual Action Plan 1983, East Khasi Hills District (Meghalaya).  
State Bank of India, Regional Office, Shillong (Meghalaya).

indicated below:

- a. Solanum khasianum
- b. Rauwolfia serpentina
- c. Rauwolfia canascese
- d. Ipecac
- e. Yam
- f. Dalchini
- g. Rezpeta
- h. Eucalyptus cetrifodoma - essential oil bearing plants.

#### Farm equipments

Agriculture is still in the traditional method of jhuming. Settle cultivation is also being practised in some area in recent years. In jhuming, spade and hoe of various types are being used to certain extent. But however, farmers are beginning to become conscious of the advantage of using farm equipments like tractors, power tillers, pump sets and improved ploughs. Wherever possible and whenever they can afford them.

#### Horticulture

The major horticultural crops are pine-apple, banana and temperate stone fruits like pears, plums, peaches and apricots. Pine-apple is very extensively cultivated and banana of local variety is grown in scattered patches through out the Bhoi area. The area offers ample scope

for growing various fruits yet horticultural cultivation is confined to few gardens in stray pockets. At present processing facilities are available at the Government Fruits Preservation Factory at Shillong and another factory in the private sector "The Associate Beverages Pvt. Ltd. at Burnihat".

#### Market and Marketing

Besides the trading centre at Shillong, there are numbers of regulated and unregulated bazars or weekly assembly market which are sufficient to cater to the needs of the villagers. Shillong, as a central market centre has a limited capacity for absorbing the supply of goods. Apart from several marketing co-operative, the Meghalaya State Co-operative Marketing and Consumers Federation has come into being in 1975 to operate as an apex institution for collecting produce on the spot at reasonable prices. The important commodities handled by the marketing societies and quantity handled in thousand quintals is ginger and the marketable surplus of vegetables, chillies, etc. from Umsning are sent to the merchant at Shillong after grading/sorting on commercial basis by the Marketing Society and sent the commodities to different destinations. The marketable surplus of Sonidan is transacted in the village market itself.

### Irrigation

An area of 8356 hectares representing 18.39 percent of the net area is irrigated in the District. Of this, 960 hectares and 112 hectares are Government flow irrigation and lift irrigation project respectively. An additional area of 1932 hectares had been brought under irrigation by March 1985. These are flow irrigation projects executed by the Agriculture Department. In addition to important facilities provided by the Government, individual farm also undertake minor irrigation work for their agricultural purposes which is executed and maintained by the agriculture department. In Umsning and Sonidan this kind of irrigation is being practised.

### Consumption of Chemical Fertilizers

The average consumption of fertilizers per District in the State during 1978-79 is 5846-96 metric tons (source Mecofed). Average consumption in kilogram per hectare of cross crop area work out 106.57 kilograms. The consumption of fertilizers is still very low when compared to all India average. However, many farmers have of late realised the necessity of application of fertilizers in order to increase the yield and this is particularly true in case of potato cultivation under the manurial resources and town rural composit scheme, town refuse is collected for conversion into useful composit

at the centre near Mawlai gate, while green manurial seeds are purchased for demonstration in selective places free distribution with subsidies delivery arrangement. There is one distributor of chemical fertilizers in the state, namely, the Meghalaya State Co-operative Marketing and Consumers Federation Ltd. The Mccofed distributes fertilizer through a chain of eight whole sellers and 20 retailers in the District. No uniform rate of fertilizers prevail in the District and the landing cost is very high. The Government, however, subsidised transportation cost of fertilizers. The village of our study use chemical fertilizer to certain extent.

#### Plantation crops

Where areas for permanent food crop cultivation is not available the Government is encouraging the farmers to grow plantation crops like rubber, coffee and tea which are found suitable and have good prospect in the District. Tea and coffee are grown in the Umsning village on an experimental basis for demonstration purposes only. Black pepper has been taken up by local farmers as spice crop for commercial purposes.

#### Population

According to 1981 census, East Khasi Hills District has a total population of 5,11,414 people of

which 64.65 per cent are rural population and 35.35 per cent are urban population.

Bhoi area has a total population of 11.8 per cent of the East Khasi Hills district, of which 0.83 per cent are the population of Umsning and 0.83 per cent are of Sonidan village.

In the Bhoi area the number of villages are 256 out of which 248 are inhabited and 8 villages are uninhabited due to jhum cultivation (according to 1981 census).

Table II shows the rural urban distribution of population in Community Development Block.

Table II

Decadal Change in Distribution of Population

Name of C.D. Blocks	<u>Percentage Decadal</u>		
	<u>Total</u>	<u>Rural</u>	<u>Urban</u>
East Khasi Hills	32.64	28.20	41.63
1. Nongpoh	+39.05	+39.05	...
2. Bhoi Area	+44.33	+44.33	...
3. Mawryngkneng	+25.21	+25.91	...
4. Mylliem	+36.74	+21.61	42.32
5. Mawphlang	+39.66	+39.66	...
6. Pynursla	+22.08	+22.08	...
7. Shella-Bholaganj	+12.51	+10.46	24.38
8. Mawsynram	+22.99	+22.99	...
9. Mawkynrew	+23.81	+28.81	...

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Source: Census of India 1981, Series 14, Meghalaya.  
Part XIII A & B, Village & Town Directory,  
Village and Townwise, Primary Census Abstract.  
District Census Handbook, East Khasi Hills District.

The decadal change in population in the District as given in 1971-81 census is 32.64 which is higher than the State figure of 32.04 per cent, amongst the 9 Community Development Blocks of East Khasi Hills District. Bhoi area registered the highest growth rate of population of 44.33 during the decades 1971-81. This is partly due to the immigration of the clan 'War' from the Bborder area and the upgradation of the area into a separate administrative units. The decennial growth rate of the population of the East Khasi Hills district of 1971-81 census is 34.35 per cent. The literacy rate is 43.73 per cent which is quite high in comparison to the state as a whole which has a percentage of 34.08 per cent. The number of main workers is 40.67 per cent, marginal workers is 0.95 per cent and the number of agricultural labourers is 47.74 per cent. This can be seen from the table III.

The area of our study is Umsning and Sonidan villages which are located in the Bhoi area of the East Khasi Hills District of the State of Meghalaya. Umsning is 32 kilometers away from the Shillong town, we can approach this village with a motor car since it has a motorable road. It has a total population of 550 people in 80 households. It has got electricity for domestic purposes, primary school, middle school and high school.

Table III

Important Statistic of the State of Meghalaya  
and of the East Khasi Hills District

	State	East Khasi Hills
<u>Population</u>	13,35,819	5,11,414
Decennial Population Growth Rate (1971-81)	32.04	34.35
Sex Ratio (No. of female to 1000 males)	954	945
Area (sq. km.)	22,429	5,196
<u>Literacy</u>	34.08	43.73
Percentage of urban population to total population	18.07	35.35
1) Main workers	43.43	40.67
2) Marginal workers	2.49	0.95
3) Non-workers	54.08	58.38
<u>Break out Main workers</u>		
Percentage among main workers		
1) Agricultural labourers	72.54	47.74
2) Household industries	0.84	1.36
3) Other workers	26.62	50.90

Source: Census of India 1981, Series 14, Meghalaya, Part XIII A & B, Village and Town Directory, Village and Townwise Primary Census Abstract. District Census Handbook, East Khasi Hills District.

The water supply for drinking purposes is obtained by tube well, and has post and telegraph office and has a weekly market where rice and other domestic consumption products are sold.

