

GOKHALE INSTITUTE MIMEOGRAPH SERIES NO. 35

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**A STUDY ON SHORT TERM AGRICULTURAL  
CREDIT IN MAHARASHTRA**

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**C. S. GAJARAJAN**

A Study Sponsored and Financed by  
National Bank For Agriculture and  
Rural Development

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**GOKHALE INSTITUTE OF POLITICS AND ECONOMICS**

**PUNE 411 004**

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**JANUARY 1992**

## FOREWORD

The importance of the agricultural credit, as one of the potent instruments of national policy to bring in the desired change in productivity and incomes of farmers, does not need any over-emphasis. At the grass-root level the co-operative form of organization continues to be regarded as the most ideal agency for providing credit and other services to a vast mass of scattered farmers. In recent years, however, the delivery of production credit for agriculture has not been smooth going, even in a state like Maharashtra, hitherto in the forefront of national co-operative movement. Despite introducing several innovations, from time to time, the agencies involved in the institutional credit delivery system continue to be afflicted by several maladies, eventually leading to bad recovery performance and consequent mounting overdues blocking the credit pipeline. It is, therefore, needless to stress the importance of more frequent inquiries into operation of crop loan system at all levels.

The present study, undertaken at the instance of National Bank for Agriculture and Rural Development (NABARD), is a modest attempt to take a fresh look at the operation of production loan at the base level, in a district having a fairly strong central co-operative bank with many viable primary societies operating in diverse agro-climatic zones with distinct crop patterns.

(ii)

Among other things, the study brings out the fact that the euphoric performance in the selected district is largely due to overwhelming proportion of crop loan advances to growers of sugarcane in the irrigated tracts and the successful operation of the statutory provision of linking loan recovery through the processing and marketing agencies. However, the performance of the delivery and recovery of production credit is quite uneven between the irrigated and unirrigated tracts and, the problem of cumulative burden of defaults persists in causing constraints to many a primary society. Besides, the risk and uncertainty associated with monsoon crops make many a farmer to be credit-shy and the lack of adequate incremental income in the unirrigated lands keep many a farmer outside the purview of sustained institutional credit support. Perhaps, greater efforts in the direction of increasing the farm productivity levels and securing reasonable remunerative price or better share in the price-spread to the producer could go a long way to stabilize the agricultural credit front. The study makes several other suggestions which may have bearing on the policy to revamp the system of production credit.

D. C. Wadhwa  
Director

Pune  
February 1992

## PREFACE

The present study attempts to understand the several facets of the operation of crop loan system through the cooperative form of organization. Modestly enough, the focus is on the grass-root problems at the various disaggregated levels in the distinctly differing situations of farmers in irrigated and unirrigated tracts. The resultant understanding has helped the author to make several recommendatory suggestions which may have some bearing on agricultural credit policy.

At the outset, the author acknowledges with gratitude the part played by National Bank for Agriculture and Rural Development (NABARD). It is their generous funding of the Research Cell for NABARD studies at the Institute which enabled the study to see the light of the day. The author is highly indebted to the Managing Director and other officers of the Kolhapur District Central Cooperative Bank Ltd. for their valuable cooperation.

Last, but not the least, the colleagues and friends at the Institute need to be acknowledged for their unstinted support all along. In particular, the thanks are due to Bhaskar Mujumdar, Shahaji Dete, Sahebrao Kate in gathering data, Shri D.B. Sardesai and his colleagues for computer processing, and Shriyuts S.K. Athale, S.S. Ambardekar, V.N. Inamdar and A.V. Moghe, as well as Smt. M.S. Marathe, Smt. S. Guttal, and Smt. R. Gangal for preparing the matter for the successful mimeograph.

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C.S. Gajarajan

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## SUMMARY AND CONCLUSIONS

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

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

1. The credit infrastructure in the selected district, namely, Kolhapur is fairly well developed and in regard to agricultural production credit it is dominated by the co-operative sector. The Kolhapur District Central Cooperative Bank (K.D.C.C. Bank) has been regarded as a fairly sound institution and comparatively successful one among the D.C.C. Banks in the State. The very fact that neither any Farmers' Service Society nor Regional Rural Bank is organised in the district, so far, speaks for the strength of the K.D.C.C. Bank. In recent years it has been managing ably well to finance the short-term credit without resorting to borrowals from the Apex Bank (M.S.G.B.) or any other source. Another credit claimed by the K.D.C.C. Bank is that it has financed to the tune of 41.2 per cent of its advances exclusively to the small farmers (operating holdings below five acres) during 1986-87, as against the minimum norm of 20

per cent stipulated by R.B.I. Moreover, there has been an alround increase in its activities in terms of owned funds, deposit mobilisation, working capital and credit advances. The crop loaning in particular, has registered an increase of 21.3 per cent in the last couple of years. Apparently, there is no constraint on funds for agricultural credit. The Bank's most remarkable achievement worth mentioning is its recovery performance in respect of short-term credit, consistently recording over 95 per cent of recoverable dues during the last three years.

2. This euphoric performance of the K.D.C.C. Bank, in the recent years, has been mainly due to (a) overwhelming crop loan advances (80 per cent of the total amount) being accounted by just a single high cash yielding crop, namely, sugarcane and, (b) the operation of the statutory provision of linking loan recovery through the processing and marketing agencies. The mandatory provision has helped the K.D.C.C. Bank to achieve an overall record of 97 per cent recovery during the year 1987.

However, the fact remains that the performance is uneven between the irrigated and unirrigated tracts as the sugarcane obviously dominates the irrigated lands and, hence, better resource and recovery position of primary societies operating in sugarcane belts. Also it should be stressed that the problem of cumulative burden of defaults is still there causing much embarrassment to many a credit society.

The total amount of defaults, as on 30.6.1987, stands at nearly Rs. 6.4 crores, at an average of Rs. 71,079 per society. The total number of defaulters in the district stands at nearly 54,000. It should be a matter of concern that these many farmers would not be eligible to borrow institutional credit for agricultural production. Furthermore, the flow of funds for primary societies is also considerably affected to cause destabilisation of concerned societies. It clearly calls for some action oriented programme to set the matter aright and strengthen the existing credit infrastructure.

3. The land use and cropping patterns of the district, selected blocks and villages (one each from the irrigated and unirrigated tracts) are typical of the western region of the State. The area under irrigation varying between 10 and 15 per cent of the net sown area and most part of the irrigable lands are devoted to the sugarcane cultivation. Among the cultivating class the small farmers dominate the scene and even these farmers in the irrigated tracts have taken to sugarcane farming. The district is blessed with rivers and tributaries and all along the banks water lifting devices are installed by the farmers to irrigate their lands, as also, sell the water to neighbouring farmers. There are eleven fairly big cooperative sugar factories operating in the district. While the cereals and pulses account for 50 per cent of the cropped area, the sugarcane has claimed around 11 per cent in the district. In the irrigated blocks,



the latter accounts for over 20 per cent of the net sown area.

4. The socio-economic profile of the households in the two selected villages generally reflect the pattern prevailing in the southern part of the western Maharashtra region. In the irrigated village of Hasur, however, the Jain community dominates the scene at all walks of life owing to its exceptional numerical superiority. Otherwise, the traditional cultivating castes led by marathas, are quite dominant particularly in the unirrigated village. The scheduled castes and tribes account for around 15 per cent of the total households in either village. The occupational pattern overwhelmingly is in favour of cultivation and farm labour. The castewise occupational pattern generally reflects the relative strength of the castes, excepting Harijan group which is more prominent in pursuing the farm labour.

5. The participatory level of households as members of the local primary societies is not very high among the backward communities. Among the enrolled members the Harijan and Jain groups are prominent within the non-borrowing segment. Anyway, no social class remains outside the cooperative credit institution on account of caste consideration. The non-membership among the dominant cultivating castes is somewhat quite substantial in proportion (29 per cent). In the unirrigated village, even the households pursuing cultivation as family main occupation are not fully involved in the

membership of PACS. Nearly every fourth household in this occupational category has remained outside the cooperative fold (23 per cent). Even among households who are members of PACS, the non-borrowers form around 26 per cent in the either village.

6. It is also observed that households pursuing more than one occupation constitute a great majority. The prominent subsidiary occupations which provide additional sources of incomes are farm labour, dairying and service. There is a very high positive relationship between the number of occupations pursued by the households and their participatory levels in the primary credit societies. The proportion of households enrolling themselves as members and that of borrowers among such members of PACS, increases with the corresponding increase in the number of occupations pursued by the households. The level of membership, however, is lower in the unirrigated village as compared to the irrigated village.

7. The pattern of participatory levels viewed from the size of operational holdings of the households reveals that even though the small farmers (below 5 acres) constitute 84 per cent, their enrolment as members of PACS is a little less than 100 per cent in the irrigated village and 71 per cent in the unirrigated village. Among the members in the small farmer category the proportion of borrowers is around 72 per

cent in either village. The participatory levels, as both members and borrowing members, are much higher in respect of the category of 'other farmers' (above 5 acres) in either village. Actually, it is the marginal farmers (below 2.5 acres) who account for nearly 78 per cent of total non-member farmers, in the unirrigated village. In all, the net cultivated area operated by the non-members measures an extent of 160 acres, which remains outside the purview of possible credit support from PACS.

The pattern of non-borrowers among the members of PACS shows that Jains, Lingayats, Marathas and Harijans are quite prominent and, 88 per cent of them being marginal and small farmers. The extent of area operated by the non-borrowing members is 180 acres in the irrigated village and 151 acres in the unirrigated village, the per family average being 2.8 acres.

8. In regard to the reasons for being non-members, the uniform reason stated in the irrigated village is that there is no need for any external assistance. On the other hand, the major reasons offered by the farmers in the unirrigated village are (a) very small size of holding, (b) remittances from the family members working elsewhere are adequate for the purpose and, candidly enough, (c) incompatibility with the rival faction in control of the local PACS. The reasons for non-borrowing regularly despite being members, in the case of irrigated village, are no need for the society's

funds at all and the need for credit does not regularly arise every year. In the case of unirrigated village, 45 per cent admitted to being defaulters and hence ineligible to borrow, 45 per cent stated that loans are not needed every year and 10 per cent 'claimed no need for credit'.

9. The procedural and policy aspects of credit delivery system are fairly well established in Kolhapur district. The normal credit limit (NCL) statement provides basis for the appraisal of farmers seeking loans. The policy stipulation that the crop loan can be obtained from only one source, either PACS or commercial bank, has some merits and needs to be continued. The innovative policy of accommodating sugarcane crop for continuous loan on dosage basis, also known as overlapping loan, appears to be a progressive measure. The criterion of repayment capacity, rather than the security of loan, seems to be the guiding policy in determining the amount of loan to be sanctioned. In any case, there is no credit rationing on account of paucity of funds. However, a borrower may not get all that he demands but, what is eventually sanctioned depends upon scale of finance and inspecting official's recommendation based on the track record of the repayment performance.

10. In regard to the base level societies operating at the two selected villages, it is quite odd to find the irrigated village with two primary credit societies, identical in nature, sharing the same jurisdiction comprising just 343 households.

The norm of one-village one-society is not adhered to on some extraneous consideration. Anyway, all the three societies have been in existence for three decades. The membership is given to any adult resident in the village and it is not uncommon to find more than one member from the same family. This membership drive, based on individual rather than family, helps the managing committee at the time of annual election and, to some members to secure more than one loan. The management and administrative set up of the three societies is in accordance with the rules and bye-laws. However, the secretaries are not trained ones but belong to the District cadre of cooperative secretaries.

11. The performance of credit disbursal by these base level societies reveal that crop loans dominate the advances (over 90 per cent) and just one society in the irrigated village has been lending investment loans in addition. In the irrigated village, the production loan is almost entirely demanded for only sugarcane crop. The small farmer category accounts for larger share of benefits in terms of number of loans as well as acreage. That sugarcane in the irrigated village (99 per cent) and rice (95 per cent) are the only two crops involved in the crop loan operations in the two selected villages. In all, the loan amount recommended by the societies is slightly less than that of demand by the farmers in the irrigated village and almost same in the other village. However, the loan amounts sanctioned by D.C.C. Bank work out to around 70 per cent of the total recommended. Eventually, the beneficiaries

themselves have actually lifted somewhat lesser amount than that sanctioned by the D.C.C. Bank.

The small farmers have lifted lesser proportion than the other farmers. In lifting the actual loan, there is greater bias in favour of kind component (70-80 per cent of total loan lifted). This tendency is more pronounced in the case of small farmers.

12. Apart from the partial lifting of loans, there are instances where the sanctioned loans have remained totally unlifted or untouched owing to changes either in the resource position or cropping pattern from the one proposed in the N.C.L. statement. In the irrigated village, this voluntary non-lifting of loans, amounting to Rs. 2.77 lakhs, sanctioned for a total area of 106 acres, can be seen mainly involving small farmers. In the unirrigated village, this manifestation is much wider involving 60 per cent of total loans and 66 per cent of the area sanctioned, most of which intended for cultivation of groundnut crop.

13 The position of recovery of loans is quite satisfactory in the case of societies in the irrigated village owing to linkage facility strictly observed by the sugar factories. However, in the unirrigated village the linkage for rice crop is not quite effective and hence considerable balance. The financial soundness of the societies is fairly good in general and the societies in irrigated village showing better perform-

ance in particular. The margin of interest rate between borrowing and lending appears to be just adequate.

14. The survey data at the household level reveal that the small farmers are relatively less prominent as borrowers in either village. Among the borrowers of any type of loan, those borrowing from PACS form around 80 per cent in either village and, cultivators of medium and large holdings are relatively more prominent than those of small holdings of below five acres. In the case of non-borrowers, the reasons for not availing of credit are mainly 'not in need of loan' in the case of PACS as a source; ignorance of facility and formalities in regard to other agencies of institutional credit and high rate of interest prevailing in the informal sector. In the unirrigated village the additional reason is risk and uncertainty associated with the monsoon crops. Even PACS cannot accommodate some farmers in view of their track record of defaulting and inability to obtain adequate incremental income for repayment.

15. A majority of borrowing households has availed of just one loan, either short-term (mostly crop loan) or other term loan but a significant proportion has reported multiple loans, especially in the irrigated village. While short-term loans are obtained from PACS, the other loans are received from both institutional and informal sources. A great majority is concerned with crop loans and investment credit for agricultural development, dairying and bio-gas installation. Regarding

the term loans, only about 13 per cent are obtained from PACS in the irrigated village. All other term loans are obtained from places outside the village, usually the institutions in organised sector like urban credit societies and commercial banks. All the credit agencies involved have advanced substantial term loans to small farmer category in both the villages.

16. Nearly a third of the cultivating households with term loans have reported not borrowing any short-term loan for crop production in either village. This proportion is relatively higher for small farmers in the irrigated village and other farmers in the unirrigated village. The reasons stated in the irrigated village, in 76 per cent cases, are 'no need for the crop loan as own funds are adequate' and followed by default and burden of existing term loans (24 per cent). In the unirrigated village, the 'no need' reason is stated by all but two cases and a majority of these does not even have membership in PACS. The two cases remaining as non-borrowers of crop loans are clearly the defaulters and hence ineligibility.

17. In regard to timeliness of crop loans being made available to farmers, no household has expressed any adverse opinion against PACS. The process of sanctioning of loan is invariably completed before the onset of crop calendar. There has not been any problem of constraint on funds with



PACS to resort to credit rationing. Even though the amount sanctioned is lower than that demanded by the farmers at the aggregate level, there is no evidence of any deliberate attempt to supply credit at less than the required level. In point of fact, many a beneficiary has not fully lifted the amount sanctioned while, in several cases, a little more than sanctioned amount is allowed to be lifted.

18. The survey has neither come across any case of total misutilisation of crop loan nor is there any such instance reported by the concerned PACS during the reference period. However, there has been considerable number of instances of improper partial diversion of crop loans (mostly kind component) to the non-beneficiary crops of the loanees. This irregular practice is observed mostly in the unirrigated village and mainly resorted to by the small farmers. Such diversion has resulted in the underutilisation of credit to the intended crop (rice) and indeterminable part of such unauthorised loans being utilised for groundnut and jowar crops on their own farms.

19. The pattern of per acre cost of production reveals that in the unirrigated village the large holdings incur lesser expenditure than their counter-parts among the non-beneficiaries. In the case of sugarcane farmers, the per acre cost is much higher for small holding than other category. The expenditure on irrigation, fertilizer and interest charges

on crop loans account for substantial proportion of cost in all the cases of beneficiary farmers.

20. The performance indicates in terms of yield rates, cost-yield ratio and surplus value reveal that the performance of beneficiaries is rather mixed one as compared to that of non-beneficiaries. In respect of sugarcane, the beneficiaries of small farmer category fare better only in the case of one-year cane variety, while the other category across over the non-beneficiaries in ratoon variety. By and large, the small farmer category has fared slightly better than that of other category. The cost-yield ratio indicates that non-beneficiaries, at the aggregate level, have fared better than beneficiaries in respect of all the three varieties of sugarcane crop. At the disaggregated level, in the large holdings (above five acres) the beneficiaries have slight edge over non-beneficiaries. The per acre surplus value indicates better returns to beneficiaries only in the case of ratoon. Between the two categories of beneficiaries the small farmer group has emerged with relatively better performance excepting in ratoon crop. In the case of unirrigated village, the beneficiaries have surprisingly incurred higher cost over the local variety than the high yielding variety of rice as compared to non-beneficiaries. The yield rates obtained are also of mixed pattern between the two categories of beneficiary and non-beneficiary farmers. At the aggregate level, the beneficiary farmers report higher net value for H.Y.V. rice and the non-beneficiaries that of

local variety. The cost-yield ratio indicates comparatively better performance in respect of H.Y.V. rice on the part of beneficiaries in general and small farmers in particular.

21. The pattern of the periodicity of repayment, in respect of individual accounts as per the records of the societies, shows that the outstanding loan accounts are cleared to the tune of 99 per cent in the case of large farmers and 94 per cent in the case of small farmers, in the irrigated village before the end of June 1987. The spillover is cleared six months later by the large farmer group and over twelve month period by the small farmers. In the case of unirrigated village, the small farmers cleared 73 per cent by the end of June 1987, another 16 per cent over a period of next 18 months and leaving the balance of 11 per cent as overdues as of February 1989. The other category of farmers is able to clear 84 per cent by June 1987 and the balance after a period of one year. On the other hand, the survey data, based on the sample households, reveal an overall 90 per cent repayment of sugarcane and 79 per cent of price loans. The repayment performance of small farmers, however, is at a considerably lower level than the others.

22. The financing of repayment of crop loans from out of farm income is easier mostly in the case of those having some cash crop as compared to those relying entirely on foodgrain crops. It becomes more difficult in the case of very small farmers cultivating only the cereal crops. In the irrigated

village about 95 per cent of loan amount repaid is through the sugar factories and the balance is made up by the subsidiary source (dairying). On the contrary, in the unirrigated village, just about 13 per cent of the repaid amount is net by the crop production. It is much worse in the case of small farmers (3.3 per cent) as compared to other farmers (26 per cent). It is the subsidiary income, by way of wages, salaries, etc., that emerges as the major source for repayment of crop loans (82 per cent). The foodgrains are mainly retained for domestic consumption, the marketed surplus being very negligible.

23. The delinquency of credit is not alarmingly high or substantial in the surveyed villages. In a very few cases the delayed repayment is seen spilling over the deadline. There is not enough justification for any change in the prevailing time schedule of loan repayment in general case. In all the cases pertaining to delayed repayment and defaults on crop loans the small farmers are very prominent, especially so in the unirrigated village. The only reason for delay and default, stated by the concerned farmers, is inadequate agricultural income due to shortfall in the crop production. However, going by their performance during 1986-87, all of them ought to have redeemed their crop loans in full, atleast by the end of 1987. The position of total family incomes reveals quite a different picture to suspect wilful defaulting in almost all concerned cases. It is also alleged that a very small number of beneficiary farmers indulged in

surreptuously diverting part of their harvested sugarcane in the names of close relatives (usually non-borrowers) to circumvent prompt recovery through the sugar factories. The incomes from non-farm sources not only help repayment in many cases but also facilitate financing agriculture without any need for credit support.

### Policy Recommendations

Arising from the foregoing conclusions, an attempt is made in the following to indicate broad lines of some policy measures and, areas of further interest for in-depth studies which may have some policy implications. Some of the suggestions may not be new but, all the same, they are mentioned here to reiterate their continued importance, if they are not already taken into consideration.

There is a vast potential for increasing the production from the small holding sector, especially in the unirrigated or dry farming areas. In addition to finding easy finance for crop production, this sector has problems peculiar to its weak position. The factors contributing to instability of production and inadequacy of extension facilities persist with the sector. Despite various schemes and subsidies, all the credit users and potential credit seekers do not seem to come under sustained programme to render backward linkages which can ensure higher farm productivity under comprehensive farm plan approach. Credit should be a well integrated part of the whole gamut of human, as well as, other resource

development in the rural areas. The institutional agencies like cooperatives, agricultural development and others involved in the rural sector appear to be working more in isolation than with a spirit of coordination and cooperation.

Atleast, to ensure more productive use of funds, to improve the lot of weaker beneficiaries and thereby strengthen the base level cooperatives, it is imperative to integrate backward and forward linkages. While the backward linkage will ensure the optimum use of available resources, technology, etc., leading to maximization of production, the latter will facilitate better remunerative returns and recovery of credit on the part the lending institutions.

The scale of finance, now being determined for the entire district for each crop may be reoriented to take into consideration agro-climatic sub-divisions within a district. The policy of not lending to the inter-crop or the mixed crop needs to be flexible so as to ensure cultivation of pulses as an inter-crop in the dry farming.

One other advantage of technically drawn farm plan would be to minimise any possible bias on the part of the officials recommending the quantum of loans to be sanctioned. In this way, the realistic needs of the farm rather than the ~~track~~ record of the farmer would gain more importance and hence the betterment of farmers.

The possibility of comprehensive loans to cover all the crops of the small holdings needs to be given a trial so as to prevent any partial intra-farm diversion of loans.

This can ensure preclusion of possible underutilisation and hence, lower productivity from the beneficiary crops with the attendant problems of recovery.

The present practice of taking into account the individual's holding, rather than the entire holding of the family or household, has contributed to undeserving distribution of subsidies and other forms of concessions in the name of small farmers. In several instances, not-so-weak or even fairly well-to-do farmers have legal division of landed property in the family and eligible to derive concessions meant for weaker ones. Besides, these farmers, at the same time, enjoy all the benefits of common overheads like farm machinery, animal draught power, irrigation facility if any (well and pumpset) and family labour available in the households. This may deprive the genuinely deserving nuclear or unitary families having tiny holdings in not receiving the due share of benefits intended for weaker sections. The proposed crop loan policy, bearing differential interest rates on the size of loans, may well be availed of by some of these well off farmers, thereby contravening the canon of equity. The norm of gross value of production, rather than the physical extent of acreage, must be the basis for doling out subsidies and such other concessions. The families with less than five acres of total or collective holdings of individuals within must be given preference.

Since the present legal or coercive method of recovery of overdue loans has failed to become effective, ways and

means must be devised to strengthen the recently introduced mandatory provision of recovery of cooperative loans through processing and marketing agencies. The present experiment has succeeded fairly well in regard to sugarcane in Kolhapur. It needs to be ascertained how well it is effective in respect of other cash crops, especially in the regions where both tiers of cooperative structure is reeling under credit delinquency.

The current practice of giving relief to the farmers by writing-off their loans should not be resorted to under popular pressure or must not be subjected to subserve political ends as it destroys whatever the level of credit culture that has been nurtured all these years. If at all it is expedient on the grounds of social and economic justice, then it must be very selective in regard to type of the beneficiary, quantum of loan, specific crops in the zones deserving concessions and such other justifying factors. What is more important is its recurrence and timing, so that it would not destabilise the credit institutions. Such a practice, usually, breeds a tendency on the part of some borrowers to default and await write-offs every time a general election is around. It may become very contagious.

Last, but not the least, a system of continuous monitoring must be devised to keep vigil on the vulnerable credit institutions, vis-a-vis the mounting overdues lest it would be too late.



CHAPTER I  
INTRODUCTION

1.1 Importance of the Study

Agricultural credit is one of the potent instruments of national policy to bring in the desired change in productivity and incomes of farmers. This assumes more importance in the case of cultivators of small operational holdings whose savings capacity is very limited. They tend to remain in a vicious circle of low income, low savings, low capital, low productivity and consequent low income. Credit, if properly administered and utilised, can go a long way to break this circle, by providing farmers means to acquire productive assets or enhance their resource base and, short-term production finance to increase the gross value of output and thus, contribute to increased incomes.

The institutional credit has to traverse a long way to achieve some considerable progress in this direction. Much of this progress was achieved only after the mid fifties when it began undergoing structural and other changes following the recommendations of the Rural Credit Survey Committee, set up by the Reserve Bank of India in early fifties. This Committee brought out the fact that the institutional credit agencies comprising the government (3.3 per cent), cooperative (3.1 per cent) and commercial banks (0.9 per cent) together accounted for a meagre 7.3 per cent of the total borrowings of the cultivators. However, it viewed that cooperatives alone should be developed as the sole institutional agency for agricultural

finance. Hence the concept of Integrated Scheme of Rural Credit based on the principle of state partnership with three-tier structure, coordinated development of processing, marketing etc., and administration of cooperative movement by competent and trained personnel.

This was followed by epoch making multi-agency approach as cooperatives alone could not deliver the goods and, this was endorsed by Rural Credit Review Committee (1969) of the Reserve Bank of India. This committee also recommended a number of operational reforms to tone up the administration of credit programmes. Moreover, National Commission on Agriculture, a number of study teams and working groups have looked into organisational gaps and structural deficiencies of the cooperative credit movement. Besides legal, administrative and managerial steps, a number of other measures have been suggested from time to time.

A variety of organisations have been suggested, from time to time, for provision of agricultural credit and other requisites for the growth and development of agriculture. However, the one common feature in all these forms of organisations suggested by committees, commissions, and study teams, is that the base level organisation in direct contact with the farmers, must be a cooperative organisation which will signify the involvement of the very people for whom the programme is intended. The cooperative form of organisation continues to be regarded as the most ideal agency at the grass-root level

for providing credit and other services to a vast mass of scattered farmers. Despite multi-agency approach, the views are also unanimous that the cooperative organisation must receive adequate state patronage and, financial and technical assistance either from higher level cooperative banks or public sector commercial banks. Agency at the field level must not only concern itself with mere dispensation of credit but also provide integrated services for all round development. It is not a new concept. There have been Large Scale Society, Multi-purpose Cooperative Society and Farmers Service Cooperative Society and Regional Rural Banks sponsored and supported by commercial banks. However, these have not made much headway and, with a very few exceptions, have failed to realise the objectives. Integrated agricultural service system has not yet taken proper root.

