

A STUDY OF THE WELLS SCHEME

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GOVERNMENT OF MAHARASHTRA**

PREFACE

The Evaluation Wing has undertaken several evaluation enquiries into schemes of topical importance both for the purposes of a diagnostic analysis of implementation as well as of the impact of the schemes.

The present study was undertaken to find out whether there was any misutilisation of loans and if so, to what extent and whether the irrigation potential provided by new wells was fully utilised by the beneficiaries. The inquiry was conducted in consultation with the Agriculture & Co-operation Department and the draft report was placed before the Project Evaluation Committee. Thereafter, the report was placed before the State Plan Evaluation Committee to examine the contents of the report and to make its recommendation to Government for final orders. A copy of the minutes of the State Plan Evaluation Committee is appended at the end of the Report.

The progress of the implementation of the various recommendations of the Committee is constantly kept under review by the Evaluation Wing of the Finance Department.

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1. INTRODUCTION

1.1. Well irrigation has been accepted as a most economic and quick method of increasing agricultural production. With the help of well irrigation, it is possible for even small cultivators to grow better and larger number of crops on assured basis which would naturally stabilise their economic position. The importance of well irrigation as a means of protecting agricultural crops against failure of rains and of stabilising agricultural yields and for increasing productivity of land needs no emphasis.

The wells scheme was first introduced in 1947 with an element of subsidy and was very popular. The subsidy was discontinued in 1950. But after the reorganisation of States, Government reviewed the position in 1957 and reintroduced the element of subsidy, as the response to the scheme without subsidy was not so encouraging. With effect from 1-11-1957, an integrated wells-scheme with an element of subsidy was sanctioned for the entire State. Under this scheme, tagai loans and subsidy were granted for construction of new wells and tagai loans were granted for repairs to old wells. Initially, tagai loans and subsidy were given through the Revenue Authorities. From 1959-60, the Land Mortgage Banks were associated with the grant of loans under the Scheme and from 1961-62 onwards, the loans were given through the Land Mortgage Banks alone. The integrated wells scheme introduced from 1-11-1957 provided for a maximum loan of Rs. 2,500 for construction of a new well and Rs. 1,000 for repairs to an old well against the security valued at twice the amount of loan. The loan was given at a concessional rate of interest of 3½ per cent per annum which was raised to 4½ per cent per annum with effect from 1-4-1960. The scheme also provided for grant of subsidy to the agriculturist equal to 25 per cent of the actual cost of construction of a new well subject to a maximum of Rs. 500 per well. No subsidy was however, admissible for repairs to old wells. In the case of backward class cultivators, the subsidy for construction of new wells was granted at the rate of 30 per cent of the actual cost of construction subject to a maximum of Rs. 600.

1.2. During the Third Five Year Plan, a sum of Rs. 359.40 lakhs was provided for grant of loans and subsidies to the cultivators for construction of new wells and repairs to old wells, under the

head of Development "Minor Irrigation" under Scheme No. MIN-1. The target for the Third Five Year Plan period for construction of new wells was 64,200 which was subsequently raised to 96,000 new wells and 32,080 for repairs to old wells, for the entire State. It was assumed that these new wells would provide irrigation potential for 4.81 lakh acres.

1.3. Consequent on entrusting the work of grant of loans for construction of new wells and repairs to old wells to the District Land Development Banks (formerly known as District Land Mortgage Banks), the Agriculture and Forest Department laid down a revised procedure under G. R. No. WEL-1062/F, dated the 28th December 1962 for grant of loans for wells by the Land Development Banks. The salient features of the "Wells Scheme" as revised under the above orders are as under:—

(i) The object of the Scheme is to give financial assistance to land holders who have land but *have no adequate funds to construct a new well or carry out repairs to an old one to enable them to increase agricultural production with the help of irrigation.*

(ii) *Loan and terms and conditions of payment:—*Loan is given to the extent of the total estimated cost of construction of a new well or repairs to an old well subject to a maximum of Rs. 2,500 in respect of a new well or Rs. 1,000 in respect of an old well. The estimated cost is inclusive of the cost of purchasing and installing dead-stock comprising the lifting apparatus, (excluding costly machinery such as oil engines, pumps etc.) necessary for utilising the well for irrigation. The Land Development Banks can, however, advance loans to the maximum extent of Rs. 4,000 in respect of a new well and Rs. 2,000 in respect of an old well, if the Block Development Officer of the area concerned certifies the necessity for grant of enhanced loans in deserving cases to that extent. The Banks can also advance loan in excess of the above mentioned limits but no grant-in-aid on account of the differential rate of interest is admissible on the excess amount.

(iii) The loan is given in two instalments. The first instalment is paid before the commencement of the work. The second instalment is given after verification from documentary

proofs, or by panchanama and on receipt of a certificate from the B. D. O./Agricultural Extension Officer/Bank Enquiry Officer/Extension Officer Co-operation/Extension Officer Industry or Extension Officer Rural Engineering, that approximately half the work is completed and the full amount of the first instalment is utilised.

(iv) The loan is recovered in 10 annual instalments. The first instalment is recovered 12 months after completion of the well or 24 months after completion of the well or 24 months after the drawal of the first instalment of the loan, whichever is earlier.

(v) The loan is given to the cultivators at a concessional rate of interest of $4\frac{1}{2}\%$ per annum. The Land Development Banks are entitled to service charges from Government to the extent of difference between their economic lending rate and this concessional rate.

(vi) The loan is granted against the security of land owned by the borrower.

(vii) It is incumbent upon the loanee to build up or repair the well exactly according to the specifications and details mentioned in the application as approved finally in the order sanctioning the loan.

(viii) Recipients of loans have to execute a bond before receiving the first instalment of loan embodying the following conditions:—

(1) The well shall be constructed or repaired within twelve months from the date of receipt of the first instalment of the loan which shall be fully utilised within a period of six months from the said date.

(2) The cultivator shall grow any crops on an area of not less than 3 acres of land under the command of the well for at least three consecutive years after the completion of the well.

(ix) *Payment of subsidy*:—The subsidy admissible for the construction of a new well is limited to 25 per cent of the actual cost of construction of a new well subject to the maximum of Rs. 500 per well. The subsidy is provisionally sanctioned in respect of those cultivators who construct a new well within the stipulated period of 12 months from the date of the receipt of the first instalment of the loan and finally sanctioned after verification that not less than 3 acres of land under the command of the well is irrigated for at least 3 consecutive years after completion of the well. If the area falls below this figure in any year, breach of this condition is condoned provided the Block Development Officer of the area concerned certifies that it was not possible to fulfil the condition for reasons beyond the control of the cultivator. Backward Class cultivators are eligible for the grant of subsidy to the extent of 30 per cent of the total cost of construction of a new well, subject to the maximum of Rs. 600 per well. No subsidy is admissible for repairs to old wells.

(x) The subsidy is given in the form of remission of an equivalent amount of the loan advanced by the District Land Development Banks.

(xi) The amount of subsidy paid by the Land Development Banks to the cultivators is reimbursed by Government.

(xii) *Concessions for "Failed Wells"*:—For "Failed Wells", the following concessions are granted:—

(a) Remission of total interest;

(b) Remission of 20% of the outstanding loans.

In individual cases of hardship, it is open to Government to remit the amount of loan upto 50% or even more when it is found that the cultivator is not in a position to bear the expenditure on the construction of the well which has failed on account of his indigent circumstances and due to factors beyond his control.

The District Agricultural Officer has to decide whether the well has failed and forward the case, with the necessary details, to the Director of Agriculture. The latter forwards the same to Government, with his recommendations for examination and passing of necessary orders.

(c) The cultivators in scheduled areas are given remission of full interest and 50% of the outstanding loans in respect of failed wells.