Sonidan is the other village of our study and it is 70 kilometer away from Shillong and 40 kilometer away from Umsning. It can be approached by a motorable vehicle. It has not been electrified. Drinking water is obtained through tube wells. It has a primary <sup>school</sup> and middle/ and a post office. The weekly market is about 12 k.m. away from the village. The staple food of the people is rice and maize and has a population of 500 people in 80 households.

We have chosen these villages for our study because they have more or less similar agricultural and other economic traits, except that the Umsning village has been adopted by the State Bank of India for financial assistance for their agricultural purposes, while Sonidan has not been so adopted. These two villages are also representative of the agricultural practices of the State. Both cultivate paddy in settle wet paddy fields, and they also practice jhum cultivation in these villages. Horticulture is also widely prevalent, and in all these activities finance are of crucial importance. We get the idea of imparting financial assistance in agricultural

production by studying the two villages comparatively, since both are known for agricultural richness. Their physical feature, climate, soil, irrigation facilities and agriculture implements, etc. are the same as those of the other parts of East Khasi Hills District.

### Land Tenure System

In Umsning and Sonidan villages land belongs to the community and not to the individual. This does not only apply to these two villages but it is true to the land in East Khasi Hills District and the state as a whole. Because of this, it has not been cadastrally surveyed. This is due to the fact that any radical change in the custom of land tenure system may invoke advance public reaction.

The land ownership system as it was originally laid down by the forefathers, had been divided into two broad groups, namely, 'Ri Kynti' and 'Ri Raid' lands. Ri Kynti belongs to the individual whereas Ri Raid land is land owned by the community which in turn provides land to every individual household according to the needs and capacity to cultivate.

In both the villages of our study Ri Raid land is a common land tenure system. There are also patches of Ri Kynti land which has come into existence in course of

time. This has led to the issuing of 'Patas'. The emergence of private ownership in land holding which has reduced the extent of Ri Raid land. Some Ri Kynti land holder have set apart for certain heritable and transferable right over land. Figures for land holdings in hectares or size are not available in these villages in spite of the distinct effort made by the Government because land tenure system is based upon laws. An amount of Rs.12 lakhs had been provided for cadastral survey for the purposes of records in the District of East Khasi Hills.

Report of land reform commission (page 17 & 23) suggest that no transfer price should be demanded by the Ri Kynti owners when they dispose off their land by sale to a Khasi as it does not have the sanction of custom. Though a pata might be issued to testify the right of the purchaser. This recommendation seems self-contradictory because a pata is also a new thing which came along as an infringement of the rights of the Khasis. Once the land which is its own by virtue of purchase. So far as the pata is concerned the commission felt that a sale-deed duly executed, registered and certified copies of relevant increase from the records of right may be sufficient testimony to replace the pata. Every changes of ownership be it Raid land or Ri Kynti land has to be

registered under the law. The parties who failed to do so shall take their own risk.

In this chapter we have given a 'bird's eye view' of the relevant aspects of socio-economic condition which influence agricultural practices in the East Khasi Hills District and in particular in the Bhoi area. It would be evident that many possibilities of transferring agricultural practices and thereby increasing agricultural activities in the District. An essential requirement for modernising agricultural activities is the provision of agricultural finance and to this aspect of the problem we address ourselves in the next chapter.

Chapter IV

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Financing of Agriculture by Institutions

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In this chapter we discuss the nature, importance and the result of institutional financing of agricultural activities. The discussion is general in nature and is designed to serve as a prelude to the analysis of the agricultural financing by institutions in the villages of our study.

Agricultural financing activities by institutions like Banks and Co-operatives has assumed greater important than before, in the context of integrated rural development. A large majority of our agricultural population has a low level of income and consequently, the capacity of the farmers to save and invest in agricultural operation is very low. The needs for institutional finance has become all the more important because of the introduction of high yielding varieties which give best results when accompanied by the use of irrigation water, fertilizer and pesticides.

We can broadly classified agricultural credit into the following types based on the purpose and duration of borrowing.

1) Short Term Credit: This is farmers' needs for current agricultural operation including inputs, like purchasing seeds and fertilizer, for repaying wages to labourers when hired and such other purposes. Loans for such purposes

are generally repayable out of the income from the next harvest.

2) Medium Term Credit: Comparatively large loans may be necessary for purchasing agricultural implements. The duration of the loans is generally two to five years because repayment cannot be made at the next harvest. It will have to be spread over two to five years.

3) Long Term Credit: Still a larger sum, the farmer may have to borrow if he wants; to purchase an additional to increase his holding for cultivation or to sink a well in his farm and for land reclamation and other agricultural long term investment purposes. It takes him a relatively longer period of time to repay this kind of loan.

According to the Sixth Plan document, the need for rural credit for the whole of India was estimated to be Rs. 2650 crores for short term loans, b) Rs. 235 crores in medium term loan and c) Rs. 420 crores for long term. The main objective of credit policy in the sixth and seventh plans have been progressive institutionalisation of the rural credit.

Here we briefly discuss the institutional sources of credit for agricultural purposes in India and in particular to the state of Meghalaya.

(1) The Co-operative Credit Societies

They are the popular and high favoured sources of finance and also cheaper than the other source for rural areas. In addition, the problem of agricultural credit and also agriculture as a whole can be tackled more effectively through Co-operative Societies. The primary agricultural credit societies provide largely short term and medium term loans to the farmers. As for long term credit are usually provided by Land Development Banks. During the successive five year plan, despite impressive progress made by Co-operative credit societies, their contribution to total agricultural credit has been far from adequate. Besides the developments of credit co-operative has been very uneven between different states. But the most unfortunate development is that the co-operative credit societies have so far largely benefitted the highland holders leaving the small farmers and landless agricultural labourers unprovided, although it is they who need their assistance badly. We also suggest that co-operative credit societies cannot solve the problems because they suffer from a number of defects, for example, a) overdues have greatly accumulated, b) co-operative are generally fraction ridden so that loans are given not on the basis of needs but other considerations which is non-economic, c) credit has not

been linked with marketing and d) misuse of credit is very common.

## (2) Regional Rural Banks

In view of the liquidation of money lenders as supplier of rural credit, it had become necessary to set up alternative agency to supply credit in sufficient amount at reasonable rates and as far as possible in an informal manner and by simplifying its procedure. Regional Rural Banks have been set up recently to meet the needs of the rural poor and to extricate them speedily from the clutches of the money lenders. This Bank have distinct character from the co-operative credit societies and the commercial banks. Each such bank is sponsored by a Nationalised Commercial Bank. The share capital is provided by the Central Government, the State Government and the sponsoring Bank in the proportion of 50:15:35. These Banks grant loans and advances, mainly to small and marginal farmers. Agricultural labourers, rural artisans, small entrepreneurs and persons of modest means engaged in trade or other productive activities. It might be concluded that the performance of the Regional Rural Bank is encouraging and further that despite several constraints the Regional Rural Banks have achieved the main objective of helping the weaker section of the community in rural areas by providing credit to meet their requirements.

(3) The Reserve Bank of India (RBI)

Since 1949 the Reserve Bank of India has a separate agricultural credit department, as it has an expert staff for studying all questions relating to agricultural credit, it provides expert advice to the Central and State Co-operative Apex Bank. The R.B.I. finance the movement of crops and other agricultural operations through provincial co-operative banks and other suitable agencies of rural credit.