Among the agencies of institutional credit for agriculture, the cooperative system continues to dominate the scene accounting for the single largest share of the total credit flows from the organised sector. At the all India level, the present status, that is, as on 30-6-1985, reveals that there are 91,749 primary agricultural credit societies (PACS), 350 District Central Cooperative Banks (DCCBs) and 30 State Cooperative Banks (SCBs) supplying short-term and medium-term credit. Besides, there are a number of Cooperative Land Development Banks to take care of the provision of investment capital on long-term basis. In particular, the short-term loans issued by cooperatives have increased to Rs.2,323 crores

as at the end of June 1985. Medium-term loans representing investment credit for purchase of pump-sets, livestock etc., amounted to Rs. 1,145 crores. Moreover, the cooperative credit institutions have been involved in to play a useful role in implementing several rural development programmes. However, the weakness in the cooperative credit system, identified by the Rural Credit Review Committee (1969), continues to be a matter of concern even now. The high rate of credit delinquency is a persisting feature in the working of cooperative credit societies. There has been a stagnation of cooperative credit in several states mainly due to high level of overdues which acts as the single most contributory factor in blocking the flow of credit. As the defaulting members are barred from receiving fresh loans from the primary societies, there is a decline in the aggregate loans. At the national level, as on 30th June 1985, the proportion of overdues to demand stood at 10.5 per cent in the state cooperative banks, 42.8 per cent in central cooperative banks and 42.6 per cent in the case of primary agricultural credit societies.

At the state level, although Maharashtra has a long record of being one of the leading states in cooperative movement, in recent years, however, it has not been smooth going especially in regard to production credit for agriculture. Under a three tier structure for the provision of production credit for agriculture, the apex bank (MSCB) remains the strongest. Its short-term lendings for seasonal agricultural

operations, during 1985-86, amounted to Rs. 173.48 crores, outstandings of the loans at the end of the year being Rs. 70.09 crores. At the middle tier there are 30 District Central Cooperative Banks (DCCBs) in Maharashtra State. Their short-term agricultural production credit, during the year 1985-86, amounted to Rs. 317.42 crores, the outstandings at the end of the year being Rs. 447.91 crores. The overdues amounting to Rs. 248.86 crores constituted an alarmingly substantial proportion of the outstandings. Among these 30 DCCBs, 13 were considered to be weak and of these weak ones eight banks have been brought under rehabilitation schemes.

In Maharashtra, the base was composed of 18,377 primary and service cooperative societies at the end of 1987. The total membership was 65.66 lakhs and the paid up share capital amounted to Rs. 199.46 crores in which the share capital contributed by the State Government was to the tune of Rs. 8 crores. Their owned funds amounted to Rs. 247.25 crores and deposits Rs. 18.01 crores. Their outstanding borrowings were Rs. 809.64 crores. The total short-term loans issued by these societies during the year 1986-87 amounted to Rs. 421.68 crores, the number of borrowers being 16.58 lakhs. The short-term loans outstanding at the end of the year amounted to Rs. 549.22 crores. The demand for recoveries in 1987 was Rs. 524.97 crores of which actual recoveries amounted to Rs. 305.40 crores, the recovery percentage being 58.2 and the overdues amounted to Rs. 219.57 crores. The proportion of overdues to total loans outstanding in respect

of short-term credit in 1987 works out to 40 per cent. In 1987 only 5,578 societies, forming 41.2 per cent, had earned profit amounting to Rs. 12.75 crores. As many as 10,660 societies had reported incurring losses to the tune of Rs. 18.88 crores. The remaining 139 showed neither profit nor loss. Besides, as per the classification of Department of Cooperation, at the end of June 1987, the number of viable societies was 7,416 (40 per cent) and that of potentially viable societies was 6,073 (33 per cent), the remaining ones being not even potentially viable societies. This indicates that even in recent years the base of the structure continues to be extremely weak.

Apparently, the problems at the base level persist even after several corrective measures taken and innovations made consequent to the recommendations of various committees, study teams etc., from time to time. There are several factors, both natural and human, such as, crop failures on account of climatic conditions and acts of nature and inept management of societies in taking timely action against defaulting members, ineffective supervision, unsound lending policies and wilful default by relatively affluent beneficiary members. Also, there are factors like viability or otherwise of the farmers in terms of physical and other resources and the agricultural backwardness of the region. A combination of a few or all the factors may contribute to the credit delinquency and thereby cause instability of the credit institution at the base level. Even under the multi-agency approach, institutions outside the cooperative sector, too, are facing the problems on account of bad recovery

performance and consequent mounting overdues. As the credit lines get blocked, the sustained and effective credit dispensation, vitally necessary for agricultural production programme, gets affected over a period.

In the context of the foregoing brief background, the need for more frequent monitoring of the operation of crop loan system at all levels gains importance. The present study is a modest attempt to take a look at the working of crop loan operations at the base level in a district having a fairly strong central cooperative bank with many viable primary agricultural credit societies in diverse agro-climatic zones with distinct crop patterns. The objectives, methodology and coverage of the study are dealt in the following section of this chapter.

#### 1.2 Objectives, Methodology and Coverage of the Study

Having seen the importance of production credit for agriculture and the vital role expected of cooperative system at the grass-root level despite its problems, the present study aims at understanding the various aspects of crop loan system operating at the field level. It seeks to bring out the working of primary agricultural cooperative societies at the ground level and its efficacy of operation vis-a-vis the needs farmers of various types coming under the purview of these credit societies. The accent is largely on problems faced by farmers requiring crop loans and the constraints faced by the credit

agency organised for them to serve this purpose. The emerging inter-relationship and interactions under different situations may have policy implications on credit delivery system. In order to realise this aim, the study required to approach the same with numerous objectives. Nevertheless, the broad nature of these may be stated in the following:

- (i) to study the institutional set up and other aspects of credit infra-structure and, procedures of crop loaning inclusive of preparation of normal credit limit statement, scale of finance sanctioning, disbursement etc.;
- (ii) to study the coverage of weaker sections and others and equity in credit dispensation;
- (iii) to examine the financial and managerial constraints at the institutional level and their possible effect on normal credit distribution;
- (iv) to assess adequacy, timeliness and utilisation of short-term production loans for different crops grown under different conditions like high yielding or local variety, irrigated or unirrigated;
- (v) to study the reasons for being non-members of any credit institution and those of the members remaining non-borrowers;
- (vi) to study the repayment performance of borrowers, the rationality of repayment schedule and the reasons for default or delayed repayment and,



(vii) to examine other aspects relevant to the present study.

In order to realise the aforesaid objectives of the study, both quantitative and qualitative data are obtained from primary, as well as, secondary sources. The necessary primary data are gathered through survey method from the selected villages at two stages. The first stage of field survey has covered all the households on census basis to obtain general information on all aspects and activities of the resident families irrespective of the occupations pursued. This is not only to understand the broad aspects of entire village economy, socio-economic classes and other contours but also to facilitate the basis for second stage of the intensive study. The second stage of the survey has covered 50 per cent of the total households in each of the selected villages. Although it is principally a crop loan study, even non-cultivating households are also included in the intensive stage of the survey to have some broad idea about their borrowings for non-farm purposes like household consumption, dairying, gobar gas etc. The sample for the cultivating households are drawn on the basis of probability proportional to the area cultivated. This has been done by arranging these households according to the ascending order of the area operated and, thereafter every other household is selected to ensure equal and fair representation for all size classes of farming households. The drawing of sample, in regard to its method and basis, has ensured not only a substantial size but also representation to widely differing types

to cover all sizes of operational holdings, crops, socio-economic classes, credit status etc.

Two types of household questionnaire-schedules have been canvassed to collect all types of qualitative and quantitative data from the households. Firstly, the general family schedule, being common to all the households in the selected villages has tried to elicit data on such details as caste, occupations pursued, land use, cropping pattern, farm resources, incomes, loans etc. Secondly, the intensive schedule canvassed among the sample households, has attempted to cover details in respect of credit transactions, expenditure on crop production, marketing of farm produce, utilisation and repayment of loans and opinions of the farmers in regard to availability, adequacy, constraints and other related aspects of the credit.

The secondary data have been obtained from the primary agricultural credit societies operating in the selected villages, the District Central Cooperative Bank and, the processing units through which recovery of some loans are being affected. The data pertained mainly to organisation, procedures, credit and other transactions, recovery of loans etc.

The coverage of the study has taken into consideration the selection of a district that has a fair mixture of agro-climatic characteristics to reflect the broad features of the State. Besides, the other important consideration has been the requirement of a fairly working cooperative institutional set up at all levels to facilitate the study of crop loans especially in the cooperative sector. Even though none of the

30 districts may be regarded as the typical one, the District of Kolhapur, to a large extent, has fulfilled the two considerations together. It falls under three district agro-climatic zones and has a fairly strong central cooperative bank with a vast net work of branches and actively working credit societies at the village level.

Having selected the district, the approach of the study has been to select two distinct villages, belonging to diverse agro-climatic zones, one in the irrigated tract and the other belonging to hilly region with cultivation under monsoon condition. Also where credit infra-structure is available in the form of primary agricultural cooperative credit societies. Of the two villages eventually selected, one is situated on the right bank of the Krishna River in Shirol taluka on the north-eastern border of the district. The river facilitates lift irrigation which is used mainly to raise the sugarcane crop. The other selected village belongs to Ajra Taluka in the hilly and moderate rainfall area of the south-western part of the district and the foodgrains predominate the cropping pattern. Both the selected villages are served by primary agricultural credit societies.

In the irrigated village, the survey has covered all the 343 households for general purpose and a sample of 172 households for the intensive study. Similarly, in the other selected village the coverage includes 298 and 150 households respectively. The field survey has been carried out during the year 1987-88,

the reference period for the data being agricultural year of 1986-87.

Broadly speaking, the scope of the study includes, 'inter alia' profiles of the selected villages and households, the credit infra-structure available and working of concerned credit institutions; availability, needs, utilisation of credit and the attendant problems of the farmers; repayment performance credit delinquency and related matters and, policy suggestions arising from the study to strengthen the system.

CHAPTER II  
THE CO-OPERATIVE CREDIT INFRASTRUCTURE  
IN THE SELECTED DISTRICT AND BLOCKS

In Kolhapur District, the general credit infrastructure available for agricultural purposes is dominated by the co-operative institutions. The Kolhapur District Central Co-operative Bank (K.D.C.C. Bank) in particular, which deals mainly with the short-term credit for seasonal agricultural operations and also term loans to a considerable extent, is regarded as one of the few sound and leading district central cooperative banks in the middle tier of the three tier structure in the state. It is so well entrenched as to prevent the formation of any Farmers' Service Societies and entry of the regional rural bank (RRB), the later institutional credit outlets for several areas under multi-agency approach.

The statistical information relating to the year 1986-87 reveals that the K.D.C.C. Bank has 111 branches spread all over the district with a total share capital of Rs. 662 lakhs. Its deposits amount to Rs. 12,526 lakhs and the working capital being Rs. 14,742 lakhs. The short-term loans advanced during the year amounted to Rs. 3,720 lakhs, of which the crop loans being Rs. 3,607 lakhs, forming nearly 97 per cent. Besides, the medium-term and the long-term advances amounted to Rs. 789 lakhs and Rs. 67 lakhs respectively. In regard to short-term loans, the amounts outstanding and overdues are Rs. 3,277 lakhs and Rs. 117 lakhs respectively. The proportion of overdues to

outstanding works out to 3.57 per cent only. Similarly, in the case of medium and long-term loans the respective amounts are Rs. 1,517 lakhs and Rs. 26 lakhs and Rs. 206 lakhs and Rs. 16 lakhs. The overdues form 1.71 per cent of the outstanding in the case of medium-term and similarly 7.77 per cent of long-term loans. However, not all the branches have shown profit during the year 1986-87. The position relating to this aspect reveals that 35 branches earned profit to the tune of Rs. 230 lakhs but 76 branches incurred losses amounting to Rs. 125 lakhs. At the aggregate level, the net profit earned by K.D.C.C. Bank works out to Rs. 105 lakhs. This is quite significant especially in view of crop loans dominating the total advances.

The latest information available for the year 1986-87 has shown the soundness of the K.D.C.C. Bank. However, it is a static picture not revealing progressive trend the Bank has achieved in the recent years. In order to appreciate the growing performance recorded by the Kolhapur D.C.C. Bank, it is worthwhile to reproduce below its record of year to year achievements during the last three year period ending June 1987.

#### Share Capital and Own Funds

The following comparative figures give a clear and concise idea as to the Bank's position regarding owned funds and its working capital

Particulars	Year ending as on 30th June (Rs. in lakhs)		
	1985	1986	1987
1) Paid-up share capital	513.05	517.33	661.61
2) Reserve fund	204.08	214.46	235.23
3) Other funds	415.03	410.65	436.27
4) Total owned funds	1132.16	1198.44	1333.11
5) Working capital	10363.27	12499.91	14742.24

The above figures clearly indicate the stupendous progress made by the Bank in building up its own funds.

### Deposits

Special attention is paid to find ways and means to increase deposits with the Bank every year, to inspire confidence amongst the public at large.

The following figures would reveal that the Bank has been successful in tapping deposits and thus inspiring a sense of confidence amongst the investing public.

The deposit table (over leaf) is indicative of the strenuous efforts made by the Bank in its endeavours for deposits, particularly from the rural areas.

Particulars	Year ending as on 30th June (Rs. in lakhs)		
	1985	1986	1987
<u>Societies</u>			
Fixed Deposits	3992.28	4987.79	6099.19
Saving Bank Deposits	340.69	356.48	363.74
Others	1290.01	1859.57	2175.37
Total	5622.98	7203.84	8638.30
<u>Individuals</u>			
Fixed Deposits	1010.54	1143.34	1333.92
Saving Bank Deposits	1357.80	1758.42	2007.49
Others	379.17	335.70	546.28
Total	2747.51	3237.46	3887.69
Grand Total	8370.49	10441.30	12525.99

Loans

The following table gives a comparative view in respect of borrowing from different sources in order to meet the demands on an ever increasing scale, made by the primaries.

It may be pointed out that in the years to come to meet the increased demands from primaries, whether agricultural or industrials, the Bank may have to borrow from Apex Bank and the Reserve Bank of India/NABARD.



Borrowings

Particulars	Year ending as on 30th June (Rs. in lakhs)		
	1985	1986	1987

From Apex Bank :Short-term Loan

M.T.Loan for agricultural purpose	24.16	51.07	28.25
Under IRDP Scheme	16.73	13.84	7.61
Farm Mechanisation	20.92	14.73	21.94
Purchase of shares of sugar factories	32.25	17.60	17.60

Long-term Loan

For Lift Irrigation Schemes	37.25	43.47	37.03
For Construction of Godowns	5.10	4.73	4.37
Sugar Repledge	-	-	-

Lendings

Particulars	(Rs. in lakhs)		
	Year ending as on 30th June		
	1985	1986	1987

Short-term loan for agricultural finance for intensive cultivation	2972.30	3191.03	3606.56
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As per norms laid down by Reserve Bank of India, at least 20 per cent of finance should be advanced to small and

marginal farmers, the K.D.C.C. Bank has advanced to small farmers (below 5 acres) to the extent of Rs. 1,486.34 lakhs as at 30th June 1987 which comes to 41.2 per cent of the total agricultural finance.

Position of Recoveries

It can be seen from the following table that the Bank can take pride in stating that more than 87 per cent of the total recoveries have been effected through the media of cooperative sugar factories and cooperative marketing agency, every year.

(I)

Particulars	As at 30th June (Rs. in lakhs)		
	1985	1986	1987
1) Recoverable dues	3038.00	3038.56	3325.87
2) Recoveries	2891.79	2920.64	3235.13
3) Unauthorised overdues total	146.21	117.92	90.74
4) Authorised overdues	-	-	-
5) Percentage of recoveries to recoverable dues	95%	96%	97%

(II)

Year as on 10th June	Total credit	Recoveries through	
		Sale and Purchase Unions	Sugar Factories
1985	2891.79	253.16	2103.55
1986	2920.64	165.89	2234.79
1987	3235.13	191.45	2484.70

Term Loan

The following will give the idea of the Bank's loaning policy in this respect.

Particulars	(Rs. in lakhs)		
	Outstanding as on 30th June		
	1985	1986	1987
1) Engine, Pipes, Bore Wells, Elec. Motors, Pumpsets	21.67	24.67	47.38
2) Milch Animals	93.65	88.18	181.78
3) Improvement of land, repairs to wells etc.	4.18	4.43	8.33
4) Irrigation Schemes	110.14	107.14	143.72
5) Trucks and Tractors	77.43	62.39	65.35
6) For purchase of sugar factory shares	49.14	60.42	43.20
7) For other reasons	1.64	4.31	0.19
8) Bullock and cart	6.25	3.58	5.30
9) Sheep and Goat	6.28	7.82	10.21
10) Cattleshed/Farm house	1.74	1.82	2.27
11) Farm forestry	0.29	0.21	0.62
12) Poultry	2.15	3.57	9.93
13) Gobar Gas	206.84	345.03	427.38
14) Lift Irrigation share purchase	1.59	0.83	0.12

In the foregoing, it has been established that the K.D.C.C. Bank has achieved considerable progress in many respects, in a short span of two years, that is, from the

middle of 1985 to that of 1987. The position of total owned funds and working capital shows significant improvement registering roughly 18 per cent and 42 per cent respectively. Similar is the case with deposit mobilisation. The total deposits from member societies increased by 53.6 per cent, those from individuals by 41.5 per cent and the overall deposits by nearly 50 per cent. In regard to borrowings made by the K.D.C.C. Bank, to finance the different kinds of advances, it is very significant to note that the short-term loans are advanced without resorting to any borrowed funds in the last three years. However, funds are borrowed for only term loans. Here too, the dependency on Maharashtra State Cooperative Bank, the apex body at the state level, is not considerable and, by and large, decreasing in several cases. On the other hand, the short-term loans, advanced for crop production, entirely from own resources of the Bank, has registered an increase of 21.3 per cent. This clearly indicates that there is no constraint on funds made available to primary societies.

The most remarkable fact of the K.D.C.C. Bank is its recovery performance in the recent years. The percentage of recovery from 95 in 1985 and 96 in 1986 has further increased to 97 in 1987. Of course, this has been made possible mostly through the statutory linkage with the processing and marketing agencies. Also, it may be pertinent to mention here the fact that the sugarcane being the principal beneficiary, accounting for about 90 per cent of the crop loans, the recoverable amount from borrowing members is directly received on their behalf from the respective cane purchasing sugar factories.

A brief account of the working of the base level organisation of the cooperative structure is given in the following. The particulars about the primary agricultural credit societies (PACS) in respect of Kolhapur district, as well as, the two selected blocks, namely, Shirol and Ajra, refer to the position prevailing as on 30.6.1987. The details available in regard to coverage, financial resources, loans advanced and defaults are shown in Table 2.1. The cropwise short-term loans advanced during the same year are given in Table 2.2.

In regard to coverage of the land holding cultivators, the data reveal that the 900 P.A.C.S. in the district is able to enroll 69.7 per cent of these as members. In Shirol and Ajra blocks, the proportion covered works out to 69.1 per cent and 68.8 per cent respectively. Among the members who are farmers, the small farmers with holdings below five acres each, are more numerous for the obvious reason and as compared to total membership inclusive of other members (landless) they constitute single largest group in all the cases. The non-cultivating members, however, are larger in number than the 'other farmers', with holdings above five acres, and they constitute nearly 40 per cent at the aggregate level of the district, 31 per cent in Shirol block societies and about 36 per cent in that of Ajra block.

At the aggregate levels of district and the two selected blocks, the overall resource position of the societies appears to be fairly good, even though it is uneven

between the irrigated Shirol block and dry Ajra block. The former shows better resource position, on an average per society basis, as compared to the latter in terms of share capital, reserve and other funds and working capital. Similar is the case with the loans outstanding and defaults per member. The defaulting members form 21.2 per cent of the total borrowing members of the societies at the district level and 27.3 per cent and 22.6 per cent in respect of Shirol and Ajra blocks. Of these defaulters, nearly 29 per cent have remained so far a period of three years and more. This proportion is rather as high as 46 per cent in Shirol block and about 31 per cent in Ajra. In the entire district, the amount of long overdue defaults (above 3 years) of the P.A.C.S. is Rs. 1,80,84,000, which forms 28.3 per cent of the total amount of defaults standing at nearly Rs. 6.4 crores at an average of Rs. 71,079 per society. Apparently, the problem of credit delinquency on the part of the members of base level societies, is quite alarming and serious.

The data on crop loans advanced during the year 1986-87 by the primary societies in the district, as well as, the selected blocks, clearly indicate the dominance of sugarcane as the beneficiary crop (See Table 2.2). It accounts for nearly 80 per cent of the total amount of crop loans and is followed way behind by rice with 13 per cent. The pattern is no different in the sugar belt of Shirol block, where 94 per cent of the crop loan amount has gone to sugarcane. Even in Ajra block,

sugarcane accounts for nearly 52 per cent, rice being in the second place accounting for 36 per cent. The high level of scale of finance, among other things, is a main reason for sugarcane account for larger share of the amounts advanced by the societies.

The general agricultural credit scenario of the district giving a brief account of institutionwise credit targets, achievements, broad categories of agricultural holdings, share in the membership of 'small' and 'other' farmers, etc., may be seen in Appendix at the end of the report. Also given in the Appendix are some clarifications about more than one crop loan being given on individual membership basis and possible implication on shift in the status of category and, the confusion about the basis for fixing the scale of finance.

Table 2.1: Information Regarding PACS in the Selected District and Blocks as on 30.6.1987

Particulars	(Rs. in '000)		
	Total District	Shirol	Ajra
1) Total No. of PACS	900	62	56
2) No. of total land-holders	352604	34240	17576
<u>Member</u>			
Total members	407063	34086	18387
Small farmers	190550	19932	7824
Other farmers	55046	3626	3843
Other members	161467	10528	6720
Share capital	215056	20215	7685
Out of this Government	8366	1026	445
Reserve and other fund	87223	8901	1818
Loan borrowed	414040	44608	16343
Working capital	868334	65309	27665
<u>Total Loan Credit</u>			
(a) Short-term and other term			
No. of borrowers	175702	9909	9201
Amount disbursed	492876	48497	18519
(b) S.T. and term loans			
Total No. of members	254768	10582	10145
Amount of loan demand	534743	49584	19425
(c) Total No. of defaulters	53979	2897	2294
Amount	63971	5687	2498
<u>Defaulters</u>			
No. of defaulters (period below 3 years)	38490	1562	1592
Amount	45887	2961	1820
No. of defaulters (period above 3 years)	15489	1335	702
Amount	18084	2726	678



Table 2.2: Details Regarding Cropwise S.T. Loans  
Given by PACS as on Year Ending 30.6.1987

(Rs. in '000)

Particulars	Total District	Shirol	Ajra
Total Crop Loan	435074 (100.00)	42942 (100.00)	16432 (100.00)
1) Wheat	101 (.02)	-	14 (.09)
2) Rice	56731 (13.04)	74 (.17)	5866 (35.70)
3) Jowar, Bajra, Maize	8481 (1.95)	840 (1.96)	559 (3.40)
4) Pulses	575 (.13)	-	-
5) Other Crops	3306 (.76)	100 (.23)	914 (5.56)
6) Cotton	55 (.01)	-	-
7) Oilseed	10360 (2.38)	810 (1.89)	381 (2.32)
8) Sugarcane	344564 (79.20)	40416 (94.12)	8473 (51.56)
9) Other	10901 (2.51)	702 (1.63)	225 (1.37)

### CHAPTER III

#### SOCIO-ECONOMIC PROFILES AND CREDIT PARTICIPATORY STATUS

The present chapter deals with the background information relevant to the main thrust of the study. The aspects covered are general information concerning land use and cropping patterns of the district, selected blocks and the selected villages; the socio-economic profiles of the households in the two selected villages along with the patterns of credit participatory status in the local cooperative credit institutions (PACS) and; the patterns of non-member farmers and non-borrowing members of PACS and the reasons thereof. In the present chapter, an attempt is made to analyse the data at a considerably disaggregated level to understand the patterns of credit participation or otherwise in terms of caste, occupation and the broad categories of farm size of the cultivators.

##### 3.1 Land Use and Cropping Pattern District and Selected Blocks

The data on land use pattern in the two blocks and the district, referring to the year 1985-86, are presented in Table 3.1. The broad pattern reveals that the area under forest is quite considerable in the hilly rainfall zone in which Ajra block is located and very meagre in Shirol block belonging to plains. In Ajra forest area accounts for 27 per cent of the total geographical area, in Shirol block it forms 1.8 per cent and in the entire district 18.7 per cent. Area not available for cultivation accounts for around seven

**Table 3.1 : Land Use Pattern in Kolhapur District and Selected Blocks in 1985-86**  
(Area in Hectares)

Particulars	Total District	Shirol	Ajra
Total Geographical Area	774933	50327	54888
Forest Area	145206	898	14796
Area Net Available for Cultivation	68211	3731	3705
Culturable Waste Area	46644	226	3451
Pasture	35078	1179	1914
Tree Crops	7216	-	-
Fallow Land			
Current Fallow Land	21585	3663	-
Other Fallow Land	22935	2684	681
Total Fallows	44520	6347	681
Net Culturable Area	428058	37946	30620
Double Cropped Area	6387	2401	85
Total Cultivated Area	434445	40347	30705

per cent in either block and nearly nine per cent in the district. Net cultivated area forms as high as 75.4 per cent in Shirol block where culturable waste, forest and pasture lands are relatively in lower proportions. The net cultivated area accounts for 52.2 per cent in the district and 55.8 per cent in Ajra block. Of the net area cultivated, area cropped more than once forms a negligible 0.3 per cent in Ajra, 6.3

per cent in Shirol block and 1.5 per cent in entire district. Actually it excludes most of the irrigated lands which are put to the cultivation of sugarcane, a long duration crop which does not facilitate a second crop in a given year.

#### Cropping Pattern

By and large, the cropping pattern of the entire district shows that 50 per cent of the gross cropped area being under foodgrains during the year 1985-86. It is about 46 per cent in Shirol block which has considerable area under lift irrigation and 53 per cent in Ajra which receives good monsoon. The principal foodgrain crops are rice, jowar and ragi in the district as a whole. In Shirol, jowar and pulses are main foodgrain crops. In Ajra, one half of the area under total foodgrains is devoted to rice. Ragi is the other important cereal grown in Ajra. Among the cash crops, sugarcane, which is dominant crop in the irrigated tracts of the plains, accounts for nearly 11 per cent of the total gross cropped area of the district. It is the single largest crop in Shirol block, accounting for nearly 22 per cent of the gross cropped area. The second important cash crop is groundnut, accounting for nearly 18 per cent of the area in Shirol block and around 10 per cent in that of district and Ajra block. In general, rice jowar, ragi, sugarcane and groundnut emerge as the specific main crops. These crops together account for nearly two-thirds of the total cropped area in the district, as well as, the blocks in which selected villages are located. The

details of cropping pattern (1985-86) are presented in Table 3.2. Similarly, the Table 3.3 gives the irrigated area under different crops.

The pattern of the crops under irrigated conditions shows that only about four per cent of the total area under rice is cultivated in the irrigated lands in the district. It is actually a rainfed crop in the relatively higher rainfall region of the district. Nevertheless, about 12.8 per cent of the total area under irrigation is devoted to foodgrains, especially to rice and wheat. It is the sugarcane that is overwhelmingly resorted to the irrigated lands of the district, accounting for nearly 87 per cent. Shirol block which is in the irrigated tract shows nearly 80 per cent under sugarcane with rice and wheat in the rest of the irrigated lands. In the case of Ajra block, which has a relatively a very small area under well irrigation, almost entire area is under sugarcane.

#### Selected Villages

The land use pattern of the two selected villages reveals that in Hasur nearly 72 per cent of its total geographical area is in actual cultivation and most of it (about 80 per cent) is irrigated. On the other hand, it is about 87 per cent of the total area in cultivation in Chimane village and almost entire cropped area (99 per cent) in unirrigated. The culturable waste land is rather considerable in proportion (about 23 per cent) in Hasur village. The details are shown in Table 3.4.

