

INTRODUCTION.

The thesis attempts a historical and analytical study of the existing system of agricultural credit with a view to assess the working of that system and to see whether the existing structure could be remodelled and retained or whether a new structure of rural credit must be raised.

In recent years, proposals have been put forward for the creation of new machinery for rural credit which, according to the framers of the proposals, will be in a position to dispense rural finance on an adequate scale. In the chapter on "Reconstruction of agricultural credit" in Part IV of the thesis, the writer examines the recent proposals about the institutional machinery for rural credit. In the writer's opinion, an altogether new structure of rural credit machinery would throw the existing system out of gear and create conditions unfavourable for its own successful working. It has been suggested that the co-operative movement has made but limited progress and hence the co-operative agency is not the alternative to the institution of the money-lender. But in the writer's opinion, co-operative credit is the only lasting solution. The present structure and working of the system reveals serious deficiencies and defects. The deficiencies must be made good and the defects re-moved in order to render the system more efficient and popular. It would be extremely unwise to brush aside the co-operative agency and try to build altogether a new structure of credit machinery.

While the co-operative credit agency should be the ideal, unified agency for all types of credit and that is the ultimate objective to be aimed at in a co-operative pattern of agricultural economy the present position of the movement is such that the entire provision of rural finance cannot be made by it. Moreover, debt

adjustment is considered very necessary before a plan of reconstruction of rural credit is put into operation. The financial resources of the co-operative organizations are not enough to finance schemes of debt adjustment and also current agricultural operations on an adequate scale. Therefore, in the opinion of the writer, in the field of long-term finance state organizations must be set up. A state-cum-co-operative system of rural credit is outlined as having the greatest possibilities for a successful solution of the problem in the immediate future.

The development of co-operation in various spheres will solve the many difficult problems which the agriculturists has to face. Co-operative credit will be one of the facets of the co-operative movement in the country. The development of co-operative farming will enable the efficient and successful functioning of the credit machinery. The movement will ultimately be in a position to dispense with state aid which at present is considered essential to give a fillip to the movement.

In a co-operative pattern of agrarian economy, co-operative credit should be the only unified agency for the provision of rural credit.

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