1.4. Recently, the wells-scheme referred to in the foregoing paragraphs has been slightly modified. The capital subsidy of 25% payable to the cultivators under the scheme has since been discontinued by Government with effect from 1st July 1967 except in case of small holders defined in section 2 (29) of the Maharashtra Agriculture Land (Ceiling on Holdings) Act, 1961. Under the said Act, "Small holder" means an agriculturist cultivating less than one-ninth of the ceiling area, and who earns his livelihood principally by agriculture or by agricultural labour. Thus with effect from 1st July 1967, capital subsidy is sanctioned only in the case of small cultivators as defined in section 2 (29) of the M. A. L. (Ceiling on Holdings) Act, 1961. Also from 1st July 1967, the rate of interest on the loans given to the cultivators under the scheme is 9% per annum as against the concessional rate of interest of 4½% p. a. charged previously. The interest subsidy paid to the Apex Land Mortgage Bank towards the difference in the economic lending rate charged to the borrower has been discontinued with effect from 1st July 1967. Consequent on the discontinuance of capital subsidy except in case of small holders and interest subsidy altogether, the restriction on the Land Development Banks on advancement of the maximum loans to the cultivators has recently been removed by Government and the Land Development Banks are free to advance loans for construction of new wells to any extent subject to other conditions prescribed in the original scheme including that of admissibility of loans on the basis of valuation of land offered by the cultivator as security for the loan.

2. SCOPE AND EXTENT OF THE ENQUIRY

2.1. An enquiry into the working of the wells scheme in three districts of Parbhani, Aurangabad and Satara was undertaken in the year 1963. The period of the said enquiry was restricted to loans granted during February 1962 to June 1962. Two important findings of that enquiry were:—

- (a) There was a tendency to misutilise the loans.
- (b) By and large, utilisation of well water for irrigation was found to be very poor.

2.2. In view of the findings of the previous enquiry referred to in the foregoing para, the scope of the present enquiry was restricted to the following two aspects, namely:—

- (a) Whether there was any misutilisation of loans and if so, to what extent ?
- (b) Whether the irrigation potential provided by the new wells was fully utilised ?

2.3. Under the existing "Well Scheme" sanctioned in G. R., R. & F. D., No. WEL-1062/F, dated 28-12-1962, the recipients of the loans have to satisfy the following two conditions for being eligible for grant of subsidy:—

- (a) The well should be constructed within 12 months from the date of receipt of the first instalment of loan which should be fully utilised within a period of six months from the said date;
- (b) he should grow any crop on an area of not less than 3 acres of land under the command of the well for a consecutive period of three years.

In order that the enquiry should reveal the latest position, it was decided to take up for enquiry those cases in which the first instalments of loans were granted during the period from October 1965 to December 1965 for construction of new wells. It was contemplated that wells taken up for construction during the above period would be ready for irrigation by the end of December 1966 and it may be possible for the Evaluation Party to assess the extent of irrigation potential utilised from these wells during 1967.

3. PROCEDURE OF STUDY

3.1. The districtwise information regarding the number of cases in which first instalment of loan was granted for construction of new wells during the period from 1-10-1965 to 31-12-1965 and the total amount involved therein was collected from the Bombay State Co-operative Land Mortgage Bank, Ltd. On the basis of this information two districts from each of the three divisions i.e. Bombay, Poona and Nagpur, one with maximum disbursement of loans and the other with minimum disbursement of loans during the period from October 1965 to December 1965 and one district from Aurangabad Division having the maximum disbursement of loan during the above period were selected for field enquiry. Three districts of Aurangabad, Parbhani and Satara which were covered by the previous enquiry conducted in 1963 were excluded from the purview of the field study. Thus, the following districts were selected for field study:—

TABLE—I

Sr. No.	Name of the Division.	Name of the District.	No. of cases in which first instalment was sanctioned during Oct. 1965 to Dec. 1965 and total amount involved	Remarks
(1)	(2)	(3)	(4)	(5)
1.	Bombay	Nasik	778 (Rs. 9,25,825)	Maximum disbursement of loan in the Division.
2.	-do-	Dhulia	29 (Rs. 39,350)	Minimum disbursement of loan in the Division.
3.	Poona	Ahmednagar	492 (Rs. 5,79,700)	Maximum disbursement of loan in the Division.
4.	-do-	Kolhapur	65 (Rs. 94,000)	Minimum disbursement of loan in the Division.
5.	Nagpur	Buldhana	339 (Rs. 3,83,825)	Maximum disbursement of loan in the Division.
6.	-do-	Wardha	64 (Rs. 78,725)	Minimum disbursement of loan in the Division.
7.	Aurangabad	Osmanabad	455 (Rs. 6,45,000)	Maximum disbursement of loan in the division after Aurangabad district which was excluded from the scope of the enquiry.

Nanded district from Aurangabad Division had only 8 cases of loan-disbursements involving an amount of Rs. 9,000 during the period of study. This district was excluded from the field enquiry in view of the smaller loan-disbursements.

3.2. The questionnaires for conducting the field study were prepared and finalised after formal consultation with the officers of the Bombay State Co-operative Land Mortgage Bank and the State Directorate of Bureau of Economics and Statistics. The questionnaires intended for the Director of Agriculture, Maharashtra State, the District Primary Land Development Banks and the respondent cultivators who were the beneficiaries under the scheme will be found at Appendices I to III respectively. During field visits to the various districts, the Evaluation Party held discussions at the district head-quarters with the officers of the concerned Departments/Offices, namely the Agriculture Department, the Co-operation Department and the District Land Development Banks. Wherever possible, the Parish Agricultural Development Officers and the Block Development Officers were contacted by the Party during field visits for necessary clarification on various points with which they were concerned. Opportunity was also taken to discuss the scheme, in general, with the Chairmen of the Udgir Primary Land Development Bank (Osmanabad District) and the District Land Development Banks at Nasik, Dhulia, Ahmednagar, Buldhana and Wardha.

3.3. From the seven districts selected for field study, 298 well-sites in 206 villages from 41 blocks were actually visited by the Evaluation Party. Selection of blocks for field visits from the various districts was made on the basis of maximum and minimum loan-disbursements. In addition to the blocks with maximum and minimum disbursements, some more blocks from the districts were also visited so as to give a wider coverage to the field study in each district. After blocks were thus selected, the well sites for spot visits from each block were selected, as far as possible, on random sampling principle.

The following table shows the number of well-sites visited by the Party in each district.

TABLE—2

Name of the District	No. of blocks visited	No. of villages visited	No. of well-sites visited
<i>Bombay Division.</i>			
Nasik.	5	23	47
Dhulia.	5	29	38
<i>Poona Division.</i>			
Ahmednagar.	6	33	57
Kolhapur.	6	33	35
<i>Nagpur Division.</i>			
Buldhana	7	29	39
Wardha	7	32	38
<i>Aurangabad Division</i>			
Osmanabad.	5	27	44
Total:—	41	206	298

In all 298 cultivator-loanees were interviewed and they were questioned on the various points detailed in the Respondent Cultivator Schedule (Appendix III). In a few cases, where the cultivator could not be contacted by the party in persons, the information on the points in the Respondent Cultivator's schedule was obtained from a member of his family. But cases where the cultivator loanees could not be contacted on the well-sites were rare and in most of the cases taken up for field visits it was possible to obtain the information from the cultivator-loanees themselves.

3.4. In order to get a correct picture regarding utilisation of loan-amounts as well as the irrigation potential provided by the new wells in the State, the Bombay State Co-operative Land Mortgage Bank, Ltd. was requested to furnish details on the points in the questionnaire at Appendix II. Also for obtaining a first hand knowledge of the working of the wells-scheme from administrative

point of view, the Director of Agriculture who is in overall control of the scheme was requested to furnish information on the various points in the questionnaire at Appendix I.

