ALL-INDIA
RURAL CREDIT SURVEY

DISTRICT MONOGRAPH
JULLUNDUR

BOMBAY - 1959

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FOREWORD

The All-India Rural Credit Survey was conducted in 1951–2 by the Committee of Direction appointed by the Reserve Bank of India. The investigation extended over nearly 130,000 families resident in 600 villages and the various types of credit agencies in 75 selected districts spread all over the country. The data collected covered all important aspects of the working of the system of rural credit in the 75 districts. The detailed study of the material in all its aspects has been completed and the Report of the Committee has been published in three volumes, namely, Volume I, the Survey Report, containing discussions on the results of the Survey, Volume II, the General Report, containing the recommendations of the Committee and Volume III, the Technical Report, containing a description of the technique of the Survey and the various statistical statements prepared from the data. In order to obtain integrated pictures of the working of the rural credit machinery under different local types of economies and to provide a basis for preparation of the All-India Report, preliminary monographs were prepared on each of the 75 selected districts. A few of these are being selected for revision and publication.

2. Each district monograph can broadly be divided into three parts. The first part describes the main features of the agricultural economy of the district as well as of the villages selected for investigation and provides the necessary background for the study of rural credit. The second part is mainly devoted to an analysis of the 'demand' aspect of rural credit. The third part gives a detailed description and assessment of the working of the rural credit organization. Although the treatment of subject-matter is generally on the lines of the All-India Report, the monographs attempt to focus attention on special problems in the districts, besides presenting a review of the detailed economic and credit pattern of the district. The monographs may, therefore, provide some assistance in formulation and adaptation of agricultural credit policy with reference to different types of economic conditions and in devising measures for dealing with problems of special importance to particular agricultural tracts.

3. The data presented in each district monograph are based on field investigation in eight villages selected by adopting the stratified random sampling method. All the families in each of these villages were covered by a general schedule and this was supplemented by an intensive enquiry confined to a small sub-sample of fifteen cultivating families in each of the selected villages, making a total of 120 cultivating families for the district. The district data presented in the monographs mean, for all purposes for which the data were collected, the data for the villages in the sample. It is, of course, not the raw data for all the eight villages but the data for the eight villages weighted in a particular way. Districts in India are usually rather large

in area and are populous. In most of them physical and crop conditions differ materially from one part to another. The number of villages in the sample was not large and a further limitation was imposed by one-half of the sample being confined to villages with co-operative credit societies. The result has often been that all parts of the district have not necessarily been adequately represented in the sample and the total picture presented by the weighted village data for the district may not accord with the average picture for the whole district. It may thus happen that the picture presented for the district by the village data does not correspond, in particular cases, to the general conception of conditions in the district or to the average figures. The fact remains, however, that they represent conditions in at least some parts of the district. Since the main objective was to study conditions not necessarily of whole areas identified with administrative units or districts bearing particular names, but with samples of varying conditions throughout the country, the different district pictures presented have full validity and considerable value for the study of different conditions in agricultural credit.

4. A draft monograph on Jullundur was prepared by Shri A. N. Vij, a former Research Officer of the Department of Research & Statistics, now in the Agricultural Credit Department. This was later edited for publication by Dr. B. S. Mavinkurve of the Division of Rural Economics in co-ordination with the Division of Statistics. The responsibility for the views expressed is that of the author and not of the Reserve Bank of India.

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to the Reserve Bank of India.

Reserve Bank of India,
Central Office,
BOMBAY.
December 5, 1958.

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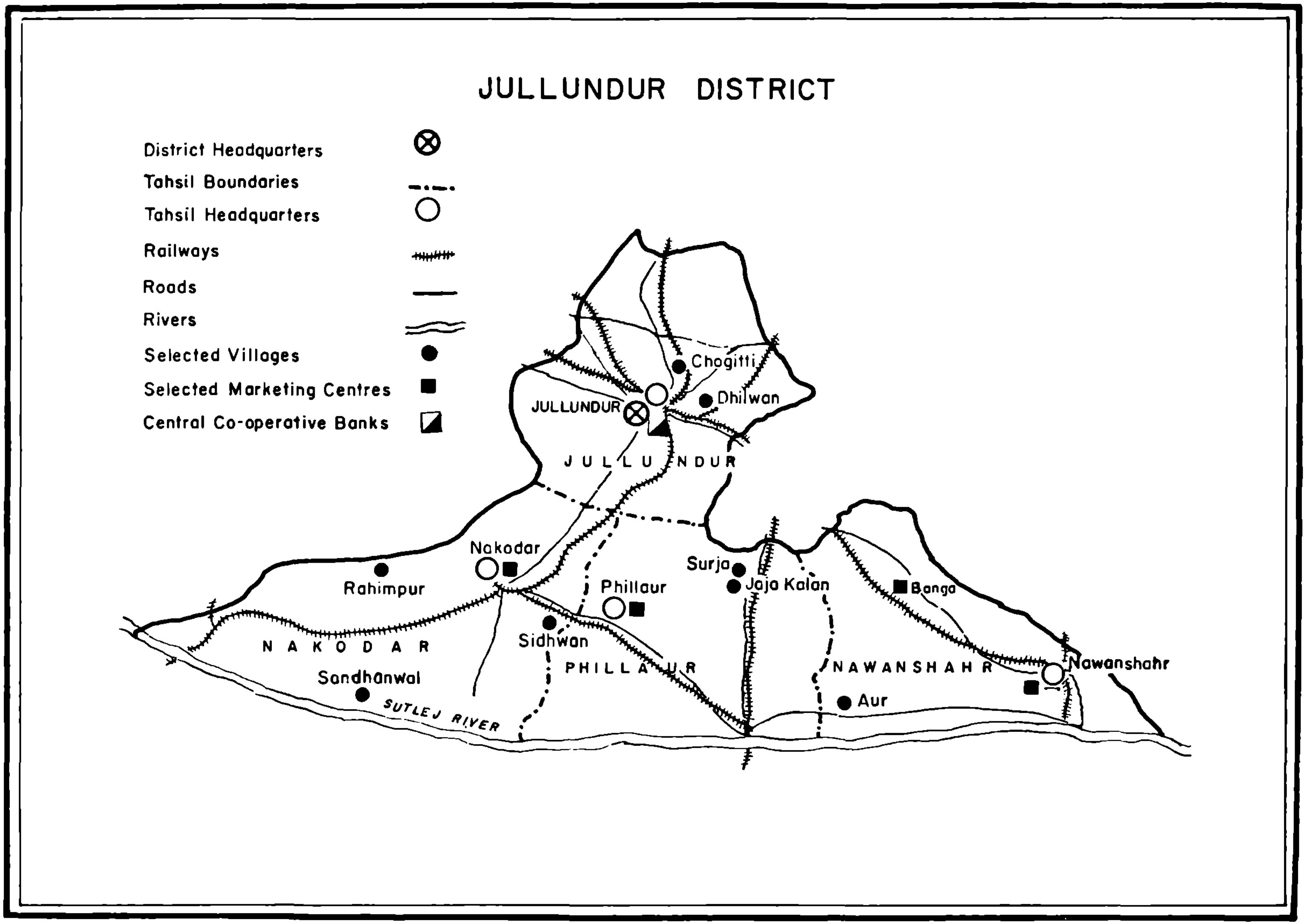
— to represent 'nil' or a negligible figure.

. to indicate that the figure is not available.



JULLUNDUR DISTRICT
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Tahsil Boundaries
Tahsil Headquarters
Railways
Roads
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N A K O D A R
P H I L L A U R
N A W A N S H A H R
Nawanshahr
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Aur
SUTLEJ RIVER

CHAPTER I

GENERAL FEATURES

1.1 LOCATION

Jullundur district is situated more or less in the centre of the East Punjab State and is surrounded by the districts of Ferozepur and Ludhiana in the south, Hoshiarpur in the north-east and by the erstwhile PEPSU State in the north-west. It comprises four tahsils, viz., Jullundur, Phillaur, Nawanshahr and Nakodar. The area and population of the district according to 1951 Census is given in the table below.

TABLE 1.1—AREA AND POPULATION

Tahsil	Area in square miles	Number of occupied houses	Total population	Percentage to total	Density per square mile	Number of displaced persons	Displaced persons as percentage of the total population
	1	2	3	4	5	6	7
Jullundur							
Rural	365·0	44,376	2,41,407	*22·9*	661	1,79,344	*39·1*
Urban	24·3	37,276	2,17,662	*20·6*	8,957		
Phillaur							
Rural	277·8	31,619	1,73,890	*16·5*	626	26,509	*12·6*
Urban	2·5	7,518	35,905	*3·4*	14,362		
Nawanshahr							
Rural	295·5	37,143	1,94,877	*18·4*	659	27,296	*12·2*
Urban	4·5	6,152	29,524	*2·8*	6,561		
Nakodar							
Rural	363·5	27,714	1,51,028	*14·3*	415	40,476	*24·9*
Urban	0·5	2,391	11,307	*1·1*	22,614		
District							
Rural	**1,301·8**	**1,40,852**	**7,61,202**	*72·1*	**585**	**1,42,997**	*25·9*
Urban	**31·8**	**53,337**	**2,94,398**	*27·9*	**9,258**	**1,30,628**	

(Source : *District Census Handbook, 1951, Jullundur*)

The district had a population of 10·56 lakhs of which 2·74 lakhs or nearly one-fourth were displaced persons. The proportion of displaced persons exceeded one-third of the total population in Jullundur tahsil, and neared one-fourth in Nakodar tahsil. Rural population formed about 72 per cent of the total population of the district. Among the tahsils, however, this proportion varied widely ; the

Jullundur tahsil had a rural population of only 52·6 per cent while Nakodar at the other end had over 93 per cent of the population in rural areas. The density of population was 792 persons per square mile for the district as a whole ; in rural areas, it varied from 415 in Nakodar tahsil to 661 in Jullundur tahsil, while in urban areas it varied from 6,561 in Nawanshahr to 22,614 in Nakodar.

1.2 PHYSICAL FEATURES

Jullundur district forms a part of the Indo-Gangetic alluvial plain of the Punjab. The two rivers, Beas and Sutlej, form its natural boundaries on the north-east and south, except for a part of PEPSU intercepting the former river. This tract lying in between these two rivers is also known as Jullundur 'Doab'. To the north of the district lies the district of Kangra which has the typical features of the Himalayan region. The hills disappear as one approaches the border of Jullundur district and the land presents a level appearance with almost imperceptible gentle slopes characteristic of the Indo-Gangetic plain.

The district lends itself to three main natural sub-divisions : namely, (1) the Sutlej lowlands, comprising the low lying southern parts of Nawanshahr and Nakodar tahsils and a small portion of Phillaur ; (2) the eastern uplands comprising the eastern parts of Nawanshahr, most of Phillaur and a small part of Nakodar and (3) the western uplands, comprising the whole of Jullundur tahsil and the western portion of Nakodar. The larger part of the district, however, is in the basin of the Sutlej and only a small portion in the north belongs to that of Beas.

The soil in Jullundur district is mostly alluvial. Here and there, an admixture of sand in the top soil causes land in a few parts to be left uncultivated. Variations in soil characteristics are not altogether absent. The low lands on the sandy banks of rivers are known as *Bet* lands, while the tract in the northern part of the district is known as *Serwal* or wet soil.

Jullundur district being sufficiently close to the Himalayas receives in normal years, fairly good rains ranging between 22 inches and 31 inches in the different parts of the district. There are two well defined rainy seasons, one in summer and the other in winter. Summer season starts in the beginning of July and continues upto middle of September. Winter rains by north-east depression commence in December and continue intermittantly upto end of February. The rainfall in winter is, however, much less than in the summer. The climate is more or less temperate. About the end of March, the temperature begins to rise and continues to rise till the monsoon which generally commences in July and clears off about the middle of September. From October, the cold season sets in and continues till February end.

1.3 LAND USE

Jullundur district has a total area of 859 thousand acres. The following data show the pattern of land use in the district during 1951–2.

	Area (in thousand acres)
Total area according to village papers*	859
Forests	–
Not available for cultivation	111
Other uncultivated land excluding current fallows	67
Current fallows	102
Net area sown	579
Area sown more than once	96

(* Source : Punjab Agriculture Facts and Figures)

It will be seen from the figures above that the net area sown together with current fallows comprised 79 per cent of the total area of the district. Cultivable waste land other than current fallows was nearly 8 per cent, while the area under forests was negligible.

1.3.1 Irrigation

Although the district is bounded by two rivers, canal irrigation is not of much importance in the district. Well irrigation is extremely popular and the district affords the best example of development of this source of irrigation. Of the total cultivated area of 675 thousand acres, over 66 per cent of the cropped area was irrigated. Practically the whole of this area was under well irrigation. Persian wheels are increasingly replacing the country *charsas* drawn by bullocks. Some power pumps and tube wells have also been installed. In 1949–50 there were 38,624 wells in use, all of which except 4 were masonry wells.

1.3.2 Crop Pattern

The *rabi* crops in the district occupy a larger area than the *kharif* crops because of well developed irrigation. Cereals and pulses covered about 60 per cent of the total sown area. Fodder crops accounted for more than one-fourth of the area ; this high proportion is attributed to the small size of the holdings which necessitates more bullocks per acre. Wheat occupied 36·8 per cent of the total cropped area ; maize was next and, in some area gram was also grown. Sugar-cane, oilseeds, and cotton were the chief commercial crops. The acreage under the major crops grown in the district during 1951–2 was as follows.

Crop	Area (In thousand acres)	Proportion to total cropped area (Per cent)
Wheat	249	*36·8*
Gram	46	*6·8*
Maize	74	*11·0*
Bajra	11	*1·6*
Sugar-cane	41	*6·1*

Crop	Area (In thousand acres)	Proportion to total cropped area (Per cent)
Oilseeds	13	*1·9*
Cotton	16	*2·4*
Rice	4	*0·6*
Fodder crops	187	*27·7*
Others	34	*5·0*

(Source : Punjab Agriculture Facts and Figures)

Of the total cultivated area of 675 thousand acres, 55 per cent was under *rabi* and the remaining 45 per cent under *kharif* crops. Out of this 96 thousand acres were sown more than once. On the whole, about three-fourths of the cultivated area was under food crops, among which wheat, gram and maize were the most important ones.

The soil in this district is very fertile. Due to irrigation by wells on a fairly large scale, both *rabi* and *kharif* crops are grown by the cultivators ; wheat, gram and fodder (*methi, senji* and *barseem*) are the more important *rabi* crops while maize, cotton and sugar-cane are the important *kharif* crops.

1.3.3 Crop combination and rotation

The most common combinations of crops in practice among the cultivators in this district were : (*i*) gram with wheat or *sarson* or barley ; (*ii*) *bajra* with *moth* (pulses) ; (*iii*) maize with *mash ;* (*iv*) sugar-cane with melons or water melons ; (*v*) potatoes with wheat ; (*vi*) chillies with cotton and (*vii*) onions with *ponda* sugar-cane or certain types of vegetables.

The crop rotations practised in the irrigated parts of the district were : (*i*) wheat-maize-wheat ; (*ii*) wheat-maize-*senji*-sugar-cane ; (*iii*) *kharif* fodder-gram-*kharif* fodder ; (*iv*) maize-winter-fodder-gram and (*v*) cotton-*senji*-sugar-cane. In the unirrigated areas, the crop rotations generally were : (*i*) gram-fallow-gram ; (*ii*) *jowar*-gram-*jowar* and (*iii*) *bajra*-gram-*bajra.*

1.4 LIVESTOCK

The livestock wealth of the district consists of 52,745 cows, 1,18,379 bullocks and 76,155 cattle under 3 years, 97,816 she-buffaloes, 22,527 he-buffaloes and 50,681 buffalo calves under 3 years. Besides these, there were 889 sheep and 57,498 goats. Most of the draught cattle in the district are of local breed, though cattle of mixed breed are also found at places.

There are no well-equipped dairy farms in the district except the Military Dairy farm at Jullundur Cantt. There are, however, about 50 *tabelas* of buffaloes (sometimes also a few cows) in Jullundur city and Jullundur Cantt. area, 2 at Nakodar, 3 at Phillaur, 2 at Nawanshahr, 1 at Rahon and 1 at Hussainpur. They sell only milk and not butter or ghee.

1.5 DEMOGRAPHIC FEATURES

According to the 1951 Census, the total population of the district numbered 10,55,600 of whom 7,61,202 or 72·1 per cent were rural and 2,94,398 were urban. Out of the total population, 10,20,762 were workers and their dependents; 5,19,541 or 50·9 per cent were agriculturists and 5,01,221 or 49·1 per cent were non-agriculturists.

Among the agriculturists 48·6 per cent depended on cultivation of land wholly or mainly owned, 26·0 on cultivation of land wholly or mainly unowned, 18·1 per cent on wage paid employment in agriculture and 7·3 per cent belonged to the class of non-cultivating owners of land.

Among the non-agricultural classes, 22·5 per cent were engaged in ' production other than cultivation ', 23·5 per cent in commerce, 2·7 per cent in transport and 51·2 per cent in other services.

Over 4·9 lakhs of the workers and dependents on agriculture or 94·0 per cent in this occupational group were in rural areas. The proportional distribution of these persons in the sub-groups of owners and tenants and labourers was more or less the same as indicated above for the district as a whole.

The agriculturists in this district are mainly Sikhs and *Jats* or belong to the scheduled castes. Moneylending is done by the richer Sikhs, *Jats* and also by Brahmins. Traders in agricultural commodities come from the *Agarwals*, Brahmins, *Khatris* and also Sikhs and *Jats*. There is not much migratory labour, though some people from the scheduled castes move out of the district to Simla and Ludhiana at the time of harvesting of potatoes and groundnut.