**Table 3.2 : Cropping Pattern of Kolhapur District and Shirol and Ajra Tahsil (1985-86)**

		(Area in hectares)		
Sr. Crops No.		District	Shirol	Ajra
1	2	3	4	5
1	Rice	111610 (25.33)	1603 (3.97)	8161 (25.58)
2	Jowar-Kharif	41238 (9.36)	5384 (13.34)	1775 (5.78)
	Jowar-Rabi	3243 (0.74)	2697 (6.68)	-
	Total Jowar	44481 (10.10)	8081 (20.02)	1775 (5.78)
3	Ragi	27345 (6.21)	1	4676 (15.23)
4	Other Cereals	15820 (3.59)	1216 (3.02)	1036 (3.37)
A.	Total Cereals (1+2+3+4)	199256 (45.23)	10901 (27.01)	15648 (50.96)
B.	Total Pulses	20929 (4.75)	7787 (19.30)	663 (2.15)
C.	Total Foodgrains (A+B)	220185 (49.98)	18688 (45.31)	16311 (53.11)
1	Sugarcane	47571 (10.82)	8688 (21.53)	1068 (3.49)
2	Other Crops	10852 (2.45)	1824 (4.52)	569 (1.85)
D.	Total (1+2)	58523 (13.28)	10512 (26.05)	1637 (5.34)
E.	Total Foodcrops (C+D)	278708 (63.28)	29200 (72.36)	17948 (58.45)

contd.

Table 3.2 : contd.

1	2	3	4	5
1	Groundnut	49451 (11.22)	7230 (17.92)	2955 (9.62)
2	Other Oilseeds	8646 (1.96)	115 (0.29)	362 (1.18)
F.	Total Oilseeds (1+2)	58097 (13.18)	7345 (18.21)	3317 (10.80)
1	Fibres	297	76	2
2	Total Drugs and Narcotics	5723	1488	1
3	Miscellaneous non- food crops	97724	2238	9437
G.	Total of (1+2+3)	103744 (23.54)	3802 (9.42)	9440 (30.75)
H.	Total Non-food Crops (F+G).	161841 (36.72)	11147 (27.63)	12757 (41.55)
I.	Total Gross Cropped Area (E+H)	440549 (100.00)	40347 (100.00)	30705 (100.00)
J.	Area Cropped more than once	12491 (2.84)	2401 (5.95)	85 (0.28)
K.	Total Net Area under Crops	428058 (97.16)	37946 (94.05)	30620 (99.72)

Source : Socio-Economic Review and District Abstract, 1986-87  
(pp. 32-39).

Table 3.3 : Irrigated Area Under Differential Crops in the District and Selected Blocks

Crops	(Area in Hectares)		
	Total District	Shirol	Ajra
Rice	4044	1603	-
Wheat	1983	571	-
Rabi Jowar	158	-	-
Other Crops	880	39	8
Total grains (Cereals)	7065	2213	8
Sugarcane	47671	8688	1068
Chilly	23	23	-
Turmeric	112	11	-
Total Spices	135	34	-
<b>Total</b>	<b>55007</b>	<b>10969</b>	<b>1076</b>



Table 3.4 : Land Utilisation Pattern in the Selected Villages

Sr. No.	Area under	Hasur village	Chimane village
1.	Forest	-	-
2.	Irrigated Cultivation	226.00 (56.22)	5.00 (0.64)
3.	Unirrigated Cultivation	62.00 (15.42)	678.00 (86.26)
4.	Culturable Waste	91.00 (22.64)	24.00 (3.05)
5.	Not Available for Cultivation	23.00 (5.72)	79.00 (10.05)
Total Area		402.00 (100.00)	786.00 (100.00)

N.B. : Figures in parentheses indicate percentages.

A broad idea about the cropping pattern in the selected villages may be obtained from Table 3.5 in Chimane village where rainfall is fairly good as it is in the ghat zone, rice is cultivated during kharif season. Nearly 47 per cent of the area under crops is devoted to rice and only a quarter of it is under high yielding varieties. Jowar is the next important crop, in terms of area, occupying nearly 22 per cent, most of it being under high yielding variety. Rice, jowar and ragi (5 per cent) are the cereals together account for nearly three-fourths of the cropped area of the village. Groundnut, the major cash crop, accounts for 20 per cent of the total cropped area. The miscellaneous crops like

Table 3.5 : Area Under Main Crops in the Selected Villages

Sr. Crops No.	Area in acres	As % of the total
<u>Chimane Village</u>		
1. Rice : (A) Local	345.63	34.69
(B) H.Y.V.	119.75	12.03
Total Rice	465.38	46.72
2. Jowar : (A) Local	9.75	0.98
(B) H.Y.V.	204.96	20.57
Total Jowar	214.71	21.55
3. Groundnut	200.46	20.12
4. Ragi	49.78	5.00
5. Other crops	65.87	6.61
All Crops	996.20	100.00
<u>Hasur Village</u>		
1. Kharif Jowar	30.90	3.37
2. Other Cereals	31.52	3.43
Total Cereals (1+2)	62.42	6.80
3. Horse Gram	193.04	21.04
4. Other Pulses	3.00	0.32
Total Pulses (3+4)	196.04	21.36
5. Sugarcane	393.33	42.87
6. Groundnut	18.18	1.98
7. Soyabean	73.56	8.02
8. Green Fodder	50.42	5.49
9. Other Crops	123.65	13.48
All Crops	917.60	100.00

vegetables, chillies fodder etc., form a little under seven per cent.

On the other hand, in Hasur village where lift irrigation is quite extensive, the cereal crops are relatively in meagre proportion (about 7 per cent) and command lesser importance than the pulses (21.4 per cent). Even among pulses, it is the horse gram dominating almost entire area and by itself accounts for 21 per cent of the total cropped area. Among the cash crops, it is the sugarcane which emerges as the most predominant one accounting for nearly 43 per cent of the area under crops. It is rather significant to note that soyabean, relatively a new oilseed crop has caught the imagination of the local farmers and, in terms of area, it is the third important crop accounting for 8.02 per cent. Actually, sugarcane, horse gram and soyabean are the three crops together account for nearly three-fourths of the cropped area.

### 3.2 Profiles of the Households and Credit Status in PACS

In the following, an attempt is made to analyse the household data of the two selected villages in terms of broad socio-economic status of the households and the extent of their credit participation in local credit institutions, that is, primary agricultural cooperative credit societies (PACS). By credit participation, we mean, whether or not the informants are members of the society and, among the members whether they are currently borrowers or non-borrowers. This position in relation to their socio-economic background like caste,

occupation and size of operational holding may help us to understand the level and extent of participation and, possible bearing an interaction between them and the society organised for them. The working of the concerned societies in the selected villages is dealt with elsewhere in the present study.

### Castewise Patterns

At the outset, it may be noted that Hasur village exceptionally shows Jain community dominating the caste pattern (52 per cent of the total households) with traditional cultivating caste group comprising Maratha, Mali and Lingayat castes taking numerically second place (23 per cent). Similarly, the scheduled caste and scheduled tribe group forms about 15 per cent. The other caste groups are of negligible proportions and none of the Brahmin and Muslim being resident at the village. On the other hand, the pattern in Chimane village, more or less, falls into general pattern prevailing in rural Maharashtra with castes of cultivating groups dominating the scene (81 per cent), followed by Harijan group being numerically the second important with 14 per cent of the 298 resident households. All other castes put together account for hardly five per cent.

The pattern of participatory level or credit status, viewed from the caste angle, reveals that in Hasur all the numerically dominant castes have membership in primary societies to a very large extent (around 90 per cent). However, about 86 per cent of scheduled tribe and 22 per cent of Other

Backward Caste households remain non-members as they are mostly very small farmers or landless labourers. Among the members of the credit societies, 82 households forming 27 per cent of the total members are reportedly non-borrowers of their respective society. Harijan and Jain households are prominent among the non-borrowing segment. However, majority of the society members from each caste group reports status of loan borrowers. Apparently, no social class remains outside the cooperative credit organisation on account of caste considerations. In Chimane village, majority of Harijan group reports non-membership in the society. The non-membership among the dominant cultivating castes is in somewhat quite substantial proportion (28.9 per cent). Among the members, the borrowers form nearly three-fourths at the aggregate level. The occupational pattern may possibly shed better light to make the picture more clear. The disaggregated pattern of castewise classification is presented in Table 3.6 and Table 3.7 for Hasur and Chimane villages respectively.

#### Caste and Main Occupation

Before we analyse the occupational pattern of the households and their credit status with the PACS, it may be useful to have some general idea about the broad relationship between caste and main occupation as reported by the informants. The relevant data in respect of the two villages are presented in Tables 3.8 and 3.9. The broad highlights reveal that in Hasur a great majorities of households belonging to Jain,

**Table 3.6 : Castewise Distribution of Households According to Membership in PACS, Loan Borrowers, Non-Borrowers and Non-members. (Village : Hasur)**

Caste Group	Of which									
	Total Families		Total PACS Members		Loan Borrowers		Loan Non-Borrowers		Non-member	
	Number	%	Number	% to total families	Number	% to PACS member	Number	% to PACS member	Number	% to total families
Advanced Castes (Jain)	178 (51.90)	100.0	163 (53.27)	91.57	115 (51.34)	70.55	48 (58.54)	29.45	15 (40.54)	8.43
Cultivating communities	80 (23.32)	100.0	71 (23.20)	88.75	59 (26.34)	83.10	12 (14.63)	16.90	9 (24.32)	11.25
Intermediate	24 (6.99)	100.0	23 (7.52)	95.83	17 (7.59)	73.91	6 (7.32)	26.09	1 (2.70)	4.17
Other backward	9 (2.62)	100.0	7 (2.29)	77.78	6 (2.68)	85.71	1 (1.22)	14.29	2 (5.40)	22.22
Harijan (S.C.)	45 (13.12)	100.0	41 (13.40)	91.11	26 (11.61)	63.41	15 (18.29)	36.59	4 (10.81)	8.89
Others (S.T.)	7 (2.04)	100.0	1 (0.33)	14.29	1 (0.45)	100.00	-	-	6 (16.22)	85.71
<b>Total</b>	<b>343 (100.)</b>	<b>100.0</b>	<b>306 (100.00)</b>	<b>89.21</b>	<b>224 (100.00)</b>	<b>73.20</b>	<b>82 (100.00)</b>	<b>26.80</b>	<b>37 (100.00)</b>	<b>10.79</b>

**Table 3.7 : Distribution of Total Households in Chimane Village According to Caste and PACS Membership Loan Borrowers, Non-Borrowers and Non-Members**

Caste Group	Of which									
	Total families (Total of Col. 7+9+11)		Total PACS Mem- bers (Total of Col. 7+9)		Loan Borrowers		Loan Non- Borrowers		Non-member	
	Number	%	Number	% to total fami- lies	Number	% to PACS mem- bers	Number	% to PACS mem- bers	Number	% to total famil- ies
Advance Caste	3 (1.01)	100.0	3 (1.46)	100.00	2 (1.31)	66.67	1 (1.89)	33.33	-	-
Hindu Cultivating Castes	242 (81.21)	100.00	172 (83.50)	71.07	132 (86.27)	76.74	40 (75.47)	23.26	70 (76.09)	28.93
Intermediate	5 (1.68)	100.00	3 (1.46)	60.00	2 (1.31)	66.67	1 (1.89)	33.33	2 (2.17)	40.00
O.B.C.	3 (1.01)	100.00	2 (0.97)	66.67	2 (1.31)	100.00	-	-	1 (1.09)	33.33
Harijan (S.C.)	42 (14.09)	100.00	26 (12.62)	61.90	15 (9.80)	57.69	11 (20.75)	42.31	16 (17.39)	38.10
Others (S.T.)	3	100.00	-	-	-	-	-	-	3 (3.26)	100.00
<b>Total</b>	<b>298 (100.00)</b>	<b>100.00</b>	<b>206 (100.00)</b>	<b>69.13</b>	<b>153 (100.00)</b>	<b>74.27</b>	<b>53 (100.00)</b>	<b>25.73</b>	<b>92 (100.00)</b>	<b>30.87</b>

**Table 3.8 : Castewise Distribution of Households According to the Main Occupation of the Family (Village : Hasur)**

	Caste							Total
	Jain	Cultivating Castes (Maratha/Mali)	Lingayat	Intermediate Caste (Artisans)	O.B.C.	Harijan	Others (S.T.)	
Cultiva-	151	2	57	18	6	20	-	254
%	(59.4)	(0.8)	(22.4)	(7.1)	(2.4)	(7.9)	-	(100.00)
	84.8	40.0	76.0	75.0	66.7	44.4	-	74.1
Farm Labour	15	3	17	1	1	17	6	60
%	(25.0)	(5.0)	(28.3)	(1.7)	(1.7)	(28.3)	(10.0)	(100.00)
	8.4	60.0	22.7	4.2	11.1	37.7	85.7	17.5
Commerce	1	-	-	-	-	-	-	1
%	(100.0)	-	-	-	-	-	-	(100.00)
	0.6	-	-	-	-	-	-	0.3
Service	10	-	-	2	1	6	1	20
%	(50.0)	-	-	(10.0)	(5.0)	(30.0)	(5.0)	(100.00)
	5.6	-	-	8.3	11.1	13.3	14.3	5.8
Other Miscellaneous	1	-	1	3	1	2	-	8
%	(12.5)	-	(12.5)	(37.5)	(12.5)	(25.0)	-	(100.00)
	0.6	-	1.3	12.5	11.1	4.5	-	2.3
Total	178	5	75	24	9	45	7	343
%	(51.9)	(1.6)	(21.9)	(7.9)	(2.6)	(13.1)	(2.0)	(100.00)
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(Figures in parentheses refer to percentage)



**Table 3.9 : Castewise Distribution of Households According to the Main Occupation of the Households (Village : Chimane)**

	Caste						Total
	Advance	Cultiva- tors	Interme- diate	O.B.C.	SC/ST	Other	
Cultivation	2 (0.78)	213 (83.5)	2 (0.78)	2 (0.78)	36 (14.1)	-	255 (100.0)
%	66.7	88.02	40.0	66.7	85.7	-	85.6
Farm Labour	1 (9.1)	9 (81.8)	-	-	1 (9.1)	-	11 (100.0)
%	33.3	3.7	-	-	2.4	-	3.7
Commerce	-	1 (50.0)	-	-	1 (50.0)	-	2 (100.0)
%	-	.41	-	-	2.4	-	.67
Service	--	17 (80.9)	-	-	3 (14.3)	1 (4.8)	21 (100.0)
%	--	7.02	-	-	7.1	33.3	7.04
Other Misc.	-	2 (22.2)	3 (33.3)	1 (11.1)	1 (11.1)	2 (22.2)	9 (100.0)
%	-	.83	60.0	33.3	2.4	66.7	3.02
Total	3 (1.01)	242 (81.2)	5 (1.7)	3 (1.01)	42 (14.1)	3 (1.01)	298 (100.0)
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(Figures in parentheses refer to percentage)

Lingayat, artisan and 'Other Backward Castes' are seen pursuing cultivation as their main occupation. 'Farm Labour' is reported in all caste groups but Lingayats, Harijans and even Jains are numerically prominent in this occupation. Actually, these two occupations account for nearly 92 per cent of the total families in Hasur. In regard to other pursuits, Jains, Harijans and Artisans castes are quite prominent in service and in miscellaneous occupations. The pattern is not very dissimilar in Chimane village where cultivating caste group and Harijans together account for 95 per cent of the households. Both groups are seen pursuing cultivation and farm labour in great proportions and make their presence felt in respect of other occupations as well.

#### Occupational Pattern and Participation in PACS

It may be seen that family main occupational pattern is overwhelmingly in favour of cultivation (74 per cent) and farm labour (18 per cent) in Hasur and cultivation (83 per cent) and service (9 per cent) in that of Chimane. All the households reporting cultivation as main occupation are not members of the PACS. In Hasur, four such households remain non-members though they form only about two per cent. It is in Chimane, the village in the unirrigated tract that we find the relative proportion of non-members being substantially high at 23 per cent of the total households reporting cultivation as family main occupation. In other words, nearly every fifth

household in this occupational category has remained outside the cooperative fold. It is somewhat understandable that families pursuing occupations other than cultivation, as main or subsidiary, to remain less enthusiastic, even though, some of them could be eligible for consumption loan and term loans for dairying etc. At the overall village level the non-members account for little less than 11 per cent in Hasur and about 31 per cent in that of Chimane. The relevant details are shown in Tables 3.10 and 3.11.

Among the households who are members of the PACS, the proportion of borrowers of society's loans is very high in respect of cultivation (76 per cent) and service (72 per cent) in Hasur and cultivation (75 per cent) and service (88 per cent) in Chimane. However considerable number of members remains non-borrowers, mainly in cultivation category in both villages. In all, non-borrowing members of PACS form 27 per cent in Hasur and 26 per cent in Chimane.

The disaggregated analysis of the pattern may also be viewed from the angle of second occupation of the household. At the outset, it may be noted that all but five per cent of the total households in Hasur and about 10 per cent in Chimane are pursuing at least one other occupation in addition to family main occupation. The prominent second occupations are dairying (72 per cent) service (9.0 per cent) Farm Labour (7.0 per cent) and cultivation (4.0 per cent) and, these four together account for 92 per cent of the families in Hasur.

**Table 3.10 : Classification of Total Households in Hasur Village According to Main Occupation and PACS Loan Borrowers, Non-Borrowers and Non-Members**

	Main Occupation				Total
	Culti- vation	Farm Labour	Service	Commerce and Other	
Of which :					
Total Families :					
Number	254	60	20	9	343
	(74.05)	(17.49)	(5.83)	(2.62)	100.00
%	100.00	100.00	100.00	100.00	100.00
Total PACS Members :					
Number	250	33	18	5	306
	(81.70)	(10.78)	(5.88)	(1.63)	100.00
% to total Families	98.43	55.00	90.00	55.56	89.21
Loan Borrowers :					
Number	190	19	13	2	224
	(84.82)	(8.48)	(5.80)	(0.89)	100.00
% to PACS Members	76.00	57.58	72.22	40.00	73.20
Loan Non-Borrowers :					
Number	60	14	5	3	82
	(73.17)	(17.07)	(6.10)	(3.66)	100.00
% to PACS Members	24.00	42.42	27.78	60.00	26.80
Non-Members :					
Number	4	27	2	4	37
	(10.81)	(72.97)	(5.41)	(10.81)	100.00
% to Total Families	1.57	45.00	10.00	44.44	10.79

(Figures in parentheses refer to percentage)

Table 3.11 : Classification of Total Households in Chimane Village According to Main Occupation and PACS Loan Borrowers, Non-Borrowers and Non-Members

	Main Occupation					Total
	Cultiva- Farm	Farm	Commerce	Service	Misc. and Other occupa- tion	
Of which :						
Total Families :						
Number	248	7	3	28	12	298
	(83.2)	(2.3)	(1.1)	(9.4)	(4.0)	(100.0)
%	100.0	100.0	100.0	100.0	100.0	100.0
Total PACS Members :						
Number	191	3	2	8	2	206
	(92.7)	(1.5)	(1.0)	(3.9)	(1.0)	(100.0)
% to Total Families	77.02	42.86	66.67	28.57	16.67	69.13
Loan Borrowers :						
Number	143	1	1	7	1	153
	(93.5)	(0.7)	(0.7)	(4.6)	(0.7)	(100.0)
% to PACS Members	74.87	33.33	50.0	87.50	50.0	74.27
Loan Non-Borrowers :						
Number	48	2	1	1	1	53
	(90.6)	(3.8)	(1.9)	(1.9)	(1.9)	(100.0)
% to PACS Members	21.13	66.67	50.00	12.50	50.00	25.72
Non-Members :						
Number	57	4	1	20	10	92
	(62.0)	(4.4)	(1.9)	(21.7)	(10.9)	(100.0)
% to Total Families	22.98	57.14	33.33	71.43	83.33	30.87

(Figures in parentheses refer to percentages)

Similarly, in Chimane, services (42 per cent), Farm Labour (20 per cent), dairying (15 per cent) and cultivation (8.0 per cent) are prominent and, together account for 85 per cent of the total families.

The pattern reveals that among those who report just a single occupation in the family, only about 71 per cent are members of the PACS and, out of them the borrowers constitute about 42 per cent in Hasur. Similarly, among the single occupation families in Chimane only 35 per cent are members of PACS and the loan borrowers form about 45 per cent of these members.

It is among the families having at least two occupations, the relative proportions showing membership and loan borrowers among members are rather considerably higher in both villages. Among those engaged in commerce as secondary occupation, the non-borrowers of PACS are relatively greater in proportion in Hasur. In Chimane, cultivation shows only about 46 per cent being PACS members but loan borrowers constitute over 70 per cent in all the second occupations. The relevant details are presented in Tables 3.12 and 3.13.

It is also attempted here, by further disaggregating the data, to view the pattern from the angle of third occupation pursued by the reporting families. Prior to this, a general idea about the distribution of households according to number of occupations pursued may be obtained from the following.

**Table 3.12 : Classification of Total Households in Chimane Village According to Secondary Occupation and PACS Members, Loan Borrowers, Non-Borrowers and Non-Members**

Secondary Occupation	Total Families		Total PACS Members		Of which					
					Loan Borrowers		Loan Non-Borrowers		Non-Members	
	Number	%	Number	% to total families	Number	% to PACS Members	Number	% to PACS Members	Number	% to total families
Only main occupation	31 (10.40)	100.0	11 (5.34)	35.49	5 (3.27)	45.45	6 (11.32)	54.55	20 (21.74)	64.52
Cultivation	24 (8.05)	100.0	11 (5.34)	45.83	8 (5.23)	72.73	3 (5.66)	27.27	13 (14.13)	54.17
Farm Labour	58 (19.46)	100.0	35 (16.99)	60.34	28 (18.30)	80.00	7 (13.21)	20.00	23 (25.00)	39.66
Commerce	9 (3.02)	100.0	7 (3.39)	77.78	6 (3.92)	85.71	1 (1.89)	14.29	2 (2.17)	22.22
Service	124 (41.61)	100.0	98 (47.57)	79.03	71 (46.41)	72.45	27 (50.94)	18.92	26 (28.26)	20.97
Dairy	45 (15.10)	100.0	37 (17.96)	82.22	30 (19.61)	81.08	7 (13.21)	18.92	8 (8.70)	17.78
Artisans	7 (2.35)	100.0	7 (3.40)	100.0	5 (3.27)	71.43	2 (3.77)	28.57	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>298 (100.00)</b>	<b>100.0</b>	<b>206 (100.00)</b>	<b>69.13</b>	<b>153 (100.00)</b>	<b>74.27</b>	<b>53 (100.00)</b>	<b>25.73</b>	<b>92 (100.00)</b>	<b>30.87</b>

**Table 3.13 : Classification of Total Households in Hasur Village According to Secondary Occupation and PACS Members, Loan Borrowers, Non-Borrowers and Non-Members**

Secondary Occupation	Total Families		Total PACS Members		Of which					
					Loan Borrowers		Loan Non-Borrowers		Non-Members	
	Number	%	Number	% to total families	Number	% to PACS members	Number	% to PACS members	Number	% to total families
Only main occupation	17 (4.96)	100.0	12 (3.92)	70.59	5 (2.23)	41.67	7 (8.53)	58.33	5 (13.51)	29.41
Cultivation	12 (3.50)	100.0	12 (3.92)	100.0	7 (3.13)	58.33	5 (6.10)	41.67	-	-
Farm Labour	24 (6.99)	100.0	21 (6.12)	87.5	13 (5.80)	61.90	8 (9.76)	38.10	3 (8.11)	12.5
Commerce	8 (2.33)	100.0	8 (2.33)	100.0	2 (0.89)	25.00	6 (7.32)	75.00	-	-
Service	29 (8.45)	100.0	28 (9.15)	96.55	22 (9.82)	78.57	6 (7.32)	21.43	1 (2.70)	3.45
Dairy	246 (71.72)	100.0	218 (71.24)	88.62	169 (75.45)	77.52	49 (59.76)	22.48	28 (75.68)	11.38
Artisans	5 (1.46)	100.0	5 (1.63)	100.0	5 (2.23)	100.0	-	-	-	-
Other	2 (0.58)	100.0	2 (0.65)	100.0	1 (0.45)	50.00	1 (1.22)	50.0	-	-
Total	343 100.0	100.0	306 100.0	89.21	224 100.0	73.20	82 100.0	26.80	37 100.0	10.79



No. of occupations pursued	Number of households reporting in	
	Hasur	Chimane
Only one	17	31
Only two	222	132
Only three	104	135
Total	343	298

Apparently, the pursuit of two and three occupations are quite common in both villages. Relatively speaking, the proportion engaged in three occupations is quite substantial (30.3 per cent) in Hasur and significantly higher (45.3 per cent) in Chimane village. Dairying, service and farm labour are numerically the most important occupations and together constitute 82 per cent of total third occupations in Hasur and similarly 97 per cent in Chimane. In the case of Hasur, among the total 104 families pursuing three occupations each, about 94 per cent are members of PACS and, out of these the borrowers of PACS loans being 75 per cent. This pattern of participation at a relatively very high level of proportion is manifest in all the third occupations except cultivation. Similarly, in the case of Chimane village about 74 per cent of the 135 reporting households are members of PACS and the loan borrowers being 82 per cent of these members. Dairying, farm labour and commerce are the three categories reporting very high proportions of participation in being members and borrowers with PACS in both villages. The details of classification by second subsidiary

occupation are presented in Tables 3.14 and 3.15 respectively for Hasur and Chimane.

The analyses of the pattern also indicate that there is a positive relationship between the number of occupations pursued by households and their participatory levels in the credit societies. The proportion of households enrolling themselves as members and that of borrowers among these members of the society increases with the corresponding increase in the number of occupations pursued by the households. This may be observed at the aggregate level in both the villages though in varying degrees. However, the level of membership reported in irrigation endowed Hasur (94 per cent) is considerably higher as compared to monsoon dependent Chimane village (74 per cent). The summary version, in terms of percentages, gives some idea about the relationship between the number of occupations and participatory level.