The R.B.I. provides assistance by way of short term loan to state Co-operative Banks for seasonal agricultural operation at 3 per cent below the Bank rate for marketing of crops and for the purchase and distribution of fertilizers. Medium term loan for specified agricultural purposes are provided at  $1\frac{1}{2}$  per cent below the Bank rate. These are the advances to finance a wide range of economic activities including production and marketing of agricultural and animal husbandry produce and processing of agricultural goods. The R.B.I. purchase a portion of debenture issued by the Central Co-operative Land Development Banks by making long term loan to such banks. Its long term credit agencies which give long term loans to the farmers through the State Government. The State Government encourage the farmers to subscribe the share capital of co-operative institutions.

Apart from the agricultural activities, the Reserve Bank also systematically undertake research investigation and surveys relating to rural finance. The Bank has been giving very valuable advice to the Central and State Governments and to the State Co-operative Banks on matters relating to rural finance. The R.B.I. has conducted All India Rural Credit Survey, and since 1957, the Bank has also been conducting a series of Annual Rural Credit follow up surveys of a moderate scope in pursuance of the recommendation of the All India Rural Survey Committee, 1951-52. It is in the light of the recommendations of the Rural Credit Committee that the Reserve Bank has formulated an integrated policy of Rural Credit.

#### (4) The Government

Another agency providing finance to the agriculturist is the Government. The State Government lends in the form of Taccavi loans especially in times of emergencies, such as flood and famines. The Land Improvement Loans Act and the Agriculturist Loan Act passed respectively in 1882 and 1884 authorised such loans. Generally, the big landlords derive benefit from these Acts in normal years. Red tape and corruptions amongst subordinate revenue officials also make these loans costly for the small cultivators.

(5) Commercial Banks

Another institutional agency is the Commercial Banks. For decades they had been fighting shy of finance agricultural activities, and there also whatever help they were extending it was meant for the richer landlords leaving the small farmers unprovided although they are the ones who are in greater needs of financial help. In view of this the Reserve Bank of India has advised the Commercial Bank to ensure that 50 per cent of the agricultural credit should be to the small and marginal farmers at the end of the Sixth Plan. The distribution of Commercial Bank finance has so far remains very uneven as among different states. Commercial Banks have also been facing operational problems arising from scattered landing over wide areas, inadequate recoveries, lack of experience in the field of agricultural finance. But the most unfortunate development is the rivalry between the Commercial Bank and the Co-operative Bank in rural areas. It has affected adversely to the Co-operative Societies. The rational view in this regard is that the combine activities of commercial banks and co-operative banks can prove very useful. The co-operative banks can better judge credit worthiness and fixed credit limits of the borrowers and the commercial banks are in a better position to mobilise saving. Therefore to be prosperous co-ordination

between these two leading agencies is necessary to avoid wasteful competition. Until recently commercial Bank were negligible source of rural credit providing hardly one per cent of the total credit to agriculture. But since July 1969 Commercial Bank were nationalised so that they can provide credit to the primary sector in our country in accordance with the objective of five year plan.

(6) The NABARD

The NABARD is to provide financial assistance by way of Refinance credit for the promotion of agriculture, small scale and cottage industries and other allied economic activities in rural areas with a view for promoting integrated rural development.

(7) Land Development Banks

These banks have a two tier structure in most states, with central Land Development Bank at the state level and primary Land developments at the blocks, sub-division and district levels. In some states like Jammu and Kashmir, Gujarat, Bihar, Maharashtra and Uttar Pradesh, these Banks are unitary in character with branches at different places. During 1972-73 these Banks provided about Rs. 178 crores of loans to individual farmers, since the declaration of emergency, under

the 20 point economic programme the government had established fifty more rural development banks in the country. They supplemented the credit availability at the institutional level and contributed towards eventual elimination of the money-lenders.

(8) Agro-Industries Corporation

Agro-Industries Corporation has been set up in almost all the major states in India, in order to spread the benefit of mechanisation to a large number of farmers who cannot afford to buy costly farm machinery. The Agro-industries corporation also provides agricultural credit. They advance loans for the purchase of tractors and agricultural machinery under hire-purchase scheme.

(9) Agricultural Refinance Development Corporation (ARDC)

Agricultural Refinance Development Corporation was established in 1963. It is an institution which make long term advances for financing big agricultural projects, which are beyond the capacity of Land Development institution to finance. Thus the Agricultural Refinance Development Corporation has a large resource at its command.

The Corporation serves as a central refinancing agency for agricultural credit. It give assistance for special crop development, mechanised farming, diary and land reclamation, etc., It gives both medium term loan for

three years to 5 years and long term loan from 5 years to fifteen years.

Refinancing facilities are given by Agricultural Refinance Development Corporation at the rate of 90 per cent for minor irrigation schemes and at 75 per cent for other viable scheme. It is to help the weaker section of the rural and 100 per cent refinance facility is given for viable schemes of agricultural development initiated by the Small Farmers Development Agencies (SFDA).

The non-institutional sources have been operating in our country since time immemorial. They are as follows:

1) The Money Lenders: The money lenders constitute the traditional sources of agricultural finance. Other agencies have also come in the field of money lending but the supremacy of the money-lenders continues practically unchallenged since ancient times. There are two types of money-lenders in rural areas, they are the agricultural money lenders who combine farming with money lending, besides there are professional money lenders whose only occupation or profession is money lending. During the sixth-five year plan they met about 43 per cent of the credit needs of the farmers.

The money lenders are slowly losing ground to institutional agencies, in spite of the fact that they still

occupy a significant position in the agricultural economy of our country. It is because the village money lenders freely supplies credit for any purposes whether productive or unproductive, he is easily accessible and maintain a close and personal contact with the borrowers or friends having relation with the family extending over generation. His methods of business are simple and elastic, he has a local knowledge and experience and therefore can lend against land as well as against promisory notes.

2) Trades and Commission Agents: Supply finance to farmers for productive purposes made before the crop mature. The share of traders and commission agents in agricultural finance has been within the range of 5 to 10 per cent for agricultural needs. The share of the traders and commission agents to the total supply of agricultural credit seems to be increasing over times.

3) Relatives: Farmers may borrow from their own relatives in cash or in kind in order to tide over temporary difficulties, but the source of finance is uncertain, and with increasing needs of modern agriculture they cannot depend upon the source for a large amount of loan. Moreover, the socio-economic development, namely, the kind of joint family system has reduced the significant of the source of credit.

4) Landlords and Others: Farmers, particularly small farmers and tenants depend upon landlords and others, to meet their financial requirements. But unfortunately the landless labourers are not free because of bonded labour in many parts of the country which is still prevailing inspite of the attempt of abolition by the government in recent years.

We shall now consider the relative importance of institutional sources of credit in Meghalaya with particular reference to the East Khasi Hills District of the State.

In the East Khasi Hills District of Meghalaya there are 47 branches of various commercial and co-operative banks in the district. Shillong town and its surrounding have 28 bank officers. The first Regional Rural Bank in Meghalaya - 'Ka Bank Nongkyndong Ri-Khasi-Jaintia' has started functioning with two branches, viz., Shillong and Umpling Branches. The Bank was sponsored by the State Bank of India which itself has 15 branches in the district. The State Bank has also opened the first ever Agricultural Development Branch in Meghalaya at Umsning.

In the area of marketing, the Meghalaya State Co-operative Marketing and Consumers' Federation (MECOFED)

is making rapid strides with a business turnover of more than Rs.179.00 lakhs during 1978-79. Mecofed has since diversified its activities to almost all the entire field of producers needs other than credit. It has widen its field rapidly in the marketing of surplus agriculture and forest produce such as bay leaves (Tezpata), wild pepper, ginger, potato, paddy, cotton, mustard seeds, pine-apple, etc.. It has also been entrusted with the responsibility of distribution of agricultural inputs throughout the State, with a view to help the potato growers in the district and the state as a whole. It is thus expected that the Mecofed will be able to penetrate to all the villages in Meghalaya.