1.6 TRADE AND INDUSTRY

The partition of the country affected for some time the industries in this district. But, subsequently, the State Government made a fresh bid to revive these skilled crafts and a number of vocational training centres were established in the State. As a result, by the beginning of the fifties, Jullundur had become an important industrial district of the Punjab. The most important among the industries were engineering, sports, rubber goods, textile and leather tanning. There were also 179 factories in the district during 1950. Among the industries using or processing agricultural produce, weaving, *duree* making, oil crushing and flour-milling deserve special mention.

In all, there were fourteen important marketing centres in the district, four of which were the tahsil headquarters themselves, the other ten centres being Jullundur Cantt., Banga, Kartarpur, Nurmahal, Bhogpur, Adampur, Goraya, Shahakot, Lohian Khas and Alawalpur. Cereals and pulses are marketed at most of these centres as an important group of commodity, oilseeds mostly at Jullundur, Nawanshahr and Banga, spices at Jullundur, Nakodar, Nawanshahr and Nurmahal, *gur* and sugar-cane at Jullundur, Banga, Nawanshahr and Adampur and other farm produce (e.g., potatoes, tobacco, etc.) at Jullundur, Nakodar, Nawanshahr and

Shahakot. Out of these, the markets at the four tahsil headquarters and also those at Banga and Jullundur Cantt., are regulated markets, and are governed by the Agricultural Produce Act, 1939.

1.7 TRANSPORT AND COMMUNICATIONS

Jullundur district is well served by rail and road. The tahsil headquarters are connected by rail as well as road with the district headquarters. Besides these, the important marketing centres in the district such as Banga, Alawalpur, Nurmahal and Lohian Khas are also connected by means of rail.

The district had total metalled roads of 74 miles and unmetalled roads of 85 miles in length. There are no waterways in the district.

Both bullock carts and pack animals as also trucks are used for purposes of transport of agricultural produce, though the last means of transport are getting more popular where the goods have to be carried to longer distances.

1.8 LAND TENURES

Even prior to the introduction of recent land reforms the *ryotwari* type of land tenure was largely prevalent in the Punjab ; a few tracts, however, were under *Jagirs*. Under the former tenure, each owner cultivated his land-holding himself or had it cultivated for him by servants or tenants. The most usual form of rent was a specified portion of the produce raised by the tenant.

As a result of partition, about a hundred million of displaced persons on both sides of the Punjab crossed the partition line. Against 67·29 lakh acres abandoned in Pakistan, the total evacuee area in the Punjab and PEPSU was only 47·35 lakh* acres, which was of very much inferior quality than that left in Pakistan. Possession of about 95 per cent of the allotted areas had already been taken up, by the time this Survey was started, though the allotment was on quasi-permanent basis. The extent of area abandoned in Jullundur by the outgoing Muslims was 2,18,708 standard acres, of which 19·9 per cent was uncultivated, 38·2 per cent was irrigated by wells and 42·6 per cent unirrigated†. It would appear that about two-fifths of the total cultivated area of Jullundur district is occupied by displaced persons on a quasi-permanent basis.

An outstanding feature of the land tenure system in the Punjab was the existence of tenancy on a large scale. The tenants were of three types, viz., occupancy tenants, Government tenants and tenants-at-will. The majority of the tenants were tenants-at-will. The occupancy tenants held permanent heritable and transferable rights in their holdings. They paid land revenue and *malikana* (i.e. a grant to the landlord in recognition of his superior rights) to their landlords. The tenants-at-will had no security of tenure.

The Punjab Government had taken some steps to safeguard the interests of the tenants-at-will. They passed an Act known as the Punjab Tenants (Security

* Statistical Abstract Punjab, 1947–50.
† Statistical Abstract Punjab, 1947–50.

of Tenure) Act in 1950 to provide for the security of tenure for the tenants-at-will. The Act applied to all the tenants-at-will holding land for a fixed term not exceeding four years, but it affected only such landowners as owned more than 100 standard or 200 ordinary acres in respect of the land in excess of these limits. There was no limit on the amount of rent payable to the landlords. The landowners were required to give receipt for the rent received by them. This Act was amended in 1951, increasing the minimum period of holding by the tenants-at-will to five years on the unreserved land of a landowner excluding that held by an occupancy tenant. The permissible reserve limit was reduced to 50 standard or 100 ordinary acres. The maximum rent payable by the tenant was prescribed at one-third of the crop or the corresponding value thereof. The amending Act conferred a valuable right on the tenants, who had been in continuous occupation of the land for a period exceeding four years either to pre-empt the sale or foreclose the tenancy within a year of its sale or foreclosure. In the case of those in continuous occupation of tenancies for a period exceeding 12 years, they could purchase the tenancy from the landlord at market price. These rights, however, were not applicable to evacuee property.

Since this measure, the Punjab Government have enacted further legislation to confer proprietary rights on occupancy tenants and inferior holders. These enactments, however, have no bearing here as they were subsequent to the Survey.

1.9 RURAL CREDIT SURVEY : METHODS AND COVERAGE

The general plan, organization and conduct of the field investigation in this district as also the analysis of the material collected closely correspond to those of the All-India Rural Credit Survey, details regarding which are presented in the Volume III — Technical Report of the Survey. The broad facts regarding the same, however, may be stated here. For the purpose of studying the 'demand' aspect of rural credit eight villages were selected. As envisaged under the Survey, four villages with co-operative societies and four without societies were selected on the basis of information supplied by the State authorities. During the actual investigation, however, it was discovered that only one of the eight villages was without co-operative society. All the families in the selected villages were investigated using the General Schedule. Within each selected village a sample of fifteen cultivating families was selected for detailed investigation. For the purpose of selection, all cultivating families in the selected villages were arranged in descending order of magnitude of the size of their cultivated holding. The cultivating families so arranged in each village were divided into ten strata or 'deciles' as they will be hereafter referred to, with roughly equal number of families in each 'decile'. The excess of cultivating families obtained after dividing the total number by ten was adjusted by allotting them at the rate of one each to a few randomly selected deciles. From each of the first five deciles, two families were selected at random and from each of the last five deciles, one family was selected at random, thus making together the sample of fifteen cultivating families in each village.

In respect of each of these selected families, again, information was collected through 'Demand' schedules, in respect of assets, current farm expenditure and farm receipts, borrowings and debt according to purpose, security, rate of interest, type of mortgage, etc. Information on such items as marketing practices, pattern of saving, and opinions regarding effects of legislation, flow of Government and other institutional advances and credit requirement was collected from the sample of cultivating families by using five 'Demand' questionnaires.

For the 'Supply' side of the investigation, seven 'Supply' schedules were used, one in respect of Government finance, two in respect of primary co-operative societies, two in respect of land mortgage banks, one in respect of co-operative marketing society and one for case study of loans by different agencies ; one 'Supply' questionnaire was also used for obtaining information regarding method of operation and practice of primary co-operative credit societies. Traders, moneylenders, indigenous bankers and commercial banks were investigated by means of questionnaires. Information thus collected was further supplemented by opinions, obtained through another questionnaire, from persons well acquainted with the co-operative movement in the district.

According to the general plan of the Survey, the field work was scheduled to commence in October when the *kharif* season comes to an end and preparations for the *rabi* season begin. It was also decided that, in the intensive enquiry where detailed information was proposed to be collected regarding the farm operations and loan transactions of cultivating families, the information for the six months from April to September 1951 should be collected in the first round of visits to the villages between October 1951 and March 1952 and that for the six months October 1951 to March 1952, should be collected during the second round of visits from April to June 1952, so that the information may be obtained separately for the two main agricultural seasons.

In Jullundur district, the schedule had to be slightly modified. The filling up of the General Schedule commenced with the investigation in Dhilwan on 18th November 1951 and was concluded on 14th March 1952 with the completion of the inquiry in Rahimpur. The table on page 9 shows the period during which the particulars relating to the General Schedule and the intensive enquiry were filled in, in the selected villages.

There is about two to three months gap in the data collected through the General Schedules and the data collected in the intensive enquiry. This difference between the two types of investigations is of considerable significance, as will be seen subsequently.

TABLE I.2—PERIOD OF THE SURVEY

Village	Period during which the General Schedule was filled	DATE OF COMPLETION OF INTENSIVE ENQUIRY	
		First round	Second round
Aur	27 Dec. 1951 to 10 Jan. 1952	31 Jan. 1952	15 May, 1952
Dhilwan	18 Nov. 1951 to 22 Nov. 1951	30 Nov. 1951	30 June, 1952
Jaja Kalan	27 Nov. 1951 to 29 Nov. 1951	5 Dec. 1951	15 June, 1952
Rahimpur	27 Jan. 1952 to 14 Mar. 1952	30 Mar. 1952	30 June, 1952
Sandhanwal	10 Jan. 1952 to 7 Mar. 1952	30 Mar. 1952	31 May, 1952
Sidhwan	8 Dec. 1951 to 13 Dec. 1951	15 Dec. 1951	30 April, 1952
Surja	21 Jan. 1952 to 22 Jan. 1952	15 Feb. 1952	30 April, 1952
Chogitti	19 Dec. 1951 to 28 Dec. 1951	2 Jan. 1952	15 May, 1952

CHAPTER 2

SELECTED VILLAGES AND SIZE OF FARM BUSINESS

In this chapter, we describe the broad characteristics of the eight selected villages and also discuss the size of farm business in the different villages. The former is based largely on the village notes prepared by the field staff and supplemented with some data collected during the investigation, while the latter is based entirely on the data gathered during the Survey.

2.1 SELECTED VILLAGES

Of the eight selected villages, Aur is situated in Nawanshahr tahsil, Dhilwan and Chogitti in Jullundur tahsil, Jaja Kalan and Surja in Phillaur tahsil and Rahimpur, Sandhanwal and Sidhwan in Nakodar tahsil. The table below gives the size of population in these villages.

TABLE 2.1—POPULATION*

Village	Tahsil	Population	Number of households	Number of persons per household	Number of respondent families+	Proportion of cultivating families to total respondent families
	1	2	3	4	5	6
Aur..............	Nawanshahr....	2,099	484	4·3	359	*20·3*
Dhilwan..........	Jullundur......	1,348	283	4·8	205	*12·7*
Jaja Kalan.......	Phillaur........	765	129	5·9	109	*45·0*
Rahimpur........	Nakodar.......	854	135	6·3	158	*59·5*
Sandhanwal.......	Nakodar.......	630	113	5·6	122	*36·1*
Sidhwan..........	Nakodar.......	1,226	226	5·4	184	*33·7*
Surja............	Phillaur........	433	76	5·7	69	*31·9*
Chogitti..........	Jullundur......	1,378	213	6·5	203	*8·9*
Total...........		**8,733**	**1,659**	**5·3**	**1,409**	***21·0***

* Columns 2, 3 and 4 are based on 1951 Census data.
\+ Resident in the village at the time of the Survey.

Aur in Nawanshahr tahsil was the biggest among the selected villages with a population of 2,099, while Surja in Phillaur tahsil was the smallest village having a population of 433. Rahimpur had the highest proportion of agricultural population (59·5 per cent) and Chogitti the lowest (8·9 per cent).

Some broad features of each of the selected villages are noted below with a view to bringing out the regional variations in regard to the main aspects of agricultural economy.

2.1.1 Aur

This village is only twelve miles from Nawanshahr which is the tahsil headquarters, as also a mandi and an industrial town, and is linked with it by a regular bus service. It had the largest number of respondent families but only 20·3 per cent of the families belonged to the cultivating class. According to the 1951 Census, cultivators of land wholly or mainly unowned (including dependents) formed as much as 58·0 per cent of the total agricultural class in this village while those who cultivated land wholly or mainly owned formed only 8·5 per cent, agricultural labourers were 25·2 per cent and non-cultivating owners 8·3 per cent of the total number of agriculturists.

Nearly 80 per cent of the sown area was irrigated. The average size of cultivated holding was 9·3 acres while the average area sown per family was 10·3 acres. It may be noted that the value of assets of cultivators was highest in this village, the total value averaging Rs 34,765 per family ; this is largely due to the fact that this village also claimed the highest value of owned land per family (Rs 31,480).

2.1.2 Dhilwan

This village which is situated in Jullundur tahsil is at a distance of two miles from Jullundur Cantt. It stands next to Aur in respect of number of respondent families, of which the cultivating families were only 12·7 per cent. According to the 1951 Census, cultivators of land wholly or mainly owned (including dependents) formed as much as 56·2 per cent of the total agricultural class and those cultivating land wholly or mainly unowned formed 34·3 per cent. Labourers were only 9·5 per cent ; there were no non-cultivating owners in this village. The average size of holding was 11·1 acres and the average area sown per family was 12·7 acres. A little more than 44 per cent of the sown area was irrigated.

2.1.3 Jaja Kalan

This is one of the villages selected from Phillaur tahsil and is situated only nine miles from the tahsil headquarters, with which it is connected by a partly *pucca* and partly *kutcha* road ; Phillaur is a marketing centre and also a railway station. Jaja Kalan is comparatively small village with only 109 families enumerated but it had a fairly high proportion of cultivating families (45 per cent). Of the total agricultural class (including dependents), cultivators of wholly or mainly owned land formed 56·2 per cent, while those cultivating land wholly or mainly unowned formed only 5·4 per cent. Cultivating labourers formed over 27·4 per cent and non-cultivating owners formed 11·0 per cent of the agricultural class in this village. The average size of holding was lowest (7·2 acres) among the selected villages ; the average sown area per family was 8·9 acres. About 52 per cent of the sown area was irrigated. This village reported the lowest average in respect of total value of assets (Rs 15,305) as also the value of land owned per family of cultivators (Rs 10,465).

2.1.4 Rahimpur

This village is situated in Nakodar tahsil at a distance of ten miles from the tahsil headquarters which is a marketing centre and also a railway station.

Of the 158 families in the village, about 59·5 per cent—the highest proportion among the selected villages were cultivators. According to the 1951 Census, 64·7 per cent of the agricultural class (including dependents) in this village were cultivators of land wholly or mainly owned, while those who cultivated land wholly or mainly unowned were negligible. Agricultural labourers formed 13·6 per cent and non-cultivating owners 21·7 per cent of the agricultural class. The village also reported a fairly large average size of holding per family (12·3 acres) and also average area sown per family (13·3 acres); in fact, it ranked second among the selected villages in this regard. Nearly 48 per cent of the sown area was irrigated.

2.1.5 Sandhanwal

This is another village situated in Nakodar tahsil, the nearest marketing centre and town being Shahkot at a distance of three miles. Of the 122 families enumerated in the village, 36·1 per cent belonged to the cultivating class. According to the 1951 Census, cultivators of land wholly or mainly owned formed 72·2 per cent of the agricultural class (including dependents) and the cultivators of land wholly or mainly unowned formed 12·4 per cent; agricultural labourers formed 15·4 per cent of the agricultural class. There were no non-cultivating owners in this village. The average size of holding was 11·8 acres per family but the area sown averaged 11·4 acres per family, probably due to a larger extent of current fallows. As much as 68·2 per cent of the sown area in this village was irrigated.

2.1.6 Sidhwan

This is a third village situated in Nakodar tahsil, and is at a distance of only ten miles from the tahsil headquarters which is also a railway station. Of the 184 families enumerated in the village, 33·7 per cent were cultivating families. According to 1951 Census, 60·7 per cent of the agricultural class (including dependents) were cultivators of land wholly or mainly owned and 18·7 per cent, cultivators of land wholly or mainly unowned; agricultural labourers were only 5·3 per cent, while non-cultivating owners formed over 15·3 per cent of the total agricultural class. It reported the highest average size of holdings—12·9 acres per family, though in respect of the area sown which also averaged 12·9 acres per family, it ranked third among the selected villages. This village ranked lowest among the selected villages in respect of irrigated area which was only 28·9 per cent of the sown area.

2.1.7 Surja

This village is located in Phillaur tahsil at a distance of three miles from Goraya railway station. It had only 69 respondent families, the smallest number among the selected villages—of which 31·9 per cent were cultivating families. Of the total agricultural class (including dependents) in this village, 37·6 per cent were cultivators of land wholly or mainly owned and 32·5 per cent, cultivators of land wholly or mainly unowned, while 21·2 per cent were agricultural labourers and 8·7 per cent non-cultivating owners of land. The holdings in the village averaged 12·1 acres per family, while the area sown averaged 13·4 acres which was the highest reported by the villages. About 44 per cent of the sown area in the village was irrigated.

2.1.8 Chogitti

This is the second village selected from Jullundur tahsil and is situated at a distance of three miles from Shahkot railway station. There were 203 families enumerated in this village, out of which only 8·9 per cent were cultivating families ; this village, thus, had the lowest proportion of cultivating families. The 1951 Census showed that, of the total cultivating class (including dependents) in this village, 31·9 per cent were cultivators of land wholly or mainly owned and 57·1 per cent, cultivators of land wholly or mainly unowned, while 11·0 per cent were agricultural labourers ; there were no non-cultivating owners of land in this village. The average size of holding was 7·3 acres while the average area sown was 8·3 acres, the smallest recorded from the selected villages. The village reported the highest proportion of irrigated area which was more than 90 per cent of the sown area.

TABLE 2.2—NUMBER OF CULTIVATING FAMILIES AND CULTIVATED HOLDINGS

[General Schedule data. Area in acres]

Village	AVERAGE SIZE OF CULTIVATED HOLDINGS				All cultivators
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	
	1	2	3	4	5
Aur	20·3	16·0	8·7	4·5	**9·6**
Dhilwan	30·3	21·0	9·5	2·8	**12·0**
Jaja Kalan	15·2	11·7	6·4	3·0	**7·0**
Rahimpur	30·2	22·4	11·1	6·2	**13·1**
Sandhanwal	22·6	18·8	10·9	5·9	**12·2**
Sidhwan	23·7	19·7	12·3	6·7	**12·9**
Surja	22·7	20·6	11·0	6·3	**12·5**
Chogitti	23·7	18·0	4·0	1·4	**8·7**
District	**23·7**	**18·4**	**8·9**	**4·5**	**10·8**

2.2 SIZE OF FARM BUSINESS

Variations in the size of farm business can be measured in terms of cultivated area, value of gross produce during a given year and in terms of value of total owned assets. The data collected during the Survey in respect of each of these above items are subject to certain limitations, which will be pointed subsequently when these aspects of farming are discussed in greater detail.

