RESERVE BANK OF INDIA

ALL-INDIA RURAL CREDIT SURVEY

DISTRICT MONOGRAPHS

BIJAPUR
(BOMBAY STATE)

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FORWARD

This is one of the series of District Monographs of the All-India Rural Credit Survey organised by The Reserve Bank of India during 1951-52 and relates to the District of Bijapur in the Bombay State. The fieldwork was done during November, 1951 to July, 1952 and was conducted under the central direction of the Committee of Direction. Shri G. J. Khudanpur acted as the District Inspector under the general supervision of myself as the Regional Controller for the seven districts where the survey was administered by the Gokhale Institute of Politics and Economics, Poona. The Monograph has been prepared in accordance with the synopsis approved by the Committee of Direction with some minor modifications of arrangement. Mr. G. J. Khudanpur assisted me in the drafting to an extent justifying his joint authorship of the Monograph. The monograph is therefore being forwarded under our joint authorship.

Poona.
25th May, 1953.

V. M. DANDEKAR.

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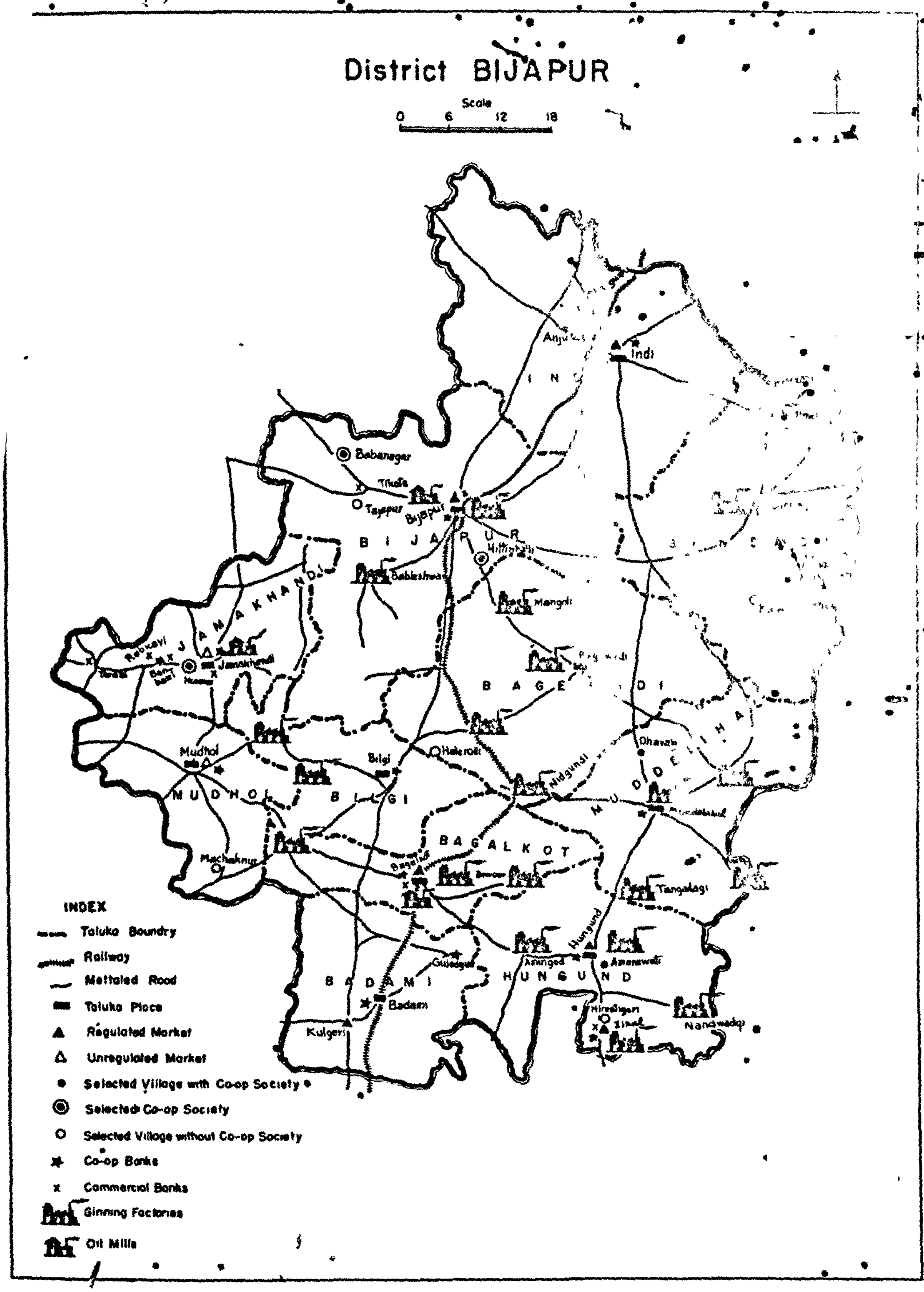
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Scale
0 6 12 18
Indi
Babanagar
Tajapur
Bijapur
B I J A P U R
Bableshwar
Mangoli
Jamakhandi
Mudhol
M U D H O L
Bilgi
B I L G I
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Dhavalagi
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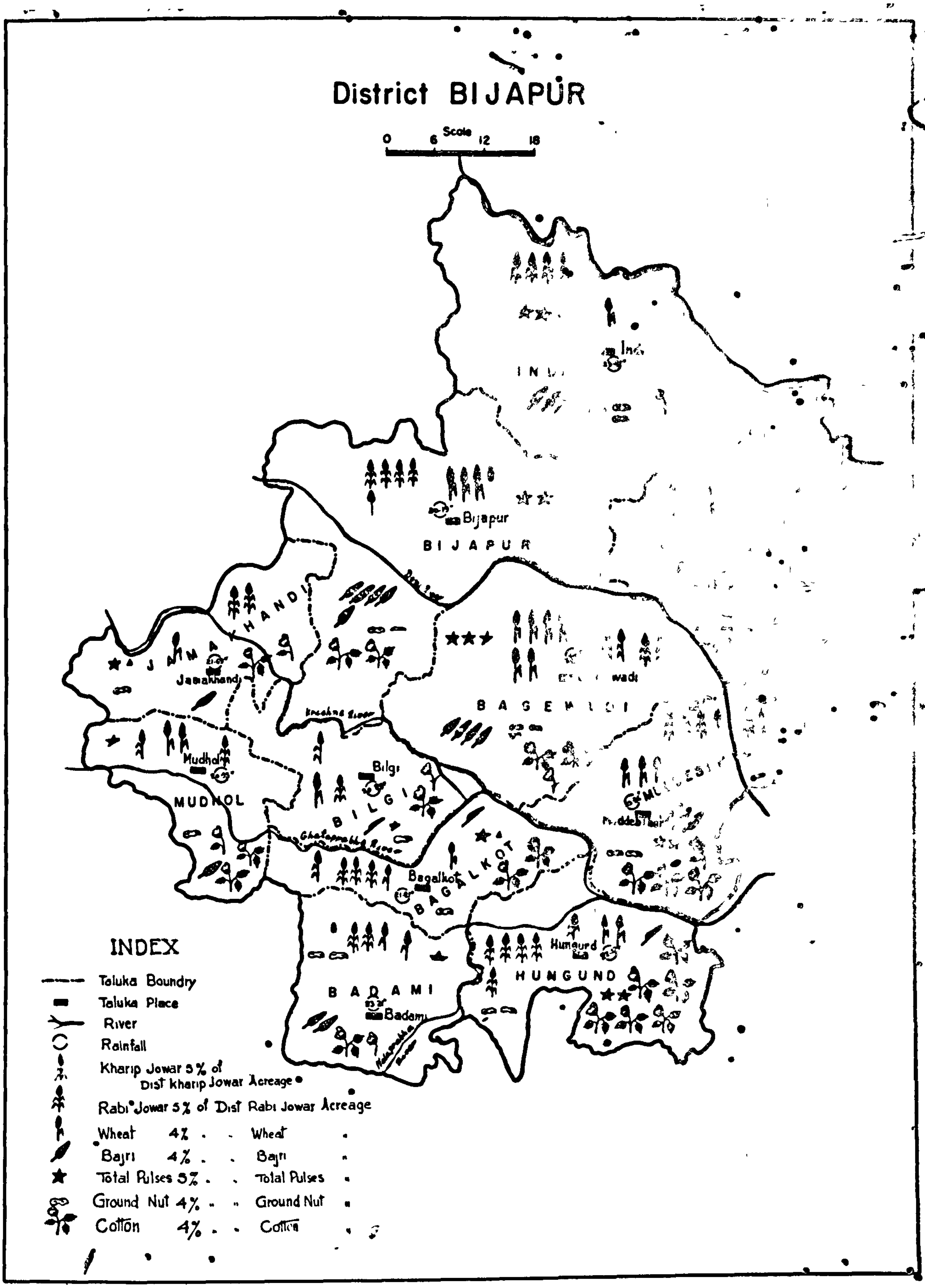

District BIJAPUR
Scale
0 6 12 18
Indi
INDI
Bijapur
BIJAPUR
JAMAKHANDI
Jamakhandi
Krishna River
BAGEWADI
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BIJAPUR DISTRICT

I Introductory

1.1 Bijapur district is an eastern district of the Bombay State and is one of the districts of the Deccan. Due to the merging of the former States like Mudhol and Jamkhandi with the district, its area and population have considerably increased. At present its area is about 6,600 square miles and according to the 1951 population census had a population of about 16,00,000. For administrative purposes the district is divided into ten talukas and one petha. They are -

(i) Bijapur, Indi, Jamkhandi.

(ii) Bilgi, Bagewadi, Sindgi, Mudhol.

(iii) Muddebihal, Bagalkot.

(iv) Badami, Hungund.

1.2 The three talukas mentioned in the first group above form the northern talukas of the district with the river Bhima as the north eastern boundary. This is a tract of hillocky upland falling into narrow vallies. The talukas mentioned in the second and third groups form the central region of the district. This is a vast plain and across it flow three great rivers, Don, the Krishna and the Ghataprabha. The talukas mentioned in the last group form the southern region which is partly hilly. Across this region lie two low ranges of hills and through them passes the river Malaprabha.

1.3 In the northern region the soil is shallow on the uplands and deep in the narrow vallies to which cultivation is chiefly confined. The Valley of Don is very fertile and is known as the granary of Bijapur. In the central region the level sweeps of black soil are broader and in many places there appears a vast plain as far as eye can reach. The plains of Krishna are of rich alluvial soil. But the richest parts are to be found in east Bagalkot, and in southwest Hungund and the strip of the Malaprabha valley south of the Badami hills in the southern zone.

1.4 Bijapur district receives its rainfall from both the southwest and the northeast monsoons, but mainly from the southwest monsoon. The northeast monsoon is most unreliable and at best is to be regarded as providing occasionally a welcome addition to the rains brought by the southwest monsoons. The rainfall is extremely uncertain and irregular and the district is liable to recurrent droughts. The September rains are comparatively more reliable and the major crops depend upon them; their failure therefore results in a total failure of crops. The rainfall is fairly uniform over the district, the average being 22.65 inches. The rainy season extends from June to November. As in other parts of the Bombay Deccan, there are two agricultural cropping seasons. The

The Kharif, that is the rainy season and the Rabi, that is the winter season. The Kharif season extends from June to early December and Rabi from late September to early April. The rabi season is the more important and approximately two-thirds of the net cropped area of the district is under Rabi crops.

1.4.1 During the period under survey rains had failed and scarcity works declared in a number of villages. Full suspension of land revenue was granted in respect of 171 villages and half suspension of land revenues in respect of 219 villages. The most affected talukas were Bijapur, Indi, Jamkhandi, Badami and Mudhol.

1.5 In the following table are shown the area and population of the district divided into the four zones mentioned above. (Table 1.1 on page 4)

1.6 It is clear from the above table that except in the north central region, the density of population in the district is more or less uniform. The low density of population in the north central region is due to the small proportion of urban population in that region.

1.7 About 80 per cent of the area of the district is under crops. Forest is negligible and only 5 per cent of

Table 1.1

Region	Taluka	Area in sq. miles	1951 population	Population per sq. mile	Population of taluka H.Q.	Population of taluka H.Q. as percent to total
Northern	Bijapur, Indi, Jamkhandi	2336.4	4,93,636	211.37	94,713	19.18
North Central	Sindgi, Bagewadi, Mudhol, Bilgi	2271.2	4,14,507	182.50	31,273	7.54
South Central	Muddebihal, Bagalkot	939.9	2,15,920	229.72	38,572	17.86
Southern	Badami, Hungund	1056.1	2,71,922	257.48	15,672	5.76
Total		6603.6	13,96,185	211.43	180,230	12.91

of the area is under forest. The remaining 15 per cent might be classed as cultivable waste, current and permanent fallow. The principal food crops of the district are Jowar and Bajri which account for more than 61 per cent of the total cropped area. The district grows two important commercial crops, namely cotton and groundnut which cover about 17 per cent of the total cropped area. In the following table are given the proportionate areas under different crops :-

Table 1.2

Important Crops of the District

Crop	Percentage to total cropped area
Jowar	49
Bajri	12
Wheat	8
Other cereals	2
Gram	2
Tur	2
Other pulses	3
Cotton	7
Groundnut	10
Safflower	3
Other oil seeds	1
Others	1
Total	100

1.8 Jowar is grown all over the district but more prominently in the northern zone where more than 57 per cent of the cropped area is under Jowar. Bajri is more important in Bijapur, Sindgi, Bagewadi, Muddebihal and Badami talukas and wheat in Bijapur, Sindgi, Bagewadi and Mudhol talukas. The two important commercial crops, cotton and groundnut are grown all over the district. However, cotton is grown to a greater extent in the southeastern talukas, namely Bagewadi, Bagalkot, Muddebihal and Hungund, while groundnut is more extensive in north eastern talukas, namely, Indi, Sindgi, Bagewadi and Muddebihal.

1.9 According to the 1949 cattle census the district had about 1,84,000 plough cattle mostly bullocks. However, the census figures were for the whole of the Bijapur district except Jamakhandi taluka. Hence, if the number of plough cattle is related to the corresponding gross cropped area only, it gives an average of about an animal for every 16 acres. It is not uncommon to use cows and she buffaloes for working; the number of working cows and she buffaloes in this district are 19,000 and 16,000 respectively. According to the cattle census of 1947, there are about 60,000 cows which is less than half the number of bullocks and about 70,000 she buffaloes which is about 23 times the number of he buffaloes. It is clear, therefore, that the plough animal is the bullock and the milch animal is the

the she buffaloe. There are 2,27,000 sheep and 2,93,000 goats in the district.

1.10 The latest available figures for plough and bullock carts are for the year 1945 when there were 50,226 ploughs and 25,758 bullock carts. These give an average of one plough for every 52 acres of cropped area and one bullock cart for every 49 persons. Of the more expensive equipment there are reported to be 62 tractors and 350 pumping sets. There are a large number of indigenous oil presses worked by bullocks. Besides there are a very large number of hand looms. In 1946, there were 18,645 of them. It is reported that at present their number is nearly 30,000.

1.11 Five perennial rivers flow across the district; the Bhima in the north, the Don and the Krishna in the centre and the Ghataprabha and the Malaprabha in the south; and ironically, this is a district most liable to recurrent draughts and famines. None of the rivers is being used for irrigation purposes in this district. Recently a few lift irrigation projects have been initiated; there are at present 4 such on the Krishna, 2 on the Ghataprabha and 1 on the Malaprabha. The total area irrigated by them id about 2,000 acres. The working cost of the lift irrigation schemes is not inconsiderable and reportedly it does not pay to irrigate food-crops on waters of lift irrigation

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irrigation schemes. The irrigation problems of this district are too serious to be tinkered at with minor schemes; and the potentialities of its fertile soil are too great to be neglected. A major irrigation project alone is capable of protecting this fertile district from ravages of recurrent famine. The much discussed Koyna project is one of the projects from which this district is most likely to be benefitted.

1.12 At present the only important sources of irrigation are wells and minor dams and bunds. Wells are largely to be found in the northern and north-eastern talukas and the dams and bunds mainly in Indi, Sindigi and Bagewadi talukas. The area irrigated by canals and tanks is small - only 1487 acres - and for want of repairs, the tanks are going out of use.

1.13 In the following table are shown the irrigated areas in different regions. To the total irrigated area shown here, should be added 1,487 acres irrigated by canals and tanks. The total irrigated area in the district thus comes to about 52,000 acres. (Table 1.3 on page 11)

1.14 Jowar accounts for more than 25 per cent of the irrigated area. Other principal irrigated crops are wheat and cotton. Area under sugarcane is small and accounts for

Table 1.3

Zone	Talukas irrigated	Area under wells (acres)	Area under Bandharas (acres)	Area under lift irrigation projects (acres)	Total irrigated area (acres)
Northern	Bijapur, Indi, Jamkhindi	27,548	2,050	-	2,959
North Central	Sindgi, Bagewadi, Bilagi, Mudhol	14,333	2,360	1,434	1,433
South Central	Muddebihal, Bagalkot	1,151	200	82	1,433
Southern	Badami, Hungund	792	100	563	1,735
Total		43,824	4,990	2,079	50,873.

.for only 3 per cent of the irrigated area. Other minor irrigated crops are bananas, chillies and other vegetables.

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1.15 The irrigated area is mostly concentrated in the talukas of Bijapur, Indi, Sindgi and Bagewadi.

1.16 The agriculturists are mainly drawn from the Lingayats, Raddis, Lamanis, Kurubars, Bedars, Muslims and the depressed classes. The traders in agricultural commodities are Lingayats, Gujaratis and Marwari Vanis, Komatis, Muslims and Jains. They combine continue money lending with trading. Besides, Shroffs are mainly Brahmins, Gujaratis and Marwari Vanis.

1.17 There are regular wandering tribals like Gosavis, Gondhalis, Dombars, Killikets, and Vadars who move about and some times go beyond the district to earn their livelihood. The day labourers in border areas move into the neighbouring districts of Bombay Karnatak, Sholapur and the Nizam's territories in search of employment during the period from November to April. Otherwise there are no indications of any considerable seasonal migration either within the district or beyond the district. In times of famine, however, there occurs large scale immigration to neighbouring less affected areas.

1.18 The principal industries in the district are cotton ginning and pressing, handloom weaving and quarrying. There are 70 cotton gins, 9 presses and one ginning and pressing

pressing factory in the district. Cotton gins are mainly found in Bagalkot, Bijapur, Hungund and Bagewadi and cotton presses are confined to the three marketing centres at Bijapur, Bagalkot and Jamkhandi. There are 8 gins and 4 presses at Bijapur, 8 gins and 5 presses at Bagalkot, 4 gins and 1 ginning and pressing factory at Jamkhandi. As regards groundnut processing, there are 32 decorticators and 12 expellers in the district. Of these 9 decorticators and 3 expellers are at Bijapur, 16 decorticators and 7 expellers at Bagalkot and 6 decorticators and 2 expellers at Jamkhandi. There is one decorticator at Hungund. There are a few pulse mills at Bijapur and Bagalkot. There is one sugar factory at Galagali. Upto 1950 it produced only gur and only recently it has undertaken the manufacture of sugar. According to 1946 census of industries, there were in this district 13,695 handlooms owned by 7,034 persons. At present the number is estimated to be about 30,000 handlooms employing nearly a lakh of people. Weavers of Bijapur district have specialised since historical times in dyeing cotton yarn and silk and in manufacturing cotton and silk saries and bodice cloth. The important handloom weaving centres are Ilkal, Guledgud, Gudur, Amingad, Kamatagi, Sulibhavi and Kerur. Both cotton and silk yarn are imported from other districts. Quarrying is done in Badami, Bagalkot and Muddebihal talukas and slate factories are set up at Kaladagi, Bagalkot and Lokapur. Recently, the sisal-fibre

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fibre industry is developing at Bijapur and packing material for ginned and unginned cotton is being manufactured on considerable scale. It is reported that the industry at present employs about 400 handlooms and 2,000 workers. A cement factory is being erected at Bagalkot.

1.19 As already indicated, the district has very little forest of any economic value. There are, therefore, no forest industries in the district.

1.20 Thus, there appear to be only three places in the district which offer some industrial employment. They are Bijapur, Bagalkot and Jamkhandi. Bijapur, as already noted, is the headquarters of the district and is a town of considerable size with a population of about 66,000. It is connected by a rail-line to Sholapur on the one side and Hubli on the other. Bagalkot is the next largest town and is the headquarters of the taluka and has a population of 32,000. It lies on the railway line from Bijapur to Hubli. Jamkhandi, the next largest town was the capital of the former Jamkhandi State and is at present the headquarters of the taluka. It has a population of 21,000. It has no railway station. But it is connected by motorable roads to marketing centres like Bijapur, Bagalkot, Nippani and Sangli. There is no large scale industry at any of these places and the employment that the small concerns offer is meagre. Moreover, in most cases it is only seasonal.

1.21 The three centres mentioned above are situated in different parts of the district. Jamkhandi is in the north west, Bijapur in the centre and Bagalkot towards south. There is, therefore, no concentration in the district, of whatever few and small industrial concerns there are.

1.22 Handloom weaving is the most important of the cottage industries. Mention may also be made of wool-weaving, oil pressing and manufacture of bangles and brass-ware. Handloom weaving is the major industry of the district. As earlier mentioned, there are at present 30,000 handlooms and nearly 1,00,000 persons engaged in this industry. The main products are cotton and silk saris and bodice cloth. And these find a ready market in Karnatak; the product is also exported to other parts of the country. The industry is concentrated mainly in the three southern talukas: Badami, Bagalkot and Hungund. Wool weaving is more important in Badami, Bagalkot, Hungund and Bijapur. Manufacture of brass-ware and bangles is confined mainly to Hungund taluka.

1.23 There is a large number of oil Ghanis in this district. Most of them are distributed all over the district, and there is no major concentration.

1.24 Mention was made of the Sholapur-Hubli rail-line passing through Bijapur. It runs from north to south, through

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through the middle of the district and has 13 stations over a length of 123 miles within the district. Its importance lies in the fact it connects the district, on the one hand, to Sholapur and hence to Bombay and, on the other, to Hubli and hence to Bangalore.

1.25 The district is well served by motorable roads. There are nine inter-district roads connecting the district with important centres outside such as Sholapur, Hubli, Belgaum, Shedbal, Kalburgi, Gadag, Bellari, Satara, Nagwad and Pandharpur. Again there are 15 internal roads connecting the various places in the district. The total road mileage is 973 of which 548 miles are maintained by the State Government and 425 miles by the District Local Board. The district has a good network of roads connecting almost all the villages by metalled or unmetalled roads to the important marketing centres. The principal shortcoming is absence of bridges over all the five rivers and when during rainy season the rivers are in flood, dislocation of communications is frequent.

1.26 Due to its important commercial crops, namely, cotton and groundnut, the agricultural marketing in the district is well organised and everywhere regulated under the Bombay Agricultural Produce Markets Act, except in the two recently merged States of Jamkhindi and Mudhol. Bijapur is an important marketing centre and has naturally good banking facilities.

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There are also a few branches of commercial banks at other important taluka places and marketing centres; the district as a whole might, therefore, be said to possess satisfactory banking facilities. Co-operative movement in the district is well established and developed. There are about 400 primary credit societies with a total membership of over 23,000. There are also a number of multipurpose and marketing societies.

1.27 To sum up, Bijapur with its rich black soil, vast alluvial plains, five perennial rivers and well developed agriculture might have become one of the richest districts of the Bombay State. But failure to harness the waters of the rivers for irrigation has left the district at the mercy of the uncertain rains. The ravages of frequent famines have left the district impoverished and the peasantry heavily indebted. Due to the influence of the two commercial crops - groundnut and cotton which are grown all over the district - farmers are price conscious, and business minded. The people are quiet and peaceful by nature. The district would prosper if irrigation facilities are made available.

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II. The Selected Villages

(2.1) For purposes of the field survey directed towards assessing the requirements of agricultural credit eight villages were selected in the district. With a view to comparing conditions in this respect in villages having and not having co-operative societies, four of the villages were selected from among those not served by any co-operative credit society. The villages were selected by a strict process of random sampling giving each such village a chance of being selected in proportion ~~is~~ to its size, that is, its 1951 population. The other four villages were similarly selected from among the villages having co-operative credit societies.

(2.2) The geographical distribution of the selected villages has been most satisfactory. The villages are scattered all over the district and all regions are adequately represented. Therefore in all respects such as irrigation facilities and distribution of crops, the conditions in the district are well represented by the selected villages. For instance, Machakur and Halerolli are riverside villages and Adjutagi has a number of irrigation wells. The three therefore represent the irrigation facilities available in the district. The northern region predominantly ~~region~~ growing Jowar, the north-eastern groundnut growing region and the south-eastern cotton growing region are all represented respectively by Anjutagi, Kornur and

and Hirootigeri. Further, there are two villages Hirootigeri and Amarawati from the region where handloom industry is highly developed. Thus it can be seen that on the whole the selection of the villages has been very satisfactory.

(2.3) In the following table are given the particulars of the selected villages. In the paragraphs that follow we give brief descriptive notes on each of the selected villages :-

Table 2.1 - Villages selected in the District

Village	Taluka	1951 population	Number of families	Remarks
(1) Halerolli	Bagewadi	553	93	Without society
(2) Hirootigeri	Hungund	634	122	"
(3) Kachalmur	Mudhol	1,071	183	"
(4) Tajapur	Bijapur	2,214	396	"
(5) Amarawati	Hungund	1,464	295	With society
(6) Anjutagi	Indi	2,432	448	"
(7) Umnalagi	Muddebihal	1569	303	"
(8) Kornar	Sindgi	3,223	683	Without society
Total		13,160	2,528	

(2.4) Kalerolli, a village in Bagewadi Taluka is situated on the bank of the river Krishna at a distance of five miles from Kollar, ~~a bus stand~~ on Bijapur Bagalkot road. The nearest railway station is Teligi eight miles from the village. The village has no post office. The population of the village according to 1951 census is 553 comprising of 93 families of which 71 are cultivators. The population consists mainly of Lingayats and Lamanis. The Lamanis are yet an unsettled tribal people. But have lately settled at a number of places in the district. There are two such settlements near the village. The lands of the village measure 2,651 acres and the land revenue amounts to Rs. 1,216/-. The major land uses are as under :-

Cultivated Area	2,416
Uncultivable area	81
Area under rivers and nallas	137
Residential area	9
Area under roads	8
Total	2,651

The irrigated area is only two acres. Besides there are eight acres of land which would be under waters of the river Krishna during rainy season. The river Krishna is the main source of water supply but during the period from January to July the waters of the river become stagnant and

and unfit for drinking. During this period pits are dug in the bed of a nearby stream and the water accumulated in the pits is used for drinking.

The soil is rocky, unfertile and difficult to plough. The value of land per acre is low and varies from Rs.50 to Rs. 200 according to the fertility of the soil. Of the total cultivable area of 2,416 acres, 329 acres of land was fallow. In the following are given the acreages under different crops during 1950-51:-

Crop	Acres
Kharif/Jowar	313
Rabi/Jowar	732
Bajri	290
Wheat	72
Paddy	1
Arhar	70
Horse gram	48
Green gram	15
Other pulses	13
Groundnut	320
Linseed	17
Safflower	14
Cotton	167
Vegetable and Spices	2
Total	2,094

During 1950-51, the crops had generally failed. The anewari of crops for the same period was annas two for pulses, annas four for rabi Jowar and annas six for Kharif Jowar, Bajri, Groundnut and Cotton.

In the following are details of livestock as in 1950-51 :-

Bullocks	171
Cows	143
Young stock	137
He buffaloes	-
She buffaloes	73
Young stock	44
Goats	165
Sheep	70
Horses	2
Poultry birds	119

Of major agricultural implements

Wooden ploughs	23
Iron ploughs	11 and
bullock carts	23 were reported.

Use of farmyard manure is common and is available at Rs. 2 per cart load. There is usually shortage of fodder and about 100 cart loads of fodder are brought from outside at the rate of Rs. 30/- per cart load. The village is self sufficient in agricultural labour. The prevailing rates of wages are as follows :-

Normal daily wages	Adult males	Adult females	Children
In cash	1- 0-0	0-12- 0	0- 4- 0
In kind	3 seers	2,1/2 seers	

Daily wages during harvest :

In kind	6 seers	4 seers	

It is not common to give cash wages during harvest time. Salary to annual farm servants is Rs. 200/- per annum in addition to food, clothing, footwear and pan, betelnut, and tobacco. Hiring of implements and plough cattle is common. The prevailing rates are as follows :-

Plough with a pair of bullock and an adult male labourer	Rs. 6- 0- 0 per day
Plough without a pair of bullocks but with an adult male labourer	1- 8- 0 per day
Cart with a pair of bullocks and a cartman	5- 0- 0 per day
A pair of bullocks	3- 0- 0 per day
Cart without a pair of bullocks or cartman	1- 0- 0 per day
Sowing charges (team labour)	6- 0- 0 per day
Charges for harrowing (team labour)	4- 0- 0 per day

This is a rayatwari village and a majority of the cultivators are land owners. However share and cash renting are common. The rates of cash rent vary from Rs. 10/- to Rs. 15/- per acre. Crop sharing is half and half and the landlord shares half the expenditure on seed, manure and cash wages. There is no ~~other~~ major occupation or industry in the village other than agriculture.

The people are habituated to chewing pan and tobacco, to smoking and to taking tea. The people are strong and healthy and do not suffer from any major vices or diseases. There is a private medical practitioner in Kollar. But for him no medical aid ~~is~~ would have been available for miles around in this part. The majority of the villagers are illiterate. There is no library or reading room in the village and nobody subscribes for any daily paper. There is a primary school teaching upto fourth standard. The total strength of the school is 32 of which only two are girls. The school is housed in a temple of goddess Dyamavva which is the only temple of any importance in the village. An annual festival on a small scale is celebrated every year in the month of "Jeshtha".

The village is midway between Bagalkot and Bijapur both being 30 miles away. However, there is a short route to Bagalkot about 15 miles in length. The agricultural produce of the village is sold either at Bagalkot or at Bijapur through commission agents. The main produce exported from the village is groundnut, cotton, jowar, bajri and pulses. There is no grocer's shop, flour mill, or cloth shop in the village. The villagers make their normal purchases in the weekly bazar held at Kollar. The nearest place where cattle bazar is held is Bijapur.

There is no Co-operative Credit Society in the village. The majority of the cultivators have to depend on the commission agents at Bagalkot and Bijapur for finance. Some of them also borrow from a Marwari money lender at Kollar.

(2.5) Hire-otigeri, a village in Hungund Taluka is situated at a distance of six miles to the east of Ilkal, one of the most important weaving centres of the district. The nearest bus stand is Ilkal and the nearest railway station is Bagalkot (42 miles). There is no post office in the village. The population of the village is 634 comprising of 122 families of which 90 ~~were~~ are cultivators. The lands of the village measure 3,054 acres and the land revenue amounts to Rs. 2,170/-. The major land uses are as under :-

	Acres
Cultivable land	2,904
Uncultivable land	20
Area under rivers, nallas, etc.	81
Grazing land	17
Area under village site	10
Cremation ground.	·2
Area under roads, etc.	20
Total acres	3,054

The total irrigated land of the village measures.2

8 acres of which 2 acres are under paddy, one acre under sugar cane and the remaining five acres under food-grains and vegetables. There are 17 irrigation wells in the village of which 13 are in use. There is only one well for drinking water. But as the water is not good, the villagers generally bring water collected in the pits dug by them in the bed of a stream, which flows nearby.

The soil is mostly black; but red soil and yellow rocky soil is also found. In the following are values of different lands per acre:-

	Best quality Rs.	Medium quality Rs.	Inferior quality Rs.
Black soil	400/-	300/-	150/-
Red soil	300/-	200/-	100/-
Yellow rocky soil	150/-	100/-	75/-

The area under different crops during 1950-51 was as follows :-

Crop	Acres
Jowar	622
Bajri	317
Wheat	143
Paddy	2
Nachani	194
Arhar	62
Hulga (Horse gram)	98

Continued

Crop	Acres
Gram	46
Other pulses	81
Groundnut	133
Other oil seeds	57
Cotton	882.
Other fibres	4
Other crops	11
Total area under crops	2,052

The total gross cropped area of 2,052 acres included five acres of double cropped area. [illegible] fruit trees such as mango, tamarind and palm trees were reported in the village.

In the following are details of livestock as in 1950-51 :-

Bullocks	191
Cows	77
Young stock	87
He buffaloes	3
She buffaloes	82
Young stock	50
Sheep	53
Goats	79

Continued.

Horses	4
Donkeys	0
Pigs	3
Poultry birds	219

Of major implements, 65 wooden ploughs, 3 iron ploughs and 31 bullock carts were reported. The village is sufficient in farmyard manure, but it does not export it and the manure is sold at Rs. 4/- or Rs. 5/- per cart load. The village is self sufficient in fodder. Jowar stalks are sold at the rate of Rs. 15/- per cart load and other fodder at the rate of Rs. 20/- per cart load. Shortage of agricultural labour is felt particularly during harvesting season. The rates of wages are as follows:-

	For males	For females
Normal wages	Rs. 0-10- 0	0- 8- 0
Wages during harvesting season	Rs. 1- 0- 0	0-10- 0

However, it is more common to give wages in kind. The prevailing rates for hiring implements, plough-cattle, etc. and charges for team labour are as follows :-

For small plough per day	0- 8- 0
For big plough per day	1- 0- 0
For small plough with four bullocks to draw	7- 0- 0
For big plough with eight bullocks to draw	14- 0- 0

For cart with bullocks to draw	Rs.4-0-0 per day
For cart without bullocks to draw	1-0-0 " "
Team labour for sowing	Rs.4 to Rs.5 per day
Team labour for harrowing	Rs.3 to Rs.4 per day

It is not customary in the village to hire out only bullocks.

The village is a ryotwari tract and most of the cultivators are landowners. However, it is common to lease out land for cash rent or share rent. Cash rent never exceeds Rs. 10/- per acre. In the case of share rent, the land lord gets half the share of the gross produce and has to contribute equally towards the expenditure on seed. There is no ~~other~~ major occupation or industry other agr. Hence most of the non-cultivating families are merely landless labour.

The people are strong and healthy and do not suffer from any major vices or diseases. Tea and smoking are common and there are a few who are addicted to drinking. Medical facilities are available at Ilkal. There is a primary school in the village, teaching up to fourth standard. There are 45 students under only one untrained teacher. The school has a separate building of its own and quarters for the teacher. Nobody in the village subscribes for any news papers and there is no library or reading room. There is no gram panchayat. There are a few temples. Formerly two small annual fairs used to be held on the Hindu New Year day, one in honour of Maruti and

and the other in honour of Basavanna. But during the last 3 or 4 years no fairs have been held due to party factions in the village.

Ilkal which is an important handloom weaving and marketing centre, is only six miles from the village. There is a regulated market in cotton, groundnut and other oilseeds at Ilkal and there are 16 shops of commission agents. One of the biggest cattle bazaar in the district is held weekly at Amingad 18 miles from the village. In the village itself there is only one grocer's shop and it does not stock all the provisions. Hence villagers generally make their purchases at Ilkal. The main commodities exported from the village are groundnut and cotton.

There is no co-operative credit society in the village at present. About 25 years ago a society had been registered which after functioning for 14 years was liquidated as its working was found to be unsatisfactory. On 1-10-1951 the amount of tagai loan due to the government from the villagers was about Rs. 1,559/- which it must be noted was a small amount compared to the total indebtedness of the village. The villagers generally depend for finance on traders, commission agents and moneylenders at Ilkal.

(2.6) Machaknur, a village in Mudhol taluka, is situated on the bank of the river Ghataprabha at a distance of 12.1/2 miles to the South East of Mudhol. The nearest railway station is Bagalkot (30 miles). The nearest bus stands are

are Lokapur and Hire Algundi. The village postman brings mail to the village every Thursday from Mudhol. The population of the village according to 1951 census is 1071, comprising of 188 families 110 of which are cultivators. The lands of the village measure 3164 acres and the land revenue amounts to approximately Rs. 3,500/-. The major land uses are as under :-

	Acres
Cultivable area	3028
Uncultivable area	66
Area under rivers and nallas	27
Kofat	11
Residential area	23
Area under roads	9
Total	3164 acres

The Irrigated area is only 20 acres. About 200 acres of land on the bank of the river Ghataprabha is submerged under water during rainy season. This area is used for growing cotton, gram, beans, rabi jowar and brinjals. There is only one well for drinking water and as during summer the water is insufficient, the river water is used for drinking purposes.

In the bed and on the bank of the river the soil is black and is used for growing rabi crops. In other.

other parts the soil is rocky and is used for growing Kharif crops. In the case of land of rocky soil the value per acre ranges from Rs. 100/- to Rs. 200/-. In the case of lands on the bank of the river, the value per acre ranges from Rs. 100 to Rs. 400. Kharif crops are more important than rabi crops. The main Kharif crops are Jowar, Bajri and Groundnut and the main rabi crop is cotton. Figures of acreage under different crops during the year 1950-51 were not available.

Following are the details of livestock as in 1950-51 :-

Breeding bulls	6
Bullocks	184
Cows	97
Young stock	102
He buffaloes	2
She buffaloes	150
Young stock	107
Sheep	23
Goats	390
Horses	8
Poultry birds	338

Of major implements, 4 iron ploughs, 84 wooden ploughs, 48 bullock carts and one sugarcane crusher were reported. The villagers are accustomed to using manure. Only farm yard

yard manure is used and as there is not sufficient supply of manure in the village, about 200 cart loads of manure is brought from neighbouring villages at a rate varying from Rs. 3/- to Rs. 4/- per cart load. The village is self-sufficient in fodder. There are private grazing lands where bullocks are allowed to graze for two months for a rent of Rs. 10/- per pair of bullocks. There is no scarcity of labour. In fact a few families go out in search of employment. The rates of wages per man per day are annas eight in summer, Re. 1 at the time of sowing and Rs. 1- 4- 0 during harvest if paid in cash and 2 seers, 3,1/2 seers and 4 seers respectively if paid in kind. It is common amongst cultivators to take implements and plough cattle on hire. The prevailing rates are as follows :-

Plough with a pair of bullocks to draw and an adult male labourer	Rs. 5- 0- 0 per day
Plough only (from Kaladagi co-operative society)	0- 2- 0 "
Cart with a pair of bullocks to draw and a cartman	5- 0- 0 "
Cart only	1- 0- 0 "
A pair of bullocks	3- 0- 0 "
Harrowing (team labour)	4- 4- 0 "
Sowing (team labour)	6- 0- 0 "

This is a rayatwari village and a majority of the cultivators are tenants. However, it is common to lease out land either for cash rent or for share rent. Cash rent is paid at the rate of Rs. 25/- per acre. In the case of share

share renting the land lord gets 2/3 or 1/2 share of the gross produce according as the land is of good or of medium quality. He shares the expenditure on seed manure and cash wages in the same proportion. There is no ~~other~~ major occupation or industry other than agriculture. The villagers are habituated to smoking to chewing pan and tobacco and to taking tea. A few are addicted to drinking. The villagers are strong and healthy but suffer from malaria almost every year. People have to go to Kaladagi, Mudhol, Jamkhandi or Bagalkot for medical treatment. For minor ailments, medicine is available at Lokapur. There are very few literate persons in the village and nobody in the village subscribes for any news papers. There is no library or Gram Panchayat in the village. There is a primary school teaching upto fourth standard. The strength of the school is 25. It has a building of its own. "Holo Basappa" is the important deity of the village and a fair is held annually in the month of "Margashirsha". About 5,000 people from Sholapur, Dharwar, Belgaum and Bijapur Districts assemble for the fair which is held for three days.

There are five grocer's shops in the village. The nearest places where a weekly bazar is held are Lokapur (five miles) Kaladagi (7 miles) and Mudhol (12 miles). The weekly bazaar held at Kaladagi is a big bazaar and people from 35 neighbouring villages attend it. In addition to agricultural produce, dairy products and cloth is marketed at this bazaar. The nearest places where cattle bazaar

bazaar is held are Kaladgi (seven miles and Kerur (twenty-five miles). The agricultural produce of the village is sold at [illegible] through commission agents, the main agricultural produce exported being groundnut, cotton and pulses.

There is no co-operative society in the village; and villagers depend for finance completely on commission agents, private moneylenders and such other private agencies.

(2.7) [illegible], a village in Bijapur taluka is situated at a distance of only 12 miles to the west of Bijapur. The village is only 2 miles from [illegible] and 5 miles from Tikota both of which are bus stops on Shedbal Bijapur road. The village originally belonged to the Kurundwad State. Tikota is a fairly big place and has a post office, police outpost, [illegible] Dispensary, private dispensaries, a commercial bank and all types of shops. The population of the village is 2224 comprising of 366 families of which 263 are cultivators. The lands of the village measure 13,417 acres and the land revenue amounts to Rs. 1,383/-. The major land uses are as under :-

	Acres.
Cultivable land...............	13098
Uncultivable land.............	152
Land for public use...........	4
Area under tanks..............	19

Continued.

Grazing land.................... 40 acres
Area of the village site......... 41 "
Area under roads.................103 "

Total 13,417 acres

The irrigated area of the village is 32 acres. The main source of irrigation is wells there being one Kachcha and 18 pakka irrigation wells in the village. There is a District Local Board well for drinking water. There is a separate well for the use of Harijans.

Four types of soil are found in this village; they are black cotton soil, black soil, calcarious soil and the red soil. The land values per acre are :-

	Best variety	Medium variety	Inferior variety
Black cotton soil	400	300	200
Black soil	250	200	150
Calcarious soil	200	150	100
Red soil	200	150	100

As already stated the total cultivable area is 13,058 acres of which 404 acres is current fallow. In the following are crops acreages under different crops during 1950-51.

Crop	Acres	Crop	Acres.
Rice	5 acres	Gram	300 acres
Wheat	1500 "	Arhar	50 "
Jowar	7408 "	Mung	25 "
Bajri	200 "	Other pulses	50 "
Cotton	2500 "	Safflower	400 "
Vegetables & spices	16 "	Linseed	200 "
		Total	12,654 "

During 1950-51, crops had generally failed. Anewari for different crops during the same period was annas four for rabi jowar, Bajri and pulses (Kharif crops) and annas two for cotton and anna one for pulses (Rabi crop).

In the following are details of livestock as in 1950-51 :-

Breeding bull	1
Bullocks	150
He buffaloes	14
Cows	193
She buffaloes	65
Sheep	126
Horses	8
Goats	85

The village is self sufficient in fodder and manure. Manure is sold in the village at the rate of Rs. 0- 8- 0 per cart load. During harvesting season shortage of agricultural

agricultural labour is felt. The wages paid are as follows :-

For males Rs. 0-12- 0 or 3 seers of Jowar per day.
For females Rs 0- 8- 0 or 2 seers of Jowar per day.

Wages during harvesting season.
For males 1- 4- 0 or 4 seers of Jowar per day.
For females 0-14- 0 or 3 seers of Jowar per day.

The rates for hiring out agricultural implements, plough cattle, etc. are as follows :-

For iron plough with a pair of bullocks	Rs.4- 0- 0 per
For iron plough only	0- 4- 0 "
For a bullock cart with a pair of bullocks and a cartman	5- 0- 0 "
For a bullock cart only	0- 8- 0 "
For a pair of bullocks	4- 0- 0 "
For harrowing (team labour)	4- 0- 0 "
For sowing (team labour)	Rs. 8 to Rs. 10 per day.
For lifting water (team labour)	5- 0- 0 "

This is a rayatwari village and a majority of the cultivators are land owners. However, it is also common to lease out land either for share rent or for cash rent. In the case of crop sharing the land lord gets 3/4th, 2/3rd or 1/2 of the gross produce according as the land is of good, medium or inferior quality. The land lord has to contribute towards expenditure on seed other than Jowar in the same

same proportion. The cash rent varies from Rs. 20/- to Rs. 30/- per acre for land having the best quality of red soil. There is no ~~other~~ major occupation or industry other th agricul

The villagers are strong and healthy but suffer from malaria during winter. Villagers go to Tikota for medical aid when needed. There is a primary school in the village teaching upto fourth standard. It has one untrained teacher and forty students. The school is at present housed in the temple of Maruti. There is no library or reading room in the village and nobody subscribes for any newspaper. There are a few places of worship in the village. Mention may be made of Mallikarjuna and Pir Haji Saheb. A small annual fair is held in honour of God Mallikarjuna in the month of "Chaitra". About 500 persons gather for the fair. A fair is also held annually in honour of Pir Haji Saheb in the tenth day after "Bakri Id". About 200 persons from the neighbouring villages attend this fair. There is no gram-panchayat in the village.

There are five grocer's shops. The weekly market is at Tikota where about 2,000 people from surrounding villages gather every week to make purchases or to sell their produce. The selling market is however at Bijapur. The main commodities exported from the village are cotton, groundnut, safflower and pulses.

There is no co-operative society in the village and the villages depend largely on commission agents, traders, and agriculturist moneylenders at Bijapur.

(2.8) Amaravati, a village in Hungund Taluka is only 1.1/2 miles from Hungund, the taluka headquarters and is connected to it by an approach road. The village has no post office. The nearest post office is at Hungund which is also an important marketing centre. The population of the village is 1464 comprising of 295 families of which 131 are cultivators. The lands of the village measure 4172 acres and the land revenue amounts to Rs. 2,2[illegible]2/-. The major land uses are :-

Cultivable area	3926 acres.
Uncultivable area	15 "
Area under rivers, nallas, etc.	146 "
Area under village site	21 "
Cremation ground	3 "
Area under roads	55 "
Total	4172 acres

Three streams namely Sangamma halla, Kedigi halla, and Hire halla flow near by the village. All of them dry up in summer and none of them is useful for irrigation. The total irrigated area of the village is only six acres and there is only one irrigation well in use. Of the total of six acres of irrigated land, 3,1/2 acres is under food grains, two acres under fodder crops and half acre under sugarcane.

There are only two wells for drinking water; both are private. The depressed classes dig pits in the bed of the streams for drinking water.

Two types of soil are found in the village, namely black cotton soil and red soil. The value of land per acre is as follows :-

	Best variety	Medium variety	Inferior variety
Black cotton soil	Rs.250/-	200/-	150/-
Red soil	200/-	150/-	100/-

In the following are the acreages under different crops during 1950-51 :-

Jowar Kharif	200 acres
Jowar rabi	1400 "
Bajri	391 "
Wheat	160 "
Paddy	1 "
Nachani	112 "
Tur	40 "
Mulga	81 "
Gram	100 "
Other pulses	33 "
Cotton	1026 "
Groundnut	115 "
Safflower	50 "

Continued.

Linseed	35 acres
Sesamum	15 "
Other oilseed	12 "
Chillies	5 "
Irrigated crops	6 "
Total	3704 "

Of this 40 acres was twice cropped area so that the net cropped area was 3664. And 262 acres was current fallow. Thus the total cultivable land measured 3926 acres.

In the following are details of livestock as in 1950-51 :-

Breeding bulls	8
Working bullocks	251
Cows	100
He buffaloes	5
She buffaloes	130
Young stock	160
Sheep	496
Goats	198
Horses	1
Donkeys	28
Pigs	9
Poultry birds	112

Of major implements, 128 wooden ploughs, 34 iron ploughs and 42 bullock carts were reported to be in use in the village. No tractors, oil engines, or pumping sets were reported in the village. The village is self sufficient

sufficient in farmyard manure. The village is also self sufficient in fodder in a normal year. Fodder is sold at Rs. 20 to Rs. 25 per cart load and manure at Rs. 4 to Rs.5 per cart load. The village is self sufficient in agricultural labour. In fact a large number of families are landless labourers. The prevailing rates of wages are as follows :-

	Adult males	Adult females
	Rs.	Rs.
Normal daily wages	0-12- 0	0- 5- 0
Daily wages at the time of sowing	1- 0- 0	0-10- 0
Daily wages at harvest time	1- 0- 0	0-12- 0

During harvesting season it is more common to pay wages in kind than in cash. So far as payment to annual farm servants is concerned it is common to provide board, clothing and other amenities and to give Rs. 100/- per annum over and above that. It is common in the village to hire plough cattle, implements and team labour. The prevailing rates are as follows :-

Per iron plough per day Rs. 0- 2- 0 or Rs. 0- 4- 0

Iron plough with a pair of bullocks to draw and an adult male labourer 4-0-0 per day

Bullock cart with a pair of bullocks to draw 4- 0- 0 per day

Bullock cart only	Rs. 1- 0- 0 per day
A pair of bullocks only	3- 0- 0 "
For harrowing (team labour)	3- 0- 0 to 4-0-0 per day
For sowing (team labour)	5 or Rs. 6 per day

This is an inam village and the entire cultivating land belongs to the Desai of Lakkasagi. Recently some of the lands have been sold by the Desai, but still he is the biggest land lord in the village and most of the cultivators are his tenants. The Desai has leased out land to the cultivators for cash rent varying from Rs. 5 to Rs. 6 per acre. The main occupation of the villagers is agriculture. Other occupations are rearing of sheep and goats and weaving coarse woollen blankets.

The villagers are strong and healthy and do not suffer from any major vices or diseases. They are habituated to tea, smoking, chewing pan, betelnut and tobacco. The nearest dispensary is at Hungund. There are two primary schools in the village; one for boys, teaching upto sixth standard and having 131 students and 3 trained teachers and the other for girls, teaching upto fourth standard and having 73 girl students and two teachers one of them trained. None of the schools has its own building. The former is housed in the house of the Desai and the latter in the temple of Maruti. In both places, accommodation is inadequate. There are two reading rooms which subscribe for dailies and weeklies in the regional language. There

There are a few temples in the village. The most important of them is that of Basaveshwar. A small annual fair is held on the last Monday in the month of "Shravana". There is no gram-panchayat.

There are three grocers shops. The village co-operative credit society runs a shop supplying food-grains, kerosene and sugar. However, the village is only 1.1/2 miles from Hungund which is one of the important marketing centres in the district. The nearest place where a cattle bazaar is held is Amingad only eight miles from the village. The villagers sell their agricultural produce at Hungund either through the commission agents or through the branch of the Bagalkot co-operative purchase and sale union at Hungund. The main commodities exported from the village are cotton, groundnut and pulses.

Recently a multipurpose society has been organized in the village. The society was registered on 18-8-1950. But it has made rapid progress. At present it has 54 members and a share capital amounting to Rs. 2010/-.During 1951-52 it advanced loans amounting to Rs. 64,008/- to its members. Besides it supplies iron ploughs on hire. It also is engaged in selling plough shares. It is the whole-sale agent for the village for bidis and also runs a ration shop. Thus it is seen that the society is functioning actively. The villagers get credit not only from the local multipurpose society but also from other co-operative co-operative institutions at Hungund such as the branch of the Bagalkot Purchase and Sale Union, Ltd. and the three multipurpose societies at Hungund. The Government has advanced tagai loans to the villagers but on a very small scale. On 1-10-1951 the amount due to the Government from the villagers amounted to Rs. 1866/-. Supply of co-operative credit is generally adequate and the villagers are much less dependent on private agencies.

(2.9) Anjutagi, a village in Indi taluka, is situated on the Indi Chadchan Road, eight miles from Indi, the taluka headquarters and an important marketing centre in the district. "Indi Road" a station on the Sholapur Hubli section of the Southern Railway is only four miles from the village. The village has a post office. The population of the village is 2,432 comprising of 440 families 299 of which are cultivators. The lands of the village measure 7749 acres and the land revenue amounts to Rs. 1229. The major land uses are as under :-

Cultivable land	7464 acres.
Uncultivable land	72 "
Area under rivers & nallas	4 "
Grazing land	43 "
Area under village site	29
Area under roads, railways, etc.	117"
Total	7749 acres

Of a total cultivable area of 7424 acres, 6561 acres were actually cultivated. Of this 837 acres of land is irrigated by wells. There are 141 irrigation wells in the village of which only 69 wells are in use. There are besides 14 wells for drinking water of which ten are not in good condition. In the following are details of irrigated area under different crops :-

Jowar	412 acres
Wheat	70 "
Cotton	257 "
Sugarcane	19 "
Bananas, chillies, vegetable and others	79 "
Total	837 acres

There are 190 mango trees, 60 tamarind trees and a few other fruit trees in the village.

In the following are areas under different crops during the year 1950-51 :-

Jowar	4278 acres
Bajri	969 "
Paddy	75 "
Wheat	95 "
Other cereals	11 "
Gram	116 "

Continued.

Arhar	59 acres
Horse gram	174 "
Other pulses	24 "
Cotton	257 "
Other fibres	16 "
Groundnut	271 "
Safflower	70 "
Sesamum	17 "
Other oilseeds	14 "
Sugarcane	19 "
Chillies	42 "
Fruits	40 "
Vegetables	22 "
Total	6569 "

The 6569 acres of gross cropped area included eight acres of double cropped area. Hence the net cropped area was 6561 acres. The agricultural season during 1950-51 was unsatisfactory. The annewari for different crops was as follows :-

Groundnut	0- 4- 0	Rabi Jowar	0- 6- 0
Bajri	0- 3- 0	Wheat	0- 6- 0
Other Kharif crops	0- 3- 6	Cotton	0- 6- 0
		Other rabi crops	0- 6- 0

Three types of soil are found in the village namely, red

red, rocky and black. About half of the land is of red soil, three-eighth of rocky soil and one-eighth of black soil. In the following are land values per acre :-

Type of soil	Best quality	Medium quality	Inferior quality
Red soil	Rs. 500/-.	Rs. 300/-.	Rs. 200/-.
Black soil	400/-.	400/-.	200/-.
Rocky soil	200/-.	150/-.	100/-.

In the following are details of livestock and poultry as in 1950-51 :-

Bullocks	514
Cows	365
Young stock	264
He buffaloes	25
She buffaloes	107
Young stock	147
Horses	14
Donkeys	8
Goats	641
Sheep	1235
Poultry	328

Of major implements, 83 iron ploughs, 23 wooden ploughs, 44 bullock carts, one iron sugar cane crushing machine, two pumping sets and 142 iron mots for lifting water, were reported. Use of farm yard manure is common and even chemical fertilizers areused by a few. Though the village

village is not self sufficient in manure, it does not import manure. Manure costs Rs. 2 to Rs. 3 per cart load. In normal years the village will be self sufficient in fodder, but in bad years it has to bring fodder from villages on the bank of the Krishna and the Bhima rivers. The cultivators experience shortage of agricultural labour in harvesting season. The prevailing rates of wages are as follows :-

Normal wages

For adult males	Rs. 1- 0- 0 or 4 seers of Jowar per day
For adult females	Rs. 0- 6- 0 or 1.1/2 " "

Wages during harvesting season

For adult males	Rs. 1- 4- 0 or 5 seers of Jowar per day
For adult females	Rs. 0- 8- 0 or 2 seers of Jowar per day

For annual farm servants Rs. 400/- per annum without board

For children Rs. 200/- per annum for herding cattle.