1. Co-operative Credit Society: In the East Khasi Hills District there are 234 different Co-operative Societies, There is a two-tier credit Co-operative structure in the district with the Meghalaya Co-operative Apex Bank Ltd., at the apex level, and the re-organised agricultural primary credit co-operative societies numbering 51 at the base level, in which full time trained secretaries have been appointed by the State Cadre Management Co-operative Societies. The 51 re-organised primary agricultural credit societies supply credit inputs apart from dispensing credit to the agriculturists.

The State Government is still engaged in re-organising the existing co-operative set up in the district with the intention of activating the dormant and defunct areas and to help in making the areas which are functioning viable.

Though the Co-operative is the best and cheapest, but the most unfortunate development is that it largely benefitted the big farmers leaving the small ones unprovided and moreover the rate of interest of loan is high at about 12 per cent.

2. Commercial Bank: is another agency of rural credit. The second round District Credit Plan for East Khasi Hills District (1980-82) was implemented by the 14 nationalised commercial banks, 2 scheduled commercial bank and 1 Co-operative Bank.

A sectorwise/scheme wise performance of the participating financial institutions upto June 1982 vis-a-vis the District Credit Plan and Annual Action Plan outlay for the agricultural sector and activities allied to agriculture is given in Table I.

Activities Allied to Agriculture: The total outlay for this sector under the second round District Credit Plan was Rs. 43.12 lakhs and the cumulative achievement upto the end of June 1982 (which is the latest year for which figures

are available) was Rs. 31.50 lakhs is given in Table I below:

Table I

The Scheme-wise/Bankwise outlays and performance were as under

Scheme	District Credit Plan outlay	Achievement upto June 1982
1. Diary	22.27	21.63
2. Piggery	20.25	5.36
3. Fishery	0.60	2.09
4. Sericulture	-	0.26
5. Poultry	-	2.16
<b>Total</b>	<b>43.12</b>	<b>31.50</b>

Source: District Credit Plan (1983-85), and Annual Action Plan 1983, East Khasi Hills District (Meghalaya)  
State Bank of India, Regional Office, Shillong (Meghalaya)

1. Agriculture

Lending in this sector was primarily done by State Bank of India, Meghalaya Co-operative Apex Bank, United Commercial Bank and United Bank of India. The cumulative performance upto the end of June 1982 (which

is the latest year for which figures are available) was Rs. 166.56 lakhs as against the plan outlay of Rs. 202.91 lakhs. Crop loans amounted to Rs. 143.19 lakhs as against a target of Rs. 137.93 lakhs, with the exception of crop loans, lending in respect of other activities in this sector was more or less haphazard. Scheme like land development, agricultural equipment loans, plough animals etc. were also financed. Shortfall recorded in respect of the scheme for pine-apple and banana is indicated below:

Schemes	Outlay	Disbursement (Rs. in lakhs)	Shortfall
Pineapple and banana orchards	7.97	4.41	3.56

Focussing on the area of our study the organised institutions which is engaged in financing agriculture is only the State Bank of India.

We give a short account of the role of the State Bank of India as an institution prevailing in the Umsning village of the Khasi Hills District.

The State Bank of India: The State Bank of India is operating as a lead for Meghalaya, it has 15 branches in the East Khasi Hills District and one of its branches is situated at Umsning in which the first ever Agricultural

Development Branch was opened in Meghalaya at Umsning.

The State Bank of India at Umsning was opened on the 19th August, 1980, and the first ever Agricultural Development Branch was opened on the 1st May, 1981.

The establishment of the State Bank of India has marked a significant step in the field of integrated rural credit. The activities of the Bank in this field fall into three separate but closely related fields, namely (a) General Assistance leading to the development of rural credit institutions (b) Provision of financial accommodation to co-operative marketing and processing societies, and (c) Assistance to the scheme of warehousing.

(a) Loans to the agriculturist: The State Bank of India has been granting short term, medium term credit to the farmers of this village at a low rate of interest that is 11.5 per cent. A loan amount of Rs. 5000/- is given out at zero rate of interest and with no collateral security, from Rs. 5000/- to Rs. 10,000/- at 12.5 per cent per annum and above Rs. 10,000/- at 14 per cent per annum.

(b) Loans to Co-operative Banks: The State Bank has also been granting short term credit facilities to the State and Central Co-operative Banks against government securities at a concessional rate of interest, namely one half of one per cent below its usual advance rate.

(c) Financial Accomodation to Market: The State Bank of India has undertaken an important aspect of direct finance to Co-operative marketing and processing societies in area where they are not able to secure prompt and adequate finance from Central Co-operative Banks, Marketing societies are given advance against pledge of produce in order to improve their selling power for selling it at favourable prices. This kind of loan is not at present available but the State Bank is proposing to introduce as and when it is required.

The State Bank has been responsive to the needs of the rural sector in keeping with the spirit of the times. Over the last few years the State Bank has considerably expended its operation in the field of direct financing of farmers.

The State Bank has made a significant experiment in opening Agricultural Development Branch in the Umsning village. Umsning village is one of the villages which has been adopted for the operation of this scheme.

The State Bank of India is engaged in helping the farmers of the Umsning village in various ways. It gives loans to co-operative marketing to enable them to market agricultural goods, schools have been set up by this Bank. The State Bank has functioned very significantly as the the 'Lead Bank' in the State.

In the field of non-institutional finance available in the Umsning village the only source is that of relatives.

Relatives: is another source of finance. In Umsning village 94 per cent borrowed from the State Bank of India, the rest that is 6 per cent of the farmers borrows from their relatives either in cash or in kind in order to meet their urgent and temporary difficulties, they are short term in nature and will be replaced by institutional organisations like the State Bank of India.

In the other village namely Sonidan village of the East Khasi Hills district there is no institution for financing agricultural operation. The source of finance available in this village are the agricultural money lenders and the relatives.

1. The Money Lenders: The money lenders constitute the traditional source of agricultural finance who continues practically unchallenge. The money lenders in the Sonidan village are agriculturist money lenders, we do not find any professional money lenders as such in the village. The Agriculturist money lenders combine farming and money lending as a side business. Land, Gold and Silver are the security which are usually accepted by these money lenders. Sometimes they accepted coins and promisory notes for their loans, unlike professional

money lenders who indulged in various kinds of malpractices to cheat the borrowers. Few of the agricultural money lenders in Sonidan are unsophisticated and honest, they charge only the rate of interest which is not found to be burdensome by the borrowers.

Relatives: About 40 per cent of the farmers from the village of Sonidan borrowed from their relatives, either in cash or in kind, loan from such source are generally short term in nature which carry no security and zero rate of interest. Money from such source is borrowed to meet emergency situation. The loan may be easily available but the amount will be small.

In the next chapter we will discuss in greater detail the aspects of agricultural finance purposes in these two villages on a comparative basis.

Chapter V

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Comparative Study between Financing and  
Non-Financing Village of the East Khasi Hills

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In this chapter, we give the results of our investigation into the status of agriculture in the two villages, and analyse the performance of these villages on a comparative basis. Our intention here is to find out the extent to which if any, the financial assistance provided by the State Bank of India to the Umsning village. Umsning village has enable to modernise its agricultural practices, increase productivity and enlarge the income of the cultivator, as compared to the Sonidan village which has not been so financed by the State Bank of India.