Table 2.2 gives some particulars regarding the size of cultivated holding of the different groups of cultivators. The average size of the cultivated holding for the district, according to the General Schedule data, for all cultivating families in the selected villages worked out at 10·8 acres per family. Group-wise, the holdings averaged 23·7 acres in the case of the big cultivators, 18·4 acres in the case of large cultivators, 8·9 acres in the case of medium cultivators and 4·5 acres in the case of small cultivators.

Village data in this regard, as may be seen from Table 2·2, show that the average size of holding for all cultivators ranged between 7·0 acres in Jaja Kalan and 12·9 acres in Sidhwan.

The village variations in respect of size of holdings are further brought out by the following table.

TABLE 2.3—DISTRIBUTION OF CULTIVATING FAMILIES ACCORDING TO SIZE OF CULTIVATED HOLDINGS

[General Schedule data. In per cent]

Village	Less than 3 acres	3–10 acres	10 acres and above	Total
	1	2	3	4
Aur	*2·8*	*57·5*	*39·7*	*100·0*
Dhilwan	*15·4*	*23·1*	*61·5*	*100·0*
Jaja Kalan	*12·2*	*69·4*	*18·4*	*100·0*
Rahimpur	*1·1*	*43·6*	*55·3*	*100·0*
Sandhanwal	*2·3*	*38·6*	*59·1*	*100·0*
Sidhwan	*3·2*	*32·3*	*64·5*	*100·0*
Surja	–	*50·0*	*50·0*	*100·0*
Chogitti	*38·9*	*33·3*	*27·8*	*100·0*
District	***11·4***	***44·8***	***43·8***	***100·0***

It will be seen that 11·4 per cent of the cultivating families had cultivated holdings less than three acres each, 44·8 per cent reported holdings between three and ten acres each, and 43·8 per cent reported holdings above ten acres each. The relatively small proportion of families with holdings less than three acres is indeed a welcome feature of agriculture in this district. As between the villages the situation in most of them was still better than indicated by this data ; in five villages, families with less than three acres of cultivated holdings were less than 4 per cent of the total, in two villages, they formed between 12 and 16 per cent, and only in one village (Chogitti) the proportion was very high at 38·9 per cent. At the other end, families holding more than ten acres each were between 18 per cent and 28 per cent in two villages, and between 39 per cent and 65 per cent in the remaining six villages.

The table below gives the average size of cultivated holdings of the two strata of cultivators.

TABLE 2.4—CULTIVATED HOLDINGS OF THE SELECTED CULTIVATORS

[Intensive enquiry data. Area in acres per family]

Village	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Average size of holdings	Average area sown	Average size of holdings	Average area sown	Average size of holdings	Average area sown
	1	2	3	4	5	6
Aur	12·5	13·4	6·2	7·3	**9·3**	**10·3**
Dhilwan	17·2	18·4	5·0	7·0	**11·1**	**12·7**
Jaja Kalan	10·1	12·1	4·2	5·7	**7·2**	**8·9**
Rahimpur	17·1	16·9	7·6	9·6	**12·3**	**13·3**
Sandhanwal	16·0	15·0	7·6	7·9	**11·8**	**11·4**
Sidhwan	17·1	15·0	8·6	10·8	**12·9**	**12·9**
Surja	17·2	18·2	7·0	8·5	**12·1**	**13·4**
Chogitti	12·5	13·1	2·0	3·5	**7·3**	**8·3**
District	**13·8**	**14·3**	**4·2**	**5·7**	**9·0**	**10·0**

The average size of holdings in the district was 9·0 acres. As between the villages, the average size of holdings of the selected families ranged between 12·9 acres in Sidhwan and 7·2 acres in Jaja Kalan. The holdings of the upper strata averaged 13·8 acres and those of the lower strata 4·2 acres in size.

Table 2.4 also shows the position of the two strata of cultivators in respect of their average sown area in the selected villages. The average area sown was 10·0 acres per family or 1·0 acre more than the average size of holdings and among the villages, it ranged between 13·4 acres in Surja and 8·3 acres in Chogitti. It averaged 14·3 acres and 5·7 acres in the case of the upper and the lower strata cultivators, respectively.

2.3 PATTERN OF LAND DISTRIBUTION

The fact that the average size of holdings ranged between 23·7 acres in the case of big cultivators and 4·5 acres in the case of small cultivators gives some indication of the extent of concentration of land in the hands of the bigger class. Table 2.5 throws further light on this point.

TABLE 2.5—PROPORTION OF CULTIVATED HOLDINGS OF THE FOUR GROUPS OF CULTIVATORS

[General Schedule data]

Village	BIG CULTIVATORS	LARGE CULTIVATORS	MEDIUM CULTIVATORS	SMALL CULTIVATORS
	Share of cultivated holdings of this group (Per cent)	Share of cultivated holdings of this group (Per cent)	Share of cultivated holdings of this group (Per cent)	Share of cultivated holdings of this group (Per cent)
	1	2	3	4
Aur	*23·2*	*50·3*	*34·8*	*14·9*
Dhilwan	*29·3*	*60·8*	*33·7*	*5·5*
Jaja Kalan	*22·0*	*50·7*	*37·1*	*12·2*
Rahimpur	*24·6*	*53·0*	*32·4*	*14·6*
Sandhanwal	*21·0*	*52·4*	*34·4*	*13·2*
Sidhwan	*20·8*	*47·0*	*37·0*	*16·0*
Surja	*24·6*	*52·2*	*31·9*	*15·9*
Chogitti	*45·2*	*80·2*	*15·3*	*4·5*
District	***27·2***	***56·9***	***30·9***	***12·2***

It is seen from the above data that the large cultivators who constituted about one-third of the total cultivators cultivated nearly 57 per cent of the total cultivated area while the small cultivators who formed an equal proportion of the total cultivators accounted for only 12·2 per cent.

The above table also shows that, as in the case of the district, the large cultivators in the villages accounted for about half of the cultivated area. In the case of Chogitti, however, large cultivators held as much as 80·2 per cent of the total cultivated area. At the other end, the small cultivators in the village cultivated only 4·5 per cent of the total cultivated holdings. In other words, Chogitti showed more concentration of cultivated land among the bigger cultivators than any other selected village. The village showing comparatively less concentration of cultivated area was Sidhwan.

2.4 CULTIVATORS OWNING PLOUGH CATTLE

It is interesting to note that all the cultivating families in the selected villages except one family in Jaja Kalan owned plough cattle, the district average of such families being as much as 99·9 per cent of the total. The number of owned plough cattle averaged 3·3 per reporting family, while the cultivated holdings per pair of plough cattle averaged 6·5 acres. The table below gives these particulars with regard to the different groups of cultivators.

TABLE 2.6—PLOUGH CATTLE

[General Schedule data]

Group	Proportion of families owning plough cattle (Per cent)	Average number of plough cattle owned per reporting family	Average area of cultivated holding per pair of plough cattle (Acres)
Big cultivators	*100·0*	4·8	9·8
Large cultivators	*100·0*	4·4	8·4
Medium cultivators	*99·3*	3·0	5·9
Small cultivators	*100·0*	2·5	3·6
All cultivators	*99·9*	3·3	6·5

The number of plough cattle owned by big cultivators averaged 4·8 per reporting family and the area cultivated by them per pair of plough cattle averaged 9·8 acres. Both these averages show a decline in the lower groups, the small cultivators recording on an average 2·5 plough cattle per reporting family and 3·6 acres of cultivated holdings per pair of plough cattle.

2.5 GROSS PRODUCE

We may now proceed to see how far the pattern of land distribution influences the results of farm business of the different groups of cultivators. It can be seen from Table 2.7 that, out of the total value of gross produce, 18·3 per cent went to the big cultivators and 52·7 per cent to large cultivators while medium and small cultivators accounted for 33·9 per cent and 13·4 per cent, respectively, of the total value of gross produce. In other words, both the big and large cultivators got a proportionately larger share in the value of gross produce, while the medium and small cultivators were at a disadvantage in this respect.

The value of gross produce averaged Rs 1,537·0 per family; group-wise, it averaged Rs 2,809·2 per family in the case of big cultivators, Rs 2,702·2 in the case of large cultivators, Rs 1,299·7 in the case of medium cultivators and Rs 688·6 in the case of small cultivators. It averaged Rs 154·0 per acre of sown area; group-wise, the average value of gross produce per acre of sown area was Rs 137·0, Rs 155·6, Rs 154·0 and Rs 148·3, respectively, in the case of the four groups. The per acre value of gross produce, unlike the average per family, does not show any consistent relationship with the groups, for the reason that the gross produce is also influenced by factors other than the size of cultivated holdings, as for example, standard of cultivation, fertility of soil, type of crop, proportion of cash crops to total crops raised by the cultivator, etc.

TABLE 2.7—GROSS PRODUCE AND CASH RECEIPTS OF CULTIVATORS

[Intensive enquiry data]

Group	Proportion of cultivators in the group to all cultivators (Per cent)	VALUE OF GROSS PRODUCE: Average per family (Rs)	VALUE OF GROSS PRODUCE: Share of each group in the total produce (Per cent)	VALUE OF GROSS PRODUCE: Average per acre of sown area (Rs)	CASH RECEIPTS FROM SALE OF CROPS AND FODDER: Average per family (Rs)	CASH RECEIPTS FROM SALE OF CROPS AND FODDER: Share of each group in the total receipts (Per cent)	CASH RECEIPTS FROM SALE OF CROPS AND FODDER: Average receipts per acre of sown area (Rs)	CASH RECEIPTS FROM OTHER SOURCES: Average per family (Rs)	CASH RECEIPTS FROM OTHER SOURCES: Share of each group in the total receipts (Per cent)	CASH RECEIPTS FROM OTHER SOURCES: Average receipts per acre of sown area (Rs)
	1	2	3	4	5	6	7	8	9	10
Big cultivators....	*10·0*	2,809·2	*18·3*	137·0	475·9	*15·5*	23·2	416·8	*7·1*	20·3
Large cultivators..	*30·0*	2,702·2	*52·7*	155·6	571·4	*55·9*	32·9	438·0	*22·4*	25·2
Medium cultivators	*40·0*	1,299·7	*33·9*	154·0	275·1	*35·9*	32·6	398·0	*27·1*	47·2
Small cultivators..	*30·0*	688·6	*13·4*	148·3	83·8	*8·2*	18·0	989·4	*50·5*	213·1
All cultivators.....	*100·0*	1,537·0	*100·0*	154·0	306·6	*100·0*	30·7	587·5	*100·0*	58·9

Cash receipts from the actual sale of crops and fodder averaged Rs 306·6 per family or about 19·9 per cent of the value of gross produce. For the four groups of cultivators, they amounted to Rs 475·9, Rs 571·4, Rs 275·1 and Rs 83·8 per family or 16·9 per cent, 21·1 per cent, 21·2 per cent, and 12·2 per cent, respectively, of the value of gross produce. Here again we notice that, like the value of gross produce, cash receipts from the sale of crops and fodder were proportionately high in the case of the first two groups and less in the last two groups. This constant fall in the case of smaller cultivators was supplemented by cash receipts from 'other sources', which, however, showed that the last group of cultivators reported the maximum receipts under this head ; in fact, the percentage share of the four groups in the cash receipts from 'other sources' showed a steady increase in the case of smaller cultivators ; moreover, it was proportionately less in all the first three groups while the share of the small cultivators was as much as 50·5 per cent. Evidently, this source of cash income is of greater importance to the smaller than the bigger cultivators.

According to the intensive enquiry the data are shown in Table 2.8.

TABLE 2.8—GROSS PRODUCE AND CASH RECEIPTS OF SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Strata	Value of gross produce per family	CASH RECEIPTS FROM		Total receipts
		Sale of crops and fodder	Other sources	
	1	2	3	4
Upper strata	2,213·6 (*72·0*)	484·0 (*78·9*)	412·5 (*35·1*)	**896·5** (***50·1***)
Lower strata	860·5 (*28·0*)	129·2 (*21·1*)	762·5 (*64·9*)	**891·7** (***49·9***)
All cultivators	**1,537·0** (***100·0***)	**306·6** (***100·0***)	**587·5** (***100·0***)	**894·1** (***100·0***)

(Figures in brackets give the proportion of the value reported by the group to the total value reported by all cultivators.)

The above table shows that the upper strata cultivators claimed 72·0 per cent of the total value of gross produce and 78·9 per cent of the total cash receipts from sale of crops and fodder as against the respective proportions of 28·0 per cent and 21·1 per cent in the case of the lower strata cultivators. In the case of cash receipts from 'other sources', on the other hand, the upper strata cultivators accounted for 35·1 per cent, while the lower strata cultivators accounted for as much as 64·9 per cent. As a result, the upper strata cultivators had, on an average, total cash receipts of Rs 896·5 per family or only about Rs 5 more than the corresponding average per family of the lower strata cultivators.

2.6 GROSS PRODUCE CONCENTRATION

The table below indicates the distribution of gross produce in terms of its value among cultivating families.

TABLE 2.9—GROSS PRODUCE

[Intensive enquiry data]

Gross produce groups	Area sown per family (Acres)	Value of gross produce per family (Rs)	PROPORTION OF		
			Families in this gross produce group (Per cent)	Area sown by this gross produce group (Per cent)	Value of gross produce in this group (Per cent)
	1	2	3	4	5
Less than Rs 200	1·6	173·7	*5·2*	*0·8*	*0·6*
Rs 200 – Rs 400	3·9	339·1	*11·1*	*4·4*	*2·5*
Rs 400 – Rs 600	4·8	470·7	*10·2*	*4·9*	*3·1*
Rs 600 – Rs 1,000	6·3	749·6	*14·8*	*9·4*	*7·2*
Rs 1,000 – Rs 3,000	12·7	1,990·2	*49·2*	*62·8*	*63·7*
Rs 3,000 – Rs 5,000	17·5	3,438·8	*8·1*	*14·2*	*18·1*
Rs 5,000 and above	25·4	5,378·1	*1·4*	*3·5*	*4·8*
Total	**10·0**	**1,537·0**	***100·0***	***100·0***	***100·0***

The data in Table 2.9 show that in the first four gross produce groups, the percentage share in the value of gross produce was lower than the proportionate strength of the remaining three groups ; taking these four groups together, they formed 41·3 per cent of the total families but accounted for 13·4 per cent of the total value of gross produce. The last three groups on the other hand show that 58·7 per cent of the cultivating families had to their share as much as 86·6 per cent of the value of the gross produce.

The table below shows the position of these gross produce groups in respect of cash receipts.

TABLE 2.10—CASH RECEIPTS CLASSIFIED ACCORDING TO VALUE OF GROSS PRODUCE

[Intensive enquiry data. Amount in rupees per family]

Gross produce groups	CASH RECEIPTS FROM SALE OF CROPS AND FODDER		OTHER CASH RECEIPTS		PROPORTION OF				
	Per family	Per acre of sown area	Per family	Per acre of sown area	Families in the gross produce group (Per cent)	Area sown by the gross produce group to total sown area (Per cent)	Cash receipts of the gross produce group from sale of crops and fodder to total cash receipts from this source (Per cent)	'Other' cash receipts of the gross produce group to total receipts from this source (Per cent)	Total cash receipts of the gross produce groups to total cash receipts (Per cent)
	1	2	3	4	5	6	7	8	9
I Less than Rs 200....	–	–	1,197·9	750·5	*5·2*	*0·8*	–	*10·6*	*7·0*
II Rs 200 – Rs 400..	28·1	7·1	925·0	235·0	*11·1*	*4·4*	*1·0*	*17·5*	*11·8*
III Rs 400 – Rs 600..	11·8	2·5	1,278·4	266·7	*10·2*	*4·9*	*0·4*	*22·2*	*14·7*
IV Rs 600 – Rs 1,000..	58·4	9·2	890·3	140·6	*14·8*	*9·4*	*2·8*	*22·4*	*15·7*
V Rs 1,000 – Rs 3,000..	463·9	36·4	245·9	19·3	*49·2*	*62·8*	*74·4*	*20·6*	*39·1*
VI Rs 3,000 – Rs 5,000..	697·4	40·0	339·1	19·4	*8·1*	*14·2*	*18·4*	*4·7*	*9·4*
VII Rs 5,000 and above	652·6	25·7	868·6	34·2	*1·4*	*3·5*	*3·0*	*2·0*	*2·3*
Total.............	**306·6**	**30·7**	**587·5**	**58·8**	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***

The above figures show that the average cash receipts from sale of crops and fodder tended to be generally higher in the bigger gross produce groups. Groups III and VII, however, are exceptions to this tendency, presumably due to retention of a larger proportion of the produce for domestic consumption or for meeting farm expenditure in kind, etc. The same is true of the receipts per acre of sown area. 'Other' cash receipts showed a broad tendency to decline in the bigger gross produce groups, both as average per family and as average per acre of sown area. As will be seen in a subsequent chapter, 'other' cash receipts assume such an importance in the case of the lower gross produce groups that together with cash receipts from sale of crops and fodder, they raise the financial position of the lower gross produce groups above that of the families in some of the higher gross produce groups.

2.7 ASSETS

The table below shows that the value of assets owned by the selected families of cultivators averaged Rs 19,640 per family. Group-wise, it showed a sharp decline from Rs 61,989 per family in the case of big cultivators to Rs 5,773 in the case of small cultivators. The big, large, medium and small cultivators claimed 31·6 per cent, 67·2 per cent, 24·0 per cent and 8·8 per cent, respectively, of the total value of assets of the selected families.