It is also common in the village to hire out implements, plough cattle, etc. The rates charged are as follows :-

Plough with a pair of bullocks to draw and an adult male labourer	Rs. 6- 0- 0
Plough without a " "	0- 6- 0
Bullock cart with a pair of bullock "	5- 0- 0
Bullock cart without " "	1- 0- 0
A pair of bullocks	4- 0- 0
For sowing (team labour)	6- 0- 0
For harrowing (team labour)	6- 0- 0

This is a rayatwari village and a majority of the

the cultivators are land owners. However, it is also common to lease out land either for cash rent or for share rent. Cash rent varies from Rs. 10/- to Rs. 25/- per acre according to the fertility of the soil. In the case of crop sharing if the land is irrigated the land lord gets 1/3 share price of expenditure. However, if the land is unirrigated he has to contribute half the expenditure on seed, manure and cash wages and gets in return 1/2 share of the gross produce.

Some families are engaged in rearing of sheep and goats and weaving of Saris and coarse woollen blankets.

The villagers are habituated to chewing pan and tobacco, drinking tea and smoking. They are strong and healthy and do not suffer from any major diseases. Medical aid is available at Indi. There is a school in the village teaching upto vernacular final standard. There are six teachers and 280 students. The present building of the school is inadequate and hence the villagers are collecting a building fund for the school. They have already collected Rs. 950/-. There is no Grampanchayat. There are a few temples in the village. The more important of them are those of Maruti, Mala Siddheshwar, Virabhadra and Laxmi. An annual fair is held in honour of each of these four deities in the months of Chaitra, Kartika, Jeshtha and Vaishakha respectively. Of these the fair of Goddess Laxmi is held exclusively by Harijans who offer five or six he buffaloes and 10 to 15 goats to the Goddess. Harijans from

from the neighbouring villages gather on this occasion. The fair in honour of God Virbhadra is held in the month of Jeshtha and about 500 people from the neighbouring villages attend.

The agricultural produce of the village is sold either at Indi or at Bijapur through commission agents. Banana groves are leased out to fruit merchants of Sholapur, for a term of one year or more. The nearest place where cattle bazaar is held are Chadchan (15 miles) and Bijapur (32 miles). There are four grocers shops in the village. Besides these there are no other shops in the village. The main commodities exported from the village are, ground-nut, cotton, pulses, fruits and vegetables. Saris and coarse woollen blankets are also imported.

There is a co-operative society in the village. In addition to supplying credit, it has undertaken the distribution of food-grains, sugar and kerosene. Formerly it was also distributing cloth. As the proportion of over-dues is increasing the society is finding it more and more difficult to supply credit to members. There are 134 persons in the village who have taken taqai loans amounting in all to Rs. 6055/-. As the proportion of irrigated land is considerable, the farm expenses are large. The cultivators depend partly on co-operative society but mainly on loans from private agencies such as commission agents and money-lenders.

(2.10) Dhavalagi, a village in Muddebihal taluka, is situated on Muddebihal Bijapur road, seven miles from Muddebihal the taluka headquarters. The nearest railway station is Alamatti 18 miles away. The village has a post office of its own and mail is delivered every day. The population is 1,569 comprising of 303 families of which 186 are cultivators. The village lands measure 5,457 acres and the major land uses are as under :-

Cultivable land	5290 acres
Uncultivable land	62 "
Area under rivers and nallas	18 "
Area under tank	3 "
Area under village site	21 "
Area under roads	63 "
Total	5457 acres

The irrigated area is only five acres. There are in all seven irrigation wells and of these only four are in use. A stream flows by but is not used for irrigation. There are three wells of drinking water one for the general use of the villagers and the other two for the use ~~by~~ of the depressed class people.

Except in the southern part of the village where rich black soil is found and on the banks of the stream where

where the soil is fertile, the village generally has white rocky soil, which is not very fertile. The prevailing land values per acre are as follows :-

	Best quality	Medium quality	Inferior quality
White rocky soil	Rs 100	Rs 60	Rs 25.
Rich black soil	" 400	" 200	" 100
Soil on the bank of the stream	" 500	" 300	" 200

In the following are acreages under different crops during 1950-51:-

Kharif Jowar	791 acres
Rabi Jowar	1191 "
Bajri	592 "
Wheat	309 "
Paddy and other cereals	25 "
Horse gram	66 "
Arhar	79 "
Gram	07 "
Other pulses	56 "
Cotton	615 "
Other fibres	5 "
Groundnut	1054 "
Linseed	59 "
Safflower	33 "
Other oil seeds	5 "
Irrigated crops	5 "
Total	----

The agricultural year during 1951-52 was unsatisfactory. Anewari for that year ~~is~~ was annas six for Kharif crops and annas three for Rabi crops. There are 90 mango trees, 355 Tamarind trees, eight coconut trees and 90 palm trees.

In the following are details of livestock as in 1950-51 :-

Breeding bulls	17
Working bullocks	276
Cows	214
Young stock	156
He buffaloes used for breeding	1
She buffaloes	154
Young stock	19
Sheep	116
Goats	270
Horses	9
Donkeys	7
Poultry birds	356

Of major implements, 63 wooden ploughs, 47 iron ploughs, 56 bullock carts, 3 oil engines to help lift water and two oil presses were reported. The village is self sufficient in fodder and manure. In addition to farm yard manure the cultivators use groundnut cake and manure mixture supplied by the local Better Farming Society. Farm yard manure costs

costs Rs. 3 to Rs. 4 per cart load. Jowar fodder costs Rs. 20 per cart load. The village is normally self sufficient in agricultural labour. Hiring of bullocks and implements is common. The prevailing rates are as follows :-

For a plough requiring four or less bullocks to draw	Rs. 0- 4- 0 per day
For a plough requiring six or more bullocks to draw	0- 6- 0 per day
For a plough with four bullocks to draw	6- 0- 0 per day
For a plough with six bullocks to draw	9- 0- 0 per day
For a plough with eight bullocks to draw	12- 0- 0 per day
For a man with a pair of bullocks	4- 0- 0 per day
For a bullock cart without bullocks to draw	1- 0- 0 per day
For sowing (team labour)	3- 0- 0 per day
For harrowing (team labour)	4- 0- 0 per day

It is not common in the village to hire out bullocks along with the bullock cart. For the team labour the charges are Rs. 3/- for harrowing and Rs. 4/- for sowing.

This is a rayatwari village and most of the cultivators are land owners. But it is also common to lease out land either for cash rent or for share rent. The cash rent is Rs. 10/-, Rs. 15/- or Rs. 20/- per acre according as the soil is white and rocky, rich and black or ~~that~~ on the bank

Similarly, in the case of share renting, the owner gets 1/3, 1/2 or 2/3 share of the produce, according as the soil is white, and rocky, rich and black or on the bank of the stream. The landlord contributes towards the expenditure on seed in the same proportion in which he shares the gross produce.

The villagers are strong and healthy and do not suffer from any major vices or diseases. Tea, smoking and chewing tobacco are common. The nearest dispensary is at Muddebihal. There are two schools in the village; a primary school for girls teaching upto fourth standard and a [illegible] second-ary school for boys teaching upto seventh standard. In the former, there are two teachers and 92 girl students; in the latter there are four teachers and 155 boys. There is a temple of Madiwaleshwar in the village and an annual fair is held in the month of Phalgun. About 1500 persons from neighbouring villages gather. The expenses are met by public subscription. Recently a Grampanchayat has been elected. But it has not yet started functioning. The main occupation of the villagers is agriculture. But some of the families are engaged in weaving saries and a few in rearing sheep and goats.

There are 6 grocers shops and two cloth shops. The grocers shops do not stock all the provisions. The weekly market is at Muddebihal. The main commodities going out of the village are cotton, groundnut, safflower, linseed and pulses. They are sold either in the Muddebihal market or in the Bijapur market through general commission agents. Talikoti where one of the biggest cattle markets in the district is held, is only 18 miles from here.

There are two co-operative societies in the village. One Better Farming Society and a Thrift and Credit society. The Better Farming Society does not supply credit to its members but supplies iron ploughs on hire and groundnut cake, manure mixture, and cotton seed on sale. The better farming society has 22 members and it is operating on a small scale. Nevertheless it is making good profits. The thrift and credit society is the older of the two societies and was registered on 13- 1-1943. It has 57 members and a share capital of Rs. 1690/-. It has advanced during 1951-52, Rs. 8500/- to its members by way of loans. The Society also runs a cloth shop and a rationing shop. However the society is thinking of closing the cloth shop as it is running into a loss. The society advances loans only to members and that too for meeting capital and current farm expenditure only. Hence a large majority of the cultivators who are not members do not derive any benefit from the society. The credit supplied by the Government by way of tagai loans is also negligible. On 1-10-1951 the total amount due to the Government from the villagers amounted to Rs. 1334/- only. A majority of the villagers depend on private agencies for the supply of credit. The credit needed is provided by the local agriculturist moneylenders, private money lenders and general commission agents at Bijapur and Muddebihal.

(2.11) Korwar, a village in Sindgi taluka, is situated at a distance of 13 miles from Sindgi, the taluka headquarters. The nearest bus stand is Kondguli (6 miles) and the nearest

nearest railway station is Bijapur (36 miles). The village has a post office and receives mail three times a week. The population of the village is 3223 comprising of 603 families 425 of which are cultivators. The lands of the village measure 12872 acres and the land revenue amounts to approximately Rs. 6141/-. The major land uses are :-

Cultivable area	12485 acres
Uncultivable land	170 "
Area under rivers, nallas, etc.	19 "
Grazing land	8 "
Area ~~of~~ under the village site	51 "
Cremation ground	11 "
Area under roads	126 "
Area of land leased out to the school	2 "
Total	12872 acres

The irrigated area is 400 acres. The main source of irrigation is wells. There are 135 irrigation wells in the village of which only 60 are in use at present. The principal irrigated crop is Jowar. There are 23 wells for drinking water.

A variety of soils is found in the village. Thus there is deep black soil, light black soil, deep red and light red soil rocky soil, etc. The land is not very fertile and un-

unirrigated land is valued at a price varying from Rs. 50/- to Rs. 300/- per acre. Irrigated land is valued at Rs. 600/- per acre. Kharif season is the more important. The important crops are Kharif Jowar and groundnut. Other crops ~~are~~, in the order of importance, are Jowar (Rabi), cotton, Bajri and wheat. The agricultural season in 1951-52 was unsatisfactory. The anewari of different crops was as follows :-

Jowar Kharif	0- 6- 0
Groundnut	0- 5- 0
Bajri	0- 5- 0
Pulses	0- 5- 0
Jowar Rabi	0- 4- 0
Wheat	0- 4- 0
Cotton	0- 4- 0
Safflower	0- 4- 0

Figures of acreage under different crops, as well as the figures of livestock population of the village for the period under report, were not available in the village. The village is not self sufficient in manure. Though the cultivators feel the shortage of manure they do not import it. A few bigger cultivators however use manure mixture available for sale at the Government godown at Kondguli. A cart load of farm yard manure costs Rs. 3/- to Rs. 4/-. The village is also deficient in fodder. Every year about 200 cart loads of fodder is brought from the neighbouring villages at a cost of Rs. 40/- per cart load. The village

village is self sufficient in agricultural labour. The rates of wages prevalent in the village are as follows :-

	For males	For females
Normal daily wages	Rs.1-8-0	Rs. 0- 8- 0
Daily wages during harvest	2-8-0	1- 0- 0

It is common to pay wages in kind during harvesting season. The annual farm servants are paid Rs. 400/- per annum without board or any other amenities. It is also common in the village to hire implements, plough cattle, and team labour. The prevailing rates are :-

Rs 0- 8- 0 per day per plough only

5- 0- 0 per day for a plough with a pair of bullocks and an adult male labour.

1- 0- 0 per day per bullock cart only.

5-0- 0 per day per bullock cart with a pair of bullocks and a cartman.

3- 0- 0 per day per pair of bullocks for ploughing.

4- 0- 0 per day for harrowing (team labour)

5- 0- 0 to Rs. 6- 0- 0 per day for sowing (team labour)

4- 0- 0 per day per pair of bullocks for (lifting) drawing water.

This is a rayatwari village and most of the cultivators are land owners. But the area of Inam land is also considerable. Leasing out land for share or cash rent is also common. In fact of a total cultivated area of 12485 acres 2050

2050 acres are Inam lands. Cash rent varies from Rs. 50/- to Rs. 100/- for every four acres of land. In the case of crop sharing the land lord gets 2/3 or 1/2 share of gross produce according as the land is of the best or medium quality. The land lord has to contribute towards expenditure on account of seed and cash wages in the proportion in which he shares the produce.

Of a total of 683 families in the village about 50 families are Lamanis who are a tribal people. They live in a settlement about three miles from the village. The villagers are strong and healthy and do not suffer from any major diseases. However cases of Malaria and guinea worms are common in the village. The villagers are habituated to tea, smoking and chewing pan, beetlenut and tobacco. The Lamanis, are in addition, addicted to drinking. There is no dispensary and the villagers go to Sindgi, Hippargi, Talikoti or Bijapur for medical aid. There are three schools, an Urdu school, a primary school for girls teaching upto fourth standard, and a school for boys teaching upto vernacular final standard. The school, last mentioned, has a library which subscribes for leading regional language papers and magazines. There are a few temples in the village. But the only temple worth mentioning is that of Maruti. A fair is held every year in the month of Chaitra. About 3000 outsiders assemble for the fair. There is a gram panchayat which looks after the sweeping and lighting of village streets. However due to its meagre income it has not been able to do much work. The system of communal panchayats is prevalent and is is functioning effectively among the Lamanis. The Lamanis have a hereditary pancha who enjoys special previleges. There is no ~~other~~ major occupation or industry other than agr.

There are ten grocers shops and four cloth shops. One of the cloth shops is doing business on a very large scale. It sells cloth on credit and recovers dues at harvest. The turnover is estimated at over a lakh of rupees. A weekly bazaar is held every Friday and people of about 10 villages within a radius of six miles attend it. The main commodities marketed are agricultural produce, saris and other cloth. The selling market is at Bijapur. The villagers carry their produce in bullock-carts to the Bijapur market. However, often a commission agent comes to the village with a truck to collect agricultural produce from his clients especially when groundnut is harvested. The main commodities exported are groundnut, cotton, safflower and pulses.

There was a co-operative credit society. But lately it has been suspended and a recovery clerk has been appointed to recover the outstanding dues. Hence during the period under report no loans were advanced by the society. Besides in recent years the villagers have not received much by way of tagai loans from the Government. On 1-10-1959 the tagai loans due to the Government from the villagers stood at Rs.12,313/-. The villagers mostly depend for finance largely on private agencies such as commission agents, private moneylenders, relatives and agriculturist moneylenders.

(2.12) The selected villages were visited twice by our investigators. In the following table we give the dates of the two visits to each village:-

Village	First visit	Second visit
Halerolli	12- 2-52 to 22- 2-52	20- 4-52 to 26- 4-52
Hircotigeri	20- 3-52 to 27- 3-52	6- 6-52 to 12- 6-52
Machalmur	11- 1-52 to 11- 2-52	3- 5-52 to 10- 5-52
Tajapur	16- 3-52 to 31- 3-52	11- 5-52 to 18- 5-52
Amaravati	11- 1-52 to 7- 2-52	1- 6-52 to 6- 6-52
Anjutagi	2[illegible]-12-51 to 10- 1-52	1[illegible]- 5-52 to 25- 5-52
Dhavalagi	9- 2-52 to 14- 3-52	26- 5-52 to 31- 5-52
Korwar	17-11-51 to 21-12-51	27- 4-52 to 2- 5-52

III. Cultivated Holdings

(3.1) A schedule, called the General Schedule, covering certain broad items of information was filled for all the resident families in the selected villages. As a principal classifying item, information was obtained regarding the size of the cultivated holdings of the families concerned, and along with the size of the holdings, was also obtained the number of their plough cattle. In this chapter, it is proposed to present the related data. Not all the families were of course cultivators. In the following table we give for the eight selected villages what proportion of their families were cultivators and the average size of their cultivated holdings. In the adjoining column is given the average number of plough cattle per cultivator. (Table 3.1 on next page).

(3.2) It is obvious that the average size of the cultivated holdings differ considerably in different villages. An arithmetic average is however greatly affected by extreme cases so that a large average holding in one village might not mean more than that there are in the village one or two very big cultivators who pull up the average of the village, without of course benefitting the other cultivators, in any manner. A fuller statement of the size of the cultivated holdings in different villages might therefore be given as under. (Table 3.2)

Table 3.1

Village	Proportion of cultivating families to total	Average size of holding in acres	Average No. of plough cattle
Halerolli	76	24.2	2.1
Hirectigeri	74	23.2	1.7
Machakanur	59	27.0	1.6
Tajapur	71	30.2	1.4
Amarawati	78	17.2	1.2
Anjutagi	67	16.5	1.9
Dhamalagi	61	25.0	1.5
Korwar	62	30.1	1.3
District average	69	24.9	1.6

Table 3.2 – Range of cultivated holding in acres in different strata of families in the selected villages

Percent of cultivators having holding larger than	Halerolli	Hirectigeri	Machakanur	Tajapur	Amarawati	Anjutagi	Dhamalagi	Korwar
0	92	80	250	440	186	250	240	221
10	48	48	57.5	66	42.5	35.5	49	57
20	35	32	40	43.5	30	24	38.	44
30	32	28	32	33.5	24	18	29.5	33
40	24	24	24	26	20.	14	24.5	28
50	22	20	20	19	16	12	18	24
60	16	16	14	14	12	8	13.5	20
70	12	12	8	10	9	6	9.5	16
80	8	7.5	3.5	6.5	6	4	8	11
90	5.5	4	1	4	4	4	4	8
100	–	–	–	–	–	–	–	–

The table reads as follows: In the village Halerolli, the largest holding was 92 acres; 10 per cent of the cultivators had holdings larger than 48 acres, 20 per cent had it larger than 35 acres, etc.

(3.3) The manner in which the villages were selected makes a simple average of any item of the 2528 families interviewed, not particularly appropriate as a district average. It should be remembered that in selecting the villages, they were given chance proportional to their population, which means that the larger villages were given a greater chance of being selected. This gives an over-representation to larger villages. Thus six of the eight selected villages are of population more than a thousand. This certainly is not the proportion of such villages, in the district. In consequence, population staying in larger villages is given more than proportionate representation. This bias in the sample is corrected, if instead of taking the average of 2528 families, we first work out the village averages and then take an average of the village averages. Another bias ~~in the samples~~ is that while in the sample we have four villages with societies and four villages without societies, in the district, the number of villages with and without societies is not equal. According to our information the number of villages with cooperative societies was 379 and their 1941 population was 4,42,768. On the other hand the number of villages without cooperative societies was 542 and their 1941 population was 6,13,429. In order to obtain an appropriate district average, therefore, it is necessary to to "weight" the society and non-society village averages in proportion to the population staying in such villages. The appropriate weights in the present case are 1.37836 and 1.16098 respectively. The proportion of the cultivating families and the average size of their cultivating holding appearing in table 3.3 are so derived. Henceforward, all district averages and percentages based on the Central Schedule data have been similarly obtained after appropriate "weighting".

(3.4) Thus considering the district as a whole about 69 per cent of the families were found to be cultivators. The average size of the cultivated holding was about 24 acres, which of course included both the owned and tenanted lands cultivated by the family. On an average each cultivator possessed two plough cattle which were mostly bullocks. The ratio of cultivated area to plough cattle namely about 13 to 14 acres per animal, compares favourably with the figure 16 acres obtained by taking into consideration the cows and she-buffaloes used for working. The difference of two acres per plough animal may be partly explained by the fact that the population figures for livestock used in para 1.9 do not include those of Jamkhandi taluka.

(3.5) The range of variation in the size of the cultivated holdings of different cultivators might be indicated by such considerations, as under:- As in table 3.2 we might arrange the cultivators in each village by the size of their holdings in a descending order. When they are so arranged and the first ten per cent, that is, the ten per cent biggest culti-

cultivators in each of the villages are considered together, their average cultivated holding turns out to be as much as 74 acres. This is more than three times the overall average of 24 acres. The ten per cent second biggest cultivators in different villages grouped together give an average cultivated holding of 41 acres and for the ten per cent, third biggest, the average is 30 acres. At the other extreme, the ten per cent smallest cultivators in different villages when grouped together give an average of only two acres of cultivated holdings which is equal to one twelfth of the overall average of 24 acres. The ten per cent cultivators immediately above this group have an average holding of only five acres and the next higher group of ten per cent cultivators has an average of eight acres. The average cultivated holdings in the ten groups of cultivators are shown in table 3.3 (Table 3.3 on next page).

(3.6) The inequalities in the distribution of the cultivated holdings might be brought out in yet another and perhaps more striking manner. Thus it is seen that the ten per cent biggest cultivators who have an average cultivated holding of 74 acres cultivate nearly 32 per cent of the total cultivated area. Similarly the next lower group of 10 per cent cultivators who have an average cultivated holding of 41 acres cultivate more than 17 per cent of the total cultivated area. Thus it is seen that the first 20 per cent cultivators of the different villages taken together cultivate 49 per cent of the total cultivated area, while at the

the other extreme, the last 20 per cent of the cultivators together cultivate only 3.1/2 per cent of the total cultivated area. In the fourth column of table 3.3 are shown what per-centage of the total land is cultivated by the cultivators in each group.

Table 3.3

Stratum of families	Number of families	Average size of cultivated holding (acres)	Percent of total land cultivated by cultivators in this group	Percent of cultivators owning plough cattle	Percent of total plough cattle owned by the cultivators in this group.
Decile					
I	70	74	31.9	96	24.9
II	69	41	17.1	96	16.3
III	69	30	13.0	91	12.7
IV	67	26	10.7	90	11.9
V	69	20	8.8	88	10.8
VI	69	15	6.6	64	8.2
VII	67	12	5.0	55	6.1
VIII	69	8	3.5	46	5.3
IX	70	5	2.2	24	2.7
X	67	2	1.2	10	1.1
Total Ag.	686	24	100.0	66	98.8
Total N. Ag.	314	-	-	-	1.2

(3.7) Perhaps a more simple summing up of the situation would be as follows:- If we arrange all the cultivators in a village by the size of their cultivated holdings in descending order and divide the list in three equal divisions, then it works out that on an average, the first division forming the one-third biggest cultivators commands about two thirds of the cultivated land, while the last division forming the one third smallest cultivators commands only one twelfth of the total cultivated land.

(3.8) It should be noted that this form of analysis does not bring out fully the extent of inequalities that exist. For instance the first division above represents not the one-third biggest cultivators in the district but the aggregate of the one third biggest cultivators in each village. It is obvious, therefore, that if we could group together the one-third cultivators who are the biggest in the district, that group would certainly command more than two thirds of the cultivated area.

(3.9) The position regarding the variation in the ownership of cattle - mostly bullocks - is very similar. The relevant data are shown in the last column of table 3.3. For instance the first 20 per cent biggest cultivators, who cultivate 49 per cent of the total cultivated area possess 41 per cent of the total plough cattle while the 20 per cent smallest cultivators who cultivate 3.1/2 per cent of the total cultivated area own four per cent of the plough

plough cattle. This seems to indicate that the variations in the ownership of plough cattle though a little less extreme, follow the same pattern as that of variations in the area of cultivated holding. A part of the inequalities of distribution of plough cattle is found in the extreme circumstance that some of the cultivators do not possess any plough cattle. The per cent of cultivators owning plough cattle in each group is shown in the last but one column of table 3.3. Thus in the district as a whole 66 per cent of the cultivators are seen to possess plough cattle. This percentage is fairly high. In the first two groups comprising of the 20 per cent biggest cultivators it is 96 per cent. In the next three groups, it is about 90 per cent. Hence it is obvious that 90 per cent or more of the cultivators in the first five groups comprising of 50 per cent biggest cultivators, possess plough cattle. Among the smaller cultivators however this proportion is smaller and in the last group comprising of ten per cent smallest cultivators it is as low as ten per cent. Hence it is clear that the smaller cultivators have to rely largely on hired plough cattle.

IV. Investment Expenditure and Sources of Finance

(4.1) In the General Schedule which was filled in for all resident families in the selected villages, an attempt was made to enquire into the annual expenditure of the families on a number of specific items. Most of these items were in the nature of capital investment both in agriculture and non-agricultural business, and also in financial assets. A few items of family expenditure were also included. They covered what might be called expenditure on durable consumer goods, as also on certain items of social expenditure. A few items of ordinary family expenditure such as on medicine, education and clothing were also included but major items of family expenditure, i.e. ~~namely~~ food, etc. were specifically omitted.

(4.2) The total annual expenditure reported on these items came to about Rs. 433 per family and between the principal categories, it was distributed as in table 4.1 on next page.

(4.3) As was pointed out earlier, about 69 per cent of the families were cultivators. Nevertheless, of the total expenditure reported 86 per cent was reported by these families. Almost the entire capital expenditure on agriculture should, of course, be reported by the cultivating families

Table 4.1 - Per family Annual Expenditure in Rupees

(1).	Capital Investment in Agriculture	135
(2).	Capital Investment in Non-Agricultural business	14
(3).	Additions to Financial Assets	0.5
(4).	Repayment of debt	32
(5).	Durable consumer Expenditure	39
(6).	Marriage, Death and other Ceremonies	50
(7).	Medicine, Education, Clothing and litigation	162.5
	Total	433.0

families only. However nearly six per cent of the capital expenditure on agriculture was reported by the non-cultivating families. This may be explained by the fact that some of the families, though not cultivators were land owners and that in other cases of purchase of live-stock which was classified as an item of capital expenditure in agriculture was not indeed so. However, when we examine the reported capital expenditure on non-farm business, we should normally expect a proportionately larger expenditure among the non-cultivating families than among the cultivating families. That this was not in fact so, is perhaps a little surprising. The cultivating families - forming 69 per cent of of the total families reported 70 per cent of the total expenditure on this item. This suggests that even among

among the artisan classes non-farm business is usually combined with some cultivation and that, therefore, generally speaking, there are only a few cases where families are engaged in purely non-farm business of their own. The position in regard to other items of expenditure is similar. Thus 98 per cent of the additions to financial assets, 85 per cent of durable consumer expenditure, which was mostly on construction and repairs of residential houses, 77 per cent of the expenditure on marriage, death and other ceremonies and 84 per cent of the expenditure on medicine, education, clothing and litigation, were reported by the cultivating families which formed 69 per cent of the total families. It is clear, therefore, that the non-cultivating families, as a class, are poorer than the cultivating families, ~~as~~ This is because, most likely, a large majority of them have no independent business of their own, but are purely landless labour. And barring some exceptions, such as, non-cultivating land lords, traders, moneylenders and salaried persons, both in their social and economic conditions, they come very much below the cultivating families.

(4.4) As already stated the annual expenditure on items in the nature of capital investment on agriculture was about Rs. 135 per family. ~~However,~~ As was to be expected such expenditure was reported almost entirely by the cultivating families. These formed only 69 per cent of all

all families so that if we relate the capital expenditure in agriculture to these families, the per family expenditure would be naturally larger. It actually turns out to be Rs. 196 per cultivating family. There are two observations to be made in this connection. Firstly, not all the cultivators would annually incur expenditure in the nature of capitl investment. For instance only 58 per cent of the cultivators reported expenditure of this nature. Secondly, such expenditure would not be incurred equally in all strata of cultivators; We would normally expect proportionately larger investment expenditure among bigger cultivators than among smaller ones, both because proportionately larger numbers among them would incur such expenditure and when they did, they would do it in larger amounts. These points are brought out in table 4.2 on next page.

(4.5) Thus only about 58 per cent of the cultivating families reported capital investment in agriculture during the year, with an average expenditure of about Rs. 327 per reporting cultivator. In the ~~above~~ table 4.2, the first group consists of the ten per cent biggest cultivators from each village, while the last group consists of the ten per cent smallest cultivators in each village. Other groups are similarly constituted. The point mentioned above is now obvious. In the first group of cultivators, 68 per cent of the cultivators reported an average of Rs. 758 of capital expenditure in agriculture; in the last group of smallest

smallest cultivators, on the other hand, only 17 per cent of cultivators reported this expenditure and that was only Rs. 224 per reporting family ~~in that group.~~ The proportion of families reporting investment expenditure generally de-

Table 4.2 - Capital Investment in Agriculture

Stratum of families	Proportion of reporting families to total families in the strata	Expenditure per reporting cultivator	Expenditure incurred by each stratum of cultivators as per centage of total expenditure incurred by all families
First 10%	88	758	36.4
Second 10%	85	350	15.7
Third 10%	68	290	10.5
Fourth 10%	79	293	12.2
Fifth 10%	68	247	8.9
Sixth 10%	53	159	4.4
Seventh 10%	51	138	3.7
Eighth 10%	36	196	3.8
Nineth 10%	32	151	2.5
Tenth 10%	17	224	1.9
All cultivators	58	327	100.0

Continued...

decreases as we move from the biggest to the smallest cultivators. The decrease in the amount of investment expenditure per reporting cultivator is however not so regular. The comparatively large average expenditure in the last three groups is on account of a few cases of reported heavy expenditure on reclamation and purchases of land.

(4.6) - The main items of capital investment in agriculture were purchases of land, livestock and implements, and bunding and other land improvements. Some expenditure was also reported on the digging and repairing of wells and on the reclamation of land. In the following table is shown the comparative importance of the different items of capital investment in agriculture.

Table 4.3

Item	Expenditure on the item as percentage of total capital investment in agriculture
Purchase of land	14
Purchase of livestock	27
Purchase of implements and machinery	14
Bunding and other land improvement	33
Digging and repairing of wells	7
Reclamation of land and other miscellaneous land improvements	5
Total	100

(4.7) The extent to which expenditure on different items was reported and the magnitude of the reported expenditure might be judged from the following table, where we show the proportion of all cultivators who reported expenditure on each item and the average amount of expenditure incurred by each such family:-

Table 4.4 - Capital Investment in Agriculture

Item	Percentage of cultivators reporting expenditure on the item	Average expenditure per reporting family in Rs.
Purchase of land	2.5	949
Purchase of livestock	21	254
Purchase of implements	30	92
Bunding and other land improvement	30	198
Digging and repairing of wells	3	433
Reclamation of land and other miscellaneous land improvements	3	195

Thus only 2.1/2 per cent of the cultivators reported purchases of land during the year, though the average expenditure on the item was naturally large. As many as 21 per cent of all cultivators reported purchases of livestock. However, not all these cases involved new investment, as in a number of them purchases were offset by sales and in at at least some, the purchases were of poultry and goat so that they would not in all cases be acts of investment or, at any rates not of investment in agriculture. The most frequently reported item of capital investment in agriculture was bunding and other land improvement. Thirty per cent of the cultivators reported expenditure on this item and as was seen in table 4.3 the total expenditure on this item was nearly one third of the total capital investment in agriculture. Hence, obviously this is a major item of capital expenditure and one in which cultivators generally invest. About three per cent of the families reported expenditure on digging and repairing of wells and the average expenditure per reporting family was as low as Rs.433. We are therefore inclined to believe that the expenditure was mostly on improvement of wells rather than on digging of wells. The proportion of cultivators reporting purchases of implements is too large, being as high as 30 per cent. The point has been examined more fully in a subsequent section.

(4.8) For a group of families while interpreting purchases of land, livestock and implements as items of capital investment, the sales by the same group of families of the respective items should be obviously taken into account. For instance, considering all cultivating families together, if all sales and purchases of land were to take place only between cultivators no net investment by way of purchases

purchases of land by cultivators could be expected. In fact, however, some sales and purchases take place between cultivating and non-cultivating families. To that extent, the the sales and purchases of land by cultivators would not be equal. If cultivators purchased more land from non-cultivators than they sold to them, it would result in more land coming into the hands of cultivators and consequently what might be termed a net investment by cultivators in purchase of land. The position would be otherwise if cultivators sold more land to non-cultivators than they purchased from them. The reported sales of land by cultivators are smaller than their purchases suggesting a net investment by cultivators in land. The sales of land by cultivators form 37 per cent of their purchases so that unless the sales are under-reported, the balance of 63 per cent might be regarded as net investment by cultivators in land. Consistent with this indication and as a result of recent tenancy legislation facilitating speedier transfer of land from non-cultivating into cultivating lands we would expect some transfer of land from the bigger to the smaller cultivators. This however is not supported by the reported purchases and sales. In fact, the reported purchases of land are mostly among the bigger cultivators. In table 4.5 are shown the purchases and sales of land in different strata of cultivators. (Table 4.5 on next page 81)

(4.9). The position regarding the purchase and sale of livestock is somewhat different. In the first instance

instance the sales are relatively numerous and their value forms 62 per cent of the value of purchases. Secondly not all the sales of livestock could be considered as liquidation of capital assets. Sale of sheep, goats and poultry as also of young stock of plough and milch cattle are often in the nature of sale of produce rather than liquidation of assets. There is, therefore, an indication of investment in livestock by cultivating families. Such investment is of course, by no means net investment, in the strict sense of the term. For on the one hand, no allowance is made for depreciation in number and value of livestock due to death and old age and on the other, no account is taken of the additions of homebred stock. Another point to note is that the excess of livestock purchases over sales is confined only to the first five groups comprising of fifty per cent bigger cultivators. Among the smaller cultivators, the purchases and sales are almost equal indicating that there is hardly any real investment but mostly seasonal purchases to b offset by seas sales. The large sales among smaller cultivators might also be partly due to the unsatisfactory seasons in both the years 1950-51 and 1951-52, when in some of the selected villages suspension of land revenue was granted. In table 4.6 (on next page) are shown the purchases and sales of livestock in different strata of cultivators.

(4.10) The value of reported sales of livestock, though large, are nevertheless smaller than the value of purchases. Therefore, unless the reported sales suffer from under-

Table 4.5 - Purchases and sales of land in different strata of cultivators

Stratum		Purchase of land value in Rs.	Sale of land value in Rs.
First	10%	347	309
Second	10%	355	-
Third	10%	129	-
Fourth	10%	225	62
Fifth	10%	193	-
Sixth	10%	95	-
Seventh	10%	-	110
Eighth	10%	-	-
Ninth	10%	110	124
Tenth	10%	160	-
All cultivators		1,614	605

Table 4.6 - Purchases & sales of livestock in different strata of cultivators

Stratum		Purchase of livestock value in Rs.	Sale of livestock value in Rs.	Sale as percent of purchases
First	10%	956	457	48
Second	10%	525	380	72
Third	10%	487	370	76
Fourth	10%	623	280	45
Fifth	10%	441	234	53
Sixth	10%	227	193	85
Seventh	10%	143	138	97
Eighth	10%	137	60	44
Ninth	10%	84	110	131
Tenth	10%	33	35	106
All cultivators		3,656	2,257	62

under-reporting, they must mean that some purchases of livestock that the cultivators make are from non-cultivators. This might be so. In our enquiry the value of sales of livestock reported by the non-cultivating families exceed those of their purchases; but the excess is hardly sufficient to account for the balance of purchases over sales by the cultivating families. Another partial explanation of this excess of purchases over sales by cultivators could be that the sales that the cultivators make to the non-cultivators might often be of either young stock or old and disabled animals and when a cultivator sold working animal to a non-cultivator, he might often be selling it at a disadvantage. On the other hand, the purchases by cultivators should mostly be of working animals. As a result we should expect that the average value of livestock sales made by cultivators would be smaller than the average value of livestock purchased by them. This is supported by the reported figures, while the average value of livestock purchases is Rs. 254, the average value of sales is only Rs. 205. These are, however, only partial explanations. It appears therefore that a substantial explanation could be sought only in the suggestion that either the district as a whole, or at any rate, the sample of selected villages, was deficient in livestock and imported considerable number from outside.

(4.11) It was noted that 30 per cent of cultivators

cultivators reported expenditure on purchases of implements with an average expenditure of Rs. 92 per reporting cultivator. In the following table (table 4.7) we give the expenditure on implements incurred by cultivators in different strata:-

Table 4.7 - Purchases of Implements and Machinery in different stratas of cultivators

Stratum		Percent of of cultivators reporting expenditure	Expenditure per reporting cultivator.	Expenditure incurred by this group as percent of total expenditure incurred by all cultivators
First	10%	66	190	46.1
Second	10%	52	97	18.4
Third	10%	46	82	13.9
Fourth	10%	6440	61	8.8
Fifth	10%	32	37	4.3
Sixth	10%	20	44	3.2
Seventh	10%	18	36	2.3
Eighth	10%	14	37	1.9
Nineth	10%	9	23	0.7
Tenth	10%	Less than 0.5	70	0.4
All cultivators		30	92	100.0

As will appear, a substantial proportion of the total expenditure, as much as 46 per cent, is incurred by cultivators in the first group of ten per cent biggest cultivators. It does not seem true, however, that this is on account of a few bigger cultivators undertaking large expenditure on expensive machinery. For, in this group, as many as 66 per cent of the cultivators have reported this expenditure and though the average expenditure per reporting family is larger than the general average, it is not large enough to suggest any large scale investment in new machinery. The average expenditure per reporting cultivator is only Rs. 190 so that it does not seem likely that except possibly for one or two cultivators, the expenditure by others was on anything other than the traditional implements of agriculture. We should also note that even though the expenditure reported by the first group is comparatively large, it is not too large in relation to the size of their cultivated holdings. It is true that the cultivators in the first group account for 46 per cent of the total expenditure reported, but it is also true that they command nearly 32 per cent of the cultivated area. It appears, therefore, that in a large majority of the reported cases, the expenditure could not be on anything but traditional implements. In the next two groups also, as many as 50 per cent of the cultivators have reported this expenditure and in these cases the average reported expenditure is less than Rs.100. There is, therefore, little possibility of any substantial investment in improved machinery. One wonders then as to to what could be the traditional implements on which such a large proportion of cultivators should report annual expenditure. Perhaps an explanation is to be found in the fact that iron ploughs are not yet common in this district as they are in some other districts of the Bombay Deccan and that therefore a large majority of the ploughs are wooden. These would naturally need more frequent replacement. In some districts of the Bombay Deccan it is also customary for the village carpenter to supply certain minor implements, such as the seed drill, under the traditional contract. It is possible that this custom does not prevail in Bijapur so that even the minor implements have also to be purchased. Among smaller cultivators, the proportion of cultivators reporting the expenditure and the average amount of reported expenditure are both small. The smaller cultivators do not therefore seem more than maintain and replace their traditional implements. The sales of implements by cultivators are naturally small and negligible.

(4.12) If purchases of land, livestock and implements are netted for the respective sales, the relative importance of the different investment items naturally looks very different from the one earlier shown. This is shown in table 4.8 on next page.

(4.13) As will be seen the most important form of capital investment in this district is land improvement particularly by bunding and well digging. This is true both in respect of the bigger and the smaller cultivators and as regards the

the latter, that seems to be the only form in which some investment has been reported. This is due to the numerous large-scale bunding and well-digging schemes which the government has launched and encouraged in this district in recent years. These schemes are enforced ones, not necessarily against active resistance, and are subsidised to a large extent. It therefore remains to be seen whether the cultivators, left to themselves, would consider this form of investment worthwhile.

(4.14) Capital investment in non-agricultural business was reported by about 2.4 per cent of all families and the average expenditure per reporting family comes to Rs.597.

Table 4.8 - Capital investment in agriculture - Net of Disinvestment through sales

Item	Net investment as percentage of total
Purchase of land net of sales	10
Purchase of livestock	14
Purchase of implements net of sales	19
Bunding and other land improvements	42
Digging and repairing of wells	10
Reclamation and other miscellaneous land improvement	5
Total	100

(4.15) Expenditure resulting in addition to financial assets was reported by 1.5 per cent of all families and the average expenditure per reporting family comes to Rs. 3.5 only. Thus it is seen that the addition to financial assets is insignificant and negligible. Most of it is reported only by the biggest cultivators.

(4.16) Additions to financial assets were mainly in the form of shares of cooperative societies. Two thirds of the reported investment was in the shares of cooperative societies and the remaining one third in deposits with the cooperative institutions. No cases of purchases of National Savings Certificates or of Treasury Bonds were reported.

(4.17) Finally, we might examine the expenditure on what might be called consumer capital or durable goods. Such expenditure might be broadly divided into two groups :- (1) construction and repairs of residential houses and other buildings and (2) Purchases of household utensils, furniture, etc. As already noted the average per family expenditure on this category was about Rs. 37. However, only about 22 per cent of all families reported this expenditure, the average amount incurred by them being about Rs. 175 per reporting family. As in other cases, the proportion of families reporting this expenditure and the average amount of it incurred by them, are both larger for cultivating families than for non-cultivating families, so that of the total of such expenditure reported 86 per cent was done by the 69 per cent culti-

cultivating families. Also among the cultivating families, a large part of the reported expenditure was incurred by the bigger cultivators, the 50 per cent biggest cultivators reporting about two thirds of the total expenditure.

(4.18) Most of the expenditure under these items was on construction and repairs of residential and other buildings and very little on purchases of utensils and furniture. The former accounted for 94 per cent and the latter only 6 per cent of the total reported expenditure. No sales of utensils or of furniture were reported. The sales of residential houses were also small and negligible.

(4.19) We shall now proceed to examine the sources from where these various items of capital expenditure in agriculture are financed. The principal sources of finance are current income, past savings, sale or liquidation of assets, and finally borrowing. Past savings are often difficult to distinguish from current income, particularly when the flow of current income is not regular. They were also not defined in sufficient detail to distinguish them from current income even as a matter of technical distinction. We do not, therefore, propose to distinguish them in the following.

(4.20) In the following table are shown sources of financing different items of capital investment in agriculture. Taking all items of capital investments in agriculture, 69

Table 4.9 - Sources of financing different items of capital expenditure in agriculture

Item of expenditure	Percent of total financed by			Total
	current income & past savings	Sale of assets	Borrowings	
Purchase of land	60.8	7.5	31.7	100
Purchase of live-stock	34.1	15.6	50.3	100
Purchase of implements	73.3	1.5	25.2	100
Bunding and other land improvements	65.3	0.8	33.9	100
Digging and repairing of wells	48.4	4.3	47.3	100
Reclamation of land and other miscellaneous land improvements	36.9	-	63.1	100
Total	54.9	6.1	39.0	100

69 per cent of the total expenditure was reported to be financed by either current income or from past savings, 4 per cent by sale of assets, 26 per cent by borrowing and 1 per cent by other unspecified sources. Considering separately the purchase of land, livestock and implements, the extent to which sale of assets financed these items of expenditure are different. But except in the case of purchase of livestock the extent to which borrowing takes place on these accounts is more or less the same. About thirty per cent of the expenditure on land improvement and on purchases of land and implements is financed by borrowing. That purchase of land should be financed by borrowing to the extent of 32 per cent indicates that smaller cultivators are possibly investing in land acquisitions. This does not however, receive support in our earlier analysis. That as much as 50 per cent of the expenditure in purchase of livestock should be financed by borrowing suggests that purchase of livestock constitutes some of the principal occasions on which the cultivator borrows. This might be explained as due to the fact that as distinct from other items of capital expenditure, this one cannot be postponed. In a sense therefore borrowing for purchase of livestock falls in a different category from the borrowing for either purchase of land or for land improvements. If the latter might be described as prudent borrowing for extension and improvement of farm business, the former might be considered as distress borrowing.

(4.21) 25 per cent of the expenditure on non-agricultural investment is financed by borrowing.

(4.22) It has already been stated that additions to financial assets are insignificant, and that they are mostly done by the biggest cultivators. It is surprising therefore that they should be financed by borrowing to the extent of fifty per cent. When it is remembered that the principal form of this investment is shares of co-operative societies, it becomes clear that shares of co-operative societies are not considered an investment proposition even by the biggest cultivators, and that it is looked upon as no more than a procedure necessary to qualify the person for borrowing from the society.

(4.23) Expenditure on construction and repair of residential and other buildings which was the principal item of consumer capital, is financed by borrowing to the extent of 33 per cent.

(4.24) Other items of family expenditure, particularly, expenditure on death, marriage and other ceremonies, were enquired into because it was expected that they might be some of the principal occasions of borrowing. The average per family expenditure on death ceremonies is only Rs. 1.5. But when it is noted that only 2 per cent of the families reported this expenditure during the year, the expenditure on death ceremonies per reporting family works out to be Rs. 83. The incidence of this item is more or less uniform except among the biggest and the smallest cultivators. Among the

the 20 per cent biggest cultivators, the expenditure on death ceremonies per reporting cultivator is Rs. 163; the same among the smallest cultivators is only Rs. 30. Among the remaining cultivators it is more or less uniform and averages nearly Rs. 60 per reporting cultivator. The importance of these figures lies in the fact that nearly 42 per cent of such expenditure has to be met by borrowing.

(4.25) The same remark holds good in the case of the expenditure on marriage and other ceremonies. As already stated the expenditure per family works out to Rs. 48.5. But as only 18 per cent of all families have reported expenditure on this item, the expenditure per reporting family is ~~namely~~ Rs. 265. The proportion of the reporting families, namely, 18 per cent is too high for the marriage ceremonies to be reported with that frequency. It appears therefore that some other equally common ceremony has been included. On examination, it appears that this high frequency of reported ceremonial expenditure is confined to only two of the selected villages where there happened to be Lamani settlements. It is reported that among these people it is customary for each household to give an annual feast to the whole community. The average expenditure on such occasions is expected to be smaller than that on ~~an~~ a marriage ceremony. It appears, therefore, that the average expenditure on marriage ceremonies would be above Rs. 300 which would of course vary considerably in different strata of cultivators. 40 per cent of such expenditure is met by borrowing.

(4.26) Large expenditure had been reported on some of the other items of family expenditure. The per family expenditure on different items included in the questionnaire was as under :-

Table 4.10

Item	Per family expenditure in Rs.
Medicine	14.2
Education	11.1
Clothing	116.3
Litigation	20.9
Total	162.5

Of these litigation and medicine are important as occasions of borrowing because 35 per cent of the expenditure on the former and 23 per cent of the expenditure on the latter were met by borrowing. From the point of view of borrowing education seemed to be the least important, only five per cent of the expenditure on it having been met by borrowing. 11 per cent of the expenditure on clothing, bedding, etc. was met by borrowing. This might be explained by the fact that credit purchases of clothes, etc. were treated as purchases

purchases by borrowing. Another explanation is also possible namely that the purchases of cloth in marriage and other ceremonies might have been met by or at any rate might have been reported to have been met by borrowing. Otherwise, that 11 per cent of the expenditure on clothing which is a regular item of family expenditure is financed by borrowing appears rather high.

V. Borrowing and Indebtedness

(5.1) If we now concentrate our attention on the borrowings during the year, we find them reported to the extent of Rs. 166 per family. Not all the families of course borrowed during the year. Nevertheless as many as 48 per cent of all families have reported borrowing during the year. The amount borrowed then works out to Rs. 344 per borrowing family. We have earlier examined some occasions and purposes for which families borrowed and the extent to which they did so on those accounts. Two important purposes for which borrowing takes place were then left out of consideration, namely, current farm and family expenditure. Of the total reported borrowing, particularly of the cultivating families roughly about 35.6 per cent was met for meeting capital expenditure in agriculture, 9.6 per cent was for meeting current farm expenditure, 1.9 per cent was for meeting non-farm business expenditure and the remaining 52.9 per cent for meeting family and other expenditure. The principal items of capital expenditure in agriculture, for which borrowing takes place, are as we have noted earlier, purchase of land, livestock and implements and also improvement of land. The relative position of these items were as given in table 5.1 on next page.

(5.2) Among items of current farm expenses for which borrowing takes place, the most important is the purchase

Table 5.1

Item	Percentage of borrowing for capital investment in agriculture
Purchase of land	12
Bunding and other land improvement	33
Digging and repairing of wells	9
Reclamation of land	1
Purchase of livestock	36
Purchase of implements	9
Others	-
Total	100

purchase of seed which accounts for 35 per cent of the borrowing on this account. Other items and their relative shares are as under. (Table 5.2 on next page). It will thus be seen that purchase of seed and ~~other~~ manure account for almost sixty per cent of the borrowing for current farm expenditure. The large proportion under "other" which are mostly unspecified items is unfortunate. They might include substantial payment of wages, and also purchase of fodder.

(5.3) Of the borrowing to meet the family expenditure,

Table 5.2

Item	Percentage of borrowing for current farm expenditure
Purchase of seed	35
Purchase of manure	23
Payment of wages	1
Payment of rent	6
Others	35
Total	100

the most important single item is the marriage ceremonies, which account for 23 per cent of the borrowing on this account. The more important items and their relative shares are given in table 5.3, below:-

Table 5.3

Item	Percentage of borrowing for family expenditure
Construction and repair of residential and other building	15
Marriage and other ceremonies	23
Medical expenses	5
Purchase of clothing, shoe and bedding etc.	15
"Others"	42
Total	100

(5.4) The incidence and the extent of borrowing and the purpose for which it takes place are naturally different in different strata of ~~society~~ families. For instance, as between cultivating and non-cultivating families, while about 54 per cent of the former reported borrowing only 36 per cent of the latter reported borrowing. Again the average amount borrowed per reporting family was Rs. 379 in the case of the former and Rs. 229 in the case of the latter. The purposes for which borrowing took place were also naturally different in the two cases. In the case of cultivating families, only 53 per cent of the total borrowing was for meeting the family expenditure; whereas family expenditure formed 79 per cent of the borrowings of non-cultivating families. It is true that a large number of the non-cultivating families would be landless labour and hence poorer than cultivating families. It is not, however, on that account that the family expenditure accounts for so large a proportion of the borrowings by the non-cultivating families. The other two purposes for which cultivating families borrow are the capital and current farm expenditure and these simply do not exist for the non-cultivating families. It is for this reason that family expenditures appear so large an item among the borrowings of non-cultivating families.

There is no indication that the extent of borrowing on account of family expenditure among the cultivating families is any less than that among the non-cultivating families.

Thus as noted above, the borrowing per borrowing cultivator was Rs. 379, 53 per cent of which was for meeting family expenditure. This gives us an average of about Rs. 202 per borrowing cultivator for meeting family expenditure. On the other hand the borrowing non-cultivating families borrowed an average of only Rs. 229, 79 per cent of which, that is Rs. 181 per family was for meeting the family expenditure. If we now remember that the proportion of borrowing families in the case of cultivators is one and a half times that in the case of non-cultivators, it would be clear that the credit needs of the cultivators or at any rate their effective demand to meet their family expenditure are very much higher than those of the non-cultivators. In fact, the average ~~cultiv~~ amount borrowed during the year on that account by the cultivators is Rs. 103, while the same for the non-cultivating families is only Rs. 65.

(5.5) This is also true as between the different strata of cultivators. In the following table (table 5.4 on ~~next~~ page 100) are shown details of borrowing by cultivators in different strata. Thus except for the last three classes of small cultivators, the incidence of borrowing is more or less uniform among all classes of cultivators. It is somewhat smaller in the last three classes. The extent of borrowing is however different among different classes and generally decreases gradually from the bigger to the smaller cultivators. Taking all cultivators together, the average amounts borrowed

borrowed by the borrowing families works out to be Rs.379. In the group of the ten per cent biggest cultivators this average is Rs. 764. A large part of this borrowing is to meet family expenditure. About 48 per cent of the borrowings of the ten per cent biggest cultivators are for meeting family and other expenditures. This gives an average of Rs. 367 per borrowing family which is very much larger than the average of Rs. 201 for all cultivating families and more than double of Rs. 161 for the non-cultivating families. It should further be noted that these averages are per borrowing family in the different groups and that while only 36 per cent of the non-cultivating families and 54 per cent of all cultivating families borrowed during the year, as many as 58 per cent of the big cultivators borrowed; so that if comparisons were to be made on the basis of per family in the different groups, it would appear that in order to meet the family expenditures, the big cultivators borrowed on an average more than one and a half times as much as did an average cultivator and more than three times as much as did an average non-cultivating family.

(5.6) We could illustrate the same point by considering another group of cultivators. Consider for instance the 20 per cent smallest cultivators - these naturally come closer to the non-cultivating families. In this group, 47 per cent of all families borrowed during the year, which is smaller than the average for all cultivators, but more than the average for non-cultivating families. The average amount borrowed by these borrow-

Table 5.4 - Borrowing during the year by cultivators in different strata and by non-cultivators

Stratum		Percent of borrowing families	Amount borrowed per borrowing family	Percent of total borrowing		
				For capital farm expenditure	For current farm expenditure	For family and other expenditure
First	10%	58	764	41.5	10.7	47.8
Second	10%	64	503	47.6	6.7	45.7
Third	10%	54	372	31.1	17.6	51.3
Fourth	10%	58	397	48.7	5.8	45.5
Fifth	10%	62	359	41.3	10.6	48.1
Sixth	10%	52	249	24.5	14.9	60.6
Seventh	10%	54	349	12.5	8.8	78.7
Eighth	10%	46	287	33.7	9.5	56.8
Ninth	10%	47	224	18.1	3.4	78.5
Tenth	10%	48	172	10.4	3.8	85.8
All cultivators		54	379	35.6	9.6	54.8
Non-cultivators		36	229	13.0	1.1	85.9
Total		48	344	32.1	8.2	59.7

borrowing families is Rs. 198 which is very much smaller than the average for all cultivating families and only slightly smaller than the average for non-cultivating families. In this group, a very large proportion of the total borrowing is on account of family expenditure as much as 77 per cent of which is very much comparable with the figure for non-cultivating families. As a result we have that in this group the borrowing on account of family expenditure is as much as Rs. 153 per borrowing family.

(5.7) The conclusion, is therefore, inescapable. As we pass from the non-cultivating to the cultivating families, and within the cultivating families, from the smaller to the bigger cultivators, the incidence, that is, the proportion of the families who borrow, and the extent, that is the average amounts borrowed, both increase. Part of this increased borrowing among the better off families is explained by their credit requirements to meet the capital and the current farm expenditure, but that does not explain the whole of it. Their borrowings on account of family expenditure also are substantially larger than those of the smaller cultivators, and those of the smaller cultivators in their turn are nearly equal to those of the non-cultivating families.