Number of occupations	Percentage of families			
	As Members		Members as borrowers	
	Hasur	Chimane	Hasur	Chimane
Pursuing only one	70.6	35.5	41.7	45.5
Pursuing only two	88.3	72.0	74.0	69.5
Pursuing only three	94.2	74.0	75.0	82.0
Total	89.2	69.1	73.2	74.3

**Table 3.14 : Classification of Total Households in Hassur Village According to Second Subsidiary Occupation and PACS Membership Loan Borrowers, Non-Borrowers and Non-Members**

Second subsidiary occupation	Of which									
	Total Families		Total PACS Members		Loan Borrowers		Loan Non-Borrowers		Non-Members	
	Number	%	Number	% to total families	Number	% to PACS members	Number	% to PACS members	Number	% to total families
Only main and secondary occupation	239	100.0	208	87.03	150	72.12	58	27.88	31	12.97
(69.68)		(67.97)		(65.96)		(70.73)		(83.78)		
Cultivation	3	100.0	2	66.67	1	50.0	1	50.00	1	33.33
(0.87)		(0.65)		(0.45)		(1.22)		(2.70)		
Farm Labour	13	100.0	13	100.0	10	76.92	3	23.08	-	-
(3.79)		(4.25)		(4.46)		(3.66)				
Commerce	8	100.0	8	100.0	7	87.50	1	12.50	-	-
(2.33)		(2.61)		(3.13)		(1.22)				
Service	16	100.0	15	93.75	11	73.33	4	26.67	1	6.25
(4.66)		(4.90)		(4.91)		(4.88)		(2.70)		
Dairy	56	100.0	54	96.43	40	74.07	14	25.93	2	3.57
(16.33)		(17.65)		(17.86)		(17.07)		(5.41)		
Artisans	3	100.0	2	66.67	2	100.0	-	-	1	33.34
(0.87)		(0.65)		(0.89)				(2.70)		
Others	5	100.0	4	80.00	3	75.0	1	25.0	1	20.0
(1.46)		(1.31)		(1.34)		(1.22)		(2.70)		
Total	343	100.0	306	89.21	224	73.20	82	26.80	37	10.79
	100.0		100.0		100.0		100.0		100.0	

**Table 3.15 : Classification of Total Households in Chimane Village According to Second Subsidiary Occupation and PACS Membership, Loan Borrowers, Non-Borrowers and Non-Members**

Second subsidiary occupation	Total Families		Total PACS Members		Of which				Non-Members	
					Loan Borrowers		Loan Non-Borrowers			
	Number	%	Number	% to total families	Number	% to PACS members	Number	% to PACS members	Number	% to total families
Only main and one subsidiary Cultivation	163 (54.69)	100.0	106 (51.46)	65.03	71 (46.41)	66.98	35 (66.04)	33.02	57 (61.96)	34.97
Farm Labour	11 (3.69)	100.0	10 (4.85)	90.91	7 (4.58)	70.00	3 (5.66)	30.00	1 (1.09)	9.09
Commerce	3 (1.01)	100.0	1 (0.49)	33.33	1 (0.65)	100.00	-	-	2 (2.17)	66.67
Service	7 (2.35)	100.0	3 (1.46)	42.86	2 (1.31)	66.67	1 (1.89)	33.33	4 (4.35)	57.14
Dairy	113 (37.92)	100.0	85 (41.26)	75.22	72 (47.06)	84.71	13 (34.53)	15.29	28 (30.43)	24.78
Artisans	1 (0.34)	100.0	1 (0.49)	100.00	-	-	1 (1.89)	100.00	-	-
Others	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>298 (100.00)</b>		<b>206 (100.00)</b>	<b>69.13</b>	<b>153 (100.00)</b>	<b>74.27</b>	<b>53 (100.00)</b>	<b>25.73</b>	<b>92 (100.00)</b>	<b>30.87</b>

Pattern of Size of Operational Holdings  
and Participatory Levels

Patterns of the broad categories of cultivating households, based on size of operational holdings and also, the participatory levels in the PACS are presented here. The relevant data in respect of Hasur and Chimane are shown in Tables 3.16 and 3.17. Broadly speaking, the predominance of small and medium farmers is in general conformity with the pattern in the region. The cultivators as a class constitute nearly 80 per cent in Hasur and 92 per cent of total families in Chimane. Within this class, there are four categories, namely, marginal farmers operating upto 2.50 acre holdings (MF), small farmers in 2.51-5.00 acre range (SF), medium and large farmers in the remaining two categories of above 5 acre size groups regarded as other farmers (OF). In some cases, it may be convenient to classify into two broad groups, namely, small farmers - upto 5 acre size holdings (SF) and the remaining as other farmers (OF) to facilitate broad observations. Nevertheless, the data presented in all the tables are disaggregated into four categories. The broad category of small farmers, inclusive of marginal ones, accounts for 85.3 per cent in Hasur and 83.3 per cent in that of total cultivating families in Chimane village.

The extent of participation as members and borrowers of cooperative societies, viewed from the categories of farmers, reveals the pattern of full enrolment of members by 'other farmers' category and 97 per cent by small farmers in Hasur village. The proportion of borrowers from among the members

**Table 3.16 : Classification of Total Households According to Size of Operational Holding Groups and PACS Members, Loan Borrowers, Non-Borrowers and Non-Members in Hasur Village**

Size Holding	Of which									
	Total Families		Total PACS members		Loan Borrowers		Non-Borrowers		Non-Members	
	Number	%	Number	% to total families	Number	% to PACS members	Number	% to PACS members	Number	% to total families
<b>(A) Cultivators (acres)</b>										
Upto 2.50	150 (43.73)	100.0	146 (47.71)	97.33	109 (48.66)	74.66	37 (45.12)	25.34	4 (10.81)	2.67
2.51 to 5.00	81 (23.62)	100.0	78 (25.49)	96.30	57 (25.45)	73.08	21 (25.61)	26.92	3 (8.11)	3.70
5.01 to 10.00	28 (8.16)	100.0	28 (9.15)	100.00	23 (10.27)	82.14	5 (6.10)	17.86	-	-
10.01 & above	12 (3.50)	100.0	12 (3.92)	100.00	10 (4.46)	83.33	2 (2.44)	16.67	-	-
<b>(B) Non-Cultivators</b>										
	72 (20.99)	100.0	42 (13.73)	58.33	25 (11.16)	59.52	17 (20.73)	40.48	30 (81.08)	41.67
<b>Total</b>	<b>343 (100.00)</b>	<b>100.0</b>	<b>306 (100.00)</b>	<b>89.21</b>	<b>224 (100.00)</b>	<b>73.20</b>	<b>82 (100.00)</b>	<b>26.80</b>	<b>37 (100.00)</b>	<b>10.79</b>

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**Table 3.17 : Classification of Total Households in Chimane Village According to Size Holding and PACS Loan Borrowers, Non-Borrowers and Non-Members**

Size Holding	Of which									
	Total Families		Total PACS Members		Loan Borrowers		Loan Non-Borrowers		Non-Members	
	Number	%	Number	% to total families	Number	% to PACS members	Number	% to PACS members	Number	% to total families
<b>(A) Cultivators (acres)</b>										
Upto 2.50	146	100.0	91	62.33	60	65.93	31	34.07	55	37.67
	(48.99)		(44.17)		(39.21)		(58.49)		(59.78)	
2.51 to 5.00	83	100.0	73	87.95	58	79.45	15	20.55	10	12.05
	(27.85)		(35.44)		(37.91)		(28.30)		(10.87)	
5.01 to 10.00	37	100.0	33	89.19	27	81.82	6	18.18	4	10.81
	(12.42)		(16.02)		(17.65)		(11.32)		(4.35)	
10.01 & above	9	100.0	7	77.78	7	100.00	-	-	2	22.22
	(3.02)		(3.40)		(4.58)				(2.17)	
<b>(B) Non-cultivators</b>										
	23	100.0	2	8.70	1	50.00	1	50.00	21	91.30
	(7.72)		(0.97)		(0.65)		(1.89)		(22.83)	
<b>Total</b>	<b>298</b>	<b>100.0</b>	<b>206</b>	<b>69.13</b>	<b>153</b>	<b>74.27</b>	<b>53</b>	<b>25.73</b>	<b>92</b>	<b>30.87</b>
	(100.0)		(100.0)		(100.0)		(100.0)		(100.0)	

is relatively greater in the case of 'other farmers' (83 per cent) than that of small farmers (74 per cent). In Chimane, the pattern is at a lesser level of participation. The combined categories of small farmers report only 71 per cent of membership and 72 per cent of them being borrowers. Similar proportions in the case of 'other farmers' works out to 87 per cent and 85 per cent respectively. At the aggregate level, only 74 per cent of Chimane farmers are members of the PACS and further, only 75 per cent of members are borrowers. Broadly, every fourth cultivating household remains outside the fold of PACS. It is the marginal farmers (upto 2.50 acres size group) who account for nearly 78 per cent of the total non-member farmers. In the case of non-cultivators, as compared to farmers, the participatory levels in either respect is little under 60 per cent in Hasur and very negligible in Chimane.

### 3.3 Patterns of Non-members and Non-borrowers

#### Non-members of PACS

It has already been observed that a considerable proportion of farmers in unirrigated Chimane village have remained non-members of PACS and quite a substantial proportion of members of PACS in either village have remained non-borrowers. This calls for a closer look at these exclusive segments in order to identify them further, before we go into reasons stated by informants themselves for their being so.



In Hasur village, there are only seven cultivators who have remained non-members of PACS. This being very negligible in proportion, the tabulated data are not presented here in the form of statistical tables in respect of Hasur. Suffice it to say that the particular farmers belong to Jain (5) and Lingayat (2) communities and all of them operate holdings less than 5.00 acres. In terms of family main occupation, four of them are in cultivation and the other three pursuing farm labour and operate marginal farms. The area cultivated by all the seven farmers totals 18 acres. From the point of view of annual incomes of the family, four report incomes from two sources, averaging Rs. 36185 and three from three sources at an average of Rs.27140 per household. The reason stated for not being members of PACS is that they do not need the outside credit support as yet.

In the case of Chimane, the relevant data in respect of 71 non-member cultivators are presented in Tables 3.18 and 3.19. The castewise and categorywise pattern reveals that non-members belong only to cultivating caste group (83 per cent) and Scheduled Caste and Tribe group (17 per cent). Among those of cultivating castes, 90 per cent of non-members are small farmers and in the other caste group every non-member is a small farmer. In all, marginal (78 per cent) and other small farmers (14 per cent) are predominant and, 'other farmers' cultivating over five acre holdings, accounting for only about eight per cent. Besides cultivation (80 per cent),

**Table 3.18 : Distribution of the PACS Non-members According to Caste and Size Holding Group (Village Chimane)**

Caste Group	Upto 2.50 acres		2.51 to 5.00 acres		5.01 to 10.00 acres		10.01 and above acres		Total	
	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage
1. Advanced caste	-	-	-	-	-	-	-	-	-	-
2. Cultivators	44 (80.0)	(74.6)	9 (90.0)	(15.3)	4 (100.0)	(6.8)	2 (100.0)	(3.4)	59 (33.1)	100.0
3. Intermediate caste	-	-	-	-	-	-	-	-	-	-
4. O.B.C.	-	-	-	-	-	-	-	-	-	-
5. S.C.	11 (20.0)	(91.7)	1 (10.0)	(8.3)	-	-	-	-	12 (16.9)	100.0
<b>Total</b>	<b>55 (100.0)</b>	<b>(77.5)</b>	<b>10 (100.0)</b>	<b>(14.1)</b>	<b>4 (100.0)</b>	<b>(5.6)</b>	<b>2 (100.0)</b>	<b>(3.8)</b>	<b>71 (100.0)</b>	<b>100.0</b>

**Table 3.19 : Main Occupationwise and Size Groupwise Pattern of Non-Member Cultivating Households in Chimans Village**

	Size of Holding Group									
	Upto 2.50 acres		2.51 to 5.00 acres		5.01 to 10.1 acres		10.01 and above acres		Total	
	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage
Cultivation	43 (76.4)	(53.7)	9 (10.0)	(15.8)	4 (100.0)	(7.0)	3 (100.0)	(3.5)	57 (80.3)	(100.0)
Farm labour	1 (1.8)	(100.0)	-	-	-	-	-	-	1	(100.0)
Commerce	-	-	-	-	-	-	-	-	-	-
Services	11 (30.0)	(91.6)	1 (10.0)	(8.3)	-	-	-	-	12 (16.9)	(100.0)
Dairy	-	-	-	-	-	-	-	-	-	-
Other	1 (1.8)	(100.0)	-	-	-	-	-	-	1 (1.4)	(100.0)
<b>Total</b>	55 (100.0)	(77.5)	10 (100.0)	(14.1)	4 (100.0)	(5.6)	3 (100.0)	(3.8)	71 (100.0)	

'Service' in the other family main occupation with considerable proportion of non-members (17 per cent). The net cultivated area operated by these households, which remains outside the purview of possible credit support from PACS, measures an extent of nearly 160 acres. Two-thirds of this area is operated by 65 non-members who are small farmers. The annual average income per non-member cultivating household as per the number of sources including the remittances received is given below.

<u>No. of sources</u>	<u>No. of non-member farmers</u>	<u>Average income per household (Rs.)</u>
One	3	2523
Two	29	7368
More than two	39	9736

The pattern of non-borrowing members of PACS in Hasur and Chimane villages is briefly presented here. The analyses pertaining to cultivating households in respect of caste groups, main occupation, size of operational holding groups and the cultivated area may be obtained from the relevant data set in Tables 3.20 to 3.24. Confining our attention to the main observations, we find Jains, Lingayats and Harijans in Hasur and Marathas and Harijans in Chimane are prominent among the non-borrowing members and, in both villages the great majority (89 per cent) is composed of marginal and small

**Table 3.20 : Distribution of the PACS Non-Members According to Caste and Size Holding Group (Only Cultivators) Village Hasur**

Size of holding group (acres)	Caste						Total
	Advance Caste (Jain)	Hindu Cultivation Caste (Maratha, Mali)	Cultivator (Lingayat)	Intermediate Caste	O.B.C.	Harijan (S.C., S.T.)	
Upto 2.50 Households	24 (64.9)		3 (8.1)	3 (8.1)		7 (18.9)	37 (100.0)
%	55.8		33.3	75.0		100.0	
2.51 to 5.00 Households	15 (71.4)	1 (4.8)	3 (14.3)	1 (4.8)	1 (4.8)	-	21 (100.0)
%	34.9	100.0	33.3	25.0	100.0		
5.01 to 10.0 Households	3 (50.0)	-	2 (40.0)	-	-	-	5 (100.0)
%	7.0		22.2				
10.01 and above Households	1 (50.0)	-	1 (50.0)	-	-	-	2 (100.0)
%	2.3		11.1				
Total Households	43 (66.2)	1 (1.5)	9 (13.8)	4 (6.2)	1 (1.5)	7 (10.8)	65 (100.0)
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**Table 3.21 : Distribution of the PACS Non-Borrowers According to Caste and Size-Holding Group (Only Cultivators) (Village Chimane)**

Caste	Size of Holding Group									
	Upto 2.50 acres		2.51 to 5.00 acres		5.01 to 10.00 acres		10.01 and above		T o t a l	
	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage
Advance Caste(I)	1 (3.2)	100.0	-	-	-	-	-	-	1 (1.9)	100.0
Cultivators	25 (80.6)	64.1	9 (60.0)	23.1	5 (83.3)	12.8	-	-	39 (75.0)	100.0
Intermediate Caste	1 (3.2)	100.0	-	-	-	-	-	-	1 (1.9)	100.0
O.B.C.	-	-	-	-	-	-	-	-	-	-
Harijan (S.C. S.T.)	4 (12.9)	36.4	6 (40.0)	54.5	1 (16.7)	9.1	-	-	11 (21.2)	100.0
<b>Total</b>	<b>31 (100.0)</b>	<b>59.6</b>	<b>15 (100.0)</b>	<b>28.8</b>	<b>6 (100.0)</b>	<b>11.5</b>	<b>-</b>	<b>-</b>	<b>52 (100.0)</b>	<b>100.0</b>

**Table 3.22 : Distribution of Non-Borrowing Farmers According to Main Occupation and Size Holding Group in Hasur Village**

Main Occupation	Size of Holding Group								Total	
	Upto 2.50 acres		2.51 to 5.00 acres		5.01 to 10.00 acres		10.01 and above		House-holds	Percentage
	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage		
Cultivation	32 (86.5)	(53.3)	21 (100.0)	(35.0)	5 (100.0)	(8.3)	2 (100.0)	(3.3)	60 (92.3)	(100.0)
Farm Labour	2 (2.7)	(100.0)	-	-	-	-	-	-	1 (1.5)	100.0
Commerce	-	-	-	-	-	-	-	-	-	-
Service	3 (8.1)	(100.0)	-	-	-	-	-	-	1 (4.6)	100.0
Misc. and Other Occupation	1 (2.7)	(100.0)	-	-	-	-	-	-	1 (1.5)	100.0
Total	37 (100.0)	(56.9)	21 (100.0)	(32.3)	5 (100.0)	(7.7)	2 (100.0)	(3.1)	65 (100.0)	100.0

**Table 3.23 : Distribution of Non-Borrowing Farmers According to Main Occupation and Size Holding Group in Chimane Village**

	Size of Holding Group									
	Upto 2.50 acres		2.51 to 5.00 acres		5.01 to 10.00 acres		10.01 and above		Total	
	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage	House-holds	Percentage
Cultivation	28 (90.3)	(38.3)	14 (93.3)	(29.2)	6 (100.0)	(12.5)	-	-	48 (92.3)	100.0
Farm Labour	1 (3.2)	(100.0)	-	-	-	-	-	-	1 (1.9)	100.0
Commerce	1 (3.2)	(100.0)	-	-	-	-	-	-	1 (1.9)	100.0
Service	-	-	1 (6.7)	(100.0)	-	-	-	-	1 (1.9)	100.0
Misc. and other occupation	1 (3.2)	(100.0)	-	-	-	-	-	-	1 (1.9)	100.0
<b>Total</b>	<b>31 (100.0)</b>	<b>(59.6)</b>	<b>15 (100.0)</b>	<b>(28.8)</b>	<b>6 (100.0)</b>	<b>(11.5)</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>100.0</b>



Table 3.24 : Distribution of Crop Loan Non-Borrowers' According to Area and Size Holding Group

Size group holdings	Village Hasur		Village Chimane	
	Non-Borrower's		Non-Borrower's	
	No. of house- holds	Area	No. of house- holds	Area
Upto 2.50 acres	37	29.25	31	52.31
2.51 to 5.00 acres	21	84.70	15	54.50
5.01 to 10.00 acres	5	30.38	6	44.00
10.01 and above	2	36.00	-	-
<b>Total</b>	<b>65</b>	<b>180.33</b>	<b>52</b>	<b>150.81</b>

farmers. Viewed from the family main occupation, about 92 per cent of non-borrowing members in either village are pursuing cultivation and around 88 per cent of them being marginal and small farmers. The extent of area operated by them is 180.33 acres in Hasur, at an average of 2.77 acres and, 150.81 acres in Chimane, the average per reporting farmer being 2.90 acres. The average per small farmer (upto 5.00 acres holdings) is slightly greater in unirrigated Chimane village at 2.32 acres as compared to that of irrigated Hasur village where it is slightly under 2.00 acres.

#### 3.4 Reasons for being Non-Members and Irregular Non-borrowers

The reasons offered by the cultivators who have remained non-members of PACS are uniformly single in Hasur and varied in respect of Chimane. The only reason stated by all the seven concerned families in Hasur is that there is no need to seek credit support from any credit society as they can manage on their own resources. On the other hand, the major reasons offered by the 71 farmers in Chimane are (a) the size of operational holdings being marginal and very small; (b) no need for credit as remittances from the family members working in Bombay are adequate for the purpose and candidly enough, (c) incompatibility with the rival faction in control of the local PACS.

In regard to the reasons stated for non-borrowing of loans from the PACS in which the informants are members, the

response is actually elicited from all those who have not been regularly availing of credit during the last five years. Thus, the data include not only the non-members and current non-borrowers but also the irregular borrowers in the recent past. The relevant details according to size of holding groups of the informants in Hasur and Chimane are respectively presented in Table 3.25 and Table 3.26.

Apart from the obvious case of non-members, the main reasons for irregular borrowing among the members are, 'no need for the society credit' - 36 per cent, 'only when the need arises' - 31 per cent; and 'sugarcane is not cultivated regularly' - 24 per cent in respect of Hasur village. On the other hand, the major reasons stated by irregular borrowers of Chimane village are 'defaulting on previous loans' - 45 per cent, followed by 'loans are sought only when required but not every year' - 43 per cent and 'no need for credit' - 10 per cent. The above reasons are offered mostly by the marginal and other small farmers in both the villages. In the case of others, 'no regularity in need for loans' in Hasur and, 'ineligibility on account of default' and 'not needed regularly' are the only two reasons in Chimane village.

**Table 3.25 : Categories of the Crop Loan Non-Borrowers in Hasur Village According to Reasons for Not Taking Loan Regularly During Last Five Years**

Reasons	Size Group of Holding									
	Upto 2.50 acres		2.51 to 5.00 acres		5.01 to 10.00 acres		10.01 and above		Total	
	House-holds	%	House-holds	%	House-holds	%	House-holds	%	House-holds	%
No Need	8 (15.38)	26.7	18 (62.1)	60.0	3 (50.00)	10.0	1 (33.33)	3.3	30	100.00
P.A.C.S.Non-member	4 (7.69)	57.1	3 (10.3)	42.9	-	-	-	-	7	100.00
Due to risk about payment	2 (3.85)	100.0	-	-	-	-	-	-	2	100.00
Defaulter	2 (3.85)	100.0	-	-	-	-	-	-	2	100.00
Takes loan only at the time of need	15 (28.84)	57.7	7 (24.1)	26.9	2 (33.33)	7.7	2 (66.67)	7.7	26	100.00
Small land holding so no need	1 (1.92)	100.0	-	-	-	-	-	-	1	100.00
If sugarcane is to be cultivated	18 (34.62)	90.0	1 (3.4)	5.0	1 (16.67)	5.0	-	-	20	100.00
Due to other Banks loan	2 (3.85)	100.0	-	-	-	-	-	-	2	100.00
<b>Total</b>	<b>552 (100.0)</b>		<b>29 (100.0)</b>		<b>6 (100.0)</b>		<b>3 (100.0)</b>		<b>90</b>	<b>100.00</b>

**Table 3.26 : Categories of the Crop Loan Non-Borrowers in Chimane Village According to Reasons for Not Taking Loan Regularly During Last Five Years**

Reasons	Size Group of Holding									
	Upto 2.50 acres		2.51 to 5.00 acres		5.01 to 10.00 acres		10.01 and above		Total	
	House-holds	%	House-holds	%	House-holds	%	House-holds	%	House-holds	%
No need	3 (3.33)	42.9	4 (11.76)	57.1	-	-	-	-	7 (5.07)	100.0
P.A.C.S. Non-member	51 (56.67)	71.8	12 (35.29)	16.9	6 (50.0)	8.5	2 (100.0)	2.8	71 (51.45)	100.0
Due to Risk about Repayment	-	-	-	-	-	-	-	-	-	-
Defaulter	16 (17.78)	53.33	11 (32.35)	36.67	3 (25.0)	10.0	-	-	30 (21.74)	100.0
Takes loan only at the time of need	19 (21.11)	65.52	7 (20.59)	24.14	3 (25.0)	10.34	-	-	29 (21.01)	100.0
Small land holding so no need	1 (1.11)	100.00	-	-	-	-	-	-	1 (0.71)	100.00
If sugarcane is to be cultivated	-	-	-	-	-	-	-	-	-	-
Due to other Bank's Loan	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	90 (100.0)	65.22	34 (100.0)	24.64	12 (100.0)	8.69	2 (100.0)	1.45	138	100.0

## CHAPTER IV

### CROP LOANING POLICY AND OPERATIONS OF PRIMARY SOCIETIES

The present chapter includes within its scope two broad sections, viz., (a) policy and procedural aspects and, (b) operations of the primary societies in the selected villages. The first section deals with procedures involved in delivery of crop loans including the preparation of Normal Credit Limit Statement (NCLS) and crop loaning policies in Kolhapur covering scale of finance and other facets. The second section, dealing in operational aspects, presents information on organisational set up, societywise advances of crop loans, non-lifted and non-disbursal of sanctioned crop loans, pattern of Non-crop loans, trading activity of the societies and the overall position of societies, as revealed in their balance sheets. The information and the statistical data presented in this chapter are based on the materials made available by the Kolhapur DCC Bank, their branches and, the concerned primary agricultural co-operative societies operating in the villages selected for the study.

#### 4.1 Crop Loaning Policy and Procedural Aspects

Over the years, the crop loan delivery system has undergone some significant transformation in tune with the changing times, as well as, the structure of cooperative set up in the State. The base level societies (PACS) have to be

constituted and sustained as an organisational entity, under the general framework of Cooperative Societies Acts and subjected to the control, supervision, etc., by the Department of the Cooperation of the State Government. In regard to their credit operations, however, the PACS being in the bottom tier, has to operate in close liaison with the District Central Cooperative Bank (DCCB). The PACS, as the constituent of the DCCB, has to play the pivotal role in the credit delivery to its own members. This makes it obligatory on its part to function in unison with the policies and procedures laid down by the middle tier DCC Bank. Like the Apex Bank the DCCB is a federal institution, the primary societies at the base level being an important segment. The primaries obtain funds from the DCCB which in turn gets the funds from the Apex Bank. The primary societies are required to follow the procedures and policy norms laid down by the DCC Banks. The highlights of the system now prevailing in Kolhapur district under the policy direction of the K.D.C.C. Bank are mentioned here.

The procedure of obtaining crop loan from the primary societies has undergone considerable change and, the present system requires borrowing members to go through less cumbersome process. Anyway, to ensure the credit worthiness and 'bona fides' of the applicant, one vital form known as normal credit limit statement (N.C.L.) plays a significant role. It is to be filled in by the secretary of the PACS for each of the member intending to borrow from the society. It

includes all the information pertinent to assess the requirement, security of the loan, crop production level and track record of the farmer in relation to his repayment capacity. More specifically, the following main items are covered by the NCL statement to enable the processing of the loan proposal at PACS and DCC Bank levels.

- 1) Information on personal identity, number of loaning card etc.

- 2) Particulars regarding land owned, leased-in and leased-out, cultivated land, position of mortgage of land, revenue assessment etc.

- 3) Position of shares held in the various cooperative institutions.

- 4) Particulars of cropping pattern and expected cropping pattern in the ensuing year (crop loan period).

- 5) Information regarding cropwise total production of the farm in the previous years.

- 6) Details about the types of loans taken from the cooperatives and other agencies.

- 7) Information on previous year's loan, amounts of principal and interest outstanding at the end of the year.

- 8) Loan amount recovered through the processing and marketing agencies, as well as, directly from the member in terms of cash.



9) Member's demand for credit for the ensuing year, the crop-wise area and for which <sup>loan</sup> is sought and such other details.

10) Recommendations of the Managing Committee of the PACS, Inspector, Divisional Officer of the concerned branch office of DCC Bank.

11) Amount sanctioned in kind and cash by DCC Bank and date and loan components disbursed.

It may well be added, as a matter of policy applicable to Kolhapur district that crop loans are made available by only one source, that is, either PACS or commercial bank. That defaulters are not allowed to borrow funds from the cooperatives. That the members with outstanding loan are entitled to get the fresh loans sanctioned but the funds are released only after the clearance of the existing dues. In the case of sugarcane crop which is of 12-18 month duration, depending on the variety, a somewhat cash credit system of crop loaning is followed in Kolhapur. It simply means that the cultivator may continue to receive a part of the new loan even before his earlier year's crop loan is fully recovered through the sugar factory as the recovery of crop loan is linked with the processing unit. This is only to facilitate the sugarcane cultivators to receive the crop loan regularly every year as the process of NCL statement is done once year and not any time the farmer approaches for : funds.

In order to render valuable assistance to the member farmers seeking loans, it is incumbent on the part of the secretary of PACS to fill in all the details in NCL statement form for each individual. This is done after obtaining the particulars of the relevant revenue records from the village accountant. Some records like asset register are maintained in the PACS and updated as and when necessary. The farmers requiring loans have to convey their intentions before the end of September every year. The process of preparing N.C.L. statement is to be completed by November 30th. During the month of December, the scrutiny of forms is undertaken by the concerned Inspector of the branch office of the DCCB. The process goes on from December to even May and June months as the PACS keep sending the forms.