TABLE 2.11—VALUE OF ASSETS OF SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	**All cultivators**
	1	2	3	4	5
Proportion of families in the group (Per cent)	*10·0*	*30·0*	*40·0*	*30·0*	***100·0***
Value of owned land	56,991	38,609	8,741	3,321	**16,075**
	(35·5)	*(72·1)*	*(21·7)*	*(6·2)*	***(100·0)***
Value of owned buildings	2,698	3,112	1,969	1,441	**2,153**
	(12·5)	*(43·4)*	*(36·5)*	*(20·1)*	***(100·0)***
Value of owned livestock	1,980	1,745	882	630	**1,065**
	(18·6)	*(49·2)*	*(33·1)*	*(17·7)*	***(100·0)***
Value of owned implements and machinery	242	277	189	242	**231**
	(10·5)	*(35·9)*	*(32·8)*	*(31·3)*	***(100·0)***
Outstanding dues	78	184	34	138	**110**
	(7·1)	*(50·0)*	*(12·2)*	*(37·8)*	***(100·0)***
Other financial assets	–	21	–	2	**7**
	–	*(91·2)*	–	*(8·8)*	***(100·0)***
Total assets	**61,989**	**43,948**	**11,814**	**5,773**	**19,640**
	(31·6)	***(67·2)***	***(24·0)***	***(8·8)***	***(100·0)***

(Figures in brackets give the percentage share of each group in the total assets of all cultivators.)

Among assets, land occupied the first place accounting for 81·8 per cent of the total value of assets. The value of land owned per family averaged Rs 16,075; group-wise, it ranged between Rs 56,991 per family in the case of big cultivators and Rs 3,321 per family in the case of small cultivators.

Next in order of importance among the assets were owned buildings whose value averaged Rs 2,153 per family comprising about 11·0 per cent of the total value of assets of the cultivating families. Among the four groups, the average value of owned buildings per family ranged between Rs 2,698 in the case of big cultivators and Rs 1,441 in the case of small cultivators.

Livestock, whose value averaged Rs 1,065 per family and contributed 5·4 per cent to the total value of assets occupied the third place among the assets of the cultivators. The average value of livestock for big, large, medium and small cultivators amounted to Rs 1,980, Rs 1,745, Rs 882 and Rs 630, respectively.

Value of owned implements and machinery formed 1·2 per cent of the total value of assets of the cultivators, averaging Rs 242 per family in the case of big as well as small cultivators and Rs 189 per family in the case of medium cultivators. This type of assets did not show a consistent decline in value among the lower groups. Finally, outstanding dues averaged only Rs 110 per family and ranged between Rs 184 per family of large cultivators and Rs 34 per family in the case of medium cultivators. It is noteworthy that, as in the case of value of owned implements and machinery, outstanding dues also averaged higher per family in the case of large cultivators than in the case of big cultivators ; similarly they were on an average, larger in the case of small cultivators. 'Other' financial assets of the cultivating families were negligible.

The order of importance of the different types of assets is the same in the case of each group of cultivators. All the same, it may be noted that owned land accounted for as much as 91·9 per cent of the total value of assets of big cultivators and 57·5 per cent of the total value of assets of small cultivators. Value of owned buildings is more important in the case of small cultivators than in the case of other groups. In the case of small cultivators, livestock also accounted for a relatively higher proportion (10·9 per cent) of the total value of assets than in the case of other groups.

Among the villages, Aur topped the list in respect of average value of assets which amounted to Rs 34,765 ; next came Surja (Rs 32,220) followed by Sidhwan (Rs 23,435). At the other end Jaja Kalan (Rs 15,305) and Sandhanwal (Rs 16,270) reported the lowest averages. Land, buildings and livestock were the three major types of assets and showed the same order of importance in each of the selected villages as was observed above in the case of the district data.

CHAPTER 3

INDEBTEDNESS

Particulars regarding indebtedness of cultivating families were collected both in the General Schedule and the intensive enquiry. Indebtedness reported under the former, however, referred to outstanding debt as on the date on which the family was interviewed, i.e., any time between 18 November 1951 and 14 March 1952, while the latter referred to the position as at the time of the second round of the Survey, i.e., 30 April 1952 to 30 June 1952. Unlike the General Schedule data, the intensive enquiry data covered not only debt in terms of cash transactions but also loans in kind. Loans in kind, however, have not been taken together with cash loans but treated separately.

Table 3.1 below, shows the indebtedness of rural families.

TABLE 3.1—INDEBTEDNESS OF RURAL FAMILIES

[General Schedule data]

	PROPORTION OF INDEBTED FAMILIES			DEBT PER FAMILY			DEBT PER INDEBTED FAMILY		
	Cultivators (Per cent)	Non-cultivators (Per cent)	All rural families (Per cent)	Cultivators (Rs)	Non-cultivators (Rs)	All rural families (Rs)	Cultivators (Rs)	Non-cultivators (Rs)	All rural families (Rs)
	1	2	3	4	5	6	7	8	9
Aur	*87·7*	*47·9*	*56·0*	755	302	394	862	631	704
Dhilwan	*80·8*	*74·9*	*75·6*	1,279	209	345	1,584	279	456
Jaja Kalan	*69·4*	*65·0*	*67·0*	830	410	599	1,196	631	894
Rahimpur	*47·9*	*62·5*	*53·8*	332	368	347	694	589	645
Sandhanwal	*68·2*	*47·4*	*54·9*	537	233	343	788	492	624
Sidhwan	*43·5*	*46·7*	*45·7*	419	406	410	962	868	899
Surja	*54·5*	*53·2*	*53·6*	413	183	257	758	345	479
Chogitti	*72·2*	*64·9*	*65·5*	346	171	186	479	263	284
District	***62·9***	***61·6***	***61·9***	**519**	**219**	**282**	**825**	**355**	**455**

It would appear from the above data that nearly 38 per cent of the rural families did not report any debt. Debt per family averaged Rs 519 in the case of cultivators and Rs 219 in the case of non-cultivators ; the debt per indebted family averaged Rs 825 and Rs 355, respectively, in these two classes.

Among the villages, Dhilwan had the highest proportion of indebted families (75·6 per cent), followed by Jaja Kalan (67·0 per cent) and Chogitti (65·5 per cent), while Sidhwan had the lowest proportion of indebted families (45·7 per cent). It is broadly observed that a comparatively smaller proportion of families reported debt in those villages in which the average value of total assets was relatively low. The proportion of indebted families among non-cultivators in the different villages was generally the same as in respect of all families.

Debt per family averaged highest in Jaja Kalan (Rs 599), followed by Sidhwan (Rs 410), while it was the lowest in Chogitti (Rs 186); the relative position of the villages with regard to average indebtedness among non-cultivators was generally the same as in respect of all families. As for cultivating families, the table below shows the different villages arranged in the descending order of magnitude of their debt.

TABLE 3.2—PROPORTION OF INDEBTED FAMILIES, AVERAGE DEBT PER INDEBTED FAMILY AND AVERAGE DEBT PER FAMILY OF CULTIVATORS: VILLAGE-WISE

PROPORTION OF INDEBTED FAMILIES		AVERAGE DEBT PER INDEBTED FAMILY		AVERAGE DEBT PER FAMILY	
Village	(Per cent)	Village	(Rs)	Village	(Rs)
	1	2	3	4	5
Aur	87·7	Dhilwan	1,584	Dhilwan	1,279
Dhilwan	80·8	Jaja Kalan	1,196	Jaja Kalan	830
Chogitti	72·2	Sidhwan	962	Aur	755
Jaja Kalan	69·4	Aur	862	Sandhanwal	537
Sandhanwal	68·2	Sandhanwal	788	Sidhwan	419
Surja	54·5	Surja	758	Surja	413
Rahimpur	47·9	Rahimpur	694	Chogitti	346
Sidhwan	43·5	Chogitti	479	Rahimpur	332

Dhilwan, Jaja Kalan, Sidhwan and Aur figure more prominently in this statement of comparative level of indebtedness of cultivators in the selected villages. In Dhilwan, 80·8 per cent of the cultivating families were indebted; the average debt per family was Rs 1,279, while it averaged Rs 1,584 per indebted family. In Jaja Kalan, 69·4 per cent of the cultivating families were indebted, the average debt per family being Rs 830 and that per indebted family Rs 1,196. In Sidhwan the proportion of indebted families among cultivators was comparatively not very large (43·5 per cent), but the average debt per indebted cultivating family was Rs 962. In Aur, as many as 87·7 per cent of the cultivating families reported debt; the average debt was Rs 755 per family and Rs 862 per indebted family.

The more important factors which need consideration while studying the level of debt in Jaja Kalan and Dhilwan appear to be low value of assets combined with small size of holding or low fertility of land. In Aur, high proportion of tenancy as also high value of owned land needs to be taken into consideration. In Sidhwan, on the other hand, indebtedness appears to have been induced by relatively high creditworthiness inasmuch as owner cultivation was widespread in this village and the average size of cultivated holding was also fairly large in this village.

At the other end, indebtedness among cultivators, appears to be comparatively less in Chogitti and Rahimpur. In Chogitti, the proportion of indebted families was fairly high (72·2 per cent), but average debt per family was only Rs 346. In Rahimpur only 47·9 per cent of the cultivating families reported debt, the average debt being Rs 332 per family ; per indebted family, it averaged Rs 479 and Rs 694, respectively, in these two villages. Indebtedness was low in these villages due to comparatively more favourable agricultural conditions. In Chogitti, 90 per cent of the cultivated area was irrigated. In Rahimpur, 65 per cent of the cultivating families owned land ; the average size of cultivated holding too was highest among the selected villages.

3.1 EXTENT OF INDEBTEDNESS

Table 3.3 gives details regarding indebtedness of cultivators in different groups in each of the selected villages.

TABLE 3.3—INDEBTEDNESS OF CULTIVATORS—GROUP-WISE

[General Schedule data]

Village	PROPORTION OF INDEBTED FAMILIES				DEBT PER FAMILY				DEBT PER INDEBTED FAMILY			
	Big cultivators (Per cent)	Large cultivators (Per cent)	Medium cultivators (Per cent)	Small cultivators (Per cent)	Big cultivators (Rs)	Large cultivators (Rs)	Medium cultivators (Rs)	Small cultivators (Rs)	Big cultivators (Rs)	Large cultivators (Rs)	Medium cultivators (Rs)	Small cultivators (Rs)
	1	2	3	4	5	6	7	8	9	10	11	12
Aur	*100·0*	*90·9*	*85·7*	*87·0*	1,618	1,097	568	657	1,618	1,207	662	756
Dhilwan	*66·7*	*66·7*	*90·9*	*83·3*	5,943	2,388	888	333	8,915	3,582	978	400
Jaja Kalan	*60·0*	*66·7*	*55·0*	*92·9*	602	745	802	961	1,003	1,118	1,457	1,035
Rahimpur	*30·0*	*31·0*	*50·0*	*62·1*	1,017	498	281	231	3,390	1,604	562	372
Sandhanwal	*40·0*	*53·3*	*76·5*	*75·0*	366	305	782	368	915	741	1,022	491
Sidhwan	*28·6*	*47·3*	*37·5*	*47·4*	59	193	128	1,014	205	407	340	2,140
Surja	*66·7*	*57·1*	*25·0*	*85·7*	167	214	484	531	250	375	1,935	620
Chogitti	*66·7*	*85·7*	*83·3*	*40·0*	633	563	183	238	950	657	220	595
District	***53·8***	***61·4***	***60·8***	***67·2***	**821**	**592**	**457**	**514**	**1,524**	**964**	**752**	**764**

It is noteworthy that the proportion of indebted families was highest among the small cultivators, while it was the lowest among the big cultivators. The average debt per family among the small cultivators was lower than that of the big cultivators but it was fairly higher than that of medium cultivators who reported the lowest average debt per family.

It may be noted that the big, large, medium and small cultivators accounted for 19·6 per cent, 38·1 per cent, 33·1 per cent and 28·8 per cent, respectively, of the total debt. Again, among the villages which showed a comparatively high level of debt, the bigger cultivators showed a proportionately higher share of debt in Dhilwan and Aur, while the smaller cultivators in Sidhwan and the medium cultivators in Sandhanwal accounted for a proportionately larger burden of debt. In the case of the villages with a relatively low debt burden, namely Rahimpur and Chogitti, the bigger cultivators showed a proportionately larger burden of debt. On the whole, it is the debt among the bigger cultivators which usually determines the relative debt position of a village among the selected villages.

3.2 INDEBTEDNESS—FREQUENCY DISTRIBUTION OF FAMILIES

Table 3.4 shows the frequency distribution of cultivating families according to size of debt.

TABLE 3.4—FREQUENCY DISTRIBUTION OF CULTIVATING FAMILIES ACCORDING TO THE SIZE OF OUTSTANDING DEBT

[General Schedule data. In per cent]

Village	NIL	LESS THAN RS 200		RS 200 TO RS 500		RS 500 TO RS 1,000		RS 1,000 AND ABOVE	
	Proportion of families	Proportion of families	Proportion of debt	Proportion of families	Proportion of debt	Proportion of families	Proportion of debt	Proportion of families	Proportion of debt
	1	2	3	4	5	6	7	8	9
Aur	*12·3*	*19·2*	*3·1*	*34·2*	*14·4*	*11·0*	*9·8*	*23·3*	*72·7*
Dhilwan	*19·2*	*7·7*	*0·8*	*19·2*	*5·0*	*15·4*	*9·9*	*38·5*	*84·3*
Jaja Kalan	*30·6*	*12·2*	*1·9*	*8·2*	*2·8*	*22·5*	*19·6*	*26·5*	*75·7*
Rahimpur	*52·1*	*9·6*	*2·6*	*18·1*	*16·3*	*11·7*	*23·4*	*8·5*	*57·7*
Sandhanwal	*31·8*	*15·9*	*2·8*	*13·7*	*8·5*	*22·7*	*29·3*	*15·9*	*59·4*
Sidhwan	*56·4*	*14·5*	*4·1*	*12·9*	*9·8*	*8·1*	*12·3*	*8·1*	*73·8*
Surja	*45·4*	*9·1*	*3·1*	*18·2*	*14·4*	*18·2*	*30·9*	*9·1*	*51·6*
Chogitti	*27·8*	*16·7*	*4·5*	*27·7*	*26·3*	*16·7*	*30·6*	*11·1*	*38·6*
District	***37·1***	***13·3***	***2·8***	***18·9***	***11·6***	***16·0***	***21·2***	***14·7***	***64·4***

Out of the 62·9 per cent of the cultivating families which were indebted, 13·3 per cent had debts in the size group of less than Rs 200 accounting for 2·8 per cent of the total debt, while at the other end 14·7 per cent of the families accounting for 64·4 per cent of the total debt were in the debt group of Rs 1,000 and above. Among the villages, Sidhwan had the highest proportion of cultivating families which did not report any debt; next in order came Rahimpur and Surja, while the proportion was lowest in Aur. It is noteworthy that the four villages namely, Dhilwan, Jaja Kalan Sidhwan and Aur which were earlier found to have a comparatively high average debt per indebted cultivating family, reported as much as 73 to 84 per cent of the total outstanding debt in the size group of Rs 1,000 and above. The proportion of debt in the lower size group of debt was higher in Rahimpur and Chogitti which had the lowest average debt per indebted family.

3.3 DEBT AND SIZE OF HOLDING

The debt position of cultivating families is discussed so far on the basis of the data collected in the General Schedule. With a view to assessing the level of indebtedness of the cultivating families in relation to their general living conditions, credit agencies, etc., data relating to debts of the selected families were collected in the intensive enquiry along with other particulars such as assets, income, capital expenditure, source of finance, etc. The comparative debt position of the four groups of cultivators as indicated by both these enquiries is shown in Table 3.5.

TABLE 3.5—DEBT PER ACRE OF CULTIVATED HOLDING OF CULTIVATORS—GROUP-WISE

Group	GENERAL SCHEDULE DATA Debt per acre of cultivated holding (Rs)	INTENSIVE ENQUIRY DATA Debt per acre of cultivated holding (Rs)
	1	2
Big cultivators	34·6	53·9
Large cultivators	32·2	51·2
Medium cultivators	51·5	55·0
Small cultivators	113·1	74·3

The difference in the burden of debt per acre of cultivated holding in the two sets of figures is due to the interval between the two enquiries which ranged between 85 days in the case of Sandhanwal and 221 days in the case of Dhilwan. Even so, it may be noted that the average debt per acre of cultivated holding of large cultivators was less than that of the big cultivators, while in the medium and small cultivators' groups, it showed a marked rise and was higher than that of the big cultivators.

3.4 DEBT IN RELATION TO AREA SOWN, GROSS PRODUCE, ASSETS, ETC.

The following table shows the debt position of the selected families of cultivators according to strata as also decile groups, in relation to area sown, gross produce and assets.

TABLE 3.6—DEBT ACCORDING TO AREA SOWN, GROSS PRODUCE, VALUE OF ASSETS AND CASH RECEIPTS

[Intensive enquiry data]

Strata/Group	Average debt per family (Rs)	Average debt per acre of area sown (Rs)	Average debt per Rs 100 of gross produce (Rs)	Average debt per Rs 100 of owned land and buildings (Rs)	Average debt per Rs 100 of total value of assets (Rs)	Average debt per Rs 100 of total cash receipts (Rs)
	1	2	3	4	5	6
Upper strata	700·9	49·0	*31·7*	*2·4*	*2·2*	*78·2*
Lower strata	288·6	50·9	*33·5*	*4·3*	*3·7*	*32·3*
Big cultivators	1,272·5	62·0	*45·3*	*2·1*	*2·1*	*142·5*
Large cultivators	905·5	52·1	*33·5*	*2·2*	*2·1*	*89·7*
Medium cultivators	368·2	43·6	*28·3*	*3·4*	*3·1*	*54·7*
Small cultivators	252·8	54·4	*36·7*	*5·3*	*4·4*	*23·6*
All cultivators	494·8	49·6	*32·2*	*2·7*	*2·5*	*55·3*

According to this data, the debt of cultivating families averaged Rs 494·8 per family and Rs 49·6 per acre of sown area. It formed 32·2 per cent of the value of gross produce, 2·7 per cent of the value of owned land and buildings, 2·5 per cent of the total value of assets and 55·3 per cent of the total cash receipts.