3.5. The field enquiry was started on 18th April 1968 and completed on 9th July 1968.

4. LOAN DISTRIBUTION SYSTEM AND ITS WORKING

4.1. Processing of loan applications—

The entire work of granting loans under the scheme is entrusted to the Land Development Banks in the State—

(a) All applications for grant of loans are made in the form prescribed by the Bombay State Co-operative Land Development Bank. These applications are received by the Receiving Officers appointed by the Land Development Banks under Rule 93 (3) of the Maharashtra Co-operative Societies Rules, 1961. The Receiving Officers are generally Block Development Officers, Assistant Block Development Officers, Gram Sevaks, Agricultural Extension Officers and well Managed Service Co-operative Societies as well as staff members of the D. L. D. Banks at the head office and the branches. As far as possible, the District Land Development Banks are required to appoint Gram Sevaks of the area concerned as Receiving Officers for the purpose of receiving the loan applications. Along with the applications the applicant has to pay the fees specified by the Bombay State Co-operative Land Development Bank and deposit an amount equivalent to the value of one share of the District Land Development Bank with the Receiving Officer. These fees to be paid by the applicant are prescribed by the Bank with the approval of the Registrar under Rule 93 (4) of the Maharashtra Co-operative Societies Rules, 1961. The amounts received by the Receiving Officers from the applicants are remitted by them to the District Land Development Banks concerned.

(b) After ensuring that the loan-application is complete in all respects, the Receiving Officer forwards the part thereof concerning the public enquiry to be conducted under Rule 93 (8) of the Maharashtra Co-operative Societies Rules, 1961 to the Public Enquiry Officer appointed by the State Government. The Public Enquiry Officers are either the Block Development Officers, the Assistant Block Development Officers or the Assistant Registrar of Co-operative Societies working under the District Deputy Registrar of Co-operative Societies having jurisdiction over a particular area. The other part of the loan application relating to the enquiry by the Enquiry Officer to be appointed by the Land Development Banks is forwarded to that officer. The Bank Enquiry Officer is supposed to forward his report to the Land Development Bank within 15 days. The public Enquiry Officer, immediately on receipt of the relevant part of the loan application has to start the enquiry by issuing a

notice in the prescribed form through the village officers giving at least eight days' time for submitting objections against the proposed transaction. After ensuring that the notice has been properly served and after hearing the objections, if any, the Public Enquiry Officer has to make an order, in writing either upholding or overruling the objections. Thereafter he is required to forward the application to the Land Development Bank within two days.

(c) On receipt of the reports from the Public Enquiry Officer and the Bank Enquiry Officer, the Bank considers the application and passes final orders, as early as possible, and in any case, within 30 days. The Bank has to communicate its decision to the applicant within 7 days thereafter, and the loan is to be paid to the applicant within 15 days of the date of communication of the sanction to him. This is the first instalment of the loan.

(d) The Second instalment of loan is paid on receipt of a certificate from either the Block Development Officer or the Agricultural Extension Officer or the Bank Enquiry Officer that half of the work has been completed and the amount has been utilised for the purpose stipulated in the bond executed by the applicant in this behalf.

4.2. The District Land Development Banks grant loan to the borrowers against the value of land offered by them as security. The land is valued at 300 times of the assessment subject to a minimum of Rs. 300/- per acre. The full value of the improvement to be affected is added to the valuation so arrived at. The cost of warehouse, farm house, old well and other structures are not taken into account for the purpose of valuation of the land.

5. UTILISATION OF LOAN AMOUNT

5.1. As pointed out in para 1.3 (i) above, the object of the scheme is to give financial assistance to land holders who have lands but have no adequate funds to construct a new well or carry out repairs to an old one to enable them to increase agricultural production with the help of irrigation. During discussions with the Land Development Bank Officers of the districts visited by the Party it is found that so far, not a single application for loan under the wells-scheme is rejected by the Banks on the ground that the applicant is in a financially sound position to construct a well with his own funds. The financial position (at the time of sanctioning loans) of the cultivators interviewed by the Evaluation Party during field visits is shown in the table below. This information was obtained from the loan applications made by the loanees to the L. D. Bank.

TABLE—3

(Figures in bracket indicate percentage)

Total No. of loanees contacted.	Loanees with income				No. of loanees who have not given this information.
	Upto Rs 2,000 p. a.	Between Rs. 2,001 p. a. to Rs. 5,000 p.a.	Between Rs. 5001 p. a. to Rs. 10,000 p. a.	Above Rs. 10,000 p. a.	
(1)	(2)	(3)	(4)	(5)	(6)
298	95	145	43	8	7
(100)	(31.87)	(48.65)	(14.42)	(2.72)	(2.34)

It will be seen from the above table that the cultivators whose income was upto Rs. 2,000 p. a. constituted 31.87 per cent of the total number of beneficiaries. Nearly, half the number of beneficiaries contacted by the Evaluation Party belonged to the income group in between Rs. 2,001 p. a. to Rs. 5,000 p. a. During discussions with the representatives of the L. D. Banks, it was found that the Banks only ensure that the security offered by the applicant is sufficient to cover the loan amount and he is in a position to repay their loan.

Land holdings (at the time of applying for loans to the L. D. Bank) of 298 beneficiaries interviewed by the Evaluation Party are also shown in the table below. It will be seen that of the total number of 298 beneficiaries, persons whose total holdings were more than 20 acres constituted 27.84 per cent of the total number of beneficiaries.

TABLE-4

Total No. of loanees contacted	Loanees with holdings				
	Upto 10 acres	Above 10 acres upto 20 acres	Above 20 acres upto 30 acres	Above 30 acres upto 40 acres	Above 40 acres
1	2	3	4	5	6
298 (100)	105 (35.25)	110 (36.91)	41 (13.75)	22 (7.38)	20 (6.71)

[The L. D. Banks thus sanctioned loans to the cultivators without considering the financial position of the loanees. Initially, though the object of the scheme was to give financial assistance to land holders who had no adequate funds to construct a new well, the loans granted by the L. D. Banks carry interest at the prevailing market rate with effect from 1st July 1967 and also the capital subsidy under the scheme has since been discontinued except in the case of small-holders from the same date. There is therefore, no objection if the L. D. Banks grant loans without taking into account the financial position of the cultivators.

5.2. During field enquiry it was found that the applicant has to pay various fees, such as Entrance fee, Enquiry fees, Share deposit, Encumbrance certificate fee etc., while applying for loan. Besides this, deduction of 10% of the loan amount is made towards share capital while making payment of first instalment of loan-amount to the applicant.

5.3. The various fees charged by the Land Development Banks are required to be fixed with the approval of the Registrar of Co-operative Societies as per Rule 93(4) of the Maharashtra Co-operative Societies Rules, 1961. The existing fees recovered by the District Land Development Banks from the cultivator—loanees are not uniform and vary from district to district. It is also found that the Enquiry fees charged by the Banks for making enquiry under Rule 93(10) and (11) of the Maharashtra Co-operative Societies Rules, 1961 are somewhat on the high side. It may be mentioned here that the important work of making public enquiry under Rule 93(8) of the Maharashtra Co-operative Societies Rules is done by the Public Enquiry Officers appointed by the State Government viz. the Block Development Officers, the Asstt. Block Development Officers and the Asstt.

Registrars of Co-operative Societies and no fees are charged by the Public Enquiry Officers for this part of enquiry. On the other hand, the enquiry conducted by the Bank Enquiry Officers appointed by the Land Development Banks is much simpler for which a minimum enquiry fee of Rs. 11 for loan amount exceeding Rs. 1,000 is charged. The Bank enquiry officer is required to visit the land in which the well is proposed to be constructed by the applicant and other property offered by him as security. Thus the Bank Officer's report relates to factual and personal information of the applicant. Since Bank enquiry officers are generally, employees of the Bank of the Taluka/Block Offices the expenditure on their travelling allowance etc. for conducting such enquiries would also be very small. There is therefore hardly any justification for charging enquiry fees as high as Rs. 11 per form for making an enquiry of a simple nature. These enquiry fees can be reduced by about 50%. During field enquiry it was found that some banks are also recovering from the applicants contribution towards building funds, printing charges, fees for encumbrance certificate etc. separately, in addition to the enquiry fees, application fee and entrance fee. The District Land Development Banks like Ahmednagar, Dhulia and Wardha are recovering Rs. 10 on account of building fund from each applicant and this amount is recovered from the first instalment of the loan amount.

