

**THE
BOMBAY STATE CO-OPERATIVE BANK, LTD.**

**REPORT
OF
CROP LOAN EVALUATION COMMITTEE**

PART II

CASE STUDIES

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Price: Rs. 5/-

CROP LOAN EVALUATION COMMITTEE

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PREFACE

It is nearly two years since the report of the Crop Loan Evaluation Committee was published. In making their observations and recommendations the Committee had relied on three types of evidence. The Committee had sent out specially prepared questionnaires to the several types of co-operative institutions, and the replies received from these bodies were found to be very valuable. The Committee itself paid visits to a number of institutions in different parts of the state, and discussed with their members, office-bearers, and officers, as well as with some government officers, a number of procedural as well as substantive aspects of what had come to be called the Crop Loan System.

Besides this written and oral evidence collected by the Committee it had arranged for first-hand study of the experience of nearly forty different societies during the period in which the crop loan system was in operation. This study was undertaken by two officers of the Bombay State Co-operative Bank who were specially commissioned for the purpose. The choice of the societies which were so specifically studied was based more or less on regional considerations of the crop pattern and of the general progress of the co-operative movement in the area. While, therefore, the studies appear to refer specifically to particular institutions such significance as they had for the Committee was only suggestive and illustrative. The studies, as such, do not, in any sense, represent the findings of the Committee in regard to these societies. They are only reports made by individual officers. Of the total number of studies so prepared fourteen studies, covering seven crop areas, (sugarcane, cotton, tobacco, groundnut, potato, bananas and paddy) in different parts of the state, and two notes on specially significant developments in two districts.

Kolhapur and Kaira, are being published in the present volume.

The Crop Loan Evaluation Committee had requested Prof. D. R. Gadgil, a member of the Committee, to select the specific studies for publication and to supervise their preparation for the press. It is very fortunate that Prof. Gadgil found time to give the necessary guidance to the two officers, Dr. W. C. Shrishrimal and Dr. M. G. Bhagat, and to approve the final studies for publication. Our best thanks are due to Prof. Gadgil, and also to the two officers.

There are several reasons for which these studies are being published. Firstly, they constitute part of the material on which several of the findings and recommendations of the Committee are based. Secondly, they indicate the large variety of circumstances in which the simple provisions of the crop loan system had to be carried out. This experience indicated the need in many cases of so modifying the provisions as to take into account the practical needs of each area. But above these two directly significant fields of interest, is the third one, which is becoming more and more obvious with the progress of planned attempts at development which have been undertaken during the last ten years. General enunciations of policy, and prescriptions for action, laid down by top ranking bodies, and turned over to responsible authorities for implementation, get so mechanized, and not unoften so distorted, by the time they reach the field of execution that the substance of benefit expected from the new policy is completely lost. Occasionally almost contrary results tend to follow.

Rarely is such unwelcome result due to avoidable ignorance or unhelpfulness of the officers concerned. As a rule the difficulties of including in a delineation of policy, all the varieties of practical situations which have to be faced, and the organizational problem involv-

ed in passing on to the last operational unit in the field all the wisdom and caution of the men at the top do not receive the attention that they deserve. Some other policies aimed at major reorganization of the rural credit structure have met with results which are comparable to several experiences recorded in this publication. At present a fresh stock-taking of experience recently gathered in the field of rural credit is in progress. If its findings and recommendations are not later on to be frustrated by similar shortcomings of over-generalization, and lack of organizational adequacy, the moral of the several cases herein studied will have to be taken to heart.

It is in the hope of contributing further to the careful and detailed study of the basic problem of use-oriented rural credit that this publication is being made available to the wider public.

D. G. Karve
Chairman,

Bombay State Cooperative Bank Ltd.

6th March, 1960.
Bombay.

(1)

THE SOLANKUR SHRI VITHAL GRAMIN VIVIDHA KARYAKARI SAHAKARI SOCIETY UNLIMITED.

(TALUKA: RADHANAGARI, DISTRICT: KOLHAPUR)

1. GENERAL:

The society was registered in the year 1935. It is in the area of operation of the Bombay State Cooperative Bank Ltd., Bombay. Its area of operation extended over 8 villages falling within a radius of 3 miles. The total population of the villages covered was 4,628. The table No. 1 on page 2 would give an idea about the number of *Khatedars* in each village, membership, area under crops and coverage by the society:

The total number of *Khatedars* or resident families was 1537. It may be seen from the table that out of 623 acres under sugarcane, the society had covered about 403 acres or 64% of the total area under cane, 500 acres or 40% of 1249 acres under paddy and 155 acres or 37% of 416 acres under *Nagali*. The area under cane covered by the society was less than 50% in the villages Nos. 6, 7 and 8. This may be seen from the table No. 2.

TABLE No. 2

S. No.	Name of Village	Total acreage under cane	Acreages of members under cane
1	Solankur	185	185
2	Sulambi	51	30
3	Mogharde	76	60
4	Mallewadi	16	15
5	Bujawade	14	13
6	Helewadi	38	15
7	Sawarde	196	70
8	Pandewadi	47	15

TABLE No 1

S. No.	Name of Village	Population	Total No. of Khatedars	Members of Sty in each village	MAIN CROPS in Acres						Acreages of Members under different crops				Area under cultivation
					Sugar cane	Paddy	Nagali	Other crops	Grass	Total Acreage	Sugar cane	Paddy	Nagali	Grass	
1.	Solankur	1148	300	165	185	267	58	59	306	875	185	150	40	81	456
2.	Sulambi	537	133	52	51	104	15	4	125	299	30	70	53	60	213
3.	Mogharde	281	139	21	76	119	30	19	96	340	60	25	17	16	118
4.	Mallewadi	201	105	18	16	105	14	6	30	171	15	50	—	6	71
5.	Bujawade	337	148	29	14	118	56	5	249	442	13	80	16	96	205
6.	Helewadi	201	119	18	38	69	51	9	14	181	15	15	6	15	51
7.	Sawarde	1248	403	49	196	349	153	46	284	1028	70	100	23	56	249
8.	Pandewadi	675	185	14	47	118	39	17	162	383	15	10	—	2	27
Total:		4628	1537	366	623	1249	416	165	1266	3719	403	500	155	332	1390

Taking the total number of cultivating families estimated at 851, 366 or 43% were members of the society. It was understood that out of 851 cultivating farmers during 1956-57, 650 or about 76% cultivated owned as well as leased lands. This is a peculiar phenomenon to be found in Kolhapur District, because of the large scale operation of "Phad" system whereby a group of cultivators coming together pool all their resources, cultivate land jointly under joint responsibility and share the proceeds on certain agreed criteria.

2. FINANCIAL STRUCTURE:

Table No. 3 on page 4 gives the general financial position and progress of the society from 1951-52 to 1956-57.

From the fact that the society could retain 'A' class for its audit continuously during this period, it can be inferred that the management was sound and the working was satisfactory. The share capital rose from Rs. 13,415 in 1951-52 to Rs. 41,930 in 1956-57. Similarly, the reserve and other funds increased from Rs. 1,615 to Rs. 11,936. Loans to members also registered a significant rise from Rs. 61,378 to Rs. 1,92,146, the corresponding increase in borrowing members would appear satisfactory as it rose from 186 to 354. The number of non-borrowing members gradually declined from 85 to 12 though the fall was significant after 1953-54. The borrowings from the society per member were somewhat steady during the period 1951-52 to 1954-55 and subsequently registered a substantial rise from Rs. 317 in 1954-55 to Rs. 542 in 1956-57. The reduction in non-borrowing membership would seem to have begun after 1955-56, particularly because of organisation of sugar factories. Members were called upon to subscribe to the share capital of the sugar factories and as a result many non-borrowing members presumably had to resort to borrowing from the society. The overdues from mem-

Financial Structure

TABLE No. 3

Year	Audit class	MEMBERSHIP			Share Capital	Reserve & Other Funds	Loans to members	Of which overdues	No. of defaulters	Loans from Bank	Working Capital	P.C. of members' Loans to W.C.	P.C. of O.D. to Loans
		Borrowing	Non-Borrowing	Total									
					Rs.	Rs.	Rs.	Rs.		Rs.	Rs.		
1951-52	A	186	85	271	13,415	1,615	61,378	1,044	N.A.	50,000	67,508	91%	2%
1952-53	A	206	89	295	17,915	2,530	62,584	1,080	N.A.	45,787	68,944	92%	2%
1953-54	A	281	44	325	22,970	4,661	87,802	4,736	16	64,462	94,573	91%	5%
1954-55	A	304	33	337	27,150	6,003	96,517	12,816	27	75,513	1,12,845	87%	13%
1955-56	A	345	14	359	33,530	9,413	1,33,389	21,886	41	1,11,078	1,57,476	84%	16%
1956-57	A	354	12	366	41,930	11,936	1,92,146	25,258	N.A.	1,56,719	2,18,592	88%	13%

bers rose from 2% in 1951-52 to 13% in 1956-57. The increase in overdue amounts might be attributed to the fall in Jaggery prices in 1954-55 and subsequent heavy borrowings by members in excess of their repaying capacity necessitated by their investment in the Co-operative Sugar Factories.

3. MEMBERSHIP:

As seen in table No. 3, the number of members rose from 271 in 1951-52 to 366 in 1956-57. This increase was apparently on account of the recent legal restrictions placed on money-lenders as also on account of the liberalised policy followed by the Bank in allowing credit to cultivators. The process would further seemed to have been hastened with the setting up of the sugar factories on co-operative basis which attracted larger number of cultivators to join the society.

4. SHARE CAPITAL:

The share capital increased by nearly three fold during this period. This increase was reported to be on account of the compulsory deductions effected for share capital from members at the time of disbursement of loans at the rate of 5 or 10 percent. The deduction for share capital at 10 percent of loans sanctioned was continued till 1952-53. Subsequently, it was changed to 5% for old members and 10% for new members. Bye-Law No. 16 to be read along with Bye-Law No. 14 provided that the members should purchase one share of Rs. 5 per Rs. 50 borrowed and that his total share-holding should not exceed Rs. 3,000 or 1/5th of the total share-holding of the society, whichever is less.

5. UNIT OF CULTIVATION:

As stated earlier, 64% of the cane, 40% of paddy and 37% of *Nagali* area were brought under the society's

jurisdiction. However, as cane is considered the most important cash crop, finance was allowed mainly for cane crop and it would be, therefore, necessary to go into the details of the cultivation of cane. The following table would bring out the position as regards the unit of cultivation for cane in this society for individual cultivators and also for Phad cultivation:—

TABLE NO. 4

	PHADS				INDIVIDUAL CULTIVATORS		
	Unit of cultivation in Acres	Total cane acreage	No. of Phads	Average acreage per Phad	Total acreage for Sugarcane	Total Members	Acreage per Member
1951-52	1 - 5	2	1	2-00	67	40	1-27
	5 - 10	21	3	7-00	38	6	6-13
	10 - 20	28	2	14-00	22	2	11- 0
		51	6	8-20	127	48	2-25
1955-56	1 - 5	13	5	2-24	200	114	1- 7
	5 - 10	42	6	7-00	30	5	6- 0
	10 - 20	39	3	13-00	39	3	13- 0
		94	14	6-28	269	122	2- 8
1956-57	1 - 5	12	4	3-00	253	152	1-26
	5 - 10	23	4	5-30	52	9	5-31
	10 - 20	28	2	14-00	48	4	12- 0
		63	10	6.03	353	165	2- 5

It may be seen that in the case of individual members, the average unit of cultivation slowly decreased from 2 acres 25 gunthas in 1951-52 to 2 acres 5 gunthas in 1956-57. It is interesting to note that 92% of the members had an average holding for cultivation below 1 acre and 30 gunthas. The percentage of members,

having an area between 1 to 5 acres rose from 83 in 1951-52 to 93 in 1955-56 and 92 in 1956-57. The percentage of the corresponding areas held by these cultivators similarly rose from 53% to 74% and slightly decreased to 71% during this period. These figures may indicate the nature of the problem the society had to face. The crux of the problem would seem to have been the small cultivators. As regards the unit of cultivation in Phads, it may be seen that the average unit per Phad did not exceed 9 acres and that the area per Phad within the category of 10 to 20 acres was only 14 acres. It decreased as the unit of cultivation became small.

6. AGRICULTURAL FINANCE:

It is proposed to deal in details the system of agricultural finance operating in the Kolhapur District against the general background of the agricultural system, particularly pertaining to the sugarcane cultivation.

(i) Mode of Irrigation:

Radhanagari Taluka is served by two rivers, viz., Dudhganga and Bhogavati. Sugarcane is grown extensively on the banks of both these rivers. The river Bhogavati possesses a perennial flow of water because of a permanent dam constructed at Radhanagari. The river Dudhganga generally goes dry after March. Temporary dams or weirs are built every year across this river by the people themselves, for storage of water. It was reported that there were about six or seven such dams constructed at the time of our survey. In spite of all these efforts to preserve water, the paucity is still felt during May and June. It is on this account that the application of heavy manuring particularly of chemical fertilisers is not possible and the yield of cane per acre is generally low as compared with the yield in the Bhogavati area.

(ii) Type of Cane:

The type of sugarcane grown in this area is "Suru" a crop of 12 months. The system of sugarcane cultivation here differs in many respects from the system followed in other areas, particularly in the canal areas of the Deccan Tract. The sugarcane is generally planted in November or December. The manure mainly consists of ammonium sulphate and farmyard manure. Oil-cake is not utilised as extensively as is done in the canal areas. In the canal areas the average dose of oil-cake varies from two to three tons per acre; while in the Kolhapur District it is less than one ton per acre. The application of heavy doses of oil-cake presupposes an assured supply of water. This is not possible in Kolhapur where water supply is limited for reasons, already explained.

(iii) Rotation of Crops:

In recent years, although the acreages under sugarcane cultivation had greatly increased, it was noticed that the yield of cane per acre did not show any substantial rise. On the other hand, it was reported that the yield of cane per acre had gone down. One of the reasons for this decrease was that the lands became less and less fertile as a result of continuous use of the same piece of land for the cane crop, without any system of rotation. In old days, the rotation system of crop was vigorously followed. In lands where sugarcane was grown in the previous two years paddy was cultivated. This system helped to retain the fertility of the land. In recent years the scales of finance for the cane crop have been considerably increased, which has resulted in bringing every available piece of land under sugarcane cultivation.

(iv) Cost of Cultivation:

The following table indicates approximately the cost of cultivation of cane per acre:

TABLE No. 5

Cultivation Operation	Period	Requirement	Cost
			Rs.
(1) Preparation of land	November	20 Carts of F.Y.M.	100/-
(2) Planting	.. December	10 to 12 Thousand Seedling	60/-
(3) Manuring 1st Dose	January	1 Bag of Sulphate 3 to 5 Bags of Oil-Cake	140/-
(4) 2nd Manuring Dose	March	1 Bag of Sulphate	35/-
(5) Khandani Operation	June	2 Bags of Sulphate	70/-
(6) Water charges	.. January, February & June	About 15 times	200/-
(7) Labour Charges	..	—	100/-
(8) Rent for land	..	1 Cart of Jaggery	200/-
(9) Crushing Expenses		—	50/-
Total:			955/-

The cost of cultivation of cane in Radhanagari area under normal conditions was worked out at about Rs. 1,000 per acre. The average yield per acre was expected 35 to 40 tons. At the prevailing rate of jaggery gross income per acre would have been Rs. 1,400 to Rs. 1,600 per acre, leaving a surplus of Rs. 400 to Rs. 600 per acre.

(v) System of Land Rent:

There are other important local aspects of cane cultivation which require to be mentioned here. In Kolhapur District majority of the cultivators have to obtain lands on rental basis. The rent is paid in kind which is generally fixed in terms of one cart-load of jaggery per acre. According to the custom, the rented land is returned to the owner after every two years for paddy cultivation. This system appears to be in vogue from very old days and is still being followed faithfully in spite of the recent tenancy legislation. Besides, some lands are known as "Paddy Lands" i.e. if they are

taken on lease the rent is paid in the form of paddy which is fixed at 18 maunds of paddy per acre. Even here the lands are returned to the owner after a certain period. The owner, of course, generally rents it back to the same cultivator after retaining it for one year. In terms of money-value in the first case the rent for one acre of land comes to Rs. 200 and in other case it is Rs. 350 per acre.

(vi) Lift Irrigation:

The system of lift irrigation is peculiar in this District. Majority of the members being small cultivators cannot afford to have their own engines. Water is, therefore, purchased from those who own engine-lifts. The rent of watering one acre of land under cane is fixed at one cart-load of jaggery per acre. If the rent for land and water is taken into consideration, it is seen that nearly 40% to 50% of the gross produce is taken away on account of these items, as can be seen from the following table:—

TABLE NO. 6

Sr. No.	Amount paid for rent & water charges.	Total gross income.	Percentage of column 2 to 3	Rent and Water charges (per acre).
1	2	3	4	5
	Rs.	Rs.		Rs.
1	300	912	33	300
2	216	684	33	346
3	3,406	8,430	40	320
4	1,068	5,146	20	395
5	4,532	11,654	39	378

The charges per acre varied between Rs. 300 and Rs. 395 but were not necessarily progressively more for larger gross income.

(vii) Phad System:

The other peculiarity for which Kolhapur District is well known is in respect of the indigenous system of

joint cultivation, popularly known as the "Phad System". Under this system a group of cultivators associates together under the leadership of a person who generally happens to be an influential person from the village. He either owns land or engine or is a man of some influence who can tap the required finance from *Adatiyas*. Every member in *Phad* is required to contribute at least two units of manual labour and one unit of cattle labour. All necessities are provided to individual members and their families out of joint expenses and are debited to their accounts. After deducting all the expenses the profit is distributed *pro rata*. The following details of income and expenditure in case of one *Phad* will make the point clear:

Year: 1956-57.		Cane Acreages:	
PHAD NO. 1		Rented	: 13 Acres
MEMBERS: 16.		Owned	: 3 Acres
		Total	: 16 Acres

Income		Expenses:	
Value of		1. Manuring	Rs. 2,536/-
96 jaggery	Rs. 22,892/-	2. Rent for Land	Rs. 4,304/-
carts		3. Engine	Rs. 4,275/-
		4. Interest	Rs. 825/-
		5. <i>Gurhal</i> Expenses	Rs. 1,000/-
		6. Other Charges	Rs. 764/-
		7. <i>Dharan Patti</i>	Rs. 225/-
		8. Profit	Rs. 8,963/-
Total:	Rs. 22,892/-	Total:	Rs. 22,892/-

Thus, the profit per individual after the close of the year was about Rs. 560. From this it is clear that the rent of land and charges for supply of water were nearly 50% of the total expenses. This reduced considerably the average income of individual members of *Phad*. The above example of *Phad* was that of a well-managed "Phad" under good leadership. In many other cases it was found that the net income per individual often did not exceed Rs. 200 which when compared to

labour of two members and one bullock for the whole of the season was evidently too low. Due to heavy pressure on land and having no other source of work the agriculturist is left with no alternative but to accept a position of merely an agricultural labourer. In many cases it is reported that the real cream of this profit goes to land and engine owners who take initiative to organize a *Phad*.

7. PREPARATION OF NORMAL CREDIT STATEMENT:

Against the above background it is now proposed in the following pages to deal in detail with the system of crop finance, followed in this area.

The preparation of N. C. Statement generally had to be undertaken sometime in January as the preparation of lands for new plantation usually begins from November onwards.

However, during last two years it was seen that the normal credit statement of this society was prepared in March, sometimes as late as in April. The sanction from the Head Office was received in April or May and in 1955-56 it was received in August.

The following table shows the time of preparation of the N.C. Statement and the different stages through which it had to pass before the final sanction from the Head Office was secured:

TABLE NO. 7

Year	By Society	By Inspector		By Senior Inspector		By H.O.		Total days taken
	Date	Date	Days taken	Date	Days taken	Date	Days taken	
1950-1951	14-3-51	23.3.51	9	24.3.51	1	9.4.51	16	26
1951-1952	5-4-52	10.4.52	5	11.4.52	1	6.5.52	25	31
1952-1953	28-2-53	17.3.53	17	2.5.53	46	14.5.53	10	73
1953-1954	28-2-54	17.4.54	17	N.A.	—	21.5.54	65	82
1954-1955	30-3-55	2.7.55	64	6.7.55	4	16.7.55	10	78
1955-1956	29-3-56	2.7.56	65	28.7.56	26	3.8.56	6	97

From the table it appears that the society had submitted N. C. Statements in February or March. Till 1954-55, the sanctions from Head Office were received either in March or April. But after 1955 the submission of the N. C. Statements to Head Office was as late as in June. This reflects the absurd state of affairs; because by the time the sanction was received from the Head Office the loans were already disbursed. It was stated that the new system of allowing loans, as and when required, was introduced in Kolhapur in 1953. During the first year after the new system was introduced it was stated that statements for overlapping finance for manures were prepared and final N. C. Statements incorporating the loan allowed were submitted subsequently. On the basis of the "manure statements" prepared for the cane growing members the Inspectors were empowered to advance loans. The societies were asked to draw their requirements from the Sale Unions which were authorised to supply manures to them as per the statements. The system as it was followed, no doubt, was in conformity with the basic principle of the Crop Loan System, allowing loan as and when required. However, from the actual scrutiny of the manure statements it was noticed that there was no proper check on the utilisation of manures. There were cases where individual cultivators had taken manures in excess of their sanctioned limits. This created many other problems like over-finance which led to many other evils in subsequent years.

It was also noticed that the Inspectorial Staff of the bank did not keep proper supervision on the disbursement of manures. Besides, it was also found that in few cases excess finance was allowed by the local officer from the unutilised credit of the society and surprisingly enough, the excess finance had no relation whatsoever to the approved policy of the Bank or even the eligibility of a member, according to his acreages.

8. VERIFICATION OF ACREAGES:

Except for occasional verification of acreages of a few members, at the time of preparation of N. C. Statements at random, nothing appears to have been done in this respect. Two years back four Cane Inspectors were appointed by the Bank for sugarcane area. The main object for this was that if the cane area was more than 3 acres, the finance should be allowed after the cane was inspected and certified by the Inspector or a person authorised by the Bank. From the talk with the Inspectors and the members of the Society it was learnt that the acreages under sugarcane cultivation were intentionally inflated. The percentage of such bogus acreages, however, could not be gauged in absence of detailed investigation. From the personal discussion with the members of the society and the Bank Officials it could be inferred that some of them had included "Phantom" acreages with the sole motive of getting additional finance. Another reason appears to be that the false acreages were shown in subsequent years to cover up the excessive finance already allowed to the members.

9. SCALE OF FINANCE:

The policy of finance for Kolhapur District was laid down by the Bank in the year 1953. The finance was proposed to be given to the members growing sugarcane on the following basis:

(i) Manures per Acre:

Oil-cake—1 Ton.

Sulphate of Amonia—3 Bags.

Superphospet—9 to 12 Bags.

Cash per Acre:

Rs. 100 for labour.

Diesel Oil worth Rs. 100 to be allowed in cash.

(ii) In addition to actual manures, oils and labour charges at the rate of Rs. 50 per acre were to be allowed. This amount was to be raised to Rs. 100 per acre, if certified by the inspectorial staff that the crop condition after the actual inspection was found satisfactory.

(iii) The society was allowed to sanction additional loans not exceeding 25% of the sanctioned limit or Rs. 250 whichever is less, with the previous sanction from the Senior Inspector on the recommendations of District Co-operative Officer, Project Area.

(iv) Before standing cane was harvested and the previous loans were cleared off, if new sugarcane was planted, the first dose of oil-cake and manure was to be allowed, provided next year's crop statements were prepared and submitted to the Bank and the society certified the condition of the members' standing sugarcane and undertook the responsibility of recovering their original dues from the sale proceeds of Jaggery, marketed through the Purchase and Sale Union. Such advances were not to exceed 1/3rd of the limit proposed or Rs. 200 per acre of sugarcane, whichever was less.

(v) If the volume of finance allowed under these arrangements had increased, the Bank was to appoint a separate Inspector for the area to ensure better co-ordination with the project administration and proper implementation of this arrangement. The Shetkari Sahakari Sangh was to appoint a Field Inspector to supervise the sugarcane cultivation and to allow oil-cake and manures, as and when required, and to ensure better crops and sale through Sangh.

(vi) To work out this system a definite administrative set up was envisaged. In order to ensure a

TABLE NO. 8

Case No	Cane Acreage A. G.	Manures Applied					Average cost of Manure per acre	Total yield in Carts	Average yield per acre (in Pallas)
		Oil-cake	Amm. Sulph.	Super Phos.	Farmyard Manure in Carts	Total cost			
1	1-29	—	5 Bags	—	12	Rs. 260	Rs. 150	C. L. 7- 6	20
2	1-10	—	6 "	—	4	230	185	5-00	40
3	1- 6	1 Bag	5 "	—	18	295	250	5- 6	24
4	2-22	2 Bags	11 "	—	21	547	220	9-18	19
5	12- 0	14 "	53 "	Mix. Bags 5 Night-soil 3	—	2390	200	61-12	26
6	5- 0	5 "	25 "	Mix. 5 Bags	—	1125	225	22-12	22
7	10-20	5 "	42 "	Mix. 10 Bags	—	1800	170	41-00	21
8	0-25	4 "	3 "	—	10	258	400	3- 6	25

N.B.—1 Cart = 24 lumps of jaggery; C = cart; L = lumps.

proper control and supervision over the societies, it was proposed that the Assistant Registrar should be authorised by the Societies by special Resolution of their General Meetings to remove the Secretary if necessary and appoint a new one if the work of the Secretary was found unsatisfactory, with the approval of the Bank.

It could, therefore, be seen that according to the proposed scale, the cost of manures came to about Rs. 600. The scale, however, actually allowed till 1954-55, did not exceed Rs. 250 per acre.

Even in case of application of manures by the members it was found that there were large variations. The quantity of manures proposed in the Policy Statement appeared to be too large in view of the actual requirements in this area. The table No. 8 regarding the manurial requirements, collected from the members is presented on page 16.

From the table it can be seen that oil-cake was not used by the small cultivators. The use of sulphate of amonia in small quantities varying from 4 to 6 bags was common. The big cane-cultivators, however, were applying manure mixture as well as Super-Phosphate and night soil. In addition, farm yard manure was invariably used by them. The cost of manure per acre in all these cases thus varied between Rs. 150 to Rs. 250 except in one case where it was Rs. 400. This case could be considered as an exception.

The average yield was generally between 20 and 30 pallas per acre or 4 to 6 carts.

Tables No. 9 and 10 on pp. 18 and 19 show total cane acreages approved demands by the Bank based on the unit of cultivation for individuals and Phads respectively:

TABLE NO. 9

INDIVIDUALS:

Year	Unit of cultivation for cane (Acres)	No. of Members	Total acreages under cane	Approved Demands Rs.	Average per Acre	Variation in per Acre Finance with 1-5 Acres as base
1951-52	1 - 5	40	67	17,000	253	—
	5 -10	6	38	8,900	234	-19
	10-20	2	22	5,000	227	-26
Total:		48	127	30,900	243	
1952-53	1 - 5	80	125	23,750	190	—
	5 -10	5	30	8,600	287	+97
	10-20	3	32	7,500	234	+44
Total:		88	187	39,850	213	
1953-54	1 - 5	82	124	27,550	220	—
	5 -10	7	41	8,400	205	-15
	10-20	2	28	5,500	196	-24
Total:		91	193	41,450	213	
1954-55	1 - 5	93	161	39,700	245	—
	5 -10	6	35	8,500	243	-2
	10-20	4	45	7,300	162	-83
Total:		103	241	55,500	229	
1955-56	1 - 5	114	200	55,450	277	—
	5 -10	5	30	10,800	348	+71
	10-20	3	39	10,000	256	-21
Total:		122	269	76,250	283	
1956-57	1 - 5	152	253	97,200	384	—
	5 -10	9	52	21,600	415	+31
	10-20	4	48	22,000	460	+76
Total:		165	353	1,40,800	399	

TABLE No. 10

PHADS:

Year	Unit of cultivation (acres)	No. of Members	No. of Phads	Total acreages	Rs. Demands	Average per acre	Variation in per Acre Finance with 1-5 Acres as base
1951-52	1 - 5	—	1	2	400	200	—
	5 -10	—	3	21	8,000	381	+181
	10 -20	—	2	28	10,000	357	+157
Total:			6	51	18,400	360	
1952-53:	1 - 5	—	4	10	2,100	210	—
	5 -10	—	7	53	12,900	243	+ 33
	10 -20	—	2	16	8,000	500	+290
Total:		—	13	79	23,000	291	
1953-54	1 - 5	—	4	12-20	2,700	207	—
	5 -10	—	5	34-00	8,200	241	+ 34
	10 -20	—	2	25-00	7,500	300	+ 93
Total:		—	11	71-20	18,400	260	
1954-55	1 - 5	—	5	16-00	3,650	228	—
	5 -10	—	5	35-00	9,800	280	+ 52
	10 -20	—	3	40-00	11,000	275	+ 47
Total:		—	13	91-00	24,450	271	
1955-56	1 - 5	—	5	13-00	3,400	261	—
	5 -10	—	6	41-20	12,300	293	+ 32
	10 -20	—	3	39-00	13,000	333	+ 72
Total:		—	14	93-20	28,700	308	
1956-57	1 - 5	12	4	11-20	3,800	316	—
	5 -10	28	4	23-00	11,000	480	+164
	10 -20	16	2	28-00	15,000	536	+220
Total:		56	10	62-20	29,800	480	

From the tables No. 9 and 10 it can be seen that the scale of finance in case of individual cane-growers did not exceed Rs. 250 per acre till 1954-55. It was increased to Rs. 400 in 1956-57. This was due to the fact that the additional finance was made available for purchase of shares of Co-operative Sugar Factories. It was found after detail scrutiny of the N. C. Statements of the last two years i.e. from 1955 to 1957, that the society had allowed additional finance of Rs. 20,000 to its 70 members for purchase of shares of the Co-operative Sugar Factories. The table for individuals further revealed that in 1956-57 the average loan per acre was Rs. 384 per member in the size group of 1 to 5 acres, Rs. 415 in the group of 6 to 10 acres and Rs. 460 in group of above 10 acres. This resulted in 8% of total members (having cane holdings between 5 to 20 acres) with 28 percent lands under cane, getting 30% finance while 92% of members (with holdings between 1 to 5 acres) having 72% of land receiving 70% of total finance. The relationship between land and finance made available would thus seem to have been reasonable, while the ownership was structurally inequitable. It was evident that the total area under cane had steadily increased during the period of six years.

As regards the "Phad Finance" it had registered a rise from Rs. 18,400 in 1951-52 to Rs. 29,800 in 1956-57. The number of Phads however, varied according to local conditions, availability of lands etc. The acreages under Phads showing downward trend in 1953-54, again rose in 1954-55 and 1955-56. It considerably declined in 1956-57. The rise in per acre finance from 1953-54 to 1955-56 was notable which greatly jumped up in 1956-57.

The difference in the per acre finance made available to the small and big size groups of individuals and Phads is brought out in the following figures taken from the tables No. 9 and 10:

Variation in per acre finance between 1.5 acres group and 10-20 acres group

	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
Individuals:	- 26	+ 44	-24	-83	-21	+76
Phads:	+157	+290	+93	+47	+ 72	+220

It will be seen that in 1951-52, 1953-54, 1954-55 and 1955-56, the finance made available per acre in 1.5 acre group in individual cases was lower than in 10-20 acre group. In case of Phads the finance was higher in the big group than that in the small group. Thus, it is evident that the smaller cultivators were allowed proportionately less finance when they needed more, as compared with the big cultivators who generally had their own surplus money which they could utilise for cultivation purposes.

The table No. 8 on page 16 brings out the fact that in spite of the varying scales per acre, the yield was not different (Such as higher whenever the scale was higher or contrary).

10. DISBURSEMENT OF LOANS AND RECOVERIES:

(i) Disbursement of loans in Kind and in Cash:

Although, it was laid down in policy that the loans would be allowed to the extent of only Rs. 100 per acre in cash, in practice it was not strictly followed. As stated earlier, farm yard manure was much in use and cash loan was required to be made available for its purchase. It would be seen from Table No. 10 on page 19 that practically in all cases the cash component formed more than 50% of the total advances.

From the 10 cases given in the table No. 11 it can be seen that only in two cases the cash component of the loan was less than 50%, while in two others it was

more than 70%; in the remaining 6 cases it was between 50 and 70 percent. That there was no constant ratio between cash and kind parts of the loan disbursed was therefore patent.

TABLE NO. 11

Members S. No.	Sanctioned Limit (Rs.)	In Kind (Rs.)	In Cash (Rs.)	Percentage of cash to total loan
1	2,100	900	1,200	57
2	700	400	300	43
3	545	252	283	52
4	2,150	970	1,180	55
5	1,169	650	519	44
6	600	257	343	57
7	310	75	235	76
8	3,100	1,200	1,900	61
9	2,545	650	1,895	79
10	4,600	2,100	2,500	54

(ii) Advances and repayments:

The table No. 12 shows the monthwise advances and recoveries of the society as a whole for the six years 1951-52 to 1956-57, given in percentages.

It is obvious from the table No. 12 on page 23 that the disbursements were more between April and June in 1951-52 and 1952-53, but in later years they were spread over rather evenly between February and June, though a small percentage of the loans was also distributed in August to November. The recovery, too, similarly had started in earlier period i.e. in January, though the major portion of it continued to be effected between March and June.

Table No. 13 on page 24 shows the advances and recoveries (monthwise) of a few selected members for two years 1952-53 and 1955-56. There were no advan-

TABLE NO. 12

	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total Rs.
1951-52:													
Advances:	—	—	—	—	—	—	—	—	—	—	78	22	57,000
Recoveries:	—	—	—	—	—	—	—	9.32	51	37.60	—	2.08	47,670
1952-53:													
Advances:	—	—	—	—	—	—	—	—	—	43	57	—	52,069
Recoveries:	—	—	—	—	—	2.20	11.64	26	30.16	30	—	—	58,000
1953-54:													
Advances:	6	—	—	—	—	—	—	—	10	29	10	45	73,691
Recoveries:	—	—	1	—	—	—	22	14	31	32	—	—	56,865
1954-55:													
Advances:	2	—	1	—	1	—	—	12	22	11	24	27	82,393
Recoveries:	—	—	—	—	—	—	9	—	40	37	—	14	73,996
1955-56:													
Advances:	4	3	1	—	3	—	—	14	13	23	13	26	1,28,595
Recoveries:	—	—	—	—	—	2	2	23	37	31	5	—	96,586
1956-57:													
Advances:	14	—	4	5	—	1	6	9	11	10	26	14	2,04,804
Recoveries:	—	—	3	—	—	1	10	8	28	20	9	21	1,64,544

N.B.—The monthwise figures are in percentages.

TABLE NO. 13
Monthwise Advances and Recoveries of a few members.

member S.N.	Year		Jly. Rs.	Aug. Rs.	Sept. Rs.	Oct. Rs.	Nov. Rs.	Dec. Rs.	Jan. Rs.	Feb Rs.	Mar. Rs.	Apr. Rs.	May Rs.	June Rs.	Total Rs.	
1	52-53	Advances	—	—	—	—	—	—	—	—	—	342	1,658	—	2,000	
		Recoveries	—	—	—	—	—	—	878	969	153	—	—	—	—	2,000
	55-56	Advances	—	—	—	—	—	580	370	280	320	—	500	100	—	2,150
		Recoveries	—	—	—	—	—	—	—	1,778	—	322	—	—	—	2,100
2	52-53	Advances	100	—	—	—	—	—	—	—	—	—	235	165	500	
		Recoveries	—	—	—	—	—	—	—	470	30	—	—	—	—	500
	55-56	Advances	780	100	—	—	—	—	—	280	—	130	788	72	—	2,150
		Recoveries	—	—	—	—	—	577	325	30	808	410	—	—	—	2,150
3	52-53	Advances	—	—	—	—	—	—	—	—	183	217	—	—	400	
		Recoveries	—	—	—	—	—	—	—	353	47	—	—	—	—	400
	55-56	Advances	—	—	—	45	—	—	—	—	104	103	293	—	—	545
		Recoveries	—	—	—	—	—	—	—	49	—	496	—	—	—	545
4	52-53	Advances	—	—	—	—	—	—	—	—	—	98	152	50	300	
		Recoveries	—	—	—	—	—	182	—	118	—	—	—	—	—	300
	55-56	Advances	—	—	—	—	205	—	—	—	119	69	—	314	—	707
		Recoveries	—	—	—	—	—	—	—	—	643	—	64	—	—	707
5	52-53	Advances	50	—	—	—	—	—	—	—	274	—	—	376	700	
		Recoveries	—	—	—	—	—	—	—	700	—	—	—	—	—	700
	55-56	Advances	205	—	—	—	—	—	—	156	138	152	518	—	—	1,169
		Recoveries	—	—	—	—	—	—	57	170	529	198	215	—	—	1,169
6	52-53	Advances	—	—	—	—	—	—	—	—	—	89	411	—	500	
		Recoveries	—	—	—	—	—	—	—	—	500	—	—	—	—	500
	55-56	Advances	—	—	100	—	—	—	—	103	—	—	397	—	—	600
		Recoveries	—	—	—	—	—	—	—	—	354	29	—	217	—	600

TABLE NO 13 (Continued)

7	52-53	Advances	25	—	—	—	—	—	—	—	—	—	100	125	
		Recoveries	—	—	—	—	—	—	—	78	—	—	47	125	
	55-56	Advances	—	—	10	—	—	—	—	—	35	—	265	310	
		Recoveries	192	—	—	—	—	—	118	—	—	—	—	310	
8	52-53	Advances	—	—	—	—	—	—	—	—	682	1,718	600	3,000	
		Recoveries	—	—	—	—	—	—	—	3,000	—	—	—	3,000	
	55-56	Advances	1,892	100	—	—	—	—	350	—	421	337	—	3,100	
		Recoveries	—	—	—	—	—	—	—	—	3,100	—	—	3,100	
9	52-53	Advances	150	—	—	—	—	—	—	456	—	294	—	900	
		Recoveries	—	—	—	—	—	—	600	—	—	—	—	600	
	55-56	Advances	505	40	—	200	—	—	207	188	—	79	1,336	2,555	
		Recoveries	1,235	—	—	—	—	—	—	—	312	95	930	2,572	
10	52-53	Advances	—	—	—	—	—	—	—	—	—	1,600	400	2,000	
		Recoveries	—	—	—	—	—	—	—	—	—	—	2,000	2,000	
	55-56	Advances	57	1,765	—	—	100	—	—	483	—	425	—	4,600	
		Recoveries	2,651	—	—	—	—	—	—	—	1,814	135	—	4,600	
Total:															
	52-53	Advances	325	—	—	—	—	—	—	—	913	1,428	6,068	1,691	10,425
		Recoveries	—	—	—	—	—	182	878	3,210	3,808	—	—	2,047	10,125
	55-56	Advances	3,439	2,005	110	245	305	530	370	1,859	869	1,335	2,912	3,857	17,846
		Recoveries	4,078	—	—	—	—	577	500	2,027	2,334	6,681	509	1,147	17,853
Percentages to total:	52-53	Advances	3.1	—	—	—	—	—	—	—	8.8	13.7	58.2	16.2	100
		Recoveries	—	—	—	—	—	1.7	8.7	31.7	37.6	—	—	20.3	100
	55-56	Advances	19.3	11.2	.6	1.4	1.7	2.9	2.1	10.4	4.9	7.4	16.4	21.7	100
		Recoveries	22.8	—	—	—	—	3.3	2.8	11.3	13.0	37.5	2.9	6.4	100

ces between August and February during 1952-53, the major portion of advances being in April, May & June. Thus, the advances had no relation with the actual operations of cane cultivation. In 1955-56, however, 7 of the 10 members had taken loans in February, presumably for the first dose of manures. The amount was too small only 10% of the total advances.

In the month of March five members and in the month of April seven members obtained loans to the extent of 4.9% and 7.4% respectively of the total disbursement in the year 1955-56. This presumably represented the second manuring operations. In May seven members and in June six members availed of 16.4% and 21.7% of loans. This represented the *Khandani* operations. Advances in July and August were reported to have been largely in cash and hence represented consumption finance. The overall picture would, therefore, purport to confirm broadly with the agricultural operations.

The recoveries as seen in the Table No. 12 coincided broadly with crushing operations which generally started from November. The recoveries after March must have come from the sale of jaggery retained by members in expectation of higher prices.

The method of recovery would be clear from table No. 14 below. Out of the 10 cases, 5 had reported entire repayments through sale of jaggery, in 4 cases partial repayment was directly in cash while in case No. 8 the whole repayment was directly in cash:

It was understood from members that the recoveries in the month of June were entirely in cash and did not represent genuine repayments out of the sale proceeds. It was further learnt that in order to reimburse the loans from society, borrowings from *Adatya* were quite often resorted to; for these borrow-

ings the borrower was required to give the *Adatya* one cart of jaggery to be sold through his shop on commission basis plus interest @ 12% rate on the sum borrowed.

TABLE NO. 14

Serial No.	Advances	Of which recoveries through sale Proceeds	Recoveries by Cash
	Rs.	Rs.	Rs.
1	2,100	1,300	800
2	2,150	2,150	—
3	545	545	—
4	700	700	—
5	1,196	1,196	—
6	600	425	175
7	310	265	45
8	3,100	—	3,100
9	2,545	1,645	900
10	4,600	4,600	—

11. MARKETING:

Table No. 15 gives the disposal of jaggery produce in the years 1955-56 and 1956-57:

TABLE NO. 15

Year	Total Cane Acreage	Total Yield in Carts	Disposal of Jaggery			Recoveries		
			Given as Rent (Carts)	Sale through P. & S. Union (Carts)	Sale through outside (Carts)	Recoveries through Sale & Purchase Union	Recoveries in cash	Total Recoveries
						Rs.	Rs.	Rs.
1955-56	390	1950	780	454	716	66,000	20,500	86,500
1956-57	405	1800	810	538	452	90,000	89,300	1,79,300

It is evident that considerable quantity of jaggery was sold through private agencies. Again, it was

understood that the produce given by way of rent (for land and water) generally reached the "Adatya". The persons receiving this 'rent' were quite often members of society and it was possible for them to dispose of the quantity through their society which hardly appeared to have been done.