In Meghalaya as we had discussed in the previous chapter the State Bank of India is the Lead Bank in the State as well as in the district of East Khasi Hills. One of the basic objectives of the Lead Bank scheme in Meghalaya has been laid, in which individual banks are expected to adopt villages in the district for intensive development. Under this scheme the Lead Bank is also expected to act as a leader to bring about co-ordination of co-operative Banks, commercial banks and other financial institutions in their respective district in the interest of the district development. The Lead Bank is to make an economic survey of the state and of the district so as to identify unbanked centers where Bank branches could be located and prepare a phase programme for branch expansion in the district. On the basis of the surveys,

the Lead Banks is to estimate the deposit potential and the credit gaps so that steps could be taken to tap the basic potential and fill the credit gaps.

In addition to the Reserve Bank of India Agricultural Department, the State Bank of India has been assigned the task of helping and accelerating the agricultural development in many parts of the country including the North Eastern region. So the State Bank of India has made a significant contribution to the development of agriculture by extending credit facilities to the farmers.

In the course of its working the State Bank of India follows the "village adoption approach" under which the unit selected is either a village or a cluster of villages. In the village adopted, efforts are made to assist all the viable or potentially viable farmers, irrespective of their holdings. A special feature of this approach is that loans granted to individual farmers are generally secured by the guarantee of the group of farmer-borrowers. In addition, the State Bank of India is also participating in all schemes of lending to rural areas formulated by the government and the Reserve Bank of India.

The Lead Bank scheme of development refinance administered in 2(two) stages, in the first stage, economic needs are attended to and during the second stages, social

and cultural needs are being looked after. Apart from the village adoption scheme the State Bank of India group has been extending assistance for agricultural development through its special Agricultural Development branches as had been discussed in the previous chapter. The aim is to refinance agricultural development of the area rather than merely financing of agriculture. Naturally, in Meghalaya the State Bank of India has introduced village adoption scheme and agricultural development branches because they are inter-linked. The Nayabunglow State Bank of India was opened on 19th August 1980 and the first ever Agricultural Development Branch of State Bank of India was opened on 1st May 1981. The Bank has adopted Umsning and 62 other villages (the names of the village are given in the appendix of the chapter) of the district for intensive agricultural development. The second agricultural development branch of the State Bank of India was opened at Barabazar in Shillong town. The Bank assists all the viable farmers, irrespective of the extent of their land holdings, and loan are granted to individual farmers who has generally secured by the guarantee of the village Headmen.

The Agricultural Development Bank is able to meet the needs of the farmers, that is, agricultural finance varies with the production of crops in the area. Thus

the cultivation of rice require particularly type of credit which differs from that of ginger, potato, pineapple etc. The Agricultural Development Bank in the village adoption scheme should make a careful study between the need for credit and the nature of product because the needs for agricultural finance remain stable and steady depending more on the nature of agricultural operations rather than upon the volume of output. Agricultural output in a year may be more or less depending upon the monsoon, but the amount of finance needed for cultivation purposes will be approximately the same from one year to another over a period of time, with the technological breakthrough the amount of finance needed will definitely increase.

As stated earlier Umsning village is adopted by State Bank of India and Sonidan is not so. Below we give a comparative picture of some major aspects of the socio-economic conditions in these two villages. The figures given in table one to six were collected by personal interviews with the farmers head of the household in these two villages. As stated in the previous chapter Umsning and Sonidan<sup>are</sup> in the Bhoi area of East Khasi Hills District. Umsning is 32 kilometers from Shillong and Sonidan is 72 kilometers away from Shillong. Both are approachable by motorable roads. They have also other facilities for

catering to the elementary needs of health and education.

These two villages consists of 80 households each and we have collected data of 50 households from each of these two villages. As stated earlier in terms of the Agriculture practices and of agricultural productivity, they were more or less of the same nature and of the same level prior to 1980. We were able to notice substantial improvements in many areas of socio-economic activities and of economic conditions in the Umsning village which have been as mentioned earlier adopted by the State Bank of India for the development assistance.

Table I

Occupation and Educational Status of the Head of the Household (50 House-Holds)

Village	Cultiva- tors	Agricul- tural Labourers	Educational Status			
			Illite- rate	Primary educa- tion	Middle school	High School
Sonidan	46 (92)	4 (8)	45 (90)	2 (4)	3 (6)	0
Umsning	47 (94)	3 (6)	27 (54)	6 (12)	10 (20)	7 (14)

Figures in parentheses indicate percentage

Source: Data obtained through field survey.

It will be seen from Table I that out of 50 households, the number of households engaged in agriculture is more or less the same, 46 in Sonidan and 47 in Umsning and the remaining household of 4 numbers in Sonidan and 3 in Umsning are classified as agricultural labourer. It is to be noted here that the agricultural labourers household are not prevailing to the landless labour class, they also have land of their own for cultivation but in addition of cultivating their own land they also work for wages in the land belonging to others. The household classified as agriculturalist cultivate only their own land and do not hire out their labour service to others. It is to be noted that the financial assistance given by the State Bank of India at Umsning village has not in any way either increase or decrease the agricultural household in the village and likewise the non-production of agricultural credit of Sonidan village has not affected the number of household engaged in agriculture. It may be argued that this is so, mainly because these two villages are agricultural ones and the scope for establishing cottage industries even on a reasonable scale has not emerged as of today.

As noted earlier the scheme of developmental finance has two stages mainly the first stage is to attend to economic needs like agricultural loans and in the second

stage for assisting the cultivators for the development of the village. From the data regarding educational status of the Head of the Household in these two villages it could be apparent that the second stage of the lead bank scheme have also been introduced in Umsning village. In the unadopted Sonidan village out of 50 household heads 45 are illiterate whereas in the Umsning village only 27 out of 50 that is 54 per cent are illiterate as compared to 90 per cent of the Sonidan village. In Sonidan there is no one with high school education whereas in the Umsning village there are 7 heads of the household with high school education. It is to be remarked here that Umsning village has a high school, middle school and primary school, whereas Sonidan villoge has only a primary and middle school. After the financial beneficiary of the State Bank of India the educational facilities has enabled the Umsning village to improve their educational status and thereby enjoy a qualitatively better standard of living and are aware of the avenues for further development.

In table II, we give some figures of the major agricultural products cultivated in the two villages. There are pineapple, ginger and paddy. Besides these, vegetables are also grown in abundant like french bean, brinjal, mastard leaves, tomatò, punkin, cucumber etc. Chilli and maize are also cultivated in both the villages.

Table II

Crops Raised of the Head of the Household (50 Households)

Village	Racey (in Quintals)					Wheat (in Quintals)					Pine Apple (in Quintals)															
	Nil	5-9	9-13	13-17	17-21	Total	Nil	1-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Total	Nil	1-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Total
Sonlian	4 (8)	20 (40)	16 (32)	10 (20)	0	50 (100)	23 (46)	19 (38)	8 (16)	0	0	0	0	0	0	50 (100)	17 (34)	0	14 (28)	13 (26)	2 (4)	2 (4)	2 (4)	4 (8)	4 (8)	50 (100)
Umsnins	0 (0)	10 (20)	27 (54)	11 (22)	2 (4)	50 (100)	10 (20)	5 (10)	10 (20)	5 (10)	2 (4)	4 (8)	2 (4)	0	0	50 (100)	25 (50)	10 (20)	2 (4)	2 (4)	2 (4)	2 (4)	2 (4)	3 (6)	3 (6)	50 (100)

Figures in parentheses indicate percentages.  
 Source: Data obtained through field survey.