The average debt was Rs 700·9 per family in the case of the upper strata cultivators as against Rs 288·6 per family in the case of the lower strata cultivators. The debt per acre of area sown averaged Rs 49·0 and Rs 50·9, respectively, for the two strata of cultivators. Again in the case of the upper strata cultivators, the average debt per family was 2·4 per cent of the value of owned land and buildings, 2·2 per cent of the total value of assets and 78·2 per cent of the total cash receipts, while in the case of the lower strata cultivators, the corresponding proportions were 4·3 per cent, 3·7 per cent and 32·3 per cent, respectively. Thus, the indebtedness of the lower strata cultivators in relation to value of gross produce, owned land and buildings as also in relation to total assets was slightly higher in spite of the average debt per family of this strata being markedly smaller. The figures show more clearly that debt-asset relationship was more unfavourable in the case of the smaller cultivators. The relationship of debt to other economic features is shown below by classifying the families according to value of gross produce.

TABLE 3.7—DEBT CLASSIFIED ACCORDING TO VALUE OF GROSS PRODUCE

[Intensive enquiry data. Amount in rupees]

Gross produce groups	AVERAGE DEBT					
	Per family	Per acre of sown area	Per Rs 100 of gross produce	Per Rs 100 of owned land and buildings	Per Rs 100 of total cash receipts	Per Rs 100 of total value of assets
	1	2	3	4	5	6
Less than Rs 200	–	–	–	–	–	–
Rs 200 – Rs 400	209·7	53·3	61·8	14·5	22·0	10·3
Rs 400 – Rs 600	183·8	38·3	39·1	3·0	14·2	2·7
Rs 600 – Rs 1,000	86·6	13·7	11·6	1·9	9·1	1·6
Rs 1,000 – Rs 3,000	719·0	56·4	36·1	2·4	101·3	2·3
Rs 3,000 – Rs 5,000	847·5	48·6	24·6	3·6	81·8	3·3
Rs 5,000 and above	1,250·7	50·3	23·8	6·6	84·0	5·3

Cultivators with gross produce less than Rs 200 did not report any debt. The three groups of cultivators within the gross produce range of Rs 200 to Rs 1,000 showed a decline with the increase in the value of gross produce, but in the subsequent three groups, it showed a steady increase. The same is more or less true in respect of average debt per acre of sown area in all these different groups. In relation to value of gross produce, the groups showed a generally diminishing proportion of debt with the increase in the value of gross produce. The average debt as percentage of total value of assets showed a declining trend with the increase in the value of gross produce in the case of the first three gross produce groups and a contrary trend in the subsequent three groups.

3.4.1 GROWTH OF DEBT

The table on page 28 shows the growth of debt of cultivating and non-cultivating families in the selected villages.

TABLE 3.8—GROWTH OF DEBT AMONG CULTIVATORS AND NON-CULTIVATORS

[General Schedule data. Amount in rupees per family]

Village	CULTIVATORS				NON-CULTIVATORS			
	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (—) in debt during the year	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (—) in debt during the year
	1	2	3	4	5	6	7	8
Aur	378	377	755	*99*	199	103	302	*52*
Dhilwan	359	920	1,279	*257*	98	111	209	*114*
Jaja Kalan	400	430	830	*107*	288	122	410	*43*
Rahimpur	238	94	332	*40*	234	134	368	*57*
Sandhanwal	322	215	537	*67*	90	143	233	*159*
Sidhwan	298	121	419	*40*	329	77	406	*23*
Surja	242	171	413	*71*	121	62	183	*52*
Chogitti	194	152	346	*79*	107	64	171	*60*
District	**284**	**235**	**519**	***83***	**139**	**80**	**219**	***58***

The debt of cultivating families averaged Rs 284 per family at the beginning of the year and with a net addition of Rs 235, it increased by 83 per cent to Rs 519 during the year. The average debt of non-cultivating families, similarly recorded an increase of Rs 80 per family or 58 per cent.

Among the villages, Dhilwan and Jaja Kalan which, as seen earlier, showed a comparatively high level of debt among cultivators, recorded the highest increase, the former by 257 per cent and the latter by 107 per cent. Rahimpur, which was one of the villages with a relatively low level of debt showed the smallest increase (40 per cent) in debt during the year.

The growth of debt among the four groups of cultivating families is shown in Table 3.9 on page 29.

It may be seen from the table that in some of the villages which showed a comparatively high level of debt, the largest addition occurred in the case of the bigger cultivators. In Dhilwan, for instance, the increase in the debt of big cultivators was as much as Rs 5,073 and that in the debt of large cultivators, Rs 1,916 per family. In Aur, these two groups reported a net addition of Rs 1,096 and Rs 627, respectively, per family to the outstanding debt. It is noted that big cultivators in some villages, particularly Surja, Sidhwan and Jaja Kalan showed little or no outstanding debt at the beginning of the year.

In Rahimpur which showed a comparatively low level of indebtedness, the average net addition to debt during the year was relatively small for the bigger cultivators than for the smaller cultivators. The same is true with regard to Sidhwan and to some extent of Chogitti.

TABLE 3.9—GROWTH OF DEBT

[General Schedule data. Amount in rupees per family]

Village	BIG CULTIVATORS				LARGE CULTIVATORS			
	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (−) in debt during the year	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (−) in debt during the year
	1	2	3	4	5	6	7	8
Aur	522	1,096	1,618	*210*	470	627	1,097	*134*
Dhilwan	870	5,073	5,943	*583*	472	1,916	2,388	*406*
Jaja Kalan	14	588	602	*4,300*	251	495	746	*198*
Rahimpur	960	57	1,017	*6*	458	40	498	*9*
Sandhanwal	140	226	366	*161*	139	256	395	*182*
Sidhwan	4	55	59	*1,267*	79	114	193	*146*
Surja	–	167	167	*	21	193	214	*900*
Chogitti	400	233	633	*58*	463	100	563	*22*
District	**360**	**461**	**821**	***128***	**310**	**282**	**592**	***91***

Village	MEDIUM CULTIVATORS				SMALL CULTIVATORS			
	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (−) in debt during the year	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (−) in debt during the year
	9	10	11	12	13	14	15	16
Aur	340	228	568	*67*	339	318	657	*94*
Dhilwan	405	483	888	*120*	103	230	333	*223*
Jaja Kalan	508	294	802	*58*	405	556	961	*137*
Rahimpur	130	151	281	*117*	154	77	231	*51*
Sandhanwal	597	185	782	*31*	158	210	368	*133*
Sidhwan	87	41	128	*47*	786	228	1,014	*29*
Surja	313	171	484	*55*	381	150	531	*39*
Chogitti	18	165	183	*900*	28	210	238	*750*
District	**265**	**192**	**457**	***72***	**276**	**238**	**514**	***86***

* No debt at the beginning of the year.

3.4.2 NATURE OF DEBT

(i) **Principal and interest:** Data relating to indebtedness of selected families collected in the intensive enquiry show that, on an average, the upper and lower strata cultivators had, respectively, 2·8 and 1·7 loans outstanding per family; the amount originally borrowed averaged Rs 708·2 and Rs 300·1 per family in the two strata of cultivators, respectively. At the time of enquiry, the amount of outstanding debt, including interest, was slightly lower than the original amount borrowed. It averaged Rs 700·9 per family in the upper strata cultivators and Rs 288·6 per family in the lower strata cultivators ; the interest included in the outstanding debt averaged Rs 19·7 and Rs 8·2 per family, respectively, in these two cases. Accumulated interest comprised only 2·8 per cent of the outstanding debt of both the strata of cultivators. Taking all cultivating families together, the number of outstanding loans averaged 2·2 per family, the amount originally borrowed averaging Rs 504·2. At the time of the enquiry, the outstanding debt averaged Rs 494·8 per family which included Rs 13·9 or 2·8 per cent of accumulated interest.

(ii) **Purpose and duration:** Table 3.10 shows the purpose and duration of the outstanding debt of the four groups of cultivating families.

TABLE 3.10—DEBT OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO PURPOSES AND DURATION

[Intensive enquiry data. Amount in rupees per family]

Group	AGRICULTURAL PURPOSES		Non-agri-cultural purposes	CONSUMPTION PURPOSES		Repay-ment of old debts	Other purposes	**Total**
	Short-term	Long-term		Short-term	Long-term			
	1	2	3	4	5	6	7	8
Big cultivators..........	22·5	456·0	–	392·9	401·1	–	–	**1,272·5**
	(1·8)	*(35·8)*	(–)	*(30·9)*	*(31·5)*	(–)	(–)	***(100·0)***
Large cultivators........	66·7	309·3	–	337·2	168·0	3·7	20·8	**905·5**
	(7·3)	*(34·2)*	(–)	*(37·2)*	*(18·6)*	*(0·4)*	*(2·3)*	***(100·0)***
Medium cultivators......	27·1	106·4	2·6	62·0	126·5	0·7	43·0	**368·2**
	(7·3)	*(28·9)*	*(0·7)*	*(16·8)*	*(34·4)*	*(0·2)*	*(11·7)*	***(100·0)***
Small cultivators........	18·1	90·1	–	78·2	58·6	1·1	6·7	**252·8**
	(7·2)	*(35·6)*	(–)	*(30·9)*	*(23·2)*	*(0·4)*	*(2·7)*	***(100·0)***
All cultivators...........	36·3	162·4	1·0	149·4	118·6	1·7	25·4	**494·8**
	(7·3)	*(32·8)*	*(0·2)*	*(30·2)*	*(24·0)*	*(0·3)*	*(5·2)*	***(100·0)***

(Figures in brackets indicate percentages to total)

It was observed earlier that the average size of debt per family for the four groups of cultivators showed a constant decline with a diminution in the size of cultivated holding. Classifying the debt according to purpose, it is found that 40·1 per cent of it was for agricultural purposes and 54·2 per cent for consumption purposes. Long-term agricultural purposes accounted for 32·8 per cent and long-term consumption purposes for 24·0 per cent of the total outstanding debt. Short-term debt for agricultural purposes formed 7·3 per cent, while that for consumption purposes formed 30·2 per cent of the total.

As between the four groups, short-term debt for agricultural purposes was only 1·8 per cent in the case of big cultivators, while in the other three groups it was a little more than 7 per cent in each case ; long-term agricultural debt ranged between 28·9 per cent in the case of medium cultivators and 35·8 per cent of the total in the case of big cultivators. Short-term consumption debt formed 16·8 per cent of the total in the case of the medium cultivators and ranged between 30·9 and 37·2 in the other three groups, while long-term consumption debt ranged between 18·6 in the case of large cultivators and 34·4 in the case of medium cultivators. Repayment of old debt and borrowings for non-agricultural purposes accounted for negligible proportion of the outstanding debt.

(iii) **Duration and security :** Out of the total outstanding debt of the selected families, averaging Rs 494·8, as much as Rs 291·6 or 58·9 per cent was for a year or less ; Rs 87·8 or 17·8 per cent was outstanding for one to three years ; Rs 80·7 or 16·3 per cent for three to five years and the remaining Rs 34·7 or 7 0 per cent for more than five years. Debt outstanding for one year or less formed 62·6 per cent of the total in the case of the lower strata cultivators as against 57·5 per cent in the case of the upper strata cultivators ; at the same time, the lower strata cultivators reported 19·0 per cent of the total debt as outstanding for over ten years. Moreover, the upper strata cultivators had no debt outstanding for more than ten years. Consequently, the proportion of debt outstanding for one to ten years was fairly larger in their case than that reported by the lower strata cultivators.

Table 3.11 shows the duration of the outstanding debt in relation to the security offered by the cultivating families.

TABLE 3.11—DEBT OF THE SELECTED CULTIVATORS CLASSIFIED ACCORDING TO SECURITY

[Intensive enquiry data. Amount in rupees per family]

Securities	LOANS OUTSTANDING FOR ONE YEAR OR LESS						LOANS OUTSTANDING FOR MORE THAN ONE YEAR					
	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS		UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount	Proportion (Per cent)	Amount	Proportion (Per cent)	Amount	Proportion (Per cent)	Amount	Proportion (Per cent)	Amount	Proportion (Per cent)	Amount	Proportion (Per cent)
	1	2	3	4	5	6	7	8	9	10	11	12
Personal.....	379·2	*94·2*	154·4	*85·5*	266·8	*91·5*	210·4	*70·5*	53·2	*49·2*	131·8	*64·9*
Bullion and ornaments.	3·6	*0·9*	–	–	1·8	*0·6*	–	–	–	–	–	–
Immovable property ..	19·8	*4·9*	26·1	*14·5*	23·0	*7·9*	87·9	*29·5*	54·9	*50·8*	71·4	*35·1*
Total......	**402·6**	***100·0***	**180·5**	***100·0***	**291·6**	***100·0***	**298·3**	***100·0***	**108·1**	***100·0***	**203·2**	***100·0***

As observed earlier, the debt outstanding for a year or less was 58·9 per cent of the total. Out of this total debt outstanding for a year or less, as much as 91·5 per cent was obtained on personal security, the proportion being 94·2 per cent in the case of the upper strata cultivators and 85·5 per cent in the case of the lower strata cultivators. Immovable property was offered as security for only 7·9 per cent of this debt, the proportion being 14·5 per cent in the case of the lower strata cultivators as against 4·9 per cent in the case of the upper strata cultivators. The latter reported a small proportion, 0·9 per cent of the debt as having been raised against bullion and ornaments.

With regard to debt outstanding for more than one year, 64·9 per cent was raised on personal security, the proportion being 70·5 per cent in the case of the upper strata cultivators and 49·2 per cent in the case of the lower strata cultivators. Immovable property was offered as security for 29·5 per cent and 50·8 per cent of the total debt in this category of the two strata of cultivators, respectively. The high proportion of debt raised on personal security is, as will be seen subsequently, largely due to the fact that relatives constituted an important source of credit in this district.

(iv) **Rates of interest:** Table 3.12 shows the proportion of outstanding debt of cultivators at different rates of interest.

TABLE 3.12—CASH LOANS OUTSTANDING CLASSIFIED ACCORDING TO RATE OF INTEREST

[Intensive enquiry data. Amount in rupees per family]

Rate of interest	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount	(Per cent)	Amount	(Per cent)	Amount	(Per cent)
	1	2	3	4	5	6
Nil	478·9	*68·3*	217·7	*75·4*	348·3	*70·4*
Less than 3·5 per cent	–	–	–	–	–	–
3·5 to 7 per cent	135·0	*19·3*	7·6	*2·6*	71·3	*14·4*
7 to 10 per cent	14·7	*2·1*	33·9	*11·8*	24·3	*4·9*
10 to 12·5 per cent	37·2	*5·3*	13·6	*4·7*	25·4	*5·1*
12·5 to 18 per cent	1·4	*0·2*	–	–	0·7	*0·2*
18 to 25 per cent	33·5	*4·8*	11·4	*4·0*	22·4	*4·5*
25 to 35 per cent	–	–	4·4	*1·5*	2·2	*0·5*
35 per cent and above	–	–	–	–	–	–
Unspecified	0·1	–	–	–	–	–
Amount outstanding per family	**700·9**	***100·0***	**288·6**	***100·0***	**494·8**	***100·0***

Out of the total amount of debt of the cultivating families, as much as 70·4 per cent was obtained free of interest; 14·4 per cent of the debt was at interest rates between 3·5 per cent and 7 per cent and 10 per cent of the debt at interest rates between 7 per cent and 12·5 per cent per annum and a little less than 5 per cent at interest rates between 12·5 per cent and 25 per cent per annum. Outstanding debt obtained at interest rates above 25 per cent was negligible.

The distribution of debt according to interest rate groups is more or less the same in the case of the upper and the lower strata cultivators, except for the fact that the interest-free debt was 68·3 per cent in the case of the former and as much as 75·4 per cent in the case of the latter. As it will be evident subsequently, this large proportion of interest-free debt is accounted for by two major factors; firstly, a good part of the loans was obtained from relatives and secondly, the debt also included advances from Government under the schemes for the rehabilitation of displaced persons which were interest-free for the first one year.

CHAPTER 4

BORROWINGS

In this chapter we shall discuss the borrowings of the rural families during the Survey year. Data relating to borrowings were collected through the General Schedule as also in the intensive enquiry. The position of the rural families in the selected villages according to the General Schedule data is shown in Table 4.1 below.

TABLE 4.1—BORROWINGS AMONG CULTIVATORS, NON-CULTIVATORS AND ALL FAMILIES

[General Schedule data]

Village	PROPORTION OF BORROWING FAMILIES			AVERAGE BORROWINGS PER FAMILY			BORROWINGS PER BORROWING FAMILY		
	Culti-vators (Per cent)	Non-culti-vators (Per cent)	All families (Per cent)	Culti-vators (Rs)	Non-culti-vators (Rs)	All families (Rs)	Culti-vators (Rs)	Non-culti-vators (Rs)	All families (Rs)
	1	2	3	4	5	6	7	8	9
Aur...........	*68·5*	*28·3*	*36·5*	396	130	184	578	460	505
Dhilwan.......	*76·9*	*56·4*	*59·0*	975	123	231	1,267	218	391
Jaja Kalan....	*65·3*	*56·7*	*60·6*	460	226	331	704	399	547
Rahimpur.....	*34·0*	*48·4*	*39·9*	115	162	134	338	334	336
Sandhanwal...	*52·3*	*24·4*	*34·4*	225	144	173	431	590	503
Sidhwan.......	*27·4*	*27·0*	*27·2*	138	106	117	502	392	429
Surja.........	*50·0*	*44·7*	*46·4*	176	71	105	352	159	225
Chogitti.......	*50·0*	*58·9*	*58·1*	169	84	91	339	142	157
District......	***48·1***	***51·8***	***51·0***	**254**	**103**	**135**	**529**	**200**	**265**

It may be seen from the above figures that 49·0 per cent of the rural families did not report borrowings during the year. The proportion of borrowing families was 48·1 per cent among cultivators and 51·8 per cent among non-cultivators. Borrowings averaged Rs 135 per rural family ; the averages being Rs 254 per family in the case of cultivators and Rs 103 in the case of non-cultivators ; per borrowing family, the averages were Rs 265, Rs 529 and Rs 200, respectively. Borrowings of non-cultivators were relatively small because, as will be seen subsequently, these were confined largely to the purpose of meeting family expenditure, while cultivating families borrowed substantial amounts for capital expenditure in agriculture.