The process of scrutiny starts with the Inspector visiting the office of the PACS and begins the proceedings with the secretary and managing committee of the concerned PACS. He is required to examine the asset position of the individual members from the register, share certificate register for the up-to-date information, cash-balance position of the society itself, financial regularity, NCL register of the previous year, position of the linking recovery, loan register about the position of advances and recoveries of the existing loans and such other details of the members seeking loans. The Inspector then looks into loan demanded by the farmer, the recommendation made by the committee of PACS and

makes his own remarks about the viability or repayment capacity of the individual and the amount of loan recommended by himself. The inspector has to service 10-12 primary societies falling within his jurisdiction and it is considered as reasonably fair work load. The stage after the detailed scrutiny by the Inspector is at the level of Divisional Officer (D.O.) of the Taluka branch of the D.C.C. Bank. The D.O. examines the NCL proposals and makes his own recommendations and sends all the forms to the Head Quarters of the D.C.C. Bank. The D.O.'s scrutiny report for each PACS is essential and he has the power to make his own recommendation. He also works out the loan demand by the society, the amounts outstanding and overdues that should go to DCC Bank and, the percentage of that to the present demand.

The final scrutiny takes place at the head quarters and this scrutiny report is placed before the executive Committee of the Board for the final sanction. Thereafter, the Manager (the Chief Executive) of the DCC Bank sends the letter of sanction to each PACS separately with all details concerning the advances to be made, stipulations etc. The copies are sent to Asst. Registrar of the Cooperative Department at the taluka level and concerned divisional and branch offices of the DCC Bank.

The next step in the process is the undertaking by the PACS to abide by the conditions stipulated by the DCC Bank.

This is done by affixation of signatures of the managing committee members of the PACS on the sanction letter from the DCC Bank; executing the agreement bond; specimen signatures of the committee members authorised to issue cheques to loanees and the certificate regarding the area mentioned in NCL Statement. Thereafter, as and when the members want to lift the sanctioned amount, the PACS Committee gives the approval on the Society's demand form for individual account along with particulars on crop, area, position of previous loans etc. This is to be approved by the Inspector after the verification of figures. The branch manager of the DCC Bank in turn posts the figures on ledger and the true copy is sent to PACS. On receipt of this, the PACS Committee draws the cheque and hands it over to the loanee who presents the same to the branch office for encashment.

One of the significant aspects of the entire process is that the initial proposal to borrow, with the decision on crop and area to be benefited, is to be done several months before the crop loan becomes effective in the ensuing year (for all the three seasons).

#### Crop-wise Scale of Finance

While processing the N.C.L. Statements, the PACS committee, the Inspector and others involved in recommending and sanctioning the loans have to take into consideration the crop-wise scale of finance applicable to the district.

The scale of finance forms an important aspect of the crop loan policy of the DCC Bank. The minimum and maximum scale of finance for each variety of crop to be raised in different seasons and conditions (irrigated/monsoon) is recommended by a specially constituted Technical Group and adopted by the DCC Bank, well in advance of the preparation of NCL Statement. It is usually done during the month of August every year and the fixation is on per acre basis in cash and kind components.

The Technical Group to fix the scale of finance, constituted at the district level, consists of Dy. Registrar of Cooperatives, representative of Maharashtra State Cooperative Bank (Apex Bank) Agricultural Officers from Zilla Parishad and Govt. Department of Agriculture, representatives from a few selected PACS, two Krishi Pandits (farmers acclaimed for their record productivity performance) and the top level representative from the DCC Bank. This group is expected to look <sup>into</sup> soil-climatic, agronomic and the conditions peculiar to the district as also the economic aspects pertaining to productivity, yield, relative importance of the crops, input requirements, prices and such others relevant to crop husbandry.

The recommendations on scale of finance are then adopted by the Board of the DCC Bank within the broad framework of policy guidelines issued by MSCB and NABARD and, published in the form of booklet for free distribution to all the those concerned with the crop loans. Although the cropwise scale of finance covers each and every crop,

varietywise and seasonwise cultivated in the district, in the particulars given below we mention only the crops relevant to the selected blocks and villages.

Season and variety of Crop	Component (Rs. per acre)		
	Kind	Cash	Total
<u>Kharif</u>			
Local rice	280	220	500
HYV rice	640	200	840
Local Jowar	250	200	450
HYV Jowar	640	250	890
Ragi	160	140	300
Local Groundnut	280	220	500
Improved Groundnut	800	200	1000
Vegetable crops	600	400	1000
<u>Rabi and Summer</u>			
HYV rice	940	160	1100
HYV wheat	930	200	1130
HYV Jowar	840	160	1000
<u>Pulses (If grown exclusively but not as mixed crop)</u>			
Horsegram	280	40	320
Red gram (Tur)	220	80	300
Other grams	200	60	260

Sugarcane

In the case of sugarcane crop, the basis for determining the scale of finance is somewhat complicated. If the crop to be grown under contract to any sugar factory, then the area of contract and the yield rate (tonnage of cane) of the previous crop are taken into account and the rate applicable is Rs.100 per tonne subjected to minimum of Rs. 2000 and maximum of Rs. 6000 per acre. The tonnage harvested is always verified from the records of the factory in respect of every borrower and there is also linkage of loan recovery directly from the sugar factory as a mandatory measure. In the case of farmers processing the cane into jaggery (gur) the loan amount varies from a minimum of Rs. 1100 to a maximum of Rs. 5000 per acre and the actual amount depends upon the sale of jaggery output from the previous crop. In all other cases, the minimum of the scale is recommended. Unlike other crops, the kind component for sugarcane is fixed at 50 per cent of the total loan. There is also a system of releasing loan on the dosage basis, usually 2-3 doses, to accommodate farmers who are yet to realise the sale proceeds of the previous crop from the sugar factory to clear the outstanding loans. In such cases, the first dose (upto Rs.1700 per acre) is released even before the sanction of the loan proposal at the Head Office. It is also called overlapping loan and the release of the first dose requires only the Inspector's recommendation.

The kind and cash components are worked out on the basis of cost of required inputs like seeds, fertilizers, pesticides, irrigation expenses, and cash expenditure required for intercultural operations, in the case of sugarcane and all rabi crops. In the case of kharif crops, especially food grains and groundnut no water charge is provided in the kind component. It is claimed by PACS and DCCB officials that there is no room for any divergence between actual crop pattern of the beneficiaries and the one assumed in the NCL Statement. It is especially so in regard to sugarcane crop as the loan seeker is required to produce the 'contract permit' issued by the sugar factory to establish the area sanctioned for cane cultivation in support of his claim. Only after this document is filed with PACS, the loan is released to the beneficiary. The non-members of sugar factory and jaggery makers have to obtain similar certificate from the Cane Inspectors of KDCC Bank before they stake claim for the second dose of the loan. In the case of the non-perennial crops like food grains, vegetables and oilseeds, such divergence in area is rare but the diversion of some kind component like fertiliser to some other non-beneficiary crop may be a possibility in some cases.

Among other features of the crop loan policy, mention may be made of the criterion of repayment capacity



rather than security of loan, adopted by the concerned officials in recommending the loan amount to be sanctioned. This is based on track record of the member borrower in getting the adequate level of production and the repayment performance in the previous years. In the case of some commercial crops, where linking arrangement with the processing or marketing agency is effective for the loan recovery, the higher scale of finance is provided as a matter of policy. In any case, there is no credit rationing on account of paucity of funds. As a rule, the defaulters are not issued new loans unless and until they clear the dues. However, among the eligible members, a borrower may not get all that he demands but what is eventually sanctioned depends upon scale of finance and Inspector's recommendation. Further, in some cases what is sanctioned may not be lifted at all or partially lifted depending upon the requirement of the farmer. This aspect is being dealt with in detail elsewhere in the present study.

#### 4.2 Operations of the Primary Societies Organisational Set Up

There are two primary societies in Hasur and one in Chimane village. It is quite odd to find two cooperative credit institutions, identical in business nature, located in the same village and having jurisdiction over the same village which now consists of just 343 households. It is

reportedly against the convention, if not the norm of, one village-one society which aims at reduction in the number of weak or dormant societies by merger or amalgamation so that only viable ones can be sustained. However, it is allegedly a decision to accommodate a politically influential faction of the village. Anyway, neither society is classified as a weak one and apparently there is no hostile relationship between them.

In Hasur village of Shirol block, the first of the two societies, namely, Hasur Gram PACS, has been functioning since 28-8-1951 and the second one called Sarvodaya PACS since 23-7-1957. Between the two, the latter one has emerged as the larger one in terms of membership, credit advances etc. The Sarvodaya Society, as on 1-7-1956, shows the total enrollment of membership of 563 individuals. Of these, the number of small farmers (upto 5 acres) is 230 and that of other farmers is 45. The individuals, who are not khatedars (individuals without title to land holding) but who may belong to cultivating households, are in slight majority with 288 members. In the case of Hasur Gram Society, individual khatedars, comprising 84 small farmers and 14 other farmers and 115 individuals of other category form the total membership. In Hasur village, while the number of total households is only 343, the number of individuals members, enrolled in both societies, is 816.

The Bhaveshwari PACS of Chimane village, in Ajra block, has been in existence since October, 1956. It has a total membership of 349 individuals (as on 1-7-1986) comprising 157 small holding farmers, 61 other farmers and 131 others.

It appears that most of the adult members of a large number of households have been enrolled as society members in both selected villages. The initial amount required to enroll oneself as a member in any society being only Rs.11, the membership drive for more than one individual from most of the families appears to have been motivated with an eye on annual election for membership of the managing committee of the society.

The administrative set up of the three societies in question is in accordance with the rules and stipulations laid down by the Government. The elected body to manage the affairs of the society with the provision for minimum representation to certain categories (one each from small farmer, scheduled caste group and non-borrowing member) is duly constituted and functioning in all the three cases. This managing Committee elects one of its own members to function as the Chairman of the society. The Category-wise elected committee in respect of the three societies is as follows;

<u>Category of members</u>	<u>Sarvodaya Society Hasur</u>	<u>Gram Society Hasur</u>	<u>Chimane Society</u>
Small farmer	1	7	1
Scheduled caste	1	1	1
Non-borrower	1	1	1
Other	6	-	6
Total	9	9	9

Among the paid functionaries employed by the societies, all the three are served by the full time secretaries, drawn from the District Cadre of the Secretaries and each of the societies is required to contribute  $1\frac{1}{4}$  per cent of the total amount of loans advanced to meet the emoluments of the secretary. However, the emoluments are fixed by the cadre and the average monthly pay drawn by the secretary Hasur Gram Society is Rs. 419, Sarvodaya Society, Hasur, Rs.528 and Assistant Secretary Rs. 455 and PACS Chimane Rs.600/-. All these functionaries are of matriculation standard and non of them is trained. Besides, there are salesmen, clerks and peons in Sarvodaya Society to man the office, sales section, etc., as it is a fairly big society, the Chimane society has a salesman and peon and Hasur Gram Society has only a peon to help the secretary. The salaries of the employees other than secretaries are met by the concerned society's own funds. The average monthly pay of these minor functionaries works out to Rs. 250-300 per head. The concerned Inspectors visit the society two to three times a year at least and the

secretary visits the Assistant Registrar's office and KDCC Branch office at least once a month.

#### Credit Operations of the Primary Societies

The working of the three primary societies in the selected villages, namely, Hasur and Chimane, is broadly discussed here. The data as obtained from the societies relate to credit sanction received from the DCC Bank, loans advanced to the borrowing members, cropwise details of production loans, particulars of some of the loans sanctioned but not lifted, pattern of non-crop loans, trading activities of the societies and the overall performance as revealed in the balance sheet of the concerned societies.

#### Credit Sanction from D.C.C. Bank:

A three year picture of credit sanction released from D.C.C. Bank to the two societies in Hasur and the one in Chimane, for the distribution among the eligible members, may be seen from the data presented in Tables 4.1 and 4.2. The highlights reveal that in the two years preceding the reference year (1986-87), only the Sarvodaya Society at Hasur is seen receiving around 15 per cent of total amount for distribution as medium term loans for investment purposes, in addition to short-term loans. The other society at Hasur and the Chimane Society show receiving funds for term loans only during the year 1986-87. The short-term loans, especially

Table 4.1 : Yearwise Loan Advanced to the Sarvodaya Society Hasur and Hasur Gram Society from the DCC Bank Hasur

(Amount in Rs.)

Particulars	Sarvodaya Society Hasur			Hasur Gram Society		
	Years			Years		
	1984-85	1985-86	1986-87	1984-85	1985-86	1986-87
<u>S.T.Loans</u>						
1. Sugarcane Cash-credit	931087 ( 96.19)	849442 ( 96.50)	1140049 ( 95.43)	233592 ( 95.43)	335984 ( 98.66)	317785 ( 95.30)
2. Betel Plantation	22040 ( 2.28)	27935 ( 3.17)	41310 ( 3.46)	-	2375 ( 0.70)	4715 ( 1.41)
3. Consumption Loan	3075 ( 0.32)	2660 ( 0.30)	3135 ( 0.26)	740 ( 0.30)	2185 ( 0.64)	-
4. Other Crop Loan	1420 ( 0.15)	240 ( 0.03)	-	-	-	-
5. Emergency Cash-credit	10341 ( 1.06)	-	10124 ( 0.85)	10439 ( 4.27)	-	-
6. Sugarcane Development	-	-	-	-	-	10976 ( 3.29)
Sub Total	967963 (100.00)	880277 (100.00)	1194618 (100.00)	244771 (100.00)	340544 (100.00)	333475 (100.00)

Table 4.1 : (Contd.)

Particulars	Sarvodaya Society Hasur			Hasur Gram Society		
	Years			Years		
	1984-85	1985-86	1986-87	1984-85	1985-86	1986-87
<u>M.T.Loan</u>						
1 Bio-gas 5 Years Period	80142 ( 47.76)	-	-	-	-	-
2 Bio-gas 7 Years Period	17960 ( 10.70)	78162 ( 66.91)	84267 ( 38.61)	-	-	21768 ( 74.43)
3 Electric Motor, Pipe Line	5796 ( 3.46)	-	-	-	-	-
4 Construction of Godown(15 Years)	45000 ( 26.81)	-	-	-	-	-
5 Loan for Buffaloes(9%)	15140 ( 9.02)	38660 ( 33.09)	21845 ( 10.01)	-	-	-
6 Loan for Buffaloes(7½%)	3780 ( 2.25)	-	19644 ( 9.00)	-	-	7477 ( 25.57)
7 Loan for Cows (Cross Breed) (5 Years)	-	-	92472 ( 42.38)	-	-	-
Sub-Total	167818 (100.00)	116822 (100.00)	218228 (100.00)	-	-	29245 (100.00)
Grand Total	1135781	997099	1412846	244771	340544	362720
S.T.Loan as % of Grand Total	85.22	83.28	84.55	100.00	100.00	91.94

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Note: Figures in Parenthesis are Percentages to the Total of S.T.Loan and M.T.Loan Respectively

Source: Records of Kolhapur D.C.C. Bank Ltd., Hasur Branch

Table 4.2 : Yearwise Loan Advanced to the Bhaveshwari PACS  
Chimane from the DCC Bank Uttur Branch

(Amount in Rs.)

Particulars	Years		
	1984-85	1985-86	1986-87
<u>S.T. Loan</u>			
1. Sugarcane Cash-Credit	2000 ( 3.03)	3000 ( 2.27)	2000 ( 0.88)
2. Other Crop Loan	61000 ( 92.42)	125000 ( 94.70)	221000 ( 96.93)
3. Consumption Loan	3000 ( 4.55)	4000 ( 3.03)	5000 ( 2.19)
Sub-Total	66000 (100.00)	132000 (100.00)	228000 (100.00)
<u>M.T. Loan</u>			
1. Loan for Buffaloes (7½%)	-	-	21000
Grand Total	66000	132000	249000
S.T. Loan as % of Grand Total	100.00	100.00	91.57

Note: Figures in Parenthesis are Percentages to the Total  
of S.T. Loan

Source : Records of Kolhapur D.C.C. Bank Ltd., Uttur Branch



The crop loans overwhelmingly dominate the purposewise loans in all the cases. The overall amount for both types show year to year increase in respect of Hasur Gram Society and Chimane Society and in the case of Sarvodaya Society it registers slight decrease in 1985-86 over the previous year but in the following year (1986-87) recovers to achieve very big increase. The production loan is almost entirely demanded for sugarcane crop in Hasur village and other crops in Chimane village. The medium-term loans for investment finance is mostly for the purposes of dairying and bio-gas. It may also be noted that a sum of Rs. 45,000 sanctioned for the purpose of construction of godown (1984-85) is actually for the own use of Sarvodaya Society itself.

Since the crop loans form about 89 per cent of the total credit advanced by Sarvodaya Society and over 90 per cent in the case of the other two, it may be worthwhile to see the pattern of demand, sanction, actual disbursement and recovery of cropwise short-term credit by the two categories of farmers as revealed in the ledgers of the societies. The data presented in Tables 4.3, 4.4 and 4.5 give the relevant details for the year 1986-87. The salient features revealed are that small farmer category accounts for larger share of benefits in terms of number of loans as well as acreage in Hasur and nearby equal share of acreage in Chimane. That sugarcane crop by itself accounts for nearly 99 per cent of total crop loan amount lifted in

**Table 4.3 : Details about Crop Loans During the Year 1986-87**  
(Sarvodaya Society Hasur)

(Amount in Rs.)

	Sugarcane		Total Sugar- cane	Other Crops		Total Other Crops	Total of All Crops
	S.F.	O.F.		S.F.	O.F.		
No. of Loans	153	36	189	4	3	7	196
Area in Acres	213.63	160.03	373.66	2.25	4.50	6.75	380.41
Loan Demanded	1066774	837000	1903774	18700	8400	27100	1930874
Recommendations of Society	999474	755500	1754974	18600	8000	26600	1781574
Loan Sanctioned by DCC Bank :							
Kind	334070	259800	593870	7850	3700	11550	605420
Cash	335174	259000	594174	7750	3300	11050	605224
Total	669244	518800	1188044	15600	7000	22600	1210644
Actual Loan Lifted :							
Kind	361058	228893	589951	6178	3200	9378	599329
Cash	209094	127690	336784	8747	3800	12547	349331
Total	570152	356583	926735	14925	7000	21925	948660
Repayments made	589394	394489	983883	16432	7513	23945	1007828
Balance due as on 1st July 1987	31288	-	31288	-	-	-	31288

Note: S.F. = Small Farmers, O.F. = Other Farmers

Table 4.4 : Details about Crop Loans During the Year  
1986-87 (Hasur Gram Society)

(Amount in Rs.)

	Sugarcane		Total Sugar- cane	Other Crops (Betel Plan-Other tation)		Total Crops	Total of All Crops
	S.F.	O.F.		S.F.	O.F.		
	No. of Loans	62	9	71	-	1	1
Area in Acres	111.08	32.50	143.58	-	0.50	0.50	144.08
Loan Demanded	536500	143000	679500	-	6000	6000	685500
Recommendations of Society	449000	116000	565000	-	6000	6000	571000
Loan Sanctioned by DCC Bank :							
Kind	176500	43400	219900	-	2500	2500	222400
Cash	174100	43200	217300	-	2500	2500	219800
Total	350600	86600	437200	-	5000	5000	442200
Actual Loan Lifted :							
Kind	222886	59656	282542	-	2402	2402	284944
Cash	97260	30250	127510	-	2500	2500	130010
Total	320146	89906	410052	-	4902	4902	414954
Repayments made	305591	93615	399206	-	5161	5161	404367
Balance due as on 1st July 1987	39071	4793	43864	-	-	-	43864

Note: S.F. = Small Farmers, O.F. = Other Farmers

Table 4.5 : Details about Crop Loans During the Year 1986-87  
(Bhaveshwari PACS Chimane)

(Amount in Rs.)

	Local Rice		Total	HYV Rice		Total	Other Crop (Sugarcane)		Total
	S.F.	O.F.	Local Rice	S.F.	O.F.	HYV Rice	S.F.	O.F.	of All Crops
No. of Loans	57	30	87	63	24	87	-	3	177
Area in Acres	79.63	99.50	179.13	77.73	57.50	135.23	-	4.50	318.86
Loan Demanded	46440	50300	96740	66500	58500	125000	-	12000	233740
Recommen- dations of Society	46440	50300	96740	66500	58000	124500	-	12000	233240
Loan Sanc- tioned by DCC Bank :									
Kind	25350	24750	50100	36600	28900	65500	-	4300	119900
Cash	15200	16900	32100	13550	10100	23650	-	4300	60050
Total	40550	41650	82200	50150	39000	89150	-	8600	179950
Actual Loan Lifted :									
Kind	19917	18546	38463	33207	25695	58902	-	3939	101304
Cash	8883	12805	21688	6448	8297	14745	-	4300	40733
Total	28800	31351	60151	39655	33992	73647	-	8239	142037
Repayments made	21185	25535	46720	31319	33514	64833	-	8992	120545
Balance due as on 1st July 1987	8811	8296	17107	10782	5181	15963	-	-	33070

Note: S.F. = Small Farmers, O.F. = Other Farmers

Hasur and that of rice about 94 per cent in Chimane. Other crops that figure are woefully negligible in number, area and amount.

In all the three societies, the loan amount recommended by the respective managing committees is slightly less than that of demand by farmers in Hasur societies and almost same in Chimane society. Further, the amount sanctioned by DCC Bank is considerably less than that recommended by the respective societies in both villages. The amount sanctioned after pruning works out to 68 per cent of the amount as recommended by Sarvodaya Society and around 77 per cent in respect of the other two societies. The pruning is slightly more in the case of small farmer category as compared to other farmers in respect of Sarvodaya Society and it is other way round in the other two societies. Eventually, the beneficiaries themselves have actually lifted somewhat lesser amount than that sanctioned by the DCC Bank. The amount lifted forms about 94 per cent in the case of Hasur Gram Society and 79 per cent approximately in respect of the other two societies at the aggregate level. Between the two main classes of borrowers, the 'other farmers' have lifted proportionately more than small farmers in all cases except the Sarvodaya Society. In particular, mention may be made of 'other farmers' of Hasur Gram Society actually lifting a slightly larger sum than that of sanctioned.

The proportion of kind component to the total amount of crop loan sanctioned is just about one half in both the societies of Hasur, as the crop involved is almost entirely sugarcane and, in Chimane, it forms 61 per cent for local variety and 73 per cent for high yielding variety of rice crop. In the case of loans actually lifted by the beneficiaries, there is a greater bias in <sup>favour</sup> of kind component. It is over two-thirds in respect of sugarcane in Hasur societies and as high as 80 per cent in respect of HYV rice in Chimane. This tendency is relatively more pronounced in the case of small farmers than the other category.

The recoveries position, as shown in the ledgers of the societies, reveals that small farmer category in Sarvodaya Society has a small proportion of loan amount as balance due as on 1-7-1987 and this is on account of sugarcane borrowing. In Hasur Gram Society, both categories of borrowers of sugarcane loans have small amounts of balance. However, in the case of Chimane Society, the amount of balance is quite considerable, all borrowed for rice crop. Unlike sugarcane, the rice crop is not linked with marketing for recovery of loan and hence greater amount of balance.

#### Unlifted and Non-disbursal of Sanctioned Crop Loans

It has already been seen in the foregoing that some beneficiary farmers have not lifted a part of the loan amount, in the form of cash or kind or both, which is clearly sanctioned and available to them. Apart from this, there are some cases

whereby the farmers change their minds and do not lift any part of the sanctioned loan at all. In other words, they approach the society for credit, furnish details for N.C.L. s Statement and eventually refrain from totally availing of the loan after the sanction from DCCB. The reasons adduced are, later improvement in the position of own resources, interest free loans from relatives and change in the cropping pattern from the one proposed in NCL Statement.

On the other hand, the situation of non-disbursal of the loan pertains to the action of the society itself in not releasing the sanctioned loan, on account of the concerned member not clearing the existing dues to the society. This is clearly in confirmity with the declared policy that the defaulters be barred from availing of fresh loans. Actually, demands from such members are entertained and even sanction of loans are obtained in anticipation of clearance of the dues on their part, on or before the specified date. This has become necessary since the processing of loan proposal begins well before the current loans are fully cleared.

During the period under reference (1986-87) the two societies in Hasur show that the voluntarily non-lifted crop loans amounted to Rs. 2.77 lakhs, sanctioned for a total area of 88 acres of sugarcane and 18 acres of other crops. In terms of number of loans and acreage involved, the small farmers figure very prominently. In the case of Chimane Society, the number of

loans involved and acreage thereof is quite considerable. Rice being the major crop, the non-lifted loans and area to be benefited under this crop account for a little over 60 per cent and 66 per cent respectively. In terms of number of loans the small farmers slightly out-number the other farmers in not availing of the sanctioned loans.

One significant point to be noted here is that as many as 62 loan accounts involving nearly 75 acres of non-rice crops (mostly for groundnut crop) for which the amount sanctioned being Rs. 39,350 has remained not lifted at all. This may partly explain the reason for most of the loans lifted being in favour of rice cultivation. It is not that other crops are not favoured for credit support but the farmers themselves are responsible for not availing of the facility.

The non-disbursal of sanctioned loans by the society itself for the sole reason of non-clearance of dues on the part of the concerned members is not very considerable. These cases are reported only in Hasur Societies, involving almost entirely the small farmer category (11 out of 12). The only crop to figure is sugarcane, the area involved being 11.17 acres and, the sanctioned loans amounting to Rs. 34,500. Apparently, in these few cases at least, the recovery linkage with the processing units has not been entirely successful for the smooth flow of sustained credit. The relevant data in respect of non-lifted and non-disbursed loans are presented in Tables 4.6, 4.7 and 4.8.



Pattern of Non-crop Loans

The PACS in the selected villages have been advancing credit other than crop loans, both short-term and other term loans. The short-term loans are of two kinds, namely, (1) consumption loan, given only to weaker sections who are not cultivators and, (2) emergency loan, given to any member to meet the unforeseen contingencies, upto a maximum limit of Rs. 1000/- per member but subject to Rs. 10,000/- limit placed on society itself for any given year. During the year 1986-87, the term loans for investment purposes, such as, dairying and bio-gas plants, are reported in both the societies of Hasur village. In the case of Chimane village, despite the DCC Bank's

Table 4.6 : Particulars of Non-lifting of Sanctioned Crop Loans in Hasur Societies During 1986-87

A - SARVODAYA PACS

Sr. No.	Crop	Type of farmers	No. of Loans Sanctioned	Area (Acres)	Amount Sanctioned Rs.
1.	Sugarcane	S.F.	43	39.81	124900
		O.F.	12	31.00	70000
2.	Other Crops	S.F.	-	-	-
		O.F.	8	8.00	15600
All Crops			63	78.81	210500

B - HASUR GRAM PACS

Sr. No.	Crop	Type of Farmers	No. of Loans Sanctioned	Area (Acres)	Amount Sanctioned Rs.
1.	Sugarcane	S.F.	16	17.26	46600
		O.F.	1	10.00	20000
Total Sugarcane		-	17	27.26	66600

Table 4.7 : Particulars of Non-disbursal of Sanctioned Crop Loans by Hasur Societies During 1986-87

A - Sarvodaya PACS

Sr. No.	Crop	Type of Farmer	No. of Loans Sanctioned	Area (Acres)	Amount Sanctioned Rs.
1.	Sugarcane	S.F.	7	5.60	22200
		O.F.	1	3.00	4800
Total			8	8.00	27000

## B - Hasur Gram PACS

Sr. No.	Crop	Type of Farmer	No. of Loans sanctioned	Area (Acres)	Amount Sanctioned Rs.
1.	Sugarcane	S.F.	4	2.57	7500
		O.F.	-	-	-
Total			4	2.57	7500

Table 4.8 : Particulars of Non-lifting of Sanctioned Crop Loans in Chimane Society During 1986-87

Sr. No.	Crop	Type of Farmer	No. of Loans Sanctioned	Area (Acres)	Amount Sanctioned but not Lifted Rs.
1.	Rice (Local)	S.F.	39	46.43	22000
		O.F.	16	47.00	17900
Total			25	93.43	39900
2.	Rice (HYV)	S.F.	29	28.01	20100
		O.F.	13	24.00	15200
Total			42	52.01	35300
3.	Groundnut	S.F.	22	20.60	10650
		O.F.	28	42.20	17000
Total			50	62.80	27650
4.	Other Crops	S.F.	2	1.20	1800
		O.F.	10	10.20	9900
Total			12	11.40	11700
Grand Total All Crops			159	219.64	114550

Note: S.F. = Small Farmers, O.F. = Other Farmers

sanction, the amount remains not lifted for the purpose during the year 1986-87.