At present, the farmer is thus burdened with various fees at the time of making an application for loan under the scheme. In addition to these fees, a deduction at 10% of the total loan-amount is made by all the District L. D. Banks on account of share capital. Thus in actual practice, a cultivator who has applied for a loan of Rs. 2,500 would get only about Rs. 2,227 after deduction of initial application fees of about Rs. 23 and share capital contribution of Rs. 250 at 10% of the loan-amount. The amount of Rs. 2,227 will be further reduced on account of recovery of printing charges, encumbrance certificate fees and contribution for building fund separately recovered from the applicants by some Land Development Banks. Hence a cultivator would get only about Rs. 2,000 in hand against the loan of Rs. 2,500. Again the entire share capital contribution of 10% of the loan-amount is recovered by the Bank at the time of making payment of first instalment to the applicant. The cultivator is therefore, financially hard hit while starting the construction work. Although the amount of share capital is refunded to the applicant after the loan is fully repaid by him, we feel that the charging of heavy enquiry fees and making further deductions from his loan amount on account of building fund contribution and share capital

is very discouraging. It is therefore, recommended that the enquiry fees at present recovered by the District L. D. Banks may be reviewed so as to make them uniform and not burdensome to the poor cultivators. It is also suggested that the share capital of 10% of loan amount may be recovered by the Banks in two equal instalments from the two loan-instalments payable to the applicant.

5.4. At present, no time-limit is prescribed for issuing public notice in 'S' form under Rule 93 (8) of the Maharashtra Co-operative Societies Rules, 1961 after the receipt of the relevant part of the loan application by the Public Enquiry Officer. As per existing procedure, the Public Enquiry Officer is to give notice in 'S' form *immediately* on receipt of the relevant part of loan application from the Receiving Officer appointed by the Bank. As the Public Enquiry Officers named above are burdened with other multifarious duties, the work of issue of public notices, hearing the objections and making an order either upholding or overruling the objections at times gets delayed. It is therefore, necessary to prescribe a time-limit for issue of public notices by the Public Enquiry Officer after the receipt of the loan application from the Receiving Officer.

The Public Enquiry Officer has to give *at least 8 days'* notice for hearing the objections in the Public Notice in form 'S' to be issued by him calling upon all persons to present the objections to the loan. These objections are heard in person by the Public Enquiry Officer at the time and date specified in the Public Notice. It is necessary to prescribe the maximum time limit that the Public Enquiry Officer should avail of for hearing such objections to ensure that the enquiry is not dragged on for an unreasonable length of time.

5.5. Selection of sites for wells is mostly done on individual beliefs. Some cultivators believe that water strikes in places where certain herbs and shrubs exist. Some select sites on the advice of Penadis (sub-soil water finders) or of elderly and experienced persons from the villages. Some select sites close to Nallas. Selection of well-sites for digging a well is a difficult thing in the absence of hydraulic data. The farmer gets no guidance either from the Land Development Bank or from the Agricultural Department regarding selection of site for digging a well. He has to rely on age old traditional method of water divining. As a result, digging of a well has become a gamble to him. This unhappy position needs to be remedied. A suggestion was made by one of the Land Development Banks visited by the Evaluation Party that a hydrological

survey of at least the areas of uncertain rain-fall in the State should be made immediately and report made known to the Land Development Banks in such areas. Detailed and systematic surveys of sub-soil water will help to explore water resources, systematically and, on sound technical lines and will help to minimise the number of failed wells. If well irrigation programme is to succeed hydrological surveys of under-ground water resources are a major prerequisite. It is necessary that the hydrological surveys of the whole State should be undertaken and completed by the ground-water organisation of the Directorate of Agriculture, in the shortest possible time.

5.6. To enable a cultivator to dig a successful well at a reasonable cost, it is necessary that trial boring should precede the sinking of a well. The Soil Conservation Deptt. has some boring units in various districts. The Agricultural Deptt. may consider whether these boring machines can be usefully employed for taking trial bores. If the hydrological surveys mentioned in para 5.5 indicated satisfactory water table in a given area, trial bores would not be necessary but in areas with doubtful underground water resources, trial bores would be essential, on sample basis. Since some portion of the cost of a failed well is ultimately borne by Govt. by writing off a part of the loan, the cost of taking trial bores in doubtful areas will well help to avoid this expenditure and in that sense, Govt. should bear the cost of trial bores. If on taking trial bores it is found that water will not strike upto a reasonable depth making it possible for the applicant to dig a successful well at a reasonable cost, the Land Development Bank may reject the loan-application. From such trial bores the cultivator would also get rough idea about the likely cost of the well and he can make up his mind, after assessing his financial resources, whether to undertake the work of well-construction or not.

5.7. It is necessary that the targets for construction of new wells in different districts are fixed after taking into consideration the water-table in these districts. Such water-tables may be prepared on the basis of detailed and systematic surveys of sub-soil water and copies of such tables may be made available to the District Land Development Banks. We may also suggest that auxiliary programmes like construction of percolation tanks, new canals, contour and nalla bunding should be taken up simultaneously, with the wells-Scheme, wherever possible. This will help to enhance water-table level of the area and consequently, the number of successful wells.

5.8. Under the scheme, the failed well cases are to be recommended by the District Agricultural Officer to the Director of Agriculture who forwards them to the Agriculture and Co-operation Department with his recommendations. Final orders in these cases are passed by Govt. in the Agriculture and Co-operation Department. We were told by some of the District Land Development Banks that cases for failed well-concessions were delayed at Govt. level for abnormally long period. It is true that delay in finalising the cases of failed wells puts the unfortunate farmer who spends all his fortune for digging a well to a great hardship and compels him to crave for years to get whatever small concessions he is entitled under the scheme. This is really an unhappy situation. It is, therefore, necessary to decide cases of failed wells, sympathetically and promptly and whatever relief is admissible to the cultivator under the scheme is made available to him quickly. With a view to minimising the delay in the grant of failed-well-concessions it was suggested by one of the Land Development Banks that powers to issue final orders in such cases should be given to the Chief Executive Officer of the Zilla Parishad or the Director of Agriculture. Out of 298 sample wells visited by the Evaluation Party there were only 7 "Failed Wells". Thus the percentage of "Failed Wells" to the total number of wells visited by the Evaluation Party is only 2.35. The number of failed wells is thus comparatively small and there is no need to authorise either the Chief Executive Officer, Zilla Parishad or the Director of Agriculture to finally decide cases regarding grant of failed-well-concessions. It is however, imperative that such cases are dealt with at all levels, on priority basis, so that a cultivator who has failed in the venture may get the much needed relief, quickly.

5.9. We were told by the Bank Officers that the village level Revenue Officers such as patwaris/talathis are not co-operative in giving copies of revenue records to the farmers. The applicant has to attach to his application copies of certain Revenue Records such as Extract from village record, 7/12, to be issued by the talathi of the village certifying the ownership of a particular piece of land. Village Form 8-A i.e. Khata Extract certifying the total holdings, mutation entries etc., etc. At times, the loan application is held up for copies of revenue records on account of the delaying tactics of patwaris or talathis. The time required in getting copies of documents from patwaris or talathis in respect of the 298 loanees interviewed by the Evaluation Party is shown in the following table.

TABLE—5

(Figures in bracket indicate percentage)

No. of loanees contacted	No. of cases in which documents were received within						No. of cases in which documents took more than 6 months	No. of loanees who could not give this information
	One month	Two months	Three months	Four months	Five months	Six months		
1	2	3	4	5	6	7	8	9
298 (100)	248 (83.23)	18 (0.04)	1 (00.34)	3 (1.00)	—	2 (00.67)	3 (1.00)	23 (7.72)

It will be seen that in 83.23 per cent cases the documents were received within a month's time. Majority of the loanees reported that they had no difficulty in getting the necessary documents from talathis/patwaris. It is however true that due to his illiteracy and ignorance a cultivator is quite vulnerable to the peculiar practices of some of the Revenue officials. Although the sample field survey made by the Evaluation Party does not show that there was much delay in obtaining copies of relevant documents from the Revenue officials by the cultivators it is necessary to see that the cultivators do not experience any difficulty in getting these essential documents from the Revenue officials. For this purpose, the Land Development Bank should be authorised to obtain copies of relevant documents from the concerned Revenue officials and the latter should be instructed to give full co-operation to the Bank officials in issuing such documents, promptly. Since most of the District Land Development Banks have now their branch offices at Taluka Headquarters, it should not be difficult for the Land Development Banks to collect these documents from the Revenue officials on behalf of the cultivators.