As between the several villages, Jaja Kalan had the highest proportion of borrowing families (60·6 per cent), followed by Dhilwan (59·0 per cent) and Chogitti (58·1 per cent). The proportion of borrowing families among non-cultivators was the highest in Chogitti (58·9 per cent), followed by Jaja Kalan (56·7 per cent) and

Dhilwan (56·4 per cent) while, among the cultivating families, it was highest in Dhilwan (76·9 per cent), followed by Aur (68·5 per cent) and Jaja Kalan (65·3 per cent). At the other end, in Sidhwan, Sandhanwal and Aur the proportion of borrowing was very low both among all rural families and non-cultivating families, while among cultivating families, Sidhwan and Rahimpur had the lowest proportion of such families.

The data relating to size of borrowings generally bear out the relative position of the selected villages regarding level of indebtedness, for here, as before, we find Dhilwan, Jaja Kalan and Aur having comparatively large size of borrowings, while Chogitti and Rahimpur show relatively small borrowings.

The following table shows the comparative position of the four groups of cultivators during the year.

TABLE 4.2—BORROWINGS OF CULTIVATORS

[General Schedule data]

Group	Proportion of borrowing families (Per cent)	Average borrowings per family (Rs)	Average borrowings per borrowing family (Rs)
Big cultivators	*42·3*	485	1,146
Large cultivators	*35·7*	301	842
Medium cultivators	*49·4*	209	423
Small cultivators	*60·6*	260	429
All cultivators	*48·1*	254	529

Barring the big cultivators among whom 42·3 per cent of the families reported borrowings, the other three groups showed the proportion of borrowing families increasing from 35·7 per cent in the case of large cultivators to 60·6 per cent in the case of small cultivators. Average borrowings per family were, however, highest in the case of big cultivators at Rs 485 and showed a diminishing tendency amongst the smaller cultivators except in the case of small cultivators who showed a fairly higher average than medium cultivators.

Average borrowings per borrowing family ranged between Rs 1,146 in the case of big cultivators and Rs 423 in the case of medium cultivators, and showed the same trend among the smaller cultivators as in the case of average borrowings per family.

In the total borrowings by rural families during the year, non-cultivators accounted for 60·5 per cent and cultivators for 39·5 per cent. Since the cultivating families formed only about 21·0 per cent of the total number of households in the selected villages, their share in the total borrowings would appear proportionately larger. Among the four groups, big and large cultivators had a proportionately larger share, and the medium cultivators a smaller share in the total volume of borrowings of cultivators while, in the case of small cultivators, the share was more or less proportionate to their strength. This is explained by the fact that the medium cultivators borrowed to a much less extent than the big and the large cultivators for capital expenditure and also for family expenditure, whereas the small cultivators were compelled to borrow more than the medium cultivators to meet the expenditures on both these purposes.

4.1 BORROWINGS AND REPAYMENTS

According to the intensive enquiry, the borrowings of the selected families of cultivators averaged Rs 385·6 per family ; the average borrowings were Rs 440·9 per family in the upper strata cultivators and Rs 330·4 per family in the lower strata cultivators. The amount of loans borrowed and fully repaid during the year averaged Rs 83·4 or 21·6 per cent of the average borrowings during the year per cultivating family. In the case of the upper strata cultivators such repayments averaged Rs 26 per family or 5·9 per cent of the borrowings during the year, while in the case of the lower strata cultivators, the repayments averaged Rs 140·8 per family or 42·6 per cent of their borrowings during the year.

In the intensive enquiry, further particulars were obtained regarding the month of these borrowings and repayments, which are shown in the table below.

TABLE 4.3—BORROWINGS AND REPAYMENTS ACCORDING TO MONTHS

[Intensive enquiry data. Amount in rupees per family]

Strata	April 1951	May 1951 to July 1951	August 1951 to October 1951	November 1951 to January 1952	February 1952 to March 1952	**Total borrowings which were fully repaid**
	1	2	3	4	5	6
Upper strata						
Borrowings.................	–	4·1	14·1	7·8	–	**26·0**
		(15·8)	*(54·2)*	*(30·0)*		***(100·0)***
Repayments*...............	–	–	1·4	13·9	10·7	**26·0**
		(–)	*(5·3)*	*(53·2)*	*(41·5)*	***(100·0)***
Lower strata						
Borrowings.................	–	4·5	130·2	6·0	0·2	**140·8**
		(3·2)	*(92·5)*	*(4·2)*	*(0·1)*	***(100·0)***
Repayments*...............	–	–	–	10·5	130·3	**140·8**
				(7·5)	*(92·5)*	***(100·0)***
All cultivators						
Borrowings.................	–	4·3	72·2	6·9	–	**83·4**
		(5·2)	*(86·6)*	*(8·2)*		***(100·0)***
Repayments*...............	–	–	0·7	12·2	70·5	**83·4**
			(0·8)	*(14·6)*	*(84·6)*	***(100·0)***

* Relate only to the principal of amount borrowed and fully repaid.
(Figures in brackets indicate percentages to total.)

Taking all the cultivators together, it is noticed that 86·6 per cent of borrowings, which were fully repaid during the year, took place during August to October ;

the proportion was 54·2 per cent in the case of the upper strata cultivators and 92·5 per cent in the case of the lower strata cultivators. This concentration of borrowings between August and October is explained by the fact that *kharif* crops, though relatively less important, are sown on as much as 45 per cent of cultivated area. Consequently, the growers of *kharif* crops as also those of *rabi* crops have had to borrow. The fairly large proportion of borrowings viz., 30 per cent by the upper strata cultivators during November-January may be attributed to the fact that the season for marriage and other ceremonies starts after November. This is also the period for marketing of *kharif* crops, particularly cotton.

Repayments, on the other hand, took place largely between February and March, 84·6 per cent of the borrowings fully repaid during the year being accounted for during this period. It appears that sugar-cane cultivation for which the district is well-known is the major factor accounting for the large repayments at this time of the year. Similarly, gram and wheat which are the major *rabi* crops of the district are harvested at this time which makes repayments possible during these months. It is noteworthy that 92·5 per cent of the repayments of the lower strata cultivators were during this period. In the case of the upper strata cultivators, 53·2 per cent of the repayments were reported during November-January. This may be attributed to the cultivators' cash earnings at this time from the sale of *kharif* crops which cover about 45 per cent of the cultivated area in the district.

4.2 SIZE OF BORROWINGS

The table below shows the significance of borrowings in relation to gross produce groups according to which the cultivators have been classified.

TABLE 4.4—BORROWINGS OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO GROSS PRODUCE

[Amount in rupees]

Gross produce group	Proportion of families in this group (Per cent)	BORROWINGS			
		Per family	Per acre of sown area	Per Rs 100 of value of gross produce	Per Rs 100 of cash receipts from sale of crops and fodder
	1	2	3	4	5
Less than Rs 200	*5·2*	–	–	–	–
Rs 200 to Rs 400	*11·1*	654·1	166·1	192·9	2,326·9
Rs 400 to Rs 600	*10·2*	125·6	26·2	26·7	1,067·5
Rs 600 to Rs 1,000	*14·8*	97·6	15·4	13·0	167·2
Rs 1,000 to Rs 3,000	*49·2*	445·0	34·9	22·4	95·9
Rs 3,000 to Rs 5,000	*8·1*	581·1	33·3	16·9	83·3
Rs 5,000 and above	*1·4*	1,443·8	56·8	26·8	221·3
Total	***100·0***	**385·7**	**38·6**	**25·1**	**125·8**

The above figures show that barring 5·2 per cent of the families in the first group which did not resort to borrowings during the year, the average borrowings per family as also per acre of the sown area in the next three groups declined with the increase in the value of gross produce, whereas the trend was opposite in the last three groups. In other words, there was no consistent relationship between the value of gross produce and borrowings.

In relation to cash receipts from sale of crops and fodder, the borrowings steadily declined from Rs 2,326·9 per Rs 100 of cash receipts from sale of crops and fodder in the first reporting group to Rs 83·3 in the fifth reporting group; the average borrowings in the last group which did not fit in this trend, however, was based on a relatively very small sample of only 1·4 per cent of the families. The need for borrowings would thus appear to be broadly diminishing with the increase in cash income.

4.3 DURATION OF LOAN

The larger portion of borrowings being for the purpose of meeting family expenditure, over three-fourths of the amount borrowed and fully repaid was for periods less than 6 months, as may be seen from the following table.

TABLE 4.5—LOANS BORROWED AND FULLY REPAID BY THE SELECTED CULTIVATORS CLASSIFIED ACCORDING TO DURATION

[Intensive enquiry data. Amount in rupees per family]

	DURATION OF LOANS				Total
	1 to 3 months	4 to 6 months	7 to 9 months	10 to 12 months	
Upper strata	17·0	5·9	3·1	–	**26·0**
	(65·4)	*(22·7)*	*(11·9)*	–	*(100·0)*
Lower strata	2·6	112·8	25·4	–	**140·8**
	(1·9)	*(80·1)*	*(18·0)*	–	*(100·0)*
All cultivators	**9·8**	**59·3**	**14·3**	–	**83·4**
	(11·8)	*(71·2)*	*(17·0)*	–	*(100·0)*

(Figures in brackets give percentages to the total.)

Taking all the cultivating families together, as much as 83·0 per cent of the borrowings during the year fully repaid were for periods less than six months. Among the upper strata cultivators, 65·4 per cent of the borrowings were for less than three months and 22·7 per cent for periods ranging from four to six months; in the case of the lower strata cultivators, however, over 80 per cent of the borrowings were for periods ranging between four to six months, those for less than three months being about 2 per cent. It may also be noted that all the borrowings fully repaid during the year were for periods less than nine months.

4.4 PURPOSE OF BORROWING

Particulars relating to borrowings were collected both with the help of the General Schedule as also in the intensive enquiry. The General Schedule data showed mainly the purpose of borrowing and its extent whereas, in the intensive enquiry, detailed information was obtained from the selected families regarding each loan, i.e., the amount borrowed, month of borrowing, terms of the loan, credit agency, purpose, etc. Table 4.6 shows the relative importance of borrowings during the year, which were resorted to for financing the different heads of expenditure, according to the actual utilization of the amount. Subsequently, we may compare these figures with borrowings classified according to purpose for which the amounts were borrowed to see how far the purposes of borrowings and the purposes of their utilization correspond.

TABLE 4.6—EXPENDITURE FINANCED BY BORROWINGS

[General Schedule data. Amount in rupees per family]

Item	Amount	Percentage
1. Capital expenditure in agriculture	**29**	***23·5***
1.1 Purchase of land	–	–
1.2 Reclamation of land	–	–
1.3 Bunding and other land improvements	–	*0·3*
1.4 Digging and repair of wells	4	*3·5*
1.5 Development of other irrigation resources	1	*1·0*
1.6 Laying of new orchards and plantations	–	–
1.7 Purchase of livestock	18	*14·9*
1.8 Purchase of implements, machinery and transport equipment	3	*2·2*
1·9 Construction of farm houses, sheds, etc.	1	*1·0*
1.10 Other capital expenditure in agriculture	1	*0·7*
2. Capital expenditure in non-farm business	**14**	***11·4***
3. Family expenditure	**78**	***63·5***
3.1 Construction and repairs of residential houses, etc.	11	*8·9*
3.2 Purchase of household utensils, furniture, etc.	–	*0·4*
3.3 Purchase of clothing, shoes, bedding, etc.	4	*3·3*
3.4 Death ceremonies	3	*2·8*
3.5 Marriage and other ceremonies	42	*34·0*
3.6 Medical expenses	13	*10·5*
3.7 Educational expenses	–	*0·2*
3.8 Litigation charges	4	*3·4*
4. Repayment of old debts	**2**	***1·6***
5. Financial investment expenditure	–	–
6. Total expenditure	**123**	***100·0***

The actual utilization of borrowings during the year showed that out of total expenditure financed by borrowings which averaged Rs 123 per family, Rs 29 or 23·5 per cent was on account of capital expenditure in agriculture, Rs 14 or 11·4 per cent for capital expenditure in non-farm business, Rs 78 or 63·5 per cent for family expenditure and Rs 2 or 1·6 per cent for repayment of old debts.

The table below shows, according to the General Schedule, the purposes for which cultivators resorted to borrowings.

TABLE 4.7—BORROWINGS FOR DIFFERENT PURPOSES: DETAILS

[General Schedule data. Amount in rupees per family]

Purposes	Amount	Percentage
1. Capital expenditure in agriculture	**30**	***21·6***
1.1 Purchase of land	–	–
1.2 Reclamation of land	–	–
1.3 Bunding and other land improvements	–	–
1.4 Digging and repair of wells	4	*2·9*
1.5 Development of other irrigation resources	1	*0·7*
1.6 Laying of new orchards and plantations	–	–
1.7 Purchase of livestock	18	*13·1*
1.8 Purchase of implements, machinery and transport equipment	3	*2·2*
1.9 Construction of farm houses, cattle sheds, etc.	1	*0·7*
1.10 Other capital expenditure in agriculture	2	*1·4*
2. Current farm expenditure	**1**	***0·7***
3. Non-farm business expenditure	**14**	***10·1***
3.1 Capital	10	*7·3*
3.2 Current	4	*2·9*
4. Family expenditure	**88**	***63·3***
4.1 Construction and repairs of residential houses and other buildings	11	*8·0*
4.2 Purchase of household utensils, furniture, etc.	1	*0·7*
4.3 Death ceremonies	3	*2·2*
4.4 Marriage and other ceremonies	42	*30·4*
4.5 Medical expenses	13	*9·4*
4.6 Other occasional expenses	5	*3·6*
4.7 Educational expenses	–	–
4.8 Purchase of clothing, shoes, bedding, etc.	4	*2·9*
4.9 Other family expenditure	5	*3·6*
4.10 Litigation charges	4	*2·9*
5. Other expenditure (Repayment of old debts and other expenses including more than one purpose)	**6**	***4·3***
Total	**139**	***100·0***

There is a large degree of correspondence between the pattern of borrowings according to purposes on the one hand and utilization of borrowings on the other. Borrowings for capital expenditure in agriculture accounted for 21·6 per cent of the total borrowings, while borrowings as a source of finance formed 23·5 per cent of the total expenditure on this item. Capital expenditure for non-farm business as a purpose of borrowing accounted for 10·1 per cent of the borrowings, while 11·4 per cent of the total expenditure on this item was met by borrowings. Borrowings for family expenditure both for stipulated and utilized purposes accounted for over 63·0 per cent of the total amount, of which, again, about half was accounted for by marriage and other ceremonies.

The table below shows the main purposes of borrowings of the different groups of cultivators, as also of non-cultivators and all rural families.

TABLE 4.8—BORROWINGS FOR VARIOUS PURPOSES : GROUP-WISE

[General Schedule data. Amount in rupees per family]

	Capital expenditure in agriculture (Rs)	Current farm expenditure (Rs)	Non-farm business expenditure (Rs)	Family expenditure (Rs)	'Other' expenditure (Rs)	More than one purpose (Rs)	**Total** (Rs)
	1	2	3	4	5	6	7
Big cultivators	292	-	-	168	25	-	**485**
	(60·2)	-	-	*(34·7)*	*(5·1)*	-	*(100·0)*
Large cultivators	176	-	-	107	18	-	**301**
	(58·4)	-	-	*(35·7)*	*(5·9)*	-	*(100·0)*
Medium cultivators	104	6	2	81	15	-	**209**
	(50·0)	*(3·0)*	*(1·0)*	*(38·9)*	*(7·1)*	-	*(100·0)*
Small cultivators	127	1	16	114	3	-	**260**
	(48·6)	*(0·4)*	*(6·2)*	*(43·6)*	*(1·2)*	-	*(100·0)*
All cultivators	135	3	5	99	12	-	**254**
	(52·9)	*(1·0)*	*(2·2)*	*(39·0)*	*(4·9)*	-	*(100·0)*
Non-cultivators	2	-	16	80	5	-	**103**
	(1·9)	-	*(15·9)*	*(77·7)*	*(4·5)*	-	*(100·0)*
All Families	**30**	**1**	**14**	**84**	**6**	-	**135**
	(22·1)	*(0·4)*	*(10·5)*	*(62·4)*	*(4·6)*	-	*(100·0)*

(Figures in brackets indicate percentages to total.)

Borrowings for family expenditure accounted for 62·4 per cent of the total borrowings of all rural families. It, however, accounted for as much as 77·7 per cent of the total borrowings of non-cultivators as against only 39·0 per cent in the case of cultivators. Nearly 53·0 per cent of the total borrowings of the cultivators were for capital expenditure in agriculture. The pattern of borrowings according to purposes by cultivators considerably differs from that of borrowings by all rural families. This is largely due to the fact that the cultivating families in the selected villages formed only 21·0 per cent of the total rural families. In other words, the general pattern of rural borrowings according to purpose was influenced more by the non-cultivators than by the cultivators. Nearly 16·0 per cent of the borrowings by non-cultivators were for non-farm business.