As regards the sale proceeds of the produce sold through society, it was reported by the Inspector that all the amounts of sales were being credited to the loan account of the society, irrespective of the fact whether the actual borrowings by a particular member were less or more than the sale proceeds. For instance, if dues from a member were say Rs. 4,000 and the sale proceeds of his produce were say Rs. 6,000 all these would be credited to the society's account first. The society used to adjust the amount later. It means that the surplus available from one member was being utilised by the society for some other member's loan account. The extent of amounts so involved, however, could not be studied.

12. LOANS ALLOWED IN EXCESS OF SANCTIONED LIMITS:

It was observed that the individual loan limits sanctioned by the Head Office were exceeded in a number of cases. The additional loans seemed to have been granted out of the total limits allowed to the society (it was noticed that non-borrowing members were included in the N. C. Statements whose limits naturally remained unutilised, and these funds were made available for excess disbursement to others.) The table No. 16 shows limits sanctioned by Head Office and the amounts actually disbursed.

It was stated that the excess borrowings were allowed after the Managing Committee and the Senior Inspector had approved them. From the scrutiny of loan finance during 1956-57 it was found that Rs. 17,500 were given to 24 members in excess of the limits sanc-

TABLE NO. 16

Case No.	Area under cultivation					Limit sanctioned by H.O.	Finance actually allowed	Excess finance allowed
	Food-grains		Sugar-cane		Total			
	A. G.		A. G.		A. G.	Rs.	Rs.	Rs.
1	16	17	14	—	30-17	5600	6400	800
2	4	34	6	—	10-34	1800	3000	1200
3	6	12	2	20	8-32	1600	3200	1600
4	31	14	10	—	41-14	6000	7600	1600
5	23	17	12	—	35-17	6600	8300	1700
6	13	10	5	—	18-10	2700	4600	1900
7	10	26	2	—	12-26	800	1400	600
8	4	27	5	—	9-27	2500	5000	2500
9	39	26	—	—	39-26	7800	8500	700

tioned by H.O. It is true that Bye-Law No. 51 of the society empowered the Managing Committee to allow the additional finance in exceptional cases to the extent of 25 percent of the loan sanctioned, but not exceeding the maximum credit i.e. Rs. 300 to Rs. 500 under Bye-Law No. 54. Even the procedure laid down by the Bank for finance in Project Areas, clearly indicated "The society may sanction additional loan not exceeding 25% of sanctioned limit or Rs. 250 whichever is less with the previous sanction of the Senior Inspector on the recommendation of the District Co-operative Officer, Project Area." There was no evidence in this case that the D.C.O. had recommended additional finance. Moreover, the excess finance would not seem to be in relation to the needs at least of some of the members concerned. Further, the excess finance made available was not justified as it was not necessarily granted because the needs were more of the members who received this amount.

13. INPUT OF MANURE AND YIELD PER ACRE:

The following figures showing acreage under cultivation, manures applied per acre and the yield per acre for seven cultivators bring out the fact that the yield

did not necessarily depend on the quantity of manures applied or on the size of cultivation holding:

TABLE NO. 17

Sr. No.	Size of holding.	Value of manure applied per acre.	Yield per acre.
	A. G.	(In Rupees)	
1	1-29	148	26 Pallas.
2	1-00	220	27 "
3	0-25	408	32 "
4	10-20	240	36 "
5	5-00	225	37 "
6	12-00	199	31 "
7	3-00	181	34 "

14. INTERMEDIATE TERM LOAN:

There is a solitary case where the Intermediate Term Loan of Rs. 3,600 was allowed for purchase of engine to one person on following condition: "The loan should be got secured by declaration of all his assets and those of his sureties mentioned in the statement together with the mortgage engine and machinery and crushing set and amount should be paid to the seller and his past record obtained and put on the record."

15. MANAGEMENT:

During the last six years, three persons worked as Chairman. The Managing Committee was elected every year in the General Body Meeting which in turn used to elect the Chairman. The Secretary was also a member, elected for every 5 years.

16. CONCLUSION:

The following observations emerged as a result of the study, deserve attention:

- (1) The major portion of loans sanctioned were disbursed in cash. The kind component should be raised and a minimum quantity of

loans (in the form of manures) should be a compulsory condition for sanction of loan;

- (2) There was no check on acreages reported. The cane inspectors who are supposed to look after this work were reported to be mainly engaged in recovery work. Even the Inspectorial Staff of the Bank appeared to have connived at the authenticity of the acreages given in the N.C. Statements, although it was expected of them to verify acreages of members at least on certain percentage basis. Besides, no proper check was maintained on the proper utility of loan as per the conditions imposed.
- (3) The practice of allowing finance without preparing N. C. Statements would seem to have led to excessive finance without any check from the Head Office. That the members should get finance according to their requirements and at the time of needs should not mean the omission of N. C. Statements, actual verification of area under sugarcane cultivation and proper supervision over the use of manures.
- (4) As a result of liberalised scale of finance, it appeared that members brought more area under cane cultivation without regard to such factors as the rotation of crops, availability of water etc. which consequently led to unprofitable cane cultivation in some cases. Overall supervision and detailed checking of areas put under cane would, therefore, be absolutely desirable. In other words, intensive instead of extensive cultivation would be more proper in the above context.

(2)

**THE RADHANAGARI TALUKA CO-OPERATIVE
BANK LTD.**

(Taluka: Radhanagari, Dist. Kolhapur)

1. INTRODUCTORY:

This institution was registered in Kolhapur District in 1947. When in 1949 Kolhapur State merged in Bombay province, several ideas of converting it into a multipurpose society or a Banking Union or a bigger society were mooted. The idea of converting it into a Banking Union, however, was backed up by the Department, as a result of which the share capital was increased to Rs. 1,81,000 in 1951 from Rs. 31,000 in 1949. The method adopted, however, for increasing share capital was not in consonance with the accepted practice, as within one month's time the share capital was augmented by Rs. 1 lakh by the simple mechanism of converting loans disbursed into share capital. This would be obvious from the following table:

TABLE NO. 1

Year.	Members		Share Capital. Rs.	Loan to members. Rs.	Number of defaulting members.	Amount defaulted Rs.
	Borrowing.	Non-Borrowing.				
30-6-1949	60	533	31,757	48,943	—	—
30-6-1950	54	845	98,650	62,646	16	6,936
30-6-1951	113	786	1,81,500	1,79,547	20	12,467
30-6-1952	164	863	1,97,950	2,08,276	95	1,22,955

That the step taken to augment share capital was of dubious value is seen from the phenomenal rise in overdue amount between 1950-51 and 1951-52. The number of defaulting members correspondingly increased from 20 to 95 in one year.

The idea of converting this Institution into a Banking Union was not, however, thoroughly examined. The management did not properly study or grasp the responsibilities implied in the change over and thus merely one aspect viz. increase in share capital was given excessive and faulty attention. As stated by the Senior Inspector of the Apex Bank, "it has been realised that mere converting the Institution into a Banking Union will not be convenient in the interest of the societies in the taluka, as large number of societies in the taluka are in need of sugarcane cultivation finance and their demands may not be fulfilled, unless assistance is made available from the provincial Co-operative Bank, not only for finance, but also for management and general guidance." Obviously, the management of this Institution collected share capital from advances out of sheer enthusiasm, without regard to its ability to fulfil the responsibility involved in its conversion into a Banking Union. This resulted in reckless advances leading to heavy overdues. Adverting to the loaning procedure in 1952, the Inspector of the Apex Bank who was in charge of this institution had stated in his report that there was no proper procedure laid down for advances. Loans were allowed to members upto a maximum limit of Rs. 5,000 against personal security, by merely getting Loan Bonds executed in favour of the Institution. Some members were found to have taken advantage of the loose working by borrowing simultaneously from two Co-operative Institutions against the same crops.

The idea of Banking Union was ultimately dropped as it was realised that, "the agriculturists, could get adequate and timely finance through the village societies and on a much larger scale than before. This Institution, however, could not satisfy the needs of the members out of its own resources which were locked up in the loans made out to the members." (Letter addressed to the Minister for Co-operation by the Pre-

sident of the Bank).

The financial position of this Institution as in 1953 was far from satisfactory. Out of the total outstandings of Rs. 2.03 lakhs, Rs. 1.33 lakh or 86 percent had been defaulted. The share capital stood at Rs. 1.98 lakhs. It was, therefore, not in a position to seek financial accommodation from the Apex Bank. This state of affairs continued for about two and half years.

In 1953 a proposal was made to convert this institution into a Big Bagaitdars' Society but it seems to have been shelved in the subsequent period. In the meantime, the Bank asked for the services of an experienced Manager, who was promptly deputed.

In October 1955, an Adat shop was opened after considerable discussion between this Institution, the Department and the Apex Bank. But the opening of this shop instead of solving any difficulties, created new problems, in as much as the cultivators got confused as to their allegiance to this new agency and the existing marketing societies. The shop originally opened only for one year, as permitted by the Department, still continued till 1957.

While the conversion of this Institution into a Big Bagaitdars' Society had some inherent difficulties, its merger with the Taluka Purchase and Sale Union would, it was feared, hamper the vested interest of its present management. In the face of this dilemma the Institution, it would seem, followed the middle course of dragging on, with the present situation.

It would be interesting to note that the general body of this Institution gave a categorical verdict in favour of its merger with the Radhanagari Taluka Purchase and Sale Union, in September 1957, in spite of which persistent attempts were made later on, to retain

the individuality of the Institution. While the Department favoured amalgamation, the management was disinclined to lose its independence which it managed to retain under such adverse conditions, throughout the last five years.

This long introduction to the affairs of the Institution is given to serve as a background to the manner in which the operations were carried on during 1955-56 and 1956-57.

2. LOANING OPERATIONS:

The Apex Bank presumed that the conversion into a Big Bagaitdar Society would materialise and consequently permitted this institution to advance loans in 1955. Below is given a Table showing the disbursements made during 1955-56 and 1956-57 to 13 of its members by this institution.

It is noteworthy that of Rs. 1.21 lakhs advanced to 13 members in 1955-56 as large an amount as Rs. 87,000 (or 72 percent) was given only to 5 members (Sr. Nos. 2, 7, 8, 10 and 11). In 1956-57 these 5 members and one more (No. 12) were given Rs. 1.71 lakhs (or 81 percent) of the total amount of Rs. 2.10 lakhs advanced to the 13 members. It must be remembered here that the total membership as in 1952 was 1027 of which 164 were borrowing members. The membership was more or less constant in the subsequent period. It is surprising, therefore, that the Apex Bank approved of such large amounts being sanctioned to so small a group of members, not for one year but for two years.

From the way in which and the limited number of members to whom loans were sanctioned during 1955-56 and 1956-57, one is constrained to observe that the very idea of converting the Institution into a Big

Disbursement of loans

TABLE NO. 2

Serial Number	Year	Total Cane Acres	Sanctioned by H.O. (Rs.)	Actual Disbursement (Rs.)	Loan Allowed		% of cash loans to total loans allowed.
					In Kind (Rs.)	In Cash (Rs.)	
1.	1955-56	9 - 0	4,000	5,000	4,127	973	19.1
	1956-57	9 - 0	5,100	5,100	1,851	2,500	57.4
2.	1955-56	30 - 0	15,000	15,000	4,000	11,000	73.3
	1956-57	31 - 0	15,000	20,633	4,732	11,400	70.7
3.	1955-56	9 -16	4,000	4,000	—	4,000	100
	1956-57	9 -16	4,750	4,750	829	2,294	73.5
4.	1955-56	8 - 0	—	3,005	2,005	1,494	42.7
	1956-57	6 - 0	3,250	3,500	1,300	1,275	49.5
5.	1955-56	5 - 4	2,000	2,000	—	2,000	100
	1956-57	9 -31	4,250	4,026	1,081	3,000	73.5
6.	1955-56	10 - 2	5,000	7,500	2,368	5,132	68.4
	1956-57	10 -32	7,500	9,503	4,729	3,282	40.9
7.	1955-56	20 -31	10,000	10,000	—	10,000	100
	1956-57	28 -38	10,500	15,961	5,389	6,049	52.9
8.	1955-56	20 - 3	10,000	12,000	3,980	8,020	66.6
	1956-57	29 -21	16,250	18,321	9,800	4,569	31.8
9.	1955-56	10 - 0	5,000	4,000	—	4,000	100
	1956-57	10 - 0	5,750	2,934	—	—	—
10.	1955-56	24 - 0	12,000	20,000	4,098	15,902	79.5
	1956-57	23 -35	17,000	24,847	10,094	4,367	30.2
11.	1955-56	80 -38	20,000	30,000	—	30,000	100
	1956-57	100 -00	48,500	59,948	36,436	23,562	39.3
12.	1955-56	30 -00	10,000	8,400	—	8,400	100
	1956-57	60 -00	32,250	31,269	22,997	8,272	26.5
13.	1955-56	—	—	—	—	—	—
	1956-57	15 -00	7,000	8,603	4,863	3,940	44.8

Bagaitdars' Society was mooted with a view to reap unlimited benefits from the Institution and from the cheap credit available to the latter from the Apex Bank. It is curious that such misuse of the funds of the Apex Bank was perpetrated, in spite of the close association of officials of the latter with this Institution.

The table No. 2 on page 36 showing the advances, loans allowed in cash, etc. to 5 members (Nos. 2, 7, 8, 10 and 11) brings out the exceptional methods followed. As seen in Table 2, not only the individual limits sanctioned by the Apex Bank were exceeded in respect of 6 members in 1955-56 and in case of 7 members in 1956-57, but the loans were also disbursed overwhelmingly in cash in the case of certain members.

One is perplexed to find such a rank favouritism and utter disregard of the rules and regulations of institutional finance, for meeting the requirements of a few members. It is not understood how these flagrant disbursements could take place when the Local Officer of the Apex Bank was supposed to closely supervise the affairs of this Institution and who was intentionally nominated as the representative of the Apex Bank on its Board of Management.

It was understood that verification of acreages was never done; while mention of finance to 'Phads' was made, the partners of the 'Phads' were not stated in N. C. Statement. Of the 13 members who were lucky to get such huge finance one was alleged to be owning an 'Adat' shop.

That members were issued fresh finance in 1956-57 in spite of their being in default for payments due to the Institution is to be seen from the table No. 3 given on page 38.

TABLE NO. 3

Case No.	Extension	Fresh Loan allowed	Total Outstandings
	Rs.	Rs.	Rs.
1.	4,501	16,132	20,633
2.	1,626	3,124	4,750
3.	4,523	11,438	15,961
4.	3,958	14,363	18,321
5.	10,384	14,463	24,847

It is not possible to close the note, without mentioning the fact that the President of this Institution is a borrowing member who has taken about Rs. 11,000 more than the sanction granted by the Apex Bank. Two of the members of the Board of Directors hold money-lending licences and were running adat shops, it was understood.

(Note: This Bank has now been amalgamated with the Radhanagari Taluka Co-op. Purchase and Sale Union Ltd.)

W. C. Shrishrimal

(3)

THE UMBRAJ GRAM V. K. S. SOCIETY UNLIMITED.

(TALUKA: KARAD, DIST. NORTH SATARA)

Umbraj Village is a big village situated on the Poona-Kolhapur Road at a distance of ten miles from Karad to the North. The total population of the village was estimated at 4,507. The Agricultural population was 2,490 and the remaining was the urban population. The Agricultural population was divided as under:

(1) Owner Cultivators	..	..	1701
(2) Tenant Cultivators	..	..	204
(3) Agricultural Labourers	..	..	304
(4) Absentee Landlords	..	..	281
			<hr/>
		Total	2490

It is, thus, evident that only 1905 persons belonging to the first two categories were the agriculturists, cultivating lands. They constituted 381 agricultural families. The total number of agricultural families covered by this society as well as by another society viz. the Umbraj Co-operative Multi-purpose Society, Limited, functioning in the village was 209. The remaining 172 families had not joined the co-operative movement. Thus the percentage of the rural population covered by the movement was about 55%.

The total lands under cultivation are about 2549 acres. Out of this area, only 50 acres are under irrigation and all the remaining 2500 acres are under Jirayat cultivation. The following are the main crops together with their acreages:

TABLE NO. 1

Crops		Acreages A. G.	Crops		Acreages A. G.
1. Jawar ..	..	989 - 35	5. Turmeric ..	..	29 - 31
2. Bajari ..	..	225 - 30	6. Groundnut ..	..	496 - 26
3. Wheat ..	..	44 - 15	7. Sugarcane ..	..	25 - 06
4. Paddy ..	..	112 - 33	8. Fruit Trees ..	..	20 - 02
			9. Gram ..	..	64 - 26

Thus, the main crops of the village are the food-grain crops which are to the extent of 55% of the total area under cultivation.

2. FINANCIAL POSITION:

The Umbraj Gram V. K. S. Society was registered on 23-1-1918. It is in the area of operation of the North Satara District Central Co-operative Bank Ltd. It was in 'B' Audit-Class continuously for the last five years. The following table gives an idea of its financial position:

TABLE NO. 2

Year	Members			Own Funds of the Society				Working Capital
	Borrowing	Non-Borrowing	Total	Share Capital	Reserve Fund	Other Funds	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.
				Rs.	Rs.	Rs.	Rs.	Rs.
1952-53	55	25	80	4,510	4,115	797	9,422	12,550
1953-54	56	20	76	4,745	4,118	797	9,660	12,700
1954-55	58	31	89	4,980	5,027	313	10,320	13,338
1955-56	73	25	98	5,745	5,196	334	11,275	16,527
1956-57	72	26	98	6,235	5,308	498	12,041	17,036

3. MEMBERSHIP:

During the course of the last five years the membership of the Society had increased

from 80 to 98 only. Out of these members 3/4th were borrowing members and the remaining were non-borrowing. It is evident that there was no substantial rise in the membership. It was stated that the agriculturists were not enthusiastic about joining the Society as the finance allowed to them was not adequate for rearing up their crops.

The tenant-cultivators were not allowed to become members of the society. Thus, a large strata of the agricultural population was kept out of the co-operative movement.

As regards the large number of non-borrowers there was no convincing explanation available except that they did not require the loans. There were cases where members had preferred *Sawkars* to co-operative societies simply because all their needs could be satisfied from one source as the finance made available by the societies was inadequate.

4. SHARE CAPITAL:

The share capital was collected from the borrowing members at 10% of the total advances from new members and at 5% from old members. The Field Workers' Conference held in the year 1957 had decided that the share capital from the members of the primary co-operative societies should be collected to the extent of Rs. 300 or 50% of the advances made to them, whichever was higher.

The total own funds of the Society were to the extent of Rs. 12,041. The share capital of the Society was Rs. 6,235 and the percentage of the owned funds to the working capital was nearly 70%. This indicates that the society was mainly depending upon its own funds for allowing agricultural finance to its members.

5. PREPARATION OF THE N. C. STATEMENTS:

The N. C. Statements were prepared once in three years. The N. C. Statement that was prepared last year for this society was for the year 1957-1960. These N.C. Statements had to be placed before the General Meeting for approval. Generally speaking, very few persons were taking any active interest in the limits recommended. They were then forwarded to the Block-Level Co-operative Officer as Karad Taluka was in the N. E. S. Scheme.

In the N. E. S. Schemes, the Block-level Co-operative Officers supervised the working of the societies and the Gram-Sevaks worked as the Secretaries of the Societies. The B. L. C. Officer practically used to make no changes in the N. C. Statements prepared by the Gram-Sevaks. They were then forwarded to the Inspector of the Branch. The Inspector after putting his own recommendations submitted them to the Head Office for approval. These Statements were generally sanctioned by the Full Board. But during the busy season they were referred to the Loan Sub-Committee the meetings of which are often held twice a month. The Loan Sub-Committee consisted of 5 members. The Chairman of the Bank was the Chairman of the Sub-Committee. Out of the remaining four members 3 members represented the primary co-operative societies. Generally, no changes were made by the Head Office in the recommendations made by the Inspector. The Senior Inspector's post has been recently abolished.

These N. C. Statements were generally sanctioned in the months of April and May. For instance, the N. C. Statement for this society which was prepared in the last year was submitted by the Society to the B. L. C. Officer on 22-1-1957. The B. L. C. Officer had forwarded to the Inspector on 2-5-1957 and it was finally approved by the Head Office on 30-5-1957. Even-

though such delays were made in sanctioning the N. C. Statements, the members of the primary co-operative societies were not in any way handicapped. The Agent of the Branch was authorised to make fresh advances to the members of the primary co-operative societies provided they had repaid their dues in full and the society had repaid at least 1/3rd of the Bank's dues. The drawings were made in full by the members equal to the previous limits sanctioned to them. The time-lag was generally kept for ten days between the repayments and the fresh finance; but in special circumstances they were allowed the finance even before the stipulated period. Only the new members and non-indebted members were not allowed any fresh finance unless the N. C. Statement was sanctioned by the Head Office.

The Bank had adopted the policy of preparing the N. C. Statements, once in three years. This idea appeared to have been taken from the policy statement issued by the Bombay State Co-operative Bank in 1950, which had indicated the procedure for preparing the credit statement once in three years with a view to secure a fairly uniform system of integrated credit, required for cultivation of crops by credit-worthy agriculturists. However, later on, on account of the rapid increase in membership as a result of increase in the quantum of finance per acre it was found by the Bombay State Co-operative Bank, that preparation of N. C. Statements every three years was not feasible. But this Bank seemed to have followed this procedure which was responsible for the old system of advancing loans against repayments instead of regulating the advances in kind and at appropriate time for the seasonal operations of crops. Under this system, the recommendations of the field workers' conference which was held every year had no bearing either on the scale of finance or timings of advances. The Inspectors and the M. C. Members who were expected to note down the changes

in acreages under cultivation every year were not in a position to do so. As a result, cash crops like sugarcane were financed on the basis of acreages originally noted in the N. C. Statement, although later on, the area under actual sugarcane cultivation was reduced.

6. THE SCALE OF FINANCE:

The scale of finance fixed was Rs. 50 per acre for the Jirayat crops, Rs. 600 to Rs. 800 for the sugarcane crops, Rs. 400 for turmeric, Rs. 100 for the tobacco and Rs. 300 for the fruit gardens and other irrigated crops. These scales were approved in the Field Workers' Conference.

However, it may be noted that the limits recommended were not strictly according to the scales mentioned above. In fixing these limits several factors were taken into consideration by the Inspectors of the Bank. Firstly, the landless cultivators having rented lands were not to be financed except in very rare cases. Those members who had got the rented lands in addition to their own lands were also not allowed any finance for their rented lands. Secondly, the Individual Bye-Law Limit which was Rs. 300 to Rs. 600 was not to exceed unless there are special crops such as sugarcane and potato. Thirdly, the regular repayments made by the members during the last three years were taken into consideration while sanctioning the limits and finally these limits were sanctioned upto 1/3rd of the value of the assets of the members, declared in favour of the society. Taking all these factors into consideration the average finance to the members did not exceed Rs. 30 per acre.

The table No. 3 on page 46 which was prepared from the N. C. Statement of the society sanctioned for the year 1957-60, can give a clear idea as to how the individual limits were fixed by the Bank.

From the table No. 3 it can be seen that the fresh advances were allowed to the members by the Head Office as far as possible according to the recommendations of the Inspector. In case of the member No. 1, the limit was Rs. 350 but he had been allowed by the Head Office Rs. 500 taking into consideration his share-holdings of Rs. 335. In case of the member No. 5, it was reduced from Rs. 500 to Rs. 300 only because his previous year's limit was Rs. 225. In case of the member No. 8 limit of Rs. 50 was allowed, as he was a new member although he was entitled to get Rs. 125. In case of the member No. 13, the previous limit of Rs. 100 was retained as he was a defaulter.

There were in all 72 borrowing members. The total area under cultivation belonging to these 72 members was as under:

Jirayat	..	440-0 Acres
Sugarcane	..	14-0 Acres
Turmeric	..	13-0 Acres
Total	..	<u>467-0 Acres</u>

The total finance allowed for the cultivation of crops in those 467 acres was to the extent of Rs. 15,222 and thereby the average limit allowed was Rs. 33 per acre. It can, therefore, be concluded that the policy adopted by the Bank in allowing the agricultural finance to the members of the primary co-operative societies was not at all based on the crop loan system. Loans were allowed to the members on the basis of valuation of assets and as such no loans were allowed to tenant cultivators. Thus, it is evident that agricultural loans allowed were more or less in the nature of impressed credit.

Loan Recommendations

TABLE NO. 3

Member's Sr. No.	Last Year's Limit	Dues as on 30-9-59	Over dues	Member's		Types of Crops	Own Lands		Rented Lands		Demands made by the Member	Value of the Lands			Total Amount that can be sanctioned	Limit Approved by			
				Shares	Deposits		Irrigated	Non- irrigated	Irrigated	Non- irrigated		Declared	Undeclared	Total		G. M.	B. L. C. O.	Inspector	Head Office
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)		A. G.	A. G.	A. G.	A. G.	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1.	350	350	100	335	10	Jirayat	--	6-29	--	--	350	2,260	--	2,260	350	550	500	350	500
2.	400	400	--	95	--	Sugarcane	1-00	--	--	--	1,650	2,400	3,045	5,445	1,650	900	900	500	500
						Turmeric	0-20	--	--	--	--	--	--	--	--	--	--	--	--
						Jirayat	--	20-00	--	--	--	--	--	--	--	--	--	--	--
3.	225	200	--	125	--	Sugarcane	0-10	--	--	--	525	1,100	1,255	2,355	525	500	500	400	400
						Turmeric	0-10	--	--	--	--	--	--	--	--	--	--	--	--
						Jirayat	--	6-14	--	--	--	--	--	--	--	--	--	--	--
4.	375	200	--	30	--	Jirayat	--	2-10	--	5-00	200	500	--	500	200	200	125	200	200
5.	225	225	--	125	--	Jirayat	--	13.03	--	--	650	1,200	700	1,900	650	650	500	300	300
6.	250	250	--	75	--	Sugarcane	0-10	--	--	--	325	2,965	--	2,965	320	325	325	250	300
						Turmeric	0-10	--	--	--	--	--	--	--	--	--	--	--	--
						Jirayat	--	1-34	--	--	--	--	--	--	--	--	--	--	--

TABLE NO. 3 (Continued)

7.	125	200	—	55	—	Jirayat	—	9-29	—	—	457	2,190	—	2,190	450	450	450	300	200
8.	—	—	—	57	—	Jirayat	—	2-24	—	—	125	500	—	500	125	125	125	50	50
9.	300	300	—	50	—	Sugarcane	1-00	—	—	—	525	2,400	—	2,400	525	500	500	500	400
						Turmeric	1-00	—	—	—	—	—	—	—	—	—	—	—	—
						Jirayat	—	3-22	—	—	—	—	—	—	—	—	—	—	—
10.	500	500	—	80	—	Sugarcane	1-00	—	—	—	1,000	1,565	2,635	4,200	1,000	800	800	800	800
						Turmeric	0-20	—	—	—	—	—	—	—	—	—	—	—	—
						Jirayat	—	5-17	—	—	—	—	—	—	—	—	—	—	—
11.	300	300	—	160	—	Turmeric	0-20	—	—	—	650	1,500	470	1,970	650	600	500	500	400
						Jirayat	—	10-15	—	—	—	—	—	—	—	—	—	—	—
12.	400	400	—	150	—	Sugarcane	0-10	—	—	—	1,250	4,000	1,500	5,500	1,250	800	800	500	500
						Turmeric	0-10	—	—	—	—	—	—	—	—	—	—	—	—
						Jirayat	—	16-13	—	—	—	—	—	—	—	—	—	—	—
13.	100	100	100	25	—	Jirayat	—	5-11	—	—	250	75	—	75	250	200	125	100	100
14.	200	200	—	115	—	Turmeric	0-10	—	—	—	—	—	—	—	—	—	—	—	—
						Jirayat	—	6-30	—	—	425	565	—	565	425	400	150	200	200

7. ADVANCES AND REPAYMENTS:

Fresh advances were generally made to the members after they have repaid their dues in full. A time-lag of 8-10 days was required to be maintained but in actual practice it was at times reduced to three days. A major portion of the advances was made in the months of April-June. The table No. 4 on page 49 gives the details.

It is thus evident from the above statement that a major portion of advances was made in the months of April to June. It can be stated that although there was no co-relation established between the sale proceeds of the agricultural produce belonging to the members and the repayments of their loans, still the members had tried to repay their loans after they got the sale proceeds of their agricultural produce, in cash. These advances were made immediately after the repayments of their old dues. The table No. 5 on page 49 gives the details of repayment.

It can be seen from the table No. 5 that more than 60% of the repayments were made by the end of April. It may be, however, noted that the members did not repay their dues progressively as they received the sale proceeds of their agricultural produce but they were paid in lump sum. With regard to the recoveries it can be stated that after the society's dues were recovered to the extent of 25% to 33% the members were allowed fresh finance equal to repayments in one lump sum, after they had cleared off their previous dues in full. For preparing the demand statements by the society, the Bank used to insist that there should be a demand from at least ten members for fresh finance.

The system of allowing loans equal to repayments is in vogue in this area from the very inception of the Co-operative Movement. No attempts appeared to have been made for allowing agricultural finance as per the

Advances (in percentages)

TABLE NO. 4

Advances Year	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total (Rs.)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1952-1953	22%	1%	—	—	—	—	—	—	—	39%	31%	7%	5,150
1953-1954	7%	—	—	—	—	—	36%	12%	10%	12%	3%	20%	8,255
1954-1955	3%	—	—	10%	5%	—	—	—	38%	30%	8%	6%	9,950
1955-1956	7%	6%	—	—	12%	1%	—	15%	10%	28%	6%	15%	11,995
1956-1957	13%	8%	—	—	—	—	—	—	4%	32%	23%	20%	13,165

Repayments (in percentages)

TABLE NO. 5

Year.	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total (Rs.)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1952-1953	19%	—	—	—	—	—	2%	—	10%	30%	25%	14%	5,318
1953-1954	3%	—	3%	—	—	—	37%	16%	7%	14%	4%	16%	8,908
1954-1955	—	—	—	5%	5%	—	—	24%	24%	31%	2%	9%	10,000
1955-1956	3%	—	—	—	—	1%	5%	23%	7%	34%	12%	15%	8,595
1956-1957	14%	2%	—	—	—	2%	2%	3%	9%	37%	12%	19%	12,333

requirements of the crops and no efforts have been made to compel the borrowing members to sell their agricultural produce—at least the money crops—through the Purchase and Sale Union. The Purchase and Sale Union was solitarily struggling for getting the agricultural produce to be marketed in order to justify its existence. With a view to induce the members of the Primary Co-operative Societies to sell their agricultural produce through it, the Union allowed finance in addition to the finance allowed by the Society, with the condition that their agricultural produce would be marketed through it. The P. and S. Union did not take into consideration as to how much finance had been allowed to these members by the Society. The Union after the sale proceeds of the agricultural produce were received from the merchants, recovered the advances allowed to the members and the remaining balance was paid to them in cash.

8. AGRICULTURAL MARKETING:

It may be stated that the linking of credit with marketing was conspicuous by its absence in this area although there is a co-operative marketing institution viz. the Karad Taluka Co-operative Purchase and Sale Union Ltd., functioning in the Taluka which is marketing nearly 1/3rd of the total jaggary in the Taluka. The members of the Primary Co-operative Societies market their agricultural produce through the Purchase and Sale Union only if the finance was made available to them by the Purchase and Sale Union. This finance was allowed to the members in kind equal to 1/6th of the value of their agricultural produce sold through the Purchase and Sale Union in the previous year or Rs. 500 whichever was less. It was allowed in addition to the finance made available by the Primary Co-operative Societies. The P. and S. Union made the payments of the sale proceeds to the members directly in cash after deducting its dues.

The members then arranged to repay their dues in cash to the society and get fresh finance from the society almost immediately equal to their repayments. Thus the Bank had no effective control over the recoveries from the sale proceeds of the agricultural produce from the Purchase and Sale Union.

9. OVERDUES:

The overdues with the members during the last three years were as under:

TABLE NO. 6

Year.	Total dues with members	Overdues	Percentage of Overdues.
1.	2.	3.	4.
	Rs.	Rs.	Rs.
1954-1955	10,960	2,545	23%
1955-1956	14,360	5,435	37%
1956-1957	15,192	4,752	31%

It can be seen that nearly 1/3rd of the dues with the members had been defaulted. In 1955-56 this percentage of overdues was rather high on account of the failure of the crops. Action against all the defaulters who had defaulted their dues for a period exceeding two years had been already taken by the society.

10. INTERMEDIATE TERM LOANS:

No Intermediate Term finance was made available to the members of the Primary Co-operative Societies by the Bank. It may be, however, stated that the scope for such type of finance was considerable for purchase of bullocks, for deepening of wells and purchase of pumping sets where there are irrigation facilities.

11. INSPECTION AND SUPERVISION:

The Inspection and Supervision work in this area was very much neglected. The Karad Taluka was under

the N. E. S. Block system and therefore the supervision work was transferred to the Block Co-operative Officer. He supervised the working of the societies with the help of the Gram-Sevaks. But on account of multifarious activities these gramsevaks were not in a position to pay any attention to the inspection work of the societies. Generally, the supervisors inspect the societies in their charge once in a quarter but this is not being done by the N. E. S. Block Officers. The Inspectors of the Bank were also not in a position to inspect the societies as they were mainly entrusted with the work of collecting deposits and share capital for the Bank. Out of the 81 borrowing societies in Karad Taluka nearly half the societies had not been inspected since these societies were transferred from the Bombay State Co-operative Bank to this Bank.

M. G. Bhagat

(4)

THE CHAKAN V. K. S. SOCIETY, UNLIMITED.

(TALUKA KHED, DISTRICT POONA)

Chakan is one of the important village in Poona district as its potato market is famous in the area. The Chakan V. K. S. society was registered in 1946 having a jurisdiction over eight villages within 5 miles' radius. The Society is in the area of operation of the Poona Central Co-operative Bank Ltd. Table No 1 summarises the general information of the villages covered by the Society.

It was seen that of the total cropped area of 14,795 acres, only 1,087 acres or 7.3 per cent was *bagayat*. The number of wells in the area was reported to be 495; thus the area irrigated per well came to about 2 acres. The society had a total membership of 545 or 25 per cent of the total cultivating families.

2. AREA UNDER DIFFERENT CROPS:

From the area under various crops given below, it seems that the largest area i.e. 28 per cent was under Bajri, 13 per cent under Jowar and 9 per cent under Potato; if the area under potato, groundnut, onion and vegetables (all cash crops) is taken together, it amounts to 2900 acres or 19.5 per cent of the total cropped area. It may be stated here that the Society covered 500 out of 1,400 acres under potato in the area under its jurisdiction. The total area under cultivation is as under:—

Crops	Acres
Bajari	4,196
Jwar	2,038
Groundnut	900

General Information

TABLE NO. 1

Name of the Village.	Population.	Number of cultivators.	Owner Cultivators.		Tenant Cultivators.		Area under cultivation. Acreages	Jirayat Acres	Bagayat Acres	Number of wells.
			Number.	Acreages.	Number.	Acreages.				
Chakan	5524	1272	991	5071	281	2403	7475	6575	900	319
Gonavadi	136	53	48	562	5	29	591	591	—	—
Ambethan	933	213	169	1889	44	167	2081	2046	35	32
Pimpri Khurd	106	37	32	258	5	32	293	291	2	1
Biradvadi	293	86	60	411	26	113	539	503	36	28
Rohakal	331	87	53	541	34	223	880	856	24	8
Waki Khurd	304	98	71	615	27	167	804	774	29	18
Waki Budruk	1436	336	278	1947	58	204	2132	2071	61	89
	9063	2182	1702	11294	480	3338	14795	13707	1087	495

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Financial Position

TABLE NO. 2

Year.	Audit Class	Membership —		Total	R Share Rs. Capital.	Reserve & Other Rs. Funds.	Advances to Rs. members.	Out of which Rs. Overdues.	Bank's Rs. Dues.	Working Rs. Capital.	P.C. of Loans to Working Capital.	% of Over-dues to M. Loan.
		Borrowing	Non-Borrowing									
1952-53	A	154	192	346	11,070	6,055	14,182	14,182	28,275	59,605	23%	100%
1953-54	A	198	153	351	21,445	8,635	59,765	59,765	65,200	1,10,541	54%	100%
1954-55	A	190	209	399	34,005	11,162	69,706	56,676	74,063	1,38,846	50%	81.3%
1955-56	B	216	221	437	51,195	11,888	65,101	19,083	5,463	1,13,973	57%	30%
1956-57	B	294	223	517	77,120	15,314	1,20,700	23,299	51,416	1,97,053	64%	19.4%

Potato	1,400
Onion	300
Vegetables	300
Other crops	5,661
	<hr/>
Total	14,795
	<hr/>

3. FINANCIAL POSITION OF THE SOCIETY:

Table No. 2 on page 54 gives the financial structure and the progress of the Society during the period 1952-53 to 1956-57.

It would appear from this table that its owned funds (i.e. share capital plus reserve and other funds) rose from Rs. 17,000 in 1952-53 to about Rs. 93,000 in 1956-57. The borrowings from the Bank increased during the same period from Rs. 28,000 to Rs. 51,000. Percentage of loans to working capital increased from 23% in 1952-53 to 64% in 1956-57.

The membership similarly recorded an increase from 346 to 517 during this period. Thus, while the membership rose by 49 per cent, the advances to members registered a spectacular rise from less than Rs. 15,000 to Rs. 1,20,700 i.e. an increase by eight times. This increase, as would be seen later, was due mainly to a higher scale of finance made available for potato crop in recent years.

The overdues were quite heavy between 1952-53 and 1954-55, as if almost all loans were defaulted. It is likely that the crop condition may not be favourable. But the major cause was reported to be the internal factions within the society.

4. SHARE CAPITAL:

The share capital of the Society as seen from Table No. 2 rose from Rs. 11,000 to Rs. 77,000 between

1952-53 and 1956-57. It was reported that the Bank and the Society both insisted on compulsory deduction by way of contribution to share capital from loan advances to members at the rate of 10 per cent of the sanctioned loan. In respect of the requirement of keeping a certain ratio between the share capital and loan advanced to members, the society did not appear to be inclined to adhere to any such restrictions.

Few examples given below would make this point clear:

TABLE NO. 3

Serial Number.	Year.	Share Capital.	Deposits.	Actual advances allowed.
		Rs.	Rs.	Rs.
1	1952-53	105	400	477
	1956-57	1,775	400	6,145
2	1952-53	110	—	318
	1956-57	890	—	2,187
3	1952-53	30	—	212
	1956-57	155	—	473
4	1952-53	40	—	265
	1956-57	365	—	1,001
5	1952-53	130	—	1,060
	1956-57	905	—	2,728
6	1952-53	65	—	539
	1956-57	370	—	1,388
7	1952-53	255	—	2,500
	1956-57	2,505	—	7,500
8	1952-53	85	—	636
	1956-57	485	—	1,339

It is obvious that the share capital held by practically every member cited above was 25 per cent of the loans made available to them during 1956-57. It may be noted that the bye-law No. 14 restricted the holding of an individual's share capital to Rs. 5,000 which figure may be rapidly approached if the present

policy of compulsory contribution to share capital is continued unabated.

5. MEMBERSHIP:

That the membership of the society registered a substantial increase was seen from Table No. 2. However, much ground remained to be covered still as shown below:

TABLE NO. 4

Name of the Village.	Number of cultivating families	Members of the Society	% of the families covered
1. Chakan	1,272	366	28.7
2. Gonavadi	53	1	1.9
3. Ambethan	213	25	11.7
4. Pimpri Khurd	37	1	2.7
5. Biradyadi	86	17	20.0
6. Rohakal	87	9	10.3
7. Waki Khurd	98	9	9.2
8. Waki Budruk	336	117	35.0
	2,182	545	25.0

(The figures of total membership of the society are of recent date, hence the figures for June, 1957 will not therefore, tally.)

It is obvious that except in villages 1 and 8, the membership was very low among all the villages covered by the society. The members of the Managing Committee of the society stated that in recent years no serious thought had been given to Bhusar growers as attention was concentrated to the requirements of the potato cultivators. It was further pointed out that there was general disinterest among Bhusar growers in joining the society as the scale of finance allowed for Bhusar crops by the Bank was inadequate. Besides, the policy of allowing loans against real assets had in effect resulted in keeping the large number of tenant cultivators out of the society's fold. This num-

ber was 480. It would be seen that the society had yet to cover a large section of the agricultural families likely to be in genuine need of financial assistance and this could be done only by a change over in the system of loaning operations from asset-nexus to production-nexus.

6. CROPPED AREA:

As seen earlier, the total area under crops was 14,795 acres. As figures of crop acreages could not be collected from all the members it is proposed to deal here with their main cash crop i.e. potato. The total acreage under potato in this area under the coverage of the society was 1,400; the society's advances, however, had so far covered only 500 acres or more than 35 per cent of the total cropped area. Following figures show how the area under potato crop with which the society was concerned, increased during the last 5 years:

Year	Area under potato (acres)
1952-53	148
1953-54	224
1954-55	308
1955-56	357
1956-57	501

As the society mainly dealt with members growing potato, the finances for potato have been studied here in detail.

7. POTATO FINANCE:

At the outset it must be remembered that potato is mainly taken as a *Rabi* crop. It matures within 80 to 90 days. It is sown sometime in December and is

ready by March. The requirements of seed per acre are estimated at between 8 to 10 bags, each containing two maunds.

The manurial requirements are potato mixture and farmyard or compost. The quantity of potato mixture required per acre is generally 8 bags which is further supplemented by about 20 carts of farmyard or in its place 5 lorry loads of compost. Watering of the plant has to be done once a week.

The following average cost is worked out per acre under potato cultivation:

Preparation of land	Rs. 20
Seed—8 bags at Rs. 50 per bag	Rs. 400
Mixture—9 bags at Rs. 12 ..	Rs. 110
Farmyard	Rs. 100 to 150
Weeding and other charges	
Harvesting	Rs. 45
Storing arrangement etc. ..	Rs. 75 to 100
Watering charges	Rs. 50
	<hr/>
Total	Rs. 800 — 875
	<hr/>

The average cost, therefore, was about Rs. 800 per acre. The rough estimate as stated by the agriculturists was generally Rs. 100 for 1 bag of potato—seed sown.

Under the normal conditions the yield is expected to be between six to eight times the quantity of seed sown. Total gross income thus would be between Rs. 2,300 to Rs. 2,500 per acre.