1 Quintal = 40 Kilograms  
 1 Quintal = 100 Kilograms

In the table, we have arranged the number of cultivating household in terms of the range of their produce in quintals, maunds and in numbers raised from the landholding. The lowest range of 5 to 9 quintals of paddy is obtained by 40 per cent of the household in Sonidan village whereas only half of the number (20 per cent) seems to depend on paddy in Umsning village. The highest range of paddy cultivation of 17 to 21 quintals is obtained by 2 households in Umsning whereas no household obtained that amount of paddy in Sonidan. In both these two ranges of paddy raised the number of household in Umsning is higher than in Sonidan. We have two other ranges between 9 to 13<sup>quintals</sup> in which 32 per cent depends on paddy in the Sonidan village and 54 per cent in Umsning village, while within the range of 13 to 17 quintals of paddy cultivation 20 per cent of the agriculturalist in Sonidan village depends, and 22 per cent in Umsning village.

We may remark here that the average land cultivated by household in both these two villages is 5 acres. None of the cultivators in either of the villages was able to tell us the exact extent of the operational land under his cultivation. The average of 5 acres is based on the fact that the village Durbar allowed a 'Ri Raid' land of each household for cultivation on the basis of their

ability to cultivate the land. We have assumed that an average family of five members would be able to cultivate on average of 5 acres of land without any hired labour or any other outside help. It is on this basis we presume that the average cultivated holdings per household is 5 acres.

It will be seen from this table that 54 per cent of the household in Umsning village has been able to get about 11 quintals on the average from the land, whereas in this category only about 32 per cent is found in Sonidan village. The lowest range of paddy raised from cultivation is 5 to 99 quintals (average of about 7 quintals). The unadopted village of Sonidan registered 40 per cent of household whereas in Umsning this category is only 20 per cent. Two households in Umsning village constituting about 4 per cent of the households were able to get about 19 quintals of paddy from the cultivation whereas in Sonidan village there is not even one household which has been able to get this amount of paddy from their cultivation. From this we can see that owing to financial assistance received from the State Bank, Umsning village is able to raise more of paddy from their fields than Sonidan. This higher productivity is the result of the increased use of fertilizers and other agricultural inputs made possible by the Umsning agricultural household by the agricultural financial assistance received from the Bank.

With regards to two other major crops cultivated namely, ginger and pineapple, the same condition are seen to be obtaining in the two villages. The quantity of production and productivity of ginger in Umsning is much higher. There has not been a single household in Sonidan village who raised cultivation of ginger between 13 and 41 mounds, whereas 50 per cent of the household surveyed in Umsning are able to get ginger within this range in term of mounds from the cultivated land.

In pineapple cultivation also it is seen that Sonidan village has better crop production than Umsning village. This is to be ascribed to the topography of Sonidan village which has more mountainous slopes than Umsning village which facilitates the cultivation of pineapple than the comparatively plain area in Umsning. It is said of the remark in addition to the topography of Sonidan village the natural quality of the soil of the village favour the cultivation of pineapple in Sonidan much more than in Umsning.

In the production of vegetables like french bean, brinjal, mastard leaves, tomato, punkin, cucumber etc. we have also found that the productivity is much higher in Umsning than in Sonidan. This increase production of almost all category of crops and vegetables cultivated in Umsning is the beneficial of the agricultural finance made

available through loans by the State Bank of India.

Table III

Source of Financing Agricultural Operation  
of the Head of the Household (50 Households)

Village	Relatives	Agricultural Money Lenders	State Bank of India	Self- finan- cing
Sonidan	12 (24)	30 (60)	0	8 (16)
Umsning	3 (6)	0	47 (94)	0

Figures in parentheses indicate percentage

The source of financing of agricultural operation can be seen in table 3. We give the source of agricultural finance in the two villages, these sources are institutional and traditional. Among the institutional source only State Bank of India figure and among traditional sources we have the agriculture money lenders and relatives.

In the Umsning village which have been adopted we find 94 per cent of household depends on the State Bank of India for the financial assistance for cultivation and only 6 per cent borrow from relatives. The picture would have been different before 1980 when the State Bank begins its activity in this village. It probably would have been more or less like that obtaining in Sonidan village which have

Source: Data obtained through Field Survey.

not been adopted by the State Bank and therefore has no institutional sources of finance on which the cultivator can depend. Therefore, the major source of financial assistance for the cultivator of this village (Sonidan), is the agricultural money lenders and 60 per cent of the household depends on this source for the agricultural finance they need. There is no household in Umsning which borrow from the money lenders. Twenty four per cent of the household in Sonidan borrow from relatives as against the 6 per cent in Umsning. In Sonidan we find 16 per cent of the household are to be self-financing not depending on any outside source for financing their agricultural operation whereas in Umsning this category of household is nil. From this table it is evident that wherever institutional finance is made available to the cultivator, they have taken to it for the satisfaction of financial need for agriculture and the money lenders has been completely wiped off. In the other village where financial institution is available, the dominant position of the money lenders is still evident followed by the financial help rendered by relatives. Easy availability of financial assistance in time from institutional sources will be able to minimise greatly, if not completely eliminate the operations of the money lenders in the economy of the village. This is demonstrated by the experience of the two villages under study.

In table IV below, we give the broad purposes for which borrowing is resorted to in the two villages. The purposes are broadly classified as for agricultural inputs, livestock, consumption and other domestic purposes.

Table IV

Purpose of Borrowing of the Head of the Households  
(50 Households)

Village	Agricultural inputs	Livestocks	Consumption and other Domestic Purposes	Non-Borrowers
A Sonidan	30 (60)	0	12 (24)	8 (16)
Umsning	40 (80)	5 (10)	5 (10)	0

Figure in parentheses indicate percentage

Source: Data obtained through Field Survey.

In Umsning all 50 households surveyed (100 per cent) borrow for all the three purposes in different magnitude. The major source of finance as seen above is the State Bank of India, 80 per cent of the households in this village borrow for the purpose of purchasing of agricultural inputs whereas in Sonidan the percentage of borrowing for this purpose is only 60 per cent. Five per cent of the households in Umsning borrow for the purpose to purchase and

maintain of livestock whereas in Sonidan village there is not a single household which borrow for this purpose. The absent of borrowing for livestock in Sonidan is to be accounted for by the fact that the village does not use any livestock for their cultivation purposes, mainly because the terrain being mostly mountainous slopes and cultivation being mostly of shifting nature do not permit the use of livestock for cultivation.

In Umsning it is seen that only about 10 per cent of the household borrows for consumption and other domestic purposes. Whereas the percentage of borrowers in Sonidan is of the order of twenty-four. This seem to indicate that the households in Umsning are much better off in terms of their income than the households in Sonidan, so that they do not have to depend upon outside sources of finance <sup>for</sup> their consumption needs. Thus increase in income is made possible in Umsning by the increase productivity of their land which in term is the consequence of the increase and easy availability of agriculture finance from the State Bank of India. In Sonidan we find that 16 per cent of the people do not borrow for any one of the three purposes for which borrowing has been resorted to. The pattern of borrowing in the two villages also indicate that the cultivators in the adopted villages are borrowing to increase their agricultural production, from the

institutional organisation, and for livestock in order that their production will increase, whereas in the unadopted village the percentage of borrowing for consumption and other domestic purposes is more due to the lack of finance, there is a low production of agricultural produce and hence people have to borrow for meeting their bare necessities of life. Though there are the non-borrowers in the unadopted village it does not mean that they do not require any financial assistance, but due to the lack of organised financial institution in their village they had to be contented with their own financial source, that is why they cannot increase their produce as compared to the adopted village.