It is noteworthy that the average borrowings per family for capital expenditure, as percentage of their respective total average borrowings ranged between 60·2 per cent in the case of the big cultivators and 48·6 per cent in the case of the small cultivators, declining steadily in the lower groups.

Borrowings for family expenditure as percentage of total borrowings on the other hand, showed a steady increase in the lower groups and ranged between 34·7 per cent in the case of big cultivators and 43·6 per cent for small cultivators. Borrowings for current farm expenditure formed only 1 per cent of the total borrowings in the case of all cultivators together and were reported only by the two lower groups.

Table 4.9 shows the extent of borrowings according to purpose.

TABLE 4.9—BORROWINGS FOR DIFFERENT PURPOSES

[Intensive enquiry data. Amount in rupees per family]

Strata	Capital expenditure in agriculture	Current farm expenditure	Non-farm business expenditure	Family expenditure	Other expenditure	More than one purpose	**Total**
	1	2	3	4	5	6	7
Upper strata.............	163·7	47·9	–	215·4	12·4	1·4	**440·9**
	(37·1)	*(10·9)*	–	*(48·9)*	*(2·8)*	*(0·3)*	***(100·0)***
Lower strata.............	178·2	20·0	–	122·1	4·8	5·4	**330·4**
	(53·9)	*(6·0)*	–	*(37·0)*	*(1·5)*	*(1·6)*	***(100·0)***
All cultivators.........	**170·9**	**34·0**	–	**168·7**	**8·6**	**3·4**	**385·6**
	(44·3)	***(8·8)***	–	***(43·8)***	***(2·2)***	***(0·9)***	***(100·0)***

(Figures in brackets indicate percentages to total.)

The above figures bear out the earlier observation on the basis of the General Schedule data that capital expenditure in agriculture accounted for the largest proportion of borrowings of cultivators. Borrowings for this purpose averaged Rs 171 per cultivating family according to the intensive enquiry data as against Rs 135 as shown by the General Schedule data. Again, family expenditure, as in the earlier case, ranked next in importance among the purposes of borrowings, the average borrowings per family for this purpose being Rs 169 per cultivating family, according to the intensive enquiry and Rs 99 according to the General Schedule data. It may, however, be noted that the two sets of data show a difference in one or two respects. The average borrowings for capital expenditure and their proportion to total average borrowings as reported by the intensive enquiry are larger in the case of the lower strata cultivators whereas the General Schedule data show a steady decline in the case of smaller groups. Similarly, the proportion of borrowings for family expenditure to total borrowings is smaller in the case of the lower strata cultivators according to the intensive enquiry while, the General Schedule data show an increasing proportion among the smaller cultivators.

4.5 CREDIT REQUIREMENTS

In the intensive enquiry an attempt was made to assess the credit requirements of the cultivators for development plans. The information supplied by the cultivators in this regard is presented in Table 4.10 along with the actual expenditure on the development items by the cultivators. It may be noted that the estimation of credit requirements is based on the information obtained from the cultivators through a questionnaire regarding their credit requirements under terms and conditions which they considered possible to sustain.

TABLE 4.10—CREDIT REQUIREMENTS COMPARED WITH ACTUAL EXPENDITURE INCURRED BY SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Strata	Total	Increasing the size of holding by purchase of land	Increasing holding by tenancy*	Cultivation of costly but more remunerative crops*	Purchase of livestock	OTHER CAPITAL EXPENDITURE IN AGRICULTURE: Total	Purchase of implements and machinery	Bunding, land improvement and land reclamation	Digging of wells	Other irrigation resources
	1	2	3	4	5	6	7	8	9	10
				Credit requirements for development plans						
Upper strata.....	**2,643** (*100·0*)	1,800 (*68·1*)	26 (*1·0*)	–	220 (*8·3*)	**597** (*22·6*)	85 (*3·2*)	26 (*1·0*)	88 (*3·3*)	398 (*15·1*)
Lower strata.....	**1,672** (*100·0*)	825 (*49·3*)	5 (*0·3*)	–	181 (*10·8*)	**661** (*39·6*)	73 (*4·4*)	100 (*6·0*)	338 (*20·2*)	150 (*9·0*)
				Capital expenditure in agriculture						
Upper strata.....	**364** (*100·0*)	45 (*12·4*)			220 (*60·4*)	**99** (*27·2*)	..	..	..	
Lower strata.....	**279** (*100·0*)	34 (*12·2*)			167 (*59·9*)	**78** (*27·9*)	..	..	..	

* Information on actual expenditure on these items was not obtained.
(Figures in brackets show percentages to the total.)

According to the above data the total development finance required by the cultivators averaged Rs 2,643 per family in the upper strata cultivators and Rs 1,672 per family in the lower strata cultivators, while the actual expenditure on these items averaged Rs 364 and Rs 279 per family in the two strata, respectively. In other words, the finance actually available to them for the development plans was only 14 to 17 per cent of their requirements.

Purchase of land to increase the size of holding was the major purpose for which more credit was required. Credit requirements for this purpose as reported by the upper strata cultivators averaged Rs 1,800 per family as against an actual average expenditure of only Rs 45 per family. Similarly, the lower strata cultivators reported average credit requirements of Rs 825 per family, while the expenditure on this head averaged only Rs 34 per family. Other irrigation resources formed the next important item in the development expenditure for which the upper strata cultivators needed, on an average Rs 398 per family and the lower strata cultivators stated credit requirements for this purpose averaging Rs 150 per family. In the case of the lower strata cultivators the second important purpose was digging of wells in their holding, for which they required on an average Rs 338 per family ; the upper strata cultivators also reported average requirements of credit of Rs 88 per family for this purpose.

Next in importance among the development purposes for which more credit was required by cultivators were purchase of livestock, purchase of implements and machinery and to some extent land improvements. Finance was also reported to be needed for increasing the size of holding by tenancy.

While examining the credit requirements of the cultivators for development plans, they were also asked whether they experienced any difficulty in meeting expenses for current agricultural operations due to lack of finance. Out of the eighty cultivators in the upper strata and forty cultivators in the lower strata, twelve from the former and seven from the latter did not reply the query. Of the rest, fifty-six from the upper strata cultivators and twenty-eight from the lower strata cultivators affirmed that they experienced difficulty in meeting current farm expenditure. Thus, of the reporting families only twelve out of the former and five out of the latter had no difficulty in this regard.

Asked whether they would use credit, if supplied for intensive tillage, sixty cultivators from the upper strata and thirty from the lower strata replied the questions; out of them, fifty-five from the former and twenty-seven from the latter said that they would use credit for that purpose.

With regard to rate of interest, at which credit would be availed of by them, twenty-six cultivators from the upper strata and sixteen from the lower strata did not furnish the information. Among those who replied the query, forty-two cultivators from the upper strata and eleven cultivators from the lower strata wanted loans at an interest rate of 3 per cent or less, eight from the former and twelve from the latter strata were prepared to pay between 3 and 5 per cent, while four from the former and one from the latter were prepared to pay interest rates between 5 and 10 per cent.

As against the above, it may be noted that of the number of loans borrowed over 83 per cent were free of interest in the case of both the strata of cultivators. The upper strata cultivators had raised about 2 per cent of the loans at interest rates ranging between 3 and 5 per cent, about 4 per cent of the loans at interest rates between 5 and 10 per cent and about 11 per cent at interest rates of 10 per cent and above. The lower strata cultivators did not report any loans at interest rates ranging from 3 to 5 per cent. About 7 per cent of the number of loans were raised at interest rates ranging between 5 to 10 per cent and the remaining 9 per cent at interest rates of 10 per cent and above. Table 4.11 on page 44 classifying the amounts borrowed according to rate of interest throws further light on this point.

The above statement relating to the amounts borrowed largely corroborates the observations made earlier on the basis of number of loans raised at different rates of interest. It is thus noticed that nearly 81 per cent of the amount borrowed by the cultivating families was free of interest, the proportion being still higher (86·2 per cent) in the case of the lower strata cultivators. About 4 per cent of the borrowings were raised at interest rates between 3½ to 7 per cent, about 10 per cent on interest rates between 7 and 12½ per cent and 5 per cent at interest rates between 12½ and 25 per cent. No borrowings at interest rates above 25 per cent were reported by the upper strata cultivators, though the lower strata cultivators reported a small proportion (1·3 per cent) of the borrowings at these interest rates.

TABLE 4.11—BORROWINGS OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO RATE OF INTEREST

[Intensive enquiry data. Amount in rupees per family]

Rate of interest	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount	(Per cent)	Amount	(Per cent)	Amount	(Per cent)
	1	2	3	4	5	6
Nil	337·9	*76·6*	285·1	*86·2*	**311·5**	***80·8***
Less than 3½ per cent	–	–	–	–	–	–
3½ to 7 per cent	20·1	*4·6*	8·2	*2·5*	**14·2**	***3·7***
7 to 10 per cent	13·8	*3·1*	18·1	*5·5*	**15·9**	***4·1***
10 to 12½ per cent	35·2	*8·0*	8·6	*2·6*	**21·9**	***5·7***
12½ to 18 per cent	1·3	*0·3*	–	–	**0·7**	***0·2***
18 to 25 per cent	32·5	*7·4*	6·2	*1·9*	**19·3**	***5·0***
25 to 35 per cent	–	–	4·2	*1·3*	**2·1**	***0·5***
35 to 50 per cent	–	–	–	–	–	–
50 per cent and above	–	–	–	–	–	–
Rate of interest not specified	0·1	–	–	–	–	–
Total amount borrowed..	**440·9**	***100·0***	**330·4**	***100·0***	**385·6**	***100·0***

Asked about the period for which credit was required, fifty-four of the cultivators from the upper strata and twenty-four from the lower strata replied to the query. As many as twenty-five of the cultivators from the former and eleven from the latter said that they wanted loans for periods ranging between two and five years ; twenty-two from the former and ten from the latter wanted loans for periods exceeding five years. Thus, only seven cultivators from the upper strata and three from the lower strata required loans for periods less than two years.

The above particulars regarding the period for which additional credit was required by cultivators may be compared with the following table, showing the purpose and duration of the borrowings.

TABLE 4.12—BORROWINGS CLASSIFIED ACCORDING TO PURPOSE-DURATION

[Intensive enquiry data. Amount in rupees per family]

Group	Total	AGRICULTURAL PURPOSES		NON-AGRICULTURAL PURPOSES		CONSUMPTION		Repayment of old debts	Other purposes
		Short-term	Long-term	Short-term	Long-term	Short-term	Long-term		
	1	2	3	4	5	6	7	8	9
Upper strata...	**440·9** (***100·0***)	47·9 (*10·9*)	163·7 (*37·1*)	–	–	112·7 (*25·6*)	102·7 (*23·3*)	1·2 (*0·3*)	12·6 (*2·8*)
Lower strata...	**330·4** (***100·0***)	20·0 (*6·0*)	178·2 (*53·9*)	–	–	43·1 (*13·0*)	81·8 (*24·8*)	2·1 (*0·6*)	5·4 (*1·6*)

(Figures in brackets give percentages to total.)

The above figures show that in the borrowings for agricultural purposes, the long-term borrowings formed a much larger proportion than short-term borrowings in the case of both the strata. In the case of borrowings for consumption purposes, however, the upper strata cultivators reported a slightly larger proportion of borrowings for short-term than for long-term purposes. Thus in spite of the larger proportion of long-term borrowings, the cultivators as seen earlier, required long-term credit mainly for purchasing land, development of irrigation facilities, purchase of bullocks, etc.

Nearly 94 per cent of the borrowings of the cultivators were without any security or only on personal security. Immovable property as security accounted for 4·5 per cent of the borrowings of the upper strata cultivators and 7·9 per cent of the borrowings of the lower strata cultivators. Most of these advances were secured against usufructuary mortgage. The upper strata cultivators also raised 1 per cent of the total borrowings against bullion and ornaments.

This situation is explained by the predominance of loans from relatives and private moneylenders. However, when asked what security they were prepared to offer for their additional credit requirements, fifty-one out of the fifty-four cultivators from the upper strata and twenty-one out of the twenty-four from lower strata replying to the question were prepared to offer immovable property as security. This indicates that the borrowers were not wanting in security for the credit they required for development purposes.

4.6 NATURE OF BORROWINGS

Table 4.13 shows the proportion of loans borrowed and fully repaid during the year to total borrowings during the year.

According to the figures, out of the total borrowings during the year amounting to Rs 385·6 per family for all cultivators, loans borrowed and fully repaid during the year averaged Rs 83·4 per family or nearly 22 per cent of the total borrowings during the year. In the case of borrowings for capital expenditure in agriculture which formed 44·3 per cent of the total borrowings, nearly 37 per cent of the amount was repaid during the year. Borrowings which were fully repaid in the case of the next important purpose of borrowings namely family expenditure were only 7·9 per cent. In the case of the third important purpose, namely, current farm expenditure for which borrowings were resorted to, cultivators repaid 16·5 per cent of the total amount borrowed during the year.

It may be noted that, as between the two stratas, repayments towards principal amount of borrowings during the year averaged Rs 140·8 per family in the lower strata cultivators as against only Rs 26·0 per family in the upper strata cultivators ; as a proportion of total borrowings during the year, the repayments were 42·6 per cent in the case of the lower strata cultivators while they were only 5·9 per cent in the case of the upper strata cultivators. It was observed earlier that borrowings for capital expenditure in agriculture averaged higher in the case of the cultivators in the lower strata than in the upper strata. Loans borrowed and fully repaid by lower strata cultivators also formed a higher proportion at 61·3 per cent of the borrowings during the year as against 9·5 per cent in the upper strata cultivators. This larger repayment in the former case is noteworthy because actually short-term borrowings for agricultural and consumption purposes by cultivators in the lower strata averaged lower (Rs 63·1) than those of the upper strata (Rs 160·6).

TABLE 4.13—BORROWINGS AND AMOUNT FULLY REPAID ACCORDING TO DIFFERENT PURPOSES

[Intensive enquiry data. Amount in rupees per family]

Purposes	UPPER STRATA			LOWER STRATA			ALL CULTIVATORS		
	Total borrowings during the year	Amount borrowed and fully repaid during the year	Percentage of 2 to 1	Total borrowings during the year	Amount borrowed and fully repaid during the year	Percentage of 5 to 4	Total borrowings during the year	Amount borrowed and fully repaid during the year	Percentage of 8 to 7
	1	2	3	4	5	6	7	8	9
Capital expenditure on farm	163·7	15·6	*9·5*	178·2	109·2	*61·3*	170·9	62·4	*36·5*
Current farm expenditure	47·9	5·8	*12·1*	20·0	5·4	*27·0*	34·0	5·6	*16·5*
Non-farm business expenditure	–	–	–	–	–	–	–	–	–
Family expenditure	215·4	4·6	*2·1*	122·1	22·1	*18·1*	168·7	13·4	*7·9*
Other expenditure	12·4	–	–	4·8	4·1	*85·4*	8·6	2·1	*24·4*
More than one purpose (including unspecified)	1·4	–	–	5·4	–	–	3·4	–	–
Total	**440·9**	**26·0**	***5·9***	**330·4**	**140·8**	***42·6***	**385·6**	**83·4**	***21·6***

4.7 GRAIN LOANS

The practice of taking grain loans did not appear to be widespread in this district. According to the intensive enquiry less than 6 per cent of the cultivating families, 10 per cent from the upper strata and 1·4 per cent in the lower strata reported loans of this type.

The actual value of borrowings in grain was not estimated but it was less than 10 per cent of the borrowings in cash. Among the upper strata cultivators, the number of loans averaged 1·1 per borrowing family, the quantity borrowed per borrowing family averaging 108·8 seers ; the corresponding averages per borrowing family of the lower strata cultivators were 2·9 and 123·6 seers, respectively. The upper strata cultivators borrowed about 46 per cent of the grain loans for current farm expenditure (i.e., for seed, wage payments, etc.) and 54 per cent for family expenditure (mainly consumption) ; in the case of the lower strata cultivators, all the grain loans were for current farm expenditure, presumably as they were unable to spare for seed from their own farm produce.

Wheat accounted for over 90 per cent of the grain borrowed by the upper strata cultivators and almost all the grain borrowed by the lower strata cultivators, the rest being either some other cereals or grain. The number of grain loans fully repaid during the year averaged only 0·01 per family for the upper strata cultivators and involved 2·5 per cent of the grain borrowed during the year; there was no full repayment of any grain loan by the lower strata cultivators during the year. As a result, the quantity outstanding on grain loans borrowed during the year per borrowing family averaged 109·5 seers in the case of the upper strata cultivators and 123·6 seers in the case of the lower strata cultivators.

Nearly 63 per cent of the grain loans were outstanding for four to six months, 23 per cent for three months or less and 14 per cent for ten to twelve months. In terms of quantity, 46 per cent of the grain was outstanding for four to six months 43 per cent for less than three months and 11 per cent for ten to twelve months.

Other commodity loans, besides grain loans, borrowed during the year consisted only of linseed. The number of these loans averaged 0·5 per 100 cultivating families the quantity involved being three seers. The whole of it was borrowed for current farm expenditure and was repaid during the year.

CHAPTER 5

REPAYMENTS

The data relating to repayment of debt during the year were collected with the help of the General Schedule and in relatively greater details, in the intensive enquiry. Table 5.1 below, shows the proportion of repaying families.

TABLE 5.1—REPAYMENTS BY CULTIVATORS, NON-CULTIVATORS AND ALL FAMILIES

[General Schedule data]

Group	Proportion of repaying families (Per cent)	REPAYING FAMILIES AS PERCENTAGE OF	
		Borrowing families	Indebted families
Big cultivators	*4·6*	*10·9*	*8·6*
Large cultivators	*8·1*	*22·8*	*13·3*
Medium cultivators	*15·2*	*30·8*	*25·0*
Small cultivators	*19·7*	*32·4*	*29·3*
All cultivators	*14·1*	*29·3*	*22·4*
Non-cultivators	*16·5*	*31·9*	*26·8*
All families	***16·0***	***31·4***	***25·9***

Though 61·9 per cent of the rural families were in debt, and 51·0 per cent had borrowed during the year, only 16·0 per cent reported repayments during the year. The repaying families formed 31·4 per cent of the families which reported borrowings during the year and 25·9 per cent of those who reported debt. The corresponding proportions were slightly higher in all the three cases in respect of non-cultivators. As regards cultivators, the families reporting repayments were only 14·1 per cent of the total cultivating families, 29·3 per cent of the borrowing families and 22·4 per cent of the indebted families.