5.10. Under Rule 93 (15) of the Rules framed under the Maharashtra Co-operative Societies Act, 1960 all the applications received by the Bank are to be disposed off by the Bank within a maximum period of four months. The table below shows the time-lag between submission of applications for loan and receipt of first instalment by the loanees.

TABLE—6

(Figures in bracket indicate percentage)

No. of loanees contacted	Within one month	Within two months	Within three months	Within four months	Within five months	Of the cases shown in column (6) the No. of cases in which applications were received during April to July (Premonsoon period)	No. of loanees who have not given this information
1	2	3	4	5	6	7	8
298 (100)	29 (9.73)	41 (13.75)	29 (9.73)	20 (6.71)	175 (58.73)	67 —	4 (1.35)

It will be seen that out of 298 wells visited by the Evaluation Party, in 39.92% cases the loan was sanctioned within 4 months from the date of receipt of applications and in 58.73% cases there was a delay of more than 4 months. In the delayed cases, there were 67 cases in which the applications were received during April to July i.e. premonsoon period during which normally loans for construction of new wells are not sanctioned. These constituted 38.28% of the delayed cases. We however, feel that efforts should be made to minimise the delay in the grant of loans and the time limit of 4 months laid down in this behalf should be strictly adhered to by the Land Development Banks.

5.11. The approximate expenditure incurred in construction of wells by 298 loanees interviewed by the Evaluation Party is indicated in the table below.

TABLE—7

(Figures in bracket indicate percentage)

Total No. of loanees contacted	Cost upto Rs. 2,500	Above Rs. 2,500 upto Rs. 3,000	Above Rs. 3,000 upto Rs. 4,000	Above Rs. 4,000 upto Rs. 5,000	Above Rs. 5,000 upto Rs. 6,000	Above Rs. 6,000 upto Rs. 7,000	Above Rs. 7,000 upto Rs. 8,000
1	2	3	4	5	6	7	8
298 (100)	60 (20.13)	45 (15.10)	63 (21.14)	37 (12.42)	29 (9.73)	13 (4.36)	1 (0.34)

Above Rs. 8,000 upto Rs. 9,000	Above Rs. 9,000 upto Rs. 10,000	Above Rs. 10,000	Misutilisation cases	No. of loanees who have not given this information
9	10	11	12	13
4 (1.35)	3 (1.00)	11 (3.69)	16 (5.37)	16 (5.37)

It will be seen from the above table that only in 20.13 per cent cases the wells could be sunk within the sum of Rs. 2,500, the maximum limit prescribed for loan for construction of a new well and in 36.24 per cent cases, the cost of construction was between Rs. 2,501 to Rs. 4,000. Under the sanctioned scheme, the Land Development Banks can advance loans to the maximum extent of Rs. 4,000 in respect of a new well and Rs. 2,000 in respect of an old well, if the B. D. O. of the area concerned certifies the necessity for grant of enhanced loans, in deserving cases to that extent, having regard to the strata, depth and requirements of material and labour. During discussion with the officials of the L. D. Banks and cultivator-loanees it was pointed out that the procedure of obtaining a certificate from the B. D. O. for an enhanced loan upto Rs. 4,000 is rather inconvenient and at times, results in delay in getting loans under the scheme. The B. D. Os. are burdened with multifarious duties and since in 69.13 per cent cases the cost of construction has exceeded the normal maximum limit of Rs. 2,500, in majority of the cases restriction of obtaining a B. D. O's. certificate for sanctioning the loan getting higher loans. It is therefore, necessary to remove the present restriction of obtaining a B. D. Os. certificate for sanctioning the loan upto Rs. 4,000. If the present restriction is removed the L. D. Banks would be competent to advance loans to the cultivators to the

maximum extent of Rs. 4,000 in respect of a new well and Rs. 2,000 in respect of repair to an old well. The Banks can advance loans in excess of these limits as there is now no restriction on the Banks regarding the maximum limit of loans to be advanced to the cultivators.

5.12. Under the scheme, the well is required to be constructed within twelve months from the date of receipt of the first instalment of the loan. The Block Development Officer is authorised to relax this condition to the maximum extent of six months. The table on the next page shows the period required for digging wells in the cases contacted by the Evaluation Party.

PERIOD REQUIRED FOR DIGGING A WELL

(Figures in bracket indicate percentage)

District	Total No. of loanees contacted	Number of cases in which wells were constructed within 12 months	No. of cases in which it took more than 12 months for construction	No. of incomplete wells	No. of failed wells	No. of misutilisa- tion cases	No. of people who have not given this information
1	2	3	4	5	6	7	8
Nasik	47	36	7	—	2	—	2
Dhulia	38	24	11	1	1	1	—
Ahmednagar	57	44	6	4	2	1	—
Kolhapur	35	31	4	—	—	—	—
Buldhana	39	20	9	4	—	6	—
Wardha	38	21	10	3	1	3	—
<u>Osmanabad</u>	<u>44</u>	<u>25</u>	<u>11</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>1</u>
Total —	298	201	58	13	7	16	3
	(100.00)	(67.45)	(19.46)	(4.36)	(2.35)	(5.37)	(1.01)

It will be seen that out of 298 loanees contacted, 201 loanees i.e. 67.45% of the total number of loanees, constructed the wells within 12 months. In 19.46% of the total number of cases the period for construction exceeded 12 months. We feel that the period laid down for construction of a new well i.e. twelve months is quite reasonable and need not be raised. The authority given to the Block Development Officer under the existing scheme to relax the period of construction to the maximum extent of 6 months may also continue.

5.13. The following table shows the categories of wells constructed by the loanees interviewed by the Evaluation Party.

TABLE—8

(Figures in bracket indicate percentage)

Total No. of loanees contacted	No. of all weather wells	No. of seasonal wells	No of incomplete wells	No. of failed wells	No. of misutilisation cases
1	2	3	4	5	6
298 (100)	208 (69.80)	54 (18.12)	13 (4.36)	7 (2.35)	16 (5.37)

Considering the number of all weather and seasonal wells which form 87.92 per cent of the total number of cases visited by the Evaluation Party, it can be said that utilisation of loan—amounts by the loanees was satisfactory. The percentage of misutilisation cases namely 5.37 is comparatively small. Out of 16 cases of misutilisation detected, in four cases the first instalment received by the cultivators was misutilised and hence no second instalment was sanctioned by the District L. D. Banks in these cases. In the remaining 12 cases, the loan amount was misutilised by the cultivators *after* the grant of second and final instalment of loan. The small percentage of misutilisation cases is mainly due to vigilance of the District L. D. Banks. During the last 2-3 years, the Land Development Banks have intensified their loaning programme and have appointed inspectors, supervisors and recovery officers for checking misutilisation of Bank loans and their timely recovery. The Bank staff actually verified the proper utilisation of the first instalment by making spot verification before granting second instalment to the loanees. Even after the second instalment is granted to the loanees, the Bank Supervisory staff also pays periodical visits to the well-sites so as

to ascertain the progress of work. In September 1965, Government has appointed an Assistant Registrar of Co-operative Societies in every District to look after the regulatory functions of the D. L. D. Banks. These Assistant Registrars of Co-operative Societies are assigned the duties of expediting recoveries of Bank loans and for ensuring proper utilisation of loans with the help of staff of the primary Banks. It is understood that at the level of the Apex Bank also, a post of Officer, on Special Duty has been created in July 1965 for looking after the work of recoveries of primary Banks. The appointment of Assistant Registrars of Co-operative Societies for Land Development Banks in all the districts and the O. S. D. at the Apex Bank has given an impetus to the programme of spot inspection by the supervisors and Inspectors of the Primary Land Development Banks. The position has therefore, considerably improved during the last few years in regard to utilisation of loans by the cultivators. There is a scope for improving the position further if certain checks are applied by the District L. D. Banks. Cases of misutilisation of loans granted under the wells-scheme can be minimised if the following checks are applied by the Banks:—