Table V

Terms of Loan Repayment of the Head of the Household  
(50 Households)

Village	Cash	Cash or Kind	Self-financing
Sonidan	12 (24)	30 (60)	8 (16)
Umsning	47 (94)	3 (6)	0

Figures in parentheses indicate percentage

Source: Data obtained through field survey.

In the case of loan repayment as seen in table V, 24 per cent of the cultivators are repaying in cash, 60 per cent are paying either in cash or kind, and the rest are self-financing in Sonidan village, whereas 94 per cent are paying in cash and 6 per cent are paying either in cash or kind as their terms of loan repayment in Umsning village.

It indicates that the cultivators in the unadopted village is being more exploited because terms of repayment are in cash or kind which include land, gold or silver or a cattle, since the money lenders are more interested in kind turning the poor cultivators into landless labourers, and taking away all valuable possession which cause the 'vicious circle of poverty', while the cultivators in the adopted village are getting more benefited from borrowing since their repayment is in cash being to the State Bank of India institution who charges a low rate of interest to decrease defaultment and to develop the rural area. In Umsning village due to the presence of the financial institution, the cultivators of this village takes the full advantage of its presence to take loan since rules are not rigid and loans are easily repayable thus leading to agricultural development which in turn raise their living standard.

From this it is seen that in order that the villagers may be free from the exploitative emancipated

operation of money lenders it is necessary for the financial institution like the State Bank of India to come forward to provide necessary financial assistance for agricultural development in the rural area.

Table VI

Reasons for Defaultment of the Head of the Household  
(50 Households)

Village	Low Productivity	Low Prices for Agricultural Produce	Consumption and other Domestic Purposes	No Default
Sonidan	15 (30)	23 (46)	4 (8)	8 (16)
Umsning	10 (20)	22 (44)	18 (36)	0

Figures in parentheses indicate percentage

Source: Data obtained through field survey.

It is seen from the table that in Umsning village there are cent percent of household who are not able to repay the loan in time and hence we consider them as defaulters. Out of the highest percent namely 46 percent in Sonidan and 44 percent in Umsning are not able to repay the loan in time because of low prices obtaining from the agricultural produce. We may note here that the repayment

of loan is done mostly out of the income earned from the marketed surplus of their produce. The low productivity and low production from agricultural operation accounted for 30 per cent of defaulters in Sonidan and only 20 per cent in Umsning. This would seem to indicate that Umsning has a comparatively higher productivity than Sonidan. This is as expected because there, the use of fertilizer and other inputs made possible by the Bank loans. The productivity in Umsning would be higher than in Sonidan.

In Umsning village we find that 36 per cent of the defaulters have been given their reason for defaulting as occasioned by domestic difficulties whereas there is only 8 per cent in Sonidan. From the figures available for the reasons for the defaultment in repayment of loan we find that more or less equal percentage of household in both the villages were affected by the low prices of their produces. The domestic difficulties for repayment being higher in Umsning in which domestic conditions make it difficult for the repayment of loan - Conditions may be non-economic such as death, birth, marriages and other ceremonies in the family.

It may be noted that low productivity for the non-repayment of loan is 30 per cent in Sonidan and 20 per cent in Umsning. This low productivity is higher in

Sonidan because of the lack of finance to provide for adequate inputs in order to increase the productivity of agriculture. If Sonidan village had also the facilities of loan finance from the State Bank of India or other financial institution, probably the agricultural productivity of that village would have enabled the cultivators to meet their loan obligation more promptly.

From the analyses of the agricultural conditions in the two villages of Umsning and Sonidan it is evident that the provision of adequate, timely and easily available finance for agricultural operation plays a very crucial role in increasing productivity, thereby increasing income of agriculturist and helping them to raise their living standard. This is amply demonstrated by the conditions obtaining in Umsning village especially after the establishment of the agricultural development branch of State Bank of India in that village has not only enable the villagers to increase their agricultural production but also has enable them to improve their quality of their life through better facilities of education and health. As seen above it was only after the establishment of the Agricultural Development Branch that a high school was started in the village which has been to a very large extent instrumental in raising the educational attainment of the agricultural household in the village. All these are found to be lacking in Sonidan village. That village is still

traditional in its agricultural operation, income of the agriculturist are still low and productivity and production are still in the traditional stage. For the requirements of additional finance for agricultural operation they still depend upon the agricultural money lenders and the traditional exploitative character of this money lending institution is found to be present in that village. Amenities for the betterment of quality of life are still absent in the village. We feel that if this village also is to be provided with financial assistance from institutional sources such as State Bank of India, the conditions of agriculture and the people living on agriculture in this village would improve and conditions of modern forms of cultivation of life could be made common in the village.

Chapter VI

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Summary and Conclusion

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In this chapter we give the summary account of the work that we have discussed in detail in the preceding chapters.

In the first chapter we have discussed the first objective of our study which were to analyse on a comparative basis. The economic conditions of the two villages in the East Khasi Hills District of Meghalaya with respect to their agricultural activities, one which has been adopted by the State Bank of India for financial assistance and the other not so adopted by any financial institution, and to derive meaningful conclusion from this comparative study in regard to the place of financial assistance for an all-round development of the economy of the state. In that chapter we also give an account of the method that we have adopted in the cultivation and analyse the relevant datas for our study.

In the second chapter we discuss the major aspect of the economy of the state relevant to the analysis of the agricultural economy of the two villages under study. These aspects of the economy included the physical features such as the terrain, climatic and soil conditions in the state, the population structure and the distribution of the working force. The economy of Meghalaya is primarily agricultural with that intermingling of both the traditional and modern method of cultivation. The

traditional methods of jhuming is found in most parts of the state. This form of cultivation has been atuned to the terrain, the pattern of common ownership and inheritance of land among the people of the state and the sparse population of the state. The modern method of cultivation, mainly the wet paddy cultivation with the help of modern inputs and implements is mainly found in the plain areas of the state. Both these forms of cultivation are prevalent in the villages of our study. The state also is abundant in horticulture products. The most important of them, being pine-apple, banana and oranges. In the two villages pine-apple is cultivated on an extensive scale.

In the third chapter our discussion is mainly concentrated on the economic condition obtaining in the East Khasi Hills District, of the state, where the two villages of Bhoi area namely Umsning and Sonidan villages are located. In the discussion of the economic condition of the District the emphasis is on the agricultural sector which is the primary and dominant one. It has been noted that the economy of the district is a miniature reflection of the economy of the state. Jhuming and wet paddy cultivation, horticultural cultivation, vegetables and other aspects of the agricultural economy of the state are also common in the economy of the District. In this

chapter we also look at the nature and condition of the economy of the two villages. A significant aspect of these two villages is that they are situated on the main road traversing the state and therefore are easily assessable by motorable vehicle. Umsning village is on the National Highway from Shillong to Guwahati and Sonidan village is on the road which connects the township of Umsning with the Nowgong town in Assam. This communication facility has enabled both the villages to produce a surplus of some agricultural products which are capable to be marketable outside the village. It has been noted that prior to 1980 when the State Bank of India established its branch at Umsning village, both these villages were more or less at par with each other with respect to the agricultural production, productivity and income of the households.

In the next chapter, that is, chapter four, we discussed the nature and importance of institutional finance for the promotion of agricultural activities in the country. We make a summary look at the most important institutions engaged in the financing of agriculture such as the Reserve Bank of India, Co-operative Society, Commercial Banks and the specialised agricultural institutions of the state government. The discussion has been focussed on how the institutions have been instrumental in promoting agricultural development in many parts of the country. It is

argued that agricultural development of the Meghalaya state also would depend to a large extent on institutional financial help being made available to the agriculturalist of the state. In this chapter we also discuss the role that has been traditionally played by the non-institutional source for agricultural credit mainly with the money lenders. It has been noted that wherever institutional agencies have been able to provide adequate and timely finance to the farmers, the exploitative attitude of the money lenders have been eliminated.