In recent years, the *Kharif* potato is being cultivated on a large scale. The cost of cultivation for *Kharif* potato is about Rs. 500 to Rs. 600 per acre, because expenses on account of storing arrangements,

water charges, etc. are not incurred. Recently, the tendency among agriculturists is to grow more and more *Kharif* crop, firstly because the agriculturist is not required to pay for seed which is available from Rabi crop grown by himself and secondly those who have limited water supply from wells in summer, naturally grow *Kharif* crop. It is sown in July and is ready by September.

The total area under potato in this taluka during 1956-57 was estimated at 4825 acres of which the societies in the area had covered about 2900 acres. It is seen, therefore, that the societies had yet to cover 40% of the total acreages under potato crop.

Against this background, it is proposed to deal with the working of the potato finance in relation to basic factors of crop finance as enunciated by the District Bank as early as in 1950.—It must be stated here in this connection that the Poona Central Co-operative Bank Ltd., was among the first to embark on the policy of crop finance in Bombay State.

8. PREPARATION OF NORMAL CREDIT STATEMENTS:

The N. C. Statement was as usual prepared by the Secretary and placed before the Managing Committee of the Society for approval. After it was recommended by the Managing Committee the N.C. Statement was sent to the Bank Inspector through the Supervising Union. The Bank Inspector after usual scrutiny had to send it to the Head Office at Poona through the Senior Inspector where it was scrutinised by the Officer-in-Charge, Agricultural Section (Assistant Manager for Agriculture), and placed before the Board.

The time-lag required in the process appears to be nearly a month. This can be seen from the following

table re: the submission of the N. C. Statement for the year 1957-58.

	By Sty.	By Sup. Union	By Ins- pector	By Senior Inspector	H. O. sanction
Dated	22-9-1957	30-9-1957	18-10-1957	19-10-1957	25-10-1957

It was understood that usually not more than one month was taken for the final sanction of the N. C. Statements unless there was a delay at the supervising union level.

9. VERIFICATION OF CROPS:

Till 1953-54, the Bank had no field staff for verification of crops. There was only one Inspector who was in charge of 30 to 40 societies. In 1954, a fieldman was appointed and the Inspector was made Inspector-cum-Agent. In addition, the post of a Senior Inspector was created for this area. It was reported that the fieldman checked on percentage basis the acreages of members particularly those under potato crop.

From the detailed scrutiny of the N. C. Statement the following facts are noted.

1. Potato grown in leased lands appeared to have been never considered for allowing loans.
2. The loans appeared to have been allowed to the extent of the limit sanctioned by Head Office, irrespective of the total area under potato crop.
3. The Asset-nexus still appeared to be an important and guiding factor in the recommendation of loans to members.

This point is further elaborated by the following few examples selected at random, shown in Table No. 5.

Finance to members

TABLE NO. 5

Case Number	Year	Shares	Acreage under Crop		Finance Demanded	Recommended By			Head Office Sanction
			Under Potato	Total		Society	Supervising Union	Bank Inspector	
1.	2.	3.	4.		5.	6.			7.
		Rs.	A. G.	A. G.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1952-1953	255	7-20	45-0	3,000	3,000	2,500	2,500	2,500
	1953-1954	610	7-20	45-0	3,000	3,000	2,750	4,125	4,125
	1954-1955	1,090	13-30	45-0	8,250	8,250	8,250	6,750	6,750
	1955-1956	1,885	20-0	45-0	12,000	12,000	8,250	8,250	8,250
	1956-1957	2,505	12-20	45-0	10,000	10,000	7,500	7,500	7,500
2	1952-1953	65	2-20	15-0	1,000	1,000	600	600	600
	1953-1954	165	3-05	15-0	1,250	1,250	1,250	1,050	1,050
	1954-1955	280	4-15	15-0	2,625	2,625	1,800	1,275	1,275
	1955-1956	410	3-30	15-0	2,250	2,250	1,500	1,500	1,500
	1956-1957	580	3-05	15-0	1,875	1,875	1,875	1,875	1,875
3	1952-1953	85	1-35	7-20	750	750	750	750	750
	1953-1954	165	2-20	7-20	1,000	1,000	1,000	1,500	1,500
	1954-1955	250	2-20	7-20	1,500	1,500	1,500	1,500	1,500
	1955-1956	350	3-5	7-20	1,825	1,825	1,500	1,500	1,500
	1956-1957	485	3-5	7-20	1,875	1,875	1,500	1,500	1,500

TABLE NO. 5 (Continued)

4	1952-1953	30	1-30	16-0	700	700	280	280	280
	1953-1954	70	2-20	16-0	1,000	1,000	600	600	600
	1954-1955	110	1-35	16-0	1,125	1,125	1,125	600	600
	1955-1956	150	2-20	16-0	1,500	1,500	600	600	600
	1956-1957	260	3-5	16-0	1,875	1,875	1,875	1,200	1,200*
5	1952-1953	105	N.A.	N.A.	2,000	2,000	1,750	1,750	1,750
	1953-1954	370	"	"	2,400	2,500	2,375	2,625	2,625
	1954-1955	660	"	"	4,125	4,125	4,125	3,840	3,840
	1955-1956	1,105	"	"	6,000	6,000	6,000	5,250	5,250
	1956-1957	1,715	"	"	7,575	7,575	7,575	6,250	6,250
6	1952-1953	110	4-0	4-0	750	750	300	300	300
	1953-1954	260	4-0	"	1,250	1,250	1,250	1,800	1,800
	1954-1955	385	4-0	"	2,250	2,250	1,800	1,800	1,800
	1955-1956	670	4-0	"	3,000	3,000	3,000	3,000	3,000
	1956-1957	890	4-0	"	3,375	3,375	3,375	3,275	3,275

It may be seen from the Table No. 5 that the members were not allowed loans in relation to the total acreages under potato crop. The argument from the Bank's side is that the limits of individuals are based on the availability of water, their loyalty, etc. The argument appeared to be rather shaky in view of the fact, that many members were found to have sown larger acreages as shown in the N. C. Statement; secondly, there is no reason why the full amount of loans for all the area under potato of the member as shown in the N. C. Statement, could not be sanctioned. In due course the members could be asked to draw upon the loan according to the actual acreages sown. In view of the appointment of the Fieldmen there would be no difficulty in checking the acreages. In the course of discussions with the members it was revealed that members were still labouring under the impression that the finance was given, not on acreage basis, but upon the value of assets, declared in favour of the society. This impression appeared to be correct. In the scrutiny of N. C. Statement it was noticed that the acreages were arbitrarily adjusted by the Inspectors according to the loan amount recommended by the Bank. In fact, under such circumstances there appeared to be no need for ascertaining crop acreages when loan is to be conditioned by assets. It was reported by the Bank officials that in future the finance is likely to be regulated on the crop basis. They further stated that conservatism and cautiousness in the Bank's policy had their roots in the uncertainty of recovery, as linking of credit with marketing is unfortunately the weakest link in the whole credit structure.

10. CUTS IN THE LOAN LIMITS AT DIFFERENT STAGES:

There appeared to be only one cut in the loan limit at the Inspector's level. The recommendations of the Inspectors were generally accepted by the Head Office.

It is really commendable that table cuts either at the Senior Inspector or Head Office level were not resorted to. This can be seen from Table No. 5.

11. SCALE OF FINANCE:

It was stated by the Bank in the replies of the questionnaire issued by the Crop Loan Evaluation Committee that "the scales are fixed on basis of cost of cultivation, manure mixture and other expenses. It is presumed that the cultivator has his own resources to a certain extent."

"The scales are fixed by the Central Financing Agency in consultation with the Department. The scales fixed by the other Central Financing Agencies and the Apex Bank are also taken into consideration."

"The scale of finance is influenced by the limits fixed by the Collector under the B.A.D.R. Act and they have varied in the last three years for money crops like potato and sugarcane."

"For potato cultivation Rs. 600 per acre would be allowed in kind on the basis of eight bags seed and eight bags of manure mixture. Potato seed is to be had from Simla and the mixture through District Purchase and Sale Union."

The scale for potato per acre during the last two years had been raised from Rs. 400 to Rs. 600. Till the year before last, the Bank had introduced a sliding-scale as under:

- | | | |
|----|--|-------------------|
| 1. | Scale for the first five acres under potato at | Rs. 600 per acre. |
| 2. | -do- 6 to 10 acres -do- | Rs. 450 " " |
| 3. | -do- above 10 acres -do- | Rs. 400 " " |

This system which appeared to be quite rational was discontinued since June 1956. In fact, such restriction appeared to be necessary in case of Big Bagaitdars whose resources are large and actual needs are proportionately low.

The scale, as stated above, appeared to have been based on quantity required for seed and manure. On enquiry with the members it was understood that the manures did not include all manures required for the crop. A majority of members were reported to have used compost available from the Poona Municipality. The cost of this was about Rs. 150 per acre. This amount, it was understood, was invariably borrowed from moneylenders at a very exorbitant rate of interest. According to the prevailing practice, 6½ per cent for every Rs. 100 borrowed was reported to have been deducted in the beginning. This system is known as 'Manuti' and the rate of interest generally varied from 24 to 35 per cent, per annum.

Looking to the actual drawings by the members, it appeared that during the last two years, the advances per acre varied between Rs. 400 and Rs. 500, as the cost of potato seed and mixture did not go beyond that. It could have been possible for the Bank to allow compost or farmyard manure within the scale of Rs. 600. This did not seem to have been done at all. Secondly, the finance allowed for *Kharif* crop was far from satisfactory. It was fixed at Rs. 150 per acre which was inadequate. Even after taking into consideration the fact that the seed was available to members from their previous *Rabi* crop, the scale should have been between Rs. 300 and Rs. 400. As a result of this, the members utilised major portion of the sale proceeds of the *Rabi* crop for *Kharif* crop often by defaulting the societies' dues. The Bank, instead of going into the real cause, changed the date of repayment from June to September, with the

sole idea of minimising the amount of defaults. In fact, the loan statements for *Kharif* and *Rabi* potato crops should have been prepared separately as is done in the case of N. C. Statements for sugarcane and the relative loans should have been recovered on harvesting of the two crops separately.

It must, however, be admitted that the Bank has achieved commendable success in allowing loans in kind. The potato from Simla was brought by the District Sale Purchase Union every year on the indents of requirements submitted by members of the societies. On the basis of these indents the Bank sanctioned the loan and the total amount was credited to the accounts of the Sale and Purchase Union. In this way loans absolutely in kind were provided here. Table No. 6 would give an idea of the loan disbursements from 1954-55 to 1956-57. It is evident that advances per borrowing member as well as per acre rose in the three years, indicating the increased scale of finance.

It would appear from Table No. 6 that the Bank as well as the Society advanced all loans in kind. No cash loans were made at all.

There are, however, one or two points which deserve attention. Throughout these three years, the number of members and acreages at all the three stages as seen in the above table showed variations. The total number of members as well as acreages appeared to have decreased considerably at the final stage of drawal by members. The reason, as stated by the Bank officials, was that the loans were recommended to the society, say before December, for all members who submit their requirements, but the disbursements, later on, were conditioned by the repayments of the previous year's dues. At the time of actual distribution of seeds, if the member is found to be in arrears to the society, he was automatically dropped. Thus, the defaulters were automatically excluded.

Advances

TABLE NO. 6

1. Year	Recommendation by the Society					Recommendation by the Bank				Actual Drawings				
	2. Number of members	3. Area under Potato (Acres)	4. Loan in Seeds & mixture (Bags)	5. Total cost (Rs.)	6. Number of members	7. Adjustment of acreages made by the Bank (Acres)	8. Loan in Seeds & Mixture (Bags)	9. Total Cost (Rs.)	10. Number of members	11. Area for which Loan was dis-bursed (Acres)	12. Loan in Seeds & mixture (Bags)	13. Total Cost (Rs.)	14. Barrowing per member (Rs.)	15. Loan per Acre (Rs.)
1954-55	221	397	3181	2,38,575	216	346	2772	2,04,600	190	308	2481	1,34,511	708	437
1955-56	262	491	3929	2,94,675	248	417	3343	2,43,720	216	357	2991	1,83,628	850	514
1956-57	327	621	4972	3,72,900	294	497	3976	2,89,760	294	501	3971	2,56,986	874	513

This appeared to be quite logical. But it was found that even some of the members who, for reasons beyond their control, could not pay their last year's dues, were treated on par with the recalcitrant defaulters. It is, therefore, necessary to go into individual cases before a member was branded as recalcitrant defaulter. Practically no extensions appeared to have been granted to any member during the last 2-3 years.

12. BORROWINGS FROM MONEY-LENDERS:

As already indicated earlier, due to the policy of not allowing loans for all the area under potato as also due to the practice of allowing manure in part, members appeared to have resorted to outside borrowing.

13. AGRICULTURAL FINANCE:

Figures given in Table No. 7 show the finance allowed by the society for potato crop.

TABLE NO 7

Year	Borrowing Members (No.)	Total acreages (Acres)	Total Finance allowed (Rs.)	Average per acre (Rs.)
1952-53	154	148	62,487	422
1953-54	198	224	1,11,579	498
1954-55	190	308	1,34,511	437
1955-56	216	357	1,83,628	514
1956-57	294	501	2,56,986	513

From the above figures, it is amply clear that the area under potato increased from 148 acres in 1952-53 to 501 acres in 1956-57. Similarly, the total loan allowed recorded an increase from Rs. 62,487 to Rs. 2,56,986 during the same period. The average loan per acre varied between Rs. 422 and Rs. 514 during the last five years. As stated earlier, although the scale had been fixed at Rs. 600, two years back, the average per acre

was nearly 500; inasmuch as finance was fixed in terms of quantity of seed and quantity of manure, it could not go beyond Rs. 500.

14. FINANCE TO BHUSAR CROPS:

The scale of finance for Bhusar crops was fixed at Rs. 15 per acre for all crops. The scale appeared to be inelastic and inadequate. It was represented by members that unless the scale was raised there was very little chance for the society to attract Bhusar cultivators. They further stated that the cost of cultivation for Bhusar was nearly Rs. 25 per acre for Jirayat and Rs. 50 for Bagait crop. They pointed out that the policy of giving loans in kind could as well be pursued here.

It was reported that the break-up of the cost of cultivation in dry areas, was as under:

Jirayat crop

Seed	Rs. 5
Labour charges ..	Rs. 20 to Rs. 25

Bagait crop:

Seed	Rs. 5
Labour charges ..	Rs. 20
Fertilizers	Rs. 25 to Rs. 50

It was stated by the Bank officials that the scale was fixed at Rs. 15, after taking into consideration the cultivators' own labour and seed.

15. DISBURSEMENT OF LOAN:

Tables Nos. 8 and 9 present the data on advances and recoveries for the society as a whole and for a few individual members which will illustrate how the disbursements and recoveries were effected. In the first place, it must be remembered that the advances for potato were made sometime in December or January.

TABLE NO 8

Advances and Recoveries

Year		July	August	September	October	November	December	January	February	March	April	May	June	Total
		%	%	%	%	%	%	%	%	%	%	%	%	Rs.
1952-53	Advances	—	—	—	35.3	—	62.2	—	—	—	—	—	2.5	64,049
	Recoveries	38	2	1	2	3	—	—	—	—	3	11	40	64,892
1953-54	Advances	—	—	—	40	2.8	0.2	54.9	—	—	—	—	2.1	1,13,868
	Recoveries	30	1	2	19	2	2	2	—	—	—	—	42	74,525
1954-55	Advances	—	—	—	—	40.5	—	56.7	—	—	—	—	2.8	1,35,521
	Recoveries	24	7	2	1	8	—	8	1	—	—	2	47	1,29,067
1955-56	Advances	—	—	—	—	89.5	—	—	—	—	7.8	—	2.7	2,02,118
	Recoveries	15	1	2	4	2	1	1	—	—	16	2	56	2,70,719
1956-57	Advances	—	—	—	—	91.7	—	—	—	6.2	—	—	2.1	3,15,522
	Recoveries	1	1	—	—	—	—	—	—	—	40	—	58	2,69,568

TABLE NO. 9

Advances and Recoveries

(Amount in Rs.)

Case Nos.	Year		July	August	September	October	November	December	January	February	March	April	May	June	Total (Rs.)	
1.	2.		3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	
1	1954-1955	Advances	--	--	--	--	--	5,285	--	--	--	--	--	--	5,285	
		Recoveries	--	--	750	--	--	--	--	--	--	--	--	5,285	6,035	
	1955-1956	Advances	--	--	--	--	--	8,722	--	--	--	--	--	--	--	8,722
		Recoveries	--	--	--	--	--	--	--	--	--	--	--	3,934	3,934	
	1956-1957	Advances	--	--	--	--	--	6,218	--	--	--	--	--	--	--	6,218
		Recoveries	--	4,794	--	--	--	--	--	--	--	--	--	--	244	5,038
	2	1954-1955	Advances	--	--	--	--	--	1,268	--	--	--	--	--	--	1,268
			Recoveries	--	607	--	--	--	500	--	--	--	--	--	--	--
1955-1956		Advances	--	--	--	--	--	1,415	--	--	--	--	--	--	--	1,415
		Recoveries	768	--	--	500	--	--	--	--	--	--	--	--	1,415	2,683
1956-1957		Advances	--	--	--	--	--	1,731	--	--	--	--	--	--	--	1,731
		Recoveries	--	--	--	--	--	--	--	--	--	--	--	--	1,731	1,731

TABLE NO. 9 (Continued)

3	1954-1955	Advances	--	--	--	--	449	--	--	--	--	--	449
		Recoveries	--	--	109	--	320	--	--	--	--	--	429
	1955-1956	Advances	--	--	--	--	422	--	--	--	--	--	422
		Recoveries	--	--	106	--	343	--	--	--	--	--	449
	1956-1957	Advances	--	--	--	--	1,134	--	--	--	--	--	1,134
		Recoveries	422	--	--	--	--	--	--	--	--	--	422
4	1954-1955	Advances	--	--	--	--	3,167	--	--	--	--	--	3,167
		Recoveries	--	--	--	--	--	--	--	--	--	3,167	3,167
	1955-1956	Advances	--	--	--	--	4,881	--	--	--	--	--	4,881
		Recoveries	--	--	--	--	--	--	--	--	--	4,881	4,881
	1956-1957	Advances	--	--	--	--	6,145	--	--	--	--	--	6,145
		Recoveries	--	--	--	--	--	--	--	--	--	6,145	6,145
5	1954-1955	Advances	--	--	--	--	1,381	--	--	--	--	--	1,381
		Recoveries	--	--	--	--	1,745	--	--	--	--	1,381	3,126
	1955-1956	Advances	--	--	--	--	3,109	--	--	--	--	--	3,109
		Recoveries	--	--	--	--	--	--	--	--	--	3,109	3,109
	1956-1957	Advances	--	--	--	--	2,187	--	--	--	--	--	2,187
		Recoveries	--	--	--	--	--	--	--	--	--	2,187	2,187

From the tables Nos. 8 and 9, it was seen that from 1954-55 onwards the advances had been well regulated. During 1955-56 and 1956-57 about 90 per cent of advances were made in November. This can also be verified from the table given for individual members. One point requires special mention here. The practice followed by the Bank in this respect was that the societies were asked to prepare an indent for seeds and manures of their members. On this basis, the amount of loan at the rate of Rs. 600 per acre was sanctioned and the same was immediately transferred to the account of Sale Unions by debiting the society's account.

The seed was brought in December and delivered to members. But the adjustment of accounts by the Sale Union was done after a pretty long time sometimes even after three or four months. The surplus amount remained locked up with the Sale Union for which the society had to pay interest to the Bank. The loss of interest, therefore, was sometimes heavy. This system requires modification. The Bank, as a matter of fact, could allow financial accommodation to Sale Unions for marketing purposes and the Sale Unions could safely undertake this business on the existing system of indents.

Advances in April and June presumably represented loan for bhusar crops.

It should be noted here that advances before 1954-55 were rather lopsided. Only after 1954-55, the advances were regulated on the basis of crop requirements.

16. RECOVERIES:

The due date of recovery for *rabi* potato was fixed at 30th June as the crop is marketed by that time. The major portion of recoveries, therefore, was in June.

The recoveries between June and September did not appear to represent recoveries out of sale proceeds of *rabi* potato. Recoveries between September and November, represented recoveries from sale of *kharif* potato crop. A reference to this aspect of recoveries has already been made earlier and needs no further elaboration here.

17. LINKING OF CREDIT WITH MARKETING:

The distribution of requisites such as seed and manure was quite successful. The sale of potatoes through the marketing organisation was, however, conspicuous by its absence. On enquiries with members it was found that they were not satisfied with the working of the District Sale and Purchase Union. In the first place the sale organisation of the Union was weak and there was no trained staff. Secondly, the attitude as reported was not very helpful to the members of the society. Thirdly, the prices obtained in the Sale Union often compared unfavourably with those in the private Adat Shops. It was argued on behalf of the Sale Union that they had to face a keen competition from commission-agents who are capable of using any means, fair or foul, to hamper the activities of the Sale Union.

Further, the management of the Sale Union, it was reported, was not free from internal faction which affected adversely its working. Even the Bank took no interest and assumed the role of a passive onlooker.

As the arrangements made for sales by the District Union were considered to have been unsatisfactory, the members from the taluka had activated their Taluka Sale Union and last year seed and manure were supplied by Taluka Sale Union to this society.

18. OVERDUES:

The position of overdues is summarised in the following Table:

TABLE NO. 10

Overdues

Size of Overdues. (Rs.)	No. of Mem- bers.	Overdues. (Rs.)	Below 1 Year.		1 - 2 Years.		2 - 3 Years.		3 - 4 Years.		4 - 5 Years.		Above 5 years.	P. C. to total. Overdues
			Members.	Amount. (Rs.)	Members.	Amount. (Rs.)	Members.	Amount. (Rs.)	Members.	Amount. (Rs.)	Members.	Amount. (Rs.)		
Below 50	2	64	—	—	1	50	1	14	—	—	—	—	—	—
51	100	273	—	—	2	173	1	100	—	—	—	—	—	2
101	300	4622	16	3,083	2	452	4	781	2	306	—	—	—	16
301	500	4590	7	2,734	4	1,547	1	309	—	—	—	—	—	15
501	1000	8755	5	4,209	3	1,665	3	2,222	1	659	—	—	—	30
1001	3000	10624	5	6,637	2	3,987	—	—	—	—	—	—	—	37
	60	28928	33	16,663	14	7,874	10	3,426	3	965	—	—	—	100

It would appear from the Table that during 1955-56 the number of defaulters was 60 and the total amount involved in default was nearly Rs. 29,000. Of these, 13 members had defaulted for over two years a total amount of nearly Rs. 4,400, 33 members were defaulters for less than one year and the remaining 14 for between one and two years.

The reasons for default had to be found out, without which any interpretation of overdue amount would not be possible.

Causes.	Number of defaulters.	Amount defaulted.
Recalcitrant Defaulters	33	Rs. 16,664/-
Non-Co-operation from the Co-operation and Revenue Department (e.g. difficulty in obtaining certificate under section 59-B or the delay in execution of the certificate) ..	27	Rs. 12,265/-

It is evident that more than 50 per cent of the amount was defaulted by recalcitrant defaulters. It was, therefore, not a good sign and speaks of the society's management. The next important reason appears to be the in-ordinate delay caused by the Co-operative and Revenue Departments in taking action against these defaulters. This can be seen from the following figures:

Total number of defaulters against whom action is taken.	Amount involved. Rs.	Of which cases pending with the Coop. Department.		With Revenue Dept.	
		Number	Amount Rs.	Number	Amount Rs.
27	12,265/-	6	1,771/-	21	9,474/-

It would be interesting to find out who were really responsible for the large amount of overdues. The following figures broadly indicate the general trend:

	Number.	Amount. (Rs.)	% to total.
Below Rs. 50	2	64	—
„ 50 - 100	3	273	2%
„ 100 - 300	24	4,622	16%
„ 300 - 500	12	4,590	15%
„ 500 - 1000	12	8,755	30%
„ 1000 - 3000	7	10,624	37%
	<hr/> 60	<hr/> 28,928	<hr/> 100%

From this it is seen that members borrowing loans between Rs. 500 and Rs. 1,000 were responsible for 30 per cent of the overdues and those between Rs. 1,000 and Rs. 3,000 for 37 per cent. Members with loans below Rs. 100 had only 2% overdues.

19. INTERMEDIATE TERM LOAN:

No intermediate term loans were granted to the society. From enquiries with members it was understood that intermediate term loans for oil-engines and bullocks were in great demand. The Bank insisted on security in terms of assets valued at six times the loan advanced, in addition to the conditions given as under:

1. The Society should be in 'A' or 'B' class.
2. It should not have any overdues with the Bank.
3. The member who asked for loan should not be in arrears with the society.
4. Total arrears with the members should not exceed 25 per cent.

This would have a dampening effect on the demand of Intermediate Term Loans, as very few persons would then be eligible for such loans. The loans for cattle

were also in great demand. It was noticed that members purchased bullocks sometime in December or January and sold after June or July. They said that this was often profitable as the member is saved from expenses required to maintain cattle in monsoon season when there is practically no work. As regards small cultivators, it was reported that there was an 'Irjik' system prevalent in this part whereby a small cultivator offers his own labour to other cultivator who in return lends his bullocks for cultivation work. It is reciprocal. The system was reported to have worked well and small as well as medium cultivators profited by mutual and reciprocal aid among themselves. The average cost per pair of bullocks was between Rs. 600 to Rs. 800.

20. INDIVIDUAL BORROWING LIMIT FOR POTATO CULTIVATORS:

Under Bye-Law 54, no member could take short term loan exceeding Rs. 7,500 or 100 bags of seed for a total acreage not exceeding 12 A.-14 G. This limit was not exceeded by any of the members.

21. MANAGEMENT:

The Managing Committee is elected every year in the general meeting which elects its Chairman from amongst the elected members. The present Managing Committee stayed in power for the last three years. The society has a full time Secretary.

W. C. Shrishrimal

(5)

THE SHRIRAMPUR TALUKA BIG BAGAITDAR CO-OPERATIVE M. P. SOCIETY LTD.,

(TALUKA: SHRIRAMPUR, DIST. AHMEDNAGAR)

1. GENERAL:

The society was the first of its kind that was organised in this tract in the area of operation of the Bombay State Co-operative Bank Ltd. The prime object was to bring into the co-operative fold a section of Bagaitdars whose needs were substantially higher than of an average agriculturist. The society was registered on 4th August 1949 with 18 members, initially contributing the total share capital of Rs. 34,150. Its area of operation was the whole of taluka. The eligibility for the membership was fixed on having a minimum land of 10 acres under cane and/or fruit gardening. The society had started its own *Adat* Shop from the very beginning to provide necessary finance in kind as and when required, as also with a view to supervise the agricultural operations of the individual members through the field staff, maintained by the society, and to effect timely recoveries from the produce sold through the shop.

Another feature of the society was in respect of individual loans. According to the Bye-Law No. 54 the individual loan limit was kept at Rs. 20,000 with a proviso that it could be raised to Rs. 40,000 with the approval of the Supervising Union and the Financing Agency. Any excess over this was allowed only with the approval of Financing Agency and the Department jointly and the entire responsibility of the amount given in excess of the permissible bye-law limit was thrown on the members of the Managing Committee, personally.

2. FINANCIAL STRUCTURE:

The table No. 1 on page 82 shows financial position of the society.

From the table, it can be seen that the financial position and the working of the society was satisfactory. The membership had practically remained constant. It was informed that additional members were not admitted on the pretext that the society should not become unwieldy and its business unmanageable. This reasoning appears to be rather unconvincing. It was alleged that the admission of the membership was based more or less on communal considerations.

3. MEMBERSHIP:

The membership during the last 8 years had increased from 18 in 1949-50 to 35 in 1956-57. Out of the 35 members, 28 belonged to the Mali Community who are considered as good and progressive agriculturists. All of them have migrated from Saswad, in Poona District.

4. SHARE CAPITAL:

The society was registered with a share capital of Rs. 34,150 which was subsequently increased to Rs. 1,66,400 as can be seen from Table No. 1 given on page 82.

The Bye-Law No. 14 to be read along with Bye-Law No. 16 of the society, had placed restriction on individual share holdings according to which the share holdings of individual members were required to, be $\frac{1}{8}$ th of their loans or not more than Rs. 10,000 each whichever is higher. In view of this restriction, the society had stopped collecting share capital from those members who had reached this share-holding limit.

TABLE NO. 1

(Rs. in lakhs)

Year	Audit Class	Members		Share Capital Rs.	Reserve Fund Rs.	Other Funds Rs.	Total owned funds Rs.	Deposits Rs.	Loans to members Rs.	Working Capital Rs.
		Borrowing	Non-Borrowing							
1952-53	A	28	9	1.33	0.25	0.17	1.75	0.08	5.22	7.28
1953-54	B	24	10	1.37	0.39	0.23	1.99	0.18	5.28	8.16
1954-55	B	26	9	1.53	0.52	0.27	2.32	0.01	5.43	7.99
1955-56	B	26	8	1.64	0.64	0.31	2.59	0.01	4.16	7.90
1956-57	B	20	15	1.66	0.72	0.33	0.73	0.01	3.54	7.40

In addition to the share collection, the society had introduced a system of collecting deposits in the year 1952-53 at the rate of 2 to 4 annas per jaggery lump, provided, the market rate of Jaggery was Rs. 14 per *Bengali Maund* or above. The Bank had agreed to give $\frac{1}{2}\%$ interest more than the usual rate of interest allowed (i.e. 2%) on Savings Bank Account. These deposits were expected to be utilised in the case of unforeseen calamities such as fall in prices, famine, low yield on account of crop diseases, etc. During the year 1953-54, deposits collected amounted to Rs. 18,116. But in the following year all the deposits were withdrawn and invested in the purchase of the shares of the proposed co-operative sugar factories with the permission of the Bank. The system was however discontinued, in subsequent years.

5. BORROWINGS FROM THE BANK:

The following figures indicate the finance made available by the Bank to the society during the period between 1952-57:

TABLE NO. 2

Year.	Limits sanctioned. Rs.	Drawings Rs.	Percentages of loans to Work- ing Capital.
1.	2.	3.	4.
1952-53	4,25,000	4,21,000	58%
1953-54	4,60,000	4,75,000	57%
1954-55	4,50,000	4,50,000	56%
1955-56	5,00,000	5,00,000	63%
1956-57	4,50,000	4,50,000	60%

From the above table, it can be seen that the borrowings from the Bank by the Society had increased from Rs. 4.21 lakhs in 1952-53 to Rs. 4.50 lakhs in 1956-57.

The increase in the owned capital of the society from Rs. 1.75 lakhs to Rs. 2.72 lakhs and simultaneous decrease in its loaning to the members from Rs. 5.90 lakhs to Rs. 3.20 lakhs (Table No. 3) during 1952-53 to 1956-57 were expected to reduce the borrowings from the Bank. However, it could not be materialised as a large amount of Rs. 2.08 lakhs was locked up in overdues with 9 members.

6. AGRICULTURAL LOANS:

During the first year of its existence, the society was sanctioned Cash Credit of Rs. 4,75,000 by the Apex Bank. Instead of sanctioning agricultural loans the society had allowed Cash Credits to its members, on the basis of cane acreages. The system was discontinued after 3 years as it was found that it was not working in the interest of the members. During this period excessive amounts were advanced to some of the members. No proper check also was maintained on the judicious use of loans and their recoveries. The total supply of agricultural requisites to the members during the year 1949-50 was worth Rs. 2,40,000 i.e. roughly 50% of the sanctioned loan limits to the members. In the first year, 7 members were allowed loans in excess of Rs. 40,000.

Agricultural loans sanctioned to the members by the society from 1952-53 to 1957-58 were as under:

TABLE NO. 3

Year. 1.	Cane Acres. 2.		Fruit Acres. 3.		Bhusar Acres 4.		Limits sanctioned. 5. (Rs.)	Drawings made. 6. (Rs.)
	A.	G.	A.	G.	A.	G.		
1952-53	783	- 00	225	- 20	1519	- 00	5,91,000	5,90,000
1953-54	756	- 20	254	- 06	1290	- 00	5,88,000	5,85,000
1954-55	820	- 20	117	- 00	1412	- 00	5,39,500	5,30,500
1955-56	851	- 20	107	- 00	1100	- 00	4,87,500	4,50,400
1956-57	606	- 20	79	- 00	1162	- 00	3,23,100	3,20,000

7. DISBURSEMENT OF LOANS:

The society, as already stated, attempted to regulate its finance to the members on the crop loan basis. Loans in the form of manures and other agricultural requisites were allowed to the members only, as and when required. The following table indicates disbursement of finance in kind and in cash during 1952-53 to 1956-57:

TABLE NO. 4

Year.	No. of Borrowers	Total Advances	Out of which			Percentage of Cash to total.
			In kind Oil Cake etc.	In Cash	For Factory shares.	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	%
1952-53	25	5,21,600	2,34,300	2,87,300	—	55%
1953-54	24	5,27,900	2,45,700	2,57,200	25,000	48%
1954-55	26	5,42,500	1,82,100	2,53,150	1,07,250	46%
1955-56	26	4,15,900	1,91,500	1,88,000	36,400	42%
1956-57	20	3,54,300	1,95,600	1,53,700	5,000	43%

It can be clearly seen, that in spite of the definite policy of not allowing more than Rs. 150 per acre in cash, i.e. about 15 to 20% of the loan limits at the time of cultivating and *Khandani* operations for *Adsali* and *Khodwa* cane, the proportion of cash to the total drawings by members was nearly 45%. In the beginning, the proportion of cash to the total disbursement of loans was even as high as 55% which subsequently reduced to 42% in 1955-56. It was reported that during the first 3 to 4 years, the control was entirely in the hands of the Chairman and the Managing Committee. After 1954, the Managing Committee was reshuffled and the Bank officials began to exercise a greater control. As a result, the proportion of loans in cash to kind was reduced. It was also explained that in some cases higher propor-

TABLE NO. 5

Variations in the Loan Limits

Case No.	Sugar Cane Acreage						Loan Limit	Average per Acre	per Acre Yield	Remarks			
	Canal		Lift		Total								
	A.	G.	A.	G.	A.	G.							
Year 1952-53:							Rs.	Rs.	Tons				
1.	44	—	28	—	72	—	50,000	700	N.A.	No sales	thro	Sty.	
2.	25	—	23	—	48	—	45,000	919	36	50% sale	"	"	
3.	15	—	23	—	38	—	35,000	800	47	100%	"	"	"
					*18	—							
4.	—	—	23	—	23	—	19,500	847	28	"	"	"	"
5.	13	20	12	20	26	—	19,000	960	23	"	"	"	"
					* 3	—							
6.	20	—	11	20	31	20	20,000	909	17	50	"	"	"
					*19	—							
7.	—	—	18	—	18	—	8,000	445	32	100%	"	"	"
8.	33	—	—	—	33	—	20,000	606	40	"	"	"	"
9.	15	—	15	—	30	—	8,000	270	40	"	"	"	"
10.	4	20	6	20	11	—	4,500	425	28	"	"	"	"

TABLE NO. 5 (Continued)

Year 1956-57:										
1.	—	—	—	—	—	—	—	—	—	No borrowings.
2.	13	—	30	—	43	—	38,000	900	36	100% sale thro' Sty.
3.	15	—	11	—	26	—	+35,000	1100	35	" " " "
					*11	—				
4.	—	—	23	—	23	—	@21,500	900	42	" " " "
5.	8	—	—	—	8	—	12,000	1500	26	Defaulted sales thro' outside
					* 3	—				
6.	14	—	8	—	22	—	19,000	864	N.A.	-do- -do-
7.	—	—	17	—	17	—	11,000	647	30	100% sale thro' Sty.
8.	33	—	—	—	33	—	20,000	606	43	" " " "
9.	9	—	9	—	18	—	19,000	1055	N.A.	Sales thro' outside Agency
10.	4	20	7	20	12	—	7,600	660	28	100% sale thro' Sty.

* Acreage under Fruit Garden.

+ Rs. 19,000 Fresh advances.
 „ 9,000 Extension to old loan.
 „ 7,000 Loan for fruit garden.
 @ „ 1,500 For shares.

tion of cash was due to the fact that, cash loans were required to be allowed for *Bhusar* crops and fruit gardens. This proportion also varied from member to member. There was thus, no definite policy that was followed, while advancing loans.

8. VARIATIONS IN THE LOAN LIMITS:

From the detailed study of individual members, it was also observed that even among the Big Bagaitdars there were variations in the loan limit per acre allowed to individuals, which could not be properly accounted for. The table No. 5 on page 86 would make the position clear:

The detail scrutiny of the individual members further revealed that the average yield of cane per acre belonging to members varied between 35 and 45 tons with a maximum of 43 and a minimum of 26 tons during 1956-57. It was not a very encouraging picture, as the original idea behind the organisation of such type of societies was that, these big agriculturists, if provided with proper and adequate facilities, could secure a better yield and it would also set a good example to other cultivators, in the taluka. This expectation did not appear to have been very much fulfilled.

9. ADEQUACY OF FINANCE:

One thing was, however, clear that the members were materially benefited, after coming in the co-operative fold. They were freed from the clutches of the money-lenders, who were charging exorbitant rates of interest ranging from 12% to 25% per annum. They were also in a position to invest large amounts in shares, in lands, in oil-engines and agricultural machinery. The following data collected from 12 members indicate the improvement in their economic status since they had joined the society.

TABLE NO. 6

Number of Members.	Investment in shares.		Investment in			Repay-ment of old debts
	So- ciety.	Fac- tories.	Pur- chase of lands.	En- gines.	Build- ing.	
	2	3	4	5	6		7
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
12	84,500	97,050	55,000	72,000	10,000	27,000

It may be noted that the total investments in the share capital of the society and of the Co-operative Sugar Factories by all the members were to the extent of Rs. 1.66 lakhs and Rs. 1.83 lakhs respectively.

10. MARKETING:

As already referred, the society was conducting its own Adat Shop. The details of its working are given in tables No. 7 and 8.

TABLE NO. 7

Supplies

Year.	Supply of		Value. Rs.
	Oilcake & Manures. (Bags)	Chemical Fertilisers (Bags)	
1	2	3	4
1952-53	16,022	879	2,80,423
1953-54	17,734	4,016	4,39,400
1954-55	15,414	6,964	4,09,560
1955-56	14,067	5,282	3,48,146
1956-57	12,598	5,004	3,63,508

The figures are quite illustrative. So far as the jaggery was concerned, the society had been in a position to pool substantial portion of jaggery belonging

TABLE NO. 8

Sales

Year.	Sales of Gur.		Bhusar		Cotton	
	Lumps.	Sales Proceeds	Bags.	Value.	B. Mds.	Value.
		Rs.		Rs.		Rs.
1	2	3	4	5	6	7
1952-53	94,527	9,39,634	—	—	—	—
1953-54	95,416	9,54,200	1,471	48,436	68	3,400
1954-55	1,62,246	10,57,110	3,070	51,313	450	22,100
1955-56	1,22,594	8,56,475	1,081	27,214	1,170	46,308
1956-57	74,489	6,59,331	487	15,786	1,550	62,360

to the members. As regards the *Bhusar* crops, a beginning was made in 1953-54. The members were persuaded to sell their *Bhusar* crops through the society. The working of the sale shops and the services rendered by them to the members were satisfactory. The rate per *Bengali maund* they could get for jaggery compared favourably with the market rates. This can be seen from the following table:

TABLE NO. 9

Year.	Rates in the market.			Rates received by the Society		
	Maximum	Minimum.	Average.	Maximum.	Minimum.	Average.
1	2	3	4	5	6	7
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1952-53	23 2 0	13 4 0	7 8 0	23 4 0	13 0 0	9 0 0
1953-54	27 8 0	20 0 0	15 0 0	24 3 0	17 8 0	14 15 0
1954-55	21 7 0	8 10 0	6 9 0	21 0 0	8 10 0	7 10 0
1955-56	15 6 0	11 1 0	6 8 0	15 4 0	11 8 0	8 14 0
1956-57	17 13 0	13 6 0	8 0 0	17 5 0	11 10 0	9 5 0

A reference may be made here to the question of averaging of prices. The society had not introduced the system of averaging the prices both for jaggery sales and oil-cake supplied to the members. Averaging the

price of jaggery was difficult as there was nothing like 'standard quality'. However, in case of oil-cake supplied to the members, it was possible for the society to introduce the system of averaging the prices. It was a known fact that the prices of oil-cake are subject to large variations and, therefore, the members who were financially well off could take the advantage of buying all their requirements, during the time when prices were favourable and others had to suffer because they had to pay high prices for purchase of oil-cakes.

11. POSITION OF OVERDUES:

As already mentioned earlier, the overdues amounted to Rs. 2,08,000 with nine members. These members had sold their produce outside and did not pay the dues of societies. The society had taken action against the defaulters.

As regards the effectiveness of Recovery Certificates, the experience of the society was bitter. In the year 1954-55, the society had applied for Recovery Certificates against 2 defaulters with whom overdues were to the extent of Rs. 1,10,000. These certificates were obtained in the month of October 1954 when the crop was ready. They were sent for execution to the Revenue Department by the Assistant Registrar in the same month. It was reported that they were not executed by the village officers at all, for the reasons better known to them.

12. MANAGEMENT:

The Managing Committee of the Society consisted of 7 members, including the Chairman. The Chairman was elected by the Managing Committee. Three members were continued on the Managing Committee from the very beginning, while two served for a period of 3 years each and one for 2 years. The first Chairman

was continued till 1953-54 i.e. for 5 years when the general body adopted the policy that the Chairman should not continue for more than one year.

The society had a staff of seven persons of which the Manager was a lent hand from the Apex Bank. Besides the Manager, the staff consisted of one Salesman, one Fieldman and four Clerks. The crop history of the individual member was maintained by the society. The crops were inspected by the Fieldman who used to report regarding the conditions of the crops and requirements necessary for the growth. He also had to supervise *Gurhal* (crushing) operations of the members. The Managing Committee had evinced a keen interest in the individual members particularly in 'weak' cases. They were visiting the fields once or twice a year for the inspection of the crops, belonging to the members.

In spite of all this, it was seen from the records that necessary control over the fixation of loan limits to individuals and the disbursement according to the policy was not strictly exercised. It was also observed that some of the prominent members, particularly from the Managing Committee, did not strictly observe the rules and regulations of the society. There was a case of a prominent member who was allowed loan of Rs. 75,000 but he had not sold his produce through the society's shop. Such cases were bound to have an adverse effect on the other members. It can be seen from Table No. 5 that some of the members continued to sell the produce through outside agency till 1954-55. It was also seen that some of the members had made misuse of the loans. As a result, the society was landed in difficulties and the overdues with the members rose to the extent of Rs. 2,08,000 of which Rs. 1,10,000 were locked up with two members only.

