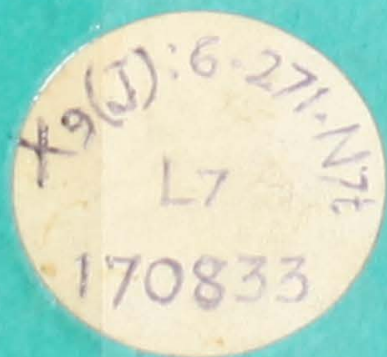


REPORT OF THE STUDY TEAM  
ON  
AGRICULTURAL CREDIT INSTITUTIONS  
IN  
MADHYA PRADESH



RESERVE BANK OF INDIA  
AGRICULTURAL CREDIT DEPARTMENT  
BOMBAY

REPORT OF THE STUDY TEAM  
ON  
AGRICULTURAL CREDIT INSTITUTIONS  
IN  
MADHYA PRADESH



RESERVE BANK OF INDIA  
AGRICULTURAL CREDIT DEPARTMENT  
BOMBAY

REPORT OF ~~THE~~ STUDY TEAM  
ON  
AGRICULTURAL CREDIT INSTITUTIONS  
IN  
MADHYA PRADESH



RESERVE BANK OF INDIA  
AGRICULTURAL CREDIT DEPARTMENT  
BOMBAY

*First Published April 1977*

**HINTS FOR READING THE REPORT**

*References* : page 436

*Abbreviations* : full forms — page 436

*Glossary* : page 437

Printed by Shri B. D. Nadirshaw at the Bombay Chronicle Co. Pvt. Ltd., and published by Dr M. V. Hate for the Reserve Bank of India, Agricultural Credit Department, Bombay 400 018.

# CONTENTS

Chapter		Page
	<b>INTRODUCTION</b>	
	2 Composition of the Study Team	1
	3 Terms of reference	3
	4 Plan of work	5
	5 Collection of data	5
	6 Field studies	5
	7 Special studies	6
	8 Zonal discussions	6
	9 Meetings of the Study Team	7
	10 Pattern of the report	7
	11 Acknowledgements	7
<b>1</b>	<b>AGRICULTURAL PROFILE AND CREDIT POTENTIAL</b>	
	1·03 Population	9
	1·05 Geo-physical and climatic conditions	10
	1·06 Principal zones	11
	1·08 Land use	13
	✓1·09 Size of holdings	<u>13</u>
	1·10 Irrigation facilities	15
	✓1·12 Cropping pattern	<u>16</u>
	1·16 Intensive cultivation schemes	18
	1·18 Consumption of fertilizers	19
	1·19 Major irrigational and agricultural development schemes	20
	1·21 Future outlook	21
	1·22 Credit potential	22
<b>2</b>	<b>STATE CO-OPERATIVE BANK</b>	
	2·02 Management	25
	2·06 Cadre for key personnel for ccbs	26
	2·09 Financial position	28
	2·10 Owned funds	29
	2·12 Deposits	30
	2·16 Borrowings	31
	2·23 Patta fund	36
	2·24 Loans and advances	36
	2·29 Overdues	40
	2·30 Net profit	40
	2·31 Supervision	40
	2·32 Role as an apex institution	40
<b>3</b>	<b>CENTRAL CO-OPERATIVE BANKS—PERFORMANCE AND PROSPECTS</b>	
	3·02 Number of banks	43
	3·03 Financial position	43
	3·10 Relative performance	46
	3·11 Viability	47

	Page
3.20 Efficiency	52
3.24 (i) Size of owned funds	53
(ii) Size of deposits	54
(iii) Extent of reliance on external borrowings	55
(iv) Size of working capital	55
(v) Total loans outstanding	55
(vi) Performance in meeting demand for short-term agricultural credit	55
(vii) Level of overdues	55
(viii) Proportion of chronic defaults	55
(ix) Coercive steps taken for recovery	56
(x) Defaults in repayment to the apex banks	56
(xi) Defaults in maintaining the prescribed percentage of liquid assets	56
(xii) Rate of dividend	56
(xiii) Coverage of pacs	56
(xiv) Size of loan business of pacs	56
(xv) Proportion of pacs with full-time paid managers	56
3.26 Future course of action	57
3.27 Banks in category I	59
3.30 Banks in category II	61
3.37 Banks in category III	67
3.38 Periodical review	67
3.39 Concluding observations	68
<b>4 INSTITUTIONAL ARRANGEMENTS FOR MEETING CREDIT GAPS</b>	
4.03 Co-operative banking sector	69
4.04 Commercial Banks	70
4.05 Branch net-work	71
4.09 Advances	73
4.10 Agricultural advances	74
4.13 Overdues	75
4.14 Financing of agriculture through pacs	76
4.22 Estimate of resources	80
4.24 Future lines of development	81
4.32 Compulsory disaffiliation	86
4.34 Consortium/participation arrangement	87
(a) Selection of societies/areas for financing under the arrangement	87
(b) Credit appraisal, sanction of limits and disbursements	88
(c) Method of sharing the lendings and recoveries	88
(d) Supervision over societies	89
(e) Dealings/transactions only with the 'leader bank'	89
(f) Documentation	89
4.38 Regional rural banks	91
4.40 Role of the state co-operative bank	92
4.41 Direct lending	93
4.43 Concluding remarks	93