(5.8) We shall not venture to put forward an explanation of this appalling state of affairs. A partial explanation is, of course, to be found in the expensive manner in which marriages are performed - generally beyond the means of the families whether better or worse off. But that could not

not possibly be the whole explanation. If not, and if the bigger cultivators appear to borrow to a greater extent even to meet the normal family expenditure, are we to suppose that not only do they live better than the smaller cultivators and the land-less labour, but rather very much better than they really afford to do? Or are we to suppose that the larger holdings have proportionately larger charges on them, either of larger families or of more relatives or of proportionately larger hired labour? In the last alternative, it would really amount to supposing that the larger holdings do not necessarily leave proportionately larger surplus to the cultivator. The data we have collected and the extent to which an analysis is attempted here are both too limited to answer these querries. Perhaps, the explanation lies in the seasonal character of the farm expenses and the farm receipts and the time gap between the two, so that even the bigger cultivators have to borrow seasonally to meet the family expenditure. Perhaps, the explanation lies deeper in the spending habits of the families and the improvidence with which they habitually contract debt. Whatever may be the explanation it seems important to realise that the agricultural credit is inseparably mixed up with the ordinary indebtedness so much so that the two apparently cannot be separated at any level of cultivated holding.

(5.9) The amounts borrowed for meeting the capital and current farm expenditure might be related to the total cultivated holdings of all families. This is done in table 5.15.

Table 5.5 - Borrowing for capital and current farm expenditure per acre of cultivated holding in different strata of cultivators

Stratum		Average cultivated holding in acres	Borrowing for capital farm expenditure	Borrowing for current farm expenditure per acre in Rs.
First	10%	74	2.4	0.6
Second	10%	41	3.8	0.5
Third	10%	30	2.0	1.1
Fourth	10%	26	4.3	0.5
Fifth	10%	20	4.5	1.1
Sixth	10%	15	2.0	1.2
Seventh	10%	12	1.9	1.4
Eighth	10%	8	5.4	1.5
Ninth	10%	5	3.7	.7
Tenth	10%	2	2.9	1.1
All cultivators		24	3.1	0.8

Considering all families together, the average amount borrowed for capital expenditure, works out at Rs. 3.3 per acre of cultivated holding and the amount borrowed for meeting the current farm expenditure at Rs. 0.8 per acre of cultivated holding. If we confine our attention to the bigger culti-

cultivators, the borrowing on this account is naturally larger, but on a per acre of their holding is actually smaller. Thus considering the ten per cent biggest cultivators, their borrowing on capital accounts is about Rs. 2.4 per acre of the cultivated holding; the borrowing on current account is about one fourth of this. Thus the credit needs of the biggest cultivators on capital and current farm account are less than those of an average cultivator; on the other hand, if we return to an earlier point, their needs on family accounts are very much greater than those of the average cultivator.

(5.10) Wherefrom do these families raise all this credit? In the following table (table 5.6) we give the relative shares of different agencies in supplying the credit:-

Table 5.6

Creditor	Percent of total borrowing
Government	0.4
Cooperative Societies	5.0
Banks	0.1
Zamindars	0.1
Traders and commission agents	8.2
Private moneylenders	3.8
Agricultural moneylenders	61.7
Relatives	20.7
Total	100.0

(5.11) Thus the share of the Government is negligible. The purposes for which it is available are also restricted. The share of the cooperative societies is too small in comparison to their share in some other districts of the Bombay Deccan and in relation to the large number of societies in the district, their performance must be regarded as disappointing. The agriculturist moneylender seems to rule even to the exclusion of the private, that is, professional moneylender. The role of commercial banks is again negligible and if they supply any finance it must be only through traders, whose share is considerable.

(5.12) In the following table, we give a distribution by purposes for which credit is available from different agencies:-

Table 5.7

Creditor	Percent of total credit for capital and non-farm expenditure	current farm expenditure	family & other expenditure
Government	95.6	4.4	-
Cooperative Societies	31.5	11.5	57.0
Banks	23.1	7.7	69.2
Zamindars	12.5	62.5	25.0
Traders and commission agents	33.3	14.1	52.6
Private moneylenders	30.5	10.4	59.1
Relatives	37.6	4.2	58.2
Agriculturist moneylenders	34.2	8.3	57.5
Total average	34.8	8.2	57.0

As earlier remarked, the small amount of Government finance is restricted only to a few limited purposes, ~~namely~~, almost exclusively, to capital investment in agriculture. With respect to the finance from the cooperative societies, it is surprising that of the small amount that is available from them, about half is used for family expenditure. Another thirty per cent is used for capital investment and only 12 per cent for current farm expenditure. One would have thought that it is for meeting the current farm expenditure that the finance from the societies might have been most suitable. Societies having failed even in this most legitimate field, it is natural that the agriculturist moneylender is predominant.

(5.13) Along with the borrowings made during the year, account should be taken of the repayment of loan made during the year. In the following table we show the position regarding borrowing and repayment during the year and the debt outstanding at the end of the year in different strata of cultivators (Table 5.8 on next page 108) Under circumstances not leading to increase in indebtedness of the families, we should expect that there would be a substantial repayment of loan amounting approximately to the fresh borrowings made during the year. However, this has not been so during the year under report. While the fresh borrowings during the year amounted to Rs. 166 per family, the average repayments per family were only Rs. 32, which

which is slightly less than one fifth of the fresh borrowings. There has, therefore, been during the year a net increase of Rs. 134 in the average indebtedness of the families. The average indebtedness at the end of the year was only Rs. 234. The net increase in the indebtedness of Rs. 134 during the year means that at the beginning of the year the average outstanding indebtedness was Rs.100. A net addition of Rs. 134 to Rs. 100 at the beginning is indeed very high and must be exceptional. Even if we try to explain the increases by supposing that during the year, particularly large amounts were borrowed to meet capital expenditure, that would not do. For only about 32 per cent of the fresh borrowing, that is, about Rs. 53/- per family were incurred for this purpose. If we try to explain by supposing that there existed during the year, particularly easy conditions to obtain institutional credit, that again would not do; for advances from Government, societies and banks do not form more than six per cent of the total credit. In all probability, the agricultural year was much below the normal. It was reported to be so, as we have stated in the introductory chapter. This receives support from two facts namely that borrowings for meeting family expenditure account for as high as 51 per cent of the fresh borrowing and that the proportion that the repayment bear to the borrowings is more or less the same in all strata of cultivators. It appears therefore that unless the repayments during the year have been underreported, they are particularly below.

It is not certain whether the reportedly heavy borrowing on family accounts is the result of the prevalence of scarcity conditions in some of the selected villages.

Table 5.8 - Borrowing and Repayment during the year and debt outstanding at the end of the year in different strata of families

Stratum		Borrowing per family Rs.	Repayment per family Rs.	Outstanding indebtedness per family Rs.
First	10%	426	102	715
Second	10%	324	61	429
Third	10%	200	33	276
Fourth	10%	231	39	301
Fifth	10%	224	44	288
Sixth	10%	130	18	166
Seventh	10%	188	38	257
Eighth	10%	133	8	163
Ninth	10%	106	34	132
Tenth	10%	82	11	115
All cultivators		205	39	288
Non-cultivators		82	17	118
Total		166	32	234

(5.14) As already pointed out the average indebtedness

indebtedness at the end of the year was Rs. 234 per family. Not all the families were, of course in debt. Neverthe-less 58 per cent of the families were in debt and, their average debt was Rs. 406, per indebted family. The inci-dence and the extent of indebtedness both varied between different strata, the variations in the extent of indebted-ness being considerably more than the variations in the incidence of the indebtedness. In the following table is shown the position in different strata of families:-

Table 5.9 - Percentage of indebted families and average indebtedness per indebted family.

Stratum		Percent of indebted families	Average debt per indebted family
First	10%	67	1065
Second	10%	77	558
Third	10%	59	465
Fourth	10%	64	470
Fifth	10%	70	414
Sixth	10%	65	284
Seventh	10%	61	420
Eighth	10%	52	322
Nineth	10%	59	226
Tenth	10%	60	192
All cultivators		63	454
Non-cultivators		45	260
Total		58	406

Thus among the non-cultivators 45 per cent of the families were in debt with an average debt of Rs. 260. Among the cultivators both the incidence and the extent of indebtedness were higher among the bigger cultivators than among the smaller ones. Thus considering the ten per cent biggest cultivators more than two thirds of them were in debt with an average debt of Rs. 1065 per indebted family. In the second group of ten per cent biggest cultivators, more than three fourths of the families were in debt with an average debt of Rs. 558, per indebted family. In fact, if we combine these two groups which make the twenty per cent biggest cultivators, forty per cent of the total indebtedness of cultivators belongs to them. On the other hand the share in the total indebtedness of the 20 per cent smallest cultivators is less than 10 per cent. In this group 59 per cent of the cultivators were in debt with an average debt of Rs. 209 per indebted family.

(5.15) We shall, therefore, conclude by pointing out that borrowing and indebtedness are not phenomena either confined to or even more prevalent among the smaller cultivators and the landless labour. They are, in fact, more extensive among the bigger cultivators. This is so even after allowance is made for their larger credit needs on account of the larger farm business. There remains, of course, one explanation, namely, that the smaller cultivators and the landless labour borrow less and are indebted to a smaller

smaller extent, not because their credit needs are smaller but because being less creditworthy, their demand is less effective. From this point of view the bigger cultivators are better placed in the sense that they can borrow and get into debt with greater facility.

(5.16) We have examined the relative shares of different credit agencies in supplying the credit raised during the year. We shall now examine their dues in the total debt outstanding at the end of the year. They are as under :-

Table 5.10 - Indebtedness outstanding at the end of the year

Cultivator	Percent of total debt due
Government	5.8
Co-operative Societies	7.0
Traders and Commission Agents	12.0
Private moneylenders	6.4
Agricultural moneylenders	51.0
Relatives	17.5
Zamindars	0.3
Total	100.0

It is seen that the shares of all credit agencies except agricultural moneylenders, and relatives are much larger

larger in the outstanding indebtedness than in the borrowings during the year. We have already seen that almost the entire government finance is available for capital expenditure and is therefore of a longer term. A substantial portion of the advances from private moneylenders, traders and commission agents, goes to finance family expenditure of the borrower, and though intended to be strictly short term, actually remains standing over a long term particularly because the private moneylender is more accommodative. Though a large part of the advances of cooperative societies and Banks are used for financing family expenditure, still a substantial portion of it goes to finance capital expenditure and is therefore of longer term. The agricultural moneylenders are the major source of finance for all strata of cultivators and non-cultivators. But so far as the small cultivators and landless labour are concerned this is the most important source of credit and it mainly finances family expenditure. Hence, ~~naturally and~~ in view of the nature of the clientele the agricultural moneylender would not allow many overdues. Advances from relatives are interest free by our definition and usually are in the nature of short term accommodation. For these reasons the shares of these agencies in the total outstanding debt are somewhat smaller than their shares in the annual borrowing.

VI. Balance of Investment and Disinvestment

(6.1) The discussion in the previous chapters might be summarised by bringing together what might be called investment expenditure and disinvestment receipts of the families. The items are as under :-

Table 6.1

Disinvestment receipts.	Rs.	Investment Expenditure	Rs.
1. Sale of assets	36	5. Ag. Investment	135.0
2. Borrowing	166	6. Non-ag. Investment	14.0
		7. Financial Investment	0.5
		8. Durable consumer expenditure	39.0
3. From current A/c.	18.5	9. Repayment of debt	32.0
4. Total Receipts	220.5	10. Total Payments	220.5

Thus presented the items are indeed the two sides of the capital account of an average family. The balance between the receipts and expenditure, which in this case is a small positive amount of Rs. 19 has therefore been shown as item 3 on the receipts side, and termed "From Current Account". It is in fact a measure of how much from the current account is transferred to the capital account by way of investment.

The item has obvious similarity with the concept of net capital formation and should for that reason be clearly distinguished from that concept. It should be noted that the above statement is restricted to only actual capital transactions. From it are excluded firstly all imputations regarding appreciation or depreciation of assets both through physical changes and through price changes; secondly, changes in the inventories of stocks as also changes in cash balance including other liquid assets are excluded. These are of course matters of definition of the scope and content of concepts involved. But even with the restricted concept, there are a couple of short comings in the above statement. One is minor and might be neglected. It is that while on the receipts side, under sale of assets, sale of bullion, etc. is included, the corresponding item on the expenditure side, namely, purchase of bullion, ornaments etc. has not been included. For obvious reasons, information on purchase of bullion etc. was not asked for. The item however is small, only worth Rs. 0.1 per family and a partial correction for the omission of the item on the right hand side would be to drop it from the left hand side as well. In doing this, we shall be merely treating bullion and ornaments, on par with cash and other liquid assets. The other omission, is serious. Borrowings appear appropriately on the receipts, that is to say, on the disinvestment side and the repayments on the investment expenditure side. We have omitted however an analogous pair of receipts

receipts and payments. They are, the receipts by way of recovery of loans on the one hand, and payment by way of making of loans on the other. As we shall see this omission is rather serious and detracts much from the value of the balancing item 3 appearing in table 6.1. From the point of view of an individual perhaps repayment is the counterpart of borrowing and recovery that of lending. But in relation to the account of a group and in relation to a point of time or a period of time, it is the lending which is the counterpart of borrowing and recovery that of repayment. However that is an academic point and so long as

Continued on next page.

as both borrowing and recovery appear on the receipts side, and lending and repayment appear on the payments side, the statement would be unobjectionable from this point of view. The omission of both lending and recovery however causes serious difficulty. As it was thought difficult to obtain reliable information, no information was obtained on these points and that leaves the statement necessarily incomplete.

(6.3) An attempt might be made to fill in these serious gaps in the above statement. We would note to begin with that all borrowing by individuals is not from individuals but that, part of it is from institutions such as Government, Cooperative Societies, Banks, etc. On the other hand, lending by individuals to institutions is small and has been included under other categories of financial assets such as deposits, etc. For this reason, it is obvious ~~that the~~ lending by individuals, which would appear on the right hand side of the above statement would be smaller than the borrowing by individuals. For the same reason, recoveries by individuals would be smaller than the repayment by individuals. There is a further reason why in the above statement lending would be smaller than ~~the~~ borrowing and recoveries smaller than the repayment. Even when individuals have borrowed from individuals, the creditors would often be persons not belonging to the group of individuals to which the above statement is supposed to refer. Such for instance are money lenders and traders who would be mostly residents of larger

larger towns and marketing centres which the sample of villages does not cover or represent. In fact, if we refer to our classification of creditors, it appears that it is the agriculturist moneylenders and the relatives of the borrower who would be persons included in the group of individuals covered by the above statement. Agriculturist moneylenders are in most cases cultivators, themselves and the relatives of the borrower would not be very different from himself. Some of them of course would be urban workers. But as will appear from the farm business data presented in subsequent chapters, the receipts from remittances to the cultivators in this district were small. There is therefore little evidence of the agriculture at home being subsidised by workers in cities and other urban centres. It seems likely that the credit received by the village people from their city relatives would also be small. At any rate there is no immediate possibility of finding this out and we shall therefore neglect the point. As we earlier noted, out of the total of borrowing of Rs. 166/- per family, 62 per cent was borrowed from agriculturist moneylenders and 21 per cent was borrowed from relatives. Thus we might say 83 per cent of Rs. 166 which is Rs. 138/- were borrowed by the families from other families within the group they represent. If, therefore, we were to have an item of "lending" on the right hand side, it would be approximately Rs. 138/-.

(6.4) Regarding recovery of loans, as pointed out earlier, the receipts on that account would be smaller than the re-payments appearing on the right hand side. The repayments during the year amounted to Rs. 32 per family. We have no knowledge of the creditor composition of the repayments. As a first approximation we might take the same percentage, namely 83 per cent as having been repaid to individuals belonging to the group under discussion. That would be about Rs. 27. However, we are inclined to believe that the actual share of the individuals in the repayments during the year would be somewhat larger. One reason for this belief is that the share of institutions in the outstanding indebtedness is very much greater than their share in the borrowings. This indicates that the repayment towards institutional loans is less than proportionate to their share in borrowing. This is so in the case of ~~individual creditors~~ other than agriculturist moneylenders and relatives. The agriculturist moneylenders and relatives together supplied 83 per cent of the total credit. But their share in the outstanding indebtedness is only about 63 per cent. Clearly their share in repayments must have been more than proportionate to their share in borrowing. Another reason for this is that agriculturist moneylenders and relatives reside in the village itself and are therefore in a position to know the financial condition of the borrower at any time and are able to recover the loan from time to time and in instalments. It is therefore obvious that the share of agriculturist moneylenders and relatives in recoveries is is considerable. Any guess is by its nature bound to be arbitrary; but we are inclined to believe that about 90 per cent of the repayments were to individuals belonging to the group of families under consideration. Therefore, we put this figure at about Rs. 29 per family.

(6.5) If we are now permitted to enter these items, the statement would appear as under. (Table 6.2) (on next page) Thus the resulting investment surplus which we show as transfer from current account to capital account is about Rs. 127 per family. This investment surplus of Rs. 127 per family includes the expenditure on durable consumer goods which amounts to Rs. 39 per family. Some might not choose to include this item under "investment". Therefore, if it is omitted, the surplus is reduced to Rs. 88 per family.

(6.6) If we now confine our attention to the cultivating families only, the above statement per cultivator appears as under. (Table 6.3) (on next page) In this statement, the lending has been put equal to borrowing by all families from agricultural moneylenders plus borrowing by cultivators from their relatives. This seems to be reasonable. On the other hand, the recoveries will have to be put somewhat arbitrarily. We propose to proceed on the assumption that the recoveries amounting to Rs. 29 per family which we entered in the previous statement, were all recoveries accruing to cultivators. This will if anything be an overestimate of this item and we shall be safer in the sense of not overestimating the investment surplus. The resulting surplus is Rs. 200 and is very much

much larger than the average for all families.

Table 6.2

Receipts		Payments	
1. Sale of Ag. assets (land, livestock, etc.)	35	9. Ag. investment	135.0
2. Sale of non-ag. assets	-	10. Non-ag. investment	14.0
3. Liquidation of financial assets	-	11. Financial investment	0.5
4. Sale of other assets	1	12. Durable consumer expenditure	39.0
5. Borrowing	166	13. Lending (borrowing from Ag. money-lenders and relatives)	137.0
6. Recoveries (approx.)	29	14. Repayments	32.0
7. From current A/c.	126.5		
8. Total Receipts	357.5	15. Total Repayments	357.5

Table 6.3.

Disinvestment Receipts		Investment Expenditure	
1. Sale of Ag. assets (land, livestock etc.)	42	9. Ag. Investment	135
2. Sale of non-Ag. assets	-	10. Non-ag. Investment	15
3. Liquidation of financial assets	-	11. Financial investment	1
4. Sale of other assets	1	12. Durable consumer expenditure	48
		13. Lending (borrowing from Ag. moneylenders and relatives)	[illegible]
5. Borrowing	205	14. Repayments	39
6. Recoveries	29	15. Total payments	477
7. From Current A/c.	200		
8. Total Receipts	477		

(6.7) It is to be expected that the investment surplus will be larger with the bigger cultivators than with the smaller ones. It would be useful therefore to prepare similar invest-investment and disinvestment statements separately for the ten groups of cultivators. However even an approximate estimation of the two items of lending and recoveries separately for the ten groups of cultivators seems difficult. As we put them in the previous section, the lending and recoveries per cultivator were Rs. 109 and Rs. 29 respectively. The problem now is to divide these total estimated lending and recoveries of all cultivators among the ten groups. There is no direct way to do this. In the following we describe an attempt to achieve this indirectly. Though we have not so far made use of the information, we have in the General Schedule asked each family regarding its outstanding dues. In the following table (table 6.4) (on next page) we give the reported outstanding dues for the ten groups of cultivators and also ~~for the ten groups of cultivators and also~~ for the non-cultivating families. In a parallel column we give the indebtedness owing to agriculturist moneylenders and relatives. If the reported outstanding dues were reasonably complete the total dues should approximately be equal to the total indebtedness owing to agriculturist moneylenders and relatives. As it is, the outstanding dues are very much smaller than the relevant indebtedness and it is obvious that the outstanding dues are grossly under reported. That was of course expected and in fact it was for that reason that we did not so far

Table 6.4.

Stratum of families	Outstanding dues Rs.	Indebtedness owing to Ag. moneylenders and relatives Rs.
1	9,700	26,580
2	2,140	19,370
3	2,500	12,600
4	1,240	14,380
5	570	14,460
6	420	10,030
7	1,000	11,120
8	700	10,230
9	330	7,670
10	280	5,850
All cultivators	18,960	1,32,290
Non-cultivators	2,530	28,160
Total	21,490	1,60,450

far use the reported data on dues. If this reporting were reasonably complete, we had thought that we might as an approximation distribute the total estimated lending by all cultivators among the ten groups in the same proportion as their reported outstanding dues. In view of the gross under reporting of the dues, this does not seem possible.

(6.8) . In comparing the investment expenditure and the dis-investment receipts of different groups of cultivators, we we shall not therefore take account of the lendings and recoveries. In the following table (table 6.5) we give in summary form the per family receipts and expenditure of different groups of cultivators :-

Table 6.5

Stratum	Sale of assets	Borrowing	Total receipts	Investment expenditure	Durable consumer expenditure	Repayment of debt	Total expenditure
1	116	426	542	702	136	102	940
2	56	324	380	300	60	61	421
3	54	200	254	201	55	33	289
4	51	231	282	236	26	37	301
5	34	224	258	167	53	44	264
6	28	130	158	89	19	18	126
7	37	188	225	95	42	38	175
8	11	133	144	74	29	8	111
9	33	106	139	52	14	34	100
10	5	82	87	77	50	11	133

(6.9) For a comparison between the bigger and smaller cultivators, we might concentrate our attention as we have earlier done, on the first group, namely, that of 10 per cent biggest cultivators and the last two groups, namely, the groups of 20 per cent of smallest cultivators. Considering the first the group of ten per cent biggest cultivators, we give in the table below principal investment and disinvestment items per cultivator in this group. Some of the disinvestment items could obviously be set off against corresponding investment items. Thus we might set off sale of land against the purchase of land or the borrowings made to meet the capital investment in agriculture against the total of such expenditure. In the following table, wherever possible, the investment items have been so netted for the corresponding disinvestment items.

Table 6.6.

Item	Expenditure per cultivator in the group of 10% biggest cultivators
Purchase of land net of sales	5.5
Purchase of livestock net of sales	71.3
Purchase of implements net of sales	120.8
Land improvement	349.7
Total investment in agriculture net of sales	547.3
Minus borrowings for capital investment in agriculture	176.6
Total investment in agriculture net of borrowing	370.7

Table continued on next page..

Table 6.6 continued

B/f.	370.7
Capital investment in non-farm business	40.1
Additions to financial assets	2.4
Consumer capital expenditure	136.4
Repayment of old debt	102.4
Total	652.0

The disinvestment items which could not be set off against any of the investment items are :-

Sale of other assets		3.0
Borrowings:		249.0
For current farm expenditure	45.6	
For family expenditure	191.7	
For other expenditure	11.7	
Total		252.0

In this group of cultivators, however, the expenditure on marriages has been as much as Rs. 187 per family and there is no doubt that a considerable part of it must be on purchases of bullion and ornaments. Apart from voluntary expenditure on this item on such occasions, social customs and family prestige demand a minimum of this kind of ex-

expenditure, and it is not uncommon for the parties to agree in advance upon the weight of bullion which the bride or the bridegroom will wear. Remembering that here we are considering only the cash expenditure on marriage ceremonies ten per cent of the total seems a very conservative estimate of expenditure on this item. So that there seems little doubt that the purchases of bullion would more than balance its sales in this group of cultivators. Therefore on this account also the investment surplus would be somewhat larger than it appears in the table 6.6.

(6.10) Thus there is an investment excess of Rs. 400 per cultivator in this group. We should remind that we have neglected both lendings and recoveries. As the total borrowing is far in excess of total repayment, we expect that in the group of biggest cultivators lending would be considerably larger than recoveries. The actual investment surplus in this group should therefore be considerably larger than it appears above. Secondly we have earlier suggested that sale of ornaments and bullion might be omitted, from the disinvestment side. In comparing the big and the small cultivators we have thought it desirable to present the reported sales of bullion. In the above table we have, therefore entered on the disinvestment side sale of ornaments and bullion. But as indicated earlier, the amount is small, and insignificant worth only about Rs. 0.1 per family in this group.

(6.11) It might be reminded that the investment items

items are not net of depreciation and replacement. These are particularly important in the case of livestock, implements and buildings. We have no data on the basis of which depreciation allowance might be made. Nevertheless we shall return to this point, in the next chapter again while studying farm business accounts of the cultivators. The same is true of the large disinvestment items, namely, borrowing for current farm expenditure. It seems necessary to examine more closely its contents and the reasons why most of it could not be set off against equivalent repayments. We hope to do this in the next chapter. Borrowing on family account is also substantial, the most important items of family expenditure being clothing, marriage, and construction and repair of buildings, in that order. We have already commented on this point, earlier. The only additional point to which we wish to draw attention is that this large borrowing on family account takes place side by side with substantial excess on the investment side. This might partly be explained by the fact that the group of families is not altogether homogenous, in the sense that the families incurring the investment expenditure might not all be the same as those who borrowed on family account. There is no doubt, however, that the group of bigger cultivators presents some very intriguing features. We hope, that when in the next chapter, we study their farm business, some light could be thrown on these features.

(6.12) Against this might be contrasted the conditions in in the 20 per cent smallest cultivators. In the following table we give their investment items netted for corresponding disinvestment items wherever possible :-

Table 6.7

Item	Per cultivator in the group of 20 per cent smallest cultivators
Purchase of land net of sales	10.6
Purchase of livestock net of sales	- 2.0
Purchase of implements net of sales	1.5
Land improvement	11.3
Total investment in agriculture net of sales	21.4
Minus borrowing for capital investment in agriculture	13.9
Capital investment in agriculture net of borrowing	7.5
Capital investment in non-agricultural business net of borrowing	18.9
Additions to financial assets	0.3
Consumer capital expenditure	31.3
Repayment of debt	22.5
Total	80.5
The disinvestment items are:-	
Borrowings for current farm expenditure	3.4
Borrowings for family expenditure	70.2
Borrowings for other expenditure	2.5
	76.1

Thus there results a surplus of Rs. 4 per cultivator in this group.

(6.13) We shall conclude this discussion by once again drawing attention to the contrast which the two groups of cultivators show. On the one hand, borrowing even on family account is larger with the bigger cultivators. But, ~~there~~ side by side with this borrowing there takes place considerable investment, one third of which again is financed by borrowings and which inspite of large borrowings on family account, results in a net surplus of Rs. 400 on the investment side. On the other hand, the smaller cultivators borrow less on family account and much more less on other accounts. Yet in their case the investment surplus is very small. It seems therefore that larger borrowing or for that matter ~~larger~~ borrowing on family account does not necessarily indicate an unfavourable or undesirable situation. Use of credit by the creditworthy is natural and perhaps also desirable. The distinction between the farm and the 'family accounts, however, is an accounting distinction and at source when and where credit is drawn upon, it is not always obvious and is often artificial.

VII. Farm Business Survey

(7.1) The discussion of the credit needs in the previous chapter was based on the information supplied by the General Schedule and as such could not be related in more than a general way, to the economic circumstances of the families concerned. This would need more detailed information regarding the occupation, income and expenditure of the families concerned. This could not of course be attempted for all the 2523 families surveyed by the General Schedule. It was therefore decided in the first instance, to restrict ourselves only to the cultivating families and secondly, even among cultivating families to investigate in more detail only a small sample of them. A sample of 120 cultivators, 15 from each one of the selected villages, was therefore selected for the purpose. Information on the principal items of farm expenditure and receipts was obtained by means of two visits to them. In the first visit, the period from April 1951 to September 1951 was covered. In the second visit the period from October 1951 to March 1952 was covered. Though it was expected that these two visits would roughly correspond to the two agricultural cropping seasons Kharif and Rabi it so happened that actually both the crops - Kharif and Rabi - were harvested during the period covered by the second visit. Therefore, as will be seen in later sections, very few farm receipts were reported

reported during the first visit. Other aspects of farm business during Kharif season were of course covered in the first visit.

(7.2) In selecting the sample of 15 cultivators from each village care was taken to make the sample representative of the cultivators in the village. Attention might be invited to the manner in which the cultivators in each village were divided into ten equal groups after being arranged in the descending order of their cultivated holdings. The range of the size of the cultivated holdings for different groups in each village were, for instance, given in table 3.2. From each one of the first five groups, which together comprised half and the bigger cultivators, two cultivators were selected. On the other hand from each one of the latter five groups consisting of the smaller cultivators, only one cultivator was selected. This gave a total of fifteen cultivators from each village. The reason for choosing a larger number of bigger cultivators was the possibility that there would be more variety in their farm business. Within each group, the selection was of course made in accordance with an appropriate random procedure.

(7.3) A great deal of detailed information was obtained regarding various items of farm business of these cultivators. In table 7.1, we give a few summary items for each one of the 120 cultivators. We have presented them in ten groups according to the ten groups from which they were

were selected, from their respective villages. Thus, the first group of 16 cultivators, two from each village, are those selected from the ten per cent biggest cultivators, from their respective villages. The first five groups thus consist of 16 cultivators each, while the latter five groups consist of eight cultivators each. At the end of each group, the averages for all items for that group are given. These averages it should be noted, are not simple averages of the cultivators appearing in each group. In section 3.3, we had explained the kind of biases by which our sample of villages was affected. The first bias arose out of the over representation of the larger villages. In the present sample of cultivators, this bias is corrected by taking the same number, namely 15, of cultivators from each village, whether large or small. In fact it is for this reason that in selecting the villages, they were given chance proportional to their populations. The second bias was on account of the equal representation of the society and nonsociety villages. In the sample of cultivators this bias remains and has to be corrected by the same procedure as explained in Section 3.3. The average for each group of cultivators are therefore though not simple averages are "weighted" to remove only the society and non-society bias. At the end of the table a summary is given. It contains the averages of all items for the cultivators in the first five groups, in the last five groups and for all cultivators taken together. We might for convenience call the cultivators in in the first five groups, the bigger cultivators and those in the latter five groups, the smaller cultivators. The averages for these are obtained by simply ~~arranging~~ averaging the averages of the individual groups. The average for all cultivators, appearing in the last line of the table is again a simple average of averages for the bigger and smaller cultivators. It should be noted, however, that this is not the same as a simple average of 120 cultivators. As we have explained, the 120 cultivators consisted of 80 bigger and only 40 smaller cultivators, though the original groups of bigger and smaller cultivators as they were constituted were numerically equal. To remedy this the general average is obtained as a simple average of the averages of the bigger and smaller cultivators, whereby the two groups are placed on an equal footing.

(7.4) The items included in table 7.1 are as under and appear in columns bearing respective numbers :-

0 - Serial number
1 - Value of owned land and buildings (in Rs. 00's)
2 - Value of owned livestock and implements (in Rs. 00's)
3 - Area sown in acres.
4 - Cash receipts by sale of produce.
5 - Other cash receipts
6 - Unsold produce.
7 - Total receipts
8 - Cash expenditure

Continued.

9 - Expenditure in kind

10 - Total expenditure

11 - Balance in cash

12 - Balance in kind

13 - Capital investment in agriculture

14 - Borrowing during the year

15 - Repayments during the year

16 - Total outstanding debt at the end of the year.

(7.5) As will appear, from the last line of table 3.1 the average size of the cultivated holding of the selected cultivators was 25.5 acres and the average number of plough cattle they owned was about two. These agree very well with the average for all cultivators obtained from the General Schedule and suggest that the sample of cultivators, selected for detailed study, formed a good and representative sample of all cultivators. It should be possible, therefore, to discuss on the basis of this sample of cultivators, aspects of the problem which, for lack of more detailed information could not be discussed in the previous chapter. We propose to do this in the following chapters.

VIII. Assets and New Investment

(8.1) One of the aspects of the problem which we could not discuss in the earlier chapters was the relation of new investments to existing assets. In earlier chapters we discussed, among other things, the extent of new capital investment in agriculture and the forms that it takes. We could not however place it against the background of the existing capital equipment. In the Farm Business Survey of the selected cultivators, we have obtained the inventories of their assets and liabilities. It should now be possible, therefore, to examine the new investment in relation to the existing assets.

(8.2) The principal assets of the cultivators are of course the owned land, buildings, livestock and implements. The average values of these assets per cultivator were as under: (Table 8.1 on next page)

(8.3) Naturally land constitutes the principal item and accounts for more than 70 per cent of the total assets. Buildings include, it must be noted, all kinds of buildings and in particular the residential buildings. In fact a large part of these assets would consist of only the residential buildings, there being very few of other categories. Livestock comprises of the plough and milch cattle as also of other animals and some poultry. We have already noted that

Decile I

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Table 7.1

Decile I.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	3	422	27	52	665	-	1137	1802	918	530	1448	-253	607	700	964	-	1036
1	6	32	15	48	410	36	674	1120	601	223	824	-155	451	300	500	-	518
2	3	149	15	76	1205	95	1900	3000	430	686	1116	370	1014	500	300	55	-
2	5	145	15	60	441	-	1128	2169	257	370	627	184	1358	430	-	-	-
3	6	181	19	75	-	-	1334	1334	417	350	767	-417	984	100	440	-	940
3	11	150	11	60	587	240	174	1601	666	745	1411	761	-571	30	-	-	-
4	3	822	90	204	6075	-	-9	6066	2397	3105	6002	3172	-3114	4000	-	-	-
4	16	143	21	81	1700	-	-320	1380	1083	1375	2458	617	-1695	1700	1100	425	690
8	8	765	53	120	1550	-	794	2344	4812	2877	7689	-3262	-2083	1560	400	1200	203
8	39	53	19	60	1700	20	1092	2812	1285	711	1996	435	381	1348	500	-	1000
15	2	74	71	160	1293	-	3750	5043	2531	585	8116	-1232	3165	120	1060	300	2260
15	6	55	4	74	1000	-	1939	2935	1668	272	1940	668	1663	500	-	-	-
16	6	6	7	62	220	-	1178	1398	238	770	1008	-12	408	400	600	-	500
16	16	100	23	48	249	-	509	758	633	101	734	-384	408	400	-	-	700
17	3	260	26	190	6666	-	5797	12463	3965	2875	6840	2701	2922	650	300	-	1700
17	16	235	29	52	1225	-	2039	3264	1262	962	2224	-37	1077	800	1500	500	1500
Weighted Average		263	28	89.5	1577	58	1545	3180	1461	1026	2487	174	519	820	520	154	720

Decile II.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	14	11	17	38	533	-	141	892	202	165	467	231	-306	300	400	-	470
1	15	8	9	36	244	-	616	760	670	382	953	-326	133	80	300	248	112
2	15	57	12	36	296	25	903	1229	173	308	483	146	600	-	-	-	-
2	16	55	10	48	196	300	1296	1702	30	474	504	466	822	16	-	-	-
3	17	59	8	36	-	-	421	421	295	48	343	-295	373	310	1154	-	1237
3	18	75	12	42	-	112	900	1012	140	387	527	-28	513	400	150	150	-
4	35	79	11	59	943	-	758	1703	391	602	923	554	156	160	50	-	50
4	56	37	8	45	126	-	825	951	423	423	846	-297	402	800	235	-	238
8	73	200	2	40	1008	-	460	1403	1908	96	2004	-900	364	150	500	1000	1772
8	83	40	14	32	154	-	930	1034	127	516	643	27	414	60	260	-	260
15	29	18	2	39	631	-	257	828	520	159	673	111	98	150	500	400	[illegible]
15	30	6	18	38	680	50	565	1295	253	259	617	372	303	100	200	-	[illegible]
16	36	40	4	32	80	545	242	867	98	47	[illegible]	527	[illegible]	130	650	-	[illegible]
16	57	120	6	24	40	-	183	223	133	8	[illegible]	[illegible]	173	150	-	-	[illegible]
17	28	43	18	44	446	-	1872	2318	603	1265	[illegible]	-157	607	[illegible]	750	-	[illegible]
17	37	13	14	35	-	130	1760	1920	21	1219	[illegible]	[illegible]	641	1750	-	-	-
Weighted Average		54	10	33.7	335	73	740	1153	373	[illegible]	703	40	245	[illegible]	[illegible]	[illegible]	[illegible]

Table 7.1 (Contd.) 2/5.

Decile III.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	21	27	7	32	420	80	572	1072	974	348	1322	-474	224	420	-	248	24
1	22	1	9	32	209	55	175	439	284	119	403	-20	56	60	-	-	-
2	24	12	7	32	371	120	955	1446	68	590	658	423	365	178	200	25	100
2	26	30	6	28	326	41	661	1029	81	287	368	286	375	-	-	-	-
3	26	73	8	32	224	-	222	506	360	141	501	-136	141	86	5500	-	400
3	32	43	14	30	-	50	1136	1186	267	-269	536	-217	1267	150	185	185	-
4	63	5	3	42	260	100	1400	1760	174	1222	1396	186	178	120	60	92	-
4	82	65	15	34	424	-	288	712	728	354	1082	-304	-66	50	670	50	637
8	88	11	4	53	400	1510	922	2902	481	360	841	1429	632	500	600	400	600
8	92	55	13	42	-	-	1040	1040	191	345	536	-191	695	-	-	-	-
15	52	45	-	28	-	330	269	599	164	10	174	166	259	-	-	-	-
15	69	10	4	24	-	1100	501	1601	377	56	433	723	446	280	300	-	300
16	66	80	15	16	642	-	1598	2240	1078	156	1234	-436	1442	390	-	-	-
16	83	104	21	21	587	-	1654	2141	500	263	763	87	1291	779	-	-	1000
17	41	72	3	36	224	-	1135	1159	418	298	716	-194	637	520	345	-	200
17	53	10	6	30	380	250	493	1523	402	173	575	228	720	-	50	-	-
Weighted average		41	8	31.6	281	231	832	1350	416	301	717	96	537	235	467	58	207

Decile IV.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	24	31	12	32	466	100	622	1188	153	716	869	413	-94	-	100	-	100
1	29	2	4	24	186	50	298	634	203	109	315	30	189	-	300	-	406
2	34	62	9	24	253	25	373	636	62	128	197	249	250	430	200	50	200
2	35	85	4	24	225	86	171	422	22	93	121	283	78	125	150	-	150
3	41	101	17	24	150	-	462	612	138	230	368	12	232	400	150	-	150
3	43	70	9	24	-	-	630	680	130	148	278	-130	532	16	-	-	-
4	106	65	2	28	126	-	913	1039	183	231	414	-57	682	150	75	-	152
4	109	65	-	27	832	-	-100	732	770	203	973	62	-303	-	100	-	100
8	133	8	8	35	132	120	760	1012	263	576	839	-11	184	250	430	-	430
8	145	40	9	32	25	30	1408	1433	166	1059	1225	-111	349	30	300	-	200
15	77	34	9	24	423	-	614	1037	872	73	451	51	535	145	100	-	100
15	92	20	6	20	400	450	-23	822	235	23	311	565	-54	200	50	-	[illegible]
16	112	37	11	16	273	305	87	665	234	143	377	344	-56	75	400	150	[illegible]
16	113	15	8	10	233	-	240	473	243	103	340	-10	124	50	-	-	-
17	64	20	13	22	-	-	656	656	9	372	301	-9	134	-	-	-	-
17	66	210	10	28	400	1243	823	2066	802	120	1001	1001	604	643	200	400	1000
Weighted average		54	9	24.8	262	206	425	853	266	227	503	222	213	150	150	41	277

Table 7.1 (Contd.)

Decile V.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	31	1	6	24	303	120	275	698	328	290	618	95	-15	200	200	-	248
1	36	67	11	20	194	38	588	820	119	181	300	113	407	-	-	-	-
2	38	80	11	24	657	68	963	1638	193	279	472	532	684	550	100	110	300
2	43	65	11	18	500	-	-22	478	42	125	174	451	-147	-	-	-	-
3	46	45	8	24	-	6	742	743	150	187	337	-144	555	300	300	-	436
3	55	58	10	20	-	104	125	229	322	122	504	-218	-57	-	510	-	978
4	115	70	8	26	135	10	253	398	236	105	341	-91	148	30	150	-	178
4	138	5	9	20	158	135	378	671	262	375	637	31	3	-	189	369	178
8	182	80	12	28	460	129	636	1225	453	223	676	136	413	-	800	100	1000
8	199	46	1	24	-	426	783	1214	730	-	730	-304	758	200	-	-	-
15	94	60	8	20	23	50	635	708	92	167	269	-19	468	400	400	-	500
15	107	30	13	18	709	-	349	1058	708	169	877	1	180	600	400	-	400
16	129	54	18	13	151	-	415	566	845	10	355	-194	405	120	300	-	372
16	145	24	7	12	60	225	407	402	148	104	247	142	103	86	-	-	-
17	77	4	5	24	-	366	579	938	97	239	396	259	280	4	-	-	-
17	23	70	5	22	296	-	602	1028	705	134	839	-309	428	975	625	-	997
Weighted Average		47	9	20.9	240	104	464	808	311	175	426	33	289	227	261	34	351

Decile VI.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	39	16	5	16	144	-	390	634	238	169	467	-154	221	80	-	-	-
2	48	39	6	18	429	16	502	1007	52	73	125	303	489	-	-	-	-
3	58	60	3	17	-	-	304	804	61	165	116	-51	239	-	235	-	262
4	64	35	1	15	302	-	456	853	441	179	620	-139	377	800	480	250	182
8	85	25	1	20	800	-	192	922	1027	60	1096	-227	123	50	-	-	600
15	116	25	2	18	183	145	602	909	138	172	367	133	460	-	-	-	-
16	172	8	11	10	564	300	1185	2049	131	401	532	723	724	-	100	200	104
17	112	18	1	14	-	138	103	371	11	7	18	127	223	-	100	-	50
Weighted Average		26	4	15.6	209	83	419	901	261	143	407	121	373	60	111	69	143

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Table 7.1 (Contd.)

Decile VII

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	45	21	2	16	342	50	434	806	97	375	472	295	39	-	100	-	100
2	63	27	5	13	536	-	202	843	285	103	383	271	189	225	-	50	-
3	75	21	1	8	45	100	155	300	89	34	123	56	121	-	440	-	440
4	193	24	1	10	162	270	263	625	239	41	220	193	212	-	287	96	242
5	262	7	-	18	364	-	426	702	1202	85	1377	-928	343	30	400	-	900
15	153	3	1	10	-	465	215	620	239	15	254	226	200	-	100	-	40
16	206	20	1	7	80	-	42	122	234	-	234	-204	42	50	-	96	600
17	127	11	1	10	66	80	235	381	30	62	92	116	173	-	28	-	-
Weighted Average		16	2	11.4	191	125	243	604	310	85	395	6	163	37	160	30	302

Decile VIII

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	52	50	8	6	230	-	235	634	93	71	164	146	224	-	-	-	631
2	71	20	5	8	311	58	205	604	125	52	217	274	113	40	40	75	-
3	79	3	6	8	-	300	142	442	75	12	87	225	136	-	80	-	80
4	221	122	2	7	42	320	123	543	[illegible]	137	163	306	-11	-	97	-	171
5	321	16	3	12	315	-	443	753	521	62	643	-206	381	325	450	900	450
15	184	25	3	5	173	125	212	617	424	104	523	-126	115	160	650	-	500
16	233	15	2	5	21	220	73	374	63	10	73	223	63	-	-	-	-
17	145	4	2	8	-	430	63	432	1	6	7	420	47	-	-	-	-
Weighted Average		12	4	7.4	122	206	130	523	229	60	243	40	120	63	124	113	220

Table 7.1 (Contd.) 5/5

Decile IX.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	61	64	12	8	212	-	361	573	81	200	281	131	161	120	300	200	238
2	76	13	1	5	-	120	254	374	9	27	36	111	227	-	-	-	-
3	98	4	1	1	-	104	82	136	-	1	1	104	31	-	120	-	108
4	236	19	-	6	180	275	109	564	276	54	330	179	55	200	-	-	-
8	360	14	4	8	216	400	300	918	501	124	625	115	176	20	3000	420	180
15	194	5	-	5	120	270	13	403	173	30	203	217	-12	300	300	-	336
16	250	25	-	4	26	260	45	331	24	-	34	252	45	-	-	200	100
17	169	4	2	6	-	370	76	446	3	8	13	367	67	-	-	-	-
Weighted Average		13	2	5.4	91	230	142	403	130	63	183	191	89	81	440	100	710

Decile X.

Village	S.S.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	65	13	8	5	163	-	112	1030	24	106	130	144	6	-	-	-	-
2	90	8	1	2	308	190	-142	256	35	15	60	463	-157	-	140	120	220
3	100	4	3	1	-	63	64	132	-	17	17	68	47	-	68	-	76
4	222	2	1	2	86	257	-10	333	71	2	73	272	-12	-	125	-	158
8	407	8	-	4	152	150	8	310	202	-	203	90	8	-	-	80	-
15	208	-	-	4	-	200	23	223	42	8	60	158	15	-	-	-	-
16	253	3	1	1	-	375	13	333	67	-	67	318	13	-	200	-	260
17	168	9	-	4	132	100	147	373	14	22	36	218	125	-	-	-	20
Weighted Average		6	2	2.9	101	103	[illegible]	203	54	23	62	215	1	-	73	23	81
First 5 Stratas		32	13	41.1	539	135	814	1433	665	423	933	109	331	342	253	~~6.8~~ 79.1	411
Last 5 Stratas		17	3	3.5	163	103	226	652	200	74	233	117	132	43	123	67.0	223
All Cultivators		54	8	24.8	351	140	520	1030	287	253.5	640.5	113	263.5	127	270.5	~~0.4~~ 73.0	233

Table C.1 - Value of assets per cultivator

Stratum	Land Rs.	Buildings Rs.	Livestock Rs.	Implements Rs.	Other assets Rs.	Total Rs.
1	21,585	4,678	1,971	802	151	29,187
2	4,435	967	848	163	6	6,419
3	3,227	886	737	105	7	4,962
4	3,930	1,490	738	130	58	6,346
5	3,780	913	777	120	-	5,590
6	2,213	416	333	49	-	3,011
7	1,341	295	123	23	-	1,782
8	1,469	477	365	12	-	2,323
9	1,425	374	225	23	-	2,047
10	446	186	165	-	-	797
All cultivators	4,385	1,068	628	143	22	6,246

that the number of plough cattle per cultivator is about 2. The actual average works out to be 2.17. The average number of milch cattle per cultivator is 1.64. The value of these together with a small number of sheep and goat and some poultry, is about Rs. 628 per cultivator. A majority of the implements are of the traditional type. Besides there are a few pumping sets for lifting water. No tractors were reported in any of the selected villages.

(8.4) The sample of cultivators reported an average expenditure of Rs. 1[illegible]7, by way of capital investment in agriculture which agrees well with the figure obtained from the General Schedule, namely Rs. 165. However, the expenditure on the different items of capital investment in agriculture reported in the General Schedule and in the Farm Business Survey, are not in harmony. For instance the expenditure on purchase of land and purchase of implements reported in the General Schedule are double the corresponding figures obtained in the Farm Business Survey. ~~This~~ The purchase of land is an item, the expenditure on which is incurred by only a small proportion of cultivators, only about 2.1/2 per cent of them and when it is incurred the amounts involved are usually large. In such circumstances the averages based on a small sample such as of only 12[illegible] cultivators are liable to large variations. In the particular case only one cultivator has reported expenditure on purc land amounting to Rs. 2,448 which gives an average of Rs.12 per family. Some of the larger discrepancies appearing between figures reported in the General Schedule and the Farm Business Survey are explained on similar grounds. Expenditure reported on other capital items both in General Schedule and in the Farm Business Survey are more or less in harmony.

(8.5) The expenditure on construction and repairs to buildings of all types, is about Rs. 46 per cultivator which comes to to about 4.3 per cent of the total value of existing buildings. Considering the type of structures that exist in the rural areas, the new construction and repairs do not seem to be adequate to balance the depreciation of real estate. Therefore, the net investment in real estate, if any, seems to be negligible. The expenditure on purchase of implements and machinery is reported to be about Rs. 13 per cultivator as against Rs. 23 in the General Schedule. This works out at about nine per cent of the value of existing implements. Though it is difficult to determine the rate of depreciation of implements and machinery, a cash expenditure of nine per cent of the existing value of implements should be more than adequate to cover depreciation. Some allowance, must however, be made for the fact that in evaluating the inventory, the implements were valued at cost or purchase prices, which in many cases would be very much lower than the present prices of new implements. It is doubtful, therefore, how much of the purchases of implements, would be net if allowance were made for replacement.

(8.6) Expenditure on purchase of livestock is about Rs.53 per cultivator which coincides with the average figure reported in General Schedule. This should be adjusted for sale of livestock, receipts from which amount to Rs. 48 per a family. This gives an average of Rs. 5 on purchase of livestock net of sales and works out at about 0.8 per cent of the value of livestock. Ordinarily this amount should

should be inadequate to cover depreciation. However, no opinion can be expressed as to its adequacy or otherwise as we have no idea as to the rate of depreciation in the value of livestock through death and advancing age, or as to the replacement which takes place by means of homebred animals.

(8.7) Expenditure on land improvement of all types comes to Rs. 119 per cultivator. If it is appropriate to relate this to the value of owned land, it works out to about 3 per cent of the land value.

(8.8) Though in the above we have related the investment expenditure of all cultivators to their related total assets, it must be noted that the bulk of the investment expenditure is undertaken by only the biggest of cultivators. This was also evident from the investment expenditure reported in the General Schedule by the cultivators in different classes. Among the selected cultivators we find, for instance, that though the average expenditure on purchase of livestock is about Rs. 53, about two fifths of the expenditure is incurred by only the 10 per cent biggest cultivators. If we now consider the bigger and the smaller cultivators, it would be seen that while more than 80 per cent of the total expenditure on this item is reported by the former, less than 20 per cent of the expenditure is reported by the latter. It may further be observed that the 20 per cent smallest cultivators did not report any expenditure on purchase of livestock. The average receipts by sale of livestock were

were reported to be Rs. 48 per cultivator. However of the total receipts about two thirds were reported by the bigger and only one third by the smaller cultivators. If we now consider purchases of livestock in relation to their sales, it would be seen that they are in excess of sales among the bigger cultivators and are short of sales among the smaller cultivators. However, considering all the cultivators the excess of purchases of livestock over their sales is very small, only Rs. 5 per cultivator. If this is related to the existing value of livestock per cultivator it is seen to be less than one per cent. In the following table are given purchases and sales of livestock per cultivator in different strata of cultivators:-

Table 8.2

Stratum	Value of livestock per cultivator	Purchases of livestock per cultivator	Sales of livestock per cultivator	Net purchases of livestock
1	1971	192.8	94.7	98.1
2	848	37.0	76.8	- 39.8
3	937	97.0	57.5	39.5
4	738	42.1	46.4	- 4.3
5	777	68.6	31.3	37.3
6	333	15.1	38.8	- 23.7
7	123	26.1	23.2	2.9
8	365	50.0	49.3	0.7
9	225	-	56.6	- 56.6
10	165	-	3.9	- 3.9
All cultivators	623	52.67	47.65	5.0

(8.9) It was observed earlier that the major item of capital investment in agriculture was bunding and other land improvement. The average expenditure on this item is Rs. 104 and forms 2.3 per cent of the average value of owned land. Of the total expenditure on this item, about 50 per cent is incurred by the 10 per cent biggest cultivators. The average expenditure on this item in this group is about Rs. 511 which when related to the value of their owned lands, works out to be about 2.4 per cent so that in relation to their land holdings, their expenditure on land improvement is not more than that of an average cultivator. If we consider the bigger and the smaller cultivators it will be seen that the former have incurred 88 per cent of the total expenditure while the latter have incurred only 12 per cent of the total expenditure. But if the expenditure incurred by the two classes is considered in relation to the value of their respective owned lands, it would be seen that the expenditure is more or less the same in both the classes for the value of land owned by the bigger and the smaller cultivators is 88 per cent and 12 per cent respectively of the total value of land owned by all cultivators. It may further be stated that almost all strata of cultivators have incurred expenditure on this item and that this seems to be the only form in which investment expenditure seems to have been incurred by the smaller cultivators. In the following table are given the value of owned land and the expenditure on bunding and other land improvement per cultivator in different strata of cultivators.

Table 6.3

Stratum	Value of land per cultivator in this group	Expenditure on bunding and other land improvement per cultivator in this group
I	21,505	510.6
II	4,435	70.4
III	3,227	67.3
IV	3,920	57.9
V	3,700	154.7
VI	2,213	34.8
VII	1,341	78.0
VIII	1,459	13.4
IX	1,425	65.2
X	416	-
All cultivators	4,265	104.1

Table 6.4

Stratum	Value of residential and other buildings per cultivators of in this group	Expenditure on construction and repairs of residential and other buildings, per cultivator in this group
I	4,673	1,440
II	967	14.0
III	826	34.3
IV	1,490	1.0
V	913	11.0
VI	416	24.4
VII	275	211.6
VIII	477	2.3
IX	374	17.4
X	186	-
All cultivators	1068	46.2

IX. Farm Business - Current Account

(9.1) The annual operation of farm business might be briefly summarised by means of a statement of receipts and expenditure. For an average cultivator with an average cultivating holding of 25.5 acres and an average sown area (counted twice when sown twice) of 24.8 acres, a summary statement of receipts and expenditure appears as under :-

Table 9.1

1. Cash receipts	500	4. Cash Expenditure	387
1.1. By sale of crops and fodder 351		4.1. Purchases of goods and services 196	
1.2. Other receipts 142		4.2. Payments to factors 170	
		4.3. Other 21	
2. Value of unsold produce	521	5. Expenditure incurred in kind	250
		6. Balance	384
		6.1. In cash 115	
		6.2. In kind 271	
3. Total receipts	1021	7. Total payments	1021

(9.2) In the above statement both the receipts and payments have been divided into two broad categories, namely, in cash and in kind and the statement shows a resulting cash balance of Rs. 113 and a balance in kind worth Rs.271/-.

For a better appreciation of the content of this balance, we should perhaps explain in some detail the items appearing on both sides of the above statement.

(9.3) On the receipts side, we have Rs. 351/- by sale of crops and Rs. 521/- being the value of unsold produce. This gives us a total of Rs. 872 as the gross value of produce. The value of unsold produce has been obtained by subtracting from the gross value of produce, the value of sales. This might be objected to on grounds that sales might not necessarily be out of the current years produce. That is of course true and it is possible that some of the sales might be from the previous years produce. This does not however affect the current account and in a statement where the inventories of stocks at the beginning and at the end and hence the changes in the inventories are not shown, the above appears to be the appropriate accounting procedure.