It may be noted that the management did not

immediately take any action such as removing the defaulting members from the Managing Committee. Till 1953-54, three members of the Managing Committee were defaulters. They were removed afterwards, under the pressure of the Bank.

W. C. Shrishrimal

(6)

**THE UNDIRGAON VILLAGE CO-OPERATIVE M. P.
SOCIETY UNLTD.**

(TALUKA: SHRIRAMPUR, DIST. AHMEDNAGAR)

1. GENERAL:

Undirgaon is a fairly big village. It is situated at a distance of about 7 miles from Shrirampur, connected by an all-weather metal road.

The society had in its area of operation two villages viz. Undirgaon and Malewadi. The total population of these villages was 4100. The agricultural families were 532 in both the villages, of which 514 were owner cultivators and 18 tenant cultivators. The total cultivable area was 6215 acres, of which nearly $\frac{1}{4}$ th was in the possession of the Belapur Sugar Company. The total area under sugarcane in both the villages was about 336 acres.

The society had on its roll 133 members of which 84 were cane growers, cultivating 175 acres of sugarcane. It indicates that 25% of the families were covered by the society. The reason, why the society did not cover 75% of the agriculturists, was not far to seek. The society was started mainly for financing cane-crop and therefore, it did not encourage the small cultivators growing only Bhusar crops to become members. In so far as the area under cane was concerned, the society had practically covered all the cane-growers. Out of 336 acres under cane in the villages, 175 acres belonged to the members of the society and the remaining were cultivated by the Belapur Sugar Company. Out of the 18 tenant cultivators, 7 had joined the society and they were allowed crop finance against two personal sureties.

TABLE NO. 1

1	2	No. of Members.		5	6	7	8	Advances to Members.					14	Overdues.	
		3	4					9	10	11	12	13		15	16
Year.	Audit Class.	Borrowing	Total.	Share Capital.	Reserve & Other Funds.	Deposits.	Bank's Dues.	Short Term.	Adsali.	Int. Term.	Crop.	Total.	Working Capital.	Number.	Amount.
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
30-6-1953	B	86	104	25,680	1,476	2,790	42,859	71,972	—	—	2,400	74,372	74,581	21	2,051
30-6-1954	A	87	107	32,635	2,081	3,173	56,580	95,157	—	—	1,800	96,957	97,419	32	27,727
30-6-1955	A	97	115	38,240	2,902	3,173	70,560	103,482	9,750	2,600	—	115,832	119,906	20	24,311
30-6-1956	A	103	125	46,125	4,127	3,173	73,410	118,665	8,330	3,675	—	130,670	133,350	32	52,272
30-6-1957	B	110	133	53,125	6,064	3,178	83,703	136,240	9,331	9,425	—	154,996	159,529	33	33,219

2. FINANCIAL STRUCTURE:

The Undirgaon Village Co-operative M. P. Society Unltd. was registered in the year 1948. It is in the area of operation of the Bombay State Co-operative Bank Ltd. The table No. 1 on page 95 gives the financial structure and working of the society:

From the table it can be seen that the financial position of the society was satisfactory. In recent years the outside borrowing had increased appreciably, on account of the policy followed by the Bank to provide adequate finance. The percentage of outside borrowings to its working capital was about 53% and of overdues with members was about 22% of the total advances made to the members.

3. MEMBERSHIP:

The total membership of the society was 133 in 1956-57 as compared to 104 in 1952-53. The increase in membership was due to the enrolment of new members mainly growing the foodgrain crops. The following table gives the details:

TABLE NO. 2

Year.	Number of Members.		Land under cultivation.		
	Total.	Cane Growers.	Sugar Cane. (Acres)	Other Crops. (Acres)	Total Acres.
1	2	3	4	5	6
1952-53	104	58	179	1377	1556
1953-54	107	62	167	1427	1594
1954-55	115	64	200	1348	1548
1955-56	125	72	217	1377	1594
1956-57	133	84	175	1610	1785

4. SHARE CAPITAL:

As can be seen from Table No. 1, the share capital of the society had increased from Rs. 25,680 in 1953

to Rs. 53,125 in 1957. The increase during the last 5 years was more than double. The increase in the share capital was on account of the compulsory deduction at 10% of the loans advanced every year to their members. The Apex Bank's policy in this respect, however, was reflected in the following condition, which was laid down while sanctioning the maximum credit.

“The share amount should be collected at 10% of the fresh advances to be allowed to the members and the amount collected from the members holding shares with more than 30% of the limits sanctioned to them should be treated as Fixed Deposits and placed with the Bank in the Special Savings Bank Deposit Account.”

But this condition appeared to have been observed in breach and the society continued collecting share capital at 10% of the borrowings, irrespective of the members' total share-holdings with the society. This had an adverse effect particularly on members cultivating *Bhusar* Crops, whose share holdings inflated without keeping any relation with the total outstandings of the members.

The society had collected deposits from the members to the extent of Rs. 3,178. The progress in this direction after 1954 was negligible. Further the society had invested almost all the amount in its business. As a rule, the society should have invested this deposit amount in the Special Savings Bank account with the Bank.

5. AGRICULTURAL FINANCE:

(i) General Background

The main cash crop of the taluka is cane for which the agricultural finance is provided by the Bank. The total area under cane is about 25,500 acres of which nearly 8,600 acres are covered by the members of the

Co-operative societies. The total finance allowed for cane in the taluka during 1955-56 was nearly Rs. 35.16 lakhs of which 61% was allowed in cash. The recoveries to the extent of 81% were through cooperative sale organisations.

The irrigated land in this taluka admeasures about 57,500 acres of which nearly 25,500 are irrigated by left Bank canal of Pravara and the remaining by wells. This brings out the fact that a well is still an important source of irrigation.

A reference to the unit of cane cultivation may not be out of place here. In the year 1954-55 the figures of the size of unit of cane cultivation were worked out for Kopergaon and Shrirampur talukas which are adjoining each other. The data was collected from the members of the Co-operative societies. The following table gives the details:

Holdings (Acres)	members to total No. of Percentage of mem-	acres to total Percentage of acres.
Size 1 to 3	70%	35%
„ 4 to 7	16%	22%
„ 8 to 10	9%	14%
„ 11 to 15	3%	12%
„ above 15	2%	17%
Total	3771	13500 Acres

The above table indicates the character and nature of sugarcane cultivation in the irrigated area. The members who possessed less than 3 acres of cane were 70% of the total number of members in the irrigated areas of Shrirampur and Kopergaon talukas. The number of members having cane-acreages over 10 acres was very small and did not represent more than 5% of the total number of members. It is further seen that 5% of the members in the upper strata i.e. holding cane-acreages above 10, possessed 30% of the total acreages, whereas 86% of the members in the lower two stratas

having cane acreages between 1 to 7 only possessed 57% of the total land.

(ii) The Types of Sugar-cane:

There are two types of sugarcane grown in the taluka—one is a plant-cane and the other is a ratoon-cane. The period of maturity of cane crop depends upon the variety—whether it is a plant or ratoon and on the availability of water supply. The suru or *Eksali* takes nearly 10 to 12 months to mature whereas in the other variety of the plant crops i.e. *Adsali* it takes about 16 to 18 months for maturity.

Adsali is generally planted between July to September. Plantation of suru is undertaken after January but not later than March. The ratoon crop commonly known as *Khodwa* is taken either on *Adsali* or suru.

The Agricultural operations for different crops have to begin in different months. The requirements of manures also are different for these two varieties of sugar-cane. This can be seen from the following table:—

Manuring operations	Adsali cane	Suru and Khodwa cane
At the time of Plantation	1 bag of sulphate of Ammonia, and 1 bag of Superphosphate (July to September)	1 bag of sulphate (January to March)
1st Dose:	After 40 days of plantation. 6 to 8 bags of oilcakes	After 30 days of plantation 6 to 8 bags oil-cakes
2nd Dose:	After 85 days of plantation 8 to 12 days of oilcakes	After 60 days of plantation. 6 to 8 bags of oil- cakes.
3rd Dose:	After 150 days of plantation 16 to 20 bags of oilcakes.	After 90 days of plantation. 12 to 16 bags of oil cakes.

It is, therefore, clear that the quantity of manure required in the Adsali plantation is between $2\frac{1}{2}$ to 3 tons of oilcakes in addition to other fertilizers, whereas in the suru and *Khodwa* cane it is between 2 to $2\frac{1}{2}$ tons. In Adsali, application of manure is spread over five months whereas in case of suru and *Khodwa* cane it is spread over three months. It is in view of this different quantitative requirements of manures and other fertilizers and the different maturity periods, the scale of finance and the date of repayment had also to be different in case of these two crops. Besides the finance has also to be regulated as per the main agricultural operations.

Till 1953 the Bank did not introduce the system of preparing separate N. C. Statements for the Adsali Cane Crop nor did it introduce higher scale of finance. In short, the Adsali crop was treated on par with the suru and *Khodwa* and finance was allowed after December when, as a matter of fact, main manurial operations involving half the total finance required for the crop were over.

After 1953 the finance required for *Adsali* crop was regulated and for the first time the system of overlapping finance was introduced to cover two manurial requirements of the *Adsali* crop till December and that the amount was later on included in the subsequent main N.C. statement which was prepared for all the crops of the season. The period of repayment of *Adsali* was also fixed as the 31st December, i.e. 15 months from July. In subsequent years the N. C. Statements for *Adsali* were prepared separately.

(iii) The Cost of Cultivation:

The cost of cultivation has to be taken into consideration in any system of agricultural loan for deciding the cash outlay required for any crop. The following

table of the cost of cultivation per acre is worked out for an average cultivator who with average application of manures would be able to produce at least 40 pallas of Jaggery per acre.

Particulars	Amount
Tilling and furrowing	Rs. 40/-
Cane sets—12000	Rs. 75/-
Plantation	Rs. 40/-
Labour charges for application of three dozes manures	Rs. 60/-
Labour charges for watering	Rs. 125/-
Weeding	Rs. 25/-
Water-cess, oil and other expenses for lift irrigation	Rs. 190/-
Total cost of manures (@ Rs. 125 to Rs. 150 per ton of oil cake)	Rs. 345/-
Interest and other expenses	Rs. 100/-
Total cost ..	Rs. 1000/-

The total yield is expected to be 35 to 40 pallas. The cultivator has to bear additional expenses of Rs. 400 for manufacturing Jaggery of 40 pallas i.e. 8 carts load per acre. Thus the total cost amounts to Rs. 1400. In case of *Adsali* the total cost of cultivation would be between Rs. 1200 to Rs. 1400 per acre of cane depending upon the manuring doses and cost of irrigation. The final cost till preparation of jaggery would amount to about Rs. 2000. In that case the yield is expected to be more than 50 to 60 pallas per acre.

If the average price of jaggery is taken at Rs. 15 per maund the gross income derived would amount to Rs. 1800 in case of *suru* and Rs. 2700 in case of *Adsali* which would leave a net surplus of Rs. 400 in the first case and Rs. 800 in the other case.

The cash outlay for *Suru* works out at about Rs. 800 per acre of which Rs. 400 are required to be

given for manures and Rs. 200 each for oil cake and for labour charges respectively. In case of *Adsali* the cost actually would be about Rs. 200 more than *Suru*.

Against this background, the details of the working of the society are given in the following pages particularly in relation to the ingredients of the "crop loan" system which was first introduced in this area in 1951.

6. PREPARATION OF THE N. C. STATEMENTS:

At the time of the preparation of the Normal Credit Statement, demand loan applications were invited from the members with their requirements. From these loan applications the Normal Credit Statement was prepared by the Secretary and placed before the Managing Committee. The Managing Committee generally adhered to the scales recommended in the "Field Workers' Conference" held annually.

The tendency to recommend higher limits without proper assessment of the members' requirements for cultivation purposes appeared to have its root in the working of the agricultural loan system itself. In view of the cuts effected at different stages by the apex Bank the general impression carried by the society was that they should demand higher limits than usually required to counter-balance such cuts.

7. SCALE OF FINANCE:

The following table gives the total finance allowed for cane cultivation during the last 5 years:

In 1950 a beginning was made in this area, introducing "an Integrated Crop Loan System" as innunciated in the policy statement of the Bank. A Field Workers' Conference was held on 24th December 1950 under the Chairmanship of the then Managing Director of the Apex Bank. The Conference recom-

TABLE NO. 3

Year.	No. of Cane Growers.	Cane Acreages.	Amount.	Average. Per Acre	Loan for Factory Shares.	Extension. for old dues.	Total.	
							Amount.	Average. Per Acre
1	2	3	4	5	6	7	8	9
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1952-53	58	179	62,250	346	—	—	62,250	346
1953-54	62	198	68,343	343	—	—	68,343	343
1954-55	63	185	88,050	476	8,700	—	96,750	518
1955-56	48	151	61,200	406	—	18,400	79,600	527
1956-57	43	143	64,450	460	21,850	16,700	103,000	720

mended scales of finance for the different crops. The scale for cane was fixed at Rs. 500 per acre in addition to the expenses required for crushing operations with a minimum of Rs. 50 per acre, but not exceeding Rs. 300 to a member. It was further provided that the scale could be raised to Rs. 600 provided, the average yield was not less than 30 *pallas* per acre and the produce was sold through the Purchase and Sale Union. Accordingly, in view of the recommendations of the Field Workers' Conference, the Bank also appeared to have adopted similar policy in 1951 which stated that "The scale of sugar cane finance should not normally exceed Rs. 600 per acre and may be exceeded upto Rs. 800 if the normal yield is 45 tons per acre and Rs. 1,000 if the yield is 50 tons and the member has sold his produce through a Co-operative Agency. When the member has not sold his produce through a co-operative society or if the produce is less than 30 *pallas*, the scale of finance should not exceed Rs. 500."

However, in 1952 due to a heavy fall in the market rates of Jaggery which ranged between Rs. 7 to Rs. 13 per *Bengali Maund*, the scales were reduced by 25% to 33%. The finance was thus to be regulated on the following basis:

On Canal:

Rs. 100 in cash.

Rs. 400 to Rs. 500 for Oilcake (1½ to 2 Tons).

Rs. 70 for Sulphate.

Rs. 570 to Rs. 670 per acre.

On Well:

Rs. 75 in Cash.

Rs. 250 to Rs. 350 for Oilcake (1 to 1½ tons).

Rs. 35 for Sulphate.

Rs. 360 to Rs. 460 per acre.

During the subsequent years, the scales were raised to Rs. 800, Rs. 700 and Rs. 600 respectively for *Adsali*, *Suru* and *Khodwa* canes, having an average yield of 50, 40 and 35 *pallas* per acre. The lower scales were prescribed in case the yield was below 30 *pallas* per acre. They were Rs. 600, Rs. 500 and Rs. 400 per acre respectively.

In view of this, the society in the year 1952-53 prepared the Normal Credit Statement on the above basis and recommended for its members the loan limits at the scale of Rs. 600 per acre of cane and Rs. 40 and Rs. 20 for irrigated and non-irrigated *Bhusar* (i.e. food grains) crops respectively. The society approved the total demands to the tune of Rs. 1,30,800 against a total cane acreage of 179 and 1400 acres of *Bhusar*. These demands at subsequent stages were reduced to Rs. 70,550. The demands that were approved at the end, were at the average scale of Rs. 350 per acre of cane and Rs. 14 per acre of *Bhusar* for members growing *Bhusar* Crops only. No finance was, therefore, made available to cane-growers for their *Bhusar* crops. The position as it stood in the year 1952-53 was as below:

TABLE NO. 4

Number of members	Acreage under different crops.		Total Finance.	Average scale per acre.
	Sugar Cane.	Bhusar.		
Cane growers				
58	179	818	Rs. 62,250	Rs. 346/-
<i>Bhusar Growers:</i>				
31	—	560	Rs. 8,300	Rs. 14/-

During the same year the type of cane grown by the members and its mode of irrigation were as under:

TABLE NO. 5

Number of Cane Growers.	Adsali (Acres)			Suru-Khodwa (Acres)				Grand Total Acres.
	Canal	Moat	Total	Canal	Moat	Lift	Total	
58	8	4	12	14	153	—	167	179

It can be seen from the above table that out of 179 acres under cane, 22 acres were on canal and 157 on *Moat* driven by bullocks. However, the Scale of Finance allowed to individual members did not have any relations with either the mode of irrigation or the type of cane grown which was cited as one of the reasons for cuts effected by the financing Agency at different levels.

During the subsequent years, although the average scale in the society for cane appeared to have risen from Rs. 346 in 1952-53 to Rs. 720 in 1956-57, actually the net agricultural finance available for cultivation rose from Rs. 346 to Rs. 451 only, during this period. The rise was, therefore, due to the additional loans provided for the purchase of sugar factory shares

and extensions for unrecovered dues allowed during the last two years. As regards the average yield and sale of produce through co-operatives, it appeared from the records that the yield was between 30 to 45 pallas per acre and during the last 3 to 4 years the majority of the members had sold their produce through the Co-operative Agencies.

8. VARIATIONS IN THE SCALE:

Once the scale was fixed no variations were permissible under the policy statement, unless the yield was below normal and the loyalty of the members was questionable. The table No. 6 on page 107 for the year 1952-53 and 1956-57 gives the general indication as regards the variations in the scale:

In the year 1952-53, the average scale had not varied much and remained between Rs. 327 to Rs. 373 per acre for all the three acreage groups. It appears from the figures of 1956-57, that in the lower group with cane holding between 1 to 3 acres, the average scale was Rs. 498 and Rs. 747 inclusive of the amount allowed for extensions and factory shares, as against Rs. 464 and Rs. 767 per acre for the members in the second group having cane acreage between 3 to 7. The discrepancy between the two scales might be due to the fact that in the first group nearly 50% of the cane was *moat*, whereas in the other group about 4% was on *moat*. But the reason did not appear to be convincing. The true picture is revealed from the selected cases of the members, given in table No. 7 on page 108.

From the table No. 7, position of acreages, mode of irrigation, sales through co-operatives and the scales of finance allowed is summarised in the table No. 8 on page 109:

TABLE NO. 6

1952-53:

Size of Cane Farm (Acres)	Cane growing members.	Adsali cane			Suru-Khodwa Cane			Grand Total (Acres)	Approved Demands Rs.	Average per acre Rs.
		Canal (Acres)	Moat (Acres)	Total (Acres)	Canal (Acres)	(Moat) (Acres)	Total (Acres)			
1	2	3	4	5	6.	7.	8.	9.	10.	11.
1 to 3	40	3-00	—	3-00	—	80-30	80-30	83-30	28,150	335
3 to 7	12	—	1-20	1-20	4-00	53-00	57-00	58-20	22,000	373
7 to 10	6	5-00	2-00	7-00	10-00	20-00	30-00	37-00	12,100	327
Total:	58	8-00	8-20	11-20	14-00	153-30	167-30	179-10	62,250	347

1956-57

Size of Cane Farms (Acres)	Cane growing members.	Adsali cane (Acres)	Suru-Khodwa.				Fresh Demands Rs.	Average per acre. Rs.	Extensions Rs.	Factory shares Rs.	Total amount. Rs.	Average per acre Rs.
			Canal (Acres)	Lift (Acres)	Moat (Acres)	Total (Acres)						
1 to 3	30	—	—	31-10	25-10	56-10	27,900	498	5,700	8,250	41,850	747
3 to 7	12	—	—	67-00	2-20	69-20	32,050	464	8,500	12,400	52,950	767
7 to 10	1	2-20	2-20	3-20	—	8-20	4,500	562	2,500	1,200	8,200	1,025
Tota		2-20	2-20	101-30	27-30	134-20	64,450	477	16,700	21,850	1,03,000	763

TABLE NO. 7.

Variations in the scale of Finance

Case No.	Year	Share Capital Rs.	Value of Declared Assets Rs.	Sugarcane Under				Acreages under other crops		Recommendations made by			Approved by Head Office Rs.	Average finance per acre Rs.	Average yield per acre (Pallas)
				Canal		Lift		A.	G.	Society Rs.	Inspector Rs.	Senior Inspector Rs.			
				A.	G.	A.	G.								
1.	1952-53	400	22,100	5	0	4	0	56	0	7,000	4,500	3,600	3,600	400	45
	1956-57	2,180	22,100	5	0	3	20	36	0	10,000	9,000	8,900	8,900	1,047	33
2.	1952-53	180	14,100	—	—	3	0	15	0	1,500	1,400	1,000	1,000	333	40
	1956-57	360	14,100	—	—	2	0	16	0	1,000	900	1,000	1,000	500	50
3.	1952-53	85	800	1	20	—	—	2	20	1,000	500	400	300	200	N.A.
	1956-57	155	800	1	0	—	—	3	0	800	400	400	400	400	40
4.	1952-53	300	8,200	—	—	3	0	6	0	3,500	1,500	1,300	1,100	366	42
	1956-57	925	8,200	—	—	3	0	10	—	3,400	2,500	2,500	2,500	833	36
5.	1952-53	150	2,450	—	—	2	0	11	0	2,300	800	700	700	350	35
	1956-57	455	2,450	—	—	1	20	10	20	1,600	1,990	1,880	1,780	1,186	40

TABLE NO. 8

Sr. No. of Members.	Mode of Irrigation.	Yield (tons)		Sale through Society or Factory.	Average Scale of financ.
		Year	Per Acre		
1	On Lift & Canal	1952-53	45	All	Rs. 400/-
		1956-57	33	All	Rs. 1,047/-
2	On Moat	1952-53	40	All	Rs. 333/-
		1956-57	50	All	Rs. 500/-
3	On Lift	1952-53	—	—	Rs. 200/-
		1956-57	40	All	Rs. 400/-
4	On Lift	1952-53	42	All	Rs. 366/-
		1956-57	36	All	Rs. 833/-
5	On Moat	1952-53	35	All	Rs. 350/-
		1956-57	40	All	Rs. 1,186/-

From this it would be clear that the mode of irrigation, yield and the loyalty of the members were not decisive factors, when the cuts were effected. The scales had varied between Rs. 200 to Rs. 400 per acre during 1952-53, in spite of the fact that the average yield was between 35 to 45 pallas. In the year 1956-57 the variations were between Rs. 400 and Rs. 1,186. Obviously, the increase appeared to be on account of the loans allowed for the purchase of Co-operative Sugar Factory shares and not with any definite policy of allowing adequate finance for the cane crop.

9. VERIFICATION OF CANE ACREAGES:

The cultivated area under cane appeared to have been neither verified regularly by the Inspector of the Bank nor by the members of the Managing Committee of the society. The Bank insisted on the certificate from the Managing Committee of having verified the crop acreages. But this condition had become so superfluous that it had lost all its significance. The certificate had become more or less a matter of routine accompaniment to the demand statement for loans.

It was reported by the Inspectors that due to the absence of verification of crop acreages by any agency

in the past, the acreages to some extent were found to have been inflated. It was also seen that the members had purposely shown inflated cane acreages to avail of more credit as the scale of finance till then allowed was inadequate. This in itself resulted in showing lower yield on account of the total inflated acreages which eventually created a reason for the Bank to reduce the loan limit. The vicious circle thus created was unending. During the last two years, as a result of the test verification of crop acreages of some members by the Bank Inspectors, the tendency to inflate the acreages was to a great extent checked and those who had shown inflated acreages in the past were reported to have reduced them giving correct picture of their holdings. Two of such cases were noticed where the actual acreage was about 20, while in the Normal Credit Statement it was mentioned as 52 acres. It is hoped that with the establishment of Co-operative Sugar Factory, the acreages of the members would be checked by the Agricultural Officer of the Factory.

10. FINANCE FOR BHUSAR CROPS:

As seen from the scrutiny of the Normal Credit Statement, the finance for *Bhusar* was not regulated on the crop-loan basis. Increase in the loan limits generally corresponded with the increase in the share holdings of the members, irrespective of the crop-acreages. In the year 1952-53 the average scale was Rs. 15 as against Rs. 19 per acre for *Bhusar*, in 1956-57.

TABLE NO. 9

Year.	No. of Bhusar growing members.	Total Acreage.	Total limits approved.	Average scale per acre.
1952-53	31	560	Rs. 8,300	Rs. 15/-
1956-57	37	508	Rs. 9,990	Rs. 19/-

The following few cases would indicate the way in which the limits were sanctioned in 1956-57 to members growing Bhusar Crop:

TABLE NO. 10

Case No.	Assets.	Share amount and Deposit. Rs.	Crop Acre-ages.		Permissible limit as per scale. Rs.	Amount sanctioned. Rs.	Average per acre Rs.	
	Rs.		A.	G.				
1	1,900	25	7	0	180	150	21	
2	320	50	6	0	220	100	17	
3	800	158	9	20	235	300	33	
4	9,650	120	38	0	1,000	400	10	
5	5,200	260	10	0	500	500	50	
		14						
6	4,025	340	17	0	550	O/D300	17	
7	5,225	115	29	0	700	400	13	
		8						
8	4,025	210	17	0	550	300	17	
		30						
9	New Member	25	20	0	480	150	7	
10	"	25	6	20	160	100	16	
11	"	1,900	25	7	10	180	150	21

The above table is self-explanatory. As already indicated earlier, the finance given for Bhusar crop was never regulated. Recommendations appeared to have often been made with an eye on members' share holdings and their declared Assets. The increase in limits every year often corresponded with the increase in their share holdings. The society had started collecting deposits from Bhusar cultivators whose share holdings were proportionately high, however it was discontinued after 1955.

11. BANK'S DUES & DUES WITH THE MEMBERS:

(i) Bank's dues with the Society:

From table No. 1, it is evident that the society's

borrowings from the Bank had increased from Rs. 43,000 in 1952-53 to nearly Rs. 84,000 in 1956-57. The increase was obviously due to the increase in quantum of loan allowed to members. The outside borrowing limit of the society was within the prescribed limit under the Bye-Law No. 3, which was fixed at Rs. 1,00,000.

(ii) Dues with the members:

The total dues with the members increased from Rs. 74,000 in 1952-53 to Rs. 1,55,000 in 1956-57, inclusive of Rs. 15,000 allowed as Intermediate Term loans to members. The Bye-Law No. 56 had placed restrictions on the individual borrowings at Rs. 3,500 and the members who required loans in excess of the Bye-Law were allowed special limits by the Bank, on the recommendations of the Supervising Union. During 1956-57 the number of members who were allowed special limits was 9.

As already stated earlier, the average scale per acre of cane had increased during recent years. But the additional amount that was allowed after 1954 onwards was utilised for purchase of shares of Co-operative Sugar Factories. In effect, therefore, the actual amount made available to the members for cultivation purposes was inadequate in view of the increased market rates of oilcake and other fertilisers, as the minimum requirements of manures were not less than Rs. 600 per acre. The members, however, on an average did not get more than Rs. 450 per acre. The only course left for the members was, therefore, to resort to the private money-lenders. Till 1954-55 when the scale of finance was low, many members were reported to have dealings with the 'Adatyas' or money-lenders. A few of such cases are given in the following table for the year 1956-57:

TABLE NO. 11

Case No.	Cane Acreage		Total loans allowed by the society.	Of which deducted for			Net amount available for raising crops.	Outside borrowings.
	A.	G.		Society's share.	Factory shares.	Extensions for the previous dues.		
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	4	0	3,450	150	500	2,000	800	2,000
2	7	0	5,000	400	1,000	—	3,600	3,000
3	1	0	600	60	—	—	540	400
4	8	20	7,000	400	500	2,500	3,600	2,000
5	1	20	600	60	—	—	540	500
6	5	20	2,800	250	300	—	2,250	2,000

From the above table it can be seen that the amount that was available for cultivation purposes after providing for share capital of the Society and the Co-operative Sugar Factory and extensions for the previous dues was so small that the members were left with no other alternative but to go to the money-lenders. For example, in the first case the amount left at the end for cultivation after various deductions was only Rs. 200 per acre of sugarcane. It was thus a paradox. On one hand the volume of credit appeared to have swollen; on the other hand the net amount that was left with the agriculturists at the end, had actually diminished.

12. DISBURSEMENT OF LOANS AND RECOVERIES:

The tables No. 12 and 13 on pp. 114 and 115 given in percentages roughly, indicate the trend of disbursement of loans from month to month:

The main types of the cane crop in the village are Suru and Khodwa. In case of Suru 25% to 30% of the loan is utilised in the month of December or January at the time of plantation. After a month another dose

TABLE NO. 12

Advances and Recoveries (Suru and Khodwa Crop)

Year	July	August	September	October	November	December	January	February	March	April	May	June	Total
	%	%	%	%	%	%	%	%	%	%	%	%	Rs.
1952-53—													
Advances:	—	6	—	3	—	—	—	—	31	39	9	12	47,405
Recoveries:	—	—	—	—	—	—	7	37	18	31	7	—	47,552
1953-54—													
Advances:	—	5	5	2½	—	5	9	—	30	17½	17½	8½	63,580
Recoveries:	—	—	—	½	—	—	1½	20	35	10½	23½	9	53,305
1954-55—													
Advances:	8	—	—	—	22	—	—	3½	2	8	5½	51	52,505
Recoveries:	—	—	—	—	—	—	—	—	22½	22½	14	41	41,372
1955-56—													
Advances:	4	3	5	—	2½	2	6½	5	9½	8	18½	36	72,380
Recoveries:	—	—	3	1½	½	2	3½	12	29½	25	13	10	59,879
1956-57—													
Advances:	10	1½	16½	2½	—	5½	8½	—	6	12½	20	17	82,465
Recoveries:	1½	—	5½	—	—	—	—	7	12	34½	32½	7	64,699

TABLE NO. 13

Advances and Recoveries (Adsali Crop)

Year	July	August	September	October	November	December	January	February	March	April	May	June	Total
	%	%	%	%	%	%	%	%	%	%	%	%	Rs.
1953-54—													
Advances:	—	—	—	—	—	—	—	—	60	20	10	10	10,210
1954-55—													
Advances:	—	32	26	5	26	—	—	11	—	—	—	—	12,410
Recoveries:	—	—	—	—	—	29½	35½	17	2½	2	—	13½	9,043

of the same quantity is generally given. The remaining 40% is required at the time of *Khandani* Operations in the months of April and May. For *Khodwa* cane, manuring operations begin sometimes between February or March when nearly 40% of the loan is required. In May and June the remaining 60% of the loan is utilised for the *Khandani* operations. Against this background, it can be seen that during the year 1952-53 nearly 70% of the total loan was utilised during March and April which indicated that the disbursement of loans was not according to the specific agricultural operations. During the year 1953-54 it was seen that between December and January 13% and during March and April nearly 46% of the loan was availed of. From 1955-56 onwards disbursement of loan as per the crop requirements appeared to have been well regulated. In case of *Adsali*, the advances in 1954 did not appear to have been made for *Adsali*, as all manuring operations were carried out before December. Advances, however, appeared to have been made after March. It was explained that it was the first year when the separate statement for *Adsali* loan was introduced and therefore finance could not be regulated on the crop loan basis. However, in the year 1955-56, the advances were well regulated according to their crop requirements. The detailed scrutiny of the loans and recoveries of individual members showed that till 1954 the members had taken loan in one lump-sum within a period of one month, from the date of repayments. However, during the last two years loans taken by the members and recoveries effected, fairly corresponded with the time of manuring operations of the cane crop and its marketing.

13. LOANS ALLOWED IN KIND:

No statistical data was available on the disbursement of loan in kind. But it was reported that more than 60% of the loan was provided to the members in

fertilisers and manures through the Purchase and Sale Unions.

14. RECOVERY THROUGH THE P. AND S. UNION:

From the records available with the Bank it was found that in the year 1952-53 nearly 45% of the recoveries were effected in cash, as against only 12% in 1956-57. Recovery in cash in the year 1956-57 was on account of repayment of loan by members growing only *Bhusar* Crops. The figures of sales of Jaggery collected from the Sale and Purchase Union indicated that in the year 1955-56, 36 members brought their produce to the Sale Union. In subsequent year all members were reported to have sold their produce through the Union. The following table gives the details of the sales through co-operative sale agencies:

TABLE NO. 14

Year	No. of cane growing members.	Produce sold through the Union.		Approximate value at Rs. 6 per lump.
		No. of members	Quantity Jaggery Lumps.	
1	2	3	4	5
1955-56	64	36	13,994	Rs. 84,164
1956-57	59	59	23,609	Rs. 83,964

15. INTERMEDIATE TERM LOANS:

According to the policy statement issued by the Bank in 1951, the Intermediate Term Loan was allowed to the members for the purchase of oil-engines and deepening of wells from 1953. Intermediate Term Loan was allowed to members who could declare their assets worth six times the loan advanced. Tenant-cultivators also were allowed the benefit of this type of loan, if two sound sureties were offered by them. The follow-

ing table gives the details of Intermediate Term Loan, allowed to members, according to the various purposes:

TABLE NO. 15

Year.	No. of Members.	Amount Rs.	Purposes.	Amount allowed to members.	
				Maxi- mum. (Rs.)	Mini- mum. (Rs.)
1953-54	8	2,000	Repairs to wells	300	200
1954-55	4	3,500	Purchase of Oil Engines	1,000	500
	1	500	Purchase of Pump	—	—
1955-56	2	3,000	„ „ Oil Engines	1,800	1,200
	1	600	Deepening wells	—	—
1956-57	6	7,200	Purchase of Oil-Engines	1,200	1,200
	2	1,400	Deepening wells	1,000	400
	24	18,200			

It can, therefore, be seen that 24 members availed of the facility of the Intermediate Term Loan. 12 members purchased oil-engines and the remaining 12 used it for deepening and repairs of wells. It was reported that the loans for repairs and deepening of wells were advanced after the verification of the project by the Inspector.

It is interesting to evaluate the effect of such type of loans on the cane cultivation. It was found that in the year 1952-53 most of the cane was on bullock driven *Moats*. With the availability of the oil-engines, there was a definite shift from *Moat* to Lift irrigation and today nearly 65% of the cane is irrigated by engines. This had definitely helped to increase the production of cane cultivation as can be seen from the following table:—

TABLE NO. 16

Year.	Total Cane Area. (Acres)	Of which on		
		Canal. (Acres)	Moat. (Acres)	Lift. (Acres)
1952-53	179	22	157	—
1956-57	190	12	55	123

16. POWER OF SANCTIONING LOANS:

Although, there was a resolution by the Board of Directors of the Apex Bank to delegate the powers of sanctioning Agricultural Loans upto Rs. 10,000 to the Senior Inspectors it was never given effect to. Of course, in this tract the Senior Inspectors used discretions and allowed loans in anticipation of sanction from the Head Office during the last 3-4 years. The usual practice followed in this area was to prepare as far as possible loan statements for the first two doses required for cane cultivation, well in advance, on the basis of loan policy which was generally decided by the Bank every year. In case of a few societies where the loan statements were held up for some reasons, the discretion was exercised by the Senior Inspector to allow loans to some of the members who had good record in the past, before sanction was obtained from the Head Office.

17. POSITION OF OVERDUES:

The position of overdues was rather a disturbing feature. The following table on page 120 gives the position of overdues, according to the period:

On enquiry, it was reported that in the year 1954-55 out of the defaulted dues of Rs. 45,458, Rs. 8,900 were due to the sudden slump in Jaggery prices and the remaining Rs. 36,558 were on account of wilful defaults. The society was not willing to refer the cases

Overdues

TABLE NO. 17

Overdues.	No. of Defaulters.	Amount default-ed.	1 Year.		2 Years.		3 Years.		4 Years.		5 Years.	
			No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.
	1	2	3	4	5	6	7	8	9	10	11	12	13
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Below Rs. 100	1	40	1	40	—	—	—	—	—	—	—	—
Rs. 100 — 500	10	2,810	6	1,845	1	150	1	265	—	—	2	550
„ 500 — 1000	7	5,101	2	1,366	1	800	4	2,935	—	—	—	—
„ 1000 — 3000	11	18,220	3	4,692	4	6,092	3	5,436	1	2,000	—	—
„ 3000 — 5000	3	12,062	—	—	1	3,770	2	8,292	—	—	—	—
„ 5000 —10000	1	7,225	—	—	1	7,225	—	—	—	—	—	—
Total:	33	45,458	12	7,943	8	18,037	10	16,928	1	2,000	2	550

of wilful defaults to arbitration. On confidential enquiry, it was told that one of the influential member had defaulted the amount against whom the Managing Committee was afraid to take any action. As a result, no action against other defaulters was also taken.

It can also be seen from the above table that nearly 43% of the defaulted amount was with the members in the group whose overdues were between Rs. 3,000 to Rs. 10,000 and nearly 40% in the group between Rs. 1,000 to Rs. 3,000.

18. MANAGEMENT:

The society was managed by a group Secretary. During the last 5 years, two Secretaries were changed. The Managing Committee consisted of 5 members elected by the general body. During the last 5 years Chairman was changed thrice. There were no defaulters on the Managing Committee except one in the year 1956-57, who was removed afterwards.

19. CONCLUSION:

In recent years, due to the system of allowing as far as possible sufficient quantity of manures at proper time as also of allowing Intermediate Term Loan for purchase of Oil-Engines, the economic condition of the individual members had greatly improved. The members of the society had invested about Rs. 40,000 in the shares of the Co-operative Sugar Factories and about Rs. 20,000 in the oil-engines. The timely disbursement of loans during recent years had materially affected their yield, which was reported to be between 35 and 45 tons per acre. The linking of credit with marketing had succeeded to a great extent. This was also on account of the efforts made for the timely and fairly adequate provision of agricultural finance, during recent years.

W. C. Shrishrimal

(7)

THE NIZAR CO-OPERATIVE V. M. P. SOCIETY UNLTD.,

(TALUKA: NANDURBAR, DIST. WEST KHANDESH)

1. GENERAL:

The society is in the village Nizar which is situated at a distance of ten miles from Nandurbar to the North. Its area of operation extends over to Nizar and Mubarakpur villages. The population of both the villages was 3717 of which 1602 were owner cultivators and 93 tenant cultivators. The agricultural labourers were 1756. It can thus be said that 89% of the population was depending entirely on agriculture.

The soil was alluvial—which was best suited to crops like cotton, chillies, etc. Both these villages had ample well-irrigation facilities. It was reported that there were in all 86 wells. The number of oil engines owned by the villagers was 34. They were, therefore, considered as 'bagait' villages. The main cash crops grown were chillies and groundnut.

The area under the different crops is as under:

TABLE NO. 1

Kind of Crop.	Area under Cultivation.		Total Acres.
	Nizar Village Acres.	Mubarakpur Village Acres.	
1. Wheat	793	258	1051
2. Dadar (Jawar)	864	305	1169
3. Chilly	374	103	477
4. Ground-nut	495	191	686
5. Gram	181	81	262
6. Cotton	61	—	61
7. Tur	77	24	101
8. Other Crops	99	39	138
Total:	2944	1001	3945

From the above table it can be seen that nearly 55% of the area was under foodgrain crops and the remaining 45% was under cash crops like groundnut and chillies.

2. FINANCIAL STRUCTURE:

The Nizar Co-operative Village M. P. Society is of unlimited liability. It is in the area of operation of the Bombay State Co-op. Bank Ltd. It has a standing of 12 years. The financial position of the society during the period 1952-53 to 1956-57 is summarised in the following table:

TABLE NO. 2

Year.	Audit Class.	Members.			Own Funds of the Society.			Working Capital.
		Borrowing	Non-Borrowing	Total.	Share Capital.	Reserve and Other Funds.	Total.	
					Rs.	Rs.	Rs.	Rs.
1952-53	A	114	—	114	7,770	1,628	9,398	41,362
1953-54	A	119	—	119	10,965	1,273	12,238	40,149
1954-55	A	122	—	122	14,210	1,523	15,733	45,920
1955-56	A	103	16	119	17,805	2,870	20,675	51,379
1956-57	B	101	22	123	21,445	4,511	25,956	67,004

From the above table it is observed that the financial position of the society was satisfactory. It was placed in 'A' Audit Class during the first four years and then in 'B' Class in the year 1956-57.

3. MEMBERSHIP:

It can be seen from the table No. 2 that during the last five years membership had increased by 9, from 114 to 123. Besides, during the years 1955 to 1957 as many as 22 members became non-borrowers.

The total agricultural families in both the villages as per the village records, were 342 of which about 1/3rd had joined the society. It was stated that the majority of the agriculturists were unwilling to join the society because all their agricultural needs were not fully satisfied. It was also true that they had old financial association with the money lenders.

4. SHARE CAPITAL:

The share capital of the society had substantially increased during the course of last five years from Rs. 7,770 in 1952-53 to Rs. 21,445 in 1956-57. The increase in the share capital was on account of the compulsory deduction of share amount from the fresh advances, at 5% from the old members and 10% from new members. The collection of share capital from members was made without ceiling being prescribed. There were instances where the members held shares exceeding 50% of the loan taken from the society.

The Reserve and other funds had also increased from Rs. 1,628 to Rs. 4,511 during the last 5 years. The total owned funds of the society were Rs. 25,956 in 1956-57 compared to Rs. 9,398 in 1952-53, showing an increase of Rs. 16,558.

5. PREPARATION OF N. C. STATEMENT:

The N. C. Statement was prepared every year. The Special General Meeting of the society was generally called for fixing the individual borrowing limits. It was reported that very little interest was evinced by the members. The loan limits of individual members, in majority of the cases, were fixed by mere mechanical multiplication of acreages with the scale of finance prescribed by the Field Workers' Conference. The N. C. Statements were then submitted to the Supervising Union. The Supervisor instead of scrutinising the individual limits in the N. C. Statement, generally

approved the total limit recommended by the society before forwarding it to the branch of the Bombay State Co-operative Bank. After scrutiny by the Inspector they were submitted to the Senior Inspector. However in case of the societies which were not in arrears to the Bank and the overdues with the members did not exceed 35%, the N. C. Statements were placed before the Branch Committee for sanction. The remaining N. C. Statements which were not within the purview of the Branch Committee were submitted to the Head Office for favour of sanction.