(a) At the time of sanctioning loan to the Cultivators:—

As mentioned in para 4.1 the application for loan made by the cultivator to the Bank is considered after obtaining the reports of (i) Public Enquiry Officer appointed by Government and, (ii) the Bank Enquiry Officer. The report of the Bank Enquiry Officer relates to the information of the cultivator regarding the details of his total holdings, his financial position and capacity of repaying Bank-loan. The Bank Enquiry Officer is expected to make this report after actually visiting the land in which the well is proposed to be constructed. The Bank Enquiry Officers are generally Bank Inspectors attached to Taluka/Block Offices of the District L. D. Bank. It is necessary to check, at least a certain percentage of these Enquiry Officer's reports by some responsible officer of the District Bank. It is suggested that the Branch Managers of the Taluka/Block Offices of the District L. D. Bank or Senior Inspectors/Supervisors attached to the Head office of the District Bank should test check these reports before loans are sanctioned to the cultivators.

(b) After grant of 1st instalment of loan:—

As per the existing scheme, the well is to be constructed within 12 months from the date of receipt of first instalment which is to be fully utilised within six months from that date. Unless the progress of well-work is watched, from time to time, by the Bank Supervisory staff, the cultivator is likely to delay the construction work or misutilise the loan. The Inspectors/Supervisors of the D. L. D. Bank should be asked to pay quarterly visits to the well-sites so as to ascertain the progress of work and make a report to the Bank authorities. If it is found that the progress of work is slow for unjustifiable reasons, the Bank may take suitable action against the cultivator.

(c) After grant of second instalment of loans:—

Out of 16 cases of misutilisation noticed by the Evaluation Party, in 12 cases the loan has been misutilised after receipt of second instalment. Chances of misutilisation are therefore, more during the second phase of the work. It is necessary that after second instalment is given to the cultivator, the Inspectors/Supervisory staff of the Bank should inspect the site more frequently i.e. once a month and ensure that the loan is being properly utilised by the cultivator.

6. UTILISATION OF IRRIGATION POTENTIAL

6.1. One of the main condition for grant of loan and subsidy under this scheme is that the cultivator shall grow any crops on an area of not less than 3 acres of the land under the command of the well, for at least three consecutive years after the completion of the well. The table below shows the acreage of land brought under irrigation by the loanees interviewed by Evaluation Party.

TABLE—9

(Figures in bracket indicate percentage)

Total No of loanees contacted	No. of cases in which less than 3 acres of land was brought under irrigation	No. of cases in which land brought under irrigation was 3 acres and above	No. of incomplete wells, failed wells and misutilisation case.
1	2	3	4
298 (100)	67* (22.48)	195 (65.44)	36 (12.08)

* This includes loanees who could not precisely give the information.

It will be seen that out of 298 cases contacted by the Evaluation Party, in 65.44% cases land brought under cultivation was 3 acres or above. In 22.48 per cent cases the target of 3 acres was not reached. In cases of the latter category, it was found that the target of 3 acres of land under irrigation could not be reached partly due to insufficient water in the wells and partly due to ignorance of the farmers in utilizing full irrigation potential from well water. The latter seems to be due to lack of adequate extension efforts on the part of the Agricultural Officers of Zilla Parishads. The irrigation potential from the well waters can be fully utilised by the farmers if the Agricultural Extension Officers of the Zilla Parishads play their role in guiding the farmers in developing suitable crop pattern, use of fertilizers and improved seeds.

6.2. On making enquiries from the various Block Development Officers we found that for assessing the utilisation of irrigation potential by the loanees they rely on the annual crop reports prepared by the Patwaris/Talathis. Neither the Block Development Officers nor the Agriculture Department at the district level has any independent machinery to check whether the condition of irrigating at least

3 acres of land for a consecutive period of 3 years is actually fulfilled or not. It however, appears from the position explained in para 6.1, that utilisation of irrigation potential in most of the cases was satisfactory and there is a scope for further improvement in the matter if adequate extension efforts are made by the Agricultural Extension Officers under the Zilla Parishads and the Officers of the State Agricultural Department.

6.3. A suggestion was made by one of the District Land Development Banks that the condition of irrigating three acres of land should not be insisted upon in cases where the land under the command of the well is less than 3 acres. Agriculture and Co-operation Department may consider this aspect. Since the Land Development Banks while sanctioning loan to a cultivator only ensure that the security offered by him for the loan is adequate and he is able to repay the Bank loan, in some cases, loans have been sanctioned although the area under the command of the well proposed to be constructed by the cultivator is less than 3 acres. In such cases, two courses are open namely, either to relax the existing condition regarding irrigation of not less than 3 acres under the command of the well or ask the cultivator to supply well water to the adjoining land of another cultivator, on mutual understanding, so that the total acreage under well irrigation comes to 3 acres or more.

6.4. A statement below shows the rise in income in respect of 298 loanees contacted by the Evaluation Party, due to use of irrigation potential from well water.

TABLE—10

(Figures in bracket indicate percentage)

Total No. of loanees contacted	Upto Rs. 500 p. a.	Above Rs. 500 upto Rs. 1,000 p. a.	Above Rs. 1,000 upto Rs. 2,000 p. a.	Above Rs. 2,000 p. a.
1	2	3	4	5
298 (100)	31 (10.40)	43 (14.43)	59 (19.80)	113 (37.91)

No. of cases in which no rise in income has been reported	No. of incomplete wells	No. of failed wells	No. of misutilisation cases	No. of loanees who have not given this information
6	7	8	9	10
6 (2.01)	13 (4.36)	7 (2.35)	16 (5.37)	10 (3.37)

It will be seen that in 24·83% cases, income of the loanees has increased upto Rs. 1,000 p. a. and in 19·80% cases rise in income is in between Rs. 1,000 p. a. to Rs. 2,000 p. a. The well irrigation has helped some loanees to increase their annual income above Rs. 2,000. Their percentage works out to 37·91 per cent. Loanees whose income has not risen above Rs. 500 p. a. constitute a small minority of 10·40%. In 2·01% cases no rise in income was reported. This was due to domestic and such other difficulties beyond the control of the loanees. The over-all picture of utilisation of irrigation potential and its impact on the financial position of the cultivators is thus satisfactory.

7. GENERAL REMARKS

7.1. The following suggestions were made during discussions with the various officers of the District Land Development Banks, the Agriculture Department of the State and Zilla Parishads and the officers of the Co-operation Department at the district level:—

(i) Machinery for taking trial bores should be made available to the District Land Development Banks. This will speed up the construction of wells. The Agriculture and Co-operation Department and the Maharashtra State Co-operative Land Mortgage Bank may consider this suggestion.

(ii) The District Central Co-operative Banks should not give loans to cultivators who have drawn loans for the same purpose from the Land Development Banks. Similarly, these Banks should not give loans to the defaulters of the Land Development Banks. The Agriculture and Co-operation Department may consider this suggestion.

(iii) The cultivators who have received loans under the wells scheme should be given priority for granting loans to them for purchase of pumps etc. provided they are otherwise eligible for such loans. They may be given financial assistance in the form of medium and short term loans for purchase of improved seeds and fertilisers etc. to supplement their efforts to increase their output. The Agriculture and Co-operation Department may consider this suggestion.

(iv) The existing loan-application form prescribed by the Apex Bank should be simplified. It is understood that the Bombay State (Apex) Land Mortgage Bank is already examining this aspect in consultation with the District Land Development Banks. The State Land Development Bank and the Registrar, Co-operative Societies may expedite simplification of the loan-application form.