(9.4) In the following table, we give the commodity composition of the gross produce, sold and unsold. (Table 9.2 on next page)

(9.5) This is the composition of the gross produce of an average cultivator in the district. It should be noted, however, that as pointed out in the introductory chapter, there is predominance and concentration of certain crops in certain regions of the district, so that an average cultivator with the composition of the kind above shown is perhaps

Table 9.2

Crop	Sold Rs.	Unsold Rs.	Total Rs.
Millets	29.4	299.9	329.3
Wheat	1.4	34.0	35.4
Rice	1.7	6.1	7.8
Other cereals	-	12.3	12.3
Gram	3.4	5.7	9.1
Arhar	3.8	13.0	16.8
Other pulses	0.3	4.2	4.5
Total	40.0	375.2	415.2
Cotton	90.4 +51.0	-57.0 *	90.4
Oilseeds (mainly groundnut)	158.3	93.6	251.9
Chillies and other spices	0.2	3.2	3.4
Fruits and vegetables	10.0	4.1	14.1
Other (sugarcane)	-	3.6	3.6
Total	309.9	53.5	363.4
Fodder	1.1	92.0	93.1
Grand Total	351.0	520.7	871.7

* The negative balance indicates the value of stocks brought forward from the previous year.

perhaps not to be met with. At any rate he is not the one to be most frequently found. The above should be regarded, therefore, as the composition of agricultural produce of the district rather than that of a cultivator. Thus about 58 per cent of the total agricultural produce of the district comprises of foodgrains and fodder and the remaining 42 per cent of the commercial crops, mainly groundnut and cotton.

(9.6) Relating current sales to current produce which seems largely justified in the present case, it appears that among food crops only pulses, particularly gram and arhar are grown for the market; about one third of the gram and one fourth of the arhar grown having been marketed. Though about one fourth of the paddy grown is also marketed, it should be noted that the total sale proceeds are small and insignificant in absolute terms. The value of millets sold was substantial and formed nearly one tenth of the total sale proceeds of all crops. But then millets are the principal crops of the district and are grown primarily for home consumption. Only about one tenth of total millets grown is seen to have been marketed. Of commercial crops, sugar cane is grown primarily for home consumption while the other are grown primarily for the market. It is to be noted that only about three fifths of the groundnut is used for making payments in kind as is the prevalent practice, and part of it is consumed or stocked. In the case of cotton the sales are far in excess of the cotton grown during the year indicating that the excess

excess might be the stocks brought forward from the previous year unless the production has been under-reported. Of fodder, only a little is sold.

(9.7) It should be noted that the total of Rs. 872 of gross produce is for an average farm of 25.5 acres or of 24.8 acres of sown area. The gross produce per acre, therefore works out to be Rs. 35. This is an average figure composite for all crops and it might be worthwhile comparing the gross produce per acre for different crops. The 24.8 acres of sown area is approximately distributed as under :-

Table 9.3

Crop	Acres
Millets	12.4
Wheat	1.2
Other cereals	0.6
Pulses	1.6
Cotton	4.2
Oil seeds	4.5
Others	0.3
Total	24.8

It is necessary to note here that though the distribution of crop acreages in the sample of cultivators .

IX. Farm Business - Current Account

(9.1) The annual operation of farm business might be briefly summarised by means of a statement of receipts and expenditure. For an average cultivator with an average cultivating holding of 25.5 acres and an average sown area (counted twice when sown twice) of 2[illegible].8 acres, a summary statement of receipts and expenditure appears as under :-

Table 9.1

1. Cash receipts		500	4. Cash expenditure		387
1.1. By sale of crops and fodder	351		4.1. Purchases of goods and services	196	
1.2. Other receipts	149		4.2. Payments to factors	170	
			4.3. Other	21	
2. Value of unsold produce		521	5. Expenditure incurred in kind		250
			6. Balance		384
			6.1. In cash	113	
			6.2. In kind	271	
3. Total receipts		1021	7. Total payments		1021

(9.2) In the above statement both the receipts and payments have been divided into two broad categories, namely, in cash and in kind and the statement shows a resulting cash balance of Rs. 113 and a balance in kind worth Rs.270/

cultivators chosen for the Farm Business Survey follows the general pattern of crop acreages of the whole district, there are certain major differences. Thus the acreage under cotton and oil seeds is 17 per cent and 18 per cent respectively in the case of the sample of cultivators whereas it is 7 per cent and 14 per cent respectively in the case of the district as a whole. Thus the commercial crops are over-represented in the sample. Consequently the acreage under millets is only 50 per cent in the sample as compared to 61 per cent in the district. The acreage under wheat is also somewhat smaller in the sample than in the district. Therefore it appears that we have a proportionately larger number of cotton and groundnut cultivators and smaller numbers of millets and wheat cultivators in the sample of cultivators chosen for Farm Business Survey.

(9.8) Returning to the gross value per acre of different crops, we should now relate the gross value of millets, namely Rs. 329.3 to area sown under them, that is 12.4 acres. That gives an average of about Rs. 26.5 per acre. Little area is shown under fodder crops as such and it seems that most of the fodder is the stalk of millet crops particularly of Jowar and Bajri. If we make some allowance say about 40 per cent, for the fodder value of the stalks of millet crops, and add that to the value of grains, that gives an average gross value of about Rs. 37 per acre of of millet crops. Similar figures for other crops are Rs. 29.5 for wheat, Rs. 19 for pulses, Rs. 21.5 for cotton and Rs. 56 for oilseeds.

(9.9) These figures are very much on the lower side and are to be mainly explained as due to the unfavourable character of the season. Rainfall in 1951-52 was both inadequate and badly distributed and the yields of different crops were reported to be about one third of their normals. In view of the prevalence of scarcity conditions full suspension of land revenue had been granted in 171 villages and half suspension of land revenue had been granted in 219 villages. Thus out of about 1300 villages in the district, nearly one third had been affected by scarcity. Full suspension of land revenue had been granted in two of the selected villages. Under the circumstances, it would also be difficult to compare the relative value of yields of different crops.

(9.10) Other cash receipts appearing on the receipts side are as under :-

Table 9.4 - Other cash receipts per cultivator

By sale of livestock	8.7
By sale of miscellaneous agricultural produce	0.3
By cash wages	118.0
From Remittances	7.2
By carting	2.1
Cash rent	12.9
Total	149.2

While choosing the items to be included, the intention was to include only such receipt items as might be considered part of the farm business receipts. Receipts from non-farm business of the cultivators were specifically omitted.

(9.11) The inclusion in farm business of carting, wages and rent and remittances received, might be disputed. If cart is considered as part of the capital equipment of the farm business, as it most often is, the receipts for its hiring should belong to the farm business. The inclusion of rent received is also justifiable on the same ground. The case for inclusion of wages is more difficult. The receipts per cultivator on this account are reported to be Rs. 118. As we shall later see, the expenditure per cultivator on employment of casual labour is reported to be Rs. 117.4. The extremely close correspondence between the two figures must be fortuitous. Partly it might be due to the possible inclusion of non-farm wages in the wage receipts. It is clear however that a large part of the wage payments which cultivators make to casual farm labour is received by the cultivators themselves. Therefore when a cultivator sometimes employs labour on hisfarm and at some other time himself seeks employment on other farm, he is making no more than a time and labour adjustment; and if his payments are to be reported as farm expenditure his receipts should appropriately be regarded as farm business receipts. We might frame the argument in a somewhat dif-

different manner. Considerable amount of farm work is done by mutual exchange of human and team labour between cultivators. When this is done, it neither appears on the receipts nor on the expenditure side of the farm balances. The omission is justified only as an accounting practice as the two entries would normally balance. When cash payments are made and received the position is not fundamentally different, except that the two entries need not and will not usually balance for a farm so that there is need for explicit entries on both sides. Our inclusion of this item, however, rests on simpler considerations; namely, firstly, it comes very close to farm business and secondly it forms an important source of cash receipts to the cultivators, particularly to the smaller ones. Its importance is obvious because even for the average cultivator, it forms about 24 per cent of the total cash receipts. Remittances are important in certain districts. In the accounts they are in the nature of subsidies or other transfer payments. Reportedly, where they are important, they form some of the principal sources of cash receipts and when they do, they finance not only the family expenditure but also the cash expenses on farm. It is for that reason that we have included them on the receipts side.

(9.12) On the expenditure side, following the usual special accounting practice, the cash expenditure is divided into three broad categories, namely (i) purchase of goods and services (ii) payments to factors and (iii) other charges.

In the following table are given the details of expenditure on purchase of goods and services :-

Table 9.5 - Cash purchases of goods and services

Seed	Rs.	44.9
Manure		9.6
Fodder		65.0
Materials other than seed, fodder or manure		3.3
Purchase of grain for paying wages in kind		4.5
Maintenance and Repair of implements		5.2
Hire of implements and plough cattle		29.0
Storage, transport, sales commission, etc.		12.4
Rent		22.5
	Total	196.4

(9.13) The items are clear. It might be noted that while expenditure on hire of implements and of plough cattle is as much as Rs. 29 per family, no corresponding receipts are reported. It is obvious that such payments could mostly be done only to cultivators and that therefore there is a clear case of under-reporting of receipts under this item. Perhaps this is to be explained by the fact that the item was not explicitly mentioned in the questionnaire.

The expenditure of Rs. 29 per family for hiring of implements and plough cattle must be on account of the fact, that a large proportion of the smaller cultivators do not have any plough cattle of their own but cultivate their land with hired plough cattle. Rent is classified as purchase of service and not a factor payment. This is in conformity with the social accounting practice. Here again as much as Rs. 22.5 per cultivator were being paid by way of cash rent while the corresponding receipts amounted to Rs. 12.9. The difference unless the rent receipts are under reported might be assumed to represent the rent paid to non-cultivating land owners.

(9.14) Payments to factors are as under :-

Table 9.6 - Payments to factors

Wages to annual farm servants	Rs. 41.3
Wages to casual farm labour	117.4
Interest on loan	10.7
Total	169.4

The close correspondence between the wage payments to casual labour and the corresponding receipts has already been brought to notice. The operations for which casual labour with cash wages is employed are roughly as under (Table 9.7 on next page).

Table 9.7

Ploughing and harrowing	Rs. 37.6
Transplanting, sowing, etc.	8.9
Interculturing	39.4
Harvesting	19.0
Other	12.5
Total	117.4

(9.15) Other charges are :-

Table 9.8

Land revenue	Rs. 16.1
Other expenditure	5.0
Total	21.1

Other expenditure comprising of unspecified items most probably does not belong to the category of "other charges" in the accounting sense. It must be partly expenditure on purchase of goods and services and partly factor payments.

(9.16) The second major category of expenditure is that incurred in kind. It forms nearly two fifths of the total

total expenditure. In the following are the particulars:-

Table 9.9 - Expenditure incurred in kind

Homegrown seed	56.3
Farm yard manure	30.0
Share rent	58.5
Annual remuneration to artisans and services	15.4
Wages to harvesting labour	49.0
Other payments at harvest	2.5
Wages to casual labour	38.2
Total	249.9

The first two items are products retained by cultivators as producers. If they are to be recorded on the expenditure side, care has to be taken that they are reported as parts of the gross produce entered on the receipts side. Though intentions and instructions were that gross produce should be recorded without making allowance for the grain kept aside as seed, it is by no means certain that cultivators do not habitually make that allowance mentally. The cultivator knows that he needs certain quantity of grain for making payments in kind and for seed purposes. He, therefore, habitually discounts his produce to that extent. In order that gross produce may not be under re-

reported on this account particular care was taken. The form of the questionnaire was such that along with gross produce of each crop, the corresponding disposals in kind made at the harvest time, were enquired into. Such disposals consisted of share rent paid to land lords, annual remuneration in kind made to certain artisans and services, wages in kind to harvesting labour and certain other traditional payments made at harvest. Thus in arriving at the net produce no allowance was to be made for seed requirements and it is presumed that the cultivators did not make any allowance themselves. As already stated, it is by no means certain that this was so.

(9.17) The position in respect of farm yard manure used at home is more explicit. This item does not appear on the receipts side and hence should not appear on the expenditure side. On the other hand, the position in respect of home-grown fodder retained by cultivators, is exactly the reverse. That is an item which appears on the receipts side and it is a fairly big sized item, worth about Rs.53 per cultivator. However, on the expenditure side, only cash expenditure on purchases of fodder is included, no account having been taken of the home grown fodder fed to the livestock. For accounting consistency, we should take on the receipts side only the cash receipts from sale of fodder or include on the expenditure side, the home grown fodder fed to live-stock.

(9.18) As already noted the cash expenditure on fodder is Rs. 65 per cultivator. The corresponding figure for cash receipts by sale of fodder is only Rs. 1. This is clearly a case of under reporting of sale of fodder. Possibly the very small sales of fodder are the result of the unsatisfactory character of the agricultural season which we have already mentioned in Section 9.9. Otherwise normally the cash expenditure on fodder should be balanced if not exceeded by the corresponding receipts by sale of fodder as this is a district predominantly growing millets and has nearly 60 per cent of cultivated area under them.

(9.19) Compared to wages paid in cash, wages paid in kind are small. Nevertheless they are considerably large and merit attention. In the first place it must be emphasized that payments in kind are made not only at the time of the harvest but also at other times. And that it is not uncommon for farmers to pay even casual labour in kind. It is only when there is not sufficient stock of food grains that people pay wages in cash. And even then, sometimes, they prefer to make payments in kind by purchasing foodgrains. This view is supported by the reported cases of purchase of food-grains for making payments of wages in kind. Though this age old practice of making payments of wages in kind is being weakened by the recurrence of famine and the enforcement of the levy system and the rationing system, still it is too deep rooted to be abandoned and is still prevalent in all

all parts of the district. Secondly the amount of annual labour used as farm servants is also substantial. In fact, wages paid to annual farm servants amount to Rs. 41 per cultivator. This amount, it must be understood, was the cash payment made to annual farm servants in addition to providing them with board and other pre-requisites of life such as clothing and footwear.

(9.20) Finally, we might note that while a number of items of expenditure in kind were entered on the expenditure side, corresponding receipts of some of the items were not taken account of. of these two principal ~~of such~~ items are the share rent and wages in kind. The share rent paid out ~~are~~ is considerable, about Rs. 59. It might be reasonable to suppose that share rent received by cultivators would be smaller than this. The wages paid in kind are also considerable, about Rs. 49. But the corresponding receipts of wages in kind would be smaller than this because two thirds of the sample cultivators were big cultivators who themselves employed hired labour and could not reasonably be expected, in view of their social status, to work on other farms as day labourers. Nevertheless the exclusion of these two items from the receipts side seems to result in a serious under-estimation of receipts. The effect of these imputed receipts on the overall receipts and expenditure position of the cultivator has been fully considered in Section 9.22.

(9.21) If we now set off the expenditure against the re-

receipts to have what might be called the balance of cultivation which is the surplus available to the cultivator. The total cash receipts are Rs. 500 and the total cash expenditure about Rs. 387. This leaves a cash balance of Rs. 113/- with the cultivator. His other surplus is in the form of unsold produce. From the value of unsold produce, which is worth Rs. 521/- we should subtract his expenditure in kind amounting to Rs. 250/-. This gives us a balance in kind worth Rs. 271/-. Most of it is in the form of produce consumed or retained for consumption at home; though of course, part of it might be sold and converted into cash at a later date. Thus the total balance left with the cultivator is Rs. 384 about 30 per cent of which is in cash.

(9.22) While discussing the nature of the various items appearing on the receipts and the expenditure sides of the account, we indicated in a few cases some modifications, such as for instance, that as the homeyard manure is not shown as a receipt item, the same should not also appear on the expenditure side. Though we do not intend to pursue these modifications in subsequent discussion, in the following table (table 9.10 on next page) we bring them together so that their net effect on the balance available to the cultivator might be judged.

(9.23) The Farm Business Survey was not intended to be a cost of production study. Nevertheless, in noting the expenses on seed and manure both in cash and in kind as also on cash wages to casual labour, we could conveniently note

note them separately for each crop for which they were incurred. In table 9.11 on next page we give the expenditure on these items per acre of the various crops, as the information may prove of some interest. In the last column, we have expressed the total of this expenditure as a percentage of the gross value of produce per acre of each crop.

Table 9.10

Imputed Receipts		Imputed Expenditure	
Hire of implements and plough cattle (approx)	25	Unsold fodder presumably consumed by owned cattle	92
Cash rent (approx.)	10		
Farm yard manure consumed	30		
Share rent received in kind (approx.)	50		
Wages in kind (approx.)	40		
Total	155		92

(9.24) Thus in the annual accounts of an average farm, as presented above the receipts and the expenditure are seen to balance comfortably, leaving a sizeable balance to the cultivator and thus not directly revealing any credit requirements. On the other hand, as we noted, the cultivators actually borrowed on an average Rs. 18.5 for meeting the current farm expenditure. There are two distinct reasons

Table 9.11

Crop	Expenditure per acre			Total	Total expenditure as percentage of gross value of produce
	Seed	Manure	Cash wages		
Millets	0.64	1.14	1.45	3.23	12
Wheat	6.94	0.09	0.34	7.37	26
Gram	6.09	-	0.91	7.0	26
Arhar	1.91	0.38	2.24	4.53	23
Cotton	1.93	0.98	1.80	4.71	22
Oil seeds	15.84	3.22	8.93	27.99	50

reasons as to why the annual accounts of a cultivator do not reveal the credit needs. In the first instance, in the average accounts, the receipts and expenditure of different cultivators are added up. In practice, this cannot be done so that the receipts of one cultivator are of little use in financing the expenditure of another cultivator unless the latter chooses to borrow from the former. Therefore, the credit needs as revealed by the accounts of an average cultivator are not the average needs of cultivators. The latter must be far more than the former. To get at them, we must examine the accounts of individual cultivators. We shall return th the point a little later. The second reason why the annual accounts of an average cultivator does

does not reveal any credit needs is because they are annual. In spite of the balance appearing in the annual accounts, in its day to day operation, the farm business might suffer from shortage of funds. This is because of the extreme seasonal character of both the farm receipts and the farm expenditure. Even if we divide the year into two broad agricultural seasons of six months each, the cash receipts and the cash expenditure no longer balance in the accounts of each season. In the following tables (Tables 9.12 and 9.13) we give the cash receipts and expenditure separately for the two periods from April to September and from October to March.

Table 9.12 - April to September, 1951

Receipts		Expenditure	
Sale proceeds	175.1	Seed	41.2
Other receipts	71.2	Manure	8.4
		Fodder	48.0
		Wages	78.4
		Other	77.8
Total	246.3		253.8

Table 9.13 on next page.

Table 9.13

Receipts		Expenditure	
Sale proceeds	175.9	Seed	3.7
Other receipts	78.0	Manure	1.2
		Fodder	17.0
		Wages	39.0
		Other	72.0
Total	253.9		133.1

Thus there is a small cash deficit of Rs. 7.5 in the first season and a surplus of Rs. 120.8 in the second season. The cash deficit in the first season is very small. As will appear from the next section, the produce harvested during this season is nil. The sale proceeds are therefore of sale of crops of earlier season. It is obvious therefore that for the agricultural economy of this district the division of the year into two periods, April to September and October to March, has not been appropriate.

(9.25) The lack of seasonal balance between receipts and expenditure from which the farm business suffers is not confined to its cash requirements. If it is part of the farm business to keep the cultivator's family alive, the shortage of food grains during the first season is even more

more acute. As earlier noted the harvesting of both the crops - kharif and rabi in the district takes place after September. Gross produce harvested in the first period, from April to September is very small. In our sample it was nil. This is shown below. In the following we give the gross produce, divided into three categories, namely food grains, cash crops and fodder, for the two seasons separately.

Table 9.14

Gross produce	April to September	October to March	Total
Food grains	Nil	83,051	83,051
Cash crops	Nil	72,664	72,664
Fodder crops	Nil	18,619	18,619
Total	Nil	174,334	174,334

(9.26) The shortage of food grains with which the farmer is faced in the first half of the year, who during this period must sustain himself with the uncertain prospects of the two seasons emphasises the sense in which his farm and family is one whole business and the manner in which any accounting separation of the two becomes entirely artificial in practice. Those not fully aware of the hazardous margin on which most

most of the cultivators carry on their business, might wonder as to why the surplus of the second season should not finance the deficit of the first season of the following year. This certainly is the way the cultivator would arrange the matter. But a single unfavourable season with inadequate crops in the second season would upset his arrangements and it would need a succession of favourable years to retrieve the situation. From the point of view of the credit requirements, particularly of the shorter duration, it is the lack of seasonal balance in the farm accounts, rather than the overall annual position which appears to be of primary importance.

I. Farm Business - Big Vs. Small

(10.1) We shall now return to the other point which we mentioned earlier. We said that for obvious reasons, the credit needs as revealed by the accounts of an arithmetically average cultivator could not be the average credit needs of cultivators and that to get at the latter, we should examine the accounts of individual cultivators. It is with this object that we gave in Chapter VII summary items of the farm business of individual cultivators. It is possible from the items supplied to derive the balance available to each cultivator and it would be found that only 76 per cent of the 123 cultivators have a positive cash balance. It is obviously not possible in a summary report of this nature to examine in greater detail the accounts of individual cultivators. As via media, we should classify the cultivators according to some criterion and study the average accounts of different cultivators. To begin with, we might adopt the same method of classifying the cultivators as was used in the presentation of the General Schedule results. There, all cultivators in a village were arranged according to the size of their cultivated holding and then divided into ten equal divisions. When corresponding divisions in different villages were combined together, they resulted in a certain classification of the cultivators. The sample of cultivators selected for the farm business survey were

were actually selected from these classes of cultivators. From each one of the first five classes, two cultivators were selected from each village, giving us a sample of 80 bigger cultivators. From each one of the later five classes, only one cultivator was selected from each village, giving us a sample of 40 smaller cultivators. In the following sections, we shall present the results for these two samples of cultivators, one of the bigger and the other of the smaller cultivators.

(10.2) In the following tables we give the statements of receipts and expenditure per cultivator in the two groups of cultivators.

Table 10.1 — Statement of Receipts and Expenditure per cultivator in the group of bigger cultivators

1. Cash receipts		674.2	4. Cash expenditure		564.7
1.1. By value of crops and fodder	539.0		4.1. Purchase of goods and other services	291.7	
1.2. Other receipts	135.2		4.2. Payment to factors	235.9	
2. Value of unsold produce		814.3 ~~1488.5~~	4.3. Others	37.1	
			5. Expenditure in kind		426.3
			6. Balance		497.5
			6.1. In cash	109.5	
			In kind	388.0	
3. Total Receipts		1488.5	7. Total receipts		1488.5

Table 10.2

1. Cash receipts	326.2	4. Cash expenditure	209.1
1.1. By sale of crops and fodder 163.0		4.1. Purchase of goods and services 101.1	
1.2. Other receipts 163.2		4.2. Payment to factors 102.9	
		4.3. Others 5.1	
		5. Expenditure in kind	73.5
2. Value of unsold produce	227.1	6. Balance	270.7
		6.1 in kind 153.6	
		6.2 in cash 117.1	
3. Total of receipts	553.3	7. Total payments	553.3

(10.3) Let us note at the outset that, taking into account the farm receipts and expenditure and certain other cash receipts which have been included under the head "other receipts", the balance left to the cultivator is greater in the case of bigger cultivators than in the case of smaller cultivators. Thus it is Rs. 493 in the case of bigger and Rs. 271 in the case of smaller cultivators. However the difference is not as large as was expected. The bigger cultivator who has a holding five times as big as that of the smaller cultivator, has a balance which is not even two times as big as the balance left to the smaller cultivator. However, the division of this balance into cash and kind is very different in the two cases. In the case of bigger cultivators Rs. 110 out of a balance of Rs. 493 were in cash; whereas in the case of smaller cultivators Rs. 117 out of a balance of Rs. 271 were in cash. Thus it is seen

seen that so far as the position of cash resources is concerned, the smaller cultivators are better off than the bigger cultivators. We shall now examine briefly the items appearing on both sides of these statements.

(10.4) Let us first consider the value of gross produce. For the bigger cultivators on the receipt side we have Rs. 539 by sale of produce and Rs. 814 being the value of unsold produce. This gives a total of Rs. 1353 as gross value of produce. For smaller cultivators the corresponding figures are Rs. 163 and Rs. 227 adding upto Rs. 390 worth of gross produce. We should relate this to the size of the cultivated holding in the two cases, or more properly, though that is not very different, to the sown area. For bigger cultivators the average area sown is 41.1 acres; for smaller cultivators it is 8.5 acres which is roughly one fifth of the former. The value of gross produce is, however, more than one fifth of that of the former. Thus the gross produce instead of being Rs. 271 is actually Rs.390. This means that in the case of small cultivators, the value of gross produce per acre is 44 per cent greater than that of the bigger cultivator. Unless, therefore, we are to suspect under-reporting of gross produce by the bigger cultivators, it must be supposed that the smaller cultivators operate their farms much more intensively than do the bigger cultivators. The difference in the gross produce per acre is too large to be explained by possibly different

different crop compositions of the areas sown by the bigger and the smaller cultivators respectively. Nevertheless the point might be examined. In the following table we give the areas sown under different crops by the two groups of cultivators:-

Table 17.3 - Area sown under important crops

Crops	Average per cultivator Bigger cultivators	Smaller cultivators
Millets	20.1	4.7
Wheat	2.3	0.1
Other cereals	1.1	0.1
Pulses	2.5	0.7
Cotton	7.7	0.7
Oilseeds	6.9	2.1
Others	0.5	0.1
Total	41.1	8.5

Thus, among foodcrops, the smaller cultivators have proportionately larger areas under millets and pulses while the bigger cultivators have them under wheat and other cereals, which is rice. Among the commercial crops the smaller cultivators have proportionately more area under oilseeds while the bigger cultivators have it under cotton.

(10.5) In the following table we give a comparative statement of gross produce per acre of different crops for the bigger and the smaller cultivators:-

Table 10.4 - Gross produce per acre

Crop	Bigger cultivators Rs.	Smaller cultivators Rs.
Wheat	28.3	24.7
Millets	24.9	33.6
Other cereals	21.9	25.0
Gram	27.7	16.1
Arhar	18.0	25.1
Other pulses	11.6	9.3
Oil seeds	53.3	60.6
Cotton	20.7	31.6
Spices	16.1	19.3
Average	32.9	45.8

Thus the gross produce per acre of millets and other cereals as also of Arhar is larger in the case of smaller cultivators than that in the case of bigger cultivators. More striking difference is however to be found in the average yields of oilseeds and cotton where the smaller cultivators appear positively better. There appears therefore little doubt that the smaller cultivators operate their farm more intensively.

(10.6) The proportion of the produce sold is approximately the same in the case of both the bigger and the smaller cultivators it being 40 per cent and 42 per cent respectively. This is in conformity with the earlier suggestion. It seems therefore that the smaller cultivators in this district are as much business minded and grow as much for the market as do the bigger cultivators.

(10.7) The relative intensity of cultivation might be judged by examining the items of farm expenditure. The total farm expenditure for bigger cultivators is about Rs.591 which works out to Rs. 24.1 per acre. In the case of small cultivators it works out to Rs. 33.2. There is thus a clear evidence of more intensive cultivation by the smaller cultivators. The larger gross produce per acre of their farms must therefore be attributed to these larger expenses. If the farm expenditure is related to the gross produce, it is seen that the proportion is roughly the same in both the cases, it being 73 per cent in the case of bigger and 72 per cent in the case of smaller cultivators. If we consider the division of the total farm expenditure into cash and kind, we have that the cash expenditure forms 57 per cent of the total farm expenditure of bigger cultivators and 74 per cent of the total farm expenditure of smaller cultivators. Thus the smaller cultivators incur not only larger farm expenditure per acre, but actually seem to incur even larger cash expenditure per acre. This is a little surprising; but the results so far have been all consistent and indicate more intensive farming by the smaller cultivators. We have

have earlier seen the crop composition of the areas sown by the two groups of cultivators. It might now be worthwhile examining the costs of the bigger and the smaller cultivators per acre of different crops. As we noted earlier, though all the cost items could not be recorded separately for different crops, expenditure on seed and manure both in cash and in kind, as also wages paid to casual labour could be conveniently recorded separately for different crops. The average expenditure on these items per acre of different crops for all cultivators were given in table 9.11. In the following table we give the same separately for the bigger and the smaller cultivators:-

Table 10.5 - Expenditure per acre for different crops for bigger and smaller cultivators.

Crops	Bigger cultivators				Smaller cultivators			
	Seed	Manure	Cash wages	Total	Seed	Manure	Cash wages	Total
Millets	0.6	1.1	1.2	2.9	0.7	1.2	2.6	4.5
Wheat	6.9	0.1	0.3	7.3	7.8	-	1.1	8.9
Gram	6.1	-	0.7	6.8	5.4	-	2.9	8.3
Arhar	1.9	0.5	2.9	5.3	2.0	-	0.1	2.1
Cotton	2.0	1.0	1.8	4.8	1.2	0.5	2.1	3.8
Oilseeds	15.1	3.3	8.2	26.6	18.2	2.9	11.4	32.5

It will be seen that on almost all crops the smaller cultivators incur larger expenditure per acre, on both seed and hired labour and that therefore the difference cannot be attributed to different crop-compositions of the two.

(10.8) Let us now examine in detail the farm expenditure of the bigger and the smaller cultivators. Earlier we had divided the cash expenditure into three categories, namely (i) purchase of goods and services, (ii) payments to factors and (iii) other charges. We shall examine the several items in that order. In the following table, we give the expenditure incurred by the two groups of cultivators on purchases of goods and services.

Table 10.6 - Cash purchases of goods and services

	Bigger cultivators	Smaller cultivators
Seed	54.8	35.0
Manure	18.1	1.1
Fodder	104.4	25.6
Materials other than seeds fodder and manure	3.8	2.8
Purchase of grain for paying wages in kind	8.2	0.8
Other services	-	-
Maintenance and repairs of implements	9.9	0.5
Hire of implements and plough cattle	37.1	20.9
Storage, transport, commission, etc.	16.8	8.0
Rent	33.6	6.4
~~Others~~ *	~~8.2~~	~~0.8~~
Total	291.7	101.1

* ~~Purchase of grains for paying wages in kind~~

(10.9) For a broad comparison let us keep in mind that the area sown by the smaller cultivators is approximately one fifth of that sown by the bigger cultivators. It is then clear that the smaller cultivators are incurring comparatively very little expenditure on manure. Even the expenditure incurred by the bigger cultivators on manure though comparatively large, is in absolute terms quite small and works out at less than annas eight per acre. It is therefore obvious that the cultivators generally seem to be reluctant to incur cash expenditure on manure, not because they are not alive to the necessity of manuring their fields but because in view of the uncertainty of the season they do not think it worthwhile to manure. For the fact that they are fully utilising farmyard manure indicates that they are alive to the necessity of manuring their fields. Any way the smaller cultivators have incurred comparatively smaller expenditure on manure and therefore the larger gross produce per acre obtained by them cannot be ascribed to the use of manure.

(10.10) As against this, the smaller cultivators have spent proportionately more on seed. In fact they have spent approximately Rs. 4 per acre on seed as against Rs. 1/7/- spent by the bigger cultivators. This means that the smaller cultivators are using either larger quantity of seed or better quality seed. In view of the better yield per acre obtained by the smaller cultivators we are inclined to accept the ~~better~~ latter view.

(10.11) The smaller cultivators also seem to spend more on.

on fodder. But if we relate the expenditure on fodder to the number of owned livestock it is seen to be Rs. 17 per head of cattle, both among the bigger and the smaller cultivators. The expenditure on hire of implements and plough cattle is also greater among smaller cultivators. This was on account of the fact observed earlier, that many of the smaller cultivators did not own any plough cattle and depended entirely on hired plough cattle. As against this the expenditure on maintenance and repairs of implements was smaller among smaller cultivators. This is possibly due to the fact that the smaller cultivators own fewer implements. This view finds support in the figures of value of implements and machinery owned by the different strata of cultivators as shown in table 8.1.

(10.12) It is seen that the bigger cultivators are paying proportionately greater rent. This suggests that the distinction between the bigger and the smaller cultivators as we have grouped them, does not correspond with the distinction between the owner and tenant cultivators. In fact the proportionately smaller amount of rent paid by the smaller cultivators may be taken to mean that many of them are owner cultivators while the proportionately larger amount of rent paid by the bigger cultivators may be taken to mean that many of them are tenant cultivators. The bigger cultivators incurred proportionately larger expenditure on purchase of grain for payment of wages. This seems to suggest

suggest that the system of payment of wages in kind is widely prevalent and deep rooted so much so ~~as to~~ that it necessitates the purchase of grain for paying wages in kind.

(10.13) In the following table, we give the payments to factors made by the two groups of cultivators:-

Table 10.7 - Payments to factors

	Bigger cultivators	Smaller cultivators
Wages to annual farm servants	73.3	9.3
Wages to casual farm servants	152.0	82.8
Interest on loans	10.6	10.8
Total	235.9	102.9

Thus on a per acre basis the smaller cultivators employ a good deal more of hired labour than do the bigger cultivators. The employment of annual farm servants is however more frequent among the bigger cultivators. It is seen from the table that the wages paid by both groups of cultivators are considerable.

(10.14) In the following table (table 10.8) are given the other charges. The items are small and invite little comment.

Table 10.8 - Other Expenditure

	Bigger cultivators	Smaller cultivators
Land Revenue	27.8	4.4
Other expenditure	9.3	0.7
Total	37.1	5.1

(10.15) The expenditure incurred in kind by the smaller cultivators is proportionately smaller than that incurred by the bigger cultivators. The difference is largely confined to the items of home grown seed and wages to casual labour. In the following table, we give a summary of the expenditure incurred in kind by the two groups of cultivators (Table 10.9 on next page).

(10.16) It is a little surprising at first sight that the smaller cultivators do not make as much use of the home grown seed as do the bigger cultivators. In fact they meet a major portion of their seed requirement by purchasing seed. This might be an indication of the extreme narrow margin on which the small cultivators conduct their business. They are often short of food grains for family consumption and under the pressure cannot provide for the seed requirements. But sow they must and when the sowing season comes they must

Table 10.9 - Expenditure incurred in kind

	Bigger cultivators	Smaller cultivators
Home grown seed	102.2	10.4
Farm yard manure	48.6	11.4
Share rent	101.2	15.8
Annual remuneration to artisans and services	21.1	9.7
Wages to harvesting labour	78.0	20.0
Other payments at harvest	3.4	1.6
Wages to casual labour	71.8	4.6
Total	426.3	73.5

must ~~and when the sowing season comes they must~~ either borrow grain for seed ~~or borrow money and purchase seed~~ or borrow money and purchase seed. Thus goes on the cycle. Alternatively, if we are to follow the earlier indications suggesting more intensive cultivation by the smaller cultivators, their large purchases of seed might be taken to indicate that they used better seed. The value of farm yard manure used by the smaller cultivators is not on a per acre basis - smaller than that used by the bigger cultivators; as we earlier saw, the smaller cultivators purchase propor-

proportionately less manure, but the value of purchased manure is generally small as compared to that of farm-yard manure used. There is therefore no reason to suppose that the use of manure by the smaller cultivators is very much less than that of the bigger cultivators. Of the other payments in kind there are two which are proportionately larger in the case of the bigger cultivators. One is the rent in kind. The larger share rent which the bigger cultivators pay is consistent with the larger cash rents which they were seen to pay. This seems to indicate as was then suggested that the bigger cultivators are bigger not because they are bigger landlords but because they are bigger tenants. The other is the large payment of wages in kind to casual labour which the bigger cultivators are seen to make. It might be on account of the large share rent and the large payments of wages in kind which the bigger cultivators make that as we saw earlier, they are unable to make proportionately larger sales out of their gross produce.

(10.17) We should sum up this discussion by saying that, the gross yield per acre, the farm expenditure per acre and the net yield per acre are all larger in the case of the smaller cultivator than in the case of the bigger cultivator. Thus the net yield or the surplus per acre comes to approximately Rs. 9 per acre of sown area in the case of the bigger cultivators. The corresponding figure for the

the smaller cultivators is Rs. 13. But the bigger cultivator has a cultivated area which is nearly five times that of the smaller cultivator and there he beats the smaller cultivator. The latter tries to make up for this by his capacity to earn other cash receipts. In the following table, we give the details of other receipts of the two groups of cultivators :-

Table 10.10 - Other cash receipts per cultivator

	Bigger cultivators	Smaller cultivators
By sale of livestock produce	8.1	9.3
By sale of miscellaneous agricultural produce	0.5	0.1
From remittances	13.7	.7
By carting	3.4	0.8
By cash wages	92.1	143.9
By cash rent	17.4	8.4
Total	135.2	163.2

It is clear that it is mainly by way of cash wages that the small cultivator makes up his balance. All other items of receipts, except remittances received and the sale proceeds of miscellaneous agricultural produce, are larger for the smaller cultivators than for the bigger

bigger cultivators. But the items are small and do not make much of a difference. The rent received by the smaller cultivators is also proportionately larger and indicates that some of them are land lords who have leased out part of their holdings.

(10.18) The difference between the bigger and the smaller cultivators might be highlighted by comparing and contrasting two extreme groups of cultivators. The method by which the sample of 120 cultivators was selected has already been explained. For instance, from the ten per cent biggest cultivators in each selected village, two cultivators were chosen at random. This gives us a sample of 16 big cultivators. At the other extreme, from the 20 per cent smallest cultivators in each selected village, two cultivators were chosen. That gives a sample of 16 small cultivators. In the following table (table 10.11) we give a comparative statement of farm business accounts for the average farm business in the two groups of cultivators.

Thus both the big and the small cultivators seem to end up in a cash surplus. But the cash surplus is bigger in the case of smaller cultivators. However, considering the balance in cash and kind together, the big cultivators have an average balance of Rs. 729, while the small cultivators have a balance of Rs. 345 only. On the basis of per acre of their holdings the balance available

available to the small cultivators is of course larger than that available to the big cultivators.

Table 10.11

		10% biggest cultivators	20% smallest cultivators
1.1	Cash receipts by sale of crops and fodder	1577	96
1.2	Other cash receipts	58	199
2.0	Value of unsold produce	1545	182
3.0	Total receipts	3180	477
4.0	Cash farm expenditure	1461	92
5.0	Expenditure in kind	990	40
6.1	Cash balance	174	203
6.2	Balance in kind	555	142
7.0	Total payments	3180	477

(10.19) The average size of the cultivated holding for the big cultivators is 82.9 acres. The same for the small cultivators is 4 acres, which is less than 5 per cent of that for the bigger cultivators. Considering the area sown, it is 69.5 acres for the big cultivators and 4.2 acres for the small cultivators. If we now relate the gross produce, both sold and unsold, to the area sown, we have gross produce per acre of sown area to be about

about Rs. 34.9 for the big cultivators and about Rs.45.5 for the small cultivators. As already seen the difference in the value of gross produce per acre is due to a variety of causes, but mainly due to the efficient way the small cultivator manages his farm business.

(10.20) The success of the small cultivators lies in the fact that inspite of greater expenditure per acre, he is able to produce a gross yield far greater than that produced by the big cultivator and has a greater surplus per acre. Taking the cash and kind expenditure together, the big cultivators incur expenditure of Rs. 2451 to produce crops worth Rs. 3122. Thus the expenditure forms approximately 78 per cent of the gross produce. On the other hand the small cultivators incur an average expenditure of Rs. 132 to produce crops worth Rs. 278 and the expenditure forms approximately 47 per cent of the gross produce. Further about 70 per cent of their expenses are in cash as against 60 per cent in the case of big cultivators. In the following we give the details of the expenditure in cash and kind incurred by the two groups of cultivators. (Table 10.12 on next page).

The differences follow the same lines as we found when we compared the bigger and the smaller cultivators. But, now that we are comparing the two extreme groups of cultivators, they appear magnified. For instance, earlier it was remarked that the quantity of seed sown per acre

acre by the smaller cultivators was 40 per cent more than that sown by the bigger cultivators; here it is seen to be 60 per cent larger.

Table 10.12 - Details of expenditure in cash and kind per cultivator

	10% big cultivators	20% small cultivators
CASH EXPENDITURE		
Seed	95	21
Manure	61	-
Fodder	201	7
Cash wages	465	31
Other cash expenditure	603	33
Purchase of grain for payment of wages	36	-
Total cash expenditure	1461	92
EXPENDITURE IN KIND		
Seed	271	6
Manure	89	9
Wages	306	4
Other payments in kind	324	21
Total expenditure in kind	990	40
Total farm expenditure	2451	132

XI. Farm Business - Other Factors

(11.1) The system by which we have so far classified the cultivators both in the previous chapter and in the chapters relating to the General Schedule data was in a sense artificial. The basic classification of course depends upon the size of the cultivated holdings of the cultivators and thus is a size classification. Its artificiality lies in the fact that the ten per cent biggest cultivators in one village are added to the ten per cent biggest cultivators in another village giving us a combined class. The ten per cent biggest in different villages might not always be comparable in the sense that the size of their holdings might vary over quite different ranges. The principal reason for adopting that method of classification while presenting General Schedule results was a certain technical convenience, arising out of the manner in which the villages were selected. Combining of the village figures on the basis of any other method of classifying the cultivators would have been rather difficult. The sample of cultivators chosen for farm business survey, was also chosen from the classes made on the same basis. There appeared therefore a certain advantage in presenting the farm business survey results on that basis. The advantage lay of course in achieving comparability with the General Schedule results. However, it is seen that

that inspite of certain artificiality in classification, the difference between the classes of cultivators so made were indeed remarkable. This is due to the fact that though the classes so made were not really the ten per cent divisions of all cultivators according to the size of their holdings, they were the aggregate of the corresponding ten per cent divisions of all cultivators in each village according to the size of their holding. This fact is important in itself because the local community within a village being what it is and the means of communication between different villages being what they are, there subsists a kind of relationship between the bigger and the smaller cultivator, not so much because of the difference in the size of the holdings but because of the fact that they belong to two widely different social strata of the village community. The combined class of 10 per cent cultivators, biggest in their respective villages, therefore, though it certainly lacked homogeneity in the size of its holdings, formed in some important respects indeed a much more homogeneous group. It nevertheless remains true that the classes so formed were a little artificial in the sense that they were not easily comprehensible. Therefore we now propose to classify the selected cultivators in a more direct manner, such as for instance, on the basis of their size and type of farm business.

(11.2) We shall first begin with the distinction on the basis of the size of the farm business. This might be indicated, as it usually is, by the size of the cultivated holding. Areas under different crops are however not of the same importance both from the point of view of gross receipts and expenditure. Some allowance for this fact might be made by taking gross value of produce as size indicator of farm business. We propose to do the same. In the following table we give the percentage distribution of the selected cultivators, according to the size of their farm business defined by the gross value of produce. In adjoining columns we give the average size of the cultivated holding and the average value of gross produce for each group of cultivators.

Table 11.1

Range of gross value of produce.	Percent of all cultivators	Average cultivated holding Acres	Average gross value of produce [illegible]
Less than 200	20	4.7	92
200 - 399	19	4.9	300
400 - 599	14	17.4	514
600 - 799	10	17.3	787
800 - 999	10	23.1	877
1000 - 1999	19	43.2	1316
Above 2000	8	77.0	3833
~~Total~~ Average	100	25.5	871

(11.3) Average value of gross produce is shown in the last column. When from this are subtracted, the farm expenses both in cash and kind, we have the net value of produce, which might be termed the cultivation surplus. From the accounting point of view, this comprises of, after allowance for depreciation of capital assets, imputed wages for family labour and profits of cultivation if any. In practice it is the balance available to the cultivator. In the following table, we show the gross produce and the deductions to be made for farm expenditure for each group of cultivators :-

Table 11.2

Range of gross value of produce	Average gross value of produce in Rupees	Average farm expenses in Rs.	Average net value of produce	Net as per cent of gross
Less than 200	92	101	-9	-
200 - 399	300	210	90	30
400 - 599	514	372	142	28
600 - 799	787	845	-58	-
800 - 999	879	575	304	35
1000-1999	1316	836	480	36
Above 2000	3838	2793	1045	27
~~Total~~ Average	871	636	235	27

(11.4) In the last column of the above table, the net

net value of produce is shown as the percentage of the value of gross produce. This is seen to be more or less uniform in all the groups of cultivators except the first where the value of gross produce is less than Rs. 200 and the fourth where the value of gross produce ranges from Rs. 600 to Rs. 800/-. In the first group of cultivators, where the value of gross produce is less than Rs.200 the net value of produce is seen to be negative, indicating that the total farm expenditure is larger than the value of gross produce. This might be explained as due to two reasons. The classical explanation would perhaps be that these being smaller farms, the overhead charges would be proportionately larger. This might be true; but the manner in which we have defined the size of the farm business, namely, the value of gross produce, suggests that the reasons might be more direct. Net values might bear a smaller proportion to the gross value if the latter were below expectation which might be either due to unfortunate circumstances or due to understatements. Most of the costs of cultivation are fixed and only a few are directly related to the gross produce; in the latter category are for instance, such items as share rent, payments in kind to harvesting labour particularly when they are fixed proportions of the harvest and remuneration to artisans and services which in practice are to some extent flexible. On the other hand expenditure on on such items as seed, manure and fodder and most of the expenses of cultivation are more or less fixed in the sense that they are incurred long before the harvest, and though they undoubtedly influence the yield in a positive sense, they cannot be avoided or adjusted to misfortunes of accidents and bad season. If, therefore, the gross produce were below expectation due to such circumstances, the costs remaining more or less the same, it is obvious that the net value would bear a smaller proportion to the gross value. If the gross produce were understated, the case is simpler; in such cases, the costs are usually stated in full if not actually exaggerated and this naturally results in proportionately smaller net value of produce. However in the present cases, as already emphasised in section 9.9, during the period under report, the yield was below normal on account of the unsatisfactory character of the season. This largely explains the small negative net value of produce in the first group of cultivators.

(11.5) In the fourth group of cultivators, where the gross value of produce is about Rs. 767, abnormally heavy average farm expenditure amounting to Rs. 645/- is reported. An analysis of this heavy average farm expenditure shows that it is confined only to two cultivators in this group. They have together incurred an expenditure of about Rs. 3000/- on payment of wages and about Rs.1600 on other expenditure. The effect of this heavy expendi-

expenditureon the average farm expenditure per family in this group of cultivators may be seen from the fact that the elimination of these, will result in lowering the average farm expenditure from Rs. 645 to Rs. 502 so that the net value of produce would be a positive balance of Rs. 205 instead of a negative balance of Rs. 58 as at present. It is therefore obvious that the negative balance is due to the abnormally heavy expenditure incurred by two of the cultivators in this group.

(11.6) The preceding discussion, it should be remembered, is based on the Farm Business Survey of a sample of only 120 cultivators; too much should not, therefore, be read into the results. Nevertheless, we shall draw attention to certain results which might have some significance. In the first three groups of cultivators, the net value of produce is too small for a family living; in fact it is negative in the first group. Hence, as we shall subsequently see the families in these groups must earn from additional sources. The negative net values of produce in the fourth group of cultivators with an average gross produce worth Rs. 757, is as already explained exceptional. In the remaining three groups of cultivators with an average value of gross produce exceeding Rs. 800/- the net value of produce is substantial and is generally proportional to the gross value of produce.

(11.7) The farm receipts of the cultivators are often

often supplemented by some other receipts. As explained earlier, we have not taken into account the receipts from non-farm business of the cultivator. When these are left out, the other receipts are to some extent derived from sale of dairy products and of minor products of the farm, but largely from wages. Their overall composition has already been indicated. In the following table we give for each group of cultivators, the farm and other receipts.

Table 11.3

Range of gross value of produce in Rs.	Average net farm receipts Rs.	Average other receipts Rs.	Average total receipts Rs.	Other receipts as percent to total Rs.
Less than 200	- 9	238	229	-
200 - 399	90	170	260	65
400 - 599	142	148	290	51
600 - 799	-58	87	29	-
800 - 999	304	43	347	12
1000-1999	480	182	662	27
Above 2000	1045	8	1053	1
~~Total~~ Average	235	149	384	39

It should be noticed that as we go from groups with lower gross value of produce to groups with higher gross value of produce, the value of average other cash receipts generally diminishes from group to group. In the first three groups of cultivators where the gross value of produce is less than Rs. 600/- the average other cash receipts are substantial, and are mostly in the nature of wage receipts. Average other cash receipts are also substantial in the group of cultivators with an average gross value of produce amounting to Rs. 1316/-. But in relation to the average total receipts they are small. Besides they must be exceptional as they are confined largely to one or two cultivators. Thus a single cultivator in this group of cultivators has reported average other cash receipts amounting to Rs. 734/-. This has considerably pulled up the average for the whole group. Otherwise in all other groups the average other cash receipts are small both absolutely and in relation to the average total receipts and are mostly in the nature of receipts by subsidiary sales and of cash rent.

(11.8). The total receipts as shown in the last but one column of the above table, which are the balance, resting with the cultivator will be partly in cash and partly in kind. In the following table, we show them as divided into these categories (Table 11.4 on next page).

hearing Thus due to the large amount of supplementary

supplementary receipts, particularly by way of cash wages, the position of the smaller cultivator in respect of their cash receipts is much better. In fact it may be stated that the cultivator who supplements his farm income by cash wages and other receipts is generally better off so far as cash receipts are concerned. This is so in the case of the first three groups of cultivators. The position of the cultivators in the fourth group is somewhat different and, as indicated earlier, is exceptional. In all other groups of cultivators the cash balance of the cultivators is seen to be small as compared to their total farm receipts because the farm receipts are not supplemented to any considerable extent by other cash receipts.

Table 11.4

Range of gross value of produce Rs.	Average cash balance Rs.	Average balance in kind Rs.	Average total balance Rs.	Cash balance as per cent of total balance Rs.
Less than 200	208	21	229	91
200 - 399	140	120	260	54
400 - 599	107	183	290	37
600 - 799	-242	271	29	-
800 - 999	36	311	347	10
1,000-1999	199	463	662	30
Above 2000	144	909	1053	14
~~Total~~ Average	113	271	384	29

(11.9) The cash receipts accruing to the cultivator as well as his cash requirements for farm expenditure both depend, apart from the size of his farm, upon the kind of crops that he grows. For this purpose, a broad distinction might be made as between food crops and commercial crops. In the latter category are included, in this district, such crops as cotton, groundnut and certain garden crops as chillies. If we divide the cultivators according to the proportion that the value of their commercial crops bears to the value of all crops, we have the following:-

Table 11.5

Proportion of cash crops to all crops	Percent of cultivators	Average cultivated holding in acres	Average gross value of produce	Average value of cash crops
Less than 20%	10	13.5	394	45
20% - 39%	20	19.5	516	174
40% - 49%	21	23.7	900	443
50% - 59%	19	41.4	1391	750
60% - 79%	20	31.6	1067	709
80% and above	10	11.0	450	391
~~Total~~ Average	~~100~~	25.5	871	456

(11.9) This it is seen that in the case of nearly half of the cultivators, the commercial crops form more than half of their total gross produce. In the adjoining column of the above table is shown the average cultivating holding for each group of cultivators. Except in the last group, the size of cultivated holding is seen to increase from group to group indicating that it is the larger farms that are commercialised to a greater extent.

(11.10) The commercialised farms grow more for the market. Consequently a large proportion of their gross produce is sold and a smaller proportion retained for home consumption. This may be seen from the following table though the figures are not very regular:-

Table 11.6

Proportion of cash crops to all crops	Average value of gross produce Rs.	Sales proceeds Rs.	Sales as percentage of gross produce
Less than 20%	394	72	18
20% - 39%	516	222	43
40% - 50%	980	282	29
50% - 59%	1391	747	54
60% - 79%	1067	392	37
80% and above	450	197	44
~~Total~~ Average	871	351	140

(11.11) It is to be expected that the farms commercialised to a greater extent would incur proportionately larger expenditure. In the following table, we show the per acre farm expenditure incurred by cultivators in different groups :-

Table 11.7

Proportion of cash crops to all crops	Average cultivated holdings in acres	Average farm expenditure in Rupees	Per acre expenditure in Rs
Less than 20%	13.5	244	18
20% - 39%	19.5	515	26
40% - 49%	23.7	546	23
50% - 59%	41.4	960	23
60% - 79%	31.6	798	25
80% and above	11.0	523	48
~~Total~~ Average	25.5	636	25

Except for the two extreme classes, the expenditure per acre is not seen to increase with increasing commercialization.

(11.12) The same point might be examined in a different manner in the following table, where we show for each group of cultivators, the average value of gross produce,.

the average farm expenditure, the average net value of produce which is gross value minus expenditure, and finally the proportion that the net value bears to the gross value of produce :-

<u>Table 11.8</u>

Proportion of cash crops to all crops	Average gross value of produce	Average farm expenditure	Average net value of produce	Average net value as percentage of gross produce
Less than 20%	394	244	150	38
20% - 39%	516	515	1	-
40% - 49%	980	516	434	44
50% - 59%	1391	960	431	31
60% - 79%	1067	798	269	25
80% and above	450	523	-73	-16
~~Total~~ Average	871	636	235	.27

Here again the figures do not ~~work~~ look very regular.

(11.13) Another method by which cultivators might be classified on the basis of the crops they grow would be by their principal or major crops. In the large variety of crops that a cultivator grows it is difficult to fix on one as the principal or major crop. Nevertheless, as a matter of definition, we shall regard that crop which by value forms

forms the largest proportion in the gross value of all crops, as being the major crop. It should be noted that when so defined the major crop does not necessarily account for more than 50 per cent of the gross value of produce; it only means that by value of produce it is bigger than any other crop. In the following table we give the distribution of the cultivators by the major crop so defined. In adjoining columns of the tables, we show their average holdings and average value of their gross produce:-

Table 11.2

Major crops	Percent of cultivators	Average cultivated holding in acres	Average value ~~unit~~ of produce
Millets	47	28.3	956
Groundnut	39	22.4	786
Others	14	24.9	822
~~Total~~ Average	100	25.5	871

The last group of 14 cultivators comprised of seven cotton growers, two wheat growers, one grower each of sugarcane, gram, and pulses other than gram and two growers of miscellaneous crops.