6. SCALE OF FINANCE:

The scale of finance for different crops which was fixed in the Field Workers' Conference was expected to be adopted by the Bank. It was pointed out that the scales decided at the Field Workers' Conference were very inadequate. The average cost of cultivation per acre for chillies was reported to about Rs. 350. As against this, the scale of finance decided in the Conference was Rs. 125. It may be noted that even this scale was not made available to the members. This can be seen from the following table:

TABLE NO. 3

Type of Crops.	Area under cultivation.		Finance eligible as per the recommendations of the Field Workers' Conference.	Scale per acre fixed by the Field Workers' Conference.	Maximum Credit limit sanctioned.
	A.	G.			
Chilly	415	- 29	Rs. 52,500	Rs. 125	
Ground-nut	1010	- 39	40,440	40	
Cotton	40	- 00	1,200	30	
Wheat	1074	- 38	26,825	25	
Dadar	770	- 00	11,550	15	
Gram	263	- 00	6,775	25	
Others	372	- 29	2,865	15	
Total:	3947	- 15	1,42,155	---	86,425

The figures of total loan limits sanctioned for different crops were not available. However, from the figure of the total limit sanctioned for all the crops, it can be seen that the average scale of finance per acre was Rs. 22.

Further analysis of the scale per size of acreage-holding indicated that the scale allowed in different groups had wide variations. The reason of such wide variations ranging from Rs. 20 per acre in the upper group to Rs. 96 in the lower group was difficult to be explained. The following table shows variations in the scales of finance according to the size of holding as on 30-6-1957.

TABLE NO. 4

Size of holdings (area). Acres.	Total area under cultivation.		Total Members.	Limits sanctioned Rs.	Average per acre. Rs.
	A.	G.			
1 — 5	7	19	4	675	96
6 — 10	138	8	17	4,400	32
11 — 20	486	29	32	12,750	26
21 — 30	590	6	21	11,550	19
31 — 50	1,167	23	30	28,350	24
51 and above.	1,452	8	18	28,700	19
	3,842	13	122	86,425	22

The maximum limit that could be allowed to any individual under the bye-law of the society was Rs. 2,000. This limit could be increased with the approval of the Supervising Union and the financing agency. There was thus no difficulty in getting these special limits, approved by the Assistant Registrar. The argument that the bye-law providing maximum borrowing limit for an individual came in the way of allowing adequate finance, was not therefore, correct.

7. ADEQUACY OF FINANCE:

It is clear that the scales allowed by the Bank were even lower than those recommended in the Field Workers' Conference. The total finance that should have been made available to all borrowing members of the society at the scale prescribed by the Field Workers' Conference was Rs. 1.42 lakhs, whereas the Bank had sanctioned a maximum credit of Rs. 86,400. It may be argued that the Bye-law limit No. 3 of the society had laid down the outside borrowing limit at Rs. 80,000. This could have been enhanced, with the permission of the Assistant Registrar, if necessary.

The main reason why adequate finance was not allowed by the Bank was that the agricultural produce belonging to the members of the primary co-operative societies was not marketed through the co-operative institutions. The members were selling their agricultural produce in their own villages to the petty merchants or commission agents, coming from outside. They preferred the sale of their produce in the village for two reasons. Firstly, it saved a great deal of time and trouble in taking the produce to the nearby markets and secondly they were compelled to sell their produce to or through the Adtiyas from whom they had borrowed. This created a vicious circle. Because the members were not selling their produce through the Co-operative Purchase and Sale Unions, adequate finance was not made available by the Bank and because the members did not get adequate finance, they resorted to outside borrowings. The table No. 5 showing acreages, loan, outside borrowing in few cases, makes the above position more clear:

8. DISBURSEMENT AND RECOVERY OF LOANS:

The table No. 6 on page 129 indicates the frequency of advances and recoveries during the period between 1952-53 to 1956-57. The figures are given in percentages:

TABLE NO. 5

Case No.	Share Amount	Acreages under different crops.			Other Assets of the members.	Loan recommended by Head Office.	Average loan per acre.	Loan borrowed from outside sources	Value of Agril. produce sold through Bank's Adat Shop.	Value of Agril. produce sold through outside agencies.
		Type.	A.	G.						
1	2	3	4		5	6	7	8	9	10
	Rs.					Rs.	Rs.	Rs.	Rs.	Rs.
1.	155/-	Chillies.	3	00	3 Bullocks	450	45	500	535	800
		Groundnut.	3	00	1 Horse.					
		Wheat.	4	00	1 Cow.					
2.	135/-	Dadar.	6	00	4 Bullocks.	600	26.6	800	850	800
		Wheat.	4	00	2 Buffaloes.					
		Groundnut.	9	11						
		Chillies.	3	00						
3.	295/-	Chillies.	10	00	2 Oil-engines.	1400	31.1	8000	1800	6000
		Wheat.	6	00	10 Bullocks.					
		Dadar.	10	00	2 Buffaloes.					
		Gram.	3	00	2 Cows.					
		Groundnut.	15	36						
4.	75/-	Groundnut.	6	01	1 Cow.	350	20.6	1000	424	—
		Wheat.	6	00						
		Gram.	5	00						
5.	90/-	Dadar.	1	30	2 Buffaloes.	300	7.3	1500	292	2000
		Dadar.	15	00	1 Horse.					
		Wheat.	6	00	6 Bullocks.					
		Groundnut.	12	00	2 Cows.					
		Tur.	6	00	Rented land 32.					
					Owned " 7					
6.	125/-	Chillies.	2	00	3 Bullocks.	550	34.4	1300	624	1000
		Groundnut.	4	00	1 Buffalo.					
		Dadar.	6	00	2 Cows.					
		Wheat.	4	00						

TABLE NO. 6

6 Repayments

(In percentages)

Year	July	August	September	October	November	December	January	February	March	April	May	June	Total
52-53	—	—	—	—	—	6.0%	—	7.0%	28.0%	47.0%	10.0%	2.0%	100%
53-54	—	—	—	—	—	—	2.0%	4.0%	13.0%	36.0%	34.0%	11.0%	100%
54-55	—	—	—	—	—	6.0%	8.0%	—	2.0%	28.0%	38.0%	18.0%	100%
55-56	—	—	—	—	—	3.0%	9.0%	7.0%	26.0%	18.0%	34.0%	3.0%	100%
56-57	—	—	—	—	—	3.0%	5.2%	3.5%	12.4%	54.4%	18.4%	3.1%	100%

Advances

(In percentages)

52-53	7.5%	—	2.8%	—	—	—	—	—	11.2%	49.5%	17.5%	11.5%	100%
53-54	12.7%	3.9%	4.3%	—	—	—	—	—	4.7%	25.2%	31.8%	17.4%	100%
54-55	31.9%	3.8%	9.6%	—	—	—	—	—	—	2.4%	27.2%	25.1%	100%
55-56	8.3%	3.1%	11.5%	—	—	—	—	—	11.5%	14.2%	37.2%	14.2%	100%
56-57	6.4%	1.6%	2.4%	—	—	—	—	—	2.4%	24.8%	35.3%	27.1%	100%

It can be seen that recoveries were effected particularly between March and May. The major portion of the advances was also made during the same months. The Bank generally put the condition that the fresh finance should not be allowed to the borrowing member unless the Bank's dues were recovered. It was, therefore, during the months of April and May the repayments and advances were generally appreciable. It was also reported that often the repayments were not genuine and were made by borrowing from private sources.

Although the repayments were made in full by the end of June, the advances were continued till the month of September. The Bank had insisted that 25% of the recommended limit of individual members should be reserved for the later agricultural operations.

9. MARKETING:

In order to have a correct appraisal of the existing Co-operative Sale Organisations, it is necessary to know the development of the Co-operative Sale Movement, in this Taluka. The position of the co-operative marketing was far from satisfactory. In the year 1942 the Sale Union was organised for the taluka; but it could not carry out the work successfully. It went into liquidation in the year 1953. It was reported that the Sale Union came to grief because it had allowed reckless advances against pledge of timber. The Apex Bank immediately stepped in, to fill the vacuum and a sale shop was opened by the Bank in the year 1954. In spite of the Bank's efforts, the sale shop did not record any substantial achievements in effectively linking credit with marketing. The reasons for slow progress in this respect are already referred.

The following table gives the annual turnover of the shop during the years 1953-54 to 1956-57:

TABLE NO 7

[Rs. in lakhs.]

Year.	Number of societies.	Value of the produce sold through the shop.	Of which value of members' produce.
		Rs.	Rs.
1953 - 54	72	1.55	1.52
1954 - 55	73	2.61	2.20
1955 - 56	73	7.53	2.38
1956 - 57	71	9.09	6.00

It was thus evident from the above table that till 1955-56 the shop had not made much progress in attracting the agricultural produce of members. In the year 1956-57, the rise in total sales was substantial though it was less than the total loans advanced by the societies in the taluka. As regards this society is concerned, the sale of produce through the Sale Union by the members was nearly Rs. 73,000 in the year 1956-57 of which Rs. 36,500 were directly credited by the Union to the loan account of the society in the Bank.

It may be pointed out that there were no storage facilities in this taluka and the members were forced to sell their produce, even at unfavourable prices as the Bank shop provided no storage facilities.

The second practical difficulty was with regards to the immediate advances to be made against the goods brought to the Sale Unions. The *adatyas* on the other hand, had provided such finance to meet the immediate requirements of the agriculturists.

Thirdly, in this District some finance is required in August at the time of harvesting. This was not made available by the Bank. It should have been included in the total limit sanctioned to individual members in the beginning of the season.

10. BANK'S DUES:

The following table gives the Bank's advances at the close of each financial year during the period from 1952-53 to 1956-57:

TABLE NO. 8

Year.	Bank's Dues.	Dues with members.	Overdues with the members.
	Rs.	Rs.	Rs.
1952 - 53	31,964	41,920	—
1953 - 54	27,911	42,065	—
1954 - 55	30,187	48,480	1,685
1955 - 56	30,304	53,965	3,100
1956 - 57	41,048	64,567	3,212

It is seen from the above table that although the Bank's advances were constant for the first four years to the extent of Rs. 30,000 they were increased to Rs. 41,048 in the year 1956-57. This was on account of the Bank's policy of providing finance, at somewhat liberal scale.

The overdues with the members were Rs. 3,212 in the year 1956-57. This overdue amount was with six defaulters against whom action had already been taken.

11. MANAGEMENT:

The management of the society appeared to be satisfactory. The Managing Committee was taking keen interest in the affairs of the society. The election of the Chairman took place every year in the General Meeting. The election of the members of the Managing Committee and the Chairman were unanimous. The secretary belonged to the group-secretarial cadre. He was in charge of two more societies.

W. C. Shrishrimal.

(8)

**THE VIRAVALI GROUP CO-OPERATIVE M. P.
SOCIETY, LTD.**

(TALUKA: YAWAL, DISTRICT: EAST KHANDESH)

1. GENERAL:

Viravali Khurd and Viravali Budruk villages are situated in the close vicinity and for all the practical purposes except for the revenue matters they are considered as one village. This group village is situated in the western part of the Taluka and is at a distance of 3 miles from Yawal Town. The total population of this group village is 643. The majority of it are the Harijans and Adiwasis. They are all landless labourers. The village is a progressive village. There is a Primary School upto VII standard wherein about 200 students are studying.

The total land under cultivation of this group village is 1513 acres, out of which 400 acres were cultivated by the villagers. The rest of the land belonged to the agriculturists residing in the adjoining villages. The main crops of the village are Jawar, Cotton and Groundnut. The *Bagayat* crops like Bananas and Sugarcane are grown in the village to a small extent.

**2. HISTORY OF THE SOCIETY AND ITS FINANCIAL
STRUCTURE:**

The Viravali Group Co-operative M. P. Society was registered on 12-8-1926 as a credit society with unlimited liabilities. It is in the area of operation of the East Khandesh District Central Co-operative Bank Ltd. Its area of operation was spread over the villages situated within the radius of five miles. Later on, separate co-operative credit societies were organised for (i) Vatode,

(ii) Dahigaon and (iii) Mahalkhadi villages. On 30-6-1957, the Vatode and Mahalkhadi Co-operative Credit Societies were amalgamated with this Society. The Dahigaon Co-operative Credit Society was not, however, amalgamated with this group society, as the members were opposed to joining this group society.

The following table gives the details of the financial position of the society:

TABLE NO. 1

Year.	Audit Class.	Members	Share Capital.	Reserve & other funds.	Bank's Dues.	Working Capital.
			Rs	Rs.	Rs.	Rs.
1952-53	B	114	2,580	5,053	35,573	43,310
1953-54	B	107	2,720	6,510	33,425	45,692
1954-55	B	110	2,750	6,877	35,145	44,782
1955-56	B	140	5,000	4,728	32,540	43,938
1956-57	B	226	16,855	7,266	41,885	86,104

3. MEMBERSHIP:

It can be seen from the above table that the total membership of the society was practically constant for the first four years. During the year 1956-57 it had increased from 140 to 226 mainly because the Vatode and Mahalkhadi Co-operative Credit Societies were amalgamated with this group society. The main reason why there was no substantial increase in the membership was that the agriculturists having lands below 3 acres as well as the agriculturists who were the tenant cultivators were not financed by the Bank. Besides, the scale of finance allowed for the *Jirayat* crops was Rs. 20 only per acre, even for the cash crops like cotton and groundnut. Naturally, on account of this reason, the agriculturists cultivating these crops had not joined the society. Out of the 226 members, 26 members were non-borrowers.

4. SHARE CAPITAL:

The share capital of the society was generally collected at 10% of the advances made to the newly admitted members and at 5% from the old members. These deductions were not effected when there were crop failures and also when the prices of the agricultural produce were unfavourable.

In case of the finance allowed under the special schemes, 10% of the advances were compulsorily collected towards the contribution to the share capital from the borrowing members. The maximum limit of the share holdings per member was not fixed by the society in proportion to the borrowings, with the result that in some cases the borrowings of the members were virtually equal to their own share holdings.

The share capital of the society had increased from Rs. 2,750 to Rs. 5,000 during the year 1955-56 as 30 new members were admitted under the special schemes viz., the Pilot Scheme and the Development Finance Scheme, recently introduced in the District. The increase in the share capital from Rs. 5,000 to Rs. 16,855 in the following year was mainly due to the amalgamation of two co-operative credit societies with this group society.

5. COVERAGE:

The table No. 2 on page 136 gives the details about the total population and members of the society, residing in the villages that are in the area of operation of the society:

From the table, it can be seen that the total population of all the villages that are in the area of operation of the society was 6293 while the population covered by the society was only 1130 i.e. nearly 18% of the total population. Dahigaon village had its own society having 100 members and it is also included

TABLE NO. 2

S. No.	Name of the Village.	Popula- tion.	Area under cultiva- tion. (Acres)	Number of Khatedars.	Number of Members.
1	Viravali Budruk	389	1027	163	35
2	Viravali Khurd	254	486	92	21
3	Vatode	512	968	168	32
4	Navare	169	264	50	15
5	Mahelkhedi	441	304	54	21
6	Korapawali	1478	1982	361	60
7	Dahigaon	2200	2238	400	20
8	Mohorale	850	600	150	22
Total		6293	7869	1438	226

in the area of operation of this group society. Thus, the population covered by these two societies was about 25% of the total population of all these villages.

In addition to 1438 owner cultivators in these villages there were 718 tenant cultivators. They had not joined the society as the Bank did not allow any agricultural finance to the tenant cultivators. Even the small cultivators, having their own lands less than three acres were not admitted to the society because they were not also eligible to get agricultural finance from the Bank. It is, therefore, obvious that the population covered by the co-operative movement did not exceed $\frac{1}{4}$ th of the total population.

The Bank has recently decided to allow agricultural finance to the agriculturists of these two categories but so far none of them have joined the society.

6. PREPARATION OF THE N. C. STATEMENT:

The Normal Credit Statements were prepared by the secretaries of the societies, immediately after the

harvesting season was over. These statements were approved in the General Meetings of the societies. They were forwarded to the Supervising Unions and the Supervisors forwarded them to the local Inspectors of the Bank. Whatever may be the demands from the members the Supervisors and Inspectors did not recommend anything more than the scale of finance prescribed by the Bank. These scales were not necessarily according to the recommendations made in the Field Workers' Conference. The Normal Credit Statements were first prepared for the "crop finance" under the B.A.D.R. Act and the "ordinary finance" and were generally sanctioned by the Bank by the end of January or February. Till then the societies were not advanced any finance by any of the Bank's officials. After the credits were sanctioned by the Board of Directors, disbursements of loans were made to the members who had repaid their dues in full. These disbursements of loans were in one instalment for old members and in two instalments for the new members. If the recoveries from the members were made after the statements were sanctioned fresh finance was allowed to them immediately after three days since the repayment was made. The members did not require to wait until the Bank's dues were recovered in full, from the society. However, about 50% of the Bank's dues were generally recovered before the Normal Credit Statements were sanctioned. In case of the defaulting members the limits recommended were equal to their outstandings, even though they were entitled for more finance and unless they cleared off their dues, no consideration was made for any additional finance. If the societies had recommended a lesser scale to any of its members than the prescribed scales for any reasons, no additions were generally made by any of the officials of the Bank. In this way, the Normal Credit Statements were mechanically prepared and there were practically no loopholes left for the variations in the limits, at the different stages.

The Normal Credit Statements under the Pilot Scheme were separately prepared for the additional amount of Rs. 15 per acre in the months of March and April. Similarly, the Normal Credit Statements for the "Development" finance and the "Adequate" finance were also prepared in the same months for the additional amounts. It may be noted that the members were allowed agricultural finance under different types, if they were eligible, in addition to the ordinary finance.

The Normal Credit Statements for the crop finance under the B.A.D.R. Act were simultaneously prepared along with the ordinary Normal Credit Statements. These statements were prepared according to the scales prescribed by the Collector. The members of this category were not entitled for any other type of finance. It was not necessary for them to sell their agricultural produce through the marketing organisation and once they had repaid their dues in full, they were entitled to get fresh finance, in one instalment.

After the Normal Credit Statements were sanctioned they were forwarded to the Agents of the Branches who were entirely responsible for the disbursement of loans. They allowed advances strictly as per the conditions laid down by the Bank. Some of the important conditions that were laid down were as under:

- (1) The outside borrowing limit of the society should not be exceeded;
- (2) The individual borrowing limit should not be exceeded the prescribed limits under the Bye-Laws of the societies unless the special permission is obtained from the Assistant Registrar;
- (3) The disbursement of loans is to be made by cheques only;

- (4) The Managing Committee members and the Secretary of the society should not be in arrears and no finance is to be made available to the society unless the defaulting Managing Committee members and the Secretary are removed or they have repaid their dues in full;
- (5) The society has to contribute towards the share capital of the Bank to the extent of 10% of the total borrowings; and
- (6) Finance for the Banana crops in excess of Rs. 250 per acre is to be allowed only after the Inspector certifies the actual area under the Banana cultivation and this additional finance is to be made available in kind only.

All these conditions were to be strictly observed by the societies and the Agents did not allow any advances to the societies, if any of these conditions were violated. It may be noted that the Agents were directly under the control of the Head Office and were not subordinate to the Inspectorial staff including the Senior Inspector.

7. THE SCALE OF FINANCE:

In order to have a correct appraisal of the position of the agricultural finance in this tract, it would be necessary to know the different types of finance the Bank has introduced in the District. The following are the details:

(i) Ordinary Finance:

Ordinary finance was allowed to the owner cultivators for all types of *Jirayat* crops, including cotton and groundnut at a flat rate of Rs. 20 per acre. For

the Banana and Sugarcane crops which are the *Bagait* Crops the scale of finance which was formerly Rs. 200 per acre was increased to Rs. 250 in 1955-56. In 1956-57, this scale was further increased to Rs. 500 per acre provided the members agreed to sell their agricultural produce through the co-operative sale agency.

(ii) **Crop Finance:**

The members who were the parties to proceedings under the Bombay Agricultural Debtors' Relief Act, were allowed agricultural finance according to the scales prescribed by the Collector of the District. The scales of finance for the year 1956-57 were prescribed by the Collector for the different crops as under:

(1) Jawar	..	..	Rs. 20 per acre.
(2) Bajri	..	..	Rs. 20 per acre.
(3) Groundnut	..	..	Rs. 30 per acre.
(4) Cotton	..	..	Rs. 25 per acre.
(5) Banana	..	..	Rs. 250 per acre.
(6) Sugarcane	..	..	Rs. 250 per acre.

In addition to these types of finance, finance under special schemes was allowed with different scales. The following are the details:

(iii) **Pilot Scheme:**

In addition to the scale of finance of Rs. 20 per acre for the *Jirayat* crops, additional finance of Rs. 15 was allowed under this scheme, on the specific condition that the agricultural produce should be marketed through the co-operative agency. Out of this additional finance, Rs. 7 were paid in kind and Rs. 8 in cash. The Pilot Normal Credit Statements were separately prepared in the month of April and manures provided at Rs. 7 per acre in the beginning of the rainy season. The remaining amount of Rs. 8 was made available in cash,

after 15th July. This Pilot finance was not allowed to the members, who were parties to the proceedings under the B.A.D.R. Act.

(iv) Development Finance:

This type of finance was made available to those members whom the Pilot Finance was not allowed. The scale of finance was Rs. 80 per acre in addition to Rs. 20 per acre allowed under the ordinary finance. This scale allowed was for 5 acres only, provided the lands are irrigated and crops like Jawar, Cotton and Paddy are grown. The N. C. Statements for this type of finance were separately prepared in the month of March or April. This additional finance was allowed on the explicit condition that the borrowers should sell their produce through the co-operative agency. However, this type of finance is now discontinued.

(v) Finance to Tenant Cultivators

As stated above, the agriculturists who were only the tenant cultivators were not allowed to become the members of the society, as no finance was made available to them by the Bank. Those members who had their own lands as well as the rented lands under cultivation were allowed agricultural finance for their rented lands, equal to four times the Government cess, in addition to the usual scale of finance for their owned lands.

However, it may be noted that the Bank has recently issued instructions regarding the scale of finance for the year 1958-59 as under:

- (1) The tenant cultivators will be allowed finance at Rs. 20 per acre provided they furnish two sound sureties;

- (2) The owner cultivators who have got the rented lands will be allowed finance at Rs. 20 per acre for rearing up the crops in the rented lands;
- (3) Those members who have been allowed Rs. 35 per acre under the Pilot Scheme will be allowed additional Rs. 5 per acre provided they market their produce through a co-operative sale agency and repay their dues within 3 days from the date of receipt of the sale proceeds of their produce;
- (4) The scale of finance for the Banana crops will be Rs. 600 per acre provided the Bananas are marketed through a co-operative sale agency.

8. TOTAL AGRICULTURAL FINANCE:

In absence of any arrangement for marketing agricultural produce through a co-operative sale agency, finance made under the Pilot Scheme and Development Scheme were not of much significance in this society and the major portion of the total finance allowed was the ordinary finance and the crop finance. The following table gives the details:—

TABLE NO. 3

Year.	Ordinary Finance.	Crop Finance.	Total.
	Rs.	Rs.	Rs.
1952-53	—	35,573	35,573
1953-54	—	33,425	33,425
1954-55	—	35,145	35,145
1955-56	2,600	29,940	32,540
1956-57	12,810	32,075	44,885

All the villages in the area of operation of the society prior to the introduction of the B.A.D.R. Act were in the grip of *Sawakars* and therefore, a large

majority of these agriculturists in these villages were parties to proceedings under the B.A.D.R. Act. It is for this reason no ordinary finance was allowed to the society, during the first three years. In the year 1956-57, ordinary finance was made available to the extent of Rs. 12,810, only because two adjoining societies having ordinary finance were amalgamated with this society. It can be further seen from the above statement that there were no much variations in the finance made available by the Bank, during the first four years and it therefore clearly indicates that the finance was allowed to the members, strictly according to the scales prescribed.

9. ADEQUACY OF FINANCE:

Agricultural finance allowed to the members was not sufficient to cover the average cost of the agricultural production. For instance, the finance made available for Bananas and Sugarcane crops was Rs. 250 per acre. The average cost of cultivation of these two crops is calculated at Rs. 750 to Rs. 1,000 per acre and the average yield per acre of these two crops is Rs. 1,500 to Rs. 2,000. The inadequate provision of finance results either in (1) low yield of crops on account of insufficient manure doses or (2) the members are forced to borrow from the outside sources at a very high rate of interest.

It would be interesting to study some of the cases of the members borrowing from the outside agencies. The table No. 4 on page 144 gives the details:

It can be seen from the table that the outside borrowings were proportionately heavy in case of the first five members, only because they had Banana and Sugarcane cultivation, and the finance allowed for these crops by the Bank was too meagre. In case of the member No. 5, the outside borrowings were

TABLE NO. 4

Members.	Area under cultivation —						Finance made available by the Society	Outside borrowings.	Remarks.
	Banana	Sugar cane.	Cotton.	Ground-mut.	Food Grains.	Total acres.			
	A.G.	A.G.	A.G.	A.G.	A.G.	A.G.	Rs.	Rs.	
1	0-20	—	1-00	—	3-20	5-00	80	400	
2	1-00	1-20	5-20	2-00	3-00	13-00	1,080	1,000	
3	1-20	—	5-00	2-20	3-00	12-00	970	800	4 acres rented lands.
4	1-00	—	5-00	1-00	4-00	11-00	820	900	
5	3-20	2-00	—	4-00	12-00	21-20	1,300	4,500	8 H.P. Engine. 11 acres rented lands.
6	—	—	1-00	1-20	6-00	8-20	135	500	2-20 acres rented lands.
7	—	—	2-00	2-00	3-00	7-00	415	400	
8	—	—	4-00	2-00	4-00	10-00	515	300	
9	—	—	5-00	5-00	7-00	17-00	100	500	All rented lands.

Rs. 4,500. He had purchased 8 H.P. Engine for which he could not get any Intermediate Term Finance from the Bank.

It may be noted that these outside borrowings were made by the members from their relatives or from the well-to-do agriculturists, residing in these villages. These borrowings were made for a short period of 3 to 6 months and the repayments were made $1\frac{1}{4}$ to $1\frac{1}{2}$ times the amount borrowed, after the harvest season was over.

10. DEVELOPMENT AND PILOT FINANCE:

During the course of the last five years pilot finance was allowed to only one member in 1956-57 to

the extent of Rs. 410 only. It was advanced in one lump sum in cash, in the month of July 1957 in addition to the ordinary finance allowed to him, in the month of February.

The Development finance was not generally made available to the members who are parties to proceedings under the B.A.D.R. Act. But in the case of this society, such members were allowed development finance as a special case. The following table gives the details:

TABLE NO. 5

Year.	Development Loans under Crop Finance:				Total.
	June.	July.	August.	Sept.	
	Rs.	Rs.	Rs.	Rs.	Rs.
1952-53	—	320	—	—	320
1953-54	—	1,600	480	320	2,400
1954-55	1,830	610	860	—	3,300
1955-56	—	—	4,680	—	4,680
1956-57	4,680	1,730	—	—	6,410

It can be seen from the above table that these types of advances were made at the later stage of the agricultural operations, mainly in the months of June, July and August. These advances were allowed in addition to the crop finance, already allowed to the members, in the months of February and March.

11. ADVANCES AND REPAYMENTS:

The major type of finance that was allowed to the society was the "crop finance", the majority of the members of the society, being the parties to the proceedings, under the Bombay Agricultural Debtors' Relief Act. The Pilot advances and the Development Advances were not of much importance in this society as stated earlier. The advances and repayments of all

the types of loans that were allowed to the society were as under:

TABLE NO. 6

Year.	Advances.	Repayments.
	Rs.	Rs.
1952-53	35,893	—
1953-54	35,825	35,893
1954-55	38,445	35,825
1955-56	37,220	38,445
1956-57	51,295	37,220

It can be seen from the above table that the repayments of the Bank's dues were made in full, by the society, during the course of the last five years. The advances made under the Development Finance, as shown in Table No. 5, have been recovered from the sale proceeds of the agricultural produce.

However, it will be interesting to study how the advances were made and the recoveries were effected monthwise. The following two tables give the details in percentages:

TABLE NO. 7

Advances								(In percentages)
Year.	January.	February.	March.	April.	May.	June.	July.	Total.
1952-53	16%	46%	19%	3%	4%	9%	3%	100%
1953-54	—	74%	15%	1%	1%	5%	4%	100%
1954-55	—	52%	34%	2%	3%	9%	—	100%
1955-56	—	70%	13%	5%	1%	5%	6%	100%
1956-57	—	67%	15%	13%	4%	1%	—	100%

TABLE NO. 8

Repayments

(In percentages)

Year.	November.	December.	January.	February.	March.	April.	May.	June.	Total. Rs.
1953-54	10%	26%	6%	52%	6%	—	—	—	100%
1954-55	—	1%	5%	71%	11%	2%	4%	6%	100%
1955-56	4%	2%	15%	59%	8%	6%	—	6%	100%
1956-57	—	—	16%	59%	16%	9%	—	—	100%

From the above two tables, it can be seen that more than 75% of repayments were generally made in the month of February and the remaining amount in the months of March and April. Upto the end of January practically no advances were made and by the end of March more than 80% of the advances took place. This is due to the practice of allowing advances in lump sum, after the members repay their dues in full. Advances made after the month of March constituted generally the second instalment allowed to the new members. Old members were entitled to have the advances in one instalment. It is thus evident that the finance made available to the members had practically no relation with the actual requirements of the agricultural operations.

12. OVERDUES WITH THE MEMBERS:

The society was not in arrears to the Bank, during the last five years. However, there were a few members who had defaulted their dues. The table No. 9 on page 148 gives the details.

No ordinary finance was allowed during the period 1952-53 to 1954-55 but there were nine old defaulters who had defaulted their ordinary dues. Two of them had repaid their dues in full and there was a balance of Rs. 1,300 with seven defaulting members. No action

TABLE NO. 9

Year.	Ordinary Finance.		Crop Finance.		Total.	
	No. of mem- bers.	Amount.	No. of mem- bers.	Amount.	No. of mem- bers.	Amount.
		Rs.		Rs.		Rs.
1952-53	9	1,935	—	—	9	1,935
1953-54	9	1,935	—	—	9	1,935
1954-55	9	1,887	7	1,425	16	3,312
1955-56	7	1,350	9	2,130	16	3,480
1956-57	7	1,300	5	1,005	12	2,305

was taken by the society, as it was expected that full recoveries would be made within a short period.

Similarly, there were five defaulters under Crop Finance, having their defaulted dues to the extent of Rs. 1,005. Two of them had defaulted Rs. 285 since 1954-55. The remaining balance of Rs. 720 had been defaulted by three members during the last two years only.

13. INTERMEDIATE TERM LOANS:

Bullocks are essentially required for the agricultural operations, but a few of the members of the society had a sufficient number of bullocks. Generally, they had to depend upon the hired bullocks for the agricultural operations. The average rent for one pair of bullocks together with the daily wages of the ploughman was Rs. 5 per day. The Bank had made no arrangements for advancing Intermediate Term Loans, for purchasing bullocks or for any other purposes, with the result that the agriculturists had to depend upon the outside borrowings for their Intermediate Term Loan requirements. They were at times forced to purchase bullocks from the "hedwallas. These hed-

wallas sell the bullocks, at very high prices, fixed at the beginning of the rainy season. They used to recover their dues in one lump sum at the time of the harvesting season, by resorting to coercive measures. In absence of any arrangements for the Intermediate Term Loans for purchasing bullocks, these agriculturists had no other alternative but to purchase the bullocks from the *hedwallas*, at very high prices.

14. AGRICULTURAL MARKETING:

In absence of Taluka Co-operative Purchase and Sale Union, there were no arrangements for marketing agricultural produce, belonging to the members. However, in order that the members should be able to get the Pilot and Development Finance, the Bank had opened a Sale Shop at Yawal last year, for marketing the *jirayat* crops such as groundnut, cotton and food-grains. This agricultural produce was not necessarily brought to the Bank's shop at Yawal. The member who desired to market his agriculture produce through the Sale Shop used to inform the Manager of the Sale-Shop accordingly. The Manager along with some merchants used to visit the village of the member where his produce was stored and the bargain was fixed in consultation with the member. The member had also the option of contacting the merchants directly, but the bargain had to be fixed in the presence of the Manager. The Manager had to pay the sale price of the agricultural produce to the member immediately on the spot and to recover the sale proceeds from the merchant, after a week or so, as per the Market Usage. These sale proceeds were immediately adjusted to the loans, borrowed by the member from the society. The commission charged by the Sale Shop was Re. 0-10-0 per 100 Rupees. A proposal has been recently submitted for registering a Taluka Purchase and Sale Union and it is expected that the Sale Union will start functioning next season.

15. MANAGEMENT:

The management of the society was very satisfactory under the able guidance of the present Chairman who is in the office for the last twelve years. The rest of the Managing Committee members were generally chosen, preferably one from each village from the villages that are in the area of operation of the society. These were all elected, every year. The Secretary of the society who was qualified was appointed by the Taluka Supervising Union, as the Group Secretary system exists in the Taluka. The society was in 'B' class continuously for the last five years.

The society has undertaken various other activities in the interest of the members. It has built a godown at the cost of Rs. 10,000 for which a Government loan of Rs. 7,500 and a subsidy of Rs. 2,500 have been received. The society has also organised a Co-operative Housing Society for the Harijans in the village. It conducts an indigenous oil-pressing *ghana* and a grain Bank for its members. The credit of all these benevolent activities goes to the present management of the society, including the Chairman.

M. G. Bhagat.

(9)

**THE SHIRAWALI KAKADPADA CO-OPERATIVE
CREDIT SOCIETY, UNLTD.**

(TALUKA: MURBAD, DISTRICT: THANA)

1. GENERAL:

Shirawali Kakadpada is a village situated at a distance of 4 miles from Murbad, on Murbad Mhasa Road. It is a small village having a total population of 393 only. Of these 13% are owner cultivators, 77% tenant cultivators and the remaining 10% are labourers.

The cultivable area was estimated at about 1055 acres of which 272 or 26% are under paddy cultivation, 124 acres or 12% under *Nagli* and other food-crops, 281 acres or 27% under grass and remaining land of about 378 acres or 35% is considered as fallow land.

2. FINANCIAL STRUCTURE:

The society was registered on 22-1-1953. It is in the area of operation of the Bombay State Co-op. Bank Ltd. The financial position and its working is indicated in the table No. 1 on page 152.

It can be seen from the table that during the course of five years, the owned funds had increased from Rs. 362 in 1952-53 to Rs. 1,150 in 1956-57. The advances to members had risen from Rs. 1,900 to Rs. 5,580 during the same period, although the increase in membership in the corresponding years was not more than 8. The reason for this rise was that the quantum of loan allowed to members had increased, in recent years. The position of recovery also appeared to be satisfactory except in 1954-55 in which year all

TABLE NO. 1

Year.	Audit Class.	Membership.	Share capital.	Reserve fund.	Loan with members.	Outside borrowings (from the Bank).	Working Capital.	Overdues with members.	Percentage of lendings to working capital.	Percentage of overdues to total loans.
1	2	3	4	5	6	7	8	9	10	11
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
1952-53	'A'	21	340	22	1,900	1,700	2,062	—	95%	—
1953-54	'A'	26	790	27	3,825	3,120	3,941	50	97%	12%
1954-55	'C'	26	790	27	3,666	3,120	3,798	3,666	96%	100%
1955-56	'B'	26	1,025	27	4,741	3,850	5,094	666	94%	14%
1956-57	'B'	29	1,120	30	5,580	4,880	6,168	700	90%	12.5%

members had defaulted their dues as the procurement system was suspended by the Government and the paddy was withheld by the members on account of heavy fall in prices.

3. MEMBERSHIP:

As already indicated in Table No. 1, the society had enrolled only 29 members out of total agricultural families of 78 of which 10 were owner cultivators and 68 tenant cultivators. The composition of membership of the society further revealed that out of the total membership, 8 were owner cultivators and remaining 21 tenant cultivators. Obviously, it means that nearly 63% of the total agricultural families and particularly 73% of the tenant cultivators were out of the co-operative fold. The reason for this state of affairs could be traced in the inadequate and inexperienced Secretarial Cadre as also in the lack of close touch of the inspectorial staff of the Bank with the societies.

4. SHARE CAPITAL:

The share capital of the society had increased from Rs. 340 to Rs. 1,120 during the years 1953 to 1957. The

TABLE NO. 2

Year	Owner Cultivators				Tenant Cultivators				Total			
	No. of members	Lands under cultivation			No. of members	Lands under cultivation			No. of members	Lands under cultivation		
		Owned A	Leased A	Total A		Owned A	Leased A	Total A		Owned A	Leased A	Total A
1952-53	7	132	23	155	14	—	75	75	21	132	98	230
1953-54	8	135	39	174	18	—	97	97	26	135	136	271
1954-55	8	135	39	174	18	—	114	114	26	135	153	288
1955-56	8	126	39	165	18	—	120	120	26	126	159	285
1956-57	8	126	39	165	21	—	135	135	29	126	174	300

increase was apparently on account of the compulsory deductions made at the rate of 5% of the advances from each member, every year. As the society was new, the share capital of any individual member had not reached even Rs. 40. It was thus within the permissible limit laid down under the Bye-Laws No. 15 and No. 17 which prescribed that the total share-holding of any individual member should not be more than 1/5th of the advances made to him.

5. COVERAGE:

The table No. 2 on page 153 indicates the total acreages of the members of the society as also of owner and tenant cultivators separately:

The total land of members under cultivation was about 300 acres i.e. 43% of the total cultivable area in the village; of this 165 acres or 55% belonged to 8 owner cultivators and 135 acres or 45% to 21 tenant cultivators.

6. UNIT OF CULTIVATION:

The important crop of this tract is paddy. The unit of paddy cultivation is small. The following table prepared from the figures available from the Normal Credit Statement for the year 1956-57, brings out the position of the unit of cultivation of the members in different acreage group, both for owner and tenant cultivators:

It must be noted here that till recently aggregate acreage-holdings of individual members were shown in the Normal Credit Statement of the Society. Separate acreage figures under paddy were not mentioned. The unit of cultivation as shown in the table No. 3, therefore, includes all the crops grown by the members including even *Varkas* land i.e. grass-land.

TABLE NO. 3

Average holding Acres.	Owner Cultivators.			Tenant Cultivators.		
	Members.	Acreages.	Average holding per member.	Members.	Acreages.	Average holding per member.
1 to 5	—	—	—	8	31	3.9
5 to 10	1	10	10	13	104	8
10 to 15	2	25	12.5	—	—	—
Above 15	5	130	26	—	—	—
Total:	8	165	20.6	21	135	6.4

It may be seen from the Table No. 3 that in case of the owner cultivators, 5 out of 8 members were in the acreage-group of 15 and above acres. The average holding per member in this group was nearly 26 acres. The percentage of total acreage covered by this group to the total acreage was 79%. It is also interesting to note that there were no cultivators in the lowest acreage group of 1 to 5 acres.

In case of tenant cultivators, 13 out of 21 tenant cultivators i.e. 62% were in the acreage group of 5 to 10 acres. The average holding per member in this group was 8 acres as against 3.9 acres in the acreage group of 1 to 5 acres.

Another feature that was brought out by the above table was that the tenant cultivators were predominant in the Society and the total lands cultivated by them were 45% of the total lands belonging to all the members of the Society.

7. PREPARATION OF N. C. STATEMENT:

The agricultural operations of paddy in this area are carried from December to June. During these months the cultivator prepares land, repairs and con-

increase was apparently on account of the compulsory deductions made at the rate of 5% of the advances from each member, every year. As the society was new, the share capital of any individual member had not reached even Rs. 40. It was thus within the permissible limit laid down under the Bye-Laws No. 15 and No. 17 which prescribed that the total share-holding of any individual member should not be more than 1/5th of the advances made to him.

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Above 15	5	130	26	—	—	—
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7. PREPARATION OF N. C. STATEMENT:

The agricultural operations of paddy in this area are carried from December to June. During these months the cultivator prepares land, repairs and con-

structs bunds and spreads manure on his land. The plantation begins before monsoon starts. In view of this, the preparation of N. C. Statement should generally commence before December so that a society would get the sanction for the loans by December or January, at the latest.

The following table shows the exact position as regards the time of preparation of N. C. Statement and the time taken by the different agencies, before the final sanction is received by the society.

TABLE NO. 4

Year	By Society Date	By Union		By Inspector		By Head Office		Total Days taken
		Date	Days taken	Date	Days taken	Date	Days taken	
1953-54	6- 2-53	27-2-53	21	21-4-53	53	30-4-53	9	83
1954-55	2- 2-54	N.A.	—	12-5-54	99	21-5-54	9	108
1955-56	23-11-54	N.A.	—	15-4-55	143	5-5-55	20	163
1956-57	31-12-55	N.A.	—	22-2-56	53	19-3-56	25	78
1957-58	4- 2-57	N.A.	—	27-2-57	23	8-3-57	9	32

The above table reveals that there was a considerable delay of about 2 to 3 months before the society could receive the sanction from the Bank. In the year 1955-56, the Bank had sanctioned the statement after about 5 months delay. Besides, the N. C. Statements during the period 1953-54 and 1954-55 were prepared in the month of February.

The figures for the time taken by the Supervising Union were not available for all these years except the year 1953-54. However, from the records of the other societies where these figures were available, it could be said that the N. C. Statements were held up for a considerable time by the Inspector of the Bank. It was stated that there was only one Inspector for this tract. He had a heavy charge of about 150 societies which were scattered and were situated in the interior parts.

It was, however, stated that the members were not inconvenienced as the agricultural finance was made available to them to the extent of 75% of the repayment of the old dues by the Inspectors. This policy of allowing loan after the repayment of old dues at any time during the year, obliterated the important element of time in the crop loan system. It was in essence the negation of the very basis of the Crop Loan System.

8. AGRICULTURAL FINANCE:

The following table shows the position as regards the advances made by the society to its members:

TABLE NO. 5

Year	Total members	Acreages as shown in N. C. Statement	Total Advances	Average loan per member	Average loan per acre
1	2	3	4	5	6
			Rs.	Rs.	Rs.
1952-53	21	230	1,900	90	8
1953-54	26	271	3,825	147	14
1954-55	26	288	3,666	141	13
1955-56	26	285	4,741	182	16
1956-57	29	300	5,580	192	18

From the above Table it can be seen that the advances made to the members had, during the last 5 years, increased nearly three times. The average scale of finance had increased from Rs. 8 to Rs. 16 during this period; but in view of the required finance it was ridiculously low.

9. ADEQUACY OF FINANCE:

The adequacy of finance has to be measured in terms of cash out-lay i.e. the amount required to be spent

by a cultivator for purchase of agricultural requisites such as manures, fertilisers etc. and for the outside labour required for cultivation of land.

The average cost of cultivation for paddy worked out in this tract amounts to about Rs. 100 per acre, as under:

TABLE NO. 6

Period	Agricultural Operations	Cost
		Rs.
December to April	1. Preparation of land.	}
	2. Spread of Manures.	
	3. Repairs to Bunds.	
June 7th	Plantation	10
June 7th to July 1st	Ploughing (three times).	25*
1st week of July	Transplantation.	10
August	<i>Nindani</i> (Weeding)	5
September to October	Harvesting Operations.	15
	Total:	100

* Rent of Plough, labour etc.