	Page
<b>5 INSTITUTIONAL ARRANGEMENTS IN TRIBAL AREAS</b>	
5-02 Tribal population	95
5-03 Special features and economic attitudes of tribals	96
5-06 Tribal Development Agencies	98
5-12 Needs of Tribals	101
5-16 Type of base level organization	103
5-17 Size of society	104
5-21 Sub-Plan for tribal areas	105
5-25 Longer gestation period	108
5-26 District level organization for credit business	109
5-29 Higher level organization for non-credit business	111
5-31 Co-ordination	112
5-33 Conclusion	112
<b>6 STRUCTURE AT THE PRIMARY LEVEL</b>	
SEC. I : PRIMARY AGRICULTURAL CREDIT SOCIETIES	
6-05 Coverage	116
6-07 Internal and borrowed resources	117
6-08 Loan business	118
6-12 Overdues	120
6-16 Full-time paid managers	123
6-18 General observations	124
SEC. II : ON-THE-SPOT STUDIES	
6-20 Coverage	125
6-25 Effective coverage	131
6-27 Loan business	132
6-32 Conversion facilities	136
6-33 Overdues	137
6-35 Overdues in relation to size of holdings of defaulters	138
6-38 Full-time paid secretaries	141
6-39 Summary of findings	142
SEC. III : BLOCK-WISE PLAN FOR RE-ORGANIZATION	144
6-57 Concluding observations	154
<b>7 PROBLEM OF OVERDUES</b>	
7-04 Magnitude and dimensions of the problem	155
7-13 Causes of overdues	160
7-15 Special studies	161
7-16 Study in Rewa district	162
7-20 Study in Bastar district	164
7-25 Study in Jhabua district	166
7-26 Future course of action	167
7-28 Non-wilful defaults	167
7-35 Financial arrangement—Non-wilful defaults	173
7-38 Assessment of chronic defaults	174

	Page
7-40 Conversion of taccavi dues into long-term loans	174
7-44 Rehabilitation of weak ccbs	177
7-47 Chronic defaults—Identification of areas/institutions	178
7-49 Chronic defaults—nature and extent of relief	179
7-50 Districts in category I	180
7-56 Districts in category II	182
7-58 Chronic defaults—Financial arrangements	184
7-61 Follow-up action	186
7-62 Study in Ujjain district	186
7-65 Wilful defaults	188
7-67 Study in Raipur district	189
7-68 Ban on sale of lands of small farmers	190
7-72 Future course of action	192
7-74 Concluding remarks	192
<b>8 MANAGERIAL AND OPERATIONAL ASPECTS</b>	
<b>SEC. I : MANAGERIAL ASPECTS</b>	
8-03 Cadre for secretaries	193
8-05 Secretaries Cadre Fund	194
8-08 Arrangements for training	199
8-09 Avenues for promotion	199
8-10 Strength of secretaries and recruitment policy	200
8-12 Economics of the scheme	201
8-18 Supervisors of the ccbs	203
8-20 Cadre of key personnel for ccbs	204
8-21 Operational difficulties	204
8-22 Strength of key officers	204
8-24 Cadre committee	205
8-25 Grades of the key personnel	206
8-27 Key Personnel Cadre Fund	206
8-29 State co-operative bank	207
8-34 Co-operative Department	209
<b>SEC. II : OPERATIONAL ASPECTS</b>	
8-39 Deposit mobilization	211
8-44 Interest margin	215
8-45 Interest receivable	215
8-46 Financing of small/marginal/economically weak farmers	<u>216</u>
8-50 Consumption finance	218
8-53 Audit classification of ccbs	219
8-56 Tasks ahead	221
8-57 Review of action on the recommendations	222
<b>SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS</b>	<b>223</b>
<b>ANNEXURES 1 to 54</b>	<b>279</b>
<b>REFERENCES</b>	<b>436</b>