(11.14) In the following table, we show the relation between the net and gross value of the produce for cultivators in different major crop groups :-

Table 11.10

Major crops	Average gross value of produce in Rs.	Farm expenditure in Rupees	Net value of produce in Rs.	Net value as percentage of gross value
Millets	956	611	345	36
Groundnut	786	679	107	14
Others	822	587	235	29
~~Total~~ Average	871	636	235	27

It should be noted that the gross and net value figures do not relate to the specific major crops but to all crops grown by the cultivators, in that major crop group. It is then worthwhile noting that the cultivators growing proportionately more groundnut are left with a smaller net value as compared to cultivators growing proportionately more millet crops.

(11.15) We have earlier seen that rent does not appear to be an important item of expenditure in the farm business accounts of cultivators in this district.

Actually 66 per cent of the cultivators do not pay any rent. In the case of 17 cultivators the rent bears a proportion of less than 20% to their gross produce. In the case of the remaining 17 cultivators the proportion of rent to gross produce is between 20 to 70 per cent. In the following table, we give the average holdings and the average gross produce of these groups of cultivators:-

Table 11.11

Rent paid as % to total gross produce	Percent of cultivators	Average cultivated holding in acres	Average gross value of produce
0	66	20.9	801
Less than 20%	17	41.2	1172
20% – 70%	17	27.6	843
~~Total~~ Average	~~100~~	25.5	871

(11.16) Only 13 per cent of all cultivators were landless; that is they were exclusively tenant cultivators. The average size of their cultivated holding was 18 acres. In the following table we give a brief statement of the farm business account of the tenant cultivators. (table 11.12 on next page)

Table 11.12

Per cultivator	Rs.	Per cultivator	Rs.
1.1. Cash receipts by sale of crop and fodder	159	4.0. Cash farm expenditure	220
1.2. Other cash receipts	307	5.0. Expenditure in kind	169
2.0. Value of unsold produce	253	6.1. Cash balance	246
		6.2. Balance in kind	84
3.0. Total receipts	719	7.0. Total payments	719

It is obvious that the balance left to these cultivators is entirely due to their capacity to earn other cash receipts, and that in their farm business they do not seem to make ~~work~~ very much more than just balance the receipts and the expenditure.

XII. Character of Credit

(12.1) In Chapter V we examined the extent of annual borrowing and the purpose for which it was resorted to. Confining our attention to cultivators, we found that borrowing per cultivator amounted to Rs. 205 of which Rs.77 were for meeting capital investment expenditure, Rs. [illegible] for meeting current farm expenditure and the remaining Rs.1[illegible] for family and other expenditure. Similar information is obtainable from the Farm Business Survey of the selected cultivators. The figures on this basis are, however, somewhat different. On the basis of the Farm Business Survey the average borrowing per cultivator was reported to be Rs. 271 of which only Rs. 84 were for meeting the capital farm expenditure, Rs. 19 were for meeting current farm expenditure and the remaining Rs. 168 were for meeting family and other expenditure. Thus the reported borrowings in the Farm Business Survey are somewhat larger than those reported in the General Schedule. Borrowing on business account, that is for capital and current farm expenditure, together are more or less the same in the two cases, Rs.97 in the General Schedule and Rs. 103 in the Farm Business Survey and the borrowing on Capital and Current Farm Expenditure both agree well in the two cases. The real difference, however, is the large borrowing for family and other expenditure reported in the Farm Business Survey where

where it is 55 per cent higher as compared to that reported in the General Schedule.

(12.2) These differences are partly due to the variations inherent in the sample results and partly due to the fact that the two sets of results do not refer to quite the same period of time. Some difference might also arise from the difference in the method by which the data was collected in the two cases. The General Schedule was filled in a single visit to the families and there the information related to the period of one year immediately preceding the day of the visit. On the other hand, the farm business survey of the sample of cultivators was conducted in two visits and in each visit the information was for a fixed period of six months from April to September in the first visit and from October to March in the second visit. It would be out of place to discuss in any detail the differences that these two methods of investigation are likely to cause. We might note, nevertheless, that in the second method, there is sometimes a possibility of enumerating larger number of transactions. This might happen due to three distinct reasons. Firstly as the questionnaire relates to a shorter period, only six months, the respondent is likely to respond with a better memory. Secondly though the questionnaire relates to a fixed period, such as from April to September, the visit usually takes place not immediately after the close of the reference period, but some-

sometimes after, say in November. In such cases, even though the investigator might try to fix the respondent to the reference period, he is likely to report all transactions to date of visit. This results in a certain amount of overlap between the reporting period which can be minimized only with considerable investigational care. Thirdly the respondent is likely not to report two transactions which mutually cancelled during the period. Such are for instance borrowing and repayment. With shorter reporting period, there would usually be fewer such transactions, which having been mutually cancelled are not reported. Having regard to these circumstances, the differences between the sample and the General Schedule results do not appear to be large enough to detract from their value.

(12.3) The principal items of information obtained in the Farm Business Survey which add significantly to the analysis of borrowing attempted in chapter V on the basis of the General Schedule data, are details regarding amounts, rates of interest and securities in addition to creditors and purposes of borrowing for each loan taken during the year. In the following section we shall present these details. In doing this, it might prove convenient and useful to divide all loans taken during the year into two categories: one, of loans borrowed and fully repaid during the year and the other of loans borrowed but not fully repaid during the year, that is of loans which were borrowed during the year and re-

remained outstanding, partly or wholly, at the end of the year. To these categories of loans, we might then add a third category, namely, of loans not borrowed during the year, which were outstanding at the end of the year, that is of loans outstanding at the end of the year which were borrowed sometime before this year. An analysis of these loans by the period over which they remained outstanding might be found particularly useful.

(12.4) For the sample of cultivators we have already noted that the average borrowing, during the year was about Rs.271 per cultivator. Out of this, loans worth Rs. 61 only were fully repaid during the year. The remaining loan worth Rs. 210 was not repaid before the end of the year, which was the end of March. It is difficult to say whether on this account, we treat only the first Rs. 61 as being strictly short term credit. Our hesitation in this respect arises due mainly to two considerations. In the first instance, we choose the year from April to March; the repayments were heaviest in March and it is possible that they were are substantial in the following April. It seems, therefore, that if we had chosen the year say from May to April the proportion of the loans fully repaid during the year might have been somewhat larger especially as very few borrowings were reported in April. Secondly, if we decide to call loans repaid within one year, as strictly short term credit, some of the loans borrowed during the year which remained out-

outstanding at the end of the year might not have been of more than one year's duration. In any case some of the issues seem hypothetical and others difficult to settle without a more detailed examination of the material. Therefore, in what follows we shall be content with treating the Rs. 61 worth of loans which were borrowed and fully repaid during the year, separately from the Rs. 210 which remained outstanding at the end of the year. It should nevertheless be noted that the former comprises of a big loan exceeding Rs. 5500/- borrowed and repaid during the year. And if that is eliminated the total amount borrowed and fully repaid during the year comes to Rs. 32. And this is about 13 per cent of the total borrowings during the year. In a normal year this amount would have been very much larger, but ~~because~~ during the period under report, the season was poor and famine conditions prevailed in two of the selected villages and consequently repayments of loans might be expected to have been smaller than usual.

(12.5) Coming back to the loans borrowed and fully repaid during the year, they amounted, as stated earlier, to Rs. 61 per cultivator. After eliminating the abnormal case referred to above, they come to Rs. 32 per cultivator. Borrowings were reported in all the twelve months of the year. They were heaviest in August, the total borrowings during that month being approximately one third of the total borrowings. They were also heavy in the months of November and December, the total amount borrowed during these two months exceeding

exceeding one fourth of the total loans borrowed. On the contrary the repayments are mainly concentrated in two months December and March, repayments in December amounting to 27 per cent and those in March amounting to 63 per cent of the total repayments.

(12.6) As to the size of these loans, it might be noted that there were about 30 such loans per 100 cultivators. This gives an average size of about Rs. 203 per loan. However, if we leave the abnormally heavy loan reported earlier, the average size of the loan comes down to Rs. 111/- more than 58 per cent of the total amount comprised of loans of amounts less than Rs. 300 each, 23 per cent of the loans of amounts between Rs. 300 to Rs. 400 and the remaining 19 per cent of loans of amounts exceeding Rs. 400.

(12.7) Two fifths of the amount was borrowed for meeting family expenditure, one fifth for meeting current farm expenditure, one third for meeting capital farm expenditure and the remaining to meet other expenditure. These figures are obtained after eliminating the abnormally heavy loan referred to in the previous paragraphs. This loan had been borrowed to meet family expenditure. It appears that most of the capital expenditure on farm was in the nature of bunding and other land improvement.

(12.8) Leaving aside the exceptional case referred to in previous paragraphs, more than two thirds of the loans were supplied by agricultural money-lenders, one sixth by traders

traders and commission agents, one twelfth by relatives and the remaining by the private professional moneylenders. It is a little surprising that no loans from cooperative societies appear among these loans. Of the total loans 35 per cent are free of interest, 31 per cent bear interest at rates varying from 10 to 15 per cent per annum and the remaining 34 per cent bears interest at rates higher than 15 per cent. Of the total loans 96 per cent was unsecured and the remaining four per cent was secured by pledge of gold and ornaments.

(12.9) The remaining loan amounting to Rs. 210 was borrowed but not fully repaid during the year. Some of the loans were only partially repaid, the repayments including interest amounting to Rs. 8.8 only. We have said that it was possible that some of the outstanding loans did not in fact remain unpaid for more than a year. Alternatively, a part of it, though actually remained outstanding over more than a year, was not intended to be so at the time of borrowing. This might be true to some extent. But as we shall presently see, the loans borrowed but not repaid during the year differ in many important respects from the loans borrowed and fully repaid during the year, and to such an extent as to suggest that at any rate a larger part of them was intended to remain outstanding for longer than a year. The first important respect in which they differ from the shorter termed loans is that they were of much larger amounts. There were appro-

approximately 112 such loans reported per 100 cultivators. This gives an average amount of more than Rs. 183 per loan. 47 per cent of the total amount comprised of loans of less than Rs. 300/-, 21 per cent of loans of more than Rs.1000/- each, and the remaining 32 per cent of loans varying from Rs. 300 to Rs. 1000/-.

(12.10) Of the total borrowings 45 per cent were for meeting family expenditure, 35 per cent for meeting capital expenditure on farm, 6 per cent for meeting current farm expenditure, one per cent for meeting current farm and family expenditure and the remaining 13 per cent to meet other expenditure. The purposes for which the loans were borrowed and the proportion of the amounts borrowed for these purposes do not differ materially as between loans fully repaid during the year and those not fully repaid during the year. However the proportion of the amount borrowed to meet current farm expenditure is 20 per cent in the case of loans fully repaid during the year as against only 6 per cent in the case of loans not fully repaid during the year. As against this, the proportion of the amount borrowed to meet other expenditure is comparatively greater in the case of loans not fully repaid during the year. The proportion of the amount borrowed to meet family expenditure is also slightly greater in the case of loans not fully repaid during the year.

(12.11) Of the total loans four per cent was provided by the co-operative societies and less than one per cent by the Government. The remaining 95 per cent of the loans were supplied by private creditors. Of the total loans more than

than 23 per cent are from relatives and are therefore free of interest. Hence they may be supposed to have been intended only for a short term as are usually the loans from cooperative societies.

(12.12) Nearly 94.0 percent of the loans were advanced without any security, 2 per cent on the security of immoveable property, 1.6 per cent against the security of commodities, and 0.8 per cent each against the security of bullion and ornaments and other moveable property. The most usual rate of interest was 12 per cent. Others which are frequently come across are 18 per cent, 24 per cent and 37.5 per cent. Of the total loans 37 per cent were free of interest. The usual rates of interest are 1.1/2 anna per rupee per annum. (i.e. 9- 6- 0 per cent per annum), one rupee per cent per month (12 per cent per annum), one pice per rupee per month (i.e. 18-12- 0 per cent per annum), 2 rupees per cent per month and 1/2 anna per rupee per month (i.e. 37- 8- 0 per cent per annum). 7, 25, 16, 9 and 6 per cent of the total amount borrowed were at these rates of interest respectively.

(12.13) It is clear therefore that the loans borrowed but not fully repaid during the year were in many respects different and that therefore, a majority of them were possibly not intended to be repaid during the year. Of the total loans six per cent was for meeting current farm expenditure and 4 per cent was supplied by co-operative societies. Hence not more than five per cent of the total of such loans could have been repaid or intended to be repaid

repaid within one year. And this comes to Rs. 9 out of Rs. 108. When this is added to Rs. 61 which were fully repaid during the year, we will have Rs. 70 which might be called as short term borrowings.

(12.14) Of the total borrowings during the year amounting to Rs. 271, Rs. 84 were for meeting capital expenditure on farm, Rs. 18 to meet current expenditure on farm, Rs. 136 to meet family expenditure, Rs. 30 to meet other expenditure and Rs. 3 to meet current farm and family expenditure. The total capital investment in agriculture net of sales amounts to Rs. 147.6. The borrowings on that account, however, amount to 56 per cent of this expenditure. On the other hand the cash expenditure on current farm account was Rs. 387 so that the borrowing on that account comes to 4.6 per cent of the total expenditure. As an alternative we had enquired how the current farm expenditure was met by the cultivators. The two main sources were, of course, income and borrowing. In the following table we give the total cash expenditure under the main heads and the proportion of it which was financed by borrowing :- (Table 12.1 on next page)

(12.15) The total borrowing for current farm expenditure, as it appears in the above table, comes to Rs. 66. The difference between this figure and the earlier figure of Rs. 18 might be partly due to discrepancies of reporting as the figures were derived from two very different questionnaires. The figure of Rs. 66 was arrived at by asking to what extent the incurred

Table 12.1

Item	Expenditure	Of which met by borrowing	Per cent financed by borrowing
Seed	44.9	29.6	65.9
Manure	9.6	1.2	12.5
Fodder	65.0	18.6	28.6
Wages	117.4	29.7	25.3
Other	150.0	6.8	4.5
Total	386.9	85.9	22.2

incurred expenditure was met by borrowing. The latter figure of Rs. 10 was obtained by analysing the loans according to the purposes for which they were borrowed. Some discrepancy of reporting is therefore to be expected. The difference between the two figures is however too large but might be due to the possibility that though a loan might have been incurred for a specific purpose, the whole amount of the loan might not have been actually expended or if expended not wholly for the specified purpose. It had already been observed that heavy borrowing has been reported on account of capital expenditure on farms and it is likely that part of it has been diverted to meet current farm expenditure.

(12.16) Taking the figures as they are, it is clear that it is comparatively for the purchase of seed fodder and payment of wages that borrowing is resorted to to a greater extent. The urgency of seed and fodder requirements is obvious. As shown earlier in table 9.7, of the cash wages about two fifths were for interculturing, about one half was for ploughing, sowing, harrowing and harvesting and the remaining for other agricultural operations. The expenditure on interculturing is highly flexible and depends upon the resources of the cultivator and the availability of cheap credit whereas the expenditure on ploughing, sowing, harvesting, etc. is unavoidable and the demand for it is urgent.

(12.17) The average borrowing on family account is Rs.136. As we noted earlier it is about 41 per cent higher than that reported in the General Schedule. The family expenditure

Table 12.2 - Repayment during the year

Towards loans borrowed and fully repaid during the year	...	61.
Towards loans borrowed but not fully repaid during the year		4.
Towards loans outstanding at the beginning of the year and not fully repaid during the year		8.
Towards loans outstanding at the beginning of the year, but fully repaid during the year		-
Total repayment		73.

first category are of course to the full extent of borrowing. In the second the borrowing amounted to Rs. 210 per cultivator. The repayments therefore come to about 3.1/2 per cent only. If we put together loans in the first two categories that is, loans borrowed during the year, the repayments come to about 24 per cent of the borrowings.

(12.19) The amount at the end of the year of the loan in the third category was approximately Rs. 130 per cultivator. This was the amount outstanding after repayment of Rs. 8 so that the amount outstanding at the beginning of the year should be Rs. 138. The repayment is therefore about 6 per cent of the outstanding at the beginning. Now none of the loans outstanding at the beginning of the year is completely liquidated. Hence it is obvious that Rs.130/-

was all that was outstanding at the beginning of the year, and that only about six per cent of it has been repaid during the year. Besides this Rs. 271 was borrowed during the year of which Rs. 65 were repaid during the year. The total debt outstanding at the end of the year thus comes to about Rs. 336 as compared to Rs. 138/- outstanding at the beginning of the year. The outstanding indebtedness per cultivator thus increased by about 143 per cent during the year. This is in general agreement with the results of the General Schedule, though the outstanding indebtedness both at the beginning and at the end of the year as appearing in the General Schedule were considerably lower than those appearing in the farm business accounts. In the General Schedule results the indebtedness at the beginning and at the end were Rs. 100 and Rs. 234 respectively and thus recorded an increase of 134 per cent during the year.

(12.20) We have already seen that Rs. 336 outstanding at the end of the year consisted of Rs. 206 borrowed during the year and Rs. 130 borrowed in previous years. Hence it is obvious that of these Rs. 336, the amount of Rs. 206 was outstanding for not more than a year and that the balance, namely Rs. 130 was outstanding for a period exceeding a year. In the following table (table 12.3 on next page) we give the distribution of Rs. 130 according to the number of years over which they remained outstanding.

(12.21) We have already seen that loans borrowed but not

not fully repaid during the year, differed in some important respects, from the loans borrowed and fully repaid during the year. We might expect, therefore, that the loans remaining outstanding over a longer period would also differ materially in some respects from both the loans referred to earlier. Thus loans of longer duration were of larger amounts. Thus the amount of loans of size Rs. 500/- and more formed 60 per cent of the loans of longer duration whereas loans of sizes smaller than Rs. 500 formed more than 60 per cent of the amount borrowed during the year. The purpose for which the loans were borrowed however were the same in both the cases and the proportion of loans borrowed for different purposes also was generally in harmony in both the cases. Thus in the case of loans of longer duration 34 per cent were to meet capital expenditure on farm, 7 per cent to meet current expenditure on farm, 54 per cent to meet family expenditure and the remaining 5 per cent to meet other miscellaneous expenditure.

Table 12.3 -

No. of years outstanding	Amount in Rupees
Two or three	103
Four or six	22
Eight, nine or ten	4
Thirty-four	1
Total	130

(12.21A) In Bijapur district the movement for organising institutions such as grain banks for providing grain loans to cultivators has not yet gathered momentum. In fact, during the period under report, there were only two such institutions in the district. None of them was covered by our investigation. Nevertheless, it appears that occasionally grains loans are borrowed by cultivators from other cultivators; for a few grain loans were actually reported, in the selected villages by cultivators selected for Farm Business Survey. Thus 15 grain loans borrowed and fully repaired during the year were reported. The quantity borrowed was 3009 seers of Jowar. The quantity repaid with interest in full satisfaction of these loans came to about 3607 seers of Jowar. From this it is obvious that the average size of a loan borrowed and fully repaid during the year was approximately 200 seers of Jowar. All these loans were borrowed exclusively to meet family expenditure and presumably for consumption at home. Besides these 15 grain loans, there were 11 others borrowed but not fully repaid during the year. The total quantity borrowed was 1499 seers of Jowar and the total quantity outstanding at the end of the year was 1408 seers of Jowar. The size of the loan in this case came to 136 seers of Jowar. The loans were borrowed exclusively to meet family expenditure. Of the total outstanding dues 74 per cent was outstanding for more than eight months while the remaining 26 per cent was outstanding for not more than three months.

(12.22) In a classification of these loans by creditors, the share of the government is now naturally higher. Thus it is 16 per cent as against a share of less than one per cent in the case of loans outstanding for less than a year. Similarly the share of the co-operative societies is also higher. Thus it is 9 per cent as against four per cent in the case of loans outstanding for less than a year. Thus it is seen that the Government and the cooperative societies together supply one fourth of the total long term credit needs. The shares of traders and commission agents, professional private moneylenders and the relatives were, as was expected, very small. Thus professional private moneylenders, traders and commission agents together accounted for only 4 per cent of the total amount supplied while the share of the relatives that is of interest free loans was as low as 10 per cent. The Agricultural moneylenders supplied 50 per cent of the amounts and other moneylenders supplied the remaining 11 per cent of the amount.

(12.23) About 63 per cent of the loans were advanced without any security. 24 per cent against the security of immoveable property and 8 per cent against the security of bullion and ornaments. Thus the proportion of unsecured loans was 60 per cent as against 95 per cent in the case of loans outstanding for not more than a year. Consequently the proportion of secured loans and the proportion of amounts borrowed according to the nature of security differ considerably in both the cases. Thus, while in the case of loans

loans outstanding for not more than a year, agricultural produce and moveable property - mainly bullocks, are seen to have been accepted, they are, naturally enough, not accepted as security for loans of longer duration. The loans of longer duration are secured by mortgage of im-moveable property mostly land and pledge of gold and ornaments.

(12.24) Of the longer termed loans, 16 per cent were free of interest, 33 per cent bore interest at the rate of Rs.9-6-0 per cent or less, 27 per cent bore interest at 12 per cent, 6 per cent bore interest at about 19 per cent, 10 per cent bore interest at 24 per cent and the remaining 8 per cent at about 37.5 per cent. As against this of the loans which remained outstanding for not more than a year, 37 per cent were free of interest, 8 per cent were borrowed at 9- 6- 0 per cent or less, 25 per cent were borrowed at 12 per cent about 15 per cent borrowed at a rate of 18 per cent, 9 per cent were borrowed at a rate of 24 per cent and the remaining 6 per cent at a rate of 37.5 per cent. Thus it is seen that though the proportion of loans free of interest is smaller in the case of longer termed loans, the proportion of loans bearing interest at Rs. 9- 6- 0 per cent or less is considerably more indicating that a larger proportion of the amount was borrowed from either the Government or the cooperative societies. Otherwise the proportion of amounts borrowed at different rates are generally in harmony in the case of both the short-termed and the long termed loans. The only

only appreciable difference is in the proportion of loans borrowed at the rate of about 12 per cent, the proportion is 6 per cent in the case of long termed loans as against 15 per cent in the case of short-termed loans.

(12.25) Thus it is obvious that private moneylenders have great scope because the finance provided by government is insignificant and is ~~also~~ mainly given to meet the capital expenditure on farm. The amount provided by co-operative societies is also very small and is restricted to its members only. Besides they are advanced to meet farm expenditure only, whether capital or current. Thus the private agencies, the agricultural money-lenders, traders and commission agents, professional private moneylenders, not only supply a major portion of the total credit but are actually the only suppliers of credit to meet expenditure of private character. Thus they supply credit to meet family and other miscellaneous expenditure in addition to financing the farm business of the cultivators. Most of this lending is done by unauthorised persons seemingly unaware of the legislation governing their business.

(12.26) For a better appreciation of the limitations of the government finance and co-operative credit which leave a large field to the private money lenders it would be necessary to study the structure and working of these various credit agencies in greater detail. We propose to do this in the following chapters.

XIII. Government - Objectives & Measures

(13.1) In earlier chapters, while discussing the agencies supplying credit needs of cultivators, we saw that the State Government has by no means an important share in the business. Less than one half per cent of the total amount borrowed during the year was supplied by the Government. The Government loans were mainly for capital investment in agriculture; in fact, as much as 96 per cent was for capital investment in agriculture and the remaining 4 per cent for current farm expenditure. In particular, we noticed that Government made no advances for meeting family expenditure, which as stated, seemed inseparably mixed up with borrowings for agricultural purposes. Even in respect of the loans raised for capital investment in agriculture, the Government share, it should be noted, was not indeed large. Less than one and a quarter per cent of such amount was advanced by the Government. The Government loans however were allowed to stand somewhat longer with the result that its share in the total outstanding debt was comparatively larger than its share in the total borrowings; actually the share of the Government in the outstanding dues come to 5.3 per cent. The finance emanating from Government, therefore, appears to have some distinct characteristics and its potential importance should be greater than what its value indicates. Besides providing of actual finance, the Government of course can influence to a great extent the

the credit and the general agricultural situation. In this chapter we propose, therefore, to examine in some detail, the objectives of the Government as indicated by the legislative provisions and the consequent measures and their operation in practice.

(13.2) There are two legislations enacted by the State Government which are calculated to affect the general agricultural organisation as it exists today. They are the Bombay Tenancy and Agricultural Lands Act and the Bombay Prevention of Fragmentation and Consolidation of Holdings Act.

(13.3) The Bombay Tenancy and Agricultural Lands Act of 1948 was a substantial revision of the earlier Bombay Tenancy Act of 1939. The primary objective of the Act, as of its predecessor, is to give protection to the tenant personally cultivating lands from being evicted from the land so long as he regularly pays a reasonable rent. The rent if not mutually agreed upon is to be settled by the Mamlatdar, who is the Taluka Revenue Officer, but is stipulated not to be more than one-fourth of the irrigated crops and one-third of the dry crops. An important provision is that when suspension of remission of the land revenue is granted by the Government, the tenant is entitled to suspension or remission of rent in the same proportion.

(13.4) The second important provision of the Act, is the

(13.6) The Bombay Prevention of Fragmentation and Consolidation of Holdings Act of 1947 ...

the limit that it seeks to put on the size of cultivated holding of a cultivator. It has been put at fifty acres. Thus ordinarily, under certain conditions, when a landlord desires to cultivate a rented land, he can terminate even a protected tenancy; but if this leads to an increase in his cultivated holding beyond 50 acres, he cannot do so. On the other hand, a protected tenant has a right to purchase from the landlord the land in the tenants' cultivation, ~~so much so that~~ If the price offered by the tenant is not acceptable to the landlord, the tenant may apply to the tribunal for determining the price and when he deposits the amount fixed by the tribunal, the tribunal declares him to be the possessor; but this can only be done when the purchase does not result in the tenant ~~owing~~ owning more than fifty acres of land.

(13.5) The third objective of the Act is to restrict the alienation rights in land. The act invalidates all sales, gifts, mortgages, leases or exchanges of an agricultural land in favour of a person who is not an agriculturist. A landlord intending to sell his land must sell according to prescribed priorities; tenant who is actually cultivating the land; cultivator of the adjoining lands; a cooperative farming society and any other agriculturist, in that order. Further, lands purchased by a protected tenant under the provisions of the Act cannot be sold, mortgaged, gifted, exchanged or leased without the prior sanction of the Government.

(13.6) The Bombay Prevention of Fragmentation and Consolida-

The Bombay Prevention of Fragmentation and Consolidation of Holdings Act of 1947 was enacted with a view to preventing ----

to preventing fragmentation of agricultural lands and promoting consolidation of agricultural holdings. In order to prevent fragmentation, under this Act, Government by notification specifies the area - a village, a Mahal or a Taluka where the Act is made applicable. In order to prevent fragmentation, a standard area for each class of land in the area is determined and fragments of area smaller than the standard area are not allowed to be sold or transferred in any way unless they become merged to form a piece of more than the standard area. No land in the area is allowed to partition under any circumstances which might result in fragments of area smaller than the standard area.

(13.7) For promoting consolidation of holdings in the area, a consolidation officer is appointed who in consultation with the cultivators concerned, prepares a scheme providing for mutual exchange of fragments between the cultivators. Under certain conditions, the scheme can be enforced even in face of opposition of some landlords.

(13.8) Apart from their effect on the general agricultural organisation, these provisions affect, to more or less extent, the demand for and the supply of agricultural credit. A protected tenancy might be expected to incur larger expenditure on land improvements. On account of the restrictions on the alienation rights in land and the prescribed purchaser priorities, the land values are likely to to be affected in favour of the tenant-would-be-purchaser, and we might expect him to be induced to purchase land. On both these accounts the demand for credit is likely to be enhanced.

(13.9) Provisions seeking to put an upper limit on the size of the cultivated holding, it should be understood, do not all necessarily arise out of narrower considerations of efficient agricultural production. ~~Basically~~ Primarily, they must be based on considerations of social justice. The inequalities that exist in the sizes of cultivated holdings and in the ownership of agricultural capital have been described in earlier chapters; there is little need for an argument to justify a provision promoting greater equality. From the narrower point of view of efficient agricultural production, the position is less certain. At any rate, the provision seems contrary to the promotion of large scale farming. In so far as it restricts the activities of the more enterprising of the cultivators, as an indirect and long term effect, we might hope that in course of time it will modify the extreme individualistic character of our agricultural communities and promote the growth of, if not genuinely cooperative, at least joint or collective effort.

(13.10) The Prevention of Fragmentation and Consolidation of Holdings Act does not, it should be noted, directly provide for any lower limit~~s~~ to the size of the cultivating

cultivating holdings. The provisions of the Act are based more on the considerations of agricultural technology rather than on general considerations of agricultural economy. Nevertheless, where the whole holding itself is less than of the standard area prescribed for a plot, it will be seen that the Act would gradually eliminate such holdings. The desirability of putting a lower limit to the size of holdings, is felt, probably on two distinct considerations. Firstly, it might be assumed that holdings below a certain size might not be efficiently cultivated. Secondly, in so far as responsibility of cultivating a piece of land, however small, ties down a family to land and does not release it for alternative employment, it might be considered irrational to tie down a family to too small a piece of land even though the total agricultural production as such might not suffer. From the point of view of our immediate interest, this Act is, however, of relatively minor interest.

(13.11) From the point of view of supply of credit to agriculturists, the restrictions which the Tenancy Act places on the alienation rights in land, are probably the most important. As we have seen, the assets of the agriculturist comprise overwhelmingly of land. Therefore, the restrictions on the alienation rights in land naturally reduce the value of his assets as backing to his borrowing capacity. There is an old view that it is because of his unrestricted alienation right in land that the agriculturist has been

been so far rather improvident in his borrowing. And so far as this is true, the restrictions on the alienation rights, though they may prove inconvenient in the beginning should prove beneficial in the long run.

(13.12) There are two legislations more directly concerned with agricultural credit, one calculated to give relief to agricultural debtors and the other to regulate the business of private moneylenders. Relief to agricultural debtors by adjusting or scaling down of their outstanding debts was first provided for by an Act of 1939. The provisions of this Act were, however, made applicable to only a few talukas and debt adjustment and conciliation boards appointed for the purpose. The number of applications for conciliation and adjustment received by these boards were however too numerous and their disposal was too slow. Little progress therefore could be made and the net result of the Act was to give the creditors and moneylenders sufficient notice to effect recoveries of old debts. The process was aided by the rising prices of agricultural produce so that before the Act of 1939 was repealed and the new Bombay Agricultural Debtors Relief Act of 1947 enacted, it was believed the magnitude of the problem was greatly reduced.

(13.13) The new Act requires all creditors to submit to the court details of all their debt dues before a prescribed date; debts in respect of which no statement is submitted

submitted to the court by the creditor are deemed excluded. The Act then lays down rules by which the courts should scale down and adjust debt of a debtor making an application for the purpose. The adjustment is to proceed briefly as under: For debts older than 1931, the rate of interest is to be not more than 12 per cent and all dues are to be reduced by 40 per cent; for debts, between 1931 and 1940, the rate of interest is to be not more than 9 per cent and all dues to be reduced by 30 per cent; finally, for debts after 1940, the rate of interest is to be not more than 6 per cent and the dues on interest account are not to exceed the dues out of principal. Finally, if the total debt so adjusted exceeds 60 per cent of the value of the property of the debtor, all debts are further reduced pro rata.

(13.14) The debtor is to pay off the adjusted debt in equal instalments not more than twelve in number. If the debtor fails to pay any instalment due, the same may be recovered through the Collector as arrears of land revenue. In such cases, the court might also order sale of property of the debtor and if the court thinks that the debtor is incapable of paying annual instalments, it may declare him to be insolvent.

(13.15) Presumably for speedier and also for more regular operation of the adjustment process, the new Act abolished the adjustment boards set up under the old Act and conempowered the civil courts to deal with adjustment applications under the new Act. We do not know whether this is likely to speed up the adjustment process. Apart from usual difficulties associated with civil court procedures, the principal difficulty appears to be the large number of ignorant applications made by debtors which in fact are outside the scope of the Act.

(13.16) The Bombay Moneylenders Act of 1946 is designed to regulate and control the business of the moneylenders. The Act requires all moneylenders to be registered and licensed to carry on the business of moneylending in a specific area. The licence is valid only for one year and must be renewed. In order to regularise the moneylenders' accounts, the Act requires him to keep them in a prescribed form and to inform the Registrar of every loan made by him within 30 days of making the loan and to pass plain and complete receipts for every dues received from the debtor. The rates of interest are to be fixed by the Government from time to time; at present they are at 6 per cent for secured and 9 per cent for unsecured loans.

(13.17) As we have earlier noted, the majority of loans made by private moneylenders earn interest between 18 to 24 per cent. This is because most of the loans are not made by licentiate moneylenders. In fact, there is very little registration and even when a moneylender is registered and licenciate, a large part of his business is usually outside the prescribed accounts. There is little doubt that a sub-

substantial part of the private moneylending in the district, as in other district of the State, is outside the scope of the Act. Principal difficulties in an effective enforcement of the Act seem to be firstly the large amount of moneylending that takes place within a village which it is obviously difficult to control by any act of legislation. Secondly, not all the moneylending is done by ~~what might be~~ called professional moneylenders who would take the trouble of getting registered and maintaining accounts in prescribed forms; a substantial part of the moneylending is in the nature of one cultivator lending to another not very different from himself. Thirdly, the business of moneylending is often combined with other business such as trading and an accounting separation of the two is sometimes difficult. Finally, of course, is the general distrust with which the moneylenders look upon government regulation and the ingenuity and influence which they command to escape the same.

(13.18) A special questionnaire was issued enquiring whether the cultivators thought that the difficulties they experienced were due to or related to any legislation or other action of Government. All the cultivators selected for the study of their farm business were requested to answer this questionnaire. In the following, we shall briefly describe their response to this questionnaire.

(13.19) The basic question was, "What are the difficulties you experience in obtaining adequate and prompt finance?" and the response to it was very good, 79 of the 80 bigger

bigger cultivators and 39 of the 40 smaller cultivators having answered the question. Of these 18 bigger cultivators and 8 smaller cultivators reported that adequate and prompt finance was not available. 12 bigger and 5 smaller cultivators stated that there were no financing agencies in their village. 10 bigger and 2 smaller cultivators had, according to them, no acceptable security to offer. One reported that he was already heavily indebted and that therefore he found it difficult to raise fresh loans. 13 bigger and 4 smaller cultivators stated that they were experiencing difficulties in borrowing as loans could not be borrowed at lower rates of interest and they could not afford to borrow at high rates of interest. One of the bigger cultivators reported malpractices and harassments by moneylenders. However, 42 of the bigger cultivators and 25 of the smaller cultivators expressed the opinion that they did not experience any difficulty in obtaining finance. To the next question, "Are any of these due to any legislation or any other action of the Government?" 23 of the bigger cultivators and 6 of the smaller cultivators replied in the affirmative. In the next question they were asked to "mention the laws" that they thought were responsible for their difficulties; and 21 of the bigger and 6 of the smaller cultivators replied that they were due to the "Moneylender's Act" and two cultivators mentioned some other piece of legislation. 34 bigger and 20 smaller cultivators replied that

that they were not aware of any piece of legislation and that they could not say for certain whether the difficulties experienced in obtaining prompt and adequate finance were due to the legislation or not.

(13.20) It was stated earlier that 21 bigger and 6 smaller cultivators replied that the difficulties in the way of obtaining prompt and adequate finance were due mainly to the "Moneylenders Act". In the following are briefly what they thought were the effects of this legislation. "Due to the moneylenders legislation, it was becoming difficult to obtain loans from the private moneylenders; and neither the government nor the societies have been able to supply speedy and emergent credit, which the private moneylenders provided. The moneylenders cannot operate without a licence; most of them have no licences; hence they say that their lending will be illegal and hence charge high rates of interest. Besides as these transactions of moneylending are illegal, the moneylenders do not pass any receipts for articles pawned with them. Before this Act came into force there used to be a great deal of mutual accommodation amongst the cultivators; due to the Act, this is becoming increasingly difficult.

(13.21) None among the selected cultivators has reported to have obtained a loan from the Government during the year. Only two cultivators, from the group of bigger cultivators had applied for Government loan during the year. Both the

the applications were still under consideration at the time of our enquiry.

(13.22) The Moneylenders' Act of 1946 and the Agricultural Debtors' Relief Act of 1947 are in a sense the negative aspects of the Government policy. In its positive aspect, the Government operates principally under the provisions of two ancient Acts, namely, the Land Improvement Loans Act of 1883 and the Agriculturists' Loans Act of 1884. The first Act provides for government loans for agricultural investment, specifically related to land improvement; in fact, under the Act, improvement is defined as works adding to the letting value of lands. The second Act provides for loans for agricultural purposes not covered by the first Act, in particular for current farm expenditure such as purchase of seed, fodder and manure and such items of capital expenditure as purchase of agricultural livestock and implements.

(13.23) Loans under both the Acts are made through the Revenue Department. Applications for loans under these Acts are usually made to the Avval Karkoon, who is a senior clerk of the Taluka revenue office. Then a revenue officer or above the rank of an Avval Karkoon makes enquiries particularly relating to the securities offered. Recently in order to cope with the heavy work of enquiring into these cases, Government has authorised circle inspectors who are immediately below in rank to an Avval Karkoon to accept

accept applications and to conduct enquiries. Applications without tangible security are usually rejected. After satisfaction, the applications are submitted to the Mamlatdar, who is the Taluka revenue officer, for sanction. Mamlatdar is authorised to sanction loans upto Rs. 1000/- under the Land Improvement Loans Act and upto Rs. 200/- under the Agriculturists' Loan Act. Loans of larger amounts require the sanction of either the Prant Officer or the District Collector.

(13.24) Loans of small amounts, such as are made under the Agriculturists' Loans Acts, are paid in a single instalment. Loans of larger amounts are paid in two or more instalments and at appropriate times so that borrower may not be tempted to use them for other purposes. Recoveries are usually made by means of equated payments over a number of years according to the purpose of the loan. Loans under the Agriculturists' Loans Act are usually of shorter duration; loans for seed, and manure are usually only for one year; loans for fodder, minor implements and for grain for consumption, are allowed for two years; loans for construction of houses and purchases of cattle and durable equipment, are allowed for four years. Loans under the Land Improvement Act are of longer duration and according to the amounts involved and the repaying capacity of the borrower, might be recovered by instalments spread over upto 20 years. All loans, except those made under some special schemes, usually carry interest at 5.1/2 per cent per annum.

(13.25) Relevant records are maintained in the taluka revenue office. Individual cases with all relevant papers including those relating to each case are preserved until the case comes to an end either through complete recovery or otherwise. Rejected applications are, however, destroyed at the end of each year.

(13.26) The old Land Improvements Loans Act of 1883 was supplemented in a significant manner by the Bombay Land Improvement Schemes Act of 1942. The Act was first enacted and thereafter amended with a view to making and executing schemes relating to construction of tanks, embankments and other works leading to improved water supply; schemes relating to prohibition and control of grazing, preservation of soil and prevention of soil erosion; and schemes of dry farming and of reclamation of waste and water logged lands. Under this act, for each district, a Board is constituted consisting of the District Collector, District Agricultural Officer, Divisional Soil Conservation Officer and two non-official members. This Board prepares schemes for land improvement and is empowered to execute them. A draft scheme for a particular area is prepared and published for information. An enquiry officer then considers any objections from interested parties. The Board finally sanctions the scheme with or without modification. Every owner of land included in the scheme is required to pay the prescribed costs of improvement works carried out by the Government on his lands. Persons whose lands are not

not directly included in the scheme but are likely to be benefited by such works, are also liable to pay prescribed contributions either to government or to an appropriate landowner. The schemes are partly subsidised and the costs charged to the land-owners, are recovered over a period. The collective element appearing in the scheme is essential for carrying out any concerted schemes of land improvement, such as of contour bunding. In so far as the work is directly handled by the Government and then the costs are charged to landowners, it ensures that the credit advanced is actually expended for the avowed purposes.

(13.27) In recent years, the Government has initiated a number of schemes under which loans and subsidies are given for agricultural purposes. Most of these schemes come under the Grow More Food Campaign and are under the administrative control of the Department of Agriculture. The most important of these schemes is the Well Scheme for construction of new wells and improvement of old wells. The scheme has been working since 1st April, 1947. An application for either a loan or a subsidy or both is made to the Rural Development Board. A revenue officer and a well inspector make enquiries relating to the particulars. If the application is approved, the Chairman of the Board is authorised to disburse the first instalment of the loan. In the case of new wells the subsidy is to the extent of 25 per cent of the cost of construction subject to a maximum of Rs. 500/-; in the in the case of old wells the subsidy is 25 per cent of the cost of improvement subject to a maximum of Rs. 250. Only small holders, that is those who hold not more than 6 acres of irrigated land or 18 acres of dry land are eligible for the subsidy which is usually disbursed in three instalments, at various stages of the completion of the work. Loans are made in two or more instalments and are charged at 3.1/4 per cent and are recovered in 10 equated annual instalments. However on 1st July, 1951 the administrative control over this scheme was transferred to the Revenue Department and the Rural Development Board was authorised only to dispose off the applications received by it prior to that date, under this scheme. As a result, from that date, all applications received under this scheme, either for loans or for subsidies are enquired into by the officials of the Revenue Department.

(13.28) The major grievance against government loans is the long period between the application and its sanction, as also the high costs that the applicant is reported to incur in travel and in satisfying the local leaders and petty government officials whose influence seems decisive.

(13.29) Other schemes under the Grow More Food Campaign which are under the administrative control of the Agricultural Department are, the Hot Weather Crop Subsidy Scheme, the Bunding Scheme, the sales tax rebate scheme for encouraging purchase of agricultural machinery, and the scheme

scheme for improvement of farm yard manure by subsidising digging of compost and farm yard manure pits. This multiplicity of schemes, authorities and procedures has, we believe, caused considerable confusion and the mixing up of subsidies with proper credit schemes has had a great demoralising influence both on the officials and the borrower.

(13.30) Consolidated and classified statements relating to total Government finance in the district were not readily available at the district office and the figures supplied by the Taluka offices were not always for the same period. In the following table, we give consolidated figures for the five talukas namely, Bijapur, Bagalkot, Hungund, Indi and Jamkhandi, where our inspector collected figures by personal visits to the taluka offices.

Table 13.1

4.12	Seed	7,005
4.13	Fodder	5,000
4.2	Purchase of bullocks	13,500
4.3	Digging and repairing of wells	49,206- 7- 0
4.4	Bunding and other land improvements	51,717- 8- 0
	Total Rs.	1,26,428-15- 0

Obviously, a very large part of the total finance was for land improvements and digging and repairing of wells. The

The total finance given in these talukas during the year was about one and a quarter lakh of rupees. The total population of these five talukas excluding that of the taluka towns is about six lakhs. The government finance, therefore, works at about annas three per capita. Government finance reported in the general schedule was annas eleven per family which on a per capita basis is also approximately annas three. We present below whatever figures we could gather from the district office.

Table 13.2

	1949-50	1950-51
Seed	30,953	7,005
Purchase of bullocks	439,491	42,650
Fodder	84,395	9,800
Well digging and improvements	274,965	76,607
Oil Engines	19,952	7,500
Land improvements	271,760	1,32,740
Rebuilding of houses	125,846	10,450
Other purposes	500	-
Total	12,47,862	2,86,832

The items included in the above statement cover most of the

the items under which government loans were given so that if the figures are to be trusted finance given in 1950-51 was less than one fourth of what it was in 1949-50. The population of the district excluding that of the taluka headquarters, is about 12,15,000. The government finance given during 1950-51 therefore works out at less than annas four per capita which is not very different from the general schedule figure of annas eleven per family.

(13.31) In order to study the operation of the Government loans, case study of a few loan applications made during the year 1950-51 was undertaken. The cases were selected at the five taluka offices - Bijapur, Bagalkot, Hungund, Jamakhandi and Indi - by a process which would approximate the random procedure as far as practicable. However, one could not be certain that all applications for government loans under various schemes would be found in the taluka revenue office, and the volume of records and the manner in which they were stacked often made it difficult to keep to all procedural details designed to ensure a properly random sample. It is conceivable therefore that the sample of case studies was not strictly representative of all government loans. In the following we shall submit the results of the case study.

(13.32) In all a sample of 118 loan applications asking for a total of Rs. 1,09,375/- were was selected for study. Of these 15 applications asking for loans totalling to Rs. 16,900/- were not sanctioned. That was how the cases were selected and it is not to be supposed that nearly 13

13% of all applications made were rejected. Of the 15 rejected cases, 2 were rejected for lack of adequate security, 3 because the purpose of the loan was not approved, in 1 case it was because the applicant had old government dues and the remaining 9 applications were rejected because of miscellaneous reasons.

(13.33) The 103 sanctioned applications asked for Rs. 92,475/-. Not all of them were, however, sanctioned to the full extent. The total amount sanctioned against them being Rs. 82,103/- which is about 89 per cent of the amount applied for. Of this only Rs. 75,383/- ~~was~~ were actually disbursed during the year. In the following table, we give the purpose for which these loans and the corresponding amounts were sanctioned.

Table 13.3

	No. of cases	Amount sanctioned in Rupees
Bunding and other land improvements	46	30,000
Digging and repairing of wells	22	29,785
Purchase of livestock	23	8,850
Purchase of Agricultural machinery (pumping sets)	2	5,000
Purchase of fodder	4	2,775
Other farm expenses	5	4,693
Construction and repairs of residential houses and other buildings	1	1,000
Total	103	82,103

The above distribution of sanctioned amounts follows the same pattern as that in the previous table. It may be observed that about 72 per cent of the total amount sanctioned is for land improvements and for digging and repairing of wells. Actually 46 per cent were for land improvement and 26 per cent for digging and repairing wells. In the sample results however the corresponding figures are 36 per cent and 36 per cent. The proportionately greater amount sanctioned for digging and repairing of wells as seen in the sample results is accounted for by the fact that the two talukas Bijapur and Indi which are the only two talukas to have advanced large amounts for digging and repairing of wells, are both included in the sample. The only other major purpose for which loans are advanced is purchase of bullocks. 15 per cent of the total government finance was provided for this purpose. The corresponding figure from the sample results is 11 per cent. It is generally seen that a very small part of the government finance is provided for meeting current farm expenditure. Hence it may be observed that the sample results on which all further discussion is based, are in general agreement with the district figures.

(13.34) In the following table (table 13.4 on next page), we give the distribution of the sanctioned loans by the amounts sanctioned. Thus more than 31 per cent of the loans were of amounts of Rs. 1,000/- or more but they accounted for more than 63 per cent of the total amount

Table 13.4

	No. of cases Rs.	Total amount sanctioned Rs.
Less than Rs. 100	-	-
Rs. 100 - 299	22	4,512
Rs. 300 - 499	13	4,650
Rs. 500 - 999	36	20,683
Rs. 1,000 - 4,999	32	52,252
Over Rs. 5,000	-	-
Total	103	82,103

amount sanctioned. About 35 per cent of the loans were of amounts of Rs. 500 or more but less than Rs. 1,000/- and accounted for 25 per cent of the amount sanctioned. Thus it is seen that as already observed the majority of the loans are bigger in size and are generally advanced for capital investment in agriculture. Again the usual rate of interest charged by the Government is 5.1/2 per cent. However in the case of loans for digging and improvement of wells the rate is 3½ per cent.

(13.35) In the following table is given the distribution of the sanctioned loans by duration for which they were sanctioned, which in the case of government loans would

would mean the period over which the repayment of loans was to take place by means of equated annual instalments.

Table 13.5 - Number and amount of loans sanctioned by duration

Duration of loan	Number	Amount
Less than 3 months	-	-
3 - 6 months	-	-
6 - 9 months	-	-
9 - 12 months	-	-
1 - 2 years	-	-
2 - 3 years	4	1,662
3 - 4 years	22	7,050
4 - 5 years	16	8,400
5 years and more	58	62,366
Those who have not stated the duration	3	2,625
Total	103	82,103

Obviously there were no loans of less than two year duration. It is further seen that 56 per cent of the loans were of 5 or more years duration and accounted for more than 75 per cent of the total amount sanctioned.

(13.36) A frequent grievance made against government

government loans in that it takes too long a time between the application and its sanction. In the following table we give the distribution of the sanctioned loans by the time between the application and sanction.

Table 13.6 - No. and amount of loan by time lag between application and sanction

Time lag between the date of application and the date of sanction	Number	Amount applied for	Amount sanctioned
On the same day	1	200	150
Less than one month	14	11,275	9,040
1 - 2 months	12	7,350	5,600
2 - 3 months	13	6,900	6,250
3 - 4 months	12	11,200	10,350
4 - 5 months	9	7,800	7,100
5 - 6 months	5	10,000	9,500
6 - 7 months	5	3,550	3,200
7 - 8 months	3	4,300	3,850
Over 8 months	10	12,400	10,535
Not ascertainable	34	34,400	16,523
Total	118	1,09,375	82,103

About one fourth of the loans were sanctioned within two months, but in one fifth of the cases, it took more than five months to obtain the sanction. In view of the

the multitude of jobs that the revenue department has to handle, one is not sure whether the consideration of the application can really be speeded up, though from the point of view of the utility of loans made, it is very desirable to do so.

(13.37) After the case study of tagai loans at Indi taluka office, our inspector reported that loans had been advanced for well improvement under the Land Improvement Loans Act at a rate of 5.1/2 per cent even though a separate scheme for well improvement was actually in operation at that time and under which loans could be advanced at 3½ per cent. The officials concerned reportedly explained that the grants under the head of well improvements scheme had been exhausted in that taluka and that consequently loans had to be advanced under the L.I.L. Act bearing a higher rate of interest. It may further be observed in this connection that while in this taluka the grants under the well improvement scheme had been reportedly exhausted, the district as a whole had to surrender more than 60 per cent of the grant under this head as according to the district official source there was no demand for loans under this scheme. If true, this indicates that there was no adequate co-ordination or allocation of grants as between different talukas.

(13.38) Other major grievances of course relates to the cost which the applicant has to incur in travelling to the to the taluka place and, as is reported, in satisfying the local leaders and petty government officials. There is no doubt that malpractices and corruption exist, and we are afraid, rather on a universal scale. The multiplicity of schemes and the indiscriminate haste with which some of them were initiated certainly aided the process. A case in point is the loans for purchase of bullocks where the purpose of the loan could most easily be manipulated. The mixing up of subsidy, with proper credit schemes, as already noted, has had a most undesirable and demoralising influence. Subsidy, it should be noted, is a net gain and temptation to corrupt practices is obvious. The entire well scheme is a standing example of what with a little imagination, could have been anticipated.

(13.39) Along with the Farm Business Survey, we had canvassed a questionnaire relating to the credit needs of the selected cultivators. The questions as well as the answers to this questionnaire are by their nature hypothetical. Nevertheless, we might present the material as being relevant to the Government policy and measures.

(13.40) All the 80 bigger cultivators and 39 of the 40 smaller cultivators replied to the questionnaire relating to their credit needs. Of these only 37 bigger and 13 smaller cultivators replied in the affirmative to the question "Do you experience difficulties in meeting expenses for current agricultural operations due to lack of finance?"

All of them replied that if credit were available, they would use it for intensive tillage, better manuring and for seed.

(13.41) In a subsequent question, the cultivators were asked whether they had any plans for developing their farms; and if so, in what way. In the following table (table 13.7 on next page), we give the various questions which were put to them and the number of cultivators who answered the question in the affirmative. It should be understood that the categories of development were not mutually exclusive, that is to say, the same cultivator could answer in the affirmative to more than one question. The remaining cultivators just did not answer. The cultivators were also asked as to the approximate amounts they required for the proposed capital or development expenditure. In the adjoining column, the total amounts required by the reporting cultivators are shown.

(13.42) Most of the cultivators said that they were prepared to offer land as security while a few had nothing other than standing crops or agricultural produce to offer as security. 6 cultivators wanted the loans to be of less than 2 years duration, 24 cultivators wanted loans of 2 to 5 years duration, 33 cultivators wanted loans of 5 to 10 years duration while 21 cultivators wanted the loans to be of duration longer than 10 years. Most of the cultivators were willing to pay interest at 5 or 6 per cent per

per annum. Only 7 cultivators expressed willingness to borrow at rates higher than 8 per cent per annum. But no one was willing to borrow at rates exceeding 12 per cent per annum.

Table 13.7

Question	Bigger cultivators No.	Bigger cultivators Amount required Rs.	Smaller cultivators No.	Smaller cultivators Amount required Rs.
Do you desire to				
purchase bullocks?	11	4,250	4	1,500
purchase implements and machinery?	16	6,710	5	1,100
spend money on bunding, land improvement and land reclamation?	62	33,375	23	6,350
increase the size of holding by tenancy?	7	1,350	3	700
increase the size of the holding by purchase of land?	3	5,200	1	3,000
dig wells in your holding?	19	19,000	6	4,100
make use of other irrigation sources?	2	2,000	-	-
undertake more remunerative but costly crops like cash crops or garden crops?	-	-	-	-
Total		76,885		16,830

(13.43) The questionnaire did not enquire about the credit needs for meeting the current farm or family expenditure.

(13.44) As a related aspect of the problem we had also issued a questionnaire to the selected cultivators regarding the forms of savings which they prefer. In reply to this questionnaire, 2 cultivators stated that they held National Savings Certificates; 8 stated that they held shares of cooperative societies; 2 cultivators reported that they held insurance policies, while 2 others reported ~~to have~~ that they deposited their savings with private traders. All these cultivators who reported savings in one form or another, belonged to the group of bigger cultivators. The remaining cultivators reported that they had no savings in any of the forms enumerated in the questionnaire such as postal savings, National Savings Certificates, etc.

(13.45) As to the reason why the cultivators did not prefer savings in the above mentioned institutional forms, 76 of the bigger and 39 of the smaller cultivators said that they had no margin for savings, 3 bigger cultivators said that they would prefer to hold the savings in cash while one showed preference to moneylending. He was earning interest at 18 per cent on his savings, by moneylending. All the cultivators who reported savings, also said, with one exception, that they had no margin to save. In fact, if we remember that their savings are mostly in the form of shares of cooperative societies, it becomes obvious

obvious that the cultivators regard the purchase of shares of cooperative societies more as a matter of procedure to be complied with for obtaining a loan than as a form of savings.

(13.46) Of the 119 cultivators who answered to the question, "Do you know that there is a postal savings bank?" only 12 answered in the affirmative; of these, again, only 2 knew the rate of interest. When questioned as to their attitude towards postal savings, 3 cultivators stated that the rate of interest allowed was too low and that it was difficult to withdraw the amount. 4 cultivators stated that there were no local facilities. Out of 46 cultivators who replied to this question only 5 expressed their willingness to make use of them if facilities were locally available. There was hardly any response to the other parts of the questionnaire.