Note: The cost of cultivation as worked out above was on the conservative basis. It should be noted that much of the manual labour was generally provided by the cultivator and his family.

On the basis of the above cost of cultivation, the cash outlay per acre for paddy cultivation covering certain items like preparation of land, sowing, transplantation, *Nindani* etc. is worked out approximately at Rs. 70 to Rs. 75. Against this background a further study is attempted to find out how the scale of finance was determined and its effect on the economic life of the cultivator.

10. FIXATION OF SCALE OF FINANCE:

The scales of finance for different crops were determined in the District Field Workers' Conference,

held every year in the beginning of the season. The scales recommended by the Field Workers' Conference were taken as basis for recommending individual loan limits. The bank had also issued instructions to the Inspectors that "while fixing limits in individual cases, it should be seen that they confirm to the scale of finance approved by Field Workers' Conference and this Office."

Even the scales recommended by the Field Workers' Conference, although inadequate, in view of the cash out-lay required for raising the paddy crop, were not adhered to by the Bank as can be seen from the following table:

TABLE NO. 7

Year	Scale of finance per acre proposed in Field Workers' Conference	Average scale of finance allowed by Bank
	Rs.	Rs.
1952-53	25	8.75
1953-54	25	14
1954-55	25	13
1955-56	50 and 25 for Tenants	16
1956-57	50	18

11. BASIS OF FIXATION OF INDIVIDUAL LOAN LIMITS:

The scrutiny of the N. C. Statements of this society for the last five years showed that the bank did not evolve any definite principles for determining the eligibility of a member for agricultural finance. Neither the "creditworthiness" of the members, nor even the value of their assets appeared to have been taken into consideration while fixing their loan limits. The following few cases of members selected from the society amply show how arbitrarily the limits of individual members were fixed and how they varied from member to member in the same year and from year to year for the same member:

TABLE NO. 8

Case No.	Year	Shares No.	Owned		On Rent		Recommended by the Sty. Rs.	Recommended by the Inspector Rs.	Recommended by the Head Office Rs.	Average per acre Rs.
			Paddy A.	Other A.	Paddy A.	Other A.				
1.	1952-1953	10	1	—	3	—	125	75	50	12.5
	1953-1954	15	1	—	6	—	150	100	75	10.7
	1954-1955	25	1	—	6	—	150	75	100	14.3
	1955-1956	25	5	—	6	—	100	100	100	9.0
	1956-1957	30	5	—	6	—	100	100	100	9.0
2.	1952-1953	10	—	—	6	—	250	150	150	25.0
	1953-1954	15	—	—	7	—	300	150	150	21.4
	1954-1955	30	—	—	10	—	300	150	200	20.0
	1955-1956	30	—	—	10	—	250	200	200	20.0
	1956-1957	40	—	—	10	—	200	200	200	20.0
3.	1952-1953	10	—	—	4	—	150	100	50	12.5
	1953-1954	15	—	—	6	—	150	100	125	20.8
	1954-1955	30	—	—	9	—	500	150	300	33.3
	1955-1956	30	—	—	9	—	300	300	200	22.2
	1956-1957	40	—	—	9	—	200	200	200	22.2
4.	1952-1953	10	—	—	3	—	100	75	50	16.6
	1953-1954	15	—	—	3	—	100	50	50	16.6
	1954-1955	15	—	—	3	—	50	50	50	16.6
	1955-1956	15	—	—	3	—	75	75	75	25.0
	1956-1957	20	—	—	3	—	100	100	100	33.3
5.	1952-1953	10	—	—	10	—	150	150	75	7.5
	1953-1954	15	—	—	10	—	300	100	150	15.0
	1954-1955	30	—	—	10	—	150	150	150	15.0
	1955-1956	30	—	—	10	—	300	200	200	20.0
	1956-1957	40	—	—	10	—	400	400	400	40.0

From the above table it can be seen that in case No. 1 the average scale of finance per acre had gone down from Rs. 12.5 per acre in

1952-53 to Rs. 9 in 1956-57. On the other hand, in case No. 5 there was an increase in the scale of finance from Rs. 7.5 to Rs. 40 per acre. It is also seen that there is no uniformity in the scale allowed to the members during any particular year e.g. in the year 1956-57 the scale allowed to members had varied from Rs. 9 to Rs. 40 per acre. It is, therefore, evident that no uniform policy was followed in fixing up the individual limit and recommendations were more or less arbitrary.

The cuts were effected at the different levels. No reasons were given for these cuts in the loan limits recommended by the society. Even in the Bank itself cuts were resorted to by as many as three agencies viz: Inspector, Senior Inspector and Head Office.

The Bank, after accepting the integrated system of crop finance had issued different circulars as regards the method of preparation of an important basic document like the N. C. Statement on which were based the future operations of this system. Any defect in its preparation was bound to affect the basis of the crop loan policy. In the year 1955 the Bank in a circular to the Field Staff issued clear instructions that "Credit Statements should not be prepared, in a mechanical way. The information about the assets and crop acreages should be checked and demand should be enquired into with the members and committees; where large cuts are proposed, the reasons should be given in the Statements or in the Report."

But nothing appeared to have been done in this respect so far Konkan area was concerned. The N. C. Statement did not indicate separate acreages under the different crops. The acreages were never verified by the Inspectors. The loan limits were not recommended as per the scale of finance. Whenever any cuts were effected in the recommendations made by the society either by Inspector or by the Head Office, no reasons were recorded.

12. EFFECTS OF THE LOW SCALE OF FINANCE:

As already indicated earlier, the cash outlay for cultivation of paddy crop per acre works out at Rs. 70 to Rs. 75. It could, therefore, be inferred that so long as finance to this extent was not made available to the members; they were bound to seek some outside sources. The average scale of finance allowed by the Bank till 1955 did not exceed Rs. 15 per acre. The scale was raised to Rs. 50 per acre after 1956. However, the actual loans allowed by the bank were very much less than the scales prescribed.

On account of inadequate finance the members were found intentionally giving inflated acreages to get more finance. Besides, whenever possible, the members were found borrowing from Sawkars at a very exorbitant rate of interest. The following cases of six members give a clear idea of the inflated acreages shown by the members and the amount of their outside borrowings in 1956-57

TABLE NO. 9

Case No.	Acreages as shown in the N. C. Statements	Actual acreages after verification	Advances	Average loan per acre as per Column No. 3	Yield per acre	Outside borrowing
1.	2.	3.	4.	5.	6.	7.
				Rs.	(Mds.)	Rs.
1	8	6	400	66	11	200
2	3	2	100	50	22½	100
3	10	8	400	50	19	300
4	7	7	100	15	20	200
5	9	6	300	50	20	300
6	6	6	400	66	18	200

(Note: Average loan per acre for paddy in the above Table was worked out on the averages of paddy actually grown. The excess of finance, therefore, in two cases was on account of false acreages shown in the N. C. Statement.)

The table No. 9 brings out the fact that in four cases false acreages were intentionally shown. All members had borrowed from private sources. So far this village was concerned it was reported that there was only one *Sawkar* who was lending money at an exorbitant rate of interest i.e. 25% and above. In addition to this, he was allowing bullocks on hire to the members at the rate of six maunds of paddy per pair of bullocks for one season.

13. CREDITWORTHINESS OF THE MEMBERS:

The inadequacy of finance was generally justified on the ground that the repaying capacity of the average cultivator particularly in Konkan tract was so low that it would not cover even the loan allowed, at the lower scale. The facts, however, did not vouchsafe the above contention. The repaying capacity of the members was worked out in case of the few members and the results are as under:

TABLE NO. 10

Case No.	Acreage.	Total Yield.	Paddy kept for Consumption	Remaining paddy available for sale.	Value of Maunds (in Column 5) at the prevailing rate.	Items of expenses							Deficit or surplus.
						Landcess	Society's dues.	Interest.	Outside Loans.	Interest on amount in Column No. 10.	Rent for Bullock.		
1	2	3	4	5	6	7	8	9	10	11	12	13	
		Mds.	Mds.	Mds.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	6	90	30	60	720	100	400	32	200	50	144	-206	
2	2	42	24	18	216	40	100	8	100	25	—	- 57	
3	8	150	48	102	1,224	160	300	24	300	75	144	+221	
4	7	138	36	102	1,224	140	100	8	200	50	—	+726	
5	6	120	48	72	864	120	300	24	300	75	—	+165	
6	6	108	48	60	720	120	400	32	200	50	144	-226	

N. B.: Rent for bullock is generally given at 6 maunds and its conversion into Rupees is made at the rate of Rs. 12/- per maund.

During the year 1956-57 the general yield in the village was reported to be low because the crops had partially failed on account of inadequate rain in the month of September and October. The average yield per acre was, therefore, below 20 maunds per acre.

It can be seen from the Table No. 10 that out of six members, three could pay their loans including the land cess out of their sale proceeds. In case of two members the deficit was more than Rs. 200 and in the remaining case it was Rs. 57. On the detailed examination of the cases that were in deficit, it was seen that the deficit was on account of rent paid for hire of bullocks and exorbitant rate of interest paid on the outside borrowings. This indicates that if adequate finance would have been provided by the Bank including intermediate term loan for purchase of bullocks, members would not only had surpluses but they also might have been able to save substantial amounts.

14. DISBURSEMENT OF LOANS:

The success of the Crop Loan System lies in its ability to allow the adequate agricultural loans in time for definite agricultural operations. In the case of paddy, as was seen earlier, the first instalment of loan was required before February for preparation of land and a major portion before the monsoon starts. The last instalment was required at the time of harvesting season i.e. in October. The position in this respect in Konkan tract requires some clarification. It is stated that the finance allowed is spent for consumption purposes. Paddy is the main crop of this tract. The average holding of the lands is small. The manual labour comes from the cultivator's family and as such whatever amount required before monsoon is for the purchase of household requisites. Thus, it was evident that the major portion of the finance was in the nature

of consumption finance. A small amount of Rs. 5 per member was also required to be given at the time of "Gauri Ganapati" festival. If this advance is not granted the farmer has no alternative but to borrow from *Sawkars* known as "Palemode Sawkars" in the tract, for which he had to give in return one maund of paddy in kind (This means about Rs. 12 to Rs. 15 for about 3 to 4 months.)

The agricultural finance allowed in the backward areas like this tract has to be looked from a different angle of view. The finance allowed for the cultivation of crops should necessarily include the maintenance finance as these agriculturists together with the other members of their families work in the fields without employing the outside labourers. This finance should therefore be generally equal to the labour charges required and should be made available to them as they have no other source of maintenance.

Against this background, study of disbursement and recovery of loans is attempted for this society over a period of five years. (Table No. 11).

The disbursement and recovery of loans as explained above showed that a sufficient gap of about three months was maintained between recoveries of previous dues and disbursement of fresh loans. It was really a commendable feature till 1953-54 and the system of loans and recovery was functioning smoothly. As a result of the system of Government procurement of paddy at the controlled rates the recoveries were directly received from the Government. After 1954 the control was lifted. The prices of paddy in the initial months immediately slumped down to Rs. 9 to 10 from Rs. 19 per maund. There was no organisation like Co-operative Sale and Purchase Union to fill the vacuum, created by the withdrawal of procurement system by the Government.

TABLE NO. 11

Month.	1952-53.		1953-54		1954-55		1955-56.		1956-57.	
	Recoveries.	Advances.	Recoveries.	Advances.	Recoveries.	Advances.	Recoveries.	Advances.	Recoveries.	Advances.
1	2	3	4	5	6	7	8	9	10	11
July	—	—	—	—	—	—	—	—	—	—
August	—	—	—	—	—	—	—	—	—	—
September	—	—	—	—	A	N	—	—	—	—
October	—	—	—	—	L	O	—	—	—	—
November	—	—	—	—	L	F	—	—	—	—
December	—	—	87%	—	O	R	—	—	24%	—
January	—	—	13%	—	V	E	—	—	—	—
February	—	—	—	—	E	R	15%	—	44%	—
March	—	—	—	—	R	H	44%	—	8%	—
April	—	—	—	28%	U	O	10%	—	24%	15%
May	—	100%	—	72%	E	A	5%	—	—	17%
June	—	—	—	—	S	S	26%	73%	—	—
Total:	—	1,700	1,743	3,120			3,213	2,850	3,944	4,880

There were repeated demands from the taluka for organising a Purchase and Sale Union which would have helped the farmers to tide over the temporary slump in the market. There was also a demand that the Bank should open a sale shop in the initial period before a Sale Union is organised. Nothing was done in this respect by the Bank or by the Co-operative Department and the farmers were left to the mercy of the private traders.

15. LINKING OF CREDIT WITH MARKETING:

Linking of credit with marketing is essential for the effective implementation of the 'Crop Loan Sys-

tem'. It not only helps the financing agencies to recover their dues in time but also helps the agriculturists to realise better prices for their produce.

It is a known phenomenon that in the beginning of the season, the prices of agricultural produce are at a low level. The individual farmer cannot withhold the produce as he is pressed for money, required for his livelihood and other domestic expenses. Unless, therefore, some agency is available which would help him to store the produce in the beginning of the season, the cultivator is not likely to derive any benefits of the better prices, which generally prevail between December to March. So far as this tract is concerned the private paddy millowners predominated and the milling was practically monopolised by them. In the absence of any Co-operative Sale Agency, all the paddy was bought by the millers in the beginning of the season, when the prices were low. Thus the benefit of higher prices went to the millers instead of the agriculturists.

This brings the question of the necessity of having a processing plant on the co-operative basis. The tract is aptly suitable for starting a co-operative rice-mill. The following figures would show the paddy purchased by the Government and the millowners from 1948-49 to 1953-54 in Murbad Taluka.

TABLE NO. 12

	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54
	Mds.	Mds.	Mds.	Mds.	Mds.	Mds.
Millers:	2,06,438	1,59,231	1,90,235	1,76,784	2,10,069	2,27,022
Government:	26,194	10,791	37,400	32,287	61,770	78,805
Total	2,32,632	1,70,022	2,27,635	2,09,071	2,71,839	3,05,827

The figures show that in Murbad Taluka nearly three lakhs of Maunds of Paddy were sold every year,

which means Paddy worth of Rs. 30 lakhs was being marketed every year.

15. INTERMEDIATE TERM LOAN:

There was a general demand for loans for purchase of bullocks. In the month of January, every year, cattle fair is held at "Mhasa", a village ten miles away from Murbad. It was reported that about a lakh of cattle are sold every year.

Bullocks, buffaloes are necessarily required for the cultivation of paddy. They had either to be purchased or hired. For a minimum of five acres of paddy cultivation, a pair of bullocks is required for about 3 to 4 months from June to August. The cost of a pair of bullock varied between Rs. 200 to Rs. 400. In case the bullocks were hired the rent was paid in kind which was generally between 5 to 6 Maunds of paddy per pair over and above the maintenance charges of the animals during the period. The following table depicts a true picture in this respect in case of three members:

TABLE NO. 13

Case No.	Acreages. under cultivation.	Bullocks		Rent in kind. (in Mds.)	Actual cost at the prevailing price of paddy at Rs. 12/- per maund
		Owned.	Hired.		
1	2	3	4	5	6
1	6	—	2	12	Rs. 144
2	8	1	2	12	144
3	7	—	1	6	72

The above table shows that the cultivator had to pay exorbitant rent for three months which nearly amounted to 1/3rd of the actual price of the bullocks.

In spite of the importance of bullocks in the paddy cultivation, no loan appeared to have been made for purchase of bullocks. In fact, in 1953-54 in the Community Development and N.E.S. Blocks in Karjat area, the Bank did introduce such type of loans. In the Annual Report of 1953-54, it was stated, "A special feature of this tract is that most of the cultivators are tenant cultivators and have small holdings and security for the loan is meagre. The members require finance for purchase of plough, cattle and a special scheme was devised to sanction loans for this purpose. As a result of this measure the cultivation standard and output of crop are reported to have improved." What was made applicable to Karjat Taluka should have been, as a matter of policy, introduced in all tracts where the same conditions prevailed.

16. POSITION OF OVERDUES:

The position of overdues is given in the following table:

TABLE NO. 14

Year	Members	Amount Rs.	Percentage to total advances
1953-54	1	50	1.2%
1954-55	34	3,666	100%
1955-56	3	666	14%
1956-57	4	700	12.5%

Barring the year 1954-55, percentage of overdue with members in 1955-56 and 1956-57 was 14 and 12.5% respectively. In 1956-57 out of the 4 defaulting members, it was reported that one had utilised the amount for purchase of land and rest had no sufficient yield to repay their dues. It was suggested by the Managing Committee of the society that the society should have the right to attach crop as an effective measure to check the tendency of the wilful defaulters.

17. MANAGEMENT:

The society was managed by a Group Secretary who was in charge of 8 societies. The Secretary was working for the past four years in succession with a gap of one year in 1955-56, when some other Secretary was appointed.

The Managing Committee and the Chairman were elected every year in the General Meeting. The members of the Managing Committee had not changed since inception. The Chairman, however, was changed after the first year and the present Chairman, who is the leader of the village has continued since 1953-54.

18. CONCLUSION:

The study of the working of this society against the general economic and co-operative background of the taluka, has brought out some salient features. The conditions prevailing in 1953-54, before controls and procurement system were abolished, were conducive to the implementation of the crop loan system. The recoveries were direct and punctual on account of Government procurement system. Members were habituated to this system of direct recoveries. The failure of the system, therefore, was more or less due to lapse on the part of the financing agency to provide necessary co-operative sale agency, to take the place of the Government system of procurement.

The inevitable conclusion that could be drawn from the study was better summarised in a circular issued by the Apex Bank in 1955 which aptly defined the role of Central Financing Agencies vis-a-vis the crop system. It stated "Very often attempts are made to lay the blame on either the price factor or supervision or recovery arrangements. Inspectors and Senior Inspectors should realise that in the matter of agricultural

credit organisation the Bank has assumed responsibility of properly organising rural credit and financing agricultural operations in a systematic manner creating an institutional credit agency through Co-operatives and the responsibility for proper development of movement and timely repayments mainly lies in the Bank's Field Staff . . . what is required is proper approach and understanding and if this is properly explained, the members and committees are sure to react favourably. If there are genuine cases for re-finance for example, for purchase of bullocks, for land improvement etc. these should be considered and separate loans are got sanctioned or a part of the new loan be permitted to be drawn . . .”

The only regret was that it was not at all implemented!

W. C. Shrishrimal.

**THE AMBHETA GROUP CO-OPERATIVE M. P.
SOCIETY LTD.**

(TALUKA: OLPAD, DISTRICT: SURAT)

1. GENERAL:

Ambheta Village is at a distance of nine miles from Surat to the North. The village is situated in the famine zone and in an agricultural cycle, famine once in four years invariably occurs, in this tract. The total population of the village is 811 and the main crops of the village are cotton, jowar and groundnut.

The Ambheta Group Co-operative M. P. Society Ltd. was registered in 1914. It is in the area of operation of the Surat District Co-operative Bank Ltd. Originally, it was a credit society and was allowing small loans to its members residing in the Ambheta Village only. The society was converted into a Group M.P. Society with limited liabilities in 1948, with a view to cater all the needs of the agriculturists both credit and marketing. The area of operation of the society was also extended to all the villages within a radius of five miles from the Ambheta village. It included seven villages with a total population of 4804. The table No. 1 on page 173 gives the details:

It can be seen from the table that nearly 42% of the agricultural population were agricultural labourers and 11% were tenant cultivators. The total number of owner cultivators was 1892. They constituted 47% of the total agricultural population.

TABLE NO. 1

Serial No.	Villages	Agricultural Population				Non-agricultural population	Total
		Owner cultivators	Tenant cultivators	Agricultural labour	Total		
1.	Ambheta	521	5	84	610	201	811
2.	Arina	125	45	159	329	7	336
3.	Kukani	445	247	486	1178	266	1444
4.	Segava	116	71	144	331	—	331
5.	Dihen	177	—	380	557	5	562
6.	Valuk	300	8	335	643	108	751
7.	Sithan	203	92	161	461	108	569
		1892	468	1749	4109	695	4804

2. FINANCIAL STRUCTURE OF THE SOCIETY:

The following table gives the details of the financial position of the society during the period of five years i.e. from 1952-53 to 1956-57:

TABLE NO. 2

Year	Members.	Owned Funds				Deposits	Working capital
		Share capital	Reserve Fund	Other Funds	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1952-53	234	9,120	8,363	4,034	21,517	N.A.	N.A.
1953-54	242	9,355	8,630	1,168	19,153	N.A.	N.A.
1954-55	264	13,935	8,652	4,268	26,855	27,556	56,766
1955-56	271	18,695	8,954	1,417	29,066	34,843	70,376
1956-57	302	20,080	9,293	1,595	30,968	43,549	83,479

It can be seen from the above table that the own funds of the society had increased $1\frac{1}{2}$ times during the course of five years. The society had collected deposits of Rs. 27,550 in 1954-55 which were increased to Rs. 43,549 in 1956-57.

3. MEMBERSHIP:

There was a steady increase in the membership of the society during the period of four years from 1952-53 to 1955-56. The membership had increased in 1956-57 by 31 to 302 only because the agriculturists residing in the villages viz. (1) Dihen, (2) Valuk, (3) Sithen had joined the society for the only purpose of marketing milk, through the M. P. Society. They did not take any finance required for the crops from the society. It can be seen from Table No. 2 that practically all the agriculturists in the four villages viz. (1) Ambata, (2) Ariana, (3) Kukani, (4) Segava had joined the society. Some of the members of the society had also joined one of the four Cotton Sale Societies, working in this area as they were getting agricultural finance from these societies, at the rate of Rs. 21 per acre, under cotton cultivation. Besides, about 35 members had joined the *Tur* and *Bhuising* Sale Society and 16 of them were borrowing from it, for their requirements of *Tur* and *Groundnut* cultivation. Thus, all these members were getting agricultural finance from the various sources simultaneously, for their different crops.

4. SHARE CAPITAL:

The share capital of the society had increased more than 100% during the period of the last five years. It was increased from Rs. 9,120 in 1952-53 to Rs. 20,080 in 1956-57. The share capital was collected at 10% of the advances made to the members. As per the by-laws of the society, the maximum limit of share holdings per member was Rs. 3,000 and it was observed that no member had reached this limit. The society had declared dividend for the past three years at 4½% to its members.

5. PREPARATION OF THE N. C. STATEMENTS:

The N. C. Statements were generally prepared

once in three years. They were prepared in the month of April or May, after the recovery season was over. These statements included all the necessary information regarding the crops cultivated by the members and the shares and deposits held by them. In addition to this, information about the land holdings of each member and their values were also included, as there is no system of maintaining separate Assets' Valuation Statements. As the society was a non-borrowing one, the N. C. Statement was not forwarded to the Bank. Out of the total number of 45 societies in the Olpad Taluka there were only 12 societies that were borrowing from the Bank. All the N. C. Statements of borrowing and non-borrowing societies had to be submitted to the Supervising Union. The Union used to forward the statements of the borrowing societies to the Bank, for its approval. The total finance allowed to these twelve societies by the Bank in the year 1956-57 was to the extent of Rs. 99,475 only. The Bank allowed the agricultural finance equal to the total of the approved demands of the members, without taking into consideration the own funds of the societies and the deposits collected by them.

After the N. C. Statements were approved by the Supervising Union, all the individual demand loan statements were prepared by the Societies and were submitted to the Supervising Union again for approval before they were submitted to the Bank. When the N.C. Statements were not prepared afresh, demands statements only were sent to the Union for approval. Under any circumstances the societies were not allowed to advance any finance to the members unless the demand loan statements were approved by the Supervising Union. The Union carefully scrutinised the individual cases of both the ordinary finance and the intermediate term finance and the intermediate term loans were allowed only if there was an adequate security and the lands belonging to the borrowing members were mortgaged in

favour of the society. The outside borrowing limit of the society and the individual borrowing limits for the short term and intermediate term finance provided under the bye-laws were not violated. The individual borrowing limit was Rs. 400 for short term finance and Rs. 600 for the intermediate term finance. Thus, it can be seen that the Supervising Unions in this District have got a complete control over the financial transactions, made by the societies.

6. AGRICULTURAL FINANCE:

The following table gives the details of the agricultural finance, made available to the members during the last five years:

TABLE NO. 3

Year	Seasonal Finance.		Intermediate Finance.		Total Amount. Rs.
	Members.	Amount. Rs.	Members.	Amount. Rs.	
1952-53	130	55,852	28	12,375	68,227
1953-54	152	24,912	28	6,275	31,187
1954-55	210	31,795	29	6,325	38,120
1955-56	256	33,641	40	9,025	42,666
1956-57	280	40,002	48	12,175	52,177

The scale of finance allowed to the members had been fixed at Rs. 30 per acre, for the Jirayat lands for the owner cultivators and Rs. 25 per acre for the tenant cultivators. If any of the owner cultivators had a part of his lands on rental basis, he was allowed the scale of Rs. 25 per acre for the rented lands. These scales had been fixed by the society and not by the Bank. The society was practically a non-borrowing society and during the course of the last five years, it had borrowed only once i.e. in the year 1952-53 when there was a famine. The scale of finance allowed by the Bank to the borrowing societies was the same as fixed by the Collector for the members, who were

parties to the proceedings under the B.A.D.R. Act. This scale of finance was applicable to all the members of the primary co-operative societies. The Field Workers' Conference was never held for fixing the scales of finance.

The finance was allowed in cash by the society to its members in one instalment, only when the previous dues were repaid in full. If a member could not repay his dues in full he used to receive finance equal to his repayments, so that the total sanctioned limit was not transgressed. Generally, such a situation did not arise as all the members were arranging to repay their dues in full, by borrowing from the outside agencies. Besides, some of the members were also the members of the cotton sale societies and *Tur* and *Bhuising* sale society as already stated and they could repay their loans borrowed from the credit society by selling the surplus produce through these Marketing Societies. Immediately after the dues were cleared of the members were allowed fresh finance by the society, within three days. The landless members as well as those members who belonged to the non-agricultural classes were also allowed finance by the society to the maximum of Rs. 200 per member, provided two sound sureties were offered by them. It may be noted that there were no overdues with the members except in the year 1952-53 which was a famine year.

It can be seen from the above statement that the agricultural finance made available to the members was not on the progressive lines. In 1952-53, the society had allowed finance of Rs. 55,852 to its 130 members while in 1956-57 Rs. 40,002 were allowed to its 280 members. The reason was obvious. The members of the society were not entirely depending upon this society for the finance required by them as they were getting loans from the other Societies, for rearing up their different crops such as cotton and groundnut in

addition to the finance allowed by this credit society for the same crops.

7. DEPOSITS:

As mentioned above, the society had not borrowed from the Bank, during the last five years except in the year 1952-53 when there was a famine. It had borrowed during this year to the extent of Rs. 33,229 and repaid the amount in full in the following year. It was not borrowing from the Bank only because it was found convenient for it to get the local deposits. The rate of interest allowed on the deposits collected was $3\frac{1}{2}\%$ from the members and 3% from the non-members. The period of these deposits was always more than one year. In addition to these voluntary deposits collected, the society had also collected compulsory savings deposits from the borrowing members. The total deposits that were received during the three years from 1954-55 to 1956-57 by the society were as under:

TABLE NO. 4

Year.	Members' Deposits. Rs.	Non-Members' Deposits. Rs.	Compulsory Savings Deposits. Rs.	Total. Rs.
1954-55	8,950	10,317	8,289	27,556
1955-56	15,050	11,755	8,038	34,843
1956-57	20,578	15,130	7,841	43,549

Thus, it can be seen that the total deposits were increasing every year. They had increased from Rs. 27,556 in 1954-55 to Rs. 43,549 in the year 1956-57. The compulsory Savings Deposits were collected while advancing loans to the extent of 5% of the total borrowings of the members. These deposits were repayable only after five years.

8. AGRICULTURAL MARKETING:

The members borrowing from the Cotton Sale Societies had to market their cotton necessarily through them. There were no Purchase and Sale Unions functioning in the Taluka except the single commodity-wise sale societies such as the Cotton Sale Societies or Tur and Bhusing Sale Society. As a matter of fact, all the members of this credit society were marketing their cotton through one of the Cotton Sale Societies, functioning in the Taluka. In case of milk, the members who had enlisted themselves as the producers of milk had to sell all their milk through the Milk Union.

Thus, the marketing of agricultural produce was not correlated with the finance allowed by the society and the members sold their cotton or groundnut through the commoditywise sale societies only because they had taken finance from them. The credit or the M.P. Societies had no control over the marketing of the agricultural produce of their members and for recovery of the loans advanced, they had to depend upon the goodwill of the members, who generally repaid their dues from the sale proceeds of their cotton which is the main cash crop in this area. In order to avoid this anomalous position it has been recently decided that the Cotton Sale Societies in the Taluka should be converted into M. P. Societies and they would be responsible for marketing all the agricultural produce of their members. Convenient units were to be decided for the area of the operation for these Cotton Sale Societies, and all the credit and M. P. societies working in these units were to be amalgamated with this society. All the types of finance required for the members for their various crops were to be made available through this society so that there would be no duplication of finance. All the agricultural produce would be marketed through these societies only. Those Credit and M. P. Societies which had no desire to merge with these large-sized societies

would be allowed to continue to work but they would not be allowed to advance agricultural finance to its members. It has been reported that practically all the societies except the Olpad Co-operative M. P. Society which is functioning as a large-sized Co-operative M. P. Society, have agreed to this arrangement. There are in all ten Cotton Sale Societies working in the Taluka and the whole of the Taluka will be divided into ten units, so that there will be no overlapping of jurisdiction, as it exists today.

9. INTERMEDIATE TERM LOANS:

From the Table No. 3, it can be seen that the society had sanctioned Intermediate Term Loans to the extent of Rs. 12,175 to its 48 members in the year 1956-57 from its own funds. The Bank never allowed any Intermediate Term Loan to the members of the primary co-operative societies. During the year 1952-53 also, the society had advanced Rs. 12,375 to its 28 members from its own funds. The Intermediate Term Loans were made available to the members only after their lands were mortgaged, in favour of the society worth at least three times the loans advanced. The finance was allowed for (1) the improvement of the lands, (2) for purchasing of bullocks and oil-engines, (3) for purchasing of manures and (4) even for the redemption of the old debts. This type of loan was repayable in 2 or 3 equal annual instalments.

10. OTHER ACTIVITIES:

It is interesting to study the various other activities of the society viz. (i) Dairy business, (ii) Retail shop and (iii) Oil-engine. The following are the details:

(i) Dairy:

The society has purchased shares worth Rs. 1,000 of the Surat District Co-operative Milk Producers'

Union, Ltd. and it provides 20 Bengali Maunds Milk every day to the Union. The Union was registered on 22-8-1951 with the share capital of Rs. 14,400 collected from 11 Feeder societies affiliated to it. Five of these eleven societies were supplying milk to the Union. The area of operation of the Union was within the radius of 60 miles but it actually functions within the radius of 25 miles only.

This society has appointed an Agent for collection of milk from villages situated in its jurisdiction and all the milk was collected at the Ambata village. The Agent got 25 nP. per maund as his commission. The milk then was taken to Surat in the truck belonging to the society. 10 Bengali maunds were collected in the morning at 3-30 A.M. and 10 Bengali maunds in the evening at 3-30 P.M. Adulteration was strictly avoided and heavy fine was imposed when it was noticed that adulteration was made.

The society allowed loans to the members for purchasing buffaloes at Rs. 300 per buffalo. The average price of buffalo was Rs. 600. The loan was to be refunded in five equal monthly instalments. The loan so far granted for this purpose was Rs. 7,250. The members got 50 nP on an average per seer from the Union.

(ii) Retail Shop:

The society had a retail shop and the items of daily requirements were sold to the members on cash basis. Facility of credit was given to those members who were supplying milk to the society for marketing, and the dues were recovered from the sale proceeds of milk, every month. Often, wholesale purchases of rice and other food-grains were made by the Society on the indent basis. The amount was recovered from the loans sanctioned. Food-grains were purchased in November or in December when prices were favourable

and amount was recovered in March and April from the members. Food-grains provided in the year 1956-57 were worth Rs. 10,000 approximately. The total average sale of the retail shop was about Rs. 62,000 per year. The society has earned a good reputation of making punctual payments and was in position to get goods from the merchants on credit. The Bank had sanctioned a credit of Rs. 15,000 to the society for conducting the shop but this credit was never utilised by the society.

(iii) Oil-Engine:

The society had purchased a Peter Oil Engine of 5-6 H.P. for Rs. 2,600 for use of its members. In days of the scarcity of the water supply, the engine was given on hire basis to the needy members at Rs. 2 per hour, for irrigating their crops. The society had appointed a engine driver and his assistant whose wages were Rs. 3 and Rs. 2 per day respectively.

11. INSPECTION AND SUPERVISION:

As the society was a non-borrowing one, it was not inspected by the Inspector of the Bank. However, the Supervisor used to inspect the society every year. The Supervisor was in-charge of a large number of societies for inspection in the Taluka. It was, therefore, very difficult for him to keep a close watch over the working of these societies. In case of the borrowing societies also, the inspection arrangement was not very satisfactory. The Inspector attached to the Head Office had to carry out the inspection work of the societies in the Talukas (1) Olpad, (2) Chorasi (3) a part of Palsana Taluka and (4) a part of Kamrej Taluka. There were in all 62 borrowing societies in his charge. In other talukas the Inspectors were Clercum-Inspectors under the direct control of the Agents of the Branches. All the papers from the Head Office

were forwarded to them through the Agents. The tour programmes of these Clerk-cum-Inspectors were approved by the Head Office, but even then, before proceeding on tour they had to seek the permission of the Agents.

12. MANAGEMENT OF THE SOCIETY:

The Managing Committee of the society consisted of 11 members. They were all elected in the annual general meeting. There was generally no contest and the election was unanimous. The Chairman of the society was elected by the Managing Committee. The Secretary of the society has been appointed by the society on a monthly salary of Rs. 125.

Thus, the management of the society was very satisfactory. It was in 'A' audit class throughout the last five years. All the Managing Committee members were taking keen interest in the affairs of the society especially in the matters of recoveries from the borrowing members. Thus, the society can be said as one of the well-managed societies in the Surat District.

M. G. Bhagat.

(11)

THE ANKHI GROUP CO-OPERATIVE M. P. SOCIETY LTD.

(TALUKA: JAMBUSAR, DISTRICT: BROACH)

1. GENERAL:

Ankhi is a small village, situated at a distance of five miles to the west, from Jambusar. The total population of the village, was 1546. The village is a progressive village, having two primary schools upto Standard VII one for boys and the other for girls. There is a public library maintained in the village, having about 500 Gujerati Books.

The Ankhi Group Co-operative M. P. Society was organised for two villages viz. (1) Ankhi and (2) Velam. Velam is a small village, having a population of 515, situated at the distance of half a mile from Ankhi village. Thus, the total population of both the villages was 2061 consisting of 446 agricultural families. These agricultural families were divided as under:

Owner cultivators	..	..	242
Tenant cultivators	..	..	51
Owner-cum-Tenant cultivators	..	..	153
			<hr/>
Total	..	..	446
			<hr/>

The total lands in both the villages under cultivation were 4537 acres. Out of these lands, owner cultivators were cultivating 2478 acres, tenant cultivators were cultivating 183 acres and the remaining lands were cultivated by the owner-cum-tenant culti-

vators. The main crops of these villages are Cotton, Groundnut, Jowar and Wheat.

2. THE FINANCIAL STRUCTURE:

The Ankhi Group V. M. P. Society was registered in 1915. It is in the area of operation of the Broach District Central Co-operative Bank Ltd. It was working purely as a credit society till 1951 and thereafter it was converted into a M. P. Society for carrying out the marketing and other activities in the village. The financial position of the society during the period 1952-53 to 1956-57 was as under:

TABLE NO. 1

Year	Members			Owned funds of the Society				Bank's dues.	Working Capital.
	Borrowing.	Non-Borrowing.	Total	Share Capital.	Reserve & Other Funds.	Total			
				Rs.	Rs.	Rs.	Rs.	Rs.	
1952-53	119	60	179	12,300	6,813	19,113	44,000	68,333	
1953-54	127	56	183	13,300	8,311	21,611	27,000	56,929	
1954-55	128	59	187	13,655	8,377	22,032	27,000	63,569	
1955-56	147	36	183	13,840	11,436	25,276	30,000	69,859	
1956-57	170	18	188	15,985	12,520	28,505	68,800	1,11,551	

It can be seen from the above table that the financial position of the society had greatly improved during the course of five years. The owned funds of the society as well as the working capital of the society had increased one and half times. The number of borrowing members had also increased by nearly 45%.

3. MEMBERSHIP:

There was no substantial increase in the total number of membership of the society. It had increased

by nine only from 179 in 1952-53 to 188 in 1956-57. However, the borrowing members had increased by 51 from 119 to 170 during this period. Upto the year 1954-55, the number of borrowing members was practically the same. On account of the introduction of the Pilot Scheme, the borrowing members had increased from 128 to 170 during the years 1955-56 and 1956-57. Under the Pilot Scheme, the scale of finance for both the owner cultivators and the tenant cultivators was the same. However only seven tenant cultivators had joined the society for getting the agricultural finance.

4. SHARE CAPITAL:

The share capital of the society had been increased by 30% during the course of the last five years. It rose from Rs. 12,300 to Rs. 15,985. The main reasons for this increase were two. Firstly, the number of borrowing members had increased from 119 to 170 and secondly the agricultural finance made available to the members was practically doubled. The share capital of the society was collected at 20% of the total advances made to the borrowing members. This was the maximum share holding to be made by the members and once they had contributed 20% of their total borrowings towards the share capital of the society they had to contribute nothing at the time of disbursement of loans, every year. In case of the tenant cultivators, the contribution was 33% of their borrowings towards the share capital of the society. This share capital was collected as per the condition laid down by the Bank, while sanctioning the maximum credit. The society had also to contribute to the share capital of the Bank to the extent of 20% of the total advances made to the society.

Last year, the society had purchased a small ginning factory of four *charkas* for the use of its members

and in order that the society should be able to raise the necessary capital, it was collecting additional share capital of Rs. 10 per *bhar* from the members whose cotton was ginned. The collection of this share capital was made on voluntary basis.

5. DEPOSITS:

The society had collected deposits from the members only. They were of three types viz. (1) Savings Deposits, (2) Fixed Deposits and (3) Compulsory Savings Deposits. The following table gives the details of these deposits:

TABLE NO. 2

Year.	Savings Deposits.	Compulsory Savings Deposits.	Fixed Deposits.	Total.
	Rs.	Rs.	Rs.	Rs.
1952-53 ..	1,152	1,020	200	2,372
1953-54 ..	2,452	3,160	1,400	7,012
1954-55 ..	1,427	5,296	3,475	10,198
1955-56 ..	252	5,040	2,475	7,767
1956-57 ..	197	3,973	2,475	6,645

It can be seen from the above table that in 1954-55 maximum deposits were collected as there was a good crop during that year. These deposits were considerably reduced during the years 1955-56 and 1956-57 as the crops were not in good condition. They were collected from the sale proceeds of cotton, belonging to the members, marketed through the society.

The rate of interest allowed by the society for the Savings Deposits was 2% and for the fixed deposits it was 3½%

The compulsory savings deposits were collected at the rate of 5% of the total advances made to the mem-

bers who had not to contribute anything towards the share capital of the society. These deposits were not refundable for a period of ten years.

6. PREPARATION OF THE N. C. STATEMENTS:

After the Field Workers' Conference was over which was generally held in the month of November, the Secretaries of the societies prepared the N. C. Statements and submitted them to the Supervising Unions by the middle of January. These N. C. Statements were prepared as per the scales of finance fixed by the Field Workers' Conference which were according to the recommendations of the Bank. They were approved first in the Special General Meetings called for this purpose by the Societies. The statements were read in the meetings and the members were at liberty to enquire as to why the limits recommended to them were less than the prescribed limits. The limits recommended by the society were not, however, increased by the Supervising Unions or by the Bank Officials.

In case of 'A' and 'B' class societies the Bank generally did not interfere in the limits that were recommended by the society, provided the scales of finance fixed in the Field Workers' Conference were adhered to. In case of 'C' and 'D' class societies the Inspectors of the Bank were expected to go into details of the limits recommended to the members by the society.

The individual borrowing limit fixed under the bye-laws of the societies was Rs. 400/- for S.T. finance and Rs. 750 for the Intermediate Term Finance. With the introduction of the Pilot Scheme the bye-laws had been amended and the societies were authorised to recommend the loans to any extent, provided they were approved by the Supervising Unions and the Bank. The outside borrowing limit of this society was 8 times the

Share Capital and the Reserve Fund. This limit was never exceeded.

As a rule, the N. C. Statements were prepared every year. But during the last three years since the Pilot Scheme was introduced, the old N.C. Statements were continued. The societies had only to prepare the supplementary N.C. Statements every year, if there were any changes either in the membership or in the acreages under cultivation:

7. SCALE OF FINANCE:

The scale of finance was fixed in the Field Workers' Conference. It was Rs. 40 per acre for all the crops or 50% of the value of the crops marketed through the Co-operative Institutions, whichever was higher. This scale was allowed since the pilot scheme had been introduced, in the District. Prior to the introduction of the pilot scheme, three years back, the scale of finance was only Rs. 30 per acre for all the types of crops for the owner cultivators and Rs. 20 per acre for the tenant cultivators. Practically, all the lands in the village are non-irrigated, entirely depending upon the vagaries of monsoon. In the agricultural cycle of three years one crop is excellent, one crop is fair and one crop is poor. Under these circumstances the agriculturists are not resorting to the chemical manures on a large scale. On account of this factor the scale of finance allowed by the Bank was quite adequate.

8. TOTAL AGRICULTURAL FINANCE:

The table No. 3 gives the details of the agricultural finance made available to the society by the Bank during the last five years:—

The society was allowed two types of finance viz. (1) the ordinary finance and, (2) the crop finance under the

TABLE NO. 3

Year.	Ordinary Finance.		Crop Finance.		Total Finance.	
	Limit	Drawings	Limit	Drawings	Limit	Drawings
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1952-53	30,000	30,000	15,600	14,000	45,600	44,000
1953-54	30,000	27,000	14,000	-	44,000	27,000
1954-55	32,600	27,000	14,000	-	46,600	27,000
1955-56	30,000	18,000	14,000	12,000	44,000	30,000
1956-57	58,000	52,000	25,700	16,800	83,700	68,800

B.A.D.R. Act. Formerly, there were two different scales for these two types of finance but since the Pilot Scheme had been introduced the Bank was allowing uniform scale of finance to all the members both to the ordinary members as well as to the members who were parties to proceedings under the B.A.D.R. Act.