7.2. The Bombay State Co-operative Land Mortgage Bank Ltd., was requested to furnish information with regard to the position of recovery of loans granted under the well's scheme during the period from 1963-64 to 1967-68 in respect of all the District Primary Land Development Banks. Out of 27 District Banks, the Apex Land

Development Bank could get this information from only 19 District Land Development Banks. The position of recovery of loans granted by these Land Development Banks under the scheme during the period from 1963-64 to 1967-68 is given in the Statement below.

TABLE—11

(Figures in bracket indicate percentage)

(Rs. in lakhs.)

No. of L. D. Banks who have furnished the information	1963-64			1964-65		
	Amount due	Amount actually recovered	Recovery in arrears	Amount due	Amount actually recovered	Recovery in arrears
	1	2	3	4	5	6
19	Rs. 60.85 (100.00)	Rs. 29.22 (48.01)	Rs. 31.63 (51.99)	Rs. 125.80 (100.00)	Rs. 78.58 (62.46)	Rs. 47.22 (37.54)

1965-66			1966-67			1967-68		
Amount due	Amount actually recovered	Recovery in arrears	Amount due	Amount actually recovered	Recovery in arrears	Amount due	Amount actually recovered	Recovery in arrears
8	9	10	11	12	13	14	15	16
Rs. 239.74 (100.00)	Rs. 137.90 (58.35)	Rs. 101.84 (41.65)	Rs. 346.71 (100.00)	Rs. 199.46 (57.52)	Rs. 147.25 (42.48)	Rs. 367.50 (100.00)	Rs. 253.67 (69.00)	Rs. 113.92 (31.00)

It will be seen that the position of recovery was worst in the year 1963-64 with a percentage of 48.01 only. It improved in the year 1964-65 to 62.46 per cent. It again worsened in the years 1965-66 and 1966-67, the recovery being 58.35 per cent and 57.52 per cent, respectively. The percentage of recovery in the year 1967-68 however improved to 69.00. Although, the position of recovery during 1967-68 has improved as compared to the previous year the picture on the whole is far from satisfactory. This is contrary to our findings with regard to the utilisation of loan-amount, irrigation potential from the wells and distinct increase in the income of the borrowers. The unhappy position of recovery of Bank loans during the last five years is reported to be mainly due to scarcity conditions, hail storms, failure of crops etc. We, however, feel that there is a scope for tightening the recovery procedure by the Land Development Banks. As

mentioned in para 5.13 above the vigilance of the Bank staff and appointment of Assistant Registrar of Co-operative Societies for every District to look after the regulatory functions of the D. L. D. Banks has succeeded in checking misutilisation of loans and there is no reason why it should not be possible for the Bank staff to raise the level of recovery from its unsatisfactory position. The Co-operation Department should give all possible assistance to the District Land Development Banks and co-ordinated efforts be made to improve the position with the help of all concerned agencies. For keeping a special vigil on the position of recoveries and for accelerating the pace of recovery, the Land Development Banks may reorganise their existing recovery staff and form "Recovery Cells" from among the existing staff in order to make concerted efforts to improve the position. Recently, Government has sanctioned additional posts of Special Recovery Officers in the Co-operation Department for undertaking the work of recovery on behalf of the Co-operative Institutions. The L. D. Banks should also take aid of this staff for intensifying its recovery drive.

8. SUMMARY OF FINDINGS AND RECOMENDATIONS

8.1. The various fees charged for making a loan application should be uniform as far as possible, in all the districts. The enquiry fees of Rs. 11 recovered from the applicant are somewhat on the high side. The Agriculture and Co-operation Department should review the whole question of payment of fees and recovery of share capital from the loanees in consultation with the Bombay State Co-operative Land Mortgage Bank and see whether this burden on the loanee could be reduced to a reasonable level. The share capital of 10% of loan amount may be recovered by the Banks in two equal instalments from the two loan instalments payable to the loanee, instead of in one lump-sum recovered from the first instalment payable to him. (Para 5.3)

8.2. A time-limit should be prescribed for issue of public notice by the Public Enquiry Officer after receipt of the loan applications from the Receiving Officer. The maximum time that the Public Enquiry Officer should avail of for hearing objections should also be laid down. (Para 5.4).

8.3. If well irrigation programme is to succeed hydrological surveys of underground water resources are a major pre-requisite. It is necessary that the hydrological surveys of the whole State should be undertaken and completed by the ground-water organisation of the Directorate of Agriculture, in the shortest possible time. (Para 5.5).

8.4. Trial bores should precede the sinking of wells. If the hydrological surveys indicated satisfactory water table in a given area, trial bores would not be necessary, but in areas with doubtful underground water resources trial bores would be essential, on sample basis. Government shou'd bear the cost of undertaking such trial bores (Para 5.6).

8.5. The targets for construction of new wells in different districts should be fixed taking into consideration the water table in these districts. Auxiliary Programme like construction of percolation tanks, new canals, contour and nalla bunding should be taken up simultaneously, with the well scheme, wherever possible. (Para 5.7).

8.6. Cases of failed wells may be decided, sympathetically and promptly and whatever relief is admissible to the cultivator under the scheme should be made available to him, quickly. (Para 5.8).

8.7. The Land Development Banks should be authorised to obtain copies of relevant documents for completion of loan applications from the Revenue Officials and the latter should be instructed to give full co-operation to the Banks in issuing such documents, promptly. (Para 5.9).

8.8. Efforts should be made to minimise delay in the grant of loans and the time limit of 4 months laid down in this behalf should be strictly adhered to by the Banks. (Para 5.10)

8.9. The condition of obtaining a certificate from the Block Development Officer for grant of a loan exceeding Rs. 2,500 and upto Rs. 4,000 for construction of a new well and Rs. 2,000 for repairs to an old well should be removed and the Land Development Banks should be allowed to advance such loans without requiring to obtain a certificate from the Block Development Officers. (Para 5.11).

8.10. The period laid down for construction of a new well i.e. twelve months is quite reasonable and needs no change. The authority given to the Block Development Officer under the scheme to relax the period of construction to the maximum extent of 6 months may continue. (Para 5.12).

8.11. The utilisation of loan amounts granted to the loanees during the period under enquiry was satisfactory. The percentage of mis-utilisation cases was very low. This is due to the vigilance of the Inspecting Officers of the District Primary Land Development Banks.

In order to minimise the cases of misutilisation, further checks should be prescribed by the Banks as follows:—

(i) *At the time of sanctioning loan:*—The Branch Managers of Taluka/Block Offices/Senior Inspectors/Supervisors of Districts Land Development Banks should check a certain percentage of cases by making spot inspections.

(ii) *After grant of first instalment:*—The Inspectorial or Supervisory staff of the Banks should regularly inspect, every quarter, the well sites so as to ascertain the progress of work.

(iii) *After grant of second instalment:*—The Supervising staff of the Banks should visit well sites at least once in a month, to ensure that the loan-amount is being properly utilised. If it is found that

the loan amount has been misutilised or is likely to be misutilised, prompt and effective action should be taken to recover the loan amount. (Para 5.13).

8.12. In 65.44% of the cases, the land brought under well irrigation was 3 acres or above 3 acres. Utilisation of irrigation potential in majority of the cases was thus satisfactory. In most of the remaining cases, the target of 3 acres was not reached for want of adequate extension efforts on the part of Agricultural Extension Officers and there is a scope for improvement in the utilisation of irrigation potential if adequate extension efforts are made by the Agricultural Extension Officers under Zilla Parishads and the Officers of the State Agricultural Department. (Paras 6.1 and 6.2).

8.13. In cases where the land under the command of the well is less than 3 acres, the condition of irrigating three acres of land should not be insisted upon, or the cultivator should be asked to supply well water to the adjoining land of another cultivator, on mutual understanding, so that the total acreage under well irrigation comes to 3 acres or more. (Para 6.3).

8.14. There was a general rise in income of the loanees who had taken loans under this scheme and the overall picture of utilisation of irrigation potential and its impact on the financial position of the cultivators is satisfactory. (Para 6.4).

8.15. The District Central Co-operative Banks should not give loans to cultivators who had drawn loans from the Land Development Banks for the same purpose. Similarly, the District Central Banks should not give loans excepting short term loans to the defaulters of the District Land Development Banks. [Para 7.1 (ii)].