XIV. Co-operative Credit - Organisation and Structure

(14.1) In the preceding chapter, while describing the Government objectives and measures, we divided them into two broad categories of what we called the negative and the positive aspects of the Government policy. Under the first, came measures primarily directed towards reformation of the profession of the private moneylenders and the amelioration of the conditions created by the unrestricted practices of these gentlemen over long years. Under the second aspect of the policy, attention was confined to the government efforts to supply credit to agriculturists directly. It was thought that the extension of the government credit has in some respects been indiscriminate and unimaginative and has led to corrupt practices, to which both the government official and the borrower are parties. In this Chapter, we shall examine a third aspect of the government policy, which falls in between the two, but which in a sense, is one of enduring and permanent value; namely, the government efforts to sponsor and foster cooperative effort generally and cooperative credit in particular. Thanks to the persevering official and non-official efforts, the cooperative movement, it seems, has found its roots in this district.

(14.2) At the beginning of the year 1952, there were 362 primary agricultural credit societies in the district. Do-

Besides there were 65 multipurpose and 5 marketing societies. There was no independent land mortgage bank in the district. But the Bijapur District Central Cooperative Bank, Ltd. has a small land mortgage banking section which acts as the agent of the Bombay Provincial Land Mortgage Bank.

(14.3) The cooperative societies are registered under and governed by the Bombay Cooperative Societies Act of 1925 which has been amended and modified from time to time. All powers under this Act are conferred in the Registrar of Cooperative Societies who is responsible for the operation of the Act. The object of the legislation was to facilitate the formation of cooperative societies for the promotion of thrift, self-help and mutual aid among persons with common economic needs. Though, therefore, the Act provides for the formation of various types of cooperative societies, we shall for the present confine attention to the types which are mentioned above.

(14.4) The application for the registration of a new society is to be sent to the Registrar and has to be signed by at least ten prospective members. A copy of the proposed bye-laws of the society is to be sent along with the application. When the Registrar is satisfied that the society complies with the provisions of the Act, he registers the society and its bye-laws and issues a certificate of registration. Any amendment to the bye-laws has to be approved by a general meeting of all members of the society and sent to the Registrar for his approval and registration.

(14.5) Societies may be either of unlimited or of limited liability. Members of unlimited society liability are jointly and severally liable for all its obligations. On the other hand, the liability of a member of a limited liability society is limited to his shares in the society; in such cases, no member is allowed to hold more than one fifth of all shares of the society. Societies affiliating other societies as their members are necessarily of limited liability. A society may change its liability from unlimited to limited or from limited to unlimited. In Bijapur, most of the societies are with unlimited liability.

(14.6) A society deriving profits is required to create a reserve fund. After making contribution to the reserve fund of the society and to the educational fund of the Bombay Provincial Institute, the remaining profits are to be distributed to the members as dividend. A society is not allowed to pay dividends at rates exceeding 6¼ per cent.

(14.7) The administration of a credit society is looked after by a secretary and a managing committee, with a chairman. The ultimate authority rests with the members meeting in a General Meeting. Every member has one vote and the Chairman uses his vote only when necessary as a casting vote. Annual General Meeting of the society is called within three months of the closing of the accounting year. Special General Meeting may be called at any time by a majority of the managing committee or it may be called on requisition of one-fifth of all members or at the instance of the Registrar.

(14.8) The societies are supervised by the Supervising Unions under the control of the Assistant Registrar of Cooperative Societies. In 1950-51 there were eleven supervising unions and 12 supervisors in the district.

(14.9) The accounts of a society are to be audited at least once a year. In 1950-51 there were three auditors, 9 sub-auditors and one special auditor in Bijapur.

(14.10) Primary credit societies and the village multi-purpose societies work on the same level, the area of their operation usually being a single village, though sometimes, adjoining villages are affiliated. The area of operation of a cotton sale-purchase society is a group of villages; for a sales-purchase society of ~~other~~ another type it is the taluka. In some cases, the credit societies and the village multi-purpose societies are members of respective taluka sales-purchase societies. There does not exist any other relationship between institutions at the taluka and the village levels. The area of operation of the Land Mortgage Bank section of D.C.C. Bank is the whole district.

(14.11) The Bijapur District Central Cooperative Bank, Limited, Bijapur is the only source of finance for the societies in the district. However, Industrial Cooperative Societies are not financed by this bank as there is another

another District Central Co-operative Bank at Bagalkot to finance industrial cooperatives and village industries.

(14.12) Agricultural credit societies advance short and intermediate term loans. There are limits in obtaining credit from a credit society. Thus, for short term loans, that is for loans of less than three years duration, the individual limits of borrowing are Rs. 150 in newly registered societies. Later on the limit is raised, first to Rs. 200 and finally to Rs. 300/-. As a rule loans of less than three years duration are never of amounts larger than Rs. 300/-. Similarly for loans of intermediate term, that is for loans of duration between 3 to 5 years, the individual borrowing limit is Rs. 300 in newly registered societies; Later on this is raised, first to Rs. 400 and finally to Rs. 500/-. Loans of amounts larger than Rs. 500/- are not, as a rule, sanctioned. Within these limits loans are sanctioned to a member of a society according to his credit-worthiness as determined from the value of his assets mortgaged to the society. Thus the limits for each member are fixed in the normal credit statements which are prepared by the staff of the society. It is then scrutinised by the supervisor on behalf of the Taluka Supervising Union. After scrutinising the supervisor forwards it to the District Central Cooperative Bank either directly or through its taluka branch office if there is one in that taluka. It is then sanctioned by the loan sub-committee of the bank or by the Board of Directors of the Bank, if the total loan asked by the society is of an amount larger than that the committee is authorised to sanction. Before sanctioning the loan the bank may, if it deems fit, ask the bank inspector to check the normal credit statement sent by ~~a~~ the society. The loans sanctioned by the bank, are disbursed within the limits prescribed by them and in one or more instalments at the discretion of the society.

(14.13) For a loan from a cooperative society, an applicant who is a member of the society, puts his demand before the managing committee. The managing committee, after resolution, submits the demand for the approval of the District Central Cooperative Bank. When the demand is approved, ~~the~~ an application is filled in a prescribed form for demand and a bond is signed by the applicant at the time of disbursement.

(14.14) The Land Mortgage Bank Section of the District Central Cooperative Bank advances loans for long term purposes such as repayment of old debts, purchase of land, purchase of costly agricultural machinery such as tractors and oil engines and construction and repairs of wells and other land improvements. For a loan from the Land Mortgage Bank Section, an applicant applies in a prescribed form with necessary documents, showing title to the land concerned. The application is scrutinised by the land valuation officer of the Bank and is submitted by him to to the Board of Directors of the Bank for their approval. After obtaining a certificate from the Debt Adjustment Board if necessary, and after consulting the legal adviser of the Bank, the Board of Directors of the D.C.C. Bank forwards the case papers to the Bombay Provincial Land Mortgage Bank for approval, with due recommendations as to the amount of loan to be sanctioned. After approval from the Apex Bank, the loan is disbursed in one instalment.

(14.15) Loans from a credit society are either secured by land mortgage or more often when they are not so secured, are guaranteed by third party surety. Loans from the Land Mortgage Bank Section are necessarily secured by land mortgage. The societies charge interest at 6% per cent per annum. The Land Mortgage Bank Section charges interest at 5.1/2 per cent per annum. The loans from a society are generally repayable in two or more equal annual instalments, while the loans from the Land Mortgage Bank Section are repayable in 15 to 20 equal annual instalments.

IV. Working of Cooperative Societies - Four Case Studies

(15.1) With a view to studying the working of the co-operative societies and their place in the village economy, four of the eight selected villages were so chosen as to have co-operatives societies. The four selected villages having co-operative societies were (1) Amarawati (2) Anjutagi (3) Dhavalagi and (4) Korwar. Unfortunately the society in Korwar was defunct during the period under report, it having been suspended in 1947. In chapter II we have already given a general description of these villages. In the following sections we shall briefly describe the working of the credit societies in these villages.

(15.2) The village multipurpose co-operative society was registered on 22-6-1950. During the year 1950-51, the number of members was 38 and the share capital was Rs.1235/-. The reserve fund amounted to Rs. 20. The borrowing capacity of the society has been fixed at Rs. 19,000/-, being Rs.15,000/- for money lending operations and Rs. 4,000/- for business operations. The borrowing capacity of members has been fixed at Rs. 300/- per member for loans of duration of 3 years or less and Rs. 500/- for loans of duration between 3 to 5 years. During 1950-51, the deposits received were small and negligible. The main source of finance was the District Central Co-operative Bank. In the following

following table we give a few details of the working of the society during the years 1950-51 as shown by its borrowings from the District Central Cooperative Bank on the one hand and by its lendings to its members on the other.

Table 15.1

1950-51	Fresh loans from the D.C.C. Bank	Loans to individuals
Ordinary loans	2,950	2,600
	2,950	2,600

From the table given above one gets the impression that the society does nothing more than acts as an agent of the D.C.C. Bank and that its own funds make no appearance in its transactions. But that is incorrect, because, the society being a multipurpose one, has other fields for investment. It has invested some of its capital in the distribution business of food-grains, sugar and kerosene. It has also invested Rs. 200/- in money lending operations as is seen from the fact that at the end of the year 1950-51 the loan due to the D.C.C. Bank from the society stands at Rs. 2,400/- as against Rs. 2,600/- actually due to the society from its members. Considering the figures for the year 1951-52, it would be seen that the society is making rapid progress. Thus in 1951-52, the society was able to to raise the share capital by Rs. 550/- of which Rs. 375/- were from old members and Rs. 175/- from new, thus bringing the share capital of the society to Rs. 1,750/-. It has also expanded the sphere of its activities. It is at present engaged in selling and hiring out iron ploughs, and in the selling of plough shares. Besides it is the sole agent for the supply of "bidis" to the village. Thus it is seen that the society is functioning very actively. As the society has been established very recently and the figures for 1951-52 are not completely available it is not possible to express any opinion as to whether loans are recovered easily. During the year 1950-51 the society has been shown to have incurred a loss. That is only an accounting error and does not reflect the true position of the society. The loss arises out of the fact that the value of weighing scales, books of accounts (for future use), furnitures and other dead stock purchased during the year have been all treated as current expenditure though they are in the nature of capital expenditure. The loss incurred during 1950-51 is approximately Rs. 155/-.

(15.3) The village was first visited by our investigators during the period from 9- 1-1952 to 8- 2-1952. It is during this period that the General Schedule for all the families in the village was filled in. The information in the General Schedule was intended to refer to one year period immediately preceding the date of interview. In this case, it it might be taken to relate roughly to the calender year 1951. As already noted the General Schedule records 295 families of which 229 were cultivators. In the following we shall present a few General Schedule items regarding these cultivating families.

(15.4) The General Schedule records that of the 229 cultivating families 140 borrowed during the year and that their total borrowing amounted to Rs. 50,800/-. Though the number of borrowing families was 140, they reported a total of 318 transactions of fresh debts contracted during the year. In the following table we give the distribution of these debt transactions and of the corresponding amounts according to the creditor source of borrowing.

Table 15.2 - Borrowing by cultivating families in the village Amaravati

Creditor source	No. of debt transactions	Amount
Government	1	50
Co-operative societies	70	9,000
Traders, commission agents	71	14,180
Private moneylenders	-	-
Relatives	83	15,680
Agricultural moneylenders	93	11,890
Total	318	50,800

It is immediately obvious from the table that the amount shown to have been supplied by the co-operative societies is far in excess of Rs. 2,600/- actually supplied by the village society. This is so because the people from this village have borrowed heavily from the Hungund branch of the Bagalkot Co-operative Purchase and Sale Union. It must be noted, at this stage, that the co-operative movement is highly developed in the Hungund taluka and that in Hungund itself there are three multipurpose societies and a branch of the Bagalkot Purchase and Sale Union, the biggest marketing society in the district. The influence of these cooperative institutions on the credit structure of the neighbouring villages cannot be under-rated. In Amarawati for instance the co-operative credit forms approximately 18 per cent of the total credit supplied, though only 5 per cent of the total credit has been supplied by the local cooperative society.

(15.5) We have already seen that the village society has been registered very recently and that it has therefore not yet fully developed to measure its strength with the other sources of finance. Nevertheless it has made a modest beginning by advacing Rs. 2600/-. Let us therefore examine the purposes for which credit is needed so that we may know whether the village co-operative society has any chance to develop. (Table 15.3 on ~~next page~~ p. 266) Thus more than 45 per cent of the borrowing is undertaken to meet

Table 15.3 - Borrowing for different purposes by the cultivating families in the village Amaravati

Purpose	No. of debt transactions	Amount
Capital investment in agriculture	92	17,600
Current farm expenditure	36	5,420
Non-farm expenditure	4	410
Family expenditure	156	22,600
Other expenditure	30	4,760
Total	318	50,600

Table 15.4 - Indebtedness of cultivating families in the village Amaravati

Creditor	No. of cultivators indebtedness	Amount of total debt
Government	11	2,060
Co-operative Societies	57	11,540
Private moneylenders	2	2,050
Relatives	73	22,560
Traders, commission agents	75	24,760
Agricultural moneylenders	72	15,100
Total	290	78,070

(15.7) The Agjutagi Village Credit Society was registered in 1927. It is at present being managed by an unpaid secretary and a managing committee of five members. The society had 62 members in 1949-50. But due to the death of two members, the number has come down to 60. The share capital of the society amounted to Rs. 2345/- in 1950-51. The reserve and other funds were also considerable and together amounted to Rs. 1316/-. The deposits received were negligible. The maximum borrowing capacity of the society has been fixed at Rs. 15,000/-. The individual limits for borrowing are Rs. 300/- for short-term loans and Rs. 500/- for intermediate-term loans. In the following table we give a few details of the working of the society in the two years, as shown by its borrowings from the District Central Co-operative Bank on the one hand and by its lendings to its members on the other.

Table 15.5

	Fresh loans from the D. C. C. Bank	Loans to members
1949-50		
Ordinary loans	2600	2600
Total	2600	2600
1950-51		
Ordinary loans	3950	3950
* Cash Credit	2000	-
Total	5950	3950

* Advance to conduct business other than money lending

From the table, it is clear that the society does nothing more than act as an agent for the D.C.C. Bank. The reason for this is that the society's owned funds are locked up in loans due to it from its members. The outstanding loans stood at Rs. 9024 at the end of the year 1950-51. Of this Rs. 7460/- were overdue. Three of the defaulting members are on the managing committee the amount overdue from them being Rs. 1200/-. The irregularity in repayment may partly be attributed to the fact that for the past few years the agricultural year has been bad and partly to the fact that the management of the society is inefficient. However, no cases have been referred to arbitration so far. The society has undertaken the distribution work of foodgrains, sugar and cloth. Due to reported mismanagement the society has incurred a loss of Rs. 1416 in cloth business. No enquiry was undertaken into the causes of this serious loss. Due to this heavy loss and because of the fact that most of its own funds are locked up in the loans advanced to members, the society is experiencing acute shortage of cash resources. If the society has not gone into liquidation so far it is mainly because it is making profit in its distribution work of food grains and sugar. The society has on the whole been able to show a profit of Rs. 62/- in 1949-50 and Rs. 52/- in 1950-51.

(15.3) The village was first visited by our investigators during the period from 21-12-1951 to 7-1-1952. It is is during this period that the General Schedule for all the families in the village was filled in. The information in the General Schedule was intended to refer to one year period immediately preceding the date of interview. In this case it might therefore be reasonably taken to relate roughly to the calendar year 1951. As already noted the general schedule records 448 families of which 299 are cultivators. In the following we shall present a few general schedule items regarding these cultivating families.

(15.9) The general schedule records that of the 299 cultivating families 145 borrowed during the year and that their total borrowings amounted to Rs. 55630/-. Though the number ~~of~~ of borrowing families was 145, they reported a total of 261 transactions of fresh debts contracted during the year. In the following table we give the distribution of these debt transactions and of the corresponding amounts according to the creditor source of borrowing. (Table ~~No.~~ 15.6 on next page). It is immediately obvious from the table that the part which the credit society plays in the supply of credit to the cultivators is exceedingly small. It appears however that its part is greatly under estimated in the general schedule reporting. As we saw above, the society made loans to individuals to the extent of Rs. 2600/- in 1949-50 and Rs. 3750/- in 1950-51. It is therefore obvious that the reported amount of Rs. 300/- ~~reported~~ is a clear case of under estimation. So, if in the place of the reported loans worth Rs. 300/- made by the credit society

Table 15.6 - Borrowing by cultivating families in the village Anjutagi

Creditor source	No. of debt transactions	Amount
Government	-	-
Co-operative Society	4	300
Traders, commission agents	9	2,810
Private moneylenders	2	250
Relatives	44	10,240
Agricultural moneylenders	200	41,880
Others	2	150
Total	261	55,630

society we substitute the actual amount of loan disbursed by the society during that period, namely, Rs. 3950/- it seems that the society shares about one sixteenth of the total supply of credit to cultivators in the village.

(15.10) The reason why the society cannot cater for more of the credit needs are obvious. The resources of the society are too small to meet even the credit needs for meeting capital and current farm expenditure. In the following table (table 15.7 on next page) we give an analysis of the debt transactions by the purpose for which they were incurred.

Table 15.7 - Borrowing for different purposes by the cultivating families in the village Anjutagi

Purpose	No. of debt transactions	Amount in rupees
Capital investment in agriculture	84	19,660
Current farm expenditure	29	3,720
Non-farm expenditure	2	1,300
Family expenditure	125	26,110
Other expenditure	21	4,840
Total	261	55,630

It is seen that the borrowing to meet capital and current farm expenditure forms 42 per cent of the total borrowings. The total credit actually supplied by the society during the same year amounted to Rs. 3550 that is about 15 per cent of the total amount borrowed to meet capital and current farm expenditure. We have related the total advances made by the society to the total borrowings to meet capital and current expenditure on farm because the society advances loans only for these two purposes. The items of capital expenditure which are financed by borrowing are mainly digging and repairing of wells, purchase of draught animals, purchase of implements and machinery and construction and repairs to bunds. The main items of current farm expenditure are purchases of seed and fodder

(15.11) Of the 299 cultivating families 197 were reported to be in debt at the time of the enquiry and their total indebtedness amounted to Rs. 95600/-. In the following table we give the number of families owing debt to different types of creditors. It should be borne in mind that some of the 197 families owed their debt to more than one creditor.

Table 15.8 - Indebtedness of cultivating families in the village Anjutagi

Creditor	Number of cultivators indebted	Amount of total debt
Government	47	17,500
Co-operative societies	40	8,370
Private moneylenders	9	5,240
Relatives	32	12,030
Zamindars	1	200
Traders, Commission Agents	19	4,100
Agricultural moneylenders	123	47,530
Unspecified creditors	2	150
Total	273	95,600

We had occasion to refer earlier to the fact that borrowings from the credit society were under-reported in the

the General Schedule. Similarly the total amount due to the society at the time of the enquiry is also under-reported in the General Schedule, but to a small extent only. Thus the reported amount is Rs. 8670/- as against the actual amount of Rs. 9624/-. Hence if we substitute the actual amount for the reported amount, it would be seen that the outstanding loans of the co-operative society amount to 10 per cent of the total outstanding amount.

(15.12) There are two co-operative societies in at Dhawalgi ~~this vil-~~ lage. One is the Shri Madiwaleshwar Thrift and Credit Society, the other is the Better Farm Society. Shri Madiwaleshwar Thrift and Credit Society is the older of the two and was registered in 1943. But soon differences of opinion arose among the members of the managing committee and the chairman who found himself in the minority group, left the society and established the Better Farm Society.

(15.13) The Better Farm Society was registered in 1946 as a limited liability society. During both the years 1949-50 and 1950-51 the number of members was 22. The share capital of the society also remained at Rs. 805/- during both those years. But the reserve fund increased from Rs.461/- in 1949-50 to Rs. 618/- in 1950-51 and other funds increased from Rs. 41/- to Rs. 325/-. Thus it is seen that during the period under report there was a net increase of Rs.441/- in the owned funds of the society. The society was formerly

formerly supplying credit to its members. But recently it has stopped its moneylending operations and has restricted its activities mainly to improving the method of cultivation. In order to improve the method of farming the society has undertaken to supply iron ploughs on hire and groundnut cakes and manure mixture, for sale. It also supplies, occasionally, cotton seeds. The society has jurisdiction over six villages, namely Bhanalagi, Mallur, Agasnad, Tarnal, Lalwat and Godihal. But its operations are so far confined to Bhanalagi only. The society is working efficiently and is making nice profits. After paying dividend at the rate of 7.1/2 per cent the balance of the profit is appropriated to reserve and other funds. At present the society owns 19 iron ploughs valued at Rs. [illegible] after making due allowance for depreciation. The society has all along been self sufficient so far as financial resources are concerned. The society has so far received Rs. 330-12- 0 from Government in the form of subsidy. The society is managed by a paid secretary and a managing committee of five members. As already stated this society is a product of competition between two groups. Hence, so long as the spirit of ~~composition~~ competition and rivalry lasted the managing committee took keen interest in the society and made it one of the best societies in the Bijapur District. But of late the two groups have forgotten their rivalries and have closed their ranks; with the spirit of rivalry the interest in the society has also died. Now, it is a neglected society. If the managing committee

committee evinces as great an interest in the society as it was formerly evincing it can expand the sphere as well as the scope of the activities of the society and can make it the foremost institution of its kind in the district.

(15.14) The village agricultural credit society was registered in 1943. During both the years 1949-50 and 1950-51 the number of members was 57. The owned funds of the society amounted to Rs. 15[illegible]/- in 1949-50 and Rs.1[illegible]/- in 1950-51. Though the total owned funds have recorded an increase of Rs. 272/-, the increase is mainly due to increase in accumulated profits. The increase in the share capital was negligible and the total share capital was also too small namely Rs. 485/-. The borrowing capacity of the society has been fixed at Rs. 15,000/-. The individual borrowing limits are Rs. 300/- for ~~short term~~ short-term loans (three years) and Rs.500 for medium term loans (three to five years). During the year 1949-50 the deposits received by the society were negligible. In 1950-51, however, the current deposits were considerable and they actually amounted to Rs. 610/-. These deposits comprised of a charity fund collected by the villagers and temporarily deposited with the cooperative society, an amount of Rs. 200/- deposited by the local Better Farm society as a token of good will and an individual deposit. Consequently it is obvious that the deposits are not a regular feature and have no value as a source of finance. The only source of finance

finance for the society is the D.C.C. Bank, Limited, Bijapur. In the following table we give a few details of the working of the society in the two years as shown by its borrowings from the D. C. C. Bank on the one hand and by its lendings to its members on the other:-

15.9

1949-50	Fresh loans from the D.C.C. Bank	Loans to individuals
Ordinary loans	Rs. 3,000/-	Rs. 5,450/-
	Rs. 3,000/-	Rs. 5,450/-
1950-51 Ordinary loans	Rs. 10,000/-	Rs. 8,650/-
	Rs. 10,000/-	Rs. 8,650/-

It is obvious from the table for the year 1949-50 that the funds of the society make their appearance in the money lending operations of the society. The repayments of loans are also found to be generally regular in this society. In addition to money lending business the society has undertaken the distribution of cloth, food grains, sugar and kerosene. It is making profits in all these undertakings. However, it is anticipated that during the year 1951-52, the cloth business would suffer a loss. So far as the administration of the society is concerned it must be stated that it is negligent. Resolutions passed at meetings having no quorum as laid down by the bye-laws of the society, are treated as valid resolutions and implemented. No attention seems to have been paid to this aspect of the management. However the society has showed a profit of Rs. 465/- in 1949-50 and Rs. 181/- in 1950-51. No dividends have been declared so far as the society being one of unlimited liability has no authority to declare dividends during the first ten years of its working.

(15.15) The village was first visited by our investigators during the period from 9- 2-1952 to 19- 3-1952. Therefore the information in the General Schedule which was filled in during that period, relates roughly to the year ending with February 1952. The schedule recorded a total of 303 families of which 106 were cultivators. 60 of the cultivating families borrowed during the year and reported a total of 140 transactions of fresh debts. In the following table (table 15.10 on next page) we give the distribution of these transactions and the corresponding amounts by the creditor source. It is obvious from the above table that the part which the society plays in the supply of credit is somewhat under estimated in the General Schedule reporting because actually Rs. 8,655/- have been advanced during this period by the society. So, if in the

the place of the reported loans of Rs. 6,750/- the actual amount of 8,690 is substituted, it would be seen that the advances made by the society are more than 50 per cent of the total credit supplied. However, the co-operative credit society advances loans only to meet capital and current expenditure on farms. Hence if we relate the advances made by the society to the total credit supplied to meet the expenditure on those two items only the proportion is bound to be greater.

Table 15.10 - Borrowing by cultivating families in the village [illegible]

Purpose (Creditor source)	No. of debt transactions	Amount in Rupees
Government	-	-
Cooperative society	29	6,750
Traders, commission agents	-	-
Private money lenders	3	600
Relatives	22	7,610
Agricultural money lenders	86	22,300
Total	140	36,740

(15.16) In the following table are given the various purposes for which amounts have been borrowed. (Table 15.11 on next page).

Table 15.11 - Borrowing for different purposes by the cultivating families in the village [illegible]

Purpose	No. of debt transactions	Amount in Rupees
Capital investment in agriculture	53	16,620
Current Farm Expenditure	4	800
Non-farm Expenditure	4	2,500
Family Expenditure	71	15,000
Other Expenditure	8	1,740
Total	140	36,7[illegible]

From the table it is obvious that nearly half of the total borrowings are to meet capital and current expenditure on farms and that the amount advanced by the societies is more than two fifths of the total amount borrowed to meet capital and current expenditure on farm. The items of capital expenditure mainly financed by borrowing are the purchases of land, livestock, implements and machinery and construction and repairs of bunds. The amount borrowed to meet current farm expenditure was very small.

(15.17) Of the 186 cultivating families only 93 were reported to be in debt at the time of the enquiry, the total

total reported indebtedness amounting to Rs. 51,170/-. In the following table we give the number of cultivating families owing debts to different types of creditors. It should be borne in mind that some of the 93 families owe their debts to more than one creditor.

Table 15.12 - Indebtedness of cultivating families in the village [illegible]

Creditor	No. of cultivators indebted	Amount of total debt
Government	3	4[illegible]
Co-operative Societies	26	[illegible],4[illegible]0
Private money lenders	2	6[illegible]0
Relatives	27	10,11[illegible]
Traders, commission agents	22	4,[illegible]70
Agricultural moneylenders	49	26,6[illegible]
Total	129	51,170

We had earlier noted that the borrowing from the credit society had been somewhat under-reported in the General Schedule. However, it is seen that the outstanding indebtedness to the credit society is in harmony with the figure shown in the books of the society as the amount due from members. It is also obvious from the table above

above that of the outstanding indebtedness the amount due to the Government is very much smaller than the actual amount due to it. Thus if we substitute for the reported amount of Rs. [illegible]/- the amount of Rs. 1,3[illegible]/- actually due to the Government, it would be seen that Government loans outstanding account for 2 per cent of the total indebtedness. The outstanding loans of the co-operative credit society account for about 16 per cent of the total indebtedness. Thus it is seen that the private agencies which supply credit dominate the field of money lending.

(15.18) The village co-operative credit society was registered in 1[illegible]. The society was suspended on 4-1-1947 and a Recovery clerk was appointed to recover the outstanding loans. The society is still under suspension. Hence during the period under report the society was defunct. On 2[illegible]-5-1951, the share capital of the society amounted to Rs. 1,230, the reserve fund amounted to Rs. [illegible] and the charity fund amounted to Rs. [illegible]. Thus the owned funds of the society amounted to Rs. [illegible]/-. Hence it is seen that the resources of the society were substantial. As against this the outstanding amount of the society stood at Rs. 4726/- on that day. Besides the society had Rs. [illegible]/- in cash, Rs. 1,[illegible]/- in bank and Rs. 555/- in the form of shares of co-operative institutions. Prior to its suspension, the society was engaged in moneylending operations and in the distribution of sugar. It is alleged that as the

the distribution of sugar proved to be a most profitable enterprise there was a scramble between the rival groups in the village to gain control over the society and that this eventually lead to the suspension of the society. It is worthwhile to notice that the society was fully utilising its owned funds in its money lending operations. It appears that the recovery of loans was satisfactory. However, two members of the managing committee were also defaulters, though the amount involved was small about Rs. 150/- in all.

society villages must have received tagai loans. Hence it may be regarded that the amount advanced by the Government in the form of tagai loans has been under estimated in the General Schedule. From table 16.4 it is obvious that private agencies have supplied 91 per cent of the total credit. Thus the agriculturist money lenders have supplied 59 per cent relatives 22 per cent and traders and commission 10 per cent of the total credit supplied.

(16.8) In the following table we give the distribution of the loans taken for current farm expenditure according to the creditors from ~~which~~ whom they were borrowed :-

Table 16.5

Creditor	No. of debt transactions	Amount in Rupees
Government	1	50
Co-operative societies	12	2,070
Traders and Commission Agents	15	2,360
Private moneylenders	-	-
Relatives	9	1,790
Agriculturist moneylenders	32	3,650
Total	69	9,920

(16.9) Finally we might examine the supply of credit for family and other expenditure. In the following table

The share capital was Rs. 4065/- so that it worked out at Rs. 26/- per member. The reserve and other funds were considerable and amounted to two thirds of the total share capital. Generally the societies did not have any deposits either current or fixed. However during 1950-51 the current deposits amounted in all to Rs. 914/-. This by no means indicates that the societies have been able to attract deposits. For, two societies together had only Rs. 100 worth of current deposits while the third society had Rs. 814/- worth of current deposits. The nature of these deposits worth Rs. 814/- in this particular society has already been fully analysed in section 15.14, where it was shown that it was not an indication of the society being able to attract deposits. The maximum borrowing limit of all the three societies taken together is Rs. 49,000/-. Of these Rs. 45,000/- is for money lending operations and the extra limit of Rs. 4,000/- is for conducting business other than money lending. The maximum borrowing limits thus fixed are reasonable though they do not bear any direct relation to the assets of the societies.

(16.3) During 1950-51 the three societies together received fresh loans amounting to Rs. 18,900/- from the District Central Co-operative Bank. This is about 39 per cent of the maximum credit limit allowed. The amount sanctioned by the bank, no doubt, is very much lower than the credit limit fixed by it. But the reasons are quite obvious.

The bank, naturally enough, cannot risk advancing loans to the societies to the full extent of the credit limit allowed to them, when it knows full well that it is not going to be easy or possible for it to recover in time the amount advanced to the societies. Besides as already stated in a previous section the societies also may not be in need of credit to the full extent of the credit limit allowed to them. Any way it is worth while to note that the loans advanced by the bank to the societies are substantial and form the bulk of the working capital of the societies.

(16.4) The loans to members by the three societies during 1950-51 amounted to Rs. 15,200/- which is very much less than the working capital which amounted to Rs. 26,892/-. This does not mean that the societies are not fully utilising their working capital. The fact is that a large part of their capital is locked up in loans outstanding from members and hence does not make any appearance in their money lending operations during the year. Hence, though on the face of it, it does not appear that the societies are using their working capital to the fullest extent they are really making the fullest possible use of their working capital. We shall now examine this effort against the requirements of cultivators, as seen from their borrowings. The General Schedule for the three villages shows that out of 716 cultivators 365 actually borrowed from one source or another. The 365 cultivators actually reported 719

719 loans incurred during the year, amounting to a total of Rs. 1,43,250/-. This works out to Rs. 200/- per cultivator. Or if we consider the 365 cultivators who borrowed during the year it gives Rs. 392/- per borrowing cultivator. Of the total amount borrowed Rs. 16,150/- was borrowed from the cooperative societies and that is about one ninth of the total amount borrowed. In the following table, we give the distribution of loans incurred during the year and of the corresponding amounts by creditors.

Table 16.1

Creditor	No. of debt transactions	Amount in Rupees
Government	1	50
Co-operative societies	103	16,150
Traders, Commission Agents	80	16,900
Private money lenders	5	650
Relatives	149	32,900
Agriculturist moneylenders	379	76,150
Others	2	150
Total	719	1,43,250

Thus the co-operative societies are seen to provide only 11 per cent of the total credit supply to the cultivating families in the villages. Incidentally it should be noted .

noted that the amount reported by the General Schedule as borrowed from the co-operative societies, namely Rs.16,130/- agrees very well with the one indicated by the accounts of societies for the year 1950-51, where it appears that the loans made by the societies during the year amounted to Rs. 15,200/-. The small difference might be due to the fact that the General Schedule does not refer to the year 1950-51, but to a somewhat later period, being approximately the calendar year 1951. Agriculturist money lenders account for a very large share, about 55 per cent of the total credit supply. Relatives supply 23 per cent traders and commission agents 12 per cent and private money lenders 1 per cent of the total supply of credit.

(16.5) In the following table, we give the purposes for which the loans were taken during the year:-

Table 16.2

Purpose	No. of debt transactions	Amount in Rupees
Capital farm expenditure	229	53,990
Current farm expenditure	69	9,920
Non-farm business expenditure	10	4,210
Family expenditure	352	63,790
Other expenditure	59	11,340
Total	719	1,43,250

Thus about 44 per cent of the borrowing is for meeting family expenditure. Of the total capital farm expenditure about 34 per cent was on purchase of plough cattle, 33 per cent on purchase of fodder 13 per cent on payment of wages, 13 per cent on purchase of agricultural implements and machinery and the remaining 7 per cent on purchase of land.

(16.6) In the next table are given the details of the current farm expenditure for which loans were taken :-

Table 16.3

Expenditure items	No. of debt transactions	Amount in Rupees
Seed	24	2290
Manure	2	130
Fodder	10	1770
Payment of wages	1	20
More than one of these items	32	5710
Total	69	~~[illegible]~~ 9920

(16.7) In the following table we give the distribution of the loans taken for meeting capital farm expenditure according to creditors from ~~which~~ whom they were borrowed.

(table 16.4 on next page)

table we give the distribution of loans taken for that purpose according to creditors from ~~which~~ whom they were borrowed.

Table 16.6

Creditor	No. of debt transactions	Amount in Rupees
Co-operative societies	65	9,140
Traders and commission agents	40	8,370
Private money lenders	4	650
Relatives	86	18,420
Agriculturist money lenders	215	38,490
Others	1	100
Total	411	75,130

Thus the Government has not and does not make any loans to meet the family expenditure. The societies account for only 12 per cent of the total amount borrowed for this purpose. Even here, it must be noted that the above classification of loans is based on the purposes as reported by the borrowers. The loan registers of the societies mention only the capital or current requirements of farm business and these are the "official" reasons for which the societies in fact make the loans. The rest that

that is 88 per cent of the total is met by private creditors. The agriculturist money lenders provide 51 per cent, the relatives provide 25 per cent and other private money lenders provide 12 per cent of the total credit supplied for this purpose.

(16.10) Out of the 716 cultivating families in the three villages 453 were reported indebted at the time of the enquiry. This is more than 63 per cent of all cultivators. In the following table we give the number of cultivators who were indebted to different types of creditors and corresponding amounts of indebtedness. It should be noted that the same cultivator may be indebted to more than one creditor.

Table 16.7.

Creditor	No. of cultivators indebted to	Amount in rupees
Government	61	20,000
Co-operative societies	123	21,660
Private moneylenders	13	7,000
Relatives	132	44,700
Zamindars	1	200
Traders and commission agents	116	33,730
Agriculturist moneylenders	249	67,310
Others	2	150
Total	697	2,24,920

Thus the total indebtedness works out at Rs. 497/- per indebted family and of the total only about one eighth is owed to the cooperative societies.

XVII. Working of Cooperative Societies - More Case Studies

(17.1) In addition to the four societies from the selected villages, which we have described in the previous two chapters, four more credit societies in the district were selected for study. In these cases, the investigation was confined to the working of the selected societies and no general information regarding the villages in which they were situated was obtained. In particular, the General Schedule was not filled in for these villages and consequently no information regarding the total borrowing or indebtedness of the cultivating families in these villages is available. In this chapter, we shall briefly describe the working of the four selected societies.

(17.2) Of the four selected ~~villages~~ societies three were credit societies. They are those at Bhatgunki in Indi taluka and at Babanagar and Hittinhalli ~~respectively of~~ in Bijapur taluka. The fourth is a multipurpose society and is situated at Hunnur in Jamkhandi taluka. We shall describe them one by one, and in that order.

(17.3) Bhatgunki is a village in Indi taluka situated at a distance of 9 miles from Indi, the taluka town. The village is well served by wells there being as many as 90 irrigation wells. However many of them dry up in summer

summer and are therefore not useful for heavy irrigation. Hence the main food crop - Jowar, is raised as an irrigated crop. The main crops of the village are in the order of their importance Jowar, Bajri, groundnut, cotton, and pulses. The Village Thrift and Credit Society was registered on 27-10-1948. The number of members has increased from 31 in 1949-50 to 36 in 1951-52. The share capital has increased from Rs. 635/- in 1949-50 to Rs. 1,110/- in 1951-52. During the same period, the reserve fund has increased from Rs. 31/- to Rs. 37/- and the deposits from Rs. 25/- to Rs. 900/-. The main source of finance to the society was however, the D.C.C. Bank. The maximum borrowing capacity of the society has been fixed at Rs. 5,000/-. The maximum borrowing limits for individual members are Rs. 300/- for loans of less than 3 years duration and Rs. 500/- for loans of duration between 3 to 5 years.

(17.4) The reason for the very low borrowing capacity of the society is that the value of the assets of the society is very small. The village is an inam village and a large number of cultivators are merely tenants. Naturally majority of the members are tenant cultivators. This is a major obstacle in the way of the expansion of the society because loans can be advanced either against the security of land or against the guarantee of the sureties; and there are very few members having land and they have [illegible]-

themselves borrowed and therefore cannot stand as sureties till they repay their own loans.

(17.5) In the following table we give a few details of the working of the society during the years 1949-50, 1950-51 and 1951-52, as shown by its borrowings from the D.C.C. Bank on the one hand and its lendings to its members on the other.

Table 17.1

		Fresh loans from the D.C.C. Bank	Loans to members
1949-50			
Ordinary loans		3,050	3,550
	Total	3,050	3,550
1950-51			
Ordinary loans		1,650	800
	Total	1,650	800
1951-52			
Ordinary loans		2,475	2,475
	Total	2,475	2,475

It is observed that the resources of the society though they are meagre make their appearance in the money lending operations of the society. In 1950-51 the society dis-

disbursed only Rs. 800/- by way of loans because the inspector of the D.C.C. Bank strongly objected to the society's practice of advancing loans to tenant cultivators against the security of tenanted inam lands. The recovery of loans is very satisfactory and the society though small is most efficiently managed. The Chairman takes keen interest in the society and himself does the secretarial work though there is one honorary secretary. In 1949-50 the society had incurred a loss of Rs. 112/- because it had engaged the services of a paid secretary even though the size of the society and the scale of its operations were too small to permit it. So from 1950-51 the society secured the services of an honorary secretary. Since the present chairman has come into office, the society has been making steady progress and has showed a profit of Rs. 113/- in 1950-51 and Rs. 151/- in 1951-52. The society has been given a subsidy of Rs. 90/- once, to meet the cost of secretarial work.

(17.6) Babanagar is a village in Bijapur taluka and is situated at a distance of 17 miles from Bijapur. The village is well served by irrigation wells there being as many as 50 irrigation wells in use. The main irrigated crop are - Sugarcane, bananas, grapes and chillies. The main kharif crops are Bajri, Groundnut and Maize and the main rabi crops are jowar, wheat and cotton. The agricultural credit society was registered on 30-6-19[illegible]. The growth has been rapid. By 30-6-1951, the society had

had collected Rs. 5,615/- by way of share capital and had a membership of 163. The reserve fund of the society has increased from Rs. 116/- in 1949-50 to Rs. 172/- in 1950-51. In accordance with the rapid growth of the society, the borrowing capacity of the society has also increased. Thus on 24-4-1950 the D.C.C. Bank revised the borrowing capacity of the society and raised it from Rs. 16,000/- to Rs. 30,000/-. The individual limits of borrowing for members are Rs. 300/- for loans of less than 3 years duration and Rs. 500/- for loans of duration between 3 to 5 years. However in spite of substantial resources of its own the society continues to rely on the D.C.C. Bank for finance.

(17.7) In the following table we give the working of the society during 1949-51 as shown by its borrowings from the D.C.C. Bank on the one hand and by its lendings to its members on the other.

Table 17.2

		Fresh loans from D.C.C. Bank	Loans to members
1949-50			
Ordinary loans		7,260	9,309
	Total	7,260	9,309
1950-51			
Ordinary loans		23,569	26,575
	Total	23,569	26,575

From the table given above it is obvious that the funds of the society are making increasing appearance in the money lending operations of the society. The recovery of loans has also been quite satisfactory in this society. The society has made a profit of Rs. 548/- in 1949-50 and Rs. 308/- in 1950-51. Besides providing credit the society has undertaken to supply ploughs on hire to the members. At present the society owns ten ploughs. The society is trying to convert itself into a multipurpose society so that it may be permitted to undertake the marketing of the produce of its members. It has already passed a resolution to that effect.

(17.6) Kittinhalli, a village in Bijapur taluka is situated at a distance of seven miles from Bijapur. The land of the village is mostly unirrigated. The main crops are Jowar, Groundnut and pulses. The village credit society was established in 1911. In all these years it has been able to collect only Rs. 3090/- by way of share capital. However, the reserve fund is considerably ~~big~~ large. In fact it amounted to Rs. 6746/- in 1950-51. The deposits received by the society are negligible. It is interesting to note that the borrowing capacity of the society was only Rs. 5000/- till 1946 and that even now, though the society's share capital and reserve fund together exceed Rs.10,000/- it has been fixed at Rs. 10,000/- only. The D.C.C. Bank is justified in not sanctioning higher credit limit because the society is reportedly mismanaged and the recovery

recovery of loans is very difficult. The individual limits of borrowing are Rs. 300/- for loans of less than three years' duration and Rs. 500/- for loans of duration between 3 to 5 years. The share capital of the society has increased from Rs. 2820/- in 1949-50 to Rs. 3090/- in 1950-51. The reserve fund has increased from Rs. 6724/- in 1949-50 to Rs. 6748/- in 1950-51. Other funds have on the contrary decreased from Rs. 491/- to Rs. 391/-. However, the society relies to a considerable extent, on the D.C.C. Bank for its finance as its owned funds are locked up in outstanding loans.

(17.9) In the following table we give the working of the society during 1949-50 and 1950-51 as seen from its borrowings from the D.C.C. Bank on the one hand and its lendings to its members on the other.

Table 17.3

		Fresh loans from the D.C.C. Bank	Loans to members
1949-50 Ordinary loans		6,275	10,074
	Total	6,275	10,074
1950-51 Ordinary loans		3,665	3,815
	Total	3,665	3,815

As already stated, it is obvious that the society relies

relies to a considerable extent on the D.C.C. Bank for its finance. The society had advanced crop loans and it has received a subsidy of Rs. 130/- on that account. As already stated the recovery of loans is unsatisfactory. The society is also supplying ploughs on hire. It had 6 ploughs. But lately it has sold two of them. The society is managed by a group secretary and a managing committee of five members.

(17.10) Hunnur, a village in the Jamkhandi taluka, is situat-ed at a distance of three miles from Jamkhandi and is conne-ected to it by a motorable road. The main crops are Jowar, Cotton, Groundnut and pulses. The village is exposed to famine and is visited by it, on the average, once in five years. The villagers are progressive in outlook and have a municipality having an annual income of Rs. 1400/-. Nearly half of the villagers are weavers and are engaged in the weaving of saris , which is an important industry of the village. The villagers are generally thrifty, about 70 per cent of them being completely free from debt. Even the remaining 30 per cent are not heavily indebted. Besides the village multipurpose society, which is selected for study there is a weavers' society in the village, which is enga-ged in the distribution of yarn. The society is being managed most efficiently and is financially very very sound. In fact it has surplus funds running into thousands of rupees. The village multipurpose society was registered

registered on 29-3-1949. The object of the society was not to provide credit to members but to undertake the marketing of agricultural produce and cattle. But as soon as it came into existence it had to shoulder the responsibility of the distribution of food grains, sugar and kerosene. Naturally its capital was too small to permit it to undertake the marketing work in addition. So from 1950-51 the society started to supply credit to members and also to supply iron ploughs ~~for~~ on hire and plough shares for sale. The society is most efficiently managed. Among the selected societies, this is the only one where the managing committee actually supervises over the utilisation of the loans advanced by the society to its members. The society is alive to the needs of the villagers and is functioning very actively. The society is managed by a trained secretary and a managing committee of five members. The society though established very recently is making rapid progress. Thus its membership has increased from 100 in 1949-50 to 142 in 1950-51. Its share capital has increased from Rs. 1100/- in 1949-50 to Rs. 1795/- in 1950-51. The reserve fund too has increased from Rs. 103/- to Rs. 14[illegible]/-. Besides the society has been able to attract deposits amounting to Rs. 1000/-. However, as pointed out earlier, the society is experiencing a shortage of finance to achieve its object. The situation was further aggravated by the fact that during that period there was no central financing agency. It was a period of transition. The table to give the details of loans borrowed by the society from the members of the managing committee and the details of loans advanced by the society to its members :-

Table 17.4

	Borrowing from M.C. Members	Advance to members
1949-50		
Ordinary loans	5,350	-
Total	5,350	-
1950-51		
Ordinary loans	5,000	5,150
	5,000	5,150

The loans advanced to members are promptly recovered. In fact in 1950-51 out of total advances of Rs. 5150/-, Rs. 3050/- were recovered by the close of the co-operative year. Thus it is seen that the society is doing good work. There appears considerable scope for developing this society, if adequate resources can be made available. Some suggestions and recommendations seem to have been made in this direction. One such suggestion is to allow the local weavers' society to invest its surplus funds in the local multipurpose society as it has reportedly dereportedly expressed its willingness to do so. At present the society is borrowing from the members of its managing committee loans bearing interest at 6 per cent per annum. The cash credit provided by the bank also bears interest at 6 per cent per annum. It is therefore suggested that the society should be allowed to pay interest at 6 per cent per annum on deposits as it appears possible to raise considerable amount by doing so.

(17.12) With a view to study*ing* the operations of the agencies supplying credit to cultivators as also the problem of marketing of agricultural produce, five important marketing centres were selected in the district. The selected centres were, Bijapur, Bagalkot, Indi, Hungund and Jamkhandi. We shall present the results of investigation at these centres in subsequent chapters. However, along with other credit institutions, it was decided to study any co-operative credit societies if they were at these centres. There were ten such, six at Indi, three at Hungund and one at Jamkhandi. In the following paragraphs, we shall briefly describe their working.

(17.13) Indi is an important marketing centre in the Bijapur district. It is the headquarter of Indi taluka and is situated at a distance of 3.1/2 miles from Indi Road a station on the Sholapur Hubli Section of the Southern Railway. The main crops are jowar, wheat, cotton, groundnut, safflower and pulses. The soil is not so fertile, but a large area of land is irrigated by wells.

However, Indi is often exposed to famine due to failure of crops either on account of excess of rains or ~~what~~ is more often on account of complete failure of rains when even the wells dry up. The co-operative movement is highly developed in this taluka. In Indi itself there are six co-operative societies. Besides these there is a branch of the Bijapur District Central Co-operative Bank, Ltd., Bijapur and an Industrial Co-operative Society. This industrial co-operative society is a huge organisation with considerable resources. It owns two tractors and a large number of iron ploughs. It is engaged in the distribution of cloth, etc. It has many branch offices. As already stated there are six other societies at Indi. One of them is a multipurpose society and the remaining five are agricultural credit societies. Following are the names of the six societies referred to above.

Name of the Society	Date of registration
(1) Indi Village Multipurpose Society	10-5-1911
(2) Indi Muslim Agricultural Co-operative Credit Society	3-1-1927
(3) Mahalaxmi Agricultural Co-operative Credit Society	23-2-1927
(4) Sarvodaya Agricultural Co-operative Credit Society	3-5-1928
(5) Depressed Class Agricultural Co-operative Credit Society	3-12-1928
(6) Bhagyoday Agricultural Co-operative Credit Society	26-8-1950

All these six societies are of unlimited liability. Of to Rs. 300/- and from Rs. 400/- to ... 500/-

Of these the first, third and fourth together form a group and have a group secretary. Recently the second society has also engaged the services of the same group secretary. The remaining two societies have their own secretaries. We will now deal with these societies one by one in that order.

(17.14) The Indi Village Multipurpose Society is the oldest society in Indi and is also the only multipurpose society in Indi. The number of members is 65. In addition to providing credit to members the society supplies iron ploughs on hire. It was also running a cloth shop but closed it as it proved to be a losing proposition. Temporary redeemable shares had been issued to finance the cloth business and with its closure they were fully redeemed. This accounts for the sudden fall in the amount of share capital in 1950-51. Thus the share capital of the society has decreased from Rs. 2,495/- in 1949-50 to Rs. 2,060/- in 1950-51. Other funds have also decreased from Rs. 853/- to Rs. 798/-. Reserve fund however has increased but by Rs. 9/- only. The society has been able to attract deposits. The deposits were from non-members only and amounted to Rs. 2,375/- in 1949-50 and Rs. 2,302/- in 1950-51. On 31- 1-1950 the maximum borrowing capacity of the society as well as that of its members was revised. The maximum borrowing capacity of the society was raised from Rs. 15,000/- to Rs. 24,000/-, that of the members from to Rs. 300/- and from Rs. 400/- to Rs. 500/-

from Rs. 200 ~~- 499 to Rs. 300 - 500 respectively~~ for short and intermediate term loans respectively. The society has showed a profit of Rs. 635/- in 1949-50 and a loss of Rs. 117/- in 1950-51.

(17.15) In 1949-50, the society had borrowed Rs. 1200/- from the D. C. C. Bank as against which it had advanced only Rs. 550/- to its members. In 1950-51, it had borrowed Rs. 4,400/- from the D.C.C. Bank, but had advanced Rs. 6700/- to its members. The society had in addition borrowed Rs. 3000/- from the D.C.C. Bank in 1949-50 to finance its cloth business. The recovery position of the society was not very satisfactory. In 1949-50 out of total dues of Rs. 5023/-, Rs. 4948/- were overdue. In 1950-51, the proportion of overdue loans was comparatively smaller; nevertheless the overdue loans amounted to Rs. 4,224/- of a total debt of Rs. 8,249/-. It is important to notice that the society had fully repaid all loans borrowed from the D.C.C. Bank. The owned funds of the society are considerable and amounted to Rs. 9,420/- in 1950-51. Yet as most of it is locked up in loans advanced to members and in the iron ploughs owned by the society, the society has to depend largely on the D.C.C. Bank for financing its money lending operations.

(17.16) The Indi Muslim Agricultural Co-operative Credit Society has as the name suggests a predominantly Muslim membership. The number of members was 75 in 1949-50 and

and 76 in 1950-51. Though it was registered as early as in 1927, it has not been able to collect more than Rs.1535/- by way of share capital. This is the only society other than the Indi Multipurpose Society which has been able to attract deposits to a considerable extent. In 1950-51, total deposits, which were mostly from non-members, amounted to Rs. 4,460/-. The share capital of the society has increased from Rs. 1,265/- in 1949-50 to Rs. 1,535/- in 1950-51. During the same period, the reserve fund increased from Rs.4337/- to Rs. 4417/-, other funds increased from Rs.[illegible]/- to Rs. 902/-, and deposits increased from Rs. 4,205/- to Rs. 4,460/-. The maximum borrowing capacity is surprisingly enough, fixed at such a low amount as Rs. 5,000/-. The borrowing limits for members are Rs. 300/- for short term and Rs. 500/- for medium term loans. The society has showed a profit of Rs. 413/- and Rs. 114/- in 1949-50 and 1950-51 respectively.

(17.17) The Society however does not depend upon the D.C.C. Bank for finance. It had not borrowed from the D.C.C. Bank either in 1949-50 or in 1950-51. Yet it had advanced Rs.800 in 1949-50 and Rs. 2250/- in 1950-51. Here too the recovery position is not satisfactory, though lately it is improving. The society does not render any service to its members other than providing credit.

(17.18) The Mahalaxmi Agricultural Co-operative Credit Society has a predominently Maratha membership. The number

number of members was 56 in 1949-50 and 57 in 1950-51. The society, though it was registered as early as in 1927, has not been able to accumulate much by way of reserve fund. The reserve fund was Rs. 400/- in 1949-50 and thereafter was increased by Rs. 3/- only. The share capital of the society has increased from Rs. 1765/- in 1949-50 to Rs. 1935/- in 1950-51. Other funds have decreased by Rs. 11/- during the same period. The society has not been able to attract any deposits. The borrowing capacity of the society of the society has been fixed at Rs. 10,000/-. The individual borrowing limits are Rs. 300/- for short term loans and Rs. 500/- for medium term loans. The society, in addition to supplying credit to members, supplies iron ploughs on hire. The society showed a loss of Rs. 57/- in 1949-50 and a profit of Rs. 200/- in 1950-51.

(17.19) The society had borrowed Rs. 3,990/- from the D. C. C. Bank in 1949-50. As against this it had advanced to members Rs. 3400/-. In 1950-51, the society had borrowed Rs. 5750/- from the D.C.C. Bank as against which it had advanced Rs. 5050/- to its members. These figures reveal that the society merely acts as an agent of the D.C.C. Bank and that its own funds do not make any significant appearance in its money lending operations. This is because the recovery position is not so very satisfactory. In fact the society had been suspended in 1930 as the managing committee was not able to recovery the overdue loans. It started functioning again in 1944. Though the recovery position has very much improved, ~~still~~ it is not as satisfactory as it

(17.20) The Sarvodaya Agricultural Co-operative Credit Society was originally registered on 3- 5-1923 in the name of the Brahmin Agricultural Co-operative Credit Society. On 13- 5-1950 that name was changed and the present name was adopted in its place. The society has a predominantly Brahmin membership. The number of members was 27 in 1949-50 and 29 in 1950-51. The share capital of the society has increased from Rs. 500/- in 1949-50 to Rs.1210/- in 1950-51. The reserve fund was Rs. 464/- in 1949-50. Thereafter it had not increased to any appreciable extent. The deposits received by the society were negligible. The maximum borrowing capacity of the society has been fixed at Rs. 6,000/- and individual borrowing limits at Rs. 300/- for short term and Rs. 500/- for intermediate term loans. The society in addition to supplying credit, runs a cloth shop. The cloth shop is expected to yield a nice profit. In 1949-50 the society showed a profit of Rs. 290/- while in 1950-51 it has showed a loss of Rs.120/-.