It can be seen from the above statement that the drawings were not made to the maximum extent of the sanctioned limits by the society, during the last four years. During the years 1953-54 and 1954-55 crop finance was sanctioned to the extent of Rs. 14,000 but no drawings were made.

9. ADVANCES & RECOVERIES:

(i) Advances:

The last date of repayment was 31st March every year and all the advances made to the members were recovered by this time, from the sale proceeds of their agricultural produce. (cotton). After the cotton was brought to the shop of the society, advances were made upto 60% of the value of cotton. In case of the borrowing members these advances were restricted to 25% of the value of cotton taking into consideration their borrowings from the society. These advances against produce were so arranged that the members would be able to repay their previous dues

from the sale proceeds of cotton, together with the advances made against cotton.

The fresh advances were allowed after the month of March. By this time the N. C. Statements and the supplementary N.C. Statements were duly sanctioned by the Bank. It was not necessary that the society should repay the Bank's dues in full before the fresh advances were made available to the members. The members who had repaid their dues in full, were eligible to get fresh advances from the Bank. The fresh advances were paid in two instalments. The first instalment was 80% of the limits sanctioned. It was paid in cash and the remaining balance of 20% was allowed in kind. If the members had no desire to get this limit of 20%, in kind, they were allowed half of this amount, in cash after the month of September. The following table gives the details of the advances made, during the last five years to the members of the society:—

TABLE NO. 4

Year.	Advances made to the members (percentages)						Total Advances. Rs.
	April.	May.	June.	July.	August	Sept.	
1.	2.	3.	4.	5.	6.	7.	8.
1952-53	78%	12%	1%	2%	-	7%	48,481
1953-54	64.6%	14%	10%	8%	3%	0.4%	38,310
1954-55	68%	12%	12%	4%	3%	1%	48,210
1955-56	31.9%	19%	22%	23%	0.1%	4%	49,421
1956-57	48%	23%	3.1%	0.2%	22.7%	3%	80,380

Thus, it is clear from the above table that a major portion of the advances was made in the months of April and May. In the month of September the advances made were equal to half of the second instalment of 20% as the members did not prefer to take the portion of the loans in kinds.

(ii) Recoveries:

All the recoveries were effected from the sale proceeds of cotton, marketed through the Cotton Sale Societies. The recovery season begins in the month of February when cotton is marketed. The following table gives the details of the recoveries made by the society:—

TABLE NO. 5

Year.	Recoveries made by the Society (Percentages)						Total recoveries.
	Janu-ary	Febru-ary	March	April	May	June	
1.	2.	3.	4.	5.	6.	7.	8.
							Rs.
1952-53	-	51.4%	45.6%	1.2%	1.8%	-	49,407
1953-54	3%	53%	42%	2%	-	-	52,250
1954-55	-	37.5%	60%	2%	0.5%	-	49,535
1955-56	-	17.3%	81.3%	-	0.8%	0.6%	53,010
1956-57	-	-	5%	95%	-	-	61,456

It is evident from the above table that the major portion of recoveries was made in the months of February and March. These recoveries were received from the sale proceeds of cotton marketed by the society. In the year 1956-57, the major portion of recoveries was in the month of April as cotton was not marketed in the months of February and March on account of the prices being unfavourable during these months.

10. AGRICULTURAL MARKETING:

Unlike in the Surat District, there are a few Cotton Sale Societies organised in this District and the marketing of cotton is being done by the M. P. Societies themselves. These societies make provision of cotton seed to the members on cash payment. The distribution of cotton seed is made under the supervision of the Cotton

Superintendent of the Agricultural Department, Government of Bombay. After the harvest season is over the members take their goods to the Ginning and Pressing Factories as per the directions of the society. As regards this society, the ginning was made by the society itself, as it has its own small ginning factory, recently purchased for Rs. 31,000. The society was sanctioned a loan of Rs. 20,000 by the Bank for purchasing this factory which was to be repaid in three equal annual instalments. For pressing cotton the society had to take it to the Jambusar Co-operative Purchase and Sale Union. The charges to be paid both for ginning and pressing were Rs. 25 per *bhar* i.e. twelve Bengali Maunds.

When the bales of cotton were ready, the exact number of bales ready for marketing was intimated by the society to the Broach Cotton Area Co-operative Cotton Sale Organisation Union Ltd. The Union charged commission at four annas per bale. These Unions were organised according to the two qualities of cotton and therefore, a part of the Broach District is affiliated to the Surat Cotton Sale Union, where *Surati* type of cotton is grown and the remaining part of the District is affiliated to the Broach Union.

Samples of cotton ready for sale with societies had to be taken to Broach. The bales were not removed from the factory yard until the final agreement was reached and the sale proceeds were received by the societies. Very often the merchants visited the factory for verifying the quality of the goods to be marketed as per the sample provided. Generally, the Manager of the Union was arranging for sale of the goods at the prevailing market rate i.e. the open market rate. When the prices were not favourable the Manager used to market the agricultural produce after getting necessary instructions from the society. In all these transactions the brokers were necessary as the Union could not deal

directly with the Cotton Mills. The brokers were paid 25 nP. per bale as commission. On settlement of the transaction, the society was paid practically the full amount of the value of the goods by the merchants.

The society did not make the final payment to its members unless all the goods that were received by it for marketing from all the members were sold out. The prices made available to the members were the average prices as cotton belonging to all the members was pooled together. The society's commission was Re. 1 per bale. The insurance charges were borne by the society itself. Thus, the marketing of cotton is being smoothly carried out in this tract and practically all the borrowing members of these societies sell their cotton through the Co-operative Agencies and repay all their dues from the sale proceeds of cotton. Nearly 75% of cotton in the District is marketed through the Co-operative Institutions, which is indeed a great achievement.

11. INTERMEDIATE TERM LOANS:

No Intermediate Terms Loans had been sanctioned by the Bank to any of the members of the society. The society had also not allowed any Intermediate Term Loans to its members out of its own funds as the Bank does not allow the societies to utilise their own funds in anyway they like, without its previous approval. There is a great demand for the Intermediate Term Loan finance and the Bank has recently made a small beginning in allowing these loans to the members of the primary co-operative societies and so far the total advances made by the Bank to the primary societies were Rs. 12,300 only.

12. MANAGEMENT:

The management of the society was satisfactory. It was in 'A' Audit class for all these years. There:

were seven members on the Managing Committee elected unanimously every year by the General Body. The Chairman of the society is a very influential person. He is working as the Chairman of the society for the last three years.

M. G. Bhagat.

**THE BHAMATALAI CO-OPERATIVE CREDIT
SOCIETY UNLTD.**

(TALUKA: DOHAD, DISTRICT: PANCHMAHALS)

1. GENERAL:

Bhamatalai is a part of the Garbada Village which is called a *Falia*. The Garbada Village is divided into six *Falias* and all these *Falias* have got their own co-operative credit societies. The total population of Garbada Village taken as a whole is 5351 and about 95% of this population are Adiwasis. Of these Adiwasis, nearly 2/3 are Bhils and the remaining 1/3rd are Patelias. Agriculture is their main occupation and the major crops that are grown are Maize, Groundnut and Paddy. In addition to these *Kharip* crops, *Rabbi* crops such as grams, wheat are also grown to some extent, in winter season.

The total area under cultivation in the whole Garbada village consisting of all the six *Falias* is 5065 acres. There are 1042 agricultural families and as such the average area under cultivation per family is nearly 5 acres. The Adiwasi agriculturists are not accustomed to hard work and the average yield per acre is poor, as compared to the other parts of Gujerat. It may be, however, noted that the Patelias are more progressive agriculturists than the Bhils. These Adiwasis are generally employed as forest labourers during the off-season.

2. FINANCIAL STRUCTURE:

In 1920, there was great famine in this tract and the Adiwasi population had to suffer a great deal on account of the shortage of food supply. In order

to give a relief to them Shri Thakkar Bappa organised "the Bhil Seva Mandal" for ameliorating their economic and social conditions. The Mandal started organising the primary co-operative credit societies in this area. The first society that was organised in 1921 was the Garbada C. C. Society Unltd. The Bhamtali C. C. Society was registered on 22nd May, 1923. The Society is in the area of operation of the Panchmahals District Central Cooperative Bank Ltd. The following are the details about the working of the Society:—

TABLE NO. 1.

Year.	Number of Members			Total funds of the Society.				Working Capital.
	Bor- row- ing	Non- bor- row- ing	Total	Share Capi- tal.	Re- serve Fund.	Other Funds	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.
				Rs.	Rs.	Rs.	Rs.	Rs.
1952-53	99	20	119	1,965	7,118	560	9,643	12,454
1953-54	95	22	117	1,970	7,535	603	10,108	13,075
1954-55	90	23	113	2,010	7,717	764	10,491	11,812
1955-56	90	23	113	2,885	7,839	680	11,404	12,108
1956-57	90	23	113	3,275	7,949	601	11,825	13,231

3. MEMBERSHIP:

There were in all 250 agricultural families residing in this *falia* and out of them 113 families had joined the society. The total membership was practically constant during the last five years. The reduction from 119 to 113 is due to death of six members.

It may be noted that nearly 50% of the agricultural families residing in this *falia* did not join the society. There were two main reasons for this state of affairs. Firstly, it was due to the consolidation of holdings Act, recently introduced in this area. As per the provisions

of this Act, in case of death of the head of the family, the lands are transferred in the name of the eldest son in the Record of Rights. Naturally, he became the member of the society, in succession of his deceased father. However, it may be noted that although on paper the lands were in possession of the eldest brother they were privately distributed equally among all the other brothers. These brothers lived separately. The eldest brother used to get crop finance for all the lands that were in his possession and distributed the amount proportionately among all brothers. At the time of the recovery he used to repay the society's dues, after collecting the due share in kind from his brothers.

The second reason that can be attributed is that the members having rented lands or having lands less than three acres under cultivation were not allowed any agricultural finance by the Bank. The Bank has recently decided to allow crop finance to all these types of members but the agriculturists belonging to these categories had not so far joined the society. However, it may be noted that there were 8 members, cultivating rented lands who were the members of the society since its inception and they were allowed agricultural finance for their crops, to some extent.

4. SHARE CAPITAL:

The share capital of the society had been increased from Rs. 1,965 in 1952-53 to Rs. 3,275 in the year 1956-57. Upto 1953-54, the share capital was compulsorily collected at 10% of the advances made to the members. Later on, it was not found suitable to collect the share capital in this way, especially during the lean years when there was a partial or complete famine. Generally, the failure of the crops occurs in this area once in three or four years. It was, therefore, decided that there should not be any compulsion for collecting the share capital in case of the old members. However, the

society collected 10% of the advances towards the share capital of the society from the new members. No maximum limit for the share capital is fixed under the byelaws for the borrowing members.

The share capital was also collected from the sale proceeds of the agricultural produce, belonging to the members. The members used to bring their agricultural produce for marketing to the Purchase and Sale Union, roughly equal in value of the loans advanced to them. From the sale proceeds of the produce the loans were repaid in full together with interest. In these transactions there was always a surplus on account of the fluctuation of prices and this amount was adjusted either to the deposit account or to the share capital account, with the consent of the members. These deposits were also adjusted to the share capital account when they were in multiples of five, the value of each share being Rs. 5. It was observed that the members were rather reluctant to pay the share capital by way of deductions from their loans but they had no objection if it was collected from the sale proceeds of their produce at the time of repayments.

5. RESERVE FUND:

The Reserve Fund of the society has been increased from Rs. 7,118 in 1952-53 to Rs. 7,949 in 1956-57. The society is of 25 years standing and as such it has been able to build up the Reserve Fund to the extent of Rs. 8,000. Taking into consideration the backwardness of the people and the famine-stricken area, the Reserve Fund of Rs. 8,000, built up by the Society can be said as a commendable achievement.

6. DEPOSITS:

The following table gives the details of the deposits collected by the society:—

TABLE NO. 2.

Year.	Members' Deposits	Non-Members' Deposits.	Total.
1.	2.	3.	4.
	Rs.	Rs.	Rs.
1952-53	1,059	40	1,099
1953-54	1,206	40	1,246
1954-55	1,232	40	1,272
1955-56	357	41	398
1956-57	353	44	397

In the early days the society was compulsorily collecting deposits at 5% of the advances made to the members. This system was discontinued and they are now collected voluntarily from the members. These deposits, as has been mentioned above, were collected from the sale proceeds of their agricultural produce and later on, adjusted to the share capital of the society after a resolution to that effect was passed in the Annual General Meeting. This was the reason why the deposits of Rs. 1,232 in 1954-55 had been reduced to Rs. 353 in 1956-57. The deposits of Rs. 879 were adjusted to the share capital of the society. The rate of interest allowed for the deposits was 4% when they are compulsorily collected and 2% when they are collected voluntarily.

7. PREPARATION OF N. C. STATEMENT:

The N. C. Statement was prepared every year, in the month of January or in February after the necessary instructions were received from the Bank, regarding the scales of finance. These instructions were issued by the Bank, when the scales were fixed in the Field Workers' Conference every year. The scale of finance decided by the Bank during the period 1952-53 to 1956-57 was Rs. 40 per acre for groundnuts and Rs. 30 per acre for food-grain crops, for the agriculturists having their own lands. In case of the rented

lands these scales were Rs. 25 and Rs. 20 per acre respectively.

In addition to this scale of finance, the members were allowed additional finance to the extent of 50% of the deposits and shares held by them, in the society, if they were in need of additional loans.

8. AGRICULTURAL FINANCE:

The members of the society were allowed fresh finance to the extent of 70% of the previous sanctioned limits by the Agent of the Branch without consulting the Head Office, if they had repaid all their previous dues in full. It was not necessary that the Bank's dues should be fully recovered before the fresh finance was allowed. All the Demand Statements of the borrowing members were to be submitted to the Branch through the Special Supervising Officer, and the Branch allowed these advances as per his recommendations. This Officer had been specially appointed by the Government for supervising the working of the agricultural co-operative credit societies in the Dohad and Jhalod Talukas, as the members of the primary Co-operative Societies were all Adiwasis.

The table No. 3 on page 202 gives details showing the finance made available to the society and the repayments made during the period 30-11-56 to 30-6-1957:—

It can be seen from the table that the advances made by the Society to its members were to the extent of Rs. 3,042, by the end of June, 1956. Fresh advances were further made during the following three months, that is upto 30-9-1956 to the extent of Rs. 1,459, making a total of Rs. 4,501. These advances to the members were mainly for the *Kharif* Crops as well as for the maintenance of their families. The society also allowed fresh finance during the months of October to December and these

TABLE NO. 3.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	Recoveries made through Purchase & Sale Union.		14.
											12.	13.	
Date.	Outstanding as on 30-6-56.	Outstandings as on 30-9-56	Interest debited on 30-9-1956.	Fresh Advances from 1-10-56 to 31-12-56.	Total Advances made.	Recoveries up to the previous month.	Recoveries during the month.	Total Recoveries.	Dues to be recovered as yet.	Advances made after 1-1-1957 which are not to be recovered this season.	In this month.	Balances to be recovered.	Total Recoveries made through Purchase & Sale Union.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
30-11-1956	3,042	4,501	268	-	4,769	-	1,278	1,278	3,491	-	1,053	383	1,436
31-12-1956	3,042	4,501	268	2,449	7,218	1,278	1,692	2,970	4,248	-	1,854	731	2,585
31-1-1957	3,042	4,501	268	2,449	7,218	2,970	848	3,818	3,400	1,333	2,023	808	2,831
28-2-1957	3,042	4,501	268	2,449	7,218	3,818	15	3,833	3,385	1,558	2,023	808	2,831
31-3-1957	3,042	4,501	268	2,449	7,218	3,833	109	3,942	3,276	1,558	2,110	874	2,984
30-4-1957	3,042	4,501	268	2,449	7,218	3,942	2,128	6,070	1,148	2,493	3,071	1,288	4,359
31-5-1957	3,042	4,501	268	2,449	7,218	6,070	1,637	7,707	- *	5,583	3,071	1,441	4,512
30-6-1957	3,042	4,501	268	2,449	7,218	7,707	1,358	9,065	- †	7,323	-	-	-

* Rs. 489/- as Credit Balance.

† Rs. 1,847/- as Credit Balance.

advances were roughly equal to 70% of the value of the agricultural produce to be marketed, during this period. Thus, the total advances made to the members by the end of December 1956 were to the extent of Rs. 7,218 which were to be recovered during the next recovery season.

The advances made from 1-1-1957 onwards were considered as 'future finance' and they were to be recovered during the next recovery season. These advances were made to the extent of 70% of the previous sanctioned limits, provided the members to whom the advances were made, had repaid their dues in full. Such advances were made till the N.C. Statement was sanctioned which was done by the middle of May. Thus, the future advances had been increased from Rs. 1,333 in the month of January to Rs. 2,493 in the month of April. In the month of May, when the N.C. Statement was sanctioned these advances had increased from Rs. 2,493 to Rs. 7,323 in the month of June, 1957.

Columns No. 12, 13 and 14 show the recoveries made through the Purchase and Sale Union. These recoveries had started in the month of November when the harvest season begins. The total recoveries made till the end of May were to the extent of Rs. 4,512 i.e. nearly 62% of the advances made to the members. Rest of the recoveries were made in cash.

As soon as the members brought their agricultural produce to the Purchase and Sale Union for marketing, 70% of the value of these produce was immediately transferred to the societies, for adjusting to their loan accounts. The societies on their part made the necessary adjustments towards the Bank's dues. Remaining 30% of the value of the agricultural produce was transferred to the societies' accounts after the produce was actually marketed in the month of March or

in April, when the prices of the agricultural commodities were favourable. The Purchase and Sale Union had adopted the system of pooling agricultural produce brought for marketing by the members of the primary co-operative societies and the average price was allowed to all the members, whose agricultural produce was marketed.

9. DISBURSEMENT OF LOANS:

As stated above, before the N. C. Statements were sanctioned the disbursement of loans to the borrowing members was made equal to 70% of their old limits provided they had repaid their previous dues in full. The remaining amount was paid to them in two equal instalments one in cash and other in kind, after the N. C. Statements were sanctioned. The cash instalment was for the maintenance of their families, during the rainy season.

The Demand Statements had to be approved by the Special Supervising Officer before they were sent to the Bank. He was authorised to scrutinize these demands, recommended by the society to its members and his recommendations were accepted by the Bank, provided they were within 70% of the previous sanctioned limits. Payment was made at Garbada Village once in a week, on a fixed day by one of the clerks of the Dohad Branch of the District Central Co-operative Bank Ltd. These payments were made in the presence of the Chairman and the Secretary, after getting the thumb impressions of the borrowing members, attested by the Secretary of the society. If some of the members were in need of finance on any other day they had to go to the Dohad Branch for receiving the amount. The rate of interest allowed by the Bank to these primary co-operative societies was 4½% while the societies allowed the finance to its members at Rs. 7-13%.

10. AGRICULTURAL MARKETING:

Dohad Taluka is divided into three zones for the convenience of the marketing activities and for each zone a separate Purchase and Sale Union has been organised. Thus, there are three Purchase and Sale Unions organised and they are (1) The Garbada Co-operative Purchase and Sale Union, (2) The Jesavada Co-operative Purchase and Sale Union, and (3) The Dohad Taluka Co-operative Purchase and Sale Union. The first two Purchase and Sale Unions are organised for the specific parts of the Taluka, while the third is organised for the whole of the Taluka although it carries out the marketing activities in the remaining portion of the taluka. The first two Unions are also affiliated to the Dohad Purchase and Sale Union for making wholesale purchases of essential requirements and for marketing agricultural produce pooled by these two Purchase and Sale Unions.

Of all these three zones, in the Garbada Zone only the marketing of agricultural produce is made by the members of the primary cooperative societies, at least equal to the loans borrowed from the societies. In the remaining two zones the recoveries from the sale proceeds of the agricultural-produce were not even 1/5th of the total advances. The members were not allowed any advances in cash by these Purchase and Sale Unions but 70% of the value of their produce brought to them was, however, credited to the societies' account, against repayment of their dues. The Purchase and Sale Unions had no direct dealings with any of the members of the primary cooperative societies. As a matter of fact there was no record with the Unions to show whether the members who brought their produce for marketing were the borrowing members or otherwise. All the members of the primary co-operative societies within the area of the operation of these Purchase and Sale Unions were

registered as the nominal members of the Unions. The societies on receipt of sale proceeds of all the agricultural produce used to pay the balance in cash to the members after adjusting their dues.

The members of the primary co-operative societies purchased the household requirements from the Union. The Secretaries of the societies used to issue the memos to the Union, stating the necessary requirements of their members and the Union used to supply these goods on credit, after debiting the amount to the accounts of the societies. If these requirements were made available before the end of December the value of the goods was debited to the current dues of the members and after the month of December it was debited against the future dues, to be recovered during the next recovery season. Thus, it can be seen that the linking of credit with marketing has been well organised in this tract and it is very creditable both to the members of the primary co-operative societies as well as to the Co-operative Marketing Institutions.

11. INTERMEDIATE TERM LOANS:

No Intermediate Term Loan was allowed to any of the members of this society. The Bank had made a small beginning for advancing Intermediate Term Loans to the members of the primary Co-operative Societies in the Dohad Taluka and the total loans advanced by the end of December, 1957, were only to the extent of Rs. 2,074. These loans were advanced for repairing of wells and for purchasing of bullocks. They were equal to 1/6th of the value of assets of the borrowing members, to be repaid in three equal annual instalments. It is expected that with the help of the financial accommodation made by the Reserve Bank of India, to the extent of Rs. 1 lakh, there will be a substantial progress in this respect, during the ensuing season.

12. OVERDUES:

There were no Bank's dues in arrears with the society. The overdues with the members of the society during the period of the last five years were, however, as under:

TABLE NO. 4.

Year.	Total outstandings with the Mem- bers at the close of the year.	OVERDUES.	
		Number of Members.	Amount.
	Rs.		Rs.
1952-53	6,991	5	328
1953-54	5,964	-	-
1954-55	4,279	20	1,161
1955-56	3,942	5	690
1956-57	5,720	3	149

It can be seen from the above table that except in the year 1954-55, there were practically no overdues. Even in the year 1954-55, there were overdues on account of the failure of the crops.

13. INSPECTION AND SUPERVISION:

The societies in Dohad Taluka are in the charge of the Bank Inspector who also works as the Agent of the Branch. There were in all 97 societies in his charge. The Dohad Branch was in the area of operation of the Bombay State Co-operative Bank Ltd. till 1947 and thereafter it was transferred to Poorva Panchmahals Co-operative Banking Union Ltd., which was later on, amalgamated with the Panchmahals District Central Co-operative Bank, when it was registered in 1955. The system of inspection, therefore, as was followed in the Bombay State Co-operative Bank was continued, without any change.

The Bank had issued instructions to all its Inspectorial Staff that the 'C' and 'D' Class Societies should be inspected once in a year and 'A' and 'B' Class societies once in two years. However, it may be noted that on account of the heavy charge it had not been possible for the Inspector of this Branch to carry out these instructions and more than half of these societies were in arrears of the inspection work. However, the verification of the loan transactions, was generally made by him, every year, in case of the borrowing societies after the loans were disbursed.

There is no Supervising Union working in Dohad Taluka but for all the practical purposes the supervision work was carried out by the Special Supervising Officer, appointed by the Government. This Special Supervising Officer was assisted by two Assistant District Co-operative Officers and they were inspecting all the societies in this Taluka, once in a year as is done by the Supervisors in other Districts.

The Accounts of all these societies in Dohad Taluka were maintained by three clerks, appointed by the Government, one for each zone. There were about 30 societies in charge of each clerk and he was expected to maintain the accounts of all the societies in his charge regularly. His office was situated at the central place and the *daftars* of all the societies were kept in his office. The secretaries of the societies had nothing to do with the maintenance of accounts and they were expected to do the field work only. They prepared the N. C. Statements, attended the recovery work and arranged to get the agricultural produce of the borrowing members, marketed through the Purchase and Sale Unions.

14. MANAGEMENT:

The Managing Committee consisted of five members elected in the Annual General Meeting of the

Society. The Managing Committee Members elected the Chairman. Generally, there were no contests and the Chairman and the Managing Committee Members were unanimously elected. The present Chairman of the society is working for the last eight years. The Group Secretary system is prevalent in this area and each Secretary had to look after 3-5 societies, situated within a radius of five miles. The secretary's salary was Rs. 52 per month including the dearfood allowance of Rs. 20. The salaries of these group secretaries were paid from the Joint Expenditure Scheme, for which all the societies had to contribute proportionately in accordance with their working capital.

15. CONCLUSION:

It should be remembered that the agricultural co-operative movement in this tract was started mainly in the interest of the Adiwasis, who constitute 90% of the total agricultural population. It is very creditable for them that they take the loans from the societies as and when required and repay their dues from the sale proceeds of their agricultural produce. This system has been introduced in this tract, especially in the Garbada area, since the very inception of the co-operative movement and all the transactions are being carried out on the lines envisaged in the integrated system of the agricultural finance. It will be of immense utility if this system is introduced in other backward parts of the State such as Thana District, where the Adwasis and other backward classes are in large numbers.

M. G. Bhagat.

**THE GARBADA VIBHAG CO-OPERATIVE PURCHASE
& SALE UNION LTD.**

(TALUKA: DOHAD, DISTRICT: PANCHMAHALS)

1. GENERAL:

The agricultural community of Dohad Taluka comprises of the aboriginal tribes and the majority of them are Bhils. Dohad Taluka is situated in the scarcity zone and once in 3 or 4 years there occurs a famine. In 1921 there was a great famine in this area and the agricultural communities had to suffer a great deal due to the scarcity of food and water supply. Shri Thakkar Bappa was deputed to this place by the Servants of India Society for giving relief to these famine-stricken people immediately. With a view that such a situation should not arise in future he thought of having a permanent institution for ameliorating the economic and social conditions of the aboriginal communities and accordingly, he organised the Bhil Seva Mandal in the following year, in the interest of these agricultural classes, a reference of which is already made in the previous Note. By the year 1938 the Mandal had organised 35 primary co-operative societies for allowing agricultural finance to these Adiwasis.

Although the agricultural finance was made available to the members of the primary co-operative societies at a reasonable rate of interest, there were no arrangements for marketing their agricultural produce on the co-operative basis as well as for making them available the essential domestic requirements, at the reasonable prices. For all these activities these *Adiwasis* had to depend entirely upon the sawakar-cum-traders who were exploiting them to a very great extent. In order to stop this exploitation the Mandal

in the preliminary stage appointed Shop Agents for carrying out these activities of marketing the agricultural produce, pooled by the societies. This experiment was continued for 2-3 years and when it was found successful the Garbada Vibhag Co-operative Purchase and Sale Union Ltd., was registered by the Mandal, on 3-9-1938.

2. FINANCIAL POSITION:

The following table gives the details of financial position of the Union during the period of five years from 1952-53 to 1956-57:

TABLE NO. 1.

Year.	'A' Class Members		'B' Class Members.	Total members.	Own Funds of Union			Total.
	Societies.	Individuals.			Share Capital.	Reserve Fund.	Other Funds.	
					Rs.	Rs.	Rs.	Rs.
1952-53	36	137	1,552	1,725	11,002	9,861	23,180	44,043
1953-54	36	137	1,524	1,697	11,002	11,687	23,586	46,275
1954-55	36	137	1,524	1,697	10,974	13,399	24,952	49,325
1955-56	36	137	1,524	1,697	10,974	13,653	22,018	46,645
1956-57	36	136	1,524	1,696	10,964	14,143	22,557	47,664

3. MEMBERSHIP:

The membership of the Union was constant for the five years from 1952-53 to 1956-57. As a rule membership was restricted to the primary co-operatives only and unless, therefore, there was an increase in the number of societies the membership was bound to remain the same. Of the 36 societies one was Weavers' Co-operative Society and the remaining 35 were the agricultural credit co-operatives.

All the societies were classified as 'A' class members. In addition 136 individual members, who were the members of primary co-operatives, were allowed to become 'A' class members of the society as they had joined the Union since its inception. The value of each share was Rs. 10 each. It was compulsory on the part of all the members of primary co-operatives to register themselves as 'B' class members of the Union by paying a nominal fee of one rupee. The nominal members, however, had no right of voting.

4. SHARE CAPITAL:

As the membership of the Union was constant during the last five years, there was no increase in the share capital. Moreover, the Union did not undertake credit activities and as such the share capital could not be increased as it is done in case of the primary co-operative societies.

The Union had built up reserves to the extent of Rs. 37,000 which indicated its sound financial position. It could earn high profits during the rationing period, by selling controlled articles including food-grains to the rural population of this area. The Union was getting commission from Government at Rs. 6½% for all these activities and, therefore, it was able to build up the reserves to this extent.

5. ACTIVITIES OF UNION:

The Union has been established with the main object of marketing agricultural produce, belonging to the members of the primary co-operative societies. It received 50 nP. per Bengali Maund for the goods sold, and 6½% of the value of goods supplied to the members, as the commission charges. It will be interesting to have an idea of the total goods sold by the Union. The following table gives the details:

TABLE NO. 2.

Year.	Value of Goods Marketed		Value realised by members. (Rs.)	Difference. (Rs.)
	Quantity (B. mds.)	Amount. (Rs.)		
1	2	3	4	5
1952-53	3,159	45,433	59,132	+ 13,699
1953-54	8,959	1,05,804	1,01,334	- 4,470
1954-55	6,466	38,850	41,951	+ 3,101
1955-56	2,679	24,172	28,705	+ 4,533
1956-57	4,694	56,034	59,260	+ 3,166

In the year 1953-54 there was a record sale of 8,959 maunds, as the condition of crop in that year was excellent. In contrast 1955-56 was a famine year. The members generally brought goods worth the amount of the loan they had borrowed from the co-operative societies. From the sale proceeds, 70% of the amount was credited to societies' account.

Column No. 3 in the above table shows the value of goods calculated at the current market rate, prevailing on the day when the goods were brought by members for sale. Column No. 4 shows actual amount realised from the sale of total stock pooled, after deducting the necessary charges. It is thus evident that on account of the facilities provided by the Union for storing of foodgrains, the agriculturists have been greatly benefited.

It is pertinent to mention here that if there was a difference in the two prices—one fixed on the day the goods were received from the agriculturists and the other prevailing in the market on the day the goods were actually sold and if there was a loss, the Union used to bear it and the members were not made to suffer. The Union has maintained a separate fund viz., "The Sales Stock Fund" and if there are any losses,

they are met from this fund. As on 30-6-1957, this fund was Rs. 4,891.

In spite of all these facilities, the members brought only a part of their produce for sale to the Union. The members needed hard cash, not only for domestic requirements but also for the social and religious ceremonies and they could not meet the demands within 70% of the advances made to them by their societies. Their demand was that all the goods should be immediately sold and the payment made in cash, at the prevailing market rate on the same day. It was not possible for the Union to accept this proposal as there was no provision in the Bye-laws of the Union to make out-right purchases.

The Union used to purchase food-grains required for consumption. They were separately stored and the food-grains were sold during the rainy season to the members at the rates, fixed by the Managing Committee at the close of season, i.e., before 30th June. The agricultural produce i.e food grains of the members was marketed at Garbada but if it was not possible to sell the goods in the local market they were sent to Dohad for marketing through the Dohad Co-operative Purchase and Sale Union.

The Union also supplied goods of essential requirements to the members of primary co-operatives. Following table gives details of the total supplies:

TABLE NO. 3.

Year.	Goods Supplied.	
	Quantity. (Bengali Maunds)	Value.
		Rs.
1952-53	4,927	79,612
1953-54	3,164	51,263
1954-55	1,674	18,429
1955-56	1,479	10,875
1956-57	2,124	29,469

Thus, the supplies were mostly of seeds and food-grains made available in hard times: It can be gauged from the statements Nos. 2 and 3 above, that during 1952-53, which was a famine year, the Union had to make provision for more food-grains than the quantity received for marketing from the members. During the remaining years too, only half the food-grains received from members were sold and the remaining half were retained for seeds and consumption purposes. The Union is thus playing a significant role towards the betterment of the villagers in this area. The primary object of pooling the goods and selling them together, assured the cultivators fair prices, eliminating the long chain of middlemen. Its second object to supply food-grains in difficult times was commendable and need to be followed elsewhere in the areas where similar conditions prevail.

6. OTHER COMMODITIES:

The Union supplied the members other household requirements such as kerosene, match boxes etc. in addition to the controlled commodities. It has opened a fair price shop very recently for the village folks. The sales were effected on cash basis and credit sales were entertained only, on the recommendations from the society. The Secretaries of the societies recommended credit, provided the members had balance in their loan accounts. These purchases were adjusted against their loan accounts. It should be remembered that the Purchase and Sale Union, under any circumstances did not deal with the members directly.

7. GODOWNS:

As the Union had to depend upon the hired godowns in Garbada village, it has recently constructed two permanent godowns and office building of its own costing Rs. 35,000 in total. The building fund of the

society stood at Rs. 11,272 and it has received a loan from Government for constructing godowns of Rs. 13,000 at $4\frac{1}{2}\%$ rate of interest. The Bharat Sevak Samaj has also helped the Union by giving a grant of Rs. 6,000 for the construction of the godowns.

8. INVESTMENTS:

The Union had invested Rs. 8,850 in shares, including Rs. 4,000 towards the share capital of the Panchmahals District Co-operative Bank. Total investments in buildings and shares amounted to Rs. 44,000. The Union's own funds, including share capital of Rs. 10,964, were to the extent of Rs. 47,664.

The Union generally got a clean credit of Rs. 10,000 and hypothecation credit of Rs. 25,000 from the Bank, for carrying out the marketing activities. These limits will not be sufficient in future if the Union did not receive the subsidy from Government for construction of godowns as it has invested all its funds in the godown constructions.

9. MANAGEMENT:

The Managing Committee consisted of eight members of which the Agent-cum-Inspector of Dohad Branch and the Special Supervision Officer were the nominated members, representing the Bank and the Government respectively. The Chairman of the Union, is in the office since the Union was organised. The members of the Managing Committee were all elected unanimously by the General Body every year. The staff consisted of only two members—the Manager and the Accountant. The working of the Union was smooth and was efficiently managed. It was placed in 'B' Audit Class continuously for the last five years.

M. G. Bhagat.

(14)

**THE RAJPUR CO-OPERATIVE MULTIPURPOSE
SOCIETY LTD.**

(TALUKA: DEESA, DISTRICT: BANASKANTHA)

1. GENERAL:

Rajpur is a village in the desert area of Kutch, situated at a distance of one mile from Deesa Town. It had a total population of 4670 out of which 695 were agriculturists. The number of agricultural families residing in the village was 140 of which 77 were owner cultivators and 63 tenant cultivators. The other strata of the population consisted of the mercantile community and the artisans.

The total area under different crops is about 1700 acres of which 1123 acres were under Bajri, 475 under vegetables and remaining under pulses. The acreages under potato were not shown separately in the village record. It was reported that they had been included in the category of "vegetables". It was stated that as the major portion of the potato cultivation was in the river bed, it was not included in the crop area of the village.

2. FINANCIAL POSITION:

The society was registered in the year 1951 as a Multipurpose society with an area of operation extending over to Rajpur, Shergunj and Malgadh villages. Subsequently, a separate co-operative society was started at Malgadh and members other than potato cultivators joined that society. The Rajpur Society, however, continued to finance for potato crops of members from these three villages. The society is in the area of

operation of the Bombay State Co-op. Bank Ltd. which is working as a Central Financing Agency for the District.

The Rajpur society was first started with the purpose of dealing in controlled commodities, during the rationing period. Subsequently, with the removal of controls it switched over to agricultural finance. The table No. 1 on page 219 broadly indicates the financial position of the society during the last six years:

It is evident from the table that the financial position of the society was quite satisfactory. The overdue amount did not exceed 2 per cent of the total loans with the members. The society was in a position during the last five years to declare dividend at $6\frac{1}{4}\%$. It was placed in 'A' audit class for the last four years. This could be considered a fair index of its satisfactory working.

The advances to members as shown in the above table do not indicate the exact position. The above figures relate to the co-operative year ending June. The potato finance which is disbursed in December and recovered by end of March does not appear in the above table. The true position is that the total finance allowed to the members of the society was in the neighbourhood of Rs. 2.32 lakhs in 1956-57 as against Rs. 14,000 in year 1952-53. The heavy increase in finance was on account of increase in potato acreages of the borrowing members and also on account of increase in quantum of finance allowed in recent years.

The figures of loan from the Bank would not indicate the true position for precisely the same reason as stated above. The maximum drawings by the society were Rs. 1.60 lakhs in the year 1956-57 as against Rs. 0.60 lakhs in the year 1953-54.

TABLE NO. 1.

Year.	Membership.		Share Capital.	Other Reserves.	Total loans with members	Of which overdues	Borrowings from Bank	Working capital.	% of loans to working capital.	% of overdues to loans.
	Borrowing	Non-Borrowing								
1	2	3	4	5	6	7	8	9	10.	11
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
1951-52	27	101	5,760	-	2,420	-	2,750	14,550	16.5%	-
1952-53	41	90	7,040	3,631	5,650	-	6,000	23,622	23.5%	-
1953-54	69	99	16,760	7,380	7,408*	-	7,950	62,313	52.2%	-
					26,015†					
1954-55	84	91	23,820	12,993	7,968*	1,279†	-	68,689	69.0%	3%
					39,299†					
1955-56	86	83	29,450	19,331	10,311*	1,279†	-	77,863	70.0%	2%
					44,744†					
1956-57	104	77	45,820	27,950	10,437*	1,267†	-	1,26,100	44.0%	2%
					47,767†					

Note: * S. T. Loan.

† Potato Loan.

3. MEMBERSHIP:

It can be seen that there was an increase in the membership from 128 in 1951-52 to 181 in 1956-57 of which 77 were non-borrowing members. Of these 181 members, 40 were non-agriculturists i.e. artisans and traders. As already indicated earlier, the society was dealing in controlled commodities and therefore, these non-agricultural members were then enrolled as regular members, as there was no provision for nominal membership in the Bye-Laws of the society. Besides, thirty-seven well-to-do cultivators had also joined the society although they were not in need of finance.

Tenant cultivators too, were allowed to join the society and 14 such members were financed in the year 1956-57.

A reference may be made here to the Bye-law No. 4 of the society on the enrolment of the membership. It allowed the enrolment of members from Rajpur, Sherganj, Nava-Deesa and Malgadh. It also allowed membership to those who had a right of cultivation in the river-bed of Vadli-Farm, Kupad and Malgadh.

The Bye-laws of the existing three societies chiefly organised for potato growers in the same area of operation had placed restriction on the availability of finance. The members were entitled for potato loan upto 5 acres. In view of these restrictions, it was noticed that the members who had more acreages under potato cultivation were taking finance from more than one society in the name of their relatives.

4. SHARE CAPITAL:

The increase in share capital from Rs. 5,760 in the year 1951-52 to Rs. 45,820 in the year 1956-57 was no doubt spectacular, considering the period within which the share capital was augmented. The rapid increase was on account of the compulsory deduction of share

capital from individual members, every year, at 10% of the fresh loans advanced to them. This policy, however, was modified in 1953 when the rate of deduction was reduced from 10% to 5% for the old members. There was opposition from the members to the arbitrary collection of share capital by the society and hence the policy was further modified by the Bank. It was proposed that additional share capital from members, at the rate of 5% of fresh demands be collected while advancing loans, provided their shares were less than 20% of the borrowings. If the share holdings of the members were 20% or more of the borrowing, compulsory savings at the rate of 5% were to be collected from the sale proceeds as deposits for 5 years.

It was an attempt to introduce some sort of ratio between the share capital of members and their borrowings. However, the Managing Committee of the society did not agree with the views of the Bank. It went on collecting share capital from members as usual, at the rate of 10% of the fresh finance. In some cases it was found that the individual share holding was more than 30 percent of the total advances. Even the Bye-Law of the society restricted the share holding by a member to the extent of 1/5th of his total loans, the upper ceiling being fixed at Rs. 3,000. The management of the society was of the view that the compulsory deduction for share capital at the time of fresh advances to members was the only way to augment the owned funds of the society. The annual collection of share capital from the members, therefore, continued unabated. The following few examples (table No. 2) as regards the share holdings by the individuals will throw light on the position:

5. CROP COVERAGE:

The table No. 3 gives the total acreages of the members, both under Jirayat and Potato crops, as also

TABLE NO. 2.

Case No.	Share Capital. Rs.	Advances Rs.	% to the total loan.
1	1,130/-	3,600/-	31%
2	1,080/-	3,600/-	30%
3	470/-	1,600/-	29%
4	550/-	1,600/-	34%
5	830/-	3,200/-	26%
6	2,170/-	8,000/-	27%

the amount of loan advanced to them, and the average loan per acre:

TABLE NO. 3.

Year.	Total Acres.		Advances to members accord- ing to crops.		Average loan per acre.	
	Jirayat	Potato	Jirayat	Potato	Jirayat	Potato
1.	2.		3.	4.	5.	
			Rs.	Rs.	Rs.	Rs.
1951-52	453	-	4,700	-	10	-
1952-53	390	39	4,800	9,455	15	242
1953-54	460	167	5,650	79,885	12	479
1954-55	580	199	7,675	1,00,639	13	503
1955-56	730	201	8,850	1,15,590	12	578
1956-57	757	281	10,435	2,22,185	14	800

It was observed that the increase in the acreages of borrowing members during the six years was nearly twofold. If the area of non-borrowing members was also considered, the total area covered by the society was to the extent of 75% of the total area under cultivation. It was further seen that the area under potato cultivation had increased from 39 acres in 1952-53 to 281 acres in 1956-57. The reason for the rapid increase in the potato acreages of the members was firstly on account of the liberal credit policy followed by the Bank in recent years as also on account of the recent

legislative restrictions, placed on business of the money lenders.

6. PREPARATION OF N. C. STATEMENTS:

As the main foodgrain crops were *Kharif* in this area, the loan statements of members had to be prepared before the month of November. In case of potatoes, as the land operations in the river-bed commence either in October or early in November their loan statements have to be ready before the month of September. The following table shows the time-lag between the submission of the N. C. Statement by the society and its final sanction by the Bombay State Co-operative Bank.