During the period under reference, the amount disbursed as short-term non-crop loans is not very considerable. In Sarvodaya Society, the emergency loan, varying from as low as Rs. 75/- per head to a maximum of Rs.500/-, is being given to 31 members (cultivators and others) the total amount involved being Rs. 16,322. The consumption loan, amounting to Rs. 3384 is being given to 18 members. Among these short-term borrowers, four persons (three from Harijan class) are recipients of both types of loans. Amount recovered at the end of the year forms a little over 90 per cent of the total credit. The other two societies have advanced only a meagre amount by way of only consumption loans to a small number of persons. The recovery of these unsecured loans is fairly high at a little over 90 per cent of the loan amount advanced.

The term loans for investment purposes are reported only by Hasur societies. In all, 20 beneficiaries are accommodated to a tune of nearly Rs. one lakh from both societies, the loans against bio-gas plants account for roughly 62 per cent of the total amount. The relevant details are presented in Table 4.9.

Table 4.9 : Information Regarding Short-term (Non-crop) and Other Term Loans, Advanced During the Year 1986-87

(Amount in Rs.)

Sr. No.	Name of the P.A.C.S. and Type of Loan	No. of Loans	Amount of Loan	Repaid Amount	Loan Outstanding	Over Dues
<b>A) <u>Sarvodaya P.A.C.S.</u></b>						
<b>(Hasur)</b>						
	Short-term Loan (Consumption/emergency)	49	19706	19980	-	1883
	Dairying	10	27172	11629	17464	1591
	Bio-gas Plant	3	26640	9750	16890	-
	<b>Total Term Loans</b>	<b>13</b>	<b>53812</b>	<b>21379</b>	<b>34354</b>	<b>1591</b>
<b>B) <u>Hasur Gram P.A.C.S.</u></b>						
	Short-term Loan (Consumption)	8	2500	2777	-	-
	Dairying	4	10880	4587	6981	294
	Bio-gas Plant	3	35220	14360	21295	-
	<b>Total Term Loans</b>	<b>7</b>	<b>46100</b>	<b>18947</b>	<b>28276</b>	<b>294</b>
<b>C) <u>Bhaveshwari P.A.C.S.</u></b>						
<b>(Chimane)</b>						
	Short-term Loan (Consumption)	7	1700	1442	-	400

Other Activities of PACS

All the three societies in the two selected villages have been carrying on some activities other than the credit operation. Since a very large part of the kind component of the crop loan is in the form of chemical fertilisers, the societies have naturally undertaken to supply the same as a trading activity. Besides, one society in each village is also entrusted with the public distribution of rationed commodities like foodgrains, sugar, edible oil (palmolene), kerosene etc. at controlled prices. While Hasur Gram Society is content with only sale of fertiliser, the Sarvodaya Society the larger of the two in Hasur village, has been dealing in fertilisers, rationed items and some other consumer goods. The society in Chimane village deals in fertilisers, rationed items and clothes. The Societies obtain most of the stock from Cooperative Sale/Purchase Unions and Government depot at Block headquarters. The societywise highlights of these trading activities, during the year 1986-87, are mentioned in the following.

The Hasur Gram PACS, which deals in fertilisers to members as well as others, has recorded a sales turnover amounting to Rs.3,26,652 and the trade profit being Rs.6,734. Similarly, the Sarvodaya PACS of Hasur has shown a turnover of Rs. 7,80,956 on which the trade profit amount to Rs.18,454. In regard to rationing section, it has reported sale of goods

worth Rs. 3,46,521, the trade profit being Rs. 7,301. However, in its cloth section (since closed down) this society has ended up with unsold stock worth Rs. 4,898. It is expected to indulge in clearance sale of stock at a discount and likely to incur some loss. The Bhaveshwari PACS at Chimane village has reported earning a profit of Rs. 1467 over the sale of fertilisers worth Rs. 34,522. The same society dealing in rationing and cloth items has earned a profit of Rs. 7,772 over the transactions amounting to Rs. 2,08,901. It may also be pointed out that fertilizers and other commodities are sold even to the non-members of the society.

#### The Overall Position of the Societies:

A glance at the balance sheet of each of the societies, in the two selected villages, presents a picture of overall stability (see table 4.10). In Hasur, the Sarvodaya PACS, even though a late comer on the scene, has out grown the older society (Hasur Gram PACS) to emerge as the bigger one. The asset-liability position of this society, during the year 1986-87, is worth Rs. 22-38 lakhs, more than three times that of Hasur Gram Society (Rs. 6.85 lakhs). The only society to serve nearly 300 households at Chimane village is smaller than even the Hasur Gram Society. Obviously, the irrigated Hasur being more prosperous with the dominant sugarcane crop, requiring more funds per acre basis, has greater scope for two societies with only 340 families in the village. As every borrower has

Table 4.10 : The Pattern of Liability and Asset Position (1986-87) of the Primary Societies in the Selected Villages

(Amount in Rs.)

Liabilities	Sarvodaya Hasur P.A.C.S. (Hasur)	Hasur Gram P.A.C.S.	B.P.A.C.S. Chimane	Asset	SarvodayaHasur P.A.C.S. Gram P.A.C.S.	B.P.A.C.S. Chimane
Total Share Capital	386100	171420	131075	Outstanding Loans		
Total Cash-credit & Bank Loans	1396219	362722	88578	Small Farmer & Weaker Sections	738968	283420
Member's Deposits	147193	50540	765	Outstanding Loans		
Reserve Fund	85397	56391	18628	Others	755028	136481
Building Fund	81817	9578	20260	Bank Balance Current A/C	33777	46556
Godown Subsidy	50000	-	-			
Dividend Due	18008	526	1186	Bank Deposit	203652	103791
Other Items	62771	13405	27115	Bank Shares	132900	53600
Profit	10158	19480	2472	Building & Site	237285	26757
				Trading Sec.	47919	12703
				Other Shares, Funds	16462	5300
				Others	71672	10954
<b>Total Liabilities</b>	<b>2237663</b>	<b>684562</b>	<b>290079</b>	<b>Total Asset</b>	<b>2237663</b>	<b>684562</b>
						<b>290079</b>



to invest five per cent of the loan amount by way of share capital everytime one obtains the loan, both the societies financing sugarcane (around 95 per cent of the total crop loans) have been increasing their share capital base since the volume of loans is a very considerable.

The financial standing of the society also reflects the strength of the members as may be surmised by the amount of deposits made by the members in Hasur. The Sarvodaya Society, which advances a little over 50 per cent of its total credit supply to better off members, shows members' deposits at Rs. 1.47 lakhs. On the other hand, the Hasur Gram Society, lending 68 per cent of total credit to small farmers and other weaker sections, is able to gather only Rs. 0.51 lakhs. In the case of Chimane Society, however, it is a very meagre sum of Rs. 765, as it caters to largely the unirrigated cereal crop cultivators, majority of them being small farmers. In the high-cost and high-return cash crop situation with the added facility of mandatory linkage for recovery, as is the case with sugarcane crop, the financial position of credit institutions tends to be sound in contrast to other situations, where non-cash crops dominate and linkage with marketing or processing units is not very smooth.

In terms of reserve fund, building funds etc. and ownership of buildings to carry out the operations, the Sarvodaya society is quite well placed. The asset position in terms of shares and deposits with the bank is also fairly

reflective of the better financial soundness of the Hasur societies. In any case, all three societies have shown profits to indicate satisfactory performance. The margin in interest rate between borrowing and lending appears to be just adequate enough in the instant cases atleast.

## CHAPTER V

### LEVELS OF PARTICIPATION, UTILISATION AND REPAYMENT

The major aspects covered in this chapter include firstly, the participative level of households in availing of credit, reasons for non-borrowal of crop loans, purposewise credit burden, the pattern of term loans and the extent and reasons for term loanee farmers without crop loans. Secondly, the timeliness, adequacy and utilisation of crop loans are discussed at length including the performance of loan covered crops of the beneficiaries as compared to that of non-beneficiary farmers. Lastly, the repayment performance of the crop loan borrowers along with the attendant problems of delay and default of crop loans are also taken up. The results are mainly based on general and intensive levels of the household survey and the records made available by the primary societies in the selected villages.

#### 5.1 Borrowers and Non-borrowers of Crop Loan and Other Credit

##### Availing of Credit Facility :

The pattern seen in respect of membership in local PACS and, participation or otherwise of households in availing of credit facility from any source reveal some interesting aspects. In the irrigated village of Hasur 97 per cent of

cultivators and 58 per cent of non-cultivating households are members of PACS. On the other hand, in the unirrigated Chimane village, the participation level is considerably less at 74 per cent for cultivators and just nine per cent for non-cultivators. The small farmers are relatively less inclined to unroll as members in comparison with the other farmers. Even among members of PACS, all the households are not borrowers of any loan. Irrespective of membership in societies, the non-borrowing households form 21 per cent among cultivators and 64 per cent among non-cultivators in Hasur and 38 per cent and 65 per cent respectively in that of Chimane village. The relative proportion of borrowers to total households is greater among the farmers of large holdings (above five acres) than the small holdings in both villages. In other words, though the small farmers are greater in absolute number of borrowers they are less prominent in relative proportion in either village.

In all, the borrowers of any type of loan form 79 per cent among cultivators and 36 per cent for non-cultivating households in Hasur and similarly in Chimane 62 per cent and 35 per cent respectively. The crop loan borrowers outnumber the borrowers of other loans among cultivators in both villages and shortterm consumption loan borrowers among non-cultivating households in Hasur village. Among borrowers of any type of loans, those borrowing from PACS form 85

per cent in Hasur and 78 per cent in Chimane. Among these, the farmers of medium and large holdings are relatively greater in proportion in availing of credit than small and marginal farmers, as also, non-cultivating households. The relevant data are presented in Table 5.1

Agencywise Reasons for Non-borrowing :

Before we proceed with the analyses of the various aspects of the credit users, it may be useful to know the reasons for households remaining non-borrowers during the reference period of the survey. The reasons as stated by the households, selected for the intensive stage of survey on 50 per cent basis, are related to available agency or source of credit from which some varying proportions of households have availed of credit. The available sources of credit are institutional agencies like (i) PACS, (ii) commercial banks and (iii) others including land development bank and general credit societies located at taluka towns. The informal sources include trader/money lenders and relatives and acquaintances.

The tabulated data on reasons for not borrowing refer to the response of sample households in relation to each of the above mentioned credit source. Against each agency in the table the number of borrowers are given and then the remaining households are distributed according to the reasons

Table 5.1 : Detailed Classification of Households According to Their Credit Participation Levels

	Size of Holdings (in Acres)				Total of Cultivators A	Non-Cultivators B	Total (A+B)
	Upto 2.50	2.51-5.00	5.01-10.00	10.1 & above			
Total Households	150	81	28	12	271	72	343
No. of PACS Members	146 (97.0)	78 (96.0)	28 (100.0)	12 (100.0)	264 (97.0)	42 (58.0)	306 (89.0)
No. of PACS Non-Members	4	3	-	-	7	30	37
<u>Hasur Village</u>							
Of which PACS Members:							
Only Crop Loan Borrowers*	51	21	8	5	85	11	96
Crop Loan Jt. with Other Loan*	47	34	15	5	101	9	110
Total Crop Loan Borrowers (Total of Col.)	98 (67.0)	55 (71.0)	23 (82.0)	10 (83.0)	186 (70.0)	20 (48.0)	206 (67.0)
Only other Loan	21	7	-	1	29	6	35
Total Other Loan Borrowers	68	41	15	6	130	15	145
Total Non-Borrowers Households	31 (21.0)	19 (23.0)	5 (18.0)	1 (8.0)	56 (21.0)	46 (64.0)	102 (30.0)
Total No. of Loan Borrowers	119 (79.0)	62 (77.0)	23 (82.0)	11 (92.0)	21 (79.0)	26 (36.0)	241 (70.0)
% of PACS Loan Borrowers to Total Loan Borrowers	82	89	100	91	87	77	85

Table 5.1 : (contd.)

## Chimane Village

	Size of Holdings (in Acres)						Total A+B
	Upto 2.50	2.51- 5.00	5.1- 10.00	10.1 & above	Total of Cul- tivatorstors (A)	Non- cultiva- tors (B)	
Total House- holds	146	83	37	9	275	23	298
No. of PACS Members	91 (62.0)	73 (88.0)	33 (89.0)	7 (78.0)	205 (74.0)	2 (9.0)	206 (69.0)
No. of PACS Non- Members	55	10	4	2	71	21	92
Of which PACS Members:							
Only Crop Loan Borrowers*	35	34	16	3	88	-	88
Crop Loan Joint with Other Loan*	21	15	10	4	50	-	50
Total Crop Loan Borrowers	56 (62.0)	49 (67.0)	26 (79.0)	7	138 (78.0)	-	138 (67.0)
Only other Loan	19	9	3	1	32	8	40
Total Other Loan Borrowers	40	24	13	5	82	8	90
Total Non-Borrow- ers Households	71 (49.1)	25 (30.0)	8 (22.0)	1 (11.0)	105 (38.0)	15 (65.0)	120 (40.0)
Total No. of Loan Borrowers	75 (51.0)	58 (70.0)	29 (78.0)	8 (89.0)	170 (62.0)	8 (35.0)	178 (60.0)
% of PACS Loan Borrowers to Total Loan Borrowers	75	84	90	88	81	-	78

\* In the case of Non-cultivators it will be consumption loan from PACS

Figures in parenthesis are percentages.

mentioned for not borrowing from the agency in question. Thus in Hasur, all the 172 households and in Chimane all the 150 households are distributed against each credit source. The relevant data are presented in Tables 5.2 and 5.3 for Hasur and Chimane villages respectively.

The highlights reveal that among the sample households, non-borrowers form lesser proportion in regard to PACS facility as compared to other sources. In the irrigated village (Hasur), more than two-thirds of non-borrowing households state 'not in need of loan' as the reason in respect of each and every source of credit. This is followed by 'adequate mortgagage not available' as the reason only in the case of institutional sources. Submission of requisite documents posed a to some in the case of commercial banks and other credit institutions. In regard to institutional agencies, other than local PACS and commercial banks, ignorance or inadequate knowledge of loan formalities is a reason in a significant number of cases. Default on previous loans and refusal of loan on the ground of lack of adequate repayment capacity are the other reasons stated in respect of institutional agencies. In the case of informal sources of credit, the reasons other than 'on need for credit', are notably high rate of interest, lack of knowledge and refusal of loan.

In the case of unirrigated Chimane village, more than



Table 5.2 : Sourcewise Distribution of Non-borrowers According to Reason Stated (Village Hasur)

Total No. of Loan Borrowers	96	41	5	2	-	19
<u>Non-borrowers according to Reasons for not Borrowing Loan:</u>						
No need for loan	54 (71.05)	88 (67.18)	116 (69.46)	117 (68.82)	117 (68.02)	110 (71.90)
Mortgage not available	9 (11.84)	31 (23.66)	13 (7.78)	1 (0.59)	3 (1.74)	-
Last Year Loan Due	6 (7.89)	5 (3.82)	-	-	-	-
Adequate Loan is not available	2 (2.63)	-	1 (0.60)	-	-	30 (19.61)
Risky for Loan Repayment	-	-	-	-	-	1 (0.65)
Problem of documents	-	7 (5.34)	9 (5.39)	-	-	-
High Interest	-	-	-	50 (29.41)	7 (4.07)	-
Details of Facility not known	-	-	21 (12.57)	-	31 (18.02)	-
Loan is not given or Refused	5 (6.58)	-	7 (4.19)	2 (1.18)	14 (8.14)	13 (8.50)
Total Sample Households	172	172	172	172	172	172
Total Non-borrowers	76 (100.0)	131 (100.0)	167 (100.0)	170 (100.0)	172 (100.0)	153 (100.0)

N.B.: Figures in parenthesis are as percent to Total Non-borrowers

Table 5.3 : Sourcewise Distribution of Non-borrowers According to Reason Stated. (Village Chimane)

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Total No. of Loan Borrowers	62	12	1	2	-	-
<u>Non-borrowers According to Reasons for not Borrowing Loan</u>						
No need for Loan	16 (18.18)	93 (67.39)	108 (72.48)	107 (72.30)	108 (72.00)	108 (72.00)
Mortgage is not available	2 (2.27)	17 (12.32)	14 (9.40)	13 (8.78)	12 (8.00)	12 (8.00)
Last Year's Loan Due	25 (28.41)	9 (6.62)	-	-	-	-
Adequate loan is not available	1 (1.04)	16 (11.59)	-	-	-	2 (1.33)
Risky for Loan Repayment	5 (5.68)	1 (0.72)	13 (8.72)	13 (8.78)	12 (8.00)	17 (11.33)
Problem of documents	-	-	-	-	-	-
High Interest Rate	-	-	3 (2.01)	13 (8.78)	16 (10.67)	6 (4.00)
Details of Facility not known	-	-	9 (6.04)	-	-	-
Loan is not given or Refused	39 (44.32)	2 (1.45)	2 (1.34)	2 (1.35)	2 (1.33)	5 (3.33)
Total Sample Households	150	150	150	150	150	150
Total Non-Borrowers	88 (100.0)	138 (100.0)	149 (100.0)	148 (100.0)	150 (100.0)	150 (100.0)
-----						

N.B. = Figures in parenthesis refer to percentages to total Non-borrowers.

two-thirds of non-borrowing households have stated 'loan not needed' as the reason in respect of every agency except PACS where only about a fifth gives the same reason. However, it is significant to note that 'loan is not given or refused' by the PACS is the reason stated by the single largest proportion (44 per cent) of the non-borrowers. The reason for non-borrowing on account of default on previous loan is also quite considerable in respect of PACS. The reasons like non-availability of sufficient mortgage, loan amount likely to be available being inadequate for the purpose, inadequate knowledge of facility and procedure and fear of risk in not being able to obtain sufficient incremental income for repayment, are offered in respect of commercial banks and other agencies of institutional credit. In respect of informal sources of credit, reasons other than 'no need of loan' are notably lack of mortgage or security, fear of risk in repayment and high interest rate. Among those willing to borrow face more problems in the unirrigated tract where cropping pattern does not favour cash crops in view of risk and uncertainty. Even PACS could not accommodate some farmers in view of their track record of defaults and inability to obtain adequate incremental income for repayment.

Purposewise Number of Loans:

The classification of borrowing households according

Table 5.4 : Purposewise No. of Loans and Amount  
Village: Hasur (Amount in Rs.)

Purpose	Only 1 Loan		Two Loans		Three Loans		Four Loans	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1 Crop Loan	85	431243	66	385493	18	120511	10	55956
2 Consumption Loan	111	9395	9	14002	-	-	-	-
3 Emergency Loan								
Total S.T.Loan	96	440638	75	399495	18	120511	10	55956
<u>Medium Term Loan</u>								
1 Dairying	15	45332	16	66344	11	45336	4	16563
2 Domestic expenditure	1	4000	15	79000	6	43000	7	28000
3 House Construction	1	5000	6	55000	4	31000	6	71000
4 Agri. Investment	8	158100	22	106100	18	108300	6	52200
5 Bio-gas	4	52000	17	212875	5	49260	4	53820
6 Other purpose	1	1000	3	7200	2	47500	3	40000
Total of M.T.Loans	30	265432	79	526519	45	324396	30	261583
G. Totals	126	706070	154	926014	63	444907	40	317539
No.of Households	126		77		21		10	
Average amount per household		5604		12026		21186		31754
Percentage of crop loan amount to total		61.07		41.63		27.07		17.62

Contd.

Table 5.4 : (Contd.)

Purpose	Five Loans		Six Loans		Seven Loans		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1 Crop Loan	4	68076	22	220267	1	13636	186	1095182
2 Consumption Loan	-	-	-	-	-	-	20	23397
3 Emergency Loan								
Total S.T.Loan	4	68076	2	20267	1	13636	206	118579
<u>Medium Term Loan</u>								
1 Dairying	3	18819	1	6838	-	-	50	199232
2 Domestic expenditure	2	39875	2	10000	2	10000	35	213875
3 House Construction	3	33000	-	-	1	25000	21	220000
4 Agrl. Investment	6	82500	5	129999	-	-	65	637199
5 Bio-gas	-	-	1	14520	-	-	30	382475
6 Other purpose	2	8000	1	5000	3	45000	15	153700
Total of M.T.Loans	16	182194	10	166357	6	80000	216	1806481
G.Totals	20	250270	12	186624	7	93636	422	2925060
No.of Households	4		2		1		241	
Average amount per households		62567		93312		93636		12137
Percentage of crop loan amount to total		27.20		10.86		14.56		37.44

to number of loans, amount and purpose of credit may throw some light on general pattern of multiplicity in availing of loans for different purposes and the extent of current burden of debt. The data pertaining to borrowing households, as revealed from general survey, are presented in Table 5.4 for Hasur and Table 5.5 for Chimane village.

In regard to availing of number of loans, a significant proportion of borrowing households have reported multiple loans, that is, more than one loan account even though the majority of borrowers have availed of just one loan, either short term (mostly crop loan) or other term loan. However, the proportion of households availing multiple loans declines with the corresponding increase in the number of loans. Actually, very few borrowing households figure in availing of more than three loans. The average number of loans per borrowing household works out to 1.75 in Hasur and 1.35 in Chimane. The maximum number of loans obtained by any household is seven in one case at Hasur and five at Chimane. The summary version of frequency distribution of households according to number of current loans, culled from Tables 5.4, and 5.5, is given below

The borrowers of irrigated Hasur are relatively more prominent in not only availing of multiple loans but also in terms of per borrower average amount of such loans. Among

Table 5.5: Purposewise No. of Loans and Amount, Village Chimane (Amount in Rs.)

Purpose	Only 1 Loan		2 Loans		3 Loans		4 Loans		5 Loans		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1 Crop Loan	88	84315	43	47393	4	6476	2	2102	1	9983	138	150269
2 Consumption Loan												
3 Emergency Loan												
<u>Medium Term Loans</u>												
1 Animal Purchasing	2	3750	8	21900	1	5000	2	3650	-	-	13	34300
2 Domestic Expenditure	23	109650	26	68905	6	1800	2	16200	2	1644	59	198199
3 House construction	-	-	1	15000	1	1500	1	24000	-	-	3	40500
4 Agril. Investment	2	2600	5	17600	-	-	-	-	1	25000	8	45200
5 Bio-gas	-	-	1	10000	-	-	-	-	-	-	1	10000
6 Other Purpose	10	69150	8	31000	-	-	1	2000	1	5000	20	107150
Total of M.T.Loan	37	185150	49	164405	8	8300	6	45850	4	31644	104	435349
Grant Total	125	269465	92	211798	12	14776	8	47952	5	41627	242	585618
No. of households	125		46		4		2		1		178	
Average amount per Household		2156		4604		3694		23076		41627		3290
Percentage of crop loan to total amount		31.29		22.37		43.83		4.38		23.98		25.66

No. of Loans per household	Hasur		Chimane	
	Actual No. of Households	As per cent to total households	Actual No. of Households	As per cent to Total Households
One	126	52.3	125	70.2
Two	77	32.0	46	25.9
Three	21	8.7	4	2.2
Four	10	4.1	2	1.1
Five	4	1.7	1	0.6
Six	2	0.8	-	-
Seven	1	0.4	-	-
Total	241	100.0	178	100.0

those depending on single loan, the short-term credit (mostly crop loan) dominates in terms of number in both villages and amountwise in sugarcane growing Hasur village. While the S.T. loans are obtained from PACS, the other loans are received from both institutional and informal sources. A substantial amount (Rs. 2.14 lakhs in Hasur and Rs. 1.98 lakhs in Chimane) is being borrowed for the purpose of domestic expenditure like wedding, medical and purchase of consumer durables. Anyway, majority of borrowers are concerned with crop loans and investment credit for agricultural development, dairying and bio-gas installation.



### Pattern of Term Loans of Farmers

The pattern of term loans obtained by farmers for investment and other purposes from different agencies may be seen in data presented in Tables 5.6 and 5.7 for Hasur and Chimane respectively. The tables give both number of loans and amount of loan as reported by only the cultivating households. The agencywise pattern reveals that in Hasur the local PACS have advanced loans only for the purposes of dairying and bio-gas plants, their share in the total amount being 13.3 per cent. The cooperative banks, located in nearby towns, are practically involved in advancing term loans for almost all purposes, the major ones being investment in agricultural development, domestic expenditure and house construction. The co-operative sector, other than local PACS, accounts for 56 per cent of the total term loans. The borrowings from nationalised commercial banks for investment purposes account for nearly 32 per cent of the total term loans of Hasur farmers. Among the various purposes, nearly 80 per cent are for income yielding investments in agriculture, dairying and trading.

On the other hand, in the unirrigated Chimane village, about 55 per cent of the total term loans are clearly for the purposes of investment in agriculture, dairying, business etc. However, the local PACS is conspicuously absent as a source of term credit. The major institutions from which loans received

Table 5.6 : Purposewise Pattern of Term Loans of the Farmers According to the Source of Credit, Village : Hasur.

Type of Agency	Purpose of Loan									Total
	Dairy- ing	Power L. m	Domestic Expendi- ture	Constru- ction of house	Trade and busi- ness	Agri. exp. well* pipe- line	Bio-gas	Leather occupa- tion	Land purch- asing	
1 Primary Agri. Credit Society										
(a)	26	-	-	-	-	-	10	-	-	36
(b)	115827	-	-	-	-	-	124165	-	-	239992
2 Co-operative Bank	(a) 11	4	34	14	1	56	3	-	7	130
(b)	43960	30500	211875	112000	40000	349800	38810	-	80000	906945
3 Nationalised Bank	(a) 4	-	-	-	-	8	16	-	-	28
(b)	18425	-	-	-	-	353300	206500	-	-	578225
4 Khadi Gramodyog	(a)-	-	-	-	-	-	-	1	-	1
(b)	-	-	-	-	-	-	-	1000	-	1000
5 House Mortgage Society	(a) -	-	-	6	-	-	-	-	-	6
(b)	-	-	-	83000	-	-	-	-	-	83000
Total	(a) 41	4	34	20	1	64	29	1	7	201
(b)	178212	30500	211874	195000	40000	703100	369475	1000	80000	1809162

(a) No. of Reporting Cases

(b) Amount of Loan in Rs.