(17.21) The society's owned funds are locked up in overdue loans and in the cloth business. Hence it depends entirely on the D.C.C. Bank for financing its money lending operations. The recovery position of the society is very unsatisfactory. In fact, the society had been suspended in 1940 and remained suspended till 1940 as the managing committee was not able to recover the accumulated overdue loans. It is unfortunate that the society should allow

allow loans to become overdue so soon after it was allowed to function.

(17.22) The Depressed Class Society was registered in 1928. The number of members has increased from 62 in 1949-50 to 64 in 1950-51. The share capital has increased from Rs. 1265 in 1949-50 to Rs. 1570/- in 1950-51. During the same period the reserve fund has increased from Rs. 2900/- to Rs. 2928/- and other funds from Rs. 227/- to Rs. 237/-. The society has not been able to attract any deposits. The maximum borrowing capacity of the society has been fixed at Rs. 5,000/- and individual borrowing limits are Rs. 300/- for short term loans and Rs. 500/- for intermediate term loans. The society does not provide to members any service other than supplying credit.

(17.23) In 1949-50 the society had advanced to members loans amounting to Rs. 2260/- as against which it had borrowed only Rs. 1360/- from the D.C.C. Bank; similarly in 1950-51 it advanced to members loans amounting to Rs. 3250/- though it had borrowed only Rs. 2400/- from the Bank. Thus it is obvious that the society utilises to some extent its own funds though of course the major portion of the finance is provided by the Bank. The recovery position of the society is comparatively satisfactory. The society has recorded a profit of Rs. 48 in 1949-50 and Rs. 36/- in 1950-51.

(17.24) The Bhagyodaya Society was registered on 26-2-1950 for the benefit of "Lamani" people who found it very diffi-

difficult to obtain credit to meet their current farm expenditure. During 1950-51 the number of members was 38, the share capital was Rs. 725/- and the reserve fund was Rs. 38/-. It had not received any deposits. It had borrowed Rs. 1750/- from the D.C.C. Bank and had advanced Rs.2250/- to its members. The members are regular in repaying their loans. The maximum borrowing capacity of the society has been fixed at Rs. 5000/- and individual borrowing limits are Rs. 300/- for short term loans and Rs. 500/- for intermediate term loans. The society's resources are meagre and it therefore relies entirely on the D.C.C. Bank for providing it with finance. The society showed a loss of Rs. 16/- in the very first year of its existence because it has employed a paid secretary, though the size of the society and the scale of its operations are too small to permit the employment of a paid secretary. This is purely an agricultural credit society and does not provide any service other than the supply of credit to members.

(17.25) From the foregoing paragraphs it is obvious that the recovery position of the societies with one or two exceptions is generally not very satisfactory. This is partly due to the negligence of the managing committee. However it might be emphasised that recently their work has become all the more difficult because this taluka has experienced bad seasons successively for the last two or three years and consequently the cultivators are not in a position to repay their loans promptly.

(17.26) So far as the management of the societies is concerned, it must be emphasised that the managing committees are not at all functioning actively except in the case of the Indi Muslim Agricultural Co-operative Credit Society and the Depressed Class Agricultural Co-operative Credit Society. In the Depressed Class Agricultural Co-operative Credit Society the secretary is only a namesake and the managing committee looks after the entire work. In the Bhagyodaya Society, the secretary being the priest of the Lamani people who are the members of the society, is able to function effectively and efficiently. The remaining four societies are being looked after by the group secretary. The system of having a group secretary is working satisfactorily at Indi.

(17.27) With the exception of the Bhagyodaya Society and the Indi Muslim Society all the societies had referred a few of their overdue loans ~~for~~ to arbitration. The amount involved in arbitration proceedings is in all Rs. 4,003/-.

(17.28) It is really surprising that there should be so many agricultural societies in Indi and not a single marketing society, though Indi is an important marketing centre and there are very few private traders and commission agents. If all the societies co-operate they can together collect and pool the produce of their members and sell them at an advantage especially as there is a regulated market at Indi.

(17.29) Hungund, the headquarter of Hungund taluka is an an important marketing centre of the Bijapur district. It lies on the Bagalkot-Ilkal road, 29 miles from Bagalkot. The main crops of Hungund are Jowar, cotton, groundnut and pulses. Of these cotton is by far the most important commercial crop and is extensively grown as the soil is best suited for growing cotton. The land is mostly unirrigated. Hungund - though an important assembling market for cotton - is more like a big village than a little town. The population is more rural than urban in character, tastes and habits and thus it accounts for the existence of three multipurpose societies and a marketing society. Besides there is a branch of the Bijapur District Central Co-operative Bank, Ltd. The three multipurpose societies situated at Hungund are :-

(1) The Hungund Village Multipurpose Society, Unlimited.

(2) The Anjuman Multipurpose Society, Ltd. and

(3) The Mahantesh Multipurpose Society, Unlimited.

We will treat them one by one in that order.

(17.30) The Hungund Village Multipurpose Society is the oldest and the best of the three multipurpose societies at Hungund. It was registered in 1913 and has made great progress since then. In 1949-50 the society had 174 members. Its share capital was Rs. 5760/-; its reserve fund, an enviable amount of Rs. 21,044/- and other funds amounted to Rs. 663/-. By 1950-51 membership of the society had increased from 174 to 187. During the same period the share

share capital of the society increased from Rs. 5,760/- to Rs. 6,640/-; the reserve fund from Rs. 21,024/- to Rs. 21,350/-. Other funds however had slightly diminished. The society has been highly successful in attracting deposits from members as well as from non-members. In 1949-50 the total deposits amounted to Rs. 20,219/- of which Rs. 4,796/- were from members. In 1950-51, the total deposits had increased to Rs. 21,940/-; of these only Rs.3210/- were from members. The maximum borrowing capacity of the society has been fixed at Rs. 50,000/-. The individual borrowing limits approved by the D.C.C. Bank are Rs. 300/- for short term loans and Rs. 500/- for intermediate term loans. As the society has huge resources which are remaining idle in its bank account, it decided to give increasing credit facilities to its members. Hence they have passed a resolution that individual borrowing limits should be raised from Rs. 500/- to Rs. 600/-. Though reportedly by the departmental authorities have favoured this move, the D. C. C. Bank is not as a matter of policy prepared to sanction loans exceeding Rs. 500/- to any members. Hence the society is trying to explore other avenues for investing its funds. At present, in addition to providing credit, it runs a readymade clothes shop and a cloth shop. It supplies iron ploughs on hire. It owns a breeding bull and maintains a "Nandi Shala" to improve the breed of cattle. Formerly it was the sole distributor of food grains, sugar

sugar and kerosene but at present it has discontinued that business. The society showed a profit of Rs. 613/- in 1949-50 and Rs. 750/- in 1950-51. The commendable efficiency of the society is largely due to the Chairman Shri P. K. Guddad who is at the ~~held~~ helm of the affairs of the society since last 27 years.

(17.31) The society had borrowed in 1949-50 Rs. 5124/- from the D. C. C. Bank as against which the society had advanced Rs. 14,595/- to its members. In 1950-51 the society borrowed Rs. 18,000/- from the D.C.C. Bank and advanced Rs. 25,810/- to its members. Besides the society had at the same time a balance of Rs. 23,000/- in its account with the D. C. C. Bank. Hence it is clear that the society has huge resources and does not depend much upon the D.C.C. Bank for financing it. In fact as stated earlier it is exploring new avenues for investing its idle funds. The recovery position of the society is quite satisfactory. In 1950-51 the overdue loans amounted to Rs. 450/- only in a total outstanding debt amounting to Rs. 34,113/-.

(17.32) The Anjuman Multipurpose Co-operative Society, Ltd. Hungund has a predominently Muslim membership. The number of members was 53 in 1949-50 and 61 in 1950-51. The society was registered on 11-6-1947. But it has made rapid progress and by 1950-51 it had collected Rs. 7050/- by way of share capital. The society's share capital has increased from Rs. 6695/- in in 1949-50 to 7050 in 1950-51. During the same period the reserve fund has increased from Rs. 240/- to Rs. 248/- while other funds have remained stationary at Rs. 135/-. In 1949-50 there were no deposits. By 1950-51 the society had attracted deposits exceeding Rs. 5700/- of which nearly Rs. 1900/- were from non-members. The borrowing capacity of the society has not been fixed but it is defined in the bye-laws of the society as follows :- "The amount borrowed and the deposits received by the society should not at any time exceed eight times the sum of the share capital and the reserve fund of the society." The individual borrowing limits are Rs. 300/- for short term loans and Rs. 500/- for intermediate term loans. In addition to supplying credit, the society supplies seeds to its members and is engaged in the distribution of foodgrains, sugar and kerosene. The society showed a profit of Rs. 61/- in 1949-50 and Rs. 441/- in 1950-51. The society has so far received in all Rs. 553-12- 0 as subsidy.

(17.33) The society advances loans to members out of its own funds. Thus it had advanced Rs. 5991/- in 1949-50 and Rs. 5000/- in 1950-51. The recovery position of the society is satisfactory. The society however has taken loans from the D. C. C. Bank in the form of cash credit to finance its business activities such as the distribution of food-grains, sugar and kerosene. The secretary as well as the members of the managing committee take keen interest in the.

the work of the society.

(17.34) The Malkantesh Multipurpose Co-operative Credit Society was registered on 11-6-1947. It is promoted and largely influenced by the local traders. It is alleged that the trading community watched with great concern the growing activities of the Hungund village Multipurpose Society which was engaged in trading activities with visible success. And being apprehensive that if allowed to expand without check or hindrance, it may enter the field of marketing of agricultural produce and may prove a competent and successful rival, the trading community decided to establish another society to compete with and thereby sap the strength of the Hungund Village Multipurpose Co-operative Society. Hence it was not at all difficult either to raise share capital or to attract deposits. The society was able to obtain from the Government the authority to distribute foodgrains, sugar, kerosene and cloth and was making nice profits in the distribution work. But soon it was discovered by the Mamlatdar in one of his inspectional visits to the shop run by the society that there was a shortage in the stock of foodgrains. Hence orders were passed to cancel the agency of the society to distribute food grains. Again it is alleged that in the mean while prices of gur had gone down and some members of the managing committee who were traders of gur liquidated their stocks by selling gur to the society and back dating the entry. Consequently as is reported the society had to suffer a loss. When this

this came to the notice of the members a general body meeting was held. But as nothing could be proved against the members of the managing committee, it was decided to scrap the old managing committee. A new committee free from merchant element was elected. Resenting this action of the general body the outgoing members of the managing committee induced some of the depositors to withdraw their deposits. This accounts for the sharp and sudden fall in the total deposits with the society. The present managing committee is not corrupt but it is negligent and does not take much interest in the work of the society.

(17.35) The number of members was 90 in 1949-50 and 95 in 1950-51. The share capital has increased from Rs. 3560/- in 1949-50 to Rs. 4140/- in 1950-51. During the same period the reserve fund has increased from Rs. 578/- to Rs. 662/- and other funds have increased from Rs. 124/- to Rs. 152/-. The deposits amounted to Rs. 11,005/- in 1949-50 and came down to Rs. 6,310/- in 1950-51 due to reasons mentioned earlier. The maximum borrowing capacity of the society has been fixed at Rs. 40,000/- and individual limits of borrowing have been fixed at Rs. 300/- for short term loans and Rs. 600/- for intermediate term loans. In addition to supplying credit to members, the society is engaged in the distribution of foodgrains, sugar, kerosene and cloth. The society had showed a profit of Rs. 155 in 1949-50 and Rs. 371/- in 1950-51.

(17.36) In 1949-50 the society did not advance any loans to to its members. But during that year it had borrowed Rs. 14,495/- from the D. C. C. Bank for financing its marketing activities. In 1950-51 the society borrowed Rs.10,0../- from the D. C. C. Bank and advanced Rs. 13,000/- to its members. Hence it is seen that the society largely depends upon the D. C. C. Bank for financing it. The society has invested a major portion of its resources in the various marketing activities under-taken by it. The recovery position of the society is satisfactory.

(17.37) From the preceding paragraphs it is clear that the societies at Hungund are all societies having huge resources. They have all been able to collect substantial amounts by way of share capital. They have all been able to attract deposits. The recovery position is also satisfactory in all the societies. Again two of them do not rely to any great extent on the D. C. C. Bank for finance. Thus it is seen that generally they are well off. The reason for this is that in the distribution of foodgrains, sugar, kerosene and cloth, the societies have been able to make large profits so as to improve their financial condition, and to enable them to employ fully paid secretaries to manage their affairs. The success of the societies may also be attributed to a large extent to the able management. Again from the example of the Anjuman Multipurpose society it may be inferred that homogenity in membership is conducive to a rapid development and successful working of a society especially when it is is combined with good management.

(17.38) Jamkhandi, the headquarter of the Jamkhandi taluka, was the capital of the former Jamkhandi State prior to its merger within the Bombay State. It is situated at a distance of 43 miles north west of Bagalkot. It is a primary assembling market for cotton, groundnut, pulses, chillies and gur. It has no railway station, the nearest railway station being "KUDCHI" (36 miles) on Poona Bangalore line of the Southern Railway.

(17.39) There is only one co-operative multipurpose society at Jamkhandi and that is the Vividha Karyakari Sahakari Sangh, Aniyamit. The society was registered under that name with unlimited liability in 1949. That was the beginning of a long drawn out dispute between the members; because some of them took strong objection to the society having unlimited liability especially as it had been established with the object of undertaking marketing activities. Ultimately in 1952 the dispute was settled by converting the society into one of limited liability. From the time it was registered to the time that the dispute regarding the liability of the society was settled, the society was not functioning. In the beginning the number of members was 74 and the share capital was Rs. 650 and reserve Fund Rs. 76/-. Besides this the society had no other resources. The society was not functioning during the years 1949-50, 1950-51 and 1951-52. But during 1951-52, after the dispute was settled, the society was able to increase the membership from 74 to 90 and the share capital from Rs. 650/- to Rs. 850/-. The society has incurred a loss of Rs. 1/- in 1949-50 and Rs. 6/- in 1950-51 as it had incurred some petty expenditure such as on postage. In 1950-51, however, the society incurred a loss of Rs. 26/- because the society had employed a paid secretary. It is really interesting to note that Rs. 147- 0- 0 have been paid by way of salary to the secretary when actually no business was transacted and the society was not functioning actively. And had it not been for ~~that~~ the fact that the Government ~~has given~~ gave a subsidy of Rs. 150/- to the society, the society would have shown a loss very much bigger than Rs. 26/- shown at present.

XVIII. Character of Co-operative Credit

(18.1) In the three preceding chapters, we described the working of a total of 18 co-operative societies, which were selected for case studies. So far we did not attempt any analysis of the individual loans made by these societies, such as for instance, an analysis of the loans by size, by rate of interest, etc. We propose to do this in the present chapter. As a preliminary, we might present in a consolidated form the accounts of the 18 cooperative societies covered by our investigation. In table 18.1 we have given details of their membership and working capital during the two years 1949-50 and 1950-51. It should be noted that two of these societies, namely, The Amaravati Village Multipurpose Cooperative Credit Society and The Bhagyodaya Agricultural Co-operative Credit Society, were registered and started functioning in 1950-51. Hence the figures for the year 1949-50 in table 18.1 and two subsequent tables, that is, tables 18.2 and 18.3 pertain to only the remaining 16 societies which were actually functioning during that period.

(18.2) In table 18.2 on next-page 324, we give a few particulars of the annual transactions of the societies for the two years 1949-50 and 1950-51 separately.

(18.3) Thus during 1950-51, the 18 societies having a total

Table 18.1 - For 18 societies covered by the investigation.

	For 16 societies	For 18 societies
Number of members	1,206	1,407
Owned funds:		
Paid up share capital	35,625	43,915
Reserve funds	45,414	46,251
Other funds	4,294	5,035
Total owned funds	85333	95201
Borrowed funds outstanding:		
Current deposits from members	170	3,291
Current deposits from non-members	67	980
Savings deposits from members	2,473	3,726
Savings deposits from non-members	6,896	7,467
Fixed deposits from members	4,490	4,800
Fixed deposits from nonmembers	24,301	24,620
Loans from District Central Co-operative Bank	43,022	86,371
Total borrowed funds	81166	129283
Total working capital	1,66,699	2,24,484
Investments:		
Shares and debentures of cooperative institutions	8,420	11,170
Postal cash and National Savings Certificates	10	10

Table continued

Table 18.1 continued.

Others	1,544	1,488
Fixed deposits with approved banks	8,604	24,506

Table 18.2

	For 16 societies 1949-50	For 18 societies 1950-51
Fresh deposits from:		
members	7,623	9,586
Non-members (individuals)	8,484	10,678
from non-members (institutions)	-	940
Fresh loans from the District Central cooperative Bank	67,286	1,03,034
Fresh loans to members	60,319	1,16,410
Repayment of loans by members (Principal)	44,369	70,254
Repayment of loans by members (interest)	-	35

At the end of the year, loans outstanding with the members were as under :-

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Table 12.3

	For 16 societies 1949-50	For 1[illegible] societies 1950-51
Outstanding loans	80,079	1,25,369
Of these, overdues and bad or doubtful debts were as under:-		
Overdues	23,691	28,716
Bad and doubtful	1,595	1,635

total membership of 1407, made fresh loans amounting to Rs. 1,16,410/-. In order to study the characteristics of individual loans, we extracted some information from the loan registers of the societies. Our copy of the loan registers shows that fresh loans during the year amounted to Rs.1,14,329. The difference is small and might be attributed to copying and other errors. In subsequent parts, we shall take this latter figure.

(12.4) The total amount of Rs. 1,14,329 borrowed during the year comprised of 540 loans. In the following table, we give a distribution of these 540 loans made during the year according to the amounts.

Table 18.4

Amounts	No. of loans	Total amount in rupees
Less than Rs. 100	56	3,085
Rs. 100 - 199	201	22,520
Rs. 200 - 299	121	24,825
Rs. 300 - 399	89	26,770
Rs. 400 - 499	13	5,220
Rs. 500 - 999	61	30,800
Rs. 1000 and over	1	1,100
Amounts not given	6	
Total	548	1,14,320

(18.5) In the following table we give the distribution of the loans by their terms of repayment. (table 18.5 on next page) From the table it is obvious that only about one tenth of all loans amounting to Rs. 10,640/-, that is, to about 10 per cent of the total amount borrowed, were of one year or shorter duration. 65 per cent of the total loans accounting for 56 per cent of the total amount borrowed were of duration varying from 3 to 4 years. Therefore it is obvious that the societies generally advance loans of duration varying from 2 to 4 years, that is they provide medium term finance.

Table 18.5

Period of loan	No. of loans	Total amount in rupees
One year and less	56	10,640
1 to 2 years	1	50
2 to 3 years	355	64,395
3 to 4 years	105	27,635
4 to 5 years	-	-
Over 5 years	21	10,500
Not stated	10	1,100
Total	548	1,14,320

(18.6) In the following table we give the distribution of all loans by the rates of interest charged :-

Table 18.6

Interest	No. of loans	Total amount
6.1/4 per cent	493	1,06,145
9.3/8 per cent	34	5,150
Not stated	16	3,025
Total	543	1,14,320

It should be noted that the two rates of interest are one anna and one and half anna per rupee per annum respectively and that this is how they are usually expressed.

(10.7) In the following table we give details of the loans according to the purposes for which they were borrowed :-

Table 10.7

Purpose	No. of loans	Total amount
Reclamation of land	1	150
Bunding and other land improvements	60	25,525
Digging and repairing of wells	5	600
Purchase of livestock	56	17,700
Purchase of implements, machinery etc.	31	7,600
Purchase of seed	17	2,050
Purchase of manure	6	650
Purchase of fodder	33	5,750
Payment of wages	157	24,225
General farm expenditure	95	19,675
Construction and repairs to buildings	8	725
Marriage and other ceremonies	1	300
General family expenditure	27	3,190
Not stated	26	5,930
Total	543	114,320

From the table it is obvious that the main purposes of borrowing are, bunding, purchase of agricultural livestock, payment of wages and general farm expenditure. Each of these purposes account for approximately one fifth of the total borrowing.

(18.8) Out of 548 loans made during the year, 143 were chosen at random to study further, the operation of the societies. But no more information than that available in the loan registers could be obtained.

(18.9) An attempt was also made to obtain further information from the cultivators selected for Farm Business Survey, by filling in a questionnaire about Government and institutional finance for agriculture. But the response to the questionnaire was very poor. Only one cultivator reported that he had borrowed from a cooperative society. He received the loan within two months after the date of application and the amount sanctioned was 50 per cent of the amount he had applied for. Three other cultivators had also applied for loans from cooperative societies. Two of these applications were rejected and the third was still under consideration at the time of our enquiry.

XIX. The District Central Co-operative Bank

(19.1) It was earlier pointed out that the District Central Co-operative Bank is the principal source of finance for the societies. However to avoid ambiguity and confusion we must hasten to add that by the District Central Co-operative Bank we mean the Bijapur District Central Cooperative Bank, Limited, Bijapur. It finances all cooperative societies including ~~other than~~ industrial cooperative societies, even though ~~because~~ there is in the district at Bagalkot another District Central Co-operative Bank for financing industrial co-operative and village industries. The Bijapur District Central Cooperative Bank has seven branches and three pay offices in the district. In the following paragraphs we present a few details regarding this bank. The Bank also has a land mortgage banking section, but that we propose to deal with in the next chapter.

(19.2) In 1949-50 the Bijapur District Central Co-operative Bank had 1555 members; of these 1152 were individual and the remaining 403 were societies. In 1950-51 the membership increased to 1670. Of these 1270 were individuals and 400 were societies. It should be noted that all the societies which were members of the District Central Co-operative Bank were not agricultural credit societies. In fact they included multipurpose, marketing and industrial cooperative societies. The working capital of the Bank was Rs.53,75,953/-

in 1949-50 and Rs. 65,23,932 in 1950-51. In the following table we give the composition of the working capital of the bank for the years 1949-50 and 1950-51:-

Table 19.1

	1949-50 Rs.	1950-51 Rs.
Share capital	4,45,750	5,53,550
Deposits	46,69,075	51,55,144
Reserve Fund	1,41,637	1,52,645
Other funds	1,39,391	1,52,968
Loans from D.I.C. Bank and Reserve Bank of India	-	5,09,625
Total working capital	53,95,953	65,23,932

(19.3) In the following table (table 19.2 on next page) are given the details of loans advanced by the bank during the years 1949-50 and 1950-51. It is significant to note that while the loans advanced to the societies have registered a rise, the loans advanced to the individual members have registered a fall. As a result, though the total amount of loans advanced by the bank during the year 1950-51 was only about 25 per cent higher than that advanced in 1949-50, the total amount of loans advanced by the bank to societies during 1950-51 was more than 50 per cent higher than that

Table 19.2

	1949-50 Rs.	1950-51 Rs.
Loans to Societies:		
Ordinary loans	11,76,142.	14,63,245.
Cash credit	4,50,626.	11,34,767.
Against agricultural produce and fixed deposits	1,57,662.	2,07,401.
Crop loans under B.A.D.L. Act.	26,502.	11,047.
Total	18,11,132.	28,17,060
Loans to individual members:		
Against agricultural produce	4,22,739.	2,75,224.
Against valuables	1,60,514.	1,03,483.
Against fixed deposits	25,435	34,415.
Total	6,18,688	4,13,122
Total loans advanced	24,29,820	32,30,182

that advanced in 1949-50. It may further be observed that the loans advanced to societies formed 75 per cent of the total loans advanced by the bank during 1949-50. The corresponding figure for 1950-51 is 67 per cent. It should also be noted that the crop loans formed a very small part of the total advances made to societies. In fact both during 1949-50 and 1950-51 they were about one per cent of the total advances made to societies. It is also worth mentioning that the bank was providing industrial finance. In fact during the year 1950-51 it had advanced Rs. 12,00,000/- to industrial co-operative societies. In view of the fact that another district central co-operative bank has recently been established at Bagalkot in this district to finance industrial co-operative societies and village industries, it might be expected that in due course this amount of Rs. 12,00,000/- would also be available for advancing loans to agricultural credit societies.

(19.4) During 1950-51 the bank had advanced Rs. 23,17,060/- to the societies; of them Rs. 6,000/- were bad debts and Rs. 10,918/- were doubtful debts. Thus it is seen that the bad and doubtful debts were together less than one per cent of the total advances to societies. It should be noted that ordinary loans totalling to Rs. 14,63,345/- advanced to societies were outstanding at the end of the year, 1950-51. Of these Rs. 63,555/- were overdue, so that, the proportion of overdues to total outstandings worked out to 4.3 per cent. -

The corresponding figure for 1949-50 was 4.9 percent. Among loans advanced to individual members, there were no bad or doubtful debts.

(19.5) From table 19.1 it is obvious that the bank has been able to attract considerable amount of deposits and that deposits from the bulk of the working capital of the bank. It should also be noted that the bank does not depend to any considerable extent on loans from The Bombay Provincial Co-operative Bank or The Reserve Bank of India. Hence it may be stated that the bank is largely self sufficient.

N.B. Figures in table 19.2 are taken from a table in the Annual Report and Balance Sheet of the Bank for the year 1950-51. In the Annual Report, the figures have been reported as " loans advanced ". The comments in paragraphs 19.3 and 19.4 are based on that assumption. However, the amount of the out--standing loans as appearing in the Balance Sheet for the same year happens to be the same as the figure of loans advanced as appearing in the table in question. Hence it is doubtful whether the figures in table 19.2 are loans advanced during the year or loans outstanding at the end of the year. If they are loans outstanding and not loans advanced during the year, then the paragraphs 19.3 and 19.4 will have to be revised.

X. The Land Mortgage Banking Section

(20.1) There is no independent land mortgage bank in the district to provide long term finance. However, as already stated, The Bijapur District Central Co-operative Bank has recently opened a land mortgage banking section, to provide long term finance. In this chapter we shall briefly describe its working.

(20.2) The Land Mortgage Banking Section started functioning for the first time during 1950-51. During 1950-51 it received 359 loan applications. Of these only 13 were sanctioned. The total amount of loans sanctioned was Rs. 26,700. This formed about 70 per cent of Rs. 38,000/- the amount applied for by the sanctioned applicants. During 1951-52 upto January, 1952, 25 loan applications had been received; of these 18 were sanctioned. The total amount of loans sanctioned was Rs.42,559 while the total amount applied for by sanctioned applicants was Rs. 69,500/-. In the following table (table 20.1) we give an analysis of the total loans sanctioned during 1950-51 and 1951-52 according to the purposes for which they were sanctioned.

(20.3) In table 20.2 we give the distribution of the loans sanctioned during 1950-51 and 1951-52 according to their size.

(20.4) Finally it should be noted that the total amount

Table 20.1

Purpose	Amount sanctioned 1950-51 Rs.	1951-52 Rs.
Purchase of tractors	21,600	1,000
Land Improvement	1,200	12,675
Debt Redemption	1,400	19,175
Purchase of oil engine and pumping set	2,500	3,900
Digging and repairing of wells	-	1,600
Purchase of land	-	4,200

N.B. :- The figures for the year 1951-52 are upto January, 1952 only.

Table 20.2

Size of the loan	1950-51 Sanctioned		1951-52 Sanctioned	
	No. of applications	Total amount	No. of applications	Total amount
Less than Rs. 1000	3	2,750	4	3,350
Rs. 1000 to Rs. 2000	4	5,350	5	8,550
Rs. 2000 to Rs. 3000	4	10,600	4	10,850
Rs. 3000 to Rs. 4000	2	8,000	3	10,600
Rs. 4000 to Rs. 5000	-	-	2	9,200
Total	13	26,700	18	42,550

amount sanctioned by the Land Mortgage Banking Section is very small. The small size and scale of operation of the Land Mortgage Banking Section make it uneconomic for the bank to run that Section. In fact in 1950-51, the Land Mortgage Banking Section incurred a loss of Rs. 2035/-. The fact that the Land Mortgage Banking Section has no adequate resources of its own and that it largely depends upon the Bombay Provincial Land Mortgage Bank for finance is a serious limiting factor in the way of its expansion of its scale of operations. Nevertheless it is hoped that with the expansion of its scale of operation, the Land Mortgage Banking Section will become self supporting.

XXI. Marketing of Agricultural Produce

(21.1) In earlier chapters attention was drawn to the fact that traders in agricultural commodities constitute an important source of credit to cultivators in this district. As a preliminary to examining the role of traders as an agency supplying credit to cultivators, we shall describe in the present chapter the general conditions relating to marketing of agricultural produce in the district.

(21.2) Due to its important commercial crops, namely cotton and groundnut, agricultural marketing in Bijapur is well organised and is everywhere regulated except in the merged areas comprising of Mudhol and Jamkhandi talukas. There are two marketing committees functioning in the Bijapur district, one at Bijapur and the other at Bagalkot. The market area of the Bijapur Agricultural Produce Market Committee comprises of the five talukas, Bijapur, Indi, Sindgi, Bagewadi and Muddebihal. The Committee has two branches one at Indi and the other at Talikoti in Muddebihal taluka. The Bijapur market committee started functioning from 26th of September, 1933, under the Bombay Cotton Markets Act of 1927. Upto 24th October, 1947 cotton alone was regulated. Thereafter regulation was extended to groundnut, safflower, linseed and sesamum. The Bagalkot Agricultural Produce Market Committee has an area comprising of three talukas and one

one petha, namely Bagalkot, Badami and Hungund talukas and Bilagi petha. The Bombay Agricultural Produce Markets Act, 1939, was made applicable to the Bagalkot market area in respect of cotton in the year 1945 and the actual working started in the year 1946. At the end of the year 1946 regulation was extended to groundnut. Recently the Bombay Agricultural Produce Markets Act has been made applicable to Jamkhandi and Mudhol talukas and a market committee has been set up at Jamkhandi with a market area comprising of Jamkhandi and Mudhol talukas. However the market committee has not yet started functioning. Hence during the period under report the market remained unregulated.

(21.3) Under the Bombay Agricultural Produce Markets Act, the State Government by notification declares its intention of regulating the sale and purchase of certain agricultural commodities in a specified area declared to be a market area. All wholesale buying and selling of regulated commodities within the market area can then be done only by licentiate traders and commission agents. Such licences are required to be renewed every year. For each such market area, is constituted a Market Committee to enforce the provisions of the Act. The Committee consists of 12 or 15 members. Five or six of the members are representatives of the agricultural producers in the area and five are elected by the licentiate traders. Of the remaining one is a representative of the local authorities and the rest are nominees of the

the State Government. The market committee may levy fees on agricultural produce bought and sold in the market area according to prescribed rules. The State Government makes rules generally or for each market area specifically, detailing the provisions of the act. They relate to the election of the office bearers and to the annual budget of the market committees, maximum fees to be levied in respect of produce purchased and sold in the market area, issue of licences to traders, commission agents, brokers, weighmen, measurers, surveyors, warehousemen and other persons operating in the markets, weights and measures to be used, trade allowances, storying of produce, settling of disputes between buyers and sellers, regulation of advances given by brokers or traders to agriculturists, prevention of adulteration, grading and standardisation of produce, manner in which auctions shall be conducted and bids made in the market, ~~prohibition~~ prevention of brokers from acting on behalf of both buyers and sellers, etc.

(21.4) In the following statements we give a list of the regulated markets in the district, showing for each, the area of its operation and the list of commodities regulated. (Table 21.1 on next page) Besides, the Bagalkot Market Committee has its cess clerks posted at such places as Hungund and Ilkal to record the arrivals in the market and to collect cess.

(21.5) Licences are issued to general commission agents, traders, brokers, weighmen, Hamals and cartmen. Among traders there are three classes, "A", "B" and "C". Among general com-

Table 21.1

Market place and area of operation	Regulated commodities
Bijapur with subyards at Indi and Talikoti	(1) Cotton ginned and unginned.
	(2) Groundnut shelled and unshelled.
Bijapur, Indi, Sindgi, Bagewadi and Muddebihal talukas.	(3) Safflower
	(4) Linseed
	(5) Sesamum
Bagalkot with subyard at Badami.	(1) Cotton ginned and unginned.
	(2) Groundnut shelled and unshelled.
(Bagalkot, Badami and Hungund talukas and Bilagi Petha)	

commission agents there are no classes in the Bijapur market while there are three classes "A", "B" and "C" in the Bagalkot market. Similarly among weighmen there are no classes in Bijapur market while there are two classes "A", and "B" in the Bagalkot market. "A" class traders are allowed to buy and sell agricultural produce anywhere in the market area. "B" class traders can buy only in the market area outside the market yard but can sell anywhere in the market area. "C" class traders are petty dealers or retailers who purchase

purchase cotton and oil seeds not in docras and bags but in Chungadis, that is partially filled docras or bags. "A" class general commission agents licence is issued to those dealing in more than 2,000/- docras of cotton or 5000 bags of oil seeds. "B" class general commission agent's licence is issued to those who deal in 1000 to 2000 docras of cotton or 3000 to 5000 bags of oil seeds. "C" class commission agents' licence is issued to those who deal in less than 1000 docras of cotton and 3000 bags of oil seeds. Separate licences are required for dealing in cotton and oilseeds so that any trader or commission agent desirous of trading both in cotton and groundnut will be obliged to take out two licences. "A" class weighmen are allowed to operate only in the market while "B" class weighmen are allowed to operate in the market area outside the market. Licences are issued after payment of the prescribed amount of fee. The licence fee charged for different classes of traders, commission agents, weighmen, etc., at different markets are given below :-

Table 21.2

Class of licence	Licence fee per market year	
	Bagalkot market Rs.	Bijapur market Rs.
Traders		
"A" class		
For cotton only	75	40
For oilseeds only	50	40
For cotton and oilseeds	100	60

Table 21.2 continued.

"B" class		
For cotton only	50	25
For oilseeds only	35	25
For cotton and oil seeds	70	50
"C" Class		
For cotton only	20	
For oil seeds only	5	
For cotton and oilseeds	25	10
General Commission Agents		
For cotton only		40
"A" class	75	
"B" class	50	
"C" class	30	
For oilseeds only		40
"A" class	50	
"B" class	35	
"C" class	25	
For cotton and oilseeds		60
"A" class	100	
"B" class	70	
"C" class	45	
Brokers		30
For cotton only	30	
For oilseeds only	25	
For cotton and oilseeds	40	

Weighman		5
Class "A"	10	
Class "B"	5	
Cartmen and Hamals	1	

In the following table, we give the number of licenced commission agents and traders at the two markets.

Table 21.3

	Bagalkot market	Bijapur market
"A" Class		
For cotton only	4	6
For oil seeds only	130	142
For cotton and oilseeds	30	60
"B" Class		
For cotton only	2	33
For oilseeds only	63	256
For cotton and oilseeds	23	91
"B" and "C" Class		
Oilseeds only		93
"C" Class (Retailers)		1307
For cotton only	104	
For oilseeds only	196	
For cotton and oilseeds	10	

Table 21.3 continued

General Commission Agents

For cotton only	-	-
Class "A"	-	-
Class "B"	-	-
Class "C"	23	-
For oilseeds only	-	22
Class "A"	31	
Class "B"	16	
Class "C"	27	
For cotton and oil seeds only		156
Class "A"	13	
Class "B"	7	
Class "C"	44	

(21.6) - The commission agents are called Adatyas and two types are distinguished. Kachcha and Pakka. The former receive commission from both sellers and buyers and the latter only from buyers. It is interesting to note that pakka Adatyas generally hold the licence of traders in addition to that of general commission agents. They are known locally as Kharedidars that is purchasers. The Kharedidars were generally working as representatives of mills and other processing concerns like gins, etc. or of wholesalers and commission agents at important marketing centres like Bombay, Sholapur, Hubli, Barsi, etc. and purchase goods according to orders received from them. They often purchased on their own account in anticipation of a future order. As already observed pakka Adatya receive commission only from buyers and at a rate mutually agreed upon as this rate is not prescribed by the market committee.

(21.7) In the regulated markets, the commission charges have been fixed at Rs. 0- 0- 1.1/2 per rupee of sale proceeds from both buyers and sellers, for all regulated commodities. Hence a commission agent gets Rs. 1- 9- 0 for every Rs. 100 of sale proceeds. However in the case of groundnut seeds the rate of commission has been fixed at Rs. 0- 0- 2 per rupee of sale proceeds from both buyers and sellers. For unregulated commodities the rate of commission charged is Rs. 1- 9- 0 per Rs. 100/- of sale proceeds from both buyers and sellers. This rate is charged for all commodities at unregulated markets, namely markets in Jamkhandi and Mudhol talukas. The only exception to this is cotton for which commission is charged at Rs. 0- 0- 9 per maund of 28 lbs. at all unregulated markets.

(21.8) The working of the Bijapur market is supervised by a committee of 12 consisting of 5 representatives of agriculturists, the same number of representatives of traders, the marketing inspector who is a nominee of the Government and a representative of the local authorities. The president of the committee is elected by the representatives of agri-

agriculturists and traders. The working of the Bagalkot market is supervised by the Bagalkot Market Committee which however, consists of 15 members, 6 representing agriculturists, 5 representing traders, 1 representing local authorities and 3 nominated by the Government. The president of the committee is elected by the representatives of agriculturist and traders. A sub-committee called the "Disputes Sub-Committee" is appointed for each market to settle disputes. It consists of one representative each of agriculturists, traders and local authorities and a nominee of the Government and one of them being elected a chairman. There is a provision barring the chairman of the market committee from being elected to the chairmanship of the disputes sub-committee. The disputes are in the first instance referred to and settled by the secretary of the market committee. It is only when the secretary fails to settle the disputes that they are referred to the disputes sub-committee. In the Bijapur market committee there is in addition to the disputes sub-committee, a panel of 12 arbitrators, six of them are representatives of agriculturists while the remaining six are representatives oftraders. When the secretary fails to settle a dispute, the two parties to the dispute are allowed to select one arbitrator each from this panel. The dispute is then referred to these two arbitrators. If the award of the arbitrators is not acceptable to the parties to the dispute, the matter is referred to an umpire appointed by the arbitrators from amongst themselves. Any party or parties to the dispute may then appeal to the disputes sub-

sub-committee against the decision of the umpire if it seems to them to be unjust. The decision of the disputes sub-committee shall be final. The arbitrators and umpires are entitled to a fee of Re. 1/-. The fees shall be paid by the parties to the dispute, in advance to the market committee. The disputes are as far as possible decided on the spot and on the same day. The markets in Jamkhandi and Muddebihal talukas are unregulated and hence the question of settling disputes does not arise at all.

(21.9) In 1950-51, 19 disputes were settled by the Secretary of the Bijapur Agricultural Produce Market Committee. No dispute was referred either to arbitrators or to umpires or to disputes sub-committee. The 19 disputes which had arisen were on account of the goods delivered not being upto the sample, or on account of the admixture of old and new cotton or on account of the admixture of earth and moisture. In 1950-51 only one dispute arose in the Bagalkot market and it was settled by the Secretary of the Marketing Committee. As a rule the disputes arise between commission -agents and Kharedidars, that is, purchasers.

(21.10) Following are the rates of market cess charged for different commodities at different regulated markets. (table 21.4 on next page) In the Bagalkot market area a partially filled docra or a bag is deemed as one docra or bag and a half pressed bale as a fully pressed bale for the purpose of collecting cess. In the Bijapur market area a

Table 21.4

Commodity	Unit	Rates at market in Bijapur market area	Rates at market in Bagalkot market area
Cotton (unginned)	Per docra	0- 0- 6	0- 0- 6
Cotton (ginned)	"	0- 1- 0	0- 1- 0
Cotton (ginned)	per fully pressed bale	0- 2- 0	0- 4- 0
Cotton ginned and brought under T.P. Act.	per docra	-	0- 2- 0
Groundnut unshelled	Per bag	0- 0- 3	0- 0- 3
Groundnut shelled	"	0- 0- 6	0- 0- 6
Safflower		0- 0- 6	-
Linseed		0- 0- 6	-
Sesamum		0- 0- 6	-

a partially filled bag of oilseeds such as that of groundnut, safflower, linseed or sesamum, is deemed as one bag while a partially filled docra of cotton ginned or unginned is deemed as half a docra for the purpose of collecting cess.

(21.11) The procedure of marketing of unregulated commodities at the regulated markets and of all commodities at unregulated markets is as follows :- Usually the sellers bring the goods to the market in their own carts. On arrival, the

the cultivators approach their usual commission agents from whom they receive small advances. The goods are taken charge of by the commission agents. Normally the goods are not weighed immediately on arrival nor are they sold immediately. The goods are usually sold after a week or two of their arrival and are weighed only once at the time of the delivery to the purchaser. The goods are sold by open auction when sold in bulk and by private agreement when they are sold in small quantities. The mode and time of payment and the time of delivery are decided by mutual agreement inspite of regulations laying down the time of payment and delivery. In the case of regulated markets and for regulated commodities the procedure is somewhat different. There the goods have to be weighed by a licensed weighman as soon as they arrive and the commission agent has to pass a receipt to the seller for goods received. The market cess is then collected by the clerk of the market committee from the seller through the commission agent. The goods to be sold are kept open for inspection and are sold by open auction in the presence of an official of the market committee. The highest bidder gets the produce. But the seller has the option of declining the highest bid as well as that of postponing the sale. In the busy season, due to heavy sales, it is not possible for the officials of the market committee to be present at all sales. Hence traders and commission agents are permitted to enter into agreement to buy or sell and the agreement is later got confirmed and

and attested by the secretary or any other official of the market committee authorised in this behalf. This practice is prevalent in both Bijapur and Bagalkot, but especially in Bagalkot where the secretary is present at one or two auction sales at the beginning of the day and later, on the basis of the price fixed at those sales trading is done. At all marketing centres in Bijapur and Bagalkot market areas, where there are no officials of the marketing committee to supervise the working of the market, the traders enter into private agreement and it is alleged, charge commission at rates very much higher than those prescribed by the market committee. The Bombay market rates are announced on a public notice board at all regulated markets. The weighment charges are Rs. 0- 0- 6 per dokra of cotton, ginned or unginned, Rs. 0- 0- 1.1/2 per bag of groundnut pods and Rs. 0- 0- 3 per bag of groundnut seed or other oilseeds.

(21.12) Some idea of the volume of business might be obtained from the following information collected from various markets. The two important commercial crops are of coarse cotton and groundnut. Cotton arrives in the market throughout the year. But the arrival is heaviest in the months of March, April, May and June. Cotton arrives in the market both in ginned and unginned form. At markets in the Bagalkot market area the arrival is mostly in the form of ginned cotton while at other marketing centres it is mostly in unginned form. In the following table, we give the

the reported volume of sales at different markets during 1950-51 :-

Table 21.5 - Marketing of ginned and unginned cotton during 1950-51.

Market area	Volume of unginned cotton sold.	Volume of ginned cotton sold
Bijapur	3,402 docras	2,757 docras
Bagalkot	14222 "	44160 "
Jamkhandi	7500 bodhs*	-

* A Bodh = 448 lbs.

In the following table are given the maximum and minimum prices for different varieties of cotton at different markets. (table 21.6 on next page) Figures of volume of cotton ginned and unginned sold at the various markets are actually figures of arrivals in these markets obtained from the respective market committees. However as these figures do not differ materially from the volume of actual sales, they may be regarded as the actual volume of sales. The figures for the Jamkhandi market area (that is markets in Jamkhandi and Mudhol talukas) are based on data collected by the Marketing Officer in the course of a survey of the Jamkhandi and Mudhol markets prior to declaring them as a regulated area. It may be seen from the foregoing tables that both Bijapur and

Table 21.7 - Marketing of groundnut (shelled and unshelled)

Market area	Groundnut unshelled No. of bags sold	Groundnut shelled No. of bags sold
Bijapur	5,64,317	6,828
Bagalkot	7,12,830	682
Jamkhandi	80,000	-
Total	13,57,147	7,510

In the following table are given maximum and minimum prices of different varieties of groundnut at different markets:-

Table 21.8

Groundnut	Bijapur Market Price per 224 lbs. Minimum	Maximum	Bagalkot market Price per 224 lbs. Minimum	Maximum
Bold (unshelled)	50	70	51	75
Ghungru (")	60	73/8.	30	75

Both Bagalkot and Bijapur are important groundnut marketing centres. Taking all markets together the sale of unshelled groundnut amounted to 13,57,147 bags. As in the case of cotton, the variation in the price of groundnut was far greater in Bagalkot than in Bijapur. In fact for ghungru variety the maximum price at Bagalkot was 2.1/2 times its minimum price.

Table 21.6

	Bijapur market Price per 224 lbs. Minim. Rs.	Bijapur market Price per 224 lbs. Maxim. Rs.	Bagalkot market Price per 224 lbs. Minim. Rs.	Bagalkot market Price per 224 lbs. Maxim. Rs.
Jaywant unginned	83	88	77	95
" ginned	244	252	230	259
Jayathan unginned	-	-	90	130
" ginned	-	-	260	346
Laxmi unginned	-	-	102	161
Laxmi ginned	-	-	334	334
Jarilla unginned	85	102	-	-
Jarilla ginned	230	245	-	-

and Bagalkot are important cotton marketing centres. However in the Bagalkot market cotton arrives mostly in ginned form, whereas in Bijapur market it arrives both in ginned and unginned form but comparatively more in unginned than in ginned form. It is also interesting to note that the range of variation in prices is very much smaller in Bijapur market than in Bagalkot market.

(21.13) The other important commercial crop is groundnut. Most of the groundnut coming to the market is in unshelled form. In the following table (table 21.7) we give the groundnut sales of different markets during the year 1950-51.

(21.14) Two other commodities of relatively minor commercial importance are chillies and gur. While chilly is an outgoing commodity of the district, gur is mainly an incoming commodity and is imported from marketing centres like Kolhapur and Miraj. Information regarding the marketing of these two commodities could not be obtained as they were unregulated commodities.

(21.15) Among oilseeds other than groundnut, the district has safflower, linseed and sesamum. All the three are unregulated commodities throughout the district except in Bijapur market area. In the following table we give their volume sold in the Bijapur market area during 1950-51.

Table 21.9

Commodity	Volume sold in bags
Safflower	1,00,100
Linseed	6,151
Sesamum	4,662

It is seen that safflower is by far the most important commodity of these three. Safflower is exported in the form of sweet oil after being crushed into oil either by Ghanis or by expellers.

(21.16) As stated in chapter 1,78 per cent of the cultivated area is under food grains. Jowar alone accounts for 49 per cent of the total cropped area of the district Bajri and wheat are also important crops of the district. Price pe to the introduction of rationing a flourishing trade was being carried on in food grains especially jowar, wheat and bajri. But on account of the Government monopoly of purchase and distribution of cereals and millets, free trade exists among food grains exists only in pulses. But as pulses are unregulated commodities throughout the district, no information could be obtained regarding their marketing.

(21.17) Five of the marketing centres were selected for a study of the marketing practices as also of the warehousing facilities available there. These are :- Bijapur, Bagalkot, Hungund, Indi and Jamkhandi. In the following paragraphs, we shall briefly describe the conditions at each one of these market places.

(21.18) Bijapur is the most important as well as the biggest market in the district for groundnut, cotton, safflower and pulses. There are eight ginning factories, four pressing factories, three expellers and 9 decorticators. Besides, there are a large number of oil presses worked by bullocks. In the following table are shown the volumes of different commodities marketed at the centre during 1950-51. (table 21.10 on next page) Goods are stored in houses, shops, in open yards in the premises of shops, factories and other processing concerns and in godowns. The traders and commission agents together control 250 godowns measuring 40' x 60' each. Besides the ginning and pressing factories and ~~the expellers~~ have their own godowns. The Government too has a number of

Table 21.10

Commodity	Volume
Cotton (unginned)	36,654 docras
Cotton (ginned)	25,327 "
Groundnut pods	5,12,200 bags.
Groundnut seeds	4,311 "
Safflower	76,242 bags
Cotton seed	50,000 "
Other oil seeds	9,261 "
Pulses	20,000 "
Chillies	6,000 Chapis

of godowns both owned and rented for storing controlled food grains and rationed cloth. There are no licensed warehouses nor are there any godowns at the disposal of the marketing authorities or the banks. Whenever the banks advance loans against produce, they store the goods in the godowns of the borrower and seal and supervise them. Godowns are available on rental but there is no system for charging on the basis of the goods stored in bulk or bags or docras or bales. The godowns are usually rented out on a long term basis, usually a year. The annual rental for a godown measuring 40' x 60' is Rs. 600/-. Storage charges payable by sellers to their commission agents for storing with them goods

goods for marketing are prescribed by the marketing committee. They are Rs. 0- 1- 3 per dokra of cotton per month and Re. 0- 0- 3 per bag of groundnut or other oil seeds. Some of the godowns are specially built for storing goods and have walls of stone and cement, floor of cobbled stones and roof of corrugated iron sheets. Normally cotton is stored for six months from March to August, groundnut for four months from December to March, safflower for six months from April to August, and cotton seeds for four months from May to August. The existing storage facilities are fairly satisfactory and adequate and additional godowns if built will not find sufficient business all the year round. The marketing authorities are of the opinion that 50 godowns (40' x 60') will be required and that if built they will be utilised fully for six months in a year. No grading or classification is done at any of the godowns in this market.

(21.19) Bagalkot is the second important market in the district. There are eight ginning factories, five pressing factories, seven expellers and a few decorticators and pulse mills numbering in all to 16. As there is not sufficient business for all the ginning and pressing factories, the owners of these have by mutual agreement arranged to work only a few of them. In the following table are shown the volumes of different commodities marketed at the centre during 1950-51, (Table 21.11 on next page) Figures of the volumes of other commodities traded in the market such as gur and chillies were not available. The goods are generally stored in godowns and open yards belonging to traders, com-

Table 2.11

Commodity	Volume
Cotton (ginned)	25,000 fully pressed bales
Groundnut	5,00,000 bags.
Linseed	3,000 "
Cotton seed	60,000 "
Pulses	10,000 "

commission agents and the ginning and pressing factories, oil mills, decorticators and pulsemills. The traders and commission agents together control 30 godown structures containing 90 godowns of which 55 are big and 35 small. Each of the 30 structures has one or more godowns with open space surrounded by high walls on one or more sides and measures on the average 150' x 100' including open space. The bigger godowns are of dimensions 30' x 20' x 20' and the smaller of 20' x 15' x 15'. All these 30 structures are situated in a compact area near the station about two furlongs from the market. All these godowns are of Pakka construction and are available on lease usually for a period of one year for a payment varying from Rs. 500/- to Rs. 800/- according to the capacity of the godown. Besides the ginning and pressing factories, oil mills, decorticators and pulse mills together have another 90 godowns under their control situated

situated in the premises of their factories. The Government also has a few godowns for storing controlled food grains. There is no licensed warehouses nor are there any godowns at the disposal of banks or the marketing authorities. There is however a marketing society having 6 rented godowns measuring 20' x 60' x 40'. The banks whenever they advance loans against produce store them in the godowns of the borrower and seal them and supervise them. The Bagalkot market committee has fixed the godown charges for different regulated commodities as follows :-

For cotton (ginned and unginned) Rs. 0- 1- 3 per dokra for the first month and Rs. 0- 0- 6 per dokra for each subsequent fortnight.

For groundnut (pods and seeds) the rate is Rs. 0-0-1 per bag per month provided it is stored for more than a fortnight.

The kachcha adatyas generally do not store goods for a long period. However, the traders and pakka adatyas store goods for a long period either on their own behalf or on behalf of their principals. Generally cotton is stored from March to August, groundnut from December to March, safflower from April to August and cotton seed from May to August. Gur and chillies are also stored. The existing storage facilities are inadequate and unsatisfactory but it is highly doubtful whether additional godowns, if constructed, will get business

business especially as the local merchants have old and out-dated notions regarding warehousing and insurance of goods and feel that they are unnecessary. No grading or classification is done anywhere in the market. However, the Bagalkot purchase and sale union, a local marketing society and a leading trader at that centre, pools cotton brought by its customers and grades it before selling.

(21.20) Hungund is a taluka town with a population of about 9,000. It is mainly an assembling market for cotton. There are 5 ginning factories and 2 decorticators; but actually only 4 ginning factories are working. In the following table are shown the volumes of different commodities marketed at the centre during 1950-51 :-

Table 21.12

Commodity	Volume
Groundnut	50,000 bags
Cotton (ginned)	15,000 docras
Cotton (unginned)	10,000 docras.

There are in all 20 godowns of an average size of 40'x30'x10'. These include godowns owned by traders, commission agents, and the ginning factories. Besides, Government has five godowns to store rationed foodgrains. There are no licensed warehouses. Nor are there any godowns at the disposal of the marketing authorities or the bank. Whenever the bank advances loan against goods it stored them in the godown of the borrower and seals them and supervise them. The exist-of the marketing authorities or the bank. Whenever the bank advances loan against goods it stored them in the godown of the borrower and seals them and supervise them. The exist existing godowns are not those specially built for that purpose but are parts of houses and shops converted into godowns. The godowns are available on lease for a period of one year. The annual rents for a godown measuring 40' x 30' x 10' is Rs. 200/-. However the traders charge their customers, storage at the rate of Rs. 0- 4- 0 per doora of cotton per maund and Rs. 0- 2- 0 per bag of oilseeds per month. The existing storage facilities are adequate but unsatisfactory. In this market generally goods are not stored. For this is an assembling market, the selling market being at Bagalkot. If any of the merchants want to store goods, they store them at Bagalkot and not at Hungund. No grading or classification is done at this market.

(21.21) Indi is a taluka place with a population of about 8,000. It is mainly a groundnut marketing centre. There are three decorticators. In the following table are shown the volumes of different commodities marketed at the centre during 1950-51 :-

Table 21.13

Commodity	Volume
Cotton unginned	466 dooras.
~~Cotto~~ Groundnut pods	9553 bags
Groundnut seeds	1453 "
Safflower	9517 "
Other oilseeds	353 "
Pulses	5000 "

Due to a bad agricultural season, the arrival of groundnut during 1950-51 was very small. Normally about one lakh bags of groundnut are marketed at this centre. There are in all eight godowns at this centre to store the marketed goods. The existing storage facilities are adequate though somewhat unsatisfactory. For cotton is forwarded to Bijapur or Sholapur as early as possible for sale. Pulses are also forwarded as soon as a sizeable lot can be assembled. Only groundnut is stored and for that the existing storage facilities are adequate. No arrangements exist for grading or standardisation of goods marketed.