TABLE NO. 4.

Year.	By Society.	By Inspector.	Days taken.	By Senior Inspector.	Days taken.	Date of final sanction.	Days taken.
Kharif Crop:							
1954-55	26-5-1954	28-5-54	2	-	-	11-6-54	14
1955-56	23-5-1955	26-5-55	3	-	-	14-6-55	19
1956-57	23-5-1956	25-5-56	2	30-5-56	5	-	-
For Potato Crop:							
1954-55	24-11-54	27-11-54	3	-	-	11-12-54	14
1955-56	21-10-55	25-10-55	4	-	-	8-11-55	14
1956-57	16-10-56	27-10-56	11	-	-	12-11-56	16

From the above table, it is clear that the N. C. Statements prepared for the potato crop were not delayed at any stage. The statements for other crops on the other hand were prepared very late, in the month of June. It was stated that the societies were not willing to prepare these statements before substantial recoveries of the old dues were made. It was further argued that the late submission of the N. C. Statement did not come in the way of disbursement of the finance as

the Bank was allowing 50% of the proposed limits to the members who had repaid their previous dues in full.

7. VERIFICATION OF ACREAGES:

Verification of acreages of the members, as visualised in the policy statement of the Bank, was conspicuous by its absence in this tract. It was revealed that the area under potato shown in the N. C. Statements was inflated in many cases. It was still more surprising to note that the Managing Committee itself tried to justify the tendency on the part of the members to show phantom acreages on the plea that it was an inevitable outcome of the unrealistic policy of the finance followed by the Bank. It was mentioned that the scale allowed for potato was very much inadequate and did not cover even 30% of the total cost required for potato cultivation.

The following table of a few members was prepared from the N. C. Statement and the acreages were verified from the Revenue records. It shows the position as regards the false acreages shown by the members:

TABLE NO. 5.

Case No.	Acreage as per N. C. Statement.		Actual Acreage.		Difference.	
	A.	G.	A.	G.	A.	G.
1	5	20	3	6	2	14
2	2	00	1	20	0	20
3	1	30	0	33	0	37
4	14	00	9	26	4	14
5	3	30	2	9	1	21
6	5	00	3	3	1	37
7	5	20	1	35	3	25
8	3	20	2	13	1	7
9	3	00	1	1	1	39
Total:	44	00	25	26	18	14

It is evident that in case of nine members nearly 18 acres i.e. 41% of their total acreages were inflated.

Admittedly, the Bank finance was inadequate compared with the requirements but there was no justification on any ground for the members to resort to such unfair practices which weakened the very foundation of co-operative movement based on the honesty and integrity of the individual members.

The Bank had not maintained any separate field staff for verification of crops. It was, therefore, practically impossible for one Inspector who had already a heavy charge of 100 societies, to undertake crop inspection in addition to his usual duties.

8. POTATO CULTIVATION:

In order to have a correct perspective of the system of potato finance, it is necessary to have some idea of potato cultivation in the river-bed in Deesa Taluka.

The potato cultivation in the river-bed in Deesa dates back to the year 1875 when one Shri Udayram Mali was reported to have introduced the system of cultivation of potato in the river-bed. After having achieved a fair success in potato cultivation, he induced other *Malis* from upper India, particularly from U.P. and some parts of Rajasthan to settle in Deesa and they started potato cultivation in river-bed, on commercial basis.

The method of cultivation in the river-bed is quite peculiar. After the monsoon floods are over and when the water-course gets settled, the land in river-bed is surveyed and the area under Potato cultivation is then fixed. The land naturally consists of river-sand which is said to be semi-soft, having capacity for preserving moisture. The under-current of water is generally found

below the depth of 9 to 10 inches from the surface of the land. The constant supply of water is, therefore, always available to the potato crop.

During the floods the land in the river bed generally gets uneven. It is, therefore, levelled first by means of wooden planks, drawn by bullocks before actual cultivation begins. The land is then provided with a layer generally of two inches of manures, particularly of cow-dung and castor-oil cakes. The seed is then planted in such a way that it could find its water supply just 9 to 10 inches beneath the surface.

The potato crop is cultivated sometime in the middle of November to December and the crop is ready within a period of four months. From every 'eye' of potato (i.e. seed), 10 to 25 bulbs of potatoes are generally grown.

9. COST OF CULTIVATION:

The total cost of cultivation of potato till it is brought to the market place is worked out at about Rs. 2,500/- per acre at the prevalent rates of manures and labour charges in the year 1956-57, which were comparatively higher than the usual rates. Under the normal circumstances the cost of cultivation was reported to be somewhere about Rs. 2,000/- per acre. The following data gives the approximate cost of cultivation per acre in river-bed:—

The average production contemplated is 20 to 25 times the seed sown and on this basis the production would work out at 250 to 300 Bengali Maunds worth about Rs. 3,000/- per acre.

The price factor of potato is the important element that decides the fate of the cultivators one way or the other. The price of Deesa potato in the Bombay mar-

TABLE NO. 8.

1) Seed—25 Maunds @ Rs. 10/- per Maund. ..	Rs.	250/-
2) Oil-Cakes @ scale of 9 maunds per 1 maund of potato seed sown i.e. 225 maunds @ Rs. 4/- per maund.	Rs.	900/-
3) Levelling 100 units of labour per acre @ Rs. 2/- per unit.	Rs.	200/-
4) Farmyard manure.	Rs.	400/-
5) Sowing cost 25 units of labour.	Rs.	150/-
6) Digging of potato from earth 80 units of labourer @ Rs. 0-14-0 labour unit (Generally female labour employed).	Rs.	70/-
7) Kacha Hut for storage at River-bed.	Rs.	50/-
8) Transport charges for carrying potato from Kacha Godown to Pacca Godown.	Rs.	15/-
9) Rent of Godown at Deesa.	Rs.	50/-
10) Turning & Loading charges.	Rs.	50/-
11) Land Rent.	Rs.	350/-
12) Interest on the loan borrowed from Society.	Rs.	50/-
Total:	..Rs.	2,535/-

ket depends, among other things, upon competition from other markets particularly from metropolitan in Madras and Farukabad in U.P. If the supplies from these places get short, say as a sequel to crop failure or because any such other reason, the price of Deesa potato soars up high even to the extent of Rs. 15 to 20 per maund. Uptil now except very rarely the prices of Deesa potato, as reported, remained quite normal and seldom was there any occasion when the potato cultivators in Deesa had to suffer heavy losses. Besides, crops like tomato, watermelons etc., which are cultivated along with potatoes without much additional cost, yield additional income which again helps to balance the budgets of the cultivators.

10. POTATO FINANCE:

Against this background it is now proposed to study in the following pages the system of potato finance followed by the Apex Bank.

It was in the year 1951, for the first time, some attempts for regulating potato finance on systematic basis, appeared to have been made. The scale of finance was fixed at Rs. 400/- per acre, on the lift irrigation upto 5 acres and a reduced scale was made applicable to those who had lands over 5 acres under potato cultivation. In case of potato in the river-bed the scale was fixed at Rs. 800/- for an area below 5 acres and Rs. 600/- for an area over 5 acres. The upper limit for individual loan was also fixed at Rs. 25,000/-. The Inspectors of the Bank were supposed to verify the acreages under potato crop before finance was made available.

The scrutiny of N. C. Statements during the period 1951-52 to 1956-57 revealed that the scales actually recommended by the Inspectors and sanctioned by the Bank varied between Rs. 600/- and Rs. 700/- for cultivation under river-bed and between Rs. 200/- to Rs. 250/- under well-irrigation.

During the years 1954 to 1957 the Bank appeared to have modified the policy thrice and at one time, the Bank had prescribed different scales for owner cultivators and tenant cultivators. This was something against the basic principle of the Crop Loan System. There was thus no fixed policy, as regards potato finance, followed by the Bank. In the year 1954, the Bank's policy restricted the finance to the needs of the manurial requirements with a maximum of Rs. 600/- per acre whereas the cost of manures required for one acre of potato cultivation was about Rs. 1,075/-, as can be seen from the following figures:—

Seed — 25 Maunds at Rs. 8 per maund	Rs.	200
Oil-Cake—225 Maunds at Rs. 3	Rs.	675
Farmyard Manure	Rs.	200

Rs. 1075

Even, if the farmyard manure is excluded on the presumption that the same was available with the members, the average cost was Rs. 900/- per acre.

If the cash outlay was taken as basis for determining the scale of finance, the amount required would still go as high as Rs. 1,500/- per acre. The fixation of the scale at Rs. 600/- per acre, therefore, appeared to be arbitrary, having hardly any relation with the actual requirements of the potato crop.

The scale, as fixed by the Bank, was ultimately raised to Rs. 950/- for potato on river-bed and Rs. 450/- on well-irrigation, in 1957.

The following table shows the total acreages of members and fresh advances made during the last five years:—

TABLE NO. 7.

Year.	Total acreages. under potato	Total member- ship.	Fresh Advances.	
			Rs.	Rs.
1952-53	39	25	9,465	242
1953-54	167	48	79,885	479
1954-55	199	62	1,00,699	503
1955-56	201	70	1,15,590	557
1956-57	281	80	2,22,185	800

Note: The above finance includes both types of potatoes grown in River-bed and on well-irrigation. The potato area under well-irrigation is not more than 100 acres.

From the table it is evident that the average scale per acre had increased from Rs. 242/- to Rs. 800/- which was the result of the enhanced scale of finance, allowed by the Bank particularly in the year 1956-57.

11. FINANCE FOR THE BHUSAR CROPS:

The finance for the Bhusar crops did not appear to have been regulated on the crop loan basis. The society had not allowed more than Rs. 300/- for Bhusar crops for any member. The acreages under foodgrain crops were 757 in 1956-57, against which a loan of Rs. 10,435/- was sanctioned. The position of finance for foodgrain crop was as below:—

TABLE NO. 8

Year.	Holdings (in acres)	Total acreage under crops.	Number of mem- bership	Advances.	Average
				Rs.	loan per acre. Rs.
1952-53	1 to 5	40	11	1,100	27
	5 to 10	50	6	1,400	28
	10 to 20	215	14	1,700	8
	20 to 30	85	2	600	7
	Above 30	-	-	-	-
Total:		390	33	4,900	12
1955-56	1 to 5	49	14	1,000	19
	5 to 10	72	10	1,150	16
	10 to 20	340	22	4,000	11
	20 to 30	139	6	1,500	10
	Above 30	130	4	1,200	9
Total:		730	56	8,850	12
1956-57	1 to 5	53	15	1,600	30
	5 to 10	77	11	1,950	25
	10 to 20	311	20	4,250	10
	20 to 30	190	8	1,400	7
	Above 30	126	4	1,235	10
Total:		757	58	10,435	14

From the above table it is seen that the Bank did not give any importance to foodgrain crops. It was an unregulated finance as can be seen from the above table, though in later years the scale appeared to have been

TABLE NO. 9. (in percentages)

Year.	July, August, September	October	November	December	January	February	March	April	May	June	Total Rs.
1953-54:											
Advances:	-	16%	6%	75%	-	-	2%	-	-	1%	79,885
Recoveries:	-	-	-	-	-	-	-	-	49%	51%	79,885
1954-55:											
Advances:	-	-	13%	85%	-	-	1.3%	-	-	0.7%	1,00,699
Recoveries:	-	-	-	-	-	-	13%	-	44%	43%	1,00,699
1955-56:											
Advances:	-	-	-	98%	-	-	1.3%	-	-	0.7%	1,15,590
Recoveries:	-	-	-	-	-	-	-	-	39%	61%	1,15,590
1956-57:											
Advances:	-	-	77%	11%	10%	-	1.4%	-	-	0.6%	2,22,185
Recoveries:	-	-	-	-	-	9%	6%	9%	56%	20%	2,22,185

increased a little. It was argued that the surplus from the cash crops was generally utilised by members for the cultivation of foodgrain crops. However, the members of the society stressed the point that they needed adequate finance for the foodgrain crops as the finance allowed for potato was not sufficient even to cover all the expenses required for potato cultivation. Besides, there were many cultivators who had no land under potato cultivation at all and as such the adequate finance for foodgrain crop was necessary.

12: DISBURSEMENT AND RECOVERY:

The table No. 9 on page 231 of disbursement and recovery of loans indicated how and when the loans were disbursed and recoveries effected by the society:—

From the table it is clear that advances and recoveries coincided fairly with the specific operations of the potato cultivation and its marketing.

The society had provided all the loans to the members in kind and there was no instance where misuse of loans by members was reported. The following figures indicate the advances allowed in kind by the society:—

TABLE NO. 10.

Year.	Potato Seed.	Manures.	Total Advances. Rs.
1953-54	26%	74%	79,885/-
1954-55	32%	68%	1,00,699/-
1955-56	43%	57%	1,15,590/-
1956-57	27%	73%	2,22,185/-

13. MARKETING:

It is necessary to know the market position in the taluka so far as potato crop was concerned. Few

years ago, when the taluka was a part of the Palanpur State, marketing of potatoes was in the hands of the money-lenders-cum-cultivators. The money-lenders used to take lands in auction in the river-bed and sublet them to small cultivators, on the basis of equal shares in the gross yield. The finance was also provided to them on the condition that the crop should be sold to them (i.e. moneylenders) or through them, on commission basis. Even after the merger of the State the practice was continued. Moreover, these people had immediately managed to organise co-operative societies and they remained at the helm of the affairs. It was reported that the small cultivators were kept outside the movement and their harassment continued unabated. The only change in the situation was that these money-lenders under the garb of co-operation could avail of the cheap credit facilities. The first society to be organised was potato growers' Association. Due to the internal conflict it was afterwards split up into five or six societies which are now functioning in the taluka.

The Rajpur Co-operative M. P. Society appeared to be the only society engaged in the work of sale of potatoes of members, whenever possible. There was no wholesale potato market and the members were allowed to sell their potato crop to the merchants; but the sale proceeds were directly credited to the account of the society. To this extent it can be said that the finance was linked up with marketing.

It is praiseworthy that the recoveries effected by the society were genuine and were out of the sale proceeds of the produce. Uptil now the society, however, did not succeed in pooling the produce of the members. The following figures indicate sales effected by the society, on behalf of the members, during the years 1952-53 to 1955-56:—

TABLE NO. 11.

Year.	Sale proceeds of potato		
	Rs.		
1952-53	1,50,000
1953-54	2,00,000
1954-55	3,50,000
1955-56	4,00,000

14. INTERMEDIATE TERM LOAN:

In the past, Intermediate Term Loan was not allowed. It was reported that the members resorted to private money-lenders for such finance at a very exorbitant rate of interest, ranging from 18% to 25% per annum. In one case it was stated that the member had to borrow Rs. 500/- at 12% in addition to 1 anna per rupee as "Kothali-Chodaman" (i.e. charges for opening the money-purse) which was collected in the beginning.

The need for Intermediate Term Loan was great particularly for purchase of bullocks and deepening of wells. The average price per pair of bullocks was reported to be, varying between Rs. 700/- and Rs. 1,000/-, depending on the breed. The Managing Committee of the society also appeared to be not in favour of granting such type of loans to their members for fear of being misused. It was argued that no effective control could be exercised by the society on the proper utility of these loans. The reasons did not appear to be much convincing as the cases of misuse would be rare and the Managing Committee could have exercised discretion in allowing loans to individual members who were intimately known to them. Supervision over the application of loan by the field staff would also have served the purpose.

15. MANAGEMENT:

The Managing Committee consisted of seven members elected in the General Meeting. The Chair-

man was elected by the Managing Committee. He was a non-borrowing member and was taking keen interest in the affairs of the society. It was reported that he was from the money-lender class.

The society had appointed a full time Secretary on a monthly salary of Rs. 150/-. In almost all potato societies full time secretaries were working. They appeared to be influential persons, having a considerable hold over the members of the societies.

W. C. Shrishrimal

CO-OPERATIVE MOVEMENT IN CAMBAY

TALUKA, DISTRICT - KAIRA.

GENERAL:

The present Cambay Taluka is constituted of the former Cambay State, some parts of Baroda State known as Charotar and some parts of the Bombay State. It consists of 102 villages of which 37 are in Charotar area and 65 in the Bhal area i.e., non-irrigated area.

(2) AREA UNDER THE DIFFERENT CROPS:

The total area under different crops is estimated at 2,37,900 acres of which about 27,300 acres or 11.5% are irrigated and the remaining 2,10,600 acres or 88.5% are non-irrigated. The following table gives the details of the area under different crops:—

TABLE NO. 1.

Crop.	Acreages.	Crop.	Acreages.
Wheat	72,304	Fodder	20,537
Bajri	41,856	Oilseeds	3,000
Jawar	15,902	Cotton	26,155
Paddy	15,550	Tobacco	5,790
Pulses	12,968	Others	23,838

It can, therefore, be seen that Wheat, Bajri, Jawar and Paddy constitute important crops and they together occupy nearly 61% of the total cropped area. Among the cash crops, Cotton covers an area of 26,000 acres or 11% and Tobacco about 5,800 acres or 2% of the total area.

Geographically, the area can be divided into two natural zones viz.: irrigated (i.e., Charotar area) and non-irrigated (i.e. Bhal area). The cash crops like Cotton, Tobacco, Oilseeds are grown on well-irrigation in Charotar area. On the other hand, Bhal area which has no irrigation facilities grows only food crops like Jawar, Bajri, Kodra (inferior type of Jawar), Fodder, etc.

(3) HISTORY OF THE CO-OPERATIVE MOVEMENT:

There is no uniform economic development in the different component parts of the present Cambay Taluka. On account of this it was difficult to trace a co-ordinated picture of the development of the co-operative movement, as a whole, for the Taluka. However, if "Navabi Cambay" (i.e., the original Cambay State) is taken as the starting point, the origin of the movement can be traced back to the year 1913 when the first co-operative multipurpose society was registered at Bhuvel. The progress made by co-operative movement, till its merger with the Bombay State in 1949, appears to be very slow. After the merger, for about less than a year or so the Bombay State Co-operative Bank, which was then working as a Central Financing Agency for the Kaira District, was associated with the co-operative development of the Taluka. Subsequently, the Kaira District Co-operative Bank was organised at the close of the year 1950 and the area was transferred to it.

(4) PROGRESS OF CO-OPERATIVE MOVEMENT:

The Co-operative movement has rapidly developed during the last seven years since the Kaira District Co-operative Bank took over the area. The following progress chart gives the development of the movement since 1950-51.

TABLE NO. 2.

Year.	No. of Societies			No. of Members.	Share Capital	Reserve & other funds.	Loans outstanding.	Overdues.	Working Capital
	Borrowing	Non-borrowing	Total.		Rs.	Rs.	Rs.	Rs.	Rs.
1950-51	10	30	40	2,309	53,915	1,27,196	1,69,686	17,706	2,39,349
1954-55	34	24	58	4,485	2,16,825	2,30,243	5,69,222	66,493	8,15,063
1955-56	37	23	60	4,495	4,05,975	1,78,868	8,91,456	46,007	13,17,440
1956-57	40	24	64	5,265	4,18,430	2,28,622	15,16,624	76,256	20,71,333

The table is self-explanatory. The number of co-operative societies increased by 24 to 64 in 1957. The membership also rose by 2,956 to 5,265. The number of borrowing societies rose from 10 in 1950-51 to 40 in 1956-57. Loans advanced to members rose from Rs. 1.70 lakhs in 1950-51 to Rs. 15.17 lakhs in 1956-57, i.e., nearly nine times. It is thus evident that the financial position of the societies was also strengthened. This can be seen from the rise in the owned funds of societies from Rs. 1.84 lakhs in 1950-51 to Rs. 6.47 lakhs during 1956-57. The working capital also recorded an all-round increase of Rs. 18.32 lakhs to Rs. 20.71 lakhs, during the same period.

(5) COVERAGE OF AREA:

All the villages in the taluka are practically covered by the co-operative movement except 7 villages, 4 in the Bhal area and 3 in the Charotar area.

(6) COVERAGE OF CROP AREA:

Out of the total cropped area of 2,37,000 acres, about 1,00,000 acres are reported to have been covered by the members of the society. Out of this area, the agricultural finance is made available for 60,000 acres of the borrowing members. It means that the finance allowed by the co-operative societies covered only 25% of the total cropped area.

(7) WORKING OF THE CAMBAY BRANCH OF THE DISTRICT BANK:

The progress made by the Branch speaks eloquently of its achievement. The following table shows working of Cambay Branch during the last seven years:—

TABLE NO. 3.

Year,	Advances made.	Recoveries	Outstandings at the end of the year.	Overdues.
	Rs.	Rs.	Rs.	Rs.
1950-51	1,18,945	1,63,956	1,69,686	17,706
1954-55	2,46,955	6,59,621	5,69,222	66,493
1955-56	11,36,626	8,21,329	8,91,456	46,007
1956-57	16,10,761	11,27,122	15,16,624	76,256

The table gives a clear picture of the work done by the Bank in the Taluka during the course of the last seven years. In the first place the advances rose from Rs. 1.19 lakhs in 1950-51 to Rs. 16.11 lakhs in 1956-57. This increase was partly due to the increase in the number of borrowing members as also due to the increase in the scale of finance allowed for the different crops. It may be noted here that the increase in agricultural finance was not uniform in both the parts viz., Charotar and Bhal areas. The agricultural finance allowed in Charotar area was about Rs. 2.58 lakhs as against Rs. 12.59 lakhs allowed in Bhal area, although the Charotar area is more fertile, having cash crops like Cotton, Tobacco and Groundnut etc.

(8) DEPOSITS:

The following table gives the details of deposits and agricultural advances made by the Branch since 1951-52 to 1956-57:—

It is seen, from the table that the deposits have increased from Rs. 2.14 lakhs to Rs. 7.06 lakhs during 1951-52 to 1956-57. It indicates the extent to which the Bank could secure public confidence. The agricultural advances which were Rs. 0.96 lakh in 1951-52 have increased to Rs. 10.24 lakhs in 1956-57. Out of these advances only Rs. 1,100 are overdues. The

TABLE NO. 4.

Year.	DEPOSITS			AGRICULTURAL FINANCE				
	Co-operatives. Rs.	Non-Co-operatives. Rs.	Total. Rs.	No. of Societies Advanced by Bank.	Advances. Rs.	Recoveries Rs.	Outstandings at the end of the year* Rs.	Overdues. Rs.
1951-52	1,68,253	46,079	2,14,337	17	1,30,105	33,824	96,281	89,637
1954-55	2,73,848	1,01,931	3,75,779	34	7,00,484	4,71,171	3,20,590	4,095
1955-56	4,13,909	1,92,334	6,06,243	37	7,93,781	5,69,136	5,45,236	2,200
1956-57	3,42,774	3,63,027	7,05,801	40	11,92,430	7,13,501	10,24,165	1,100

* This column shows the outstandings together with the fresh advances made during the year.

recovery position of the Bank thus presented a very satisfactory picture.

It can be seen that under the prevailing conditions the progress made by the Branch was quite satisfactory and the Bank deserved all the credit for the co-operative development of the taluka, particularly when it had to work under many handicaps.

(9) GENERAL OBSERVATIONS:

(A) Coverage of agricultural population:

Out of 30,216 cultivators in the area, only 5,265 or nearly 17% of the cultivators are covered by the movement. This indicates that nearly 83% of the agricultural population is still out of the co-operative fold. In the beginning, the Bank had to encounter many difficulties. There was no uniformity in the economic and social development in both the areas of the taluka viz. Charotar and Bhal areas. Besides, the attitude of the agriculturists in the Charotar area was hostile towards the Co-operative Movement as the members of the societies had undergone through great hardships during the depression period of 1930, in the old regime of the Baroda State. It was reported that even the properties of the non-borrowing members were attached and sold for the dues of other defaulters as the societies were of unlimited liabilities working on the principle of "Joint or several responsibility". There is also another reason which appears to have come in the way of the rapid development of the movement. On account of factions between Koli-Patels and Rajputs in Bhal area and between Patels and Non-Patels in Charotar area, the progress of the co-operative movement was much handicapped. The Rajputs in Bhal area were landlords and had in many cases complete control over the societies, whereas Koli-Patels who were tenants were often intentionally left out of the movement.

The field staff of the Bank was inadequate and up to the mark. The Secretaries of the societies were not qualified. They were in many cases part-time secretaries. The field staff both of the Bank and the societies could not, therefore, be counted upon, for the necessary development of the co-operative structure in the area.

(B) Agricultural Finance:

Before the taluka was transferred to the District Bank, the scale of finance allowed for the different crops was ridiculously low. The average scale was about Rs. 8 to 10 per acre. Besides, discrimination was made between the owner and the tenant cultivators. For owner cultivators, the scale was prescribed at Rs. 15 per acre and for tenant cultivator Rs. 8 per acre. In deciding the quantum of loan to be allowed to a member, the value of his assets was chiefly taken into consideration.

The situation did not materially change even after the area was transferred to the Bombay State Co-operative Bank. After the organisation of the Kaira District Central Co-operative Bank, it immediately issued a policy statement, laying down the policy of the agricultural finance in the taluka. The differentiation between owner and tenant cultivators was removed and it was decided to provide finance to the tenant cultivators at the same scale, allowed to the owner cultivators, provided two sound sureties were offered by them.

Secondly, the Bank attempted to lay down the scale of finance for different crops on more rational basis. It included all the expenses required for the manures, seeds and labour charges. The following table gives the scale of finance prescribed for different crops which will indicate the basis on which the scales were determined.

TABLE NO. 5.

Sr. No.	Name of the Crop	EXPENSES PER ACRE						SCALE OF FINANCE PER ACRE.	
		Seed	Labour charges	Manures	Water charges.	Other charges.	Total expenses.	Dry	Irrigated
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1.	BAJRI (Kharip)	2	60	40		10	112	50 to 90	90 to 140
2.	BAJRI (Rabi)	2	60	40	80	10	192		
3.	PADDY	6	60	75	15	10	156	80 to 150	
4.	JAWAR (Bavto)	16	40	15		5	76		150
5.	JAWAR (Kharip)	8	50	15	80	10	163	30 to 50	
6.	TOBACCO	12	125	250		10	397	300	400
7.	COTTON	2	70	50	20	10	152	100	100 to 130

It is thus obvious that the Bank had attempted to introduce the integrated system of agricultural finance in this area. However, it had not succeeded on account of several factors. The Bank had no efficient field staff. The Secretarial cadre of the Village Societies was far from satisfactory. Besides, the internal management of a large number of societies was affected by party factions. Thus, the local leadership lacked the public confidence.

In spite of the sincere efforts made by the Bank to introduce the Crop Loan System, the actual results were however far from satisfactory.

The table No. 6 on page 246 of a few members in both the areas give the exact position of the system of agricultural finance, in the taluka:—

In almost all the N.C. Statements prepared by the societies, types of crops grown by the members were not mentioned. Only aggregate total acreages under cultivation of each member were shown. This defeated the very purpose of the scheme and sapped the very basis of the crop loan system. It was stated that the secretaries did not prepare the statements as desired by the Bank and hence the Bank had to resort to the old method of allowing agricultural loan at a flat rate of Rs. 20 to Rs. 30 per acre. It was also pointed out that those societies which had satisfied the Bank's conditions got the benefit of the higher scale.

Although it was stated that the Bank allowed finance at a flat rate varying between Rs. 20 to Rs. 30 per acre, it was seen that the scale of finance actually allowed was as low as Rs. 10 per acre. It was explained that the Managing Committees of the societies did not recommend limits to the individual members as per the prescribed scale and thereby the Bank could not allow adequate finance to the members.

TABLE NO. 6.

AREA.	Name of Society with case No.	Year	Share capital.	Crop Acreage.	Value of Assets.	Demand by the Members.	Recommendations			H.O. sanction.	Avg. per acre.
							By Society.	By Sup. Union.	By Bank Inspector		
			Rs.	A. G.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
I											
Charotar	Alivalivade C. C. Sty.										
	1	52-53	120	9 -	1100	1500	250	250	250	250	28
	2	52-53	100	9 -	1000	1000	1000	-	-	-	-
	3	52-53	50	4 -	1000	-	500	75	75	75	19
	1	56-57	200	8 -	4200	1000	1000	1000	1000	1000	125
	2	56-57	120	9 -	4700	500	500	500	500	500	55
	3	56-57	5	3 -	1500	100	100	100	100	100	33
II											
Bhal	Laxmipuri C. C. Sty.										
	1	*56-57	150	25 -	-	500	500	500	500	500	20
	2	56-57	70	11 30	-	235	230	230	230	230	19
	3	56-57	270	47 -	-	1100	1000	1000	1000	1000	21
	Tarakpur C. C. Sty.										
	1	52-53	55	7 31	775	400	400	300	250	250	30
	2	52-53	60	26 -	2600	500	500	500	500	400	15
	3	52-53	90	22 -	2200	500	500	500	500	500	22
	1	56-57	100	7 31	775	700	700	700	700	700	87
	2	56-57	150	26 -	2300	500	500	500	500	500	19
	3	56-57	160	39 20	3900	900	900	900	900	900	22

* It is registered in the year 1955.

In spite of the policy of the Bank to treat owner and tenant cultivators on par, there were instances which repudiated its own decision. There was one society which had enrolled 18 tenant cultivators but recommended no finance to them. Here again, the argument was that the Managing Committee of the society was obstinate and showed no willingness to recommend any loans to the tenant cultivators.

From the above discussion it is clear that the Bank was not in a position to implement its own agricultural loan policy. One of the reasons appears to be that its own field staff was not upto the mark and did not possess the calibre required for such posts. It was also observed that some of the inspectors had no idea about the crop loan system and they laboured under the old notions of the agricultural finance based on the asset nexus. The reason for such a low standard of the field staff may be due to the low scale of pay, improper method of selection and promotion from the lower ranks without taking into consideration the capacity and experience of the employee etc. It may also be due to inadequate facilities of training and guidance from the Head Office. The present inspectorial staff, of course with a few exceptions appeared to be not very capable of exercising any influence over the local leaders or institutions.

Progress so far achieved by the Bank may be considered as relatively satisfactory. However, the targets it has yet to achieve are still far off. In order to achieve them, the Bank needs adequate and efficient staff, well-paid and well-trained.

W. C. Shrishrimal

**THE FAD SYSTEM OF JOINT FARMING
IN THE KOLHAPUR DISTRICT**

The word "FAD" means a group and obviously the Fad System of cultivation means the Joint Cultivation System. It is in vogue mainly for the sugarcane cultivation in the Western parts of the Kolhapur District. The system was in existence in the Kolhapur District, perhaps long before 1850, as reference to it is found in the Major Graham's Report, which was published in 1850. The Western part of the Kolhapur District has got small holdings of lands and as the sugarcane cultivation requires sufficient land, sufficient provision of water supply and man-power there was no alternative for the sugarcane growers but to resort to the system of joint cultivation, by pooling these resources, viz. land, water and man power.

There are about 50,000 acres of land under sugarcane cultivation, in the district. The "Fad" system is not prevalent in Shirol, Hatkanangale and Gadhinglaj Talukas where the lands are extensive and the sugarcane cultivation is on the well irrigation. In the western parts (Radhanagari, Bhudargad, and Kagal Talukas) the cane cultivation is on the lift irrigation on the rivers that flow from the Western Ghats where the lands are divided into small holdings and the water has to be lifted from the river beds at a considerable height. About one-third of the total area under sugarcane in the District is cultivated under this system. On an average 10-15 acres are required for an economic "Fad" unit. There are about 1,000 Fads, functioning in the District.

The central and essential factor of the "Fad" system is the provision of water-supply. Provision of

water-supply was made by the indigenous system of lift irrigation, taking water to the fields from the river bed in three or four stages. Water was taken from the rivers into the kachha wells, at a convenient height and from those wells, at a further convenient height in another kachha wells and so on, till it reached sugarcane field, at high levels along the slopes of the rivers from the wells. It was not possible for an individual to undertake this cultivation unless he joined with others in the operation. Those who gave their labour or land or bullocks for lifting water and cultivating the crop joined in the Fad. The number of partners depended on either the number of bullocks required or the persons who supplied capital and arranged for water supply.

Before the "Fad" starts functioning, the leader of the Fad who is called '*Karbhari*' i.e. Manager of the Fad arranges for the finance required for raising the crop. He usually attends to out-door work and gives guidance to those who work in the fields, in the agricultural operations. The finance that he makes available is either his own or of his relatives or is borrowed from the Dalals on his personal credit.

The Fad is thus a combination of the four essential factors of cultivation viz.

- (1) Lands
- (2) Water-Supply
- (3) Labour
- (4) Finance.

1. LANDS:

The Lands unless they belong to those joining the "Fad" which is not usually the case, are taken on rent. Sometimes, the rent is fixed in cash, depending upon the nature of the lands and the distance from the river

bed. But the general usage prevalent is of sharing in the production. The owner of the land which is taken on rent, usually gets $\frac{1}{4}$ th (at some places $\frac{1}{5}$ th) share in the total jaggery produced. If the *Karbhari* or some of the partners have their own lands in the Fad then they are also eligible to get this portion of the produce.

2. PROVISION OF THE WATER SUPPLY:

Until a few years back before the introduction of Oil Engines and Pumping sets, the usual method for lifting water from the rivers was by constructing a temporary mud bund across the rivers for storage of water and to lift it by bullock power by "Moats" as explained earlier. The number of bullocks required, depended upon the number of stages of lifting water and number of persons joining the Fad was also determined on the requirements of bullocks for the whole operation. One bullock-unit is taken equivalent to a man-unit, and the production is shared among the persons who joined in the operation either as labourers or by supplying bullocks or both, according to the units working in the Fad operations. Some times even loans are advanced to the Fadkaris out of the common fund of the "Fad" for purchasing bullocks.

Since, however, the introduction of Oil Engines and Pumping Sets, this system of supplying bullocks is fast dying out and is replaced by power pumps. For the provision of water supply required for the whole season, arrangements are made with the owners of the oil-engines. Just as the owner of the land, the person who supplies water by lift irrigation is paid a share in the production, usually $\frac{1}{4}$ th (or $\frac{1}{5}$ th) of the jaggery produced. Very often the Engine owner is also a partner in the "Fad". Some times the oil-engines and pumping sets are owned by the Fads purchased from their funds. Water is taken to distant fields, sometimes as far as 2,000 yards by erecting a line of channel made

of corrugated iron sheets which is known as "Pokar Line" raised at a considerable height, for enabling the water to be taken to higher slopes. This involves considerable initial investment for the "Fad" just as an oil-engine. The Rivers get dry during summer, except the Bhogavati, which has now been harnessed by the Radhanagari Dam. In order to ensure adequate water supply for the cultivation during summer, temporary mud dams—"Dharans" are constructed across the rivers, at several places. Such dams are constructed immediately after the rainy season is over. In 1946 a census of these "Dharans" undertaken by the Development Committee appointed by the then State Government revealed that there were 104 dams (*Dharans*) in Kolhapur State. The cost of construction of a temporary mud dam is about Rs. 5,000 to Rs. 7,000. All such *Dharans* are washed away during the rains when the rivers are in floods, and are required to be put up, every year. The cost of construction on the temporary mud dams is shared by the "Fads" which utilise the water stored in the 'Dams'.

As the temporary *Dharans* are washed every year, during the rainy season, the cultivators lose about Rs. 5,00,000, spent on the construction of the *Dharans*. Besides, the rich soil which is utilised in the constructions is washed every year in the rivers, with the result that the rivers are gradually getting silted. This has compelled the farmers to construct permanent bunds weir-cum-dams across the rivers and some of them have organised Co-operative Dam Construction Societies for construction and maintenance of such permanent "weirs".

(3) LABOUR:

The labour is supplied by those who join in the "Fad" and are known as "*Fadkaris*". If any of the "*Fadkaris*" is unable to attend his work owing to his

personal difficulties he has to give a substitute. For additional labour required, the female folk and other members of the family of the Fadkaris are employed in the operations, on payment of cash wages.

(4) FINANCE:

Sugarcane cultivation requires considerable finance, not only for the agricultural operations but also for the maintenance of *Fadkaris* and their families. The responsibility for making arrangements for finance devolves on the '*Karbhari*' or Leader of the "Fad". If he is himself a financier he lends his funds. Often the funds are raised by the partners in the Fad or from local well-to-do agriculturists. If such sources are not available, the leader arranges to get loans from the commission shops of Dalals in the Shahupuri Market on explicit condition that the Jaggery, will be sold and the manures such as Sulphate of Ammonia or Oil-Cake are purchased through their shops. Interest is charged at 12% on the funds so raised either from the local financiers or the 'Dalals' and the interest is calculated for the whole year, even though the money is utilized for a shorter period.

Thus, the finance that is advanced by the Dalals to the '*Karbhari*' is not considered as the money-lenders' finance, in as much as no legal documents such as mortgages for security etc. are required to be executed or are insisted upon. The only security is the insistence on marketing the jaggery through their shops. Advances are made as and when required so that the honesty and integrity of the leaders of the Fad is put to test by constant association. Loyalty and close association are the only basis of such finance. Very often the *Karbhari* of 'Fad' is a sleeping partner of the Dalal's shop. Some times, if it is a new "Fad" or a new *Karbhari* (Leader) execution of a collective bond by all or some of the Fadkaris in the "Fad" is made which pro

vides a sore of collective guarantee. However, such a contingency does not lead to harmonious working of the Fads and is usually avoided and the funds are advanced on the creditworthiness and loyalty of the "Leader" and in no case mortgage security is taken from the Leader or the *Fadkaris*. This is one of the reasons why the majority of the commission shops in Shahupuri Market belong to the well-to-do agriculturists, who are agriculturists-cum-Traders.

After all the agricultural and processing operations are over the Jaggery is marketed through the Dalals from whom the finance is borrowed, and the sale proceeds are pooled. The expenses of the agricultural operations and all the common charges are defrayed from this pool, the rent for land and water having been paid by way of a share in the produce as indicated earlier. The net sale proceeds are distributed equally among the "Fadkaris", including the leader of the Fad and advances if any, made to the Fadkaris are recovered from this amount. If there is a loss in the business it is carried forward for the next year. Sometimes, the surplus of the year is invested in the cultivation of the next year's crop and the amount is accounted for, as a loan carrying interest at 12% as is done in case of borrowed funds.

Until 1950, though there were Co-operative Credit Societies, they were not allowing any finance to the agriculturists for the sugarcane cultivation, either to individuals or to the Phads. They did not provide finance to the Fads firstly because they had no landed securities to offer and secondly because the Fad was a joint venture not owned by any one cultivator. In 1950, therefore, after the merger of the Kolhapur State in Bombay and after the various laws such as Money Lenders' Act, B.A.D.R. Act were introduced in the State, the question of providing finance for sugarcane cultivation came to the forefront

as the Dalals and private financiers hesitated to continue their old systems and therefore there was a constant demand for finance through the Co-operative Agencies.

The Field Workers' Conference which was held at Kolhapur on 31-10-1950 appointed a Committee for considering the ways and means for making finance available to the Fads through the Co-operative Institutions and the Committee recommended as under:—

(1) The finance to the "Fad" being essentially of the nature of "Production-cum-marketing finance", system of advancing loans by the Dalals in the Shahupuri Market should not be disturbed in its operational procedures, when the co-operative institutions undertake the finance.

(2) The co-operative institutions should insist on the sale of the produce through the agency of the Shetkari Sahakari Sangh, a marketing society and the Sangh should provide the fertilisers and the manures in kind, under the supervision of the inspection staff of the Bombay State Co-operative Bank.

(3) The Bombay State Co-operative Bank should make available a sum of Rs. 5 lakhs to the Shetkari Sahakari Sangh for advancing loans to the "Fads" on an experimental basis, to gain experience in institutionalising such finance.

The Shetkari Sahakari Sangh which had by this time developed marketing of jaggery and had undertaken distribution of controlled commodities stepped in to provide finance, though on a very small scale as an experimental measure for cultivation of sugarcane to the "Fad", even though it involved legal and other complications as regards membership, security for the loan etc., for providing institutional finance to the "Fad" as a substitute to private finance.

This recommendation was accepted by the Bank and a sum of Rs. 5,00,000 was sanctioned to the Shetkari Sahakari Sangh for this purpose, during the year 1951-52 and the Sangh advanced Rs. 3.36 lakhs to 146 "Fads" covering an area of 1109 acres under the sugarcane cultivation. Nine other Co-operative Societies were allowed Fad finance to the extent of Rs. 1.19 lakhs in the same year for 76 fads, covering 383 acres under the sugarcane cultivation.

After 1952 the Shetkari Sahakari Sangh was not sanctioned any finance for advancing loans to the "Fads" and all the Fad finance was made available to the Fadkaris through the Co-operative Credit and M. P. Societies by the Bank. The following statement gives the details of the Fad finance made available for the years 1953-54 to 1957-58.

Statement showing Phads Financed by the Societies
(Amount in lakhs of Rs.)

Year.	Number of Societies	Number of Phads	Area under Sugarcane cultivation.	Fad finance allowed.
1.	2.	3.	4.	5.
			Acres	Rs.
1953-54	42	110	701	1.51
1954-55	61	251	1,635	4.73
1955-56	65	435	2,735	9.02
1956-57	61	524	3,305	15.53
1957-58	55	429	3,385	16.70

It can be seen from the above statement that the area under the Fads financed by the Co-operative Societies has been increased to a considerable extent during the last five years. Roughly speaking 1/4th of the area covered by all the Fads in the district has been brought under the Co-operative finance and 30% of the total advances made for the sugarcane

cultivation by the Bank are made available for the Fad finance.

It must be remembered that the Fad finance is a very important aspect of sugarcane cultivation in Kolhapur District and if the Bank had not recognised the indigenous system of Fad finance there would have been practically no sugarcane cultivation in the western part of the District. There is no security of lands for this type of finance. The Bank allows finance to these Fads through the Primary Co-operative Societies, by enrolling the leaders and all the Fadkaris as members of the Primary Societies and gets a joint bond, executed by all the persons who constitute the Fad. In these Fads the majority of the Fadkaris are the landless agriculturists and they are able to get their minimum daily wages for the services that they have to render. This is convenient to them as the Fads start functioning after the harvesting of paddy is over and they are busy in the fads till the rainy season starts.

In conclusion, it can be said that the Phads in the Kolhapur District are the indigenous Joint Farming Societies, conducted on a strictly voluntary basis. If the basic principles of the Phad system are accepted with some modifications in the interest of small and medium types of agriculturists, there will be no difficulty in introducing the Joint Farming cultivation system for the food-grain crops also, on a large scale.

M. G. Bhagat.

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