In the fifth chapter, we make comparative evaluation of the agricultural economy of the two villages with a view to understanding the necessity and important of financial help to the farmers for their agricultural activities. The analysis have been made on the basis of the data collected from fifty households each, from these two villages out of the total of eighty households each. The comparative study of the significant economic variables of the two villages has been shown that the village of Umsning which has been adopted by the State Bank of India as a beneficiaries of its financial assistance to agriculture has been able to improve and develop its agricultural economy very significantly over that of Sonidan which has not been adopted for any financial assistance by any institutions. The development found in Umsning is not only confined to agriculture but seem to be also found in regard

to social aspect of life such as health and education. An improvement in these aspects of social life has enable that village to have a better quality of life.

Our study has shown that for a meaningful improvement in agriculture and thereby to enable the agriculturalist to have increase income and a better life, it is imperative that they should be provided with financial assistance for agricultural operations. Traditionally, the financial requirement of the farmers have been met by the money lenders. But this source of finance had been exploitative in that the money lenders took back from the borrowers much more than they lend to them. So instead of helping to improve the condition of the farmers the money lenders have actually brought about the deterioration in the economic conditions of the farmers. This state of affairs has been rectified only when financial assistance was made available to the farmers by institutional sources. The beneficial aspect of institutional finance is clearly seen from the level and status of the economy of Umsning in 1987 as compared to what they were in 1980. We can say, therefore, that the state should formulate a viable and coordinative policy for making available timely, adequate and easily available financial assistance to the farmers if the state is seriously intending to improve the position of agriculture and agriculturalist in the economy of the state.

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A N N E X U R E

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List of Villages (Adopted) : SBI NAYABUNGLOW ADB

- |                                 |                     |
|---------------------------------|---------------------|
| 1. Umsning                      | 36. Umsaitsning     |
| 2. Nongthymmai                  | 37. Umpih           |
| 3. Umran-Dairy                  | 38. Myrdon          |
| 4. Umran                        | 39. Schpdok         |
| 5. Syad-Rit                     | 40. Sumer           |
| 6. Syad-Heh                     | 41. Umsohlang       |
| 7. Syad-Lyngdoh                 | 42. Umsamlem        |
| 8. Thad                         | 43. Nongdewsaw      |
| 9. Mawthei                      | 44. Umsmu (Gunte)   |
| 10. Nongkya                     | 45. Lawbyrwa        |
| 11. Raitong                     | 46. Umrnong         |
| 12. Umran-Umniang-Byrnai        | 47. Rilong          |
| 13. Mawlyngkhung                | 48. Myrdon (Umksih) |
| 14. Umkei                       | 49. Ratiang         |
| 15. Laiphewdingngan             | 50. Umdiker         |
| 16. Lumnianguot                 | 51. Mawkynrong      |
| 17. Tihwien                     | 52. Umsohlait       |
| 18. Myrdon (Mawlong)            | 53. Umtangling      |
| 19. Myrdon (Mawtari)            | 54. Syngku          |
| 20. Myrdon (Nongmahir)          | 55. Umshiaw         |
| 21. Tdohumsiang                 | 56. Mawhati         |
| 22. Mawkohngai                  | 57. Umlatar         |
| 23. Bandudai                    | 58. Umaiteng        |
| 24. Mawlein-Mawkhan (Lalcharai) | 59. Umjapung        |
| 25. Mawrong                     | 60. Mawlyndep       |
| 26. Lumnongrim                  | 61. Umrleng         |
| 27. Sohliya                     | 62. Umhir           |
| 28. Nongjri                     | 63. Nongumtrew      |
| 29. Myrdon (Nongbah)            |                     |
| 30. Zero-Point                  |                     |
| 31. Kyrdamkulai                 |                     |
| 32. Mawkhap                     |                     |
| 33. Paiklong                    |                     |
| 34. Umtham                      |                     |
| 35. Umtrew                      |                     |

Target of Area and Production of Important Crops in Meghalaya With District wise Break-up for 1987-88

Sl. No.	East Khasi Hills		West Khasi Hills		Jaintia hills		East Garo hills		West Garo Hills		Total State Meghalaya		Remarks
	A	P	A	P	A	P	A	P	A	P	A	P	
	3	4	5	6	7	8	9	10	11	12	13	14	
<b>1. Kharif</b>													
Rice	7000	23800	9977	12771	19950	23940	20000	25000	58642	73889	125569	159600	
Maize	5178	7150	5140	7130	4310	6050	1064	1161	4560	6009	20072	27500	
Wheat	1360	1360	690	690	920	910	742	742	1000	1000	4782	4732	
Other cereals	26	26	11	10	6	5	565	565	1000	1000	1608	1508	
Pulses	23584	35934	15818	20601	25186	30915	25926	32148	58598	73812	153501	193400	
<b>Total</b>													
<b>2. Rabi</b>													
Rice	400	600	80	145	432	259	280	508	3967	7145	4659	8637	
Maize	71	100	70	100	70	100	100	100	5089	6500	6000	6900	
Wheat	181	157	170	145	170	145	234	223	2586	2120	3220	2790	
Other cereals	453	620	320	390	372	484	614	831	12111	15765	14079	18327	
<b>Total</b>													
<b>Total Kharif and Rabi</b>													
Rice	17400	24400	10057	12916	20082	24179	20280	25708	62609	81034	170428	168237	
Maize	5178	7150	5140	7130	4310	6050	1064	1161	4380	6009	20072	27500	
Wheat	71	100	70	100	70	100	100	100	5689	6500	6000	6900	
Other cereals	1360	1380	690	690	920	920	742	742	1000	1000	4732	4732	
Pulses	207	180	181	155	176	150	799	788	3585	3120	4948	4396	
<b>Total Foodgrains</b>	<b>24236</b>	<b>33213</b>	<b>16138</b>	<b>20991</b>	<b>25558</b>	<b>31599</b>	<b>22985</b>	<b>28499</b>	<b>77263</b>	<b>97663</b>	<b>106180</b>	<b>211765</b>	
<b>Oil seeds (Kharif)</b>													
Sesamum	10	5	28	14	100	55	300	165	1000	620	1438	859	
Soyabean	400	400	100	100	500	500	76	76	536	536	1612	1612	
Rape & Mustard	410	405	128	114	600	555	576	241	1536	1156	5050	24718	
<b>Total Kharif</b>													
<b>Oil seeds (Rabi)</b>													
Sesamum	750	129			40	20					40	20	
Soyabean	750	129	60	28	54	23	2400	1560	8190	5324	11454	7070	
Rape & Mustard	150	129	60	28	94	49	2400	1560	8190	5324	11494	7090	
<b>Total Rabi</b>													
<b>Total Oilseeds</b>	<b>550</b>	<b>534</b>	<b>188</b>	<b>142</b>	<b>694</b>	<b>604</b>	<b>2770</b>	<b>1807</b>	<b>9726</b>	<b>6480</b>	<b>14544</b>	<b>9561</b>	
Potato	10300	9300	7200	69703	955	5590	55	208	400	2550	18910	171151	
Jute			15	86			300	2924	5650	55470	7415	58480	
Musta							420	1935	7100	225585	6270	27520	
Cotton							6	2178	6300	44505	9345	6700	

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