Table 5.7 : Purposewise Pattern of Term Loans according to the Source of Credit  
Village : Chimane

Agency	Purpose of Loan						Total
	Dairying	Domestic Exp.	House Deve-lopment	Commerce	Agriculture	Bio-gas	
1 Co-op. Bank (a)	5	20	2	4	1	-	32
(b)	15750	95150	16500	9400	600	-	137400
2 Nationalised Bank (a)	7	-	-	7	1	1	16
(b)	16550	-	-	81000	5000	10000	112550
3 Urban Credit (a)	1	34	1	3	2	-	41
(b)	2000	33049	24000	9000	2000	-	70049
4 Khadi-Gram (a)	-	-	-	2	-	-	2
(b)	-	-	-	1500	-	-	1500
5 Land Develop-ment Bank (a)	-	-	-	-	6	-	6
(b)	-	-	-	-	51600	-	51600
Total (a)	13	54	3	16	1	1	97
(b)	34300	128199	40500	100900	59200	10000	373099

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(a) No. of Reporting Cases

(b) Amount of Loan in Rs.

are cooperative banks, nationalised commercial banks and Land Development Bank and these together account for nearly 81 per cent of the total amount of loans. The single largest number of loans are received from urban credit societies and mainly for domestic and housing purposes. All the credit institutions are located at Ajra town, the taluka head quarters.

The pattern of sourcewise term loans according to size of holding groups reveal that small farmers (upto 5 acres) are much in evidence in obtaining term loans for investment and other purposes. All the credit agencies involved have advanced substantial credit to the small farmers' category in both the selected villages. In terms of number of loans, the small farmers are more numerous for the obvious reason. However, the average amount per loan is greater in the case of other farmers. The relevant details are presented in Tables 5.8 and 5.9.

Extent and Reasons for Term Loanee  
Farmers Without Crop Loans:

The term loan borrowing cultivators, especially, those borrowing for investment in agriculture, are expected to repay their loans from out of the incremental incomes arising from crop production over the years. This necessitates on their part borrowing of annual or short-term production credit as well for obtaining larger yields. However, nearly a third of the cultivating households with term loans have reported not

Table 5.8 : Sourcewise and Categoriwise Pattern of Term Loans of the Cultivating Households

Village : Hasur

Agency	Size holding Group				Total
	Upto 2.50 acres	2.51 to 5.00 acres	5.01 to 10 acres	10.01 acres and above	
1 Primary Agri. Credit Society	(a) 21	8	5	2	36
	(b) 93663	78661	46310	21358	239992
2 Co-operative Bank	(a) 56	52	17	5	130
	(b) 267770	473700	127875	37600	906945
3 Nationalised Bank	(a) 12	10	2	4	28
	(b) 86225	173000	26000	293000	578225
4 Khadi Gramoddyog	(a) 1	-	-	-	1
	(b) 1000	-	-	-	1000
5 House Mortgage Society	(a) 3	3	-	-	6
	(b) 39000	44000	-	-	83000
Total	(a) 93	73	24	11	201
	(b) 487658	769361	200185	351958	1809162

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(a) No. of Reporting cases.

(b) Amount of Loan in Rs.

Table 5.9 : Sourcewise and Categoriwise Pattern of Term Loans of the Cultivating Households,  
Village : Chimane

		Size of Holdings (acres)				Total
		Upto 2.50	2.51-5.00	5.01-10.00	10.01 and above	
Co-op. Bank	(a)	11	12	7	2	32
	(b)	55250	34200	41100	6850	137400
Nationalised Bank	(a)	7	3	2	4	16
	(b)	14600	9150	60000	28800	112550
Other Credit Society	(a)	18	12	7	3	40
	(b)	16940	19550	30915	2644	70049
Khadi Gramodyog Bank	(a)	2	-	-	-	2
	(b)	1500				1500
Land Development	(a)	3	1	2	-	6
	(b)	16000	50000	30600		51600
Total	(a)	41	28	16	11	96
	(b)	104290	67900	132015	68894	373099

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(a) No. of Reporting Cases

(b) Amount of Loan in Rs.

borrowing any short-term loan for crop production in either village. This proportion is considerably higher at 36.4 per cent in respect of small farmers than those of other farmers (9.0 per cent) in Hasur Village. In Chimane, the pattern is quite different with other farmers (35.7 per cent) showing greater proportion as non-borrowers of crop loan as compared to that of small farmer category (28.2 per cent). The relevant data, based on intensive survey, are presented in Table 5.10.

The reasons for not borrowing crop loans, as stated by the concerned farmers, are not many. Among the 21 households involved in Hasur 16 (76 per cent) give the reason that there is no need to borrow as they have own resources. Of the remaining five cases (all small farmers) three report default on previous loan as the reason for their inability to borrow crop loan from PACS and, the two have stated that the burden of repayment of existing term loans as the constraint for availing of crop loan.

In the case of unirrigated Chimane village, only two households (small farmers) report their inability to secure crop loan on account of their being defaulters on previous loans. In the other fourteen cases comprising both categories of farmers, nine are not even members of PACS as they do not require short-term credit and the remaining five report not needing crop loan even though they are members of PACS and eligible to borrow. The categoriwise distribution

Table 5.10 : Distribution of Cultivators having M.T./L.T. Loan with or without Crop Loan

Sr. No.	Size Group of Holdings (in Acres)	Hasur Village				Chimane Village			
		No. of farmers borrowing term Loan	Of which borrowing crop loan No.	Not Borrowing Crop Loan No.	As % of Total Term Loan borrowers	No. of farmers borrowing Term Loan No.	Of which borrowing crop loan	Not Borrowing Crop Loan No.	As % of Total
1	2	3	4	5	6	7	8	9	10
1	Upto 2.50	36	20	16	44.44	25	15	10	40.0
2	2.51 - 5.00	19	15	4	21.05	14	13	1	7.14
3	5.01 - 10.00	7	7	-	-	10	6	4	40.00
4	10.00 and above	4	3	1	25.00	4	3	1	25.00
Total		66	45	21	31.82	53	37	16	30.19



of term loan borrowers not availing of crop loans according to the reasons stated in the two villages may be seen in Table 5.11.

## 5.2 Timeliness, Adequacy and Utilisation of Crop Loan

### Timeliness and Adequacy:

According to the findings of the survey, there has not been any under delay in the delivery of credit for the purpose of agricultural production. The process of sanctioning of crop loan is completed before the on set of the crop calender as the case may be. The beneficiary farmers are free to lift the kind and cash components as stipulated and whenever required. None of the households covered by the study has expressed adverse opinion about the timely delivery of the credit. Besides, the system of overlapping loan for sugarcane is to ensure timely availability of loan and thereby off set the time lag effect.

In the matter of adequacy of loan, even though the amount sanctioned is lower than that demanded by farmers, at the aggregate level, it does not seem to reflect credit rationing on account of shortage of funds or any deliberate attempt to supply credit at less than the required level. However, in some cases past record of productivity and repayment capacity are taken into account while determining

Table 5.11 : Reasons for Term Loanees Not Borrowing Crop Loans

Sr. No.	Size Group Holding (in Acres)	Hasur Village			Chimane Village			Total	
		Reasons for not Borrowing Crop Loan			Reasons for Not Borrowing Crop Loan				
		Last Year Defaulter	Other Loan Burden	No Need	Total	Last Year Defaulter	No Need Hence Non-member of PACS	No Need of Crop Loan	Total
1	2	3	4	5	6	7	8	9	10
1	Upto 2.50	3	2	11	16	2	3	4	9
2	2.51 - 5.00	-	-	4	4	-	1	-	1
3	5.01 - 10.00	-	-	-	-	-	3	1	4
4	10.01 and above	-	-	1	1	-	2	-	2
Total		3	2	16	21	2	9	5	16

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the amount of loan to be sanctioned. Nevertheless, no serious opinion is offered by the cultivators in regard to woefully inadequate quantum of crop loan. In point of fact, as it has already been seen in the preceding chapter, that a significant proportions of beneficiary farmers have voluntarily resorted to partial non-lifting or total non-lifting of the sanctioned loans. It may mean that either they do not want to increase the burden of loan or the sanctioned credit is more than their requirement.

#### Aspects of utilisation

The survey has not come across any case of total misutilisation of credit and, neither is there any such case reported by the concerned PACS in the selected villages during the reference period. However, in several instances, the beneficiary farmers themselves have admitted to the fact of diverting part of the loan from the beneficiary crop to non-loan crops in their own farms. It may also be pointed out that in such cases, the area under the beneficiary crop, as declared in the NCL statement, is not changed but only the quantum of loan meant for the same is decreased. Since such loans are not diverted to unproductive purposes, these may not be treated as misutilisation. At the most, such a practice may be regarded as intentionally underutilised for the intended crop and improperly diverted to non-sanctioned crops. Nevertheless, it is a case of irregular practice. The extent of cash/

kind components of loans so diverted could not be ascertained due to the diffidence on the part of the informants. But, suffice it to say, that relatively a very small part (generally the kind component) is diverted to non-loan crops in their own farms.

Such improper use or diversion to non-loan crops is quite negligible in irrigated Hasur and fairly considerable in unirrigated Chimane. In Hasur, where loans are advanced only to sugarcane crop, the partial diversion has taken place in only five instances. Similarly, in Chimane village, the irregular diversion is from rice (local and H.Y. varieties) to jowar and groundnut crops. While in Hasur only the small farmers are involved, in Chimane both categories report partial diversion though about three-fourths of such cases are from small farmers' category. The available data are presented in the following:

Village/Crop	No. of Loan Accounts (Reporting Cases)	Area Benefited (Acres)
<u>I Hasur Village</u>		
(a) Sanctioned Crop		
(i) Sugar Cane	90	162.90
(b) Non-sanctioned Crop:		
Pulses	(5)	4.50
<u>II Chimane Village</u>		
(a) Sanctioned Crop:		
(i) Rice (HYV)	26	44.00
(ii) Rice (Local)	55	78.18
(b) Non-sanctioned Crop:		
(i) Jowar (HYV)	( 47)	52.25
(ii) Groundnut	(30)	36.50
(iii) Others	(5)	4.75

#### Cost and Yield Performance

A comparative assessment of the performance of the beneficiary farmers (borrowers of crop loans from PACS) with that of non-beneficiaries (utilising own funds) as control may throw light on utilisation and efficacy of the crop loan. However, the crops involved are too few, that is, sugarcane in Hasur and rice in Chimane. Nevertheless, the

analysis is done according to the type or variety of the crops and two other crops in Chimane village which received some benefits of credit improperly diverted from rice crops. Thus, types of sugar cane separately considered here are (a) ratoon, (b) one year cane and, (c) 'adsali' or eighteen month cane crop. In Chimane, besides local variety and HYV rice crops, HYV jowar and groundnut are also included.

Regarding the data on cost of cultivation, all the variable costs, both paid out and imputed costs are taken into consideration. The imputed costs on inputs, like own farm yard manure, seeds from the farm stock, family labour, owned bullock labour and such others, are based on the the rates locally prevailing for different crops and seasons. Though family labour and owned bullocks etc. are fixed assets from the point of view of the farm household, these elements of costs have been treated as variables from the point of view of individual crops. For the sake of convenience, the total cost of cultivation incurred for the crop under reference is grouped into three major items. These are; (a) material inputs, comprising seeds, fertilisers, organic manure, plant protection chemicals, irrigation expenses etc; (b) human labour inputs, consisting of family and wage labour employed and (c) other expenditure, covering all other costs and hiring charges incurred on animal labour, contractual work carried out by tillage units, implements hired, land revenue and water tax on lift irrigation facility from the river and

such other expenses not covered in the first two major items above. In the case of beneficiary farmers, it also includes interest charges payable on crop loan amount utilised for the specific crop. The relevant data in respect of per acre cost, yield, value of production, net income according to size of holding groups for each variety of crop, as revealed from the intensive survey, are presented in Tables 5.12 to 5.18.

The high lights of the pattern of input structure reveal that the beneficiaries of small holdings tend to incur higher cost than those of non-beneficiaries in the corresponding holding groups, in respect of ratoon and one year sugar cane crops. The cost difference is considerable on account of material inputs particularly, the irrigation charges, as some small farmers are required to get the facility through other farmers. Between the two broad categories of beneficiaries, the per acre cost of cultivation is much higher for small farmer than the other category, excepting in the case of 'adsali' sugar cane. In some cases, the practice of entrusting most of the farm operations to the hired tillage <sup>units</sup> / on contract basis has resulted in very low or negligible cost shown against human labour though in such cases the other expenditure becomes higher as it includes payment made to tillage units. The interest charge payable forms substantial proportion of other expenditure.

Table 5.12 : Per Acre Cost and Yield of Sugarcane (Ratoon),  
Village ; Hasur  
(Amount in Rs.)

Sr. No.	Particulars	Upto 2.5		2.51 to 5.00		5.00 to 10.00	
		Beneficiaries	Non-Beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	Material Inputs	3753	2696	3432	2593	2992	3321
2	Labour Inputs						
	a) Family	218	222	66	86	-	-
	b) Hired	332	364	294	326	456	226
	Total	550	586	360	412	456	226
3	Other Expenditure	603	597	454	371	598	337
4	Total Expenditure						
	a) With family labour	4906	3879	4246	3376	4046	3884
	b) Without family "	4688	3657	4180	3290	4046	3884
5	Total Production (Quantity) in tonnes	3860	37.04	40.48	50.57	40.00	37.78
6	Gross Value of Production	13893	13422	14593	18240	14407	13613
7	Net Income with Family Labour	8987	9543	10347	14864	10361	9729
8	Net Income without Family Labour	9205	9765	10413	14950	10361	9729
	Total Households	30	7	17	9	4	2
	Total Area in Acres	20.52	6.75	31.00	17.50	15.00	4.50



Table 5.12 : (Contd.)

Sr. No.	Particulars	10.00 & above		Total	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	2	9	10	11	12
1	Material Inputs	2800	-	3276	2731
2	Labour Inputs				
	a) Family	-	-	62	98
	b) Hired	358	-	350	322
	Total	358	-	412	420
3	Other Expenditure	960	-	616	420
4	Total Expenditure				
	a) With family labour	4118	-	4304	3571
	b) Without family labour	4118	-	4242	3473
5	Total Production (quantity) in tonnes	42.00	-	40.35	45.39
6	Gross Value of Production	15143	-	14532	16384
7	Net Income with Family Labour	11025	-	10228	12813
8	Net Income without Family Labour	11025	-	10290	12911
	Total Households	3	-	54	18
	Total Area in Acres	21.50		88.02	28.75

Table 5.13 : Per Acre Cost and Yield of Sugarcane  
(One Year Crop)

(Amount in Rs.)

Sr. No.	Particulars	Size of holdings in acres					
		Upto 2.50		2.51 to 5.00		5.01 to 10.00	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	Material Inputs	5126	2945	5415	4134	4342	-
2	Labour Inputs						
	a) Family	196	-	56	-	118	-
	b) Hired	434	-	350	-	336	-
	Total (a+b)	630	-	406	-	454	-
3	Other Expenditure	798	496	545	1020	619	-
4	Total Expenditure						
	a) With Family Labour	6554	3441	6316	5154	5415	-
	b) Without Family Labour	6358	3441	6310	5154	5297	-
5	Total Production (Quantity in M.T.)	45.00	29.43	51.81	50.48	42.75	-
6	Gross Value of Production	16238	10650	19021	18203	14537	-
7	Net Income with Family Labour	9684	7209	12655	13049	9122	-
8	Net Income without Family Labour	9380	7209	12711	13049	9240	-
	Total Households	12	3	10	3	7	-
	Total Area in Acres	9.40	2.65	19.41	5.25	23.25	-

Table 5.13 : Per Acre Cost and Yield of Sugarcane (One Year Crop)  
(contd.)

Sr. No.	Particulars	Size of Holdings in Acres			
		Benefi- ciaries	Non-bene- ficiaries	Benefi- ciaries	Non-bene- ficiaries
1	2	9	10	11	12
1	Material Inputs	3309	-	4721	3735
2	Labour Inputs				
	a) Family	-	-	110	-
	b) Hired	742	-	396	-
	Total (a+b)	742	-	506	-
3	Other Expenditure	950	-	657	843
4	Total Expenditure				
	a) With Family Labour	5001	-	5884	4579
	b) Without Family Labour	5001	-	5774	4579
5	Total Production (Quantity in M.T.)	58.33	-	48.09	43.41
6	Gross Value of Production	20950	-	16980	15670
7	Net Income with Family Labour	15949	-	11096	11091
8	Net Income without Family Labour	15949		11206	11091
	Total Households	1	-	30	6
	Total Area in Acres	6.00	-	58.06	7.90

Table 5.14 : Per Acre Cost and Yield of Sugarcane  
(18 month crop ) Village : Hasur

(Amount in Rs.)

Sr. No.	Particulars	Size of Holdings in Acres					
		Upto 2.50		2.51 - 10.00		5.01 - 10.00	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	2	3	4	5	6	7	8
1	Material Inputs	4227	4974	4150	5399	6958	4020
2	Labour Inputs						
	a) Family	-	50	-	60	-	-
	b) Hired	200	400	270	462	368	260
	Total	200	450	270	522	368	260
3	Other Expenditure	378	130	2136	467	1541	802
4	Total Expenditure						
	a) With Family Labour	4805	5554	6556	6388	8867	5082
	b) Without Family Labour	4805	5504	6556	6328	8867	5082
5	Total Production (Quantity in Tonnes)	55.00	58.00	55.00	60.00	55.17	48.00
6	Gross Value of Production	19790	20814	19690	21680	19903	17224
7	Net Income with Family Labour	14985	15260	13134	15292	11036	12142
8	Net Income without Family Labour	14985	15310	13134	15352	11036	12142
	Total Households	2	2	1	1	2	1
	Total Area in Acres	1.57	1.03	2.00	1.50	7.25	2.50

Table 5.14 : (Contd.)

(Amount in Rs.)

Sr. No.	Particulars	Size of Holdings in Acres			
		10.01 & above		Total(Average)	
		Benefi- ciaries	Non-bene- ficiaries	Benefi- ciaries	Non-be- nefici- aries
1	2	9	10	11	12
1	Material Inputs	5842	5100	6140	4863
2	Labour Inputs				
	a) Family	-	-	-	14
	b) Hired	20	880	215	613
	Total	20	880	215	627
3	Other Expenditure	1330	880	1542	722
4	Total Expenditure				
	a) With Family Labour	7192	6860	7897	6212
	b) Without Family Labour	7192	6860	7897	6198
5	Total Production (Quantity in tonnes)	54.17	60.00	54.75	56.67
6	Gross Value of Production	19476	21600	19707	20398
7	Net Income with Family Labour	12284	14740	11810	14186
8	Net Income without Family Labour	12284	14740	11810	14200
	Total Households	1	1	6	5
	Total Area in Acres	6.00	5.00	16.82	10.03

Table 5.15 : Per Acre Cost and Yield of Local Rice  
Village : Chimane

(Amount in Rs.)

Sr. No.	Particulars	Size of Holdings in Acres					
		Upto 2.50		2.51 - 5.00		5.01 - 10.00	
		Bene- fici- aries	Non-be- nefi- ciaries	Bene- fici- aries	Non-be- nefi- ciaries	Bene- fici- aries	Non-be- nefi- ciaries
1	2	3	4	5	6	7	8
1	Material Inputs	349	381	574	378	300	342
2	Labour Inputs						
	a) Family	260	340	255	185	185	165
	b) Hired	350	420	205	218	110	160
	Total	610	760	460	403	295	325
3	Other Expenditure	128	110	92	50	65	53
4	Total Expenditure						
	a) With Family Labour	1087	1251	1126	831	660	720
	b) Without Family Labour	827	911	871	646	475	555
5	Total production (Quantity in Quintals)	6.50	7.71	6.00	5.22	7.00	4.25
6	Gross Value of Production	1433	1367	1442	1377	1603	1038
7	Net Income with Family Labour	346	606	321	546	943	313
8	Net Income without Family Labour	606	946	571	731	1128	483
	Total Households	25	44	18	13	9	6
	Total Area in Acres	23.43	35.13	25.25	25.50	21.00	16.00

Table 5.15 : (Contd.)

(Amount in Rs.)

Sr. No.	Particulars	Size of Holdings in Acres			
		10.01 & above		Total (Average)	
		Benefi- ciaries	Non-bene- ficiaries	Benefi- ciaries	Non-bene- ficiaries
1	2	9	10	11	12
1	Material Inputs	400	505	421	376
2	Labour Inputs				
	a) Family	105	180	210	245
	b) Hired	190	600	252	300
	Total	305	780	442	545
3	Other Expenditure	43	50	90	77
4	Total Expenditure				
	a) With Family Labour	738	1335	953	998
	b) Without Family Labour	643	1155	743	753
5	Total production (Quantity in quintals)	6.00	5.00	7.00	6.13
6	Gross Value of Production	1468	1150	1643	1484
7	Net Income with Family Labour	730	-185	690	486
8	Net Income without Family Labour	825	- 5	900	731
	Total Households	3	1	55	64
	Total Area in Acres	8.50	2.00	78.18	78.63

Table 5.16 : Per Acre Cost and Yield of HYV Rice,  
Village : Chimane

(Amount in Rs.)

Sr. No.	Particulars	Size of Holdings in Acres					
		Upto 2.50		2.51 - 5.00		5.01-10.00	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	Material Inputs	461	405	430	560	408	290
2	Labour Inputs						
	a) Family	265	215	195	300	225	175
	b) Hired	265	280	205	350	231	275
	Total	530	495	400	650	456	450
3	Other Expenditure	80	123	105	100	80	81
4	Total Expenditure						
	a) With Family Labour	1071	1023	936	1310	944	821
	b) Without Family Labour	806	808	741	1010	719	646
5	Total Production (Quantity in quintals)	7.00	6.29	9.00	8.00	7.00	5.50
6	Gross Value of Production	1625	1584	2070	1968	1571	1344
7	Net Income with Family Labour	554	561	1134	658	627	523
8	Net Income without Family Labour	819	776	1329	958	852	698
	Total Households	4	4	11	1	9	4
	Total Area in Acres	4.00	3.50	15.50	1.00	16.50	8.00



Table 5.16 : (Contd.)

		(Amount in Rs.)			
		Size of Holdings in Acres			
Sr. No.	Particulars	10.01 & above		Total	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	2	9	10	11	12
1	Material Inputs	265	538	400	461
2	Labour Inputs				
	a) Family	75	120	130	164
	b) Hired	115	320	204	320
	Total	190	440	384	484
3	Other Expenditure	90	38	91	69
4	Total Expenditure				
	a) With Family Labour	545	1016	875	1014
	b) Without Family Labour	470	896	695	850
5	Total Production (Quantity in quintals)	6.00	5.31	7.00	5.48
6	Gross Value of Production	1321	1252	1594	1410
7	Net Income with Family Labour	776	236	719	396
8	Net Income without Family Labour	851	356	899	560
	Total Households	2	5	26	14
	Total Area in Acres	6.00	13.00	44.00	25.50

Table 5.17 : Per Acre Cost and Yield of HYV Jowar  
Village : Chimane

(Amount in Rs.)

Sr. No.	Particulars	Size of holdings in Acres					
		Upto 2.50		2.51-5.00		5.01-10.00	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	Material Inputs	566	302	306	454	251	228
2	Labour Inputs						
	a) Family	330	360	270	330	225	15
	b) Hired	445	375	355	275	305	225
	Total	775	735	625	605	530	380
3	Other Expenditure	129	113	22	57	30	36
4	Total Expenditure						
	a) With Family Labour	1470	1150	953	1116	811	644
	b) Without Family Labour	1140	790	683	786	586	489
5	Total Production (Quantity in Qtls.)	5.00	6.13	6.00	5.14	5.00	4.73
6	Gross Value of Production	1117	1360	1292	1194	1185	1157
7	Net Income with Family Labour	-353	210	339	78	374	513
8	Net Income without Family Labour	-23	570	609	408	599	668
	Total Households	19	23	17	16	9	6.1
	Total Area in Acres	13.75	15.50	18.00	15.75	13.50	11.00

Contd.

Table 5.17 : Contd.

Sr. No.	Particulars	Size of holdings in Acres			
		10.0 & above		Total Per Acre (Average)	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	2	9	10	11	12
1	Material Inputs	179	689	348	357
2	Labour Inputs				
	a) Family	80	260	240	300
	b) Hired	205	410	345	300
	Total	285	670	585	600
3	Other Expenditure	20	44	49	70
4	Total Expenditure				
	a) With Family Labour	484	1403	982	1027
	b) Without Family Labour	404	1143	742	727
5	Total Production (Quantity in Qtls.)	4.00	5.33	5.00	5.39
6	Gross Value of Production	1006	1130	1140	1239
7	Net Income with Family Labour	522	-273	158	212
8	Net Income without Family Labour	602	-13	398	512
	Total Households	22	2	47	47
	Total Area in Acres	7.00	2.25	52.25	44.50

Table 5.18 : Per Acre Cost and Yield of Local Groundnut  
Village : Chimane

(Amount in Rs.)

Sr. No.	Particulars	Size of Holdings in Acres					
		Upto 2.50		2.51-5.00		5.01-10.00	
		Bene- fici- aries	Non- bene- fici- aries	Bene- fici- aries	Non- bene- fici- aries	Bene- fici- aries	Non- bene- fici- aries
1	2	3	4	5	6	7	8
1	Material Inputs	415	405	492	325	314	320
2	Labour Inputs						
	a) Family	210	435	260	305	210	230
	b) Hired	490	550	230	310	340	295
	Total	700	985	540	615	550	525
3	Other Expenditure	140	118	24	74	33	64
4	Total Expenditure						
	a) With Family Labour	1255	1508	1056	1014	897	909
	b) Without Family Labour	1045	1073	796	709	637	679
5	Total Production (Quantity in qtls)	6.00	6.45	6.00	4.48	5.00	5.28
6	Gross Value of Production	3798	4083	3798	3070	3165	3342
7	Net Income with Family Labour	2543	2575	2742	2056	2268	2433
8	Net Income without Family Labour	2753	3010	3002	2361	2478	2663
	Total Households	4	31	20	16	5	10
	Total Area in Acres	2.50	16.60	23.25	15.50	6.75	12.50

(Contd.)

Table 5.18: (Contd.)

(Amount in Rs.)

Sr. No.	Particulars	Size of holdings in Acres			
		5.01 - 10.00		Total (Average	
		Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	2	9	10	11	12
1	Material Inputs	290	323	434	344
2	Labour Inputs				
	(a) Family	105	75	230	260
	(b) Hired	235	150	285	325
	Total	340	225	515	585
3	Other Expenditure	15	10	31	80
4	Total Expenditure				
	a) With Family Labour	645	558	980	1009
	b) Without Family Labour	540	483	750	749
5	Total Production (Quantity in Qtls)	4.00	5.10	6.0p	4.42
6	Gross Value of Production	2532	3328	3798	3432
7	Net Income with Family Labour	1837	2770	2818	2423
8	Net Income without Family Labour	1992	2845	3048	2683
	Total Households	1	5	30	62
	Total Area in Acres	4.00	20.00	36.50	64.60

In Chimane village, in the case of local rice and HYV rice, the pattern is rather mixed one in respect of small farmer categories of beneficiary farmers. The farmers having more than five acre size holdings are shown incurring lesser cost than their counterparts among the non-beneficiaries. In the case of HYV rice in particular, the non-beneficiaries report incurring unusually greater expenses than the beneficiaries in 2.5 - 5.0 acre and above 10.0 acre size groups. There is no uniform pattern discernible across the size groups in respect of HYV jowar crop. In regard to the groundnut crop, the beneficiary farmers of small holdings category generally report incurring larger outlay on material inputs as compared to those of non-beneficiaries as well as beneficiaries belonging to other size holding groups. This may provide some evidence to believe that the beneficiary farmers mainly of the small farmer category, having diverted some part of the loans given for the rice crop to those of groundnut and HYV jowar.