(21.22) Jamkhandi a former capital of the erstwhile State of Jamkhandi and a taluka headquarters at present has a population of about 21,000. There are four ginning factories, one ginning and pressing factory, four decorticators, an oil mill and a number of presses worked by bullocks. In the following table are shown the volumes of different commodities marketed at the centre during 1950-51 :-

Table 21.14

Commodity	Volume
Cotton (unginned)	5,000 Dokhs *
Groundnut (pods)	60,000 Bags+
Safflower	30,000 "
Gram	4,000 "
Tur	5,000 "
Chillies	3,000 " Bag = 30 seers.
Gur	25,000 Dheps. 1 Dhep=30 [illegible]

* Dokh = 448 lbs. + Bag = 30 payalees.

The Kachcha Adatyas sell the goods as soon as they arrive. Hence they do not need storage facilities. The Pakka adatyas send cotton to the ginning and pressing factories for processing as soon as they purchase cotton. Formerly the State Government provided free storage facilities to traders. Even now ginning and pressing factories provide free storage facilities to their customers. There are about 25 godowns, each of size 25' x 30' owned or rented by traders and commission agents. Besides the oil mill has two godowns, the private ginning and pressing factories have sheds as well as large open space for storing bodhs and fully pressed bales of cotton. In addition the State Government has a huge godown. The existing godowns are actually houses converted into godowns. They are kachcha buildings and are infested with rats. The existing storage facilities though unsatisfactory are still adequate. No arrangements exist for the grading and standardisation of goods marketed.

XXII. Traders in Agricultural Commodities

(22.1) In order to study the operation of individual traders, it had been decided to select and interview 20 traders at each of the five selected marketing centres. However at two centres, namely Hungund and Indi the number of licentiate traders was less than 20. So at those two centres all the traders were interviewed. Lists of traders could be easily prepared from information gathered from the marketing committees, banks, and merchants associations, the last mentioned source having printed lists of members. From the list, prepared in consultation with one or more of these three sources ~~as the case may be~~, were selected 20 traders at the three centres namely Bijapur, Bagalkot and Jamkhandi. The selection was done by our Inspector in charge of the field work in the district. They were given brief instructions regarding stratification and random sampling. As the conditions in different districts differed very much and could not be anticipated, the instructions could not be very precise. Naturally considerable discretion was left with the inspectors and the minimum requirement was that the selection should be objective. Actually the inspector took great care to select the traders by the method of random sampling as far as possible. In the following paragraphs we shall briefly summarise the response to our questionnaire to the selected traders at each centre.

(22.2) The method of selection adopted at Bijapur was as under: "A list of traders" was prepared in consultation with the Bijapur District Central Co-operative Bank, Ltd. and the Bijapur Merchants' Association. The traders were listed ~~according to the size of their business~~ in the descending order of their volume of business. There were 14 big and about 150 small traders. I decided to interview the first ten big traders and in case any one refused to give information to interview one of the remaining four big traders. Two big traders refused to give information. The small traders were divided into ten equal groups and the first trader in each group was interviewed.

(22.3) In the questionnaire addressed to the traders when they were interviewed, a broad distinction was made between, commission agents, wholesalers and general merchants. Out of the 20 traders selected at Bijapur, nine were purely commission agents, nine were wholesalers and commission agents and the remaining two reported as combining all the three functions namely those of a wholesaler, commission agent and a general merchant. In the following paragraphs, we shall briefly describe the working of traders in each of the categories.

(22.4) Of the nine commission agents, in the first category, seven had no other profession. Of the remaining two, one was a big landlord and the other a shroff and a money lender. For both of them trading in agricultural commodities

commodities ~~helped~~ was a subsidiary occupation. The saroff and money lender expressed the opinion that trading in agricultural commodities helped him to recover loans made to his agriculturist clients. The land-lord also expressed a similar sentiment. According to him it was easier to recover cash rent as well as loans advanced to ones tenants, if one was a trader in agricultural commodities. The land-lord had advanced in the previous year Rs. 40,000/- to his tenants. All the nine commission agents dealt in cotton, oilseeds and pulses while two of them dealt in cotton oil~~seeds and pulses while two of them dealt in cotton~~ seed and chillies as well. Of the nine commission agents eight acted only on behalf of the sellers while one acted on behalf of both buyers and sellers. This agent made outright purchases of oilseeds on behalf of his principals. His total advances to his customers exceeded Rs. 4 lakhs. His own funds were adequate for the business and he did not borrow from other sources. Eight of the commission agents advanced short term loans. The loans were advanced for farm and/or family expenditure and without any security. Though the commission agents and traders profit by advancing loans to their customers, it must be emphasised that the loans are made primarily to accommodate customers, to earn their goodwill and thereby retain their business. The commission agent who has stated that he has not advanced any loans is in fact one of the leading commission agents in the city and is alleged to have advanced a large amount. Thus all the nine had advanced loans

loans but six of them were unwilling to divulge the figure of their total advances. Of the remaining one had advanced more than Rs. 4 lakhs another Rs. 40,000/- and the third only Rs. 7,000/-. All of them were in possession of godowns either owned or rented, having storage capacity ranging from 5000 to 11000 bags of oilseeds and 300 to 500 docras of cotton. At the time of enquiry eight commission agents held stores of cotton ranging from 50 docras to 500 docras and four of them held stocks of groundnut ranging from 1000 to 2500 bags. Three of them also held stocks of pulses about 100 bags each. There was one commission agent who did not hold any stocks of any commodity. Of the 9 commission agents, four had adequate resources of their own and did not borrow from any source; one did not have adequate resources nevertheless he did not borrow from any source. Of the remaining four who borrowed, three borrowed only from the bank and one from bank as well as indigenous bankers. The bank loans were advanced against the security of goods and carried interest at the rate of 6 per cent per annum. The loans from indigenous bankers were unsecured and bore interest at 6.1/2 per cent per annum.

(22.5) There were no exclusively whole-sale traders.

(22.6) Nine other traders combined the business of whole-saler and commission agent. Two of them were indigenous bankers and advanced loans to smaller commission agents against pledge of goods. One of them also owned a ginning factory loans but six of them were unwilling to divulge the figure of their total advances. Of the remaining one who advanced more than Rs. 4 lakhs another Rs. 40,000/- and the third only Rs. 7,000/-. All of them were in possession of godowns either owned or rented, having storage capacity ranging from 5000 to 11000 bags of oilseeds and 300 to 500 docras of cotton. At the time of enquiry eight commission agents held stores of cotton ranging from 50 docras to 500 docras and four of them held stocks of groundnut ranging from 1000 to 1500 bags. Three of them also held stocks of pulses about 100 bags each. There was one commission agent who did not hold any stocks of any commodity. Of the 9 commission agents, four had adequate resources of their own and did not borrow from any source; one did not have adequate resources nevertheless he did not borrow from any source. Of the remaining four who borrowed, three borrowed only from the bank and one from bank as well as indigenous bankers. The bank loans were advanced against the security of goods and carried interest at the rate of 6 per cent per annum. The loans from indigenous bankers were unsecured and bore interest at 6.1/2 per cent per annum.

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factory and represented an oil mill and a whole saler of Bombay. He was also one of the biggest whole-salers of Gur in the market; but also dealt in cotton, oilseeds and pulses. He maintained in the previous year a stock of 10,000 bags of groundnut and 10,000 bags of gur. The other dealt only in oil, oil seeds, Gur and pulses. This trader was one of the biggest whole-salers of groundnut in the district and an agent of a leading manufacturer of hydrogenated oil. He was also a whole-saler of sweet oil and gur. He had 12 godowns and during the previous year maintained a stock of 60,000 bags of groundnut for eight months, besides holding stocks of pulses, other oilseeds and oil. The remaining 7 dealt in cotton, oil seeds and other commodities. One of them was in addition a whole-saler in chillies ~~and~~ other spices and condiments. Two of them were agents for about half a dozen concerns in Bombay and Bhavnagar such as whole-salers and oil mills. With 2 or 3 exceptions none of these advanced any loans to agriculturists. They were more of whole-salers than commission agents and generally acted as purchasing agents for processing concerns, wholesalers or exporters at other important marketing centres, like Bombay, Sholapur, Hubli, Gadag, Nippani, Bhavanagar, Walchandnagar and Kolhapur. They generally made outright purchases with or without prior arrangements, though often they handled commodities purely on commission basis. All of them had storage facilities. Thus all of them with one exception had godown godowns with storage capacity ranging from 10,000 to 60,000 bags of oil seeds. In addition they had space for storing cotton, gur, pulses and other commodities. It is important to note that very little storage space is kept for cotton. This is because arrangements exist for storing cotton with the processing concerns, namely, ginning and pressing factories. With the exception of two who had adequate resources and therefore did not borrow, all the 9 traders borrowed only from banks either as cash credit or against pledge of goods and one borrowed from friends as well as other sources. The interest paid on borrowings varied from 6 per cent to 7-1/2 per cent.

(22.7) The remaining two combined the business of a wholesaler, commission agent and a general merchant. One of them is an owner of a ginning factory and an agent of one of the leading wholesale import and export house of Bombay. He is one of the biggest wholesaler of cotton and groundnut and is the only wholesaler in hemp. He purchases and forwards hemp to wholesalers in Calcutta. He generally acts as an agent for buyers. Occasionally he handles goods on commission basis. He does not do much business with agricultural producers but has advanced above Rs. 10,000 to them. The other is also one of the leading traders in oil seeds. He is not only an agent for oil mills in Bombay, Sholapur and Barsi, but also acts on behalf of wholesalers at Trichinopoly; Coimbatore and Nellore in Madras

Mysore State and Surat in Bombay State. The two does not do much business with agricultural producers, but has advanced about Rs. 10,000 to them. Both these traders have godowns with storage capacity exceeding 10,000 bags of all goods. None of the two was able to meet his requirements completely out of his own resources. One has borrowed mainly from indigenous bankers and the other partly from banks but mainly from indigenous bankers.

(22.8) Of the 20 traders selected at this centre, 10 were Lingayats, 3 were Jains, 2 were Gujars, 2 were Marwadis, 1 was a Vaishya, 1 was a Muslim and 1 was a Hindu who was unwilling to state his subcaste.

(22.9) The method by which the traders were selected at Bagalkot was as follows: " In consultation with the Manager of a Local Bank and the President of the Local Merchants' Association a list of traders was prepared. There were in all 70 traders, 13 big and 57 small. Of them, 13 big traders, 1 was the Bagalkot Co-operative Purchase and Sale Union. As that could be considered as a marketing society, it was specifically omitted. Out of the remaining 12 we had to select 10 for our investigation. My experience at Bijapur prompted me to go on investigating without bothering to select as one or two would always refuse to give information. And later, actually two big traders refused to give information. Of the 57 small traders I selected 12 keeping a margin of 2 in case any body refused. Thus I selected the 1st, 6th, 11th, 16th and as expected two traders refused to give information.

(22.10) Of the selected 20 traders, 5 were purely commission agents while the remaining 15 were wholesalers and commission agents. In the following paragraphs, we shall briefly describe the working of traders in each of the two categories.

(22.11) All the five commission agents combined money lending with trading in agricultural produce. One of them also did forward business on a small scale. All of them acted on behalf of sellers only, and dealt in cotton, groundnut and pulses. Two of them also dealt in cotton seeds, gunny bags and botaras that is containers for cotton. All of them had godowns either owned or rented having capacity for storing 1000 to 4000 bags of oilseeds or pulses and 400 to 2000 dokras of cotton. Thus it is seen that they had adequate storage facilities 4 of them advanced loans mainly to agriculturists and the fresh advances made by them during the previous year were Rs. 36,000/-, Rs. 80,000, Rs.90,000 and Rs. 100,000 respectively. One advanced mainly to middlemen. He had advanced in the previous year loans amounting to Rs. 60,000/-. Thus the five commission agents together reported total advances amounting to Rs. 3,66,000/-. But according to the returns submitted by these commission agents to the sub-registrar for moneylender, the total advances were Rs. 2,99,600/-. All of them borrowed from one source or another and one of them had accepted deposits 2 of them borrowed only from private money lenders while the remaining 3 borrowed partly from banks but mainly from

from private money lenders. The advances from banks were in the nature of cash credits and in only one case were goods pledged. Loans from private money lenders were mainly against the security of promissory notes or hundis, and in only one case they were unsecured. Bank loans bore interests at 6.1/2 per cent to 7.1/2 per cent while loans from private money lenders bore interest at 6 per cent to 7.1/2 per cent if advanced against the security of pro-notes or hundis and 9 per cent if unsecured. All the five commission agents were Lingayats.

(22.12) Of the 15 wholesalers and commission agents one was a leading indigenous banker and had wide business interests. Two others owned processing concerns, one a pulse mill and the other a ginning and pressing factory. The owner of pulse mill was in addition a wholesale dealer in tobacco, cigarettes and bataras that is containers for cotton. A third was a leading wholesaler of silk and cotton yarn, which found a ready market at Ilkal and Guledgud. Of the 15 commission agents, 7 acted mainly on behalf of sellers while 8 acted mainly on behalf of buyers. Of the 8 commission agents who acted mainly on behalf of the buyers many were purchasing agents of one or more oil mills, cloth-mills, ginning or other processing factories, wholesalers or exporters. They had connections with wholesalers and processing concerns at Bombay, Sholapur, Ahmedabad, Bhavnagar, Indore, Calcutta, Kurnool, Coimbatore and all

all important marketing centres in Bombay State.

(22.13) The indigenous banker was a leading cotton broker and acted on behalf of many wholesalers from Bombay. He dealt only in cotton. The owner of ginning and pressing factory was also a leading cotton and groundnut merchant and purchased on behalf of cloth mills [at Bombay, Indore, Coimbatore and Calcutta] and oil-mills. The owner of pulse-mill was a whole-saler in pulses and cotton only and handled other commodities on commission. The wholesaler in silk and cotton yarn was also a leading whole-saler in cotton. Another was a wholesaler who traded mainly in pulses and had connections with whole-salers at Sholapur, Hubli, [illegible], etc. The remaining dealt in cotton and groundnut, as well as in other commodities, such as cotton seed, chillies and sweet oil. Every one of these traders had in his possession godowns either owned or rented, having storage capacity ranging from 1,000 to 10,000 bags of oil-seeds or pulses and 75 to 1500 [illegible] of cotton. Many of the traders held stocks of cotton and groundnuts. One trader had at one time in stocks [illegible] bags of groundnut and 3,000 fully pressed bales of cotton.

(22.14) Most of the traders held money lending licences. But only eight of them had advanced loans amounting in all to Rs. 5,26,925/-. The amount was advanced mostly to agriculturists. Now if we add to this Rs. 2,[illegible],000/- advanced by the five commission agents, it would be seen that in all

all Rs. 6,26,525/- were advanced in the previous year by 13 of the 20 selected traders, the remaining 7 not having advanced any amount.

(22.15) Of the 15 wholesalers and commission agents four had adequate resources of their own and did not borrow from any other sources. 6 borrowed only from banks. Of these 4 borrowed against the security of goods, 1 against the security of goods as well as against personal security and one against personal security only. The rates charged were 6 per cent for loans secured against goods and 7.1/2 per cent for loans against personal security. 1 borrowed only from indigenous bankers. He borrowed from them against the security of hundis at 7.1/2 per cent. Of the remaining four traders, three borrowed partly (25 per cent) from banks but mainly (75 per cent) from indigenous bankers. Bank loans bore interest at rates varying from 5 per cent to 6.1/2 per cent and were secured against goods; loans from indigenous bankers were either unsecured or secured against hundis. Two were charged interest at 6 per cent and only one had to pay interest at rates varying from 9 per cent to 12 per cent. The remaining trader had borrowed from four different sources. Among the 15 traders 2 had accepted deposits. Fixed deposits carried interest at 5 per cent to 6 per cent per annum, while short term deposits during the busy season carried interest at 7.1/2 per cent to 12 per cent per annum.

(22.16) The traders generally showed a distinct preference to banks in borrowing. The main reason for this was that bank rates were lower than those charged by private money lenders and indigenous bankers. Another reason was that the banks fixed individual limits of borrowing for each trader and within that limit he was allowed to borrow any amount without any security. The main grievance against banks however was that the individual limit as well as the hundi limit fixed by them for each trader was very much lower than his credit needs and sometimes the bank was not in a position to advance amounts even upto the individual limit fixed. Further many big traders are of the opinion that the local banks are not sufficiently big and that they do not discount hundis of high denominations so that the traders are compelled to draw hundis of small amounts and discount them with different local banks or draw a hundi for a large amount and get it discounted at some other place. They also feel that whenever goods are pledged to the bank they have to hand over the key of their godown to the bank, so that they are deprieved of the use of the remaining storage space if any in the godown and also find it difficult to show their prospective buyers over the godown.

(22.17) Of the 20 traders selected at this centre, 13 were Lingayats, 2 were Jains, 2 were Hindus unwilling to state their castes, 1 was a Brahmin, 1 was a Lovanga Hindu and 1 was a Maheshwari Hindu.

(22.18) The 20 traders at ~~this centre~~ Jamkhandi were selected as follows :- "There were 35 traders at Jamkhandi 5 big and 30

30 small. All the five big traders were selected. Of the remaining, 15 were selected by taking every second trader, beginning with the second. Whenever a selected trader could not be contacted or refused to give information [and there were 2 such cases,] the trader immediately above him in the list was taken as a substitute. The list of traders had been arranged in descending order of the volume of their business as ascertained from local knowledgeable circles", we are quoting an extract from the report of our inspector.

(22.19) Of the 20 selected traders, 9 were purely commission agents, 9 were wholesalers and commission agents and 2 were general merchants and commission agents.

(22.20) Of the 9 purely commission agents 7 had no other profession while two combined trading in agricultural commodities with other agency business. Of these two one dealt in groundnut and gur only and had no godown for storing. The other dealt in all agricultural commodities and had 3 small godowns having combined storage space for 600 bags of oil seeds or pulses. He had advanced Rs. 4,000/- to cultivators while the other did not advance any loans and he borrowed from banks as well as private money lenders while the other had adequate resources of his own. The remaining seven commission agents dealt in cotton, groundnut, safflower, gur and other commodities. Most of them did not have any external connection and sold locally to wholesalers, retailers, oil Ghanis or to the oil mill. Only one trader had

had connection at Bombay and the other at Sangli and Kolhapur. All the seven advanced loans to cultivators, and the fresh loans so advanced during the previous year by these 7, amounted to Rs. 44,000/-. Only one of these traders did not have any godown for storing. Of the remaining 6, 3 had godowns having storage space for 500 bags, while 3 others had godowns having storage space for 1000 bags. 5 of the traders borrowed only from bank either as cash credit or as godown advances or by discounting hundis. One borrowed partly from bank and partly from private money lenders. Only one had adequate resources of his own and did not borrow from any other source. The banks generally charged interest at 9 per cent per annum. There were a few instances where interest had been charged at 7.1/2 per cent.

(22.21) Of the 9 wholesalers and commission agents 3 did not have any other profession while 1 had an oil mill, consuming about 40,000 bags of groundnut. The oil was sold at Sangli, Kolhapur and Belgaum markets. He purchased outright groundnut for his oil mill and cotton to be sold to mills at Gokak, Sangli, Kolhapur and Bombay. He has godowns owned as well as rented adequate to store in all 34,000 bags of groundnut. He did not advance any loans to cultivators. He has not adequate resources of his own and borrows from the bank either secured or unsecured loans as the occasion demands. The remaining 5 traders dealt in all the commodities, but mainly in groundnut, safflower, cotton, gur and

and chillies. They dealt in these commodities either whole-sale or on commission basis as the occasion demanded. 7 of them sold locally while only 2 forwarded the commodities to either Sangli, Kolhapur, Belgaum or Bombay. Two traders did not have, and did not feel the necessity of godowns. Two others who had connections with other markets had go-downs with storage capacity exceeding 4000 bags while the remaining four traders had godowns with storage capacity ranging from 500 bags to 1800 bags. Only 7 traders had advanced fresh loans to cultivators in the previous year and they amounted in all to Rs. 71,000/-. Two traders had adequate resources of their own and did not borrow from any source. Of the remaining 6, 3 borrowed only from banks while 3 others borrowed partly from private money lenders but mainly from banks. The rate of interest was generally 9 per cent for bank loans and 12 per cent for loans from private money-lenders.

(22.22) There were two general merchants and commission agents. Both had grocer's shops. One of them dealt only in groundnut and gur. He purchased groundnut whole-sale and forwarded it to Bombay. He purchased gur whole-sale for distributing to local retailers. He did not advance any loans to cultivators, had storage space for 3000 bags and had not adequate resources of his own. He borrowed only from banks. The other was a big wholesale merchant in cotton, groundnut, safflower and gur. He purchased cotton wholesale and forwarded it to Bombay, Gokak, Sangli, Barsi, Kolhapur and Mysore. He purchased and forwarded oil seeds to Bombay. He purchased gur wholesale for selling locally to to retailers and consumers. He had eight godowns having capacity for storing 25,000 bags of oil seeds and 10,000 bags of gur. He had advanced in the previous year Rs. 60,000 to cultivators. He did not have adequate resources of his own and borrowed from the banks. The prevailing rate of interest varied from 7.1/2 per cent to 9 per cent.

(22.23) Of the 20 selected traders, at this centre 14 were Lingayats, 2 were Jains, 1 was a Marwadi, and 1 was a Brahmin. Of the firms 1 was a company and the other was a partnership firm with 2 partners, one a Lingayat and the other a Muslim.

(22.24) There were only 16 traders at Hungund. Hence the question of selection did not arise at all. 15 of them were wholesalers and commission agents and only one was purely a wholesaler, in the sense that he purchased on his own account, though in small quantities, and sold locally to retailers or other traders. He did not have adequate resources of his own and borrowed from banks as well as from wholesalers. He had owned a godown with storage space for 600 bags.

(22.25) Of the remaining 15 traders 13 had no other profession while two were owners of ginning factories. One of them also had a cloth shop. All the 15 dealt in cotton, groundnut, safflower and palash, some of them also dealt in gur, chillies and sweet oil. They handled commodities either wholesale or on commission basis as the occasion demanded. All of them had godowns either owned or rented but [illegible] of of them did not have any godown in his possession at the time of investigation because he used to hire a godown only when it was absolutely necessary. The two owners of ginning and pressing factories and one more trader namely, the [illegible] Co-operative Purchase and Sale Union, have facilities for storing more than 5000 bags. Three others had facilities for storing about 2000 bags; the rest had facilities for storing not more than 1000 bags. In all 11 traders had advanced fresh loans to cultivators in the previous year. The total amount of the loans advanced was Rs. 2,35,000/-. Of this Rs. 1,25,000/- had been advanced by the [illegible] Co-operative Purchase and Sale Union alone. The [illegible] Co-operative Purchase and Sales Union has a branch office at this centre. It is the biggest wholesaler and commission agent in this market and advances loans to cultivators both in cash and in kind. 2 traders borrowed only from private money lenders or wholesalers while 14 borrowed from banks as well as private money lenders and wholesalers. Of these 9 depended for finance mainly on private agencies, 2 mainly on banks and the remaining three partly on banks and partly on private agencies. The banks charged interest at 6 per cent to 9 per cent and private money lenders and wholesalers at 9 per cent to 12 per cent.

(22.26) Of the 16 traders, 15 were Lingayats ~~and~~ the remaining one was a marketing society.

(22.27) There were only 4 traders at [illegible]. All the four

four were interviewed. Of these one was a purely commission agent while the other three were wholesalers and commission agents.

(22.28) The trader who did purely commission business acted on behalf of sellers only. He dealt in all the commodities and sold the goods collected on commission basis either to local traders or retailers or to wholesalers in other marketing centres. He had two rented godowns with facilities for storing 20[illegible]0 bags of oilseeds or pulses. He had, in the previous year, advanced to cultivators loans amounting to Rs. 20,[illegible]/- He had adequate resources of his own and did not borrow from any other source.

(22.29) Of the three wholesalers and commission agents two were owners of mills decorticating groundnut. They dealt in groundnut, safflower, cotton and pulses either wholesale or on commission basis as the occasion demanded. Both forwarded cotton, groundnut and safflower to Bombay and Sholapur and pulses to Hubli, Belgaum or Bagalkot. One of them had advanced in the previous year, Rs. 40,000/- to cultivators. None of them has adequate resources of his own and both borrowed from the bank by way of discounting hundis. Both have their own godowns one with facilities for storing [illegible] bags and the other with facilities for storing 5500 bags. The remaining trader who had no other profession, dealt in groundnut, safflower cotton and pulses either wholesale or on commission basis. He forwarded groundnut to Bombay and pulses to Hubli and Belgaum. He had godown facilities for

for storing 2000 bags and 200 drums. He did not advance any loans to cultivators. He had adequate resources of his own and did not borrow from any other source.

(22.30) Of the four traders, two were literate and two were illiterate.

(22.31) Some attempt was made to collect information regarding trade practices from the cultivators selected for the Farm Business Survey. A few details were obtained relating to the actual sales which these cultivators had effected during the year. The information was obtained separately for the two periods April to September and October to March.

(22.32) In the first visit relating to the period from April to September, 1951, 15 of the 80 smaller cultivators reported 15 sales; and 55 of the 80 bigger cultivators reported 81 sales. We might therefore say that 70 out of a representative sample of 160 cultivators reported a total of 96 sales. Of these 12 were made to Government, 1 to co-operative society 78 to private traders and 5 to other agencies. The 96 sale transactions were of the following commodities :-

Wheat	2	Cotton	51
Millets	10	Oilseeds (mostly groundnut)	22
Gram	3	Garden crops	2
Arhar	2	Other fruit crops	4

In the following we give a few details relating to these sales:-

	No. of sales
Commodity was delivered in the village	5
Commodity was delivered at market place	46
Price was settled before delivery	31
Price was settled at delivery	72
Price was not settled even after delivery	1

This included 12 sales made to Government at prices fixed under compulsory procurement schemes.

Advance was received before delivery	7
Money was borrowed in anticipation of sales	24
Owed money prior to sale	8
Accounts settled at delivery	60

Of the 12 sales made to Government, 10 were of millets and 2 of wheat. These were under compulsory procurement schemes at fixed prices. The price was paid immediately on delivery.

([illegible]) In the second visit relating to the period from October, 1951 to March, 1952, 28 of the 40 smaller cultivators reported 41 sales; and 86 of the [illegible] bigger cultivators reported 141 sales. We might therefore say that 114 out of a representative sample of 160 cultivators reported a total of 183 sales. Of these 41 were to Government, 1 to a co-operative society, 126 to private traders and the remaining 15 to other agencies. The 183 sales were of the following commodities:-

Rice	2	Gram	2
Wheat	2	Tur/Arhar	9
Millets	40	Other pulses	4
Cotton	22	Oil seeds (mainly groundnut	20
Garden crops	5	Fruit crops	4
Other commercial crops	3		[illegible]

In the following we give a few details relating to these 183 sales.

	No. of sales
Commodity was delivered in the village	37
Commodity was delivered at market place	33
Price was settled before delivery	41*
Price was settled after delivery	142
Advances received before delivery	7
Money borrowed in anticipation of sales	23
Used money prior to sales	3
Accounts were settled at delivery	175

* These 41 sales are those made to Government at fixed prices under compulsory procurement schemes.

Of the 41 sales made to Government, 38 were of millets, 2 of rice and 1 of wheat. The sales were made under compulsory procurement schemes at fixed prices. The price was paid immediately on delivery.

XXIII. Co-operative Marketing

(23.1) On account of the application of the Markets Act, the marketing in the district is generally orderly. Therefore conditions favourable for the development and growth of co-operative marketing prevail in the district. Further, in this district the cooperative credit movement is well developed. One would therefore expect that the co-operative marketing in the district is also equally well developed. Hence it must be emphasised at the outset that co-operative marketing in the district is, as yet, ~~weak~~ and under developed. In fact during the period under report there were only five marketing societies functioning in the district. They did not receive any preferential treatment whatsoever; and functioned just like any other trader, in competition with other traders. As a result the volume of business handled by them was small compared with the total business at the markets where they were operating. Even in absolute terms, the volume of business handled by each of the marketing societies was, with the exception of one namely, the Bagalkot Purchase and Sale Union, quite small.

(23.2) There were three purchase and sale unions in the district. Of these two were at Bijapur and one was at Bagalkot. All the three purchase and sale unions were covered by our investigation.

(25.3) In addition to the three purchase and sale unions, there were two fruits and vegetable sale societies in the district. Of these one was located at Bijapur and was covered by our investigation. Thus out of five marketing societies in the district four were covered by our investigation. They are :-

1. The Bijapur Co-operative Purchase and Sale Union, Bijapur.
2. The Bijapur Cotton Sale Society, Bijapur.
3. The Bijapur Gardeners' and Vegetable Growers' Co-operative Supply and Sale Society, Bijapur.
4. The Bagalkot Co-operative Purchase and Sale Union, Bagalkot.

In the following paragraphs we give a brief description of the working of these societies. As in the case of primary credit societies studied by us, statements of annual accounts of the marketing societies were obtained for the two years 1949-50 and 1950-51. The statements of accounts of the primary societies were however supplemented by general notes on their working. On account of an oversight, in the instructions issued, similar notes were not prepared on the working of the marketing societies. Nevertheless some data had been collected by our Inspector for this district. In the following paragraphs we present the statements of accounts of these marketing societies against the background of the data collected by him.

(23.4) The area of operation of The Bijapur Co-operative Purchase and Sale Union, extends over the three talukas, Bijapur, Indi and Sindgi. However the bye-laws of the society, forbid persons residing in villages within five miles of Bijapur, to become members of the society. The management of the society was not able to give any explanation whatsoever for this provision in the bye-laws. It is also interesting to note that the bye-laws of the society have laid down that the capital of the society shall not exceed Rs. 25,000/-. The society has three categories of members, namely societies, individual members (ordinary) and individual members (nominal). The first two categories of members have the right to vote while the last category of members have no right to vote. It should also be noted that while the first two categories of members are share-holders of the society, the last category of members are not and that they are members in virtue of a payment of a nominal fee of Rs. 1. The society is managed by a secretary and a managing committee consisting of nine persons. Of these five are elected representatives of member societies, two are elected representatives of individual members while the remaining two are nominated members. One of them is a nominee of the Assistant Registrar of Co-operative Societies and the other that of the Bijapur District Central Co-operative Bank. The society has a chequered history. At one time it was doing flourishing business. But later on due to reportedly indiscriminate lending and due to misappropriation, it began to experience

experience shortage of cash resources and had to curtail its advances. Consequently both its business and reputation waned. Enquiries were instituted into the misappropriation of funds, responsibility was fixed and the amount was ordered to be recovered. Thereafter to improv the management of the society the cooperative department deputed a supervisor to act as the Secretary of the Societ At present the supervisor is still working as the secretar of the society. Since his appointment the management of the society seems to have been improved for it is seen that the society has made all round progress. Thus during 1950-51 the society had as members 44 societies, 55 ordinary members and 55 nominal members as against only 38 societies and 53 ordinary members in 1949-50. Besides the owned funds of the society have registered a sharp rise fr Rs. 6240/- in 1949-50 to Rs. 19,521/- in 1950-51. This is mainly due to an increase in the reserve from Rs.140 in 1949-50 to Rs. 7046 in 1950-51. Other funds were nil in 1949-50 whereas in 1950-51 they amounted to Rs. 4100/-. The deposits received by the society have also increased from Rs. 10,095/- in 1949-50 to Rs. 20,247/- in 1950-51. The society had borrowed loans amounting to Rs. 33,000/- from the D. C. C. Bank during the year 1950-51 while it had not borrowed anything during 1949-50. Thus it is seen that during 1950-51 the society's working capital was considerably more than what it was in 1949-50. The reason for borrowing such a large amount from the D.C.C. Bank was that the society had advanced heavily against commodities. Thus the advances against commodities were Rs. 43,580/-

during 1950-51 as against only Rs. 15923/- in 1949-50. The society was also able to recover larger amounts. Thus during 1950-51 the recoveries amounted to Rs. 35026 as against only Rs. 15066 in 1949-50. It should however be noted that the overdue loans were also larger in 1950-51 as compared to those in 1949-50. Thus the overdues amounted to Rs. 32350/- in 1950-51 and Rs. 22,606/- in 1949-50. However if we relate the overdues to the total amount advanced during the year, it will be seen that they were proportionately less in 1950-51 than in 1949-50. It should be noted that during 1949-50 the society had collected on commission basis commodities of the value of Rs. 44720/-. The corresponding figure for 1950-51 was Rs. 73902/-. Thus it is seen that the society is expanding its business. The society charges commission at the rate fixed by the Market Committee. The society borrows from the bank at either 5.1/2 per cent or at 6¼ per cent while it charges on its advances interest at Rs. 9- 6- 0 per cent per annum. In addition to trading in agricultural commodities the society runs a ration shop, and has undertaken the distribution of iron, manure mixture and groundnut cakes. It is making profits in all these undertakings. The combined profit of all these undertakings amounted to Rs. 2970/- in 1949-50 and Rs. 4525/- in 1950-51. The society has no godowns either owned or rented.

(23.5) The Cotton Co-operative Sale Society was registered

registered on 13-3-1924. It serves only Bijapur taluka. It has 322 members of which only 45 are societies. In 1950-51 the owned funds of the society amounted to Rs. 24,967/- and were slightly less ~~smaller~~ than those in 1949-50. The society owes Rs. 1350/- to the District Central Co-operative Bank. Due to an alleged dispute between the bank and the society regarding interest charged by the bank for the loan, the amount has been reportedly withheld by the society. During 1949-50 the society did not advance any fresh loans. During 1950-51 it had advanced ~~but~~ only Rs. 140/-. The whole of that amount was recovered by the end of the year. However, the overdue loans amounted to Rs. 5342/- in 1949-50 and Rs. 5202/- in 1950-51. These are old loans which are yet to be recovered. During 1949-50 the society had collected on commission basis commodities of the value of Rs. 15105/-. The corresponding figure for the year 1950-51 was Rs. 20,695/-. The society was charging commission at the rate of 1.1/2 pies per rupee. The total commission earned by the society amounted to Rs. 257/- in 1949-50 and Rs. 331/- in 1950-51. This society was also running a ration shop. The net profits of the society amounted to Rs. 2126/- in 1949-50 and Rs. 2075/- in 1950-51. The society has no godown either owned or rented.

(23.6) The Bijapur Gardeners and Vegetable Growers Co-operative Supply and Sales Society, Limited, Bijapur has its office at Bijapur and has an area of operation extending over the whole of Bijapur taluka. It is managed by a secre-

secretary and a managing committee. The number of members was 114 in 1949-50 and increased to 115 in 1950-51. It had in 1950-51, a share capital amounting to Rs. 1635/- reserve fund amounting to Rs. 367 and other funds amounting to Rs. 529. Thus its working capital was Rs. 2531 in 1950-51. Besides it had borrowed from the Bijapur District Central Cooperative Bank, Rs. 5000/- by way of cash credit. The society collected fruits and vegetables on commission basis. The value of the goods so collected amounted to Rs. 15,03 in 1949-50 and Rs. 1,732/- in 1950-51. The fruits and vegetables were sold as soon as they were received. For bananas, sweet potatoes, onions and sugar cane, commission was charged only to the sellers. The rates charged were Rs. 2/- per cart load of sugar cane, Rs. 1 per thousand bananas and Rs. 1 per bag of onions or sweet potatoes. For all other vegetables commission is charged at the rate of Rs. 0- 1- 0 per rupee of sale proceeds to sellers and at Rs. 0- 4- 0 per basketful of vegetable to the buyers. In the case grapes, commission is charged both to the buyers and sellers at the rate of annas four per case of eight lbs. The total commission earned by the society amounted to Rs. 1502 in 1949-50 and Rs. 1232/- in 1950-51. The society supplies to members seeds, fertilisers and chemical manures. The value of seeds and manure so supplied amounted to Rs. 654/- in 1949-50 and Rs. 1823/- in 1950-51. This society also runs a ration shop. The society made a profit of Rs. 433/- in 1949-50 and Rs. 91/- only in 1950-51. It has received a subsidy of Rs. 124/- during 1949-50.

(23.7) The Bagalkot Co-operative Purchase and Sales Union is the biggest and the best managed marketing society in the district. It serves Bagalkot, Badami and Hungund talukas and Bilagi petha. The society was registered on [illegible] under the name of the Bagalkot Co-operative Cotton Sale Society. The present name was adopted later on. The first three years of its working were uneventful. However, from the fourth year onwards the progress of the society has been steady and continuous. This is seen from the table given below. (table 23.1) It should be noted that in the course of seven years from 1943-44 to 1950-51 the owned funds of the society, that is, the total of share capital, reserve and other funds have increased from Rs. 16,311 to Rs. 1,10,556. It should also be noted that as compared to the increase in the share capital, the increase in the reserve fund is larger as well as more rapid. The deposits received are also seen to have steadily increased till 1947-48, when they amounted to Rs. 80,850/-. During the next year, they declined to Rs. 65,200/-. However, by 1949-50 they rose to Rs. 95,000/- and in 1950-51 they stood at Rs. 96,125/-. Consistent with the increase in the owned funds and the working capital of the society the business turnover of the society, that is, the value of agricultural commodities collected on commission basis by it, has also steadily increased. Thus it amounted to Rs.16,75,000/-0-0 in 1949-50 and Rs. 23,60,100/- in 1950-51. It should however be noted that compared to the sales, the commission earned in 1950-51 is very much smaller than that earned in 1949-50.

Table 23.1 - Comparative Statement showing the financial position and business turnover of the Bagalkot Cooperative Purchase and Sale Union during the eight years from 1943-44 to 1950-51

	1943 - 44	1944 - 45	1945 - 46	1946 - 4
Share capital	5650	5850	6775	7900
Reserve Fund	2356	5828	12428	22323
Other funds	3260	5323	8108	13808
Deposits	5045	6970	23605	40050
Loans including loan on goods	90990	90592	117403	225885
Loans outstanding including loans on pledge of goods	90935	110324	140795	347310
Commission	4250	7912	8320	14959
Profit	1264	7198	14052	18759
Business turnover	176950	333236	607552	792934
Working capital	110354	138668	202700	422126
Dividends paid	4%	5%	5%	5%
Bonus to customers	-	-	400	550

1947 - 48	1948 - 49	1949 - 50	1950 - 1951
8225	26600	23700	29000
35916	47891	53591	61697 *
21608	22806	33158	39501*
80850	65200	95000	96125
237909	245006	296000	309571
481721	446970	522390	489274
28055	23760	22900	23187
25872	23950	13784	17569
1030950	1365960	1675800	2300100
571919	597922	655290	684267
5%	5%	5%	5%
750	800	1250	300

This is explained by the fact that the revised rates of commission prescribed by the Agricultural Produce Market Committee, Bagalkot, came to be charged during 1950-51 and these revised rates were lower than those charged previously. It was pointed out earlier that the value of commodities collected on commission basis during 1950-51 amounted to Rs. 23,[illegible],100/-. The majority of the commodities were those collected from members. During 1950-51 the society had 351 members of these [illegible] societies and [illegible] were individuals. In table 23.2 we give the volumes of different commodities collected from members during 1950-51. From the table it is obvious that the sale proceeds of commodities brought by members amounted to Rs. 13,20,[illegible]74. They are also seen to account for more than 57 per cent of the total value of commodities collected on commission basis, during that year. The society helps its members in obtaining on credit improved varieties of seed. It also gives them financial assistance at the time of harvesting. Besides it is able to obtain better price for their produce as it pools, grades and then sells their produce in big lots. The society has in addition put into operation a scheme for giving bonus to cultivators who sell their agricultural produce, through the society. Every year a part of the profits ~~are~~ is kept aside for this purpose. Besides though it generally charges interest at the rate of Rs. 7-13-0 per cent per annum for advances made to customers, it charges regular customers interest at 6 per cent only. All these

Table 23.2 - Arrivals and sales of members' produce for the year ending June, 1952.

Commodity	Total arrivals in Bengali maunds	Total sales in Bengali maunds	Total value of sales in rupees	Balance to be sold later in Bengali maunds
Cotton (unginned)	15,755	15,755	3,05,123	-
Cotton (ginned)	7,065	6,464	4,52,565	601
Groundnut (in pods)	31,421	28,971*	4,94,840	3,730
Pulses	2,415	2,240	51,320	175
Oil seeds other than groundnut	350	350	7,159	-
Chillies	60	60	1,430	-
Gur	1,036	639	7,632	397

* These include sales of @ 1200 Bengali maunds of last year's stock.

these factors have, it appears, helped the society to become more and more popular and have made it the most successful institution of its kind in the district. The commendable efficiency of the society, it appears, is largely due to its present manager Shri Madliyal, whose services have been lent to the society by the Co-operative Department. As already pointed out the society was advancing loans to its customers. The fresh advances amounted to Rs.2,56,[illegible]/- in 1949-50 and Rs. 3,0[illegible],571/- in 1950-51. The total amounts recovered by the society from its members during these two years amounted ~~to~~ respectively to Rs. 2,90,30[illegible]/- and Rs.3,3[illegible]. Thus it is seen that the fresh loans advanced as well as the total amounts recovered were both larger in 1950-51 than in 1949-50. Further in 1950-51 recoveries were in excess of fresh advances during the year indicating that some of the old debts were also recovered. The total amount due to the society from its members stood at Rs. 5,22,39[illegible]/- in 1949-50 and Rs. 4,87,274/- in 1950-51. Thus it is seen that in consistent with greater recoveries, the outstanding dues ~~are~~ were smaller in 1950-51 though as already indicated the fresh advances were larger during that year. It was stated earlier that the business turnover of the society during 1950-51 was Rs. 23,00,100/-. It should be noted that this refers to only the business handled on commission basis. In addition to handling commodities on commission the society was doing business on its own account, in bajara, [illegible], and cotton and groundnut seeds for sowing. In fact the

the ~~Ag~~ society is the main agent of the Agricultural Department for the distribution of improved varieties of cotton seeds for sowing. On an average it distributes every year about 2,60,000 lbs. of improved varieties of cotton seed such as Jayadhar, Jayawant and Laxmi. The society also distributes groundnut seeds. The society is the wholesale agent for the distribution of manure mixture and groundnut cakes for the whole district and retail agent for three talukas and one Petha namely Badami, Bagalkot and Hungund talukas and Bilagi petha. The society is also the wholesale agent for the distribution of iron, steel and cement, for five talukas and one petha namely Bagalkot, Badami, Hungund, Mudhol and Jamkhandi talukas and Bilagi petha. It is also the retail agent for the distribution of iron, steel and cement for Badami, Bagalkot and Hungund talukas and Bilagi petha. The margin of profit in all these other business undertakings is large and the resultant heavy profits have helped the society to improve and consolidate its financial position by increasing the reserve and other funds. The society has at Hungund a sale depot, controlled by the head office. Finally, the society has six hired godowns of the size 80' x 60' x 40' to store its own goods as well as the goods of the customers. The society does not own any trucks; but it generally has 3 to 4 hired trucks at its disposal. The hiring charges of these vehicles amount annually to about Rs. 15,000/-.

XXIV. Private Financing Agencies .

(24.1) We have already studied the various aspects of government and cooperative finance. In this chapter we propose to study private finance and private financing agencies. Of these, we have already studied the traders. The other private financing agencies supplying credit are commercial banks, indigenous bankers and private money lenders. We had mentioned earlier that the district has good banking facilities. In addition to the DistrictCentral Co-operative Bank, with its large number of branches and pay offices and the several urban cooperative banks, there are in the district a number of branches and head offices of several commercial banks. There were in all38 banks in the district; of these 11 were at Bijapur, 8 at Bagalkot and 3 each at Jamkhandi and Banahatti. At no other place were there more than 2 banks. Four scheduled banks have their branch offices in this district. The central Bank of India has a branch office at Bagalkot, the Punjab National Bank at Bijapur, The Canara Industrial and Banking Syndicate at Bijapur as well as at Bagalkot and the Sangli Bank at Terdal and at Rabakavi.

(24.2). As a part of our investigation, we had mailed a questionnaire to the local offices of the commercial banks, scheduled and non-scheduled, requesting information regarding their advances andloans to agriculturists. As the purpose for which the advance was made might not have been noted in the books of the banks, we enquired specifically the society is the main agent of the Agricultural Department for the distribution of improved varieties of cotton seeds for sowing. On an average it distributes every year about 2,80,000 lbs. of improved varieties of cotton seed such as Jayadhar, Jayawant and Laxmi. The society also distributes groundnut seeds. The society is the wholesale agent for the distribution of manure mixture and groundnut cakes for the whole district and retail agent for three talukas and one Petha namely Badami, Bagalkot and Hungund talukas and Bilagi petha. The society is also the wholesale agent for the distribution of iron, steel and cement, for five talukas and one petha namely Bagalkot, Badami, Hungund, Mudhol and Jamkhandi talukas and Bilagi petha. It is also the retail agent for the distribution of iron, steel and cement for Badami, Bagalkot and Hungund talukas and Bilagi petha. The margin of profit in all these other business undertakings is large and the resultant heavy profits have helped the society to improve and consolidate its financial position by increasing the reserve and other funds. The society has at Hungund a sale depot, controlled by the head office. Finally, the society has six hired godowns of the size 80' x 60' x 40' to store its own goods as well as the goods of the customers. The society does not own any trucks; but it generally has 3 to 4 hired trucks at its disposal. The hiring charges of these vehicles amount annually to about Rs. 15,000/-.

The advances had been made to two wholesalers against the security of Arhar. 50 per cent of the advances had been utilised for general trading purposes, and 25 per cent cash for the purchase of agricultural produce and for financing agriculture.

(24.6) The Manager of the Rabakavi branch of the Sangli Bank reported that advances against groundnut, safflower and arhar stood at Rs. 1,61,510/- on 30-9-1951. The advances were made to four accounts, all of wholesalers. The loans were utilised for general trading purposes. The demand was heavy during the period from July to September and the repayment was heavy during the period from October to December. The branch of this Bank at Terdal reported that advances against groundnuts outstanding on 30- 9-1951 amounted to Rs. 21,010/- and were made to only on account that of a commission agent.

(24.7) The Advances made by the six branches of the scheduled banks in the district together amounted to Rs. 5,45,273/-. Of these 34 per cent were made to wholesalers and 66 per cent to commission agents. However, only 20 per cent of the accounts were of wholesalers and 80 per cent of commission agents. Almost the whole of the amount advanced to wholesalers was utilised for general trading purposes. Of the total number of accounts 83 per cent were loan accounts and 17 per cent were cash credit accounts. However of the total advances 74 per cent were to loan accounts and 26 per cent to cash credit accounts.

(24.8) As stated earlier, 11 non-scheduled banks had replied to our questionnaire. Of these only 9 were advancing against agricultural produce. The total amount advanced by these 9 banks amounted to Rs. 2,82,098/- on 30-9-1951. The advances had been made to 58 accounts; of these 9 were of wholesalers, 29 of commission agents and 20 of cultivators. However, the amount advanced to these was 6, 90, and 4 per cent respectively, of the total advances. All the advances were to loan accounts and were made mostly against the security of groundnut, safflower, cotton seed, chillies, pulses, cotton and gur. It should be noted that only one bank namely, the pay office of the United Bank of Karnatak at Bilagi had advanced loans to cultivators. On 30-9-1951 its advances to cultivators stood at Rs.10,000/-. They were made to 20 accounts of cultivators against the security of groundnuts, safflower, cotton seeds, and pulses. It should also be noted that of the total loan of Rs. 2,82,098/- advanced by these 9 banks, Rs. 1,74,396/- were advanced by a single bank, namely, The Union Bank of Bijapur and Sholapur. Hence it is seen that the remaining 8 banks have together advanced a sum just exceeding Rs. 1,00,000/-. It is therefore, obvious that their total advances are generally small.

(24.9) It is thus clear that the commercial banks do not generally finance the agriculturists directly and that their finance in this direction, generally goes to traders. The principal private financing agency for agricultural finance

finance in this district, is therefore, the private money-lender. To study their operations, it was intended to select a sample of about 20 moneylenders, at each of the selected marketing centres. Under the Moneylenders' Act, every moneylender is required to take a licence and a list of such licensed moneylenders was available at each centre. It was therefore convenient to make the selection from out of the list. It was possible however that there were moneylenders who were not licensed and hence who did unauthorised business. But there were no means of knowing their names, etc. and even if that could be known, it was little use interviewing them. The following information, therefore, is based on the interview with licensed moneylenders only and naturally would relate to their authorised business only.

(24.10) There were 32 moneylenders at Bijapur only 20 of them had reported that they had advanced loans during the year. All these 20 moneylenders were selected for interview. At Bagalkot there were 72 licensed moneylenders. Many of them were not doing any business. Hence a list of moneylenders who actually carried on the business of moneylending was prepared. Of these moneylenders, ten had advanced more than Rs. 60,000/- during the year. All of them were selected for interview. The names of the remaining moneylenders were then arranged in the descending order of the volume of their advances. Then ten equal

equal divisions were made and the last moneylender in each division was selected for interview. However one of the bigger and two of the smaller moneylenders refused to give information. Hence, three other moneylenders were later selected from among these ten divisions as substitutes. At Jamakhandi there were only 23 licensed moneylenders. Of these 4 or 5 had stopped advancing fresh loans. They were desirous of winding up their moneylending business and had taken licenses only to recover old dues. Hence excluding three of these, the remaining 20 were interviewed. At Hungund there were only six moneylenders and at Indi there was only one moneylender. Hence all these 7 moneylenders were selected. Thus a sample of 67 licensed moneylenders was selected and interviewed. Most of the licensed moneylenders at Bijapur were goldsmiths, bullion merchants and jewellers, those at Bagalkot and Hungund were mostly traders in agricultural commodities. At Jamakhandi traders in agricultural commodities as well as goldsmiths, bullion merchants and jewellers were doing money lending business. The moneylender at Indi was a goldsmith bullion merchant and jeweller. In the following we present the information collected by interviewing these 67 selected moneylenders.

(24.11) Of the 67 moneylenders 27 were traders, or shop keepers, 20 were gold smiths and jewellers, 14 were traders as well as goldsmiths and jewellers, 3 were non-cultivating

cultivating landowners, 2 were cultivators and only one was a moneylender without any other business or occupation. Of the 27 traders and shop keepers, 15 were cultivators, 6 were non-cultivating landlords and 6 others were purely commission agents. Of the 20 goldsmiths and jewellers, 11 had no land, 3 were cultivators and 6 were non-cultivating land lords. Of the 14 moneylenders who were traders as well as goldsmith and jewellers, 7 were cultivators and 5 were non-cultivating landlords while remaining two did not have any other business or occupation. Of the 67 moneylenders 37 were in business for more than 25 years; another 13 for more than 10 years; another 10 for more than 6 years and the remaining were in business for a period not exceeding five years. In the case of 30 out of 67 moneylenders the agriculturists formed more than 75 per cent of their clientele; in the case of another 16, the agriculturists formed more than 50 per cent of their clientele. In the case of 18 moneylenders, more than 75 per cent of their business was with agriculturists; in the case of 16 others; this proportion was more than 50 per cent. Thus out of 67 moneylenders 34 had more than 50 per cent of their business with agriculturists. Of the 67 moneylenders, 31 advance up to Rs. 1000/- to a single cultivator if sound security is offered. Of these 31, 19 advance upto Rs. 2000/-; of these 19, 11 advance upto Rs. 5000/-; of these 11, 3 advance upto Rs.10000/- to a single cultivator against sound security. The rate of interest which the moneylenders said they would consider

consider reasonable on secured loans was 12 per cent per annum for loan of one years duration or less and 9 per cent for loans of duration longer than one year. 40 of the 67 moneylenders said that their owned funds were not adequate for their business. They borrowed from other sources such as moneylenders, commercial banks, or indigenous bankers. Of the 40 moneylenders in the case of 23, the amount borrowed from moneylenders formed more than 50 per cent of their total borrowings; in the case of 12, the borrowings from commercial banks exceeded 50 per cent of their total borrowings; in the case of 4 others the borrowings from the indigenous bankers amounted to more than 50 per cent of their borrowings. In the case of the remaining money lender, borrowings by drawing hundis formed more than 50 per cent of ~~the~~ his total borrowings.

XXV. Review of Situation

Tobe done

(8.10) Construction and repairs of residential houses and other buildings was another important item of capital investment and as seen from table 8.4 on page 142 the average expenditure on this item was about Rs. 46. It is surprising to note that the smaller cultivators who owned residential and other buildings of value less than 17 per cent of the total incurred 55 per cent of the total expenditure while the bigger cultivators owning buildings of value exceeding 83 per cent of the total have incurred only 45 per cent of the expenditure on this item. If we relate the expenditure on this item in the two classes of cultivators to the respective value of residential and other buildings owned by them, it will be seen that it is 15 per cent in the case of smaller cultivators and only 2.1/2 per cent in the case of bigger cultivators. Thus it appears that as compared to the bigger cultivators the smaller cultivators are incurring proportionately larger expenditure on construction and repairs of residential and other buildings.

(8.11) In conclusion we may note that though the investment expenditure incurred by the bigger cultivators is larger as compared to that incurred by the smaller cultivators, it is not large in proportion to the value of their assets. Further the investment expenditure except that in land improvement is generally small and is possibly no more than adequate to keep the existing assets in their present form.

The State Bank had stopped advancing and the D.C.C. Bank Ltd., Bijapur, though it had established its branch office at Jamkhandi was not willing to advance and had not started advancing loans to societies in the Jamkhandi taluka, the erstwhile Jamkhandi State. So the members of the managing committee borrowed loans from the State Bank on their private accounts and advanced the amount to the society at the same rate charged to them by the bank. The society mainly depended upon these loans for its finance and this was an additional reason why the managing committee was so carefully supervising over the utilisation of the loans advanced by the society. Again this resulted in the adoption of a certain procedure of money lending which though not advisable under normal circumstances, was satisfactory in its working. Thus the Society ~~managing committee~~ charged interest at the rate of [illegible] per cent for advances made to members as against a rate of 6.1/4 per cent prescribed by law. This was necessary because the society itself borrowed the amount at about 6 per cent per annum. Again it was the practice to advance loans to members as and when necessary with the written consent of the chairman and one more member of the managing committee, and to get the loan application approved at the next meeting of the managing committee. The meetings of the managing committee were held as often as necessary and as soon as a loan was advanced without its proper sanction.

(17.11) In the following table (table 17.4 on next page)