8.16. The cultivators who have received loans under the wells scheme should be given priority for purchase of pumps etc. provided they are otherwise eligible for such loans. They should also be given financial assistance in the form of short term and medium term loans for purchase of improved seeds and fertilisers etc. to supplement their efforts to increase their output. The Agriculture and Co-operation Department may consider this suggestion. [Para 7.1 (iii)].

8.17. The Maharashtra State Land Mortgage Bank may expedite the work of simplification of the existing loan application form. [Para 7.1 (iv)].

8.18. The position of recovery of loans granted under the wells scheme during the period from 1963-64 to 1967-68 is far from satisfactory. Co-ordinated efforts with the help of all the concerned agencies should be made by the Land Development Banks to improve the position. For this purpose, the existing recovery staff may be suitably re-organised by the Banks to form "Recovery Cells" from among the existing staff so as to keep a special vigil on the position of recoveries of loans. The District Land Development Banks should also take aid of the Special Recovery Officers appointed by Government in the Co-operation Department for undertaking the work of recovery on behalf of the Co-operative Institutions. (Para 7.2).

9. MINUTES OF THE MEETING OF THE STATE PLAN
EVALUATION COMMITTEE HELD IN THE CHAMBER OF
THE CHIEF SECRETARY TO GOVERNMENT ON 20TH
AUGUST, 1969 AT 4.00 P.M.

Present:—

1. Shri B. B. Paymaster, Chief Secretary, Chairman.
2. „ S. E. Sukthankar, Secretary, A. & C. D.
3. „ N. G. Abhyankar, Secretary, G. A. D. and Addl. Development Commissioner.
4. „ N. S. Pardasani, Secretary, I. & P. D.
5. „ A. D. Samant, Dy. Secretary, F. D. (Planning).
6. „ S. M. Thacker, Dy. Secretary, A. & C. D.

1. The Committee considered the report on the Wells Scheme. The Committee felt that it was a good report and that the well irrigation programme had largely fulfilled its objective. The programme should now be strengthened by undertaking hydrological surveys followed by trial bores on sample basis where necessary and by utilising the well water to the optimum extent through intensive cropping programme.

2. The Committee accepted the report and decided that it may be published after suitable editing and reduction in size.

10. APPENDICES

APPENDIX—I

(Para 3·2)

QUESTIONNAIRE

(For the office of the Director of Agriculture)

Note:—The information should be restricted to the period from *January 1964 to December 1966*. The Note hereunder refers to the note appended to G. R. A. & F. D. No. WEL-1062/F dated 28th December 1962.

(i) Under para 4 of the Note appended to G. R. A. & F. D. No. WEL-1062/F, dt. 28th December 1962, the Wells-Scheme is under the overall control of the Director of Agriculture. What action has been taken for the successful implementation of the Scheme under these orders ?

(ii) The above-referred para 4 also requires that the Land Development Banks should approach the Director of Agriculture for clarification on points relating to the administration of the scheme. Please state whether the Land Development Bank had sought clarification of any points and if so what were the points and what was the clarification given ?

(iii) The object of the scheme is to enable the land holders to increase agricultural production with the help of well irrigation (para 2 of the Note). Please state whether the Department is satisfied that the scheme has succeeded in raising Agricultural production. What is the method of assessing the increase in agricultural production due to the construction of new wells or repairs to old wells under the scheme.

(iv) Under Para 9 of the Note, the Superintending Agricultural Officers have to carry out 5% check in respect of the completed wells each year. Please give the figures of completed wells during the period from January 1964 to December 1966 and the number of wells checked by the Superintending Agricultural Officers during each of these years.

(v) Under Para 18 of the Note, the Block Development Officers have to certify that the stipulated conditions for payment of subsidy have or have not been fulfilled. It should be stated what check has been prescribed to verify the correctness of the certificates.

(vi) Please state whether the District Land Development Banks and the Bombay State Co-operative Land Development Bank furnish regularly the progress reports prescribed in paras 19 and 20 of the Note.

(vii) What action has been taken by the Director of Agriculture (a) to check misutilisation of loans and (b) to orient the cultivators towards developing a crop pattern based on well irrigation, in pursuance of the orders issued in Government Circular C. & R.D.D. No. LMB-1163/44328-J dated the 2nd May 1964.

APPENDIX—II

(Para 3.2)

QUESTIONNAIRE

(District Level)

(Replies to be restricted to the loans granted for construction of new wells during October 1965 to December 1965).

NAME OF THE DISTRICT:

(i) How many applicants drew the first instalment of loan during the period from 1st October 1965 to 31st December 1965 for construction of new wells ?

(ii) Under para 2 of the Note appended to the G. R. A. & F. D. No. WEL-1062/F dated the 28th December 1962 financial assistance is to be given to such land holders who have lands but have no adequate funds to construct a new well were the beneficiaries under the scheme ?

(iii) How many wells were to be built out of the loans granted as above ?

(iv) What was the amount of first instalment paid during the above period ?

(v) Were spot verifications carried out within three months from the payment of first instalment ?

(vi) Of the total number of loanees referred to in para (i) above who drew first instalment during October 1965 to December 1965, how many actually drew the second instalment of loan ?

(vii) What was the amount of second instalment paid to the applicants referred to in para (vi) above ?

(viii) Were spot inspections carried out within three months from the payment of second instalment ?

(ix) (a) How many wells were constructed within eighteen months from the payment of first instalment ?

(b) What was the number of failed wells ?

(x) (a) In how many cases did the construction take more than eighteen months from the payment of first instalment ?

(b) What was the number of failed wells in this category ?

(xi) State the number of cases falling under para (x) above, in which the completion period was extended under the Note below sub-para (i) of Para 12 of the note appended to Government Resolution, Agriculture and Food Department No. WEL-1062/F dated the 28th December 1962. What was the maximum additional time allowed ? Indicate the action taken in cases where the condition was not relaxed.

(xii) State the number of cases in which the loans granted for construction of new wells under para (i) were utilised for carrying out repairs to old wells.

(xiii) Indicate the action taken in:—

(a) Cases falling under para (xii) above and

(b) The remaining cases (i.e. those in which the loan was not utilised either for constructing a new well or for carrying out repairs to old wells).

APPENDIX—III

(Para 3.2)

Respondent Cultivator Schedule

(To be answered by the cultivators who drew first instalment of loans during 1st October 1965 to 31st December 1965 for construction of new wells).

1. Name of the District.
2. Name of the Block.
3. Name of the Village.
4. Name of the Cultivator.
5. Annual Income.
6. (a) Holdings in the village. } Total
 (b) Holdings outside the villages. }
7. Number of dependants in the family.
8. Does the cultivator belong to backward class ?
9. The date on which he gave his application to the Receiving Officer.
10. How much time was involved in getting copies of the documents etc. to be attached to the application ?
11. The date on which the sanction was communicated to him.
12. The date on which he got the first instalment. Amount should be stated.
13. The date on which he applied for the second instalment of the loan.

14. Did he experience any difficulties in getting a certificate from the B. D. O. or the Agricultural Extension Officer or the Bank Enquiry Officer, the Extension Officer, Co-operation, the Extension Officer, Industries and the Extension Officer Rural Engineering that half of the work has been done, for receiving second instalment of the loan? If so, what were the difficulties?
15. The date on which he got the second instalment. The amount should be stated.
16. The date on which the work of digging the well was started.
17. The date on which the well was built up completely.
18. Were any spot inspections made during the period the well was under construction? Who were the Officers? Please give dates of such spot inspections.
19. Whether the well is an all weather well or a seasonal well. If the well has failed, please state reasons.
20. What is the total cost of the construction of the well?
21. Was the well built according to the specifications approved at the time of grant of loan? If not, state reasons. Please state—
 Depth of the well:—
 Diameter of the well:—
 Area under Irrigation:—
 Crops taken:—
 Rise in income:—
22. For failed wells—Has the cultivator received concessions in repayment of his loan?