#### Performance Indicators

The data on input-output relationship with the indicators like per acre yield rates, cost-yield ratio and surplus value of output over cost may give a better idea about the performance of the loan covered crops. The data culled from the foregoing detailed tables on per acre expenditure, production, gross value and net returns for various crops are

analysed in respect of the two abridged categories, viz., (a) small farmers and, (b) other farmers. In order to facilitate comparison, the performance of non-beneficiaries is also included in the analyses. The summary version may be seen in Tables 5.19 and 5.20.

The highlights as revealed by the performance indicators, in respect of sugarcane crops in Hasur, show that 'adsali' variety is relatively a costlier crop (18 months duration) but performs well with higher productivity, resulting in larger surplus value per acre. This relative superiority is observed in respect of both beneficiary and non-beneficiary farmers in either category of holdings. In terms of yield rates, the performance of beneficiary farmers, as compared to that of non-beneficiary, is rather a mixed one. The small farmer category of beneficiaries fares better only in respect of one-year cane variety while the other farmer category scopes over non-beneficiaries in respect of ratoon variety only. By and large, the small farmer category, irrespective of loan coverage, has fared slightly better than that of the other category.

The cost-yield ratio indicates that the non-beneficiary farmers, at the aggregate level, have fared better than the beneficiary farmers in respect of all the three varieties of sugar cane. At the disaggregated level, among the farmers over five acre size group, the beneficiaries have slight edge over

Table 5.19 : Performance Indicators of Sugarcane Crops of Beneficiary and Non-beneficiary Farmers (Per Acre)

Particulars	Upto 5.00 acres		Above 5.00 acres		All Farmers	
	Benefi- ciaries	Non- Benefi- ciaries	Benefi- ciaries	Non- Benefi- ciaries	Benefi- ciaries	Non- Benefi- ciaries
1	2	3	4	5	6	7
1 Total Cost (Rs.)						
A)	4509	3516	4088	3884	4304	3571
B)	6427	4579	5330	-	5884	4579
C)	5791	6048	8108	6267	7897	6212
2) Yield Rate (M.T.)						
A)	39.73	48.82	41.18	37.78	40.35	45.39
B)	50.26	43.41	45.95	-	48.09	43.41
C)	55.00	59.19	54.72	56.00	54.75	56.67
3) Cost-Yield Ratio						
A)	3.18	4.80	3.63	3.50	3.38	4.58
B)	2.82	3.42	2.97	-	2.88	3.42
C)	3.41	3.50	2.43	3.21	2.50	3.28
4) Total Value of Yield(Rs.)						
A)	14314	16899	14840	13613	14532	16384
B)	13112	15670	15352	-	16980	15670
C)	19739	21209	19709	20134	19707	20398
5) Surplus Value (Rs)						
A)	9805	13333	10752	9729	10228	12813
B)	11685	11091	10522	-	11096	11091
C)	13948	15161	11601	13867	11810	14186

Note: A = Ratoon Crop B = 12 month crop C = 18 month crop

(Adsali)



Table 5.20 : Performance Indicators of Rice Crops of Beneficiary and Non-beneficiary Farmers (Per acre)

Particulars	Upto 5.00 acres		Above 5.00 acres		All Farmers	
	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1	2	3	4	5	6	7
1 Total Cost (Rs.)						
A)	1105	1074	682	788	953	998
B)	964	1087	814	942	875	1014
2 Yield Rate (Quintal)						
A)	6.00	6.66	6.71	4.33	7.00	6.13
B)	8.59	6.67	6.67	5.38	7.00	5.84
3 Cost-Yield Ratio						
A)	1.30	1.54	2.29	1.33	1.72	1.49
B)	2.05	1.54	1.74	1.37	1.82	1.39
4 Total Value of Yield (Rs.)						
A)	1438	1655	1564	1050	1643	1484
B)	1979	1669	1418	1287	1594	1410
5 Surplus Value (Rs)						
A)	333	581	882	262	690	486
B)	1015	582	604	345	719	396

Note: A = Local Variety,

B = H.Y. Variety

the non-beneficiaries. The per acre surplus value indicates better returns to beneficiaries only in the case of one-year cane crop as compared to non-beneficiaries among the small farmers. In regard to the other category of farmers, the beneficiaries have obtained greater returns than non-beneficiaries in ratoon crop. Between the two categories of beneficiaries, the small farmers have emerged with the better performance excepting in ratoon crop. By and large, from the point of view of all the three indicators. The non-beneficiaries have fared better than the beneficiary farmers.

The pattern of relative performance of rice growers in Chimane village is quite different from that of sugarcane growing Hasur village. In the case of Chimane, only the two varieties of rice, viz., local and high yielding figure in the crop loans (see Table 5.20).

By and large, the beneficiaries report incurring higher cost of cultivation per acre over the local variety than the H.Y. variety as compared to non-beneficiaries. Apparently, this is contrary to accepted norms of cultivation as the H.Y.V. rice requires greater outlay on seed, fertiliser and labour inputs. However, there may be exceptions as both varieties are grown only under monsoon conditions and many a farmer does not take risk if the rainfall is erratic. However, the yield rates obtained from the two varieties are same excepting in the small farmer category of the beneficiaries and slightly lower for highyielding variety in the case of non-beneficiaries.

In terms of gross value of production small farmers of both kinds report higher amount for H.Y.V. rice. On the other hand, the beneficiaries from the other category report higher amount for the local variety. The per acre surplus value position reveals higher figures for HYV rice in the case of small farmers of both kinds and non-beneficiaries between the two kinds of other farmers. At the aggregate level, the beneficiaries report higher net value for HYV rice and non-beneficiaries that of local variety. The cost-yield ratio indicates comparatively better performance in respect of HYV rice on the part of beneficiaries in general and small farmers in particular.

### 5.3 Repayment of Crop Loans

It has already been seen that the loan covered crops have yielded substantial amount of surplus value after meeting the expenses which included the loan amount utilised and interest thereof. Also it may be noted here that the crop loan recovery is linked with the processing and marketing agencies and as no serious problem has arisen in repayment of the loan in respect of sugarcane crop. Such an arrangement is not found effective in the other village (Chimane) where the short-term loans covered only the rice crop and the borrowers themselves made the repayments in all cases.

### Periodicity of Repayment

The length of time or the regularity of repayment of the crop loans (1986-87), as revealed by the PACS ledgers, in respect of sugarcane in Hasur and rice in Chimane may be seen in Table 5.21. The data refer to loan accounts of individual members and not the households and available for only the two broad categories, viz., above five acre group (other farmers) and below five acre group (small farmers).

In the case of sugarcane, the pattern of periodwise repayment shows that the loans are cleared, in full as well as in part payment, to the tune of 99 percent in respect of first category and 93 per cent of the outstanding amount of the small farmer group, before the end of June 1987. The spillover amount of the 'other farmer' category in a solitary case is cleared in about six months later. On the other hand, in the case of small farmer category, most of the balance (6.0 percent) is liquidated over the next 12 month period in part or full. However, four loan accounts are yet to be fully cleared (as at the end of February 1987), the amount being just about one per cent of the total recoverable from the group. The number of cases delayed beyond June 1987 forms only about five per cent of the total loan accounts. The delay has occurred, despite the linkage facility only because the amount due to these members on account of cane supply has fallen short of the amount of demand on loan repayments.

Table 5.21 : Pattern of Periodicity of Repayment of Crop Loans (1986-87) According to Broad Categories of Borrowers as Revealed by PACS Records in Hasur and Chimane Villages

(Amount in Rs.)

	Type of Farmer			
	I Hasur		II Chimane	
	Other Farmer	Small Farmer	Other Farmer	Small Farmer
Households	(45)	(198)	(33)	(97)
Total Loan Amount	505571 (100.00)	981776 (100.00)	81518 (100.00)	72097 (100.00)
No. of households paying fully loan on or before due date 30.6.87				
No. of members	44	180	25	69
Amount	494345 ( 97.78)	892397 ( 90.90)	67292 ( 82.54)	50830 ( 70.50)
Partly Payment Paid on or before Due date 30.6.87:				
No. of members	1	9	2	4
Paid Amount	6433 ( 1.27)	19020 ( 1.94)	749 ( 0.92)	1674 ( 2.32)
Partly dues amount	4793 ( 0.95)	45458 ( 4.63)	1040 ( 1.28)	1755 ( 2.44)
Total Delayed as on 30.6.87 :				
No. of members	-	9	6	24
Amount	-	24901 ( 2.54)	12437 ( 15.26)	17838 ( 24.74)
% to payment as on 30.6.87 (Total Recovery)	99.05%	92.83%	83.49%	72.82%
(After 30.6.87) Subsequent payment or delayed payment:				
3 months	-	6043	-	160
6 "	4793	8817	-	2220
9 "	-	7731	-	1283
12 "	-	36994	13477	7198
18 "	-	-	-	805
Yet Total Due (Feb. 89;	-	10774	-	7927

The pattern in respect of loans on rice crop in the unirrigated village of Chimane reveals that upto the end of June 1987, the full repayment is 83.5 per cent and 72.8 per cent on the part of other farmer and small farmer categories respectively. While the former category is able to clear the dues (16.5 percent) after a year, the latter is able to clear another 16 per cent over a period of 18 months from July 1987 and yet leaving the overdues to the extent of 11 per cent of the total, by February 1989. However, major proportion of the overdues is cleared during the 9-12 months period after June 1987.

Repayment Performance of Sample Households:

The repayment performance of the crop loan borrowers from among the sample households, covered in the intensive survey, reveals overall repayment to total repayable amount at 90 per cent for sugarcane at Hasur and 79 per cent in respect of rice at Chimane village. The pattern at the disaggregated level reveals that the proportion of repayment varies with the size of holding groups of the borrowing households.

The percentage of repayment, in terms of repayable amount, progressively increases with the corresponding increase in the size of holding group in Hasur. In Chimane, the similar pattern holds good in all the size groups excepting the largest one. Between the two broad categories the small farmers seen repaying upto 37.2 percent and the 'other farmers'

reaching 97.3 per cent in Hasur and, in Chimane, similar proportions being 71.5 percent and 92.0 percent respectively. The proportion of households, in terms of number, not being able to clear the crop loans, in full or part, works out to 12.5 per cent for small farmer and 6.7 per cent for other category in Hasur and, similarly, 23.8 per cent 11.8 percent respectively in Chimane. However, the fact remains that the small farmers are generally less able to redeem the loans in full as compared to other farmers. The relevant data are presented in Tables 5.22 and 5.23.

#### Financing of Repayment

It is generally expected that the crop loans are repaid from out of the sale proceeds of the crops harvested by the beneficiary farmers. However, the ability to repay depends upon, among other things, the level of production, consumption needs of the family in the case of food grains, marketable surplus available and the value of net sale proceeds. Much depends upon the total cropping pattern of the individual farmers. In the case of those having some cash crops, the problem of repayment may be some what easier as compared to those who rely entirely on food grain crops. In the latter case, the problem of repayment assumes greater significance if the operational holding is quite small in size.

In Hasur village, where the loan recovery is effectively linked with the marketing, only about four per cent of the

Table 5.22 : Repayment Performance of the Crop Loan Borrowers  
(Sample Households) Village : Hapur  
(Amount Rs.)

Size of Holdings in Acres	Total Crop Loan	Re- payable	Amount Actually Repaid		Balance of amount to be paid		% of Re- pay- ment
Upto 2.50: No.	46		41		6		
Amount	111522	2424	85369	2033	26153	4359	76.5
2.51-5.00: No.	27		26		3		
Amount	227651	8432	210534	8097	17117	5706	92.5
Total S.F.: No.	73		68		9		
Amount	339173	4646	295903	4351	43270	4808	87.2
5.01-10.00: No.	11		11		1		
Amount	151038	13731	146245	13295	4793	4793	96.8
10.01 & above No.	4		4		-		
Amount	26217	6554	26217	6554		-	100.0
Total O.F.: No.	15		15		1		
Amount	177255	11817	172462	11497	4793	4793	97.3
All size group No.	88		83		10		
Amount	516428	5869	468365	5643	48063	4806	90.7



Table 5.23 : Repayment Performance of the Crop Loan Borrowers  
(Sample Households) Village: Chimane

(Amount Rs.)

Size of Holdings in Acres	Total Crop Loan	Re- pay- able	Amount Actually Repaid	Balance of Amount to be paid	% of Re- pay- ment
Upto 2.50: No.	38		27	13	
Amount	25752	678	15393	570 10354	796 59.8
2.51-5.00: No.	28		24	6	
Amount	34019	1215	27334	1139 6685	1114 80.3
Total S.F.:No.	66		51	19	
Amount	59771	906	42732	838 17039	897 71.5
5.01-10.00:No.	13		12	1	
Amount	27340	2142	26240	2187 1600	1600 94.3
10.01 & above: No.	4		3	1	
Amount	6456	1617	5308	1769 1158	1148 82.1
Total O.F.: No.	17		15	2	
Amount	34306	2018	31548	2103 2758	1379 92.0
All size group: No.	83		66	21	
Amount	94077	1133	74283	1126 19797	943 79.0

small farmer category has failed to clear the crop loan repayment through the sugarcane factory. On the contrary, the farmers operating holdings over five acres, are able to depend on cane production only. In the case of three small farmers, the repayment is partly financed by the income from dairying. Thus, out of the total repayment made to cooperative societies on account of crop loans by the small farmer category, 4.6 percent is partly made up by the subsidiary source of income.

In the unirrigated Chimane village, where the crop loans are received only for the cultivation of rice, just 13.1 percent of the total amount repaid is met by the crop production. The proportion of the amount from the source of crop production increases with the corresponding increase in the size of holding group. From 2.4 percent in the lowest group it rises to 59.0 percent in the largest size of holding. In the small farmer category, the crop production as a source accounts for a meagre 3.3 per cent as against 26.2 per cent in that of other farmer category. It is the subsidiary income received by the farmers by way of salary, wages etc. that emerges as the major source group for repayment of crop loans. At the aggregate level this source accounts for 82.0 per cent of the total amount repaid. The income from dairying is the second important source for the small farmers (8.4 per cent). It may be surmised that most of the foodgrain production is retained for household consumption as marketable

surplus is inconsiderable from the small holdings. Besides, part of the funds raised from the agricultural production is due to sale of cash crops like groundnut, chillies etc. The incomes from subsidiary occupations, especially the remittances received from the family members working in the urban centres, form the major source of finance for agriculture in this village. It may also be noted that many a farmer manages to raise crops without resorting to credit because of this regular source of funds. The relevant data on source of funds for repayment of loans according to size of holdings are presented in Tables 5.24 and 5.25.

#### Delayed Repayment and Defaulting:

During the course of the intensive phase of the survey the informants ending up with delay in repayment on 1986-87 crop loans and the virtual defaulters on crop loans of earlier years preceding the survey, have been identified and their cases are discussed in the following. The relevant statistical data concerning these households are presented in Table 5.26.

At the outset, it may be stated that the delinquency of credit is not alarmingly substantial in the selected villages. As has already been seen that most of the loans are recovered by the societies before the stipulated time end, in a very few cases, the delayed repayment is seen spilling over





Table 5.26 : Pattern of Delay and Defaulting on Crop Loans in the Selected Villages

Size Group Holdings	Village : Hasur						Village: Chimane				
	No.	Loan Amount	No.	Amount Repaid	No.	Amount Balance/over due	No.	Loan Amount	No.	Amount Balance/over due	
1 Upto 2.50 acres	A)	2	2800	1	220	2	2685	5	2757	5	3017
	B)	4	19460	-	-	4	19460	5	5432	5	5432
2 2.51 to 5.00 acres	A)	2	13691	1	65	2	15150	4	4836	4	4977
	B)	1	15000	1	16000	1	1967	2	1652	2	1652
3 5.01 to 10.00 acres	A)	1	16948	1	14137	1	4793	-	-	-	-
	B)	-	-	-	-	-	-	1	1302	1	1302
4 10.01 and above	A)	-	-	-	-	-	-	-	-	-	-
	B)	-	-	-	-	-	-	1	1158	1	1158
Total	A)	5	33439	3	14422	5	22628	9	7593	9	7994
	B)	5	34460	1	16000	5	21427	9	9544	9	9544

N.B. : A = Crop Loans of 1986-87      B = Crop Loans Borrowers in earlier years  
 C = No Amount was repaid in Chimane Village

the dead line. The provision of penal interest and stoppage of sanctioning of loans for succeeding seasons has been quite a deterrent for any default on the part of the most borrowers. Also it may be stated that there is not enough justification for change in the time schedule for repayment in any general sense.

Turning our attention to the data in respect of selected villages, we find that in Hasur Village only five households report defaulting on loans obtained prior to 1936-87 and all of them are small farmers. Besides, five others fall in the category of having delayed the repayment on 1986-87 crop loan and excepting one all are small farmers. The average amount of balance to be repaid works out to Rs. 4,526 on the part of the borrowers during the reference year and Rs. 4,285 per households in respect of the old defaulters. In Chimane, nine informants report delay in repayment of the entire amount of loan borrowed in 1986-87, all of them being small farmers, and nine others are old defaulters with seven of them being small farmers. The average size of crop loan received by these borrowers works out <sup>to</sup> Rs. 844 for 1986-87 loans and Rs. 1069 for defaulters on crop loans of earlier years. The amount to be repaid will actually be much larger in view of accumulating interest charges.

The only reason for delay and default, stated by each and every beneficiary farmer involved, is inadequate agricultural income on account of short fall in the crop production. There is no way to ascertain this in the case of old defaulters for the obvious reason. However, if their performance during the year 1986-87, is any indication, all of them ought to have redeemed their crop loans in full, at least by the end of 1987. The position of their net agricultural income and non-farm income accruing to the family reveals quite a different picture to suspect wilful defaulting in almost every case. Even the small farmers show considerable incomes accruing to them from non-farm sources. The suspicion that the cases under consideration may be wilful defaulters is strengthened by the fact that the total income of the family inclusive of net farm income in every case is far in excess of the loan amount still to be repaid. The ranges of minima and maxima of loan amount and net agricultural income as well as total family income from all the sources during the year 1986-87 in respect of current(1986-87) and old cases of defaulters are given below:



Particular	Amount /Rs.					
	Loan Amount		Net Agri.Income		Total Family Income	
	Mini- mum	Maxi- mum	Minimum	Maximum	Minimum	Maximum
1) Hasur Village						
a) Current	830	16948	4150	76917	12625	89067
b) Old cases	2100	15000	2515	40811	10350	42811
2) Chimane Village						
a) Current	394	2014	(-)429	4881	1754	13981
b) Old cases	326	3707	478	6387	2978	12741

Since the linkage of recovery of loans through the processing units is a recent phenomenon, the earlier defaulters could get away from non-repayment. It is also privately admitted by some knowledgeable sources that a few sugar cane loanee farmers indulge in diverting part of their harvested cane in the name of close relatives to circumvent the prompt recovery through the sugar factories. Many of the sugarcane growers of Hasur and rice growers of Chimane are endowed with enough means to forego the benefit of continued credit facility. The incomes from non-farm sources not only help repayment in many cases but also facilitate financing of agriculture without any credit support from institutions.

## APPENDIX

### GENERAL AGRICULTURAL CREDIT SCENARIO OF THE DISTRICT

The information made available by the Lead Bank of the Kolhapur District, the K.D.C.C. Bank and other sources provide the basis for the following brief account of the institutional credit scene for agriculture in the district. It may be reiterated here that the K.D.C.C. Bank overwhelmingly dominates the credit front in the district and especially in regard to crop loans. Even in the overall agricultural credit set up, inclusive of all term loans for agriculture and allied activities, the K.D.C.C. Bank has substantial share.

According to the Annual Action Plan, 1985, prepared by Bank of India, the Lead Bank for the district, the annual target of Rs. 52.87 crores set for the institutional credit agencies for financing the agricultural sector, the relative share in target, as well as achievement is substantially very high in the case of K.D.C.C. Bank. Among the institutions, the K.D.C.C. Bank is the principal agency for the short term credit to agricultural sector and its short term credit usually forms around 90 per cent of the total advances to agriculture and allied activities. The details of relative shares of the institutional credit agencies in regard to target and achievement of agricultural credit (crop loans and other term loans) may be seen in Table A-1.

Table A-1 : Bankwise Achievements Made Under Annual Action Plan 1985  
(Agricultural Sector)

Credit Institution	Target		Achievement		Percentage
	No. of	Amount	No. of	Amount	
	Accounts	Rs.	Accounts	Rs.	
1) K.D.C.C. Bank	69363 (77.76)	353700 (66.90)	63696 (72.08)	327240 (63.04)	92.52
2) Land Development Bank	2019 (2.25)	32815 (6.20)	992 (1.12)	17038 (3.28)	51.92
3) Commercial Banks	17822 (19.98)	142216 (26.90)	23686 (26.80)	174813 (33.68)	122.92
<b>Total</b>	<b>89204</b> <b>(100.00)</b>	<b>528731</b> <b>(100.00)</b>	<b>88374</b> <b>(100.00)</b>	<b>519091</b> <b>(100.00)</b>	<b>98.18</b>

Note : The figures in parentheses refer to relative percentage share of the institutions.

In the overall context of agricultural credit, the relative share of K.D.C.C. Bank is around three-fourths in terms of total number of loan accounts targeted and achieved and around two-thirds in respect to amounts of loans involved. The Land Development Bank which confines itself only to term loans for investment purposes accounts for the least share in the institutional set up. Its share in the target for loan amounts fixed at 6.2 per cent, the actual share in the credit disbursement works out to just 3.28 per cent of the total as its rate of achievement is woefully low at 52 per cent of the target. The commercial Bank sector, on the other hand, mostly financing term loans for agriculture has carved a modest share for itself under the stipulated priority sector lending operations.

In the subsequent year (1986) the Action Plan for Agricultural Credit reveals fixation of higher targets accompanied by overall better rate of achievement as compared to the previous year (see Table A-2). The relative share in the target fixed for commercial bank sector is higher than that of previous year. In terms of net increase in the amount of achievement over that of the previous year, it works out to 11.35 per cent for K.D.C.C. Bank, 32.35 per cent for L.D. Bank, 19.35 per cent for commercial banks and 14.7 per cent for all the institutions put together. Besides, both the institutions in cooperative sector have shown better rate of performance as compared to the previous year. The crop

loans account for 62 per cent of the overall outlay for agriculture in the institutional credit.

**Table A-2 : Bankwise Achievements Under Annual Action Plan 1985 (Agricultural Sector)**  
(For the year ending 31st December 1986)  
(Rs. in '000)

Sr. No.	Credit Institution	Agriculture		
		Target Rs.	Achievement Rs.	Percentage
1)	Kolhapur D.C.C. Bank	355016 (63.56)	364406 (61.18)	102.64
2)	M.S. Co-op. Agri. Bank (L.D.B.)	24072 (4.31)	22550 (3.79)	93.67
3)	Commercial Banks	179477 (32.13)	208631 (35.03)	116.24
Total		553565 (100.00)	595587 (100.00)	106.62

N.B.: The figures in parentheses refer to relative percentage share of the institutions.

In the overall credit plan of the district, the share of the agriculture and allied sector is 67.07 per cent of the total outlay, the small scale industry 13.65 per cent and other priority sectors 19.28 per cent. Within the agricultural sector, the sub-sector of crop loans gets the top priority with 61.80 per cent share of the total amount. Considering the predominant position of K.D.C.C. Bank being almost exclusively in-charge of short term credit for agriculture coupled with its performance in over-achieving the target

set for it, it may be deemed to have disbursed over 90 per cent of the institutional short term credit for agriculture in the district during the period under reference.

In Kolhapur district the pattern of distribution of land holdings reveals that 77.1 per cent of the total holdings, covering 35.0 per cent of the total area under all the holdings belong to size groups upto 2.00 hectares. Among these small holdings, the individual holdings account for a little over 95 per cent of the number of holdings as well as area. Similar is the case in regard to holdings of 'other farmers' where hardly six per cent of holdings belong to joint and institutional categories of holdings and the individual holdings account for nearly 90 per cent of area. The average size of holding works out to 0.70 hectare for small holdings, 4.40 hectares for 'other' holdings and 1.55 hectares at the aggregate level. Among the fully irrigated holdings the small farmers are better placed than the other farmers by accounting for 80 per cent of the area of such holdings (see Table A-3).

Apparently, not all the farmers are members of the Primary Agricultural Cooperative Societies (PACS), even though every village in the district is covered by one or the other PACS. Going by the pattern of membership of farmers in all the 900 societies in the district, as on 30-6-1987 (Table 2.1), a rough estimation based on Table A-3 indicates that about 76.6 per cent of small farmers and 75.7 per cent of 'other' farmers as being enrolled. The available information points

**Table A-3 : Pattern of Land Holdings between Small and Other Farmers in Kolhapur District (as of 1981)**

	(Area in hectares)					
	Small Farmers (Upto 2.00 ha)		Other Farmers (2.01 ha and above)		Total	
	Nos.	Area	Nos.	Area	Nos.	Area
Individual Holdings	248780 (77.4)	175232 (36.7)	72709 (22.6)	302357 (63.3)	321489 (100.0)	477589 (100.0)
Joint Holdings	11534 (73.4)	7273 (23.5)	4185 (26.6)	23702 (76.5)	15719 (100.0)	30975 (100.0)
Institutional Holdings	503 (55.4)	280 (2.0)	405 (44.6)	13863 (98.0)	908 (100.0)	14143 (100.0)
Total Holdings	260317 (77.1)	182785 (35.0)	77299 (22.9)	339922 (65.0)	338116 (100.0)	522707 (100.0)
Totally Irrigated	12319 (96.4)	5070 (80.3)	465 (3.6)	1241 (19.7)	12784 (100.0)	6311 (100.0)
Totally Unirrigated	177419 (80.0)	97731 (42.6)	44460 (20.0)	131606 (57.4)	221879 (100.0)	229337 (100.0)

**Note :** Figures in parentheses refer to percentages to total.

**Source:** District Socio-Economic Review, Kolhapur District, 1987-88.

out to the fact that small farmers category has been advanced loans by K.D.C.C. Bank to the tune of Rs. 1,486.34 lakhs during 1986-87, which works out to 41.2 per cent of the total agricultural finance. This is actually more than twice the share stipulated as per norms laid down by Reserve Bank of India (that at least 20 per cent of finance should be advanced to small and marginal farmers). However, it may be pointed out that not all the members are eligible to obtain loans and it is particularly so in the case of defaulters. In point of fact, as on 30-6-1987, two out of every fifteen members of the PACS are reported to be defaulters in Kolhapur district. Besides, quite a number of eligible members themselves might not seek the loans from the credit institutions.

In regard to information pertaining to relative shares of loan accounts, short term and other term loans as between small farmers and 'other' farmers, per hectare credit availability, etc., could not be obtained despite efforts.

It may not be altogether out of place here to mention that elsewhere in the study report it is pointed out that crop loan is disbursed to khatedar members. At the same time, more than one adult member of the same household may be enrolled as members. However, instances of such loans are not significant so as to cause any shift in the category status of small and 'other' farmers. In point of fact, in the survey data it is reported only in eight cases, all belonging to large or 'other' farmer category and, on individual



as well as household norm, these continue to be in the large holding size group.

Another aspect that needs clarification is about the vague claim of an official of the K.D.C.C. Bank stating full finance as the basis for fixing the scale of finance for crop loans and adequacy being ensured on technical considerations. However, on subsequent enquiry the K.D.C.C. Bank does not support this opinion but reiterated its policy of accommodation and flexibility on the criterion of repayment capacity rather than security of loan while actually sanctioning the loan proposal.