As between the four groups of cultivators, it is seen that all the proportions show a steady increase in the lower size groups. This is indicative of the fact that due to low creditworthiness, the smaller cultivators had a relatively larger proportion of short-term loans in their borrowings, and, therefore, had to repay their dues sooner than the bigger cultivators.

Table 5.2 shows the relative position of the villages with regard to the families reporting repayments.

TABLE 5.2—REPAYMENTS BY CULTIVATING FAMILIES

[General Schedule data]

Village	Proportion of repaying families (Per cent)	REPAYING FAMILIES AS PERCENTAGE OF		AVERAGE REPAYMENTS BY CULTIVATING FAMILIES	
		Total borrowing families (Per cent)	Total indebted families (Per cent)	Per family (Rs)	Per reporting family (Rs)
	1	2	3	4	5
Aur	*16·4*	*24·0*	*18·8*	19	118
Dhilwan	*26·9*	*35·0*	*33·3*	54	200
Jaja Kalan	*10·2*	*15·6*	*14·7*	30	292
Rahimpur	*16·0*	*46·9*	*33·3*	21	130
Sandhanwal	*6·8*	*13·0*	*10·0*	10	140
Sidhwan	*9·7*	*35·3*	*22·2*	17	178
Surja	*4·5*	*9·1*	*8·3*	5	100
Chogitti	*22·2*	*44·4*	*30·8*	17	78

Repaying families were relatively in larger proportion in Dhilwan, Chogitti and Aur which also showed a comparatively high proportion of indebted families, as compared to Surja, Sidhwan and Sandhanwal. Average repayments per cultivating family were comparatively high in Dhilwan, Jaja Kalan and Rahimpur, while they were low in Surja and Sandhanwal.

5.1 REPAYMENTS IN RELATION TO BORROWINGS AND DEBT

The table below compares the position in respect of repayments with that relating to borrowings and debt of rural families.

TABLE 5.3—DEBT, BORROWINGS AND REPAYMENTS

[General Schedule data]

Group	REPAYMENTS AS PERCENTAGE OF	
	Borrowings	Debt plus repayments
Big cultivators	*5·0*	*2·9*
Large cultivators	*6·2*	*3·1*
Medium cultivators	*8·2*	*3·6*
Small cultivators	*8·6*	*4·2*
All cultivators	*7·5*	*3·6*
Non-cultivators	*22·0*	*9·4*
All families	***16·3***	***7·2***

As already pointed out, the proportion of repaying families to borrowing families and indebted families was slightly higher in the case of non-cultivators than cultivators. The proportions showed a rising tendency from the big cultivators to the small cultivators. The same is true in respect of proportion of repayments to borrowings and debt plus repayments. In the case of rural families, repayments formed only 16·3 per cent of borrowings and 7·2 per cent of debt plus repayments. The corresponding proportions were 22·0 per cent and 9·4 per cent, respectively, in the case of non-cultivators, but only 7·5 per cent and 3·6 per cent, respectively, in the case of cultivators. The repayments appear to be very small in relation to borrowings and debt plus repayments.

The table below shows the comparative position of the villages in this regard.

TABLE 5.4—REPAYMENTS BY CULTIVATING FAMILIES IN RELATION TO BORROWINGS AND DEBT

[General Schedule data]

Village	REPAYMENTS AS PERCENTAGE OF	
	Borrowings	Debt plus repayment
Aur	*4·9*	*2·5*
Dhilwan	*5·5*	*4·0*
Jaja Kalan	*6·5*	*3·5*
Rahimpur	*18·0*	*5·9*
Sandhanwal	*4·2*	*1·7*
Sidhwan	*12·5*	*4·0*
Surja	*2·6*	*1·1*
Chogitti	*10·2*	*4·7*
District	***7·5***	***3·6***

Repayments by cultivators as percentage of borrowings during the year and debt plus repayments were relatively high in Rahimpur, Sidhwan and Chogitti which were also villages with a comparatively low level of borrowings and debt. On the other hand, villages in which cultivators reported relatively high borrowings and debt, namely Aur, Dhilwan, Jaja Kalan and Sandhanwal showed relatively smaller proportions of repayments to borrowings and debt plus repayments. It would thus appear that the volume of repayment did not show any noticeable correspondence with the comparative level of debt and borrowings in these villages. Consequently, the villages which had a relatively high level of debt and borrowings, as seen earlier, made proportionately larger addition to debt during the year.

As in the case of debt and borrowings, data in respect of repayments were collected in greater detail under the intensive enquiry. The table below shows the comparative repayments by the two strata of cultivators.

TABLE 5.5—REPAYMENTS BY CULTIVATORS

[Intensive enquiry data. Amount in rupees]

Strata	AVERAGE REPAYMENTS				REPAYMENTS AS PERCENTAGE OF	
	Per family	Per acre of sown area	Per Rs 100 of total cash receipts	Per Rs 100 of gross produce	Borrowings	Debt plus repayments
	1	2	3	4	5	6
Upper strata	69·5	4·9	7·8	3·1	*15·8*	*9·0*
Lower strata	168·5	29·7	18·9	19·6	*51·0*	*36·9*

The above figures show that the lower strata cultivators reported average repayments per family nearly two and half times those by the upper strata cultivators. The average repayment made per acre of sown area by the lower strata cultivators was about six times those by the upper strata cultivators. Average repayments by the lower strata cultivators as proportion of cash receipts, value of gross produce, borrowings and debt plus repayments were markedly higher than those by the upper strata cultivators. This also shows that the borrowings of the lower strata cultivators were largely short-term.

5.2 NATURE OF REPAYMENTS

The following figures show the types of dues cleared by these repayments.

TABLE 5.6—REPAYMENTS BY SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

	Total	REPAYMENTS TOWARDS LOANS BORROWED DURING THE YEAR	
		Fully paid	Partially paid
Upper strata	69·5 *(100·0)*	26·0 *(37·4)*	19·2 *(27·6)*
Lower strata	168·5 *(100·0)*	140·8 *(83·6)*	12·8 *(7·6)*
All cultivators	**119·0** ***(100·0)***	**83·4** ***(70·1)***	**16·0** ***(13·4)***

(Figures in brackets give percentages to total)

Nearly 84 per cent of the repayments by the lower strata cultivators were towards full repayment of loans borrowed during the year and about 8 per cent for partial repayment of loans, borrowed during the year. Average repayment under the former category towards loans borrowed during the year by the lower strata cultivators was about five and half times that by the upper strata cultivators. This substantiates what was seen in Table 5.5, namely that the repayments were only 16 per cent of the borrowings during the year in the case of the upper strata cultivators as against 51 per cent in the case of the lower strata cultivators.

5.3 SOURCE OF FINANCE

Finally, we may see the source of finance for the repayments made during the year. The four major classes of source of finance are current income, past savings, sale of assets and borrowings. There is no need to comment on current income as a source of finance. It is, however, difficult to interpret the term past savings, since for the major part, it is likely that past savings represent no more than part of receipts accruing during the previous year. In view of this, though reference has been made at appropriate places to past savings as a source of finance for different types of expenditure, not much of definite value can be attached to these data. However, when combined with current income, these data would give a positive indication of owned funds utilized for meeting the expenditure.

The table below gives the data relating to the source of finance.

TABLE 5.7—SOURCE OF FINANCE FOR REPAYMENTS

[Amount in rupees per family]

	Average amount repaid per family	AMOUNT OF REPAYMENT FINANCED THROUGH EACH SOURCE AS PERCENTAGE OF TOTAL REPAYMENTS				
		Current income	Past savings	Sale of assets	Borrowings	Other sources
	1	2	3	4	5	6
General Schedule data						
All families	22·0	13·0	0·1	6·8	2·0	–
	(100·0)	*(59·0)*	*(0·7)*	*(31·0)*	*(9·3)*	–
Intensive enquiry data						
Upper strata	69·5	57·9	6·7	4·2	0·7	–
	(100·0)	*(83·3)*	*(9·6)*	*(6·1)*	*(1·0)*	–
Lower strata	168·5	77·4	1·4	88·9	0·8	–
	(100·0)	*(45·9)*	*(0·9)*	*(52·7)*	*(0·5)*	–
All cultivators	**119·0**	**67·6**	**4·1**	**46·6**	**0·7**	–
	(100·0)	***(56·8)***	***(3·4)***	***(39·2)***	***(0·6)***	–

(Figures in brackets give percentages to total repayments)

The General Schedule data for rural families as also the intensive enquiry data for cultivating families showed that current income was more important than any other source of finance for this purpose ; it contributed as much as 59·0 per cent to the total repayments according to the former and 56·8 per cent according to the latter set of data. The next important source was sale of assets which accounted for 31·0 per cent of the total repayments of rural families according to the General Schedule data and 39·2 per cent of the total repayments of cultivating families according to the intensive enquiry data. The third important source of finance for repayments was borrowings according to the former and past savings according to the latter.

As between the two strata of cultivators, the most remarkable fact to be observed here is that repayment through sale of assets averaged only Rs 4 per family for the upper strata cultivators, while it was as much as Rs 89 or nearly 52·7 per cent of the total repayments by the lower strata cultivators. It is thus clear that the comparatively larger volume of repayment of the lower strata who had relatively smaller average borrowings and debt was largely through sale of assets. The lower strata cultivators also paid about Rs 20 more on an average per family than the upper strata cultivators from current income. The upper strata cultivators, however, relied to a large extent on current income for making repayments, this source accounting for over 83 per cent of the total repayments by them. Past savings, also formed a relatively more important source in their case and were about 10 per cent of the total repayments as against less than 1 per cent in the case of the lower strata cultivators. This indicates that the smaller cultivators have not only to repay their borrowings more promptly than the bigger cultivators owing to their low creditworthiness but have to resort to sale of assets to a marked extent for clearing their debt.

CHAPTER 6

FAMILY EXPENDITURE

6.1 RECORDED ITEMS OF FAMILY EXPENDITURE

Farming in India being more a way of living than pure business, borrowings for family expenditure get mixed up with borrowings for meeting farm costs. It was, therefore, felt necessary to study the pattern of family expenditure, not to assess the standard of living of the cultivating families but only to see how far family expenditure creates occasions for borrowings by cultivators. This limited objective is responsible for confining our study of family expenditure to a few specified items which generally necessitate borrowing on the part of the cultivating families. In particular, expenditure on items such as food, drink, etc., was not taken into account, as the borrowings for these purposes would be very small as compared to the total expenditure on them. As is generally known, the Indian farmer obtains a large part of his domestic requirements of food either from his own farm or through barter or purchase, and utilizes the credit which he can raise, mostly for capital expenditure in agriculture, current farm expenditure and for meeting some specific items of family expenditure. Of the items constituting family expenditure, the following have been taken into account by us for the purpose of our study.

1. Construction and repairs of residential houses and other buildings.
2. Purchase of household utensils, furniture, etc.
3. Purchase of clothing, shoes, bedding, etc.
4. Death ceremonies.
5. Marriage and other ceremonies.
6. Medical expenses.
7. Educational expenses.
8. Litigation charges.

In short, this study of family expenditure is not exhaustive as it is intended specifically to throw light on the extent of borrowings occasioned by it. Subsequent reference to 'family expenditure' in this study, therefore, implies only the expenditure on the eight items listed above.

The table on page 54 shows the proportion of cultivating families and non-cultivating families reporting expenditure on these items of family expenditure.

The family expenditure on the recorded items averaged Rs 259 per family of non-cultivators and Rs 475 per family of cultivators. Obviously, agriculture was on a better footing than non-agricultural occupations in the rural areas of this district.

TABLE 6.1—FAMILY EXPENDITURE

[General Schedule data]

	CULTIVATORS				NON-CULTIVATORS			
	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Expenditure per family (Rs)	Proportion to total family expenditure (Per cent)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Expenditure per family (Rs)	Proportion to total family expenditure (Per cent)
	1	2	3	4	5	6	7	8
Construction and repairs of residential houses and other buildings...	*16·4*	397	64	*13·5*	*22·7*	177	40	*15·5*
Purchase of household utensils, furniture, etc.	*13·8*	42	6	*1·2*	*14·8*	25	4	*1·4*
Purchase of clothing, shoes, bedding, etc....	*97·5*	163	159	*33·5*	*96·6*	75	73	*28·0*
Death ceremonies......	*11·7*	94	11	*2·4*	*11·3*	58	7	*2·5*
Marriage and other ceremonies..........	*26·3*	494	129	*27·2*	*24·3*	322	78	*30·3*
Medical expenses.......	*35·1*	126	44	*9·4*	*42·3*	76	32	*12·4*
Educational expenses...	*30·7*	102	32	*6·7*	*24·2*	67	16	*6·3*
Litigation charges......	*9·2*	320	29	*6·1*	*2·7*	348	9	*3·6*
Total family expenditure	***100·0***	**475**	**475**	***100·0***	***99·5***	**260**	**259**	***100·0***

Considering the proportion of families reporting expenditure on the several items, the relative importance of these items seems broadly to be the same for both the cultivating and the non-cultivating classes. Expenditure on purchase of clothing, shoes, bedding, etc., was reported by more than nine-tenths of the cultivators as well as non-cultivators and medical expenses by over one-third of families of both the classes. Next in the order of importance came educational expenses and marriage and other ceremonies followed by construction and repairs of residential houses and other buildings. At the other extreme, litigation charges were reported by a small proportion of non-cultivators as well as cultivators.

The highest expenditure per cultivating family was on purchase of clothing, shoes, bedding, etc., followed by that on marriage and other ceremonies, whereas in the case of non-cultivating families, it was vice versa. Next in importance was expenditure on construction and repairs of residential houses and other buildings for both cultivators and non-cultivators. At the other extreme, death ceremonies, litigation charges and purchase of household utensils, furniture, etc., showed relatively small expenditure per family by both these classes.

We may now proceed to see the major heads of family expenditure in their order of importance among different groups of cultivators.

6.2 EXPENDITURE ON DURABLE CONSUMER GOODS

This comprises expenditure on items such as (1) Purchase of household utensils, furniture, etc., and (2) Purchase of clothing, shoes, bedding, etc. The table below shows the average expenditure on durable consumer goods per cultivating family.

TABLE 6.2—EXPENDITURE ON PURCHASE OF DURABLE CONSUMER GOODS

[General Schedule data]

Group	Expenditure per family (Rs)	Percentage to total family expenditure
Big cultivators	228	*27·1*
Large cultivators	221	*30·6*
Medium cultivators	149	*40·6*
Small cultivators	121	*36·8*
All cultivators	165	*34·8*

The relatively smaller expenditure per family under this head in the lower groups is a rough measure of the variation in the standard of living of the four groups of cultivators. The average expenditure per family of the medium and small cultivators was less than the average expenditure per family of all cultivators. The figures clearly bring out the gap between the large and medium cultivators in respect of the standard of living. It may also be noted that, this expenditure, as percentage of the total family expenditure, was larger in the case of the lower groups of cultivators. This indicates that the smaller cultivators were compelled to utilize a larger part of their limited resources on durable consumer goods as compared to bigger cultivators.

6.3 EXPENDITURE ON DEATH, MARRIAGE AND OTHER CEREMONIES

The average expenditure per cultivating family under this head ranked second among the four broad groups of family expenditure discussed here. The expenditure on marriage and other ceremonies, however, accounted for the larger proportion of the total expenditure. The following table shows the comparative level of expenditure by the four groups of cultivators.

TABLE 6.3—EXPENDITURE ON CEREMONIES

[General Schedule data]

Group	Expenditure per family (Rs)	Percentage to total family expenditure
Big cultivators	379	*45·0*
Large cultivators	221	*30·6*
Medium cultivators	121	*32·8*
Small cultivators	73	*22·3*
All cultivators	141	*29·6*

It may be seen from the above data that the average expenditure per family on ceremonies by the lower groups of cultivators was significantly low ; that by the small cultivators being less than one-fifth of the expenditure per family of the big cultivators. As a proportion to total family expenditure, this item showed a tendency to decline in the lower groups of cultivators. The fact that the average expenditure on ceremonies per family ranged between Rs 379 in the case of the big cultivators and Rs 73 in the case of the small cultivators, coupled with the fact that its proportion to total family expenditure varied between 45·0 per cent and 22·3 per cent, respectively, shows that the rigidity of customs was not so powerful a factor influencing this expenditure in the district.

6.4 MEDICAL EXPENSES, EDUCATIONAL EXPENSES AND LITIGATION CHARGES

As a proportion of total family expenditure of cultivating families, medical expenses formed 9·4 per cent, educational expenses 6·7 per cent and litigation charges 6·1 per cent. The average expenditure per cultivating family showed a declining tendency from the bigger cultivators to the smaller cultivators. The higher average expenditure in the case of large cultivators was mainly due to higher educational expenses which averaged Rs 19, Rs 79, Rs 7 and Rs 9, respectively, in the case of the four groups of cultivators.

The table below shows the comparative position of the four groups of cultivators in respect of this expenditure.

TABLE 6.4—MEDICAL EXPENSES, EDUCATIONAL EXPENSES AND LITIGATION CHARGES

[General Schedule data]

Group	Expenditure per family (Rs)	Percentage to total family expenditure
Big cultivators	199	*23·6*
Large cultivators	210	*29·0*
Medium cultivators	59	*16·0*
Small cultivators	45	*13·5*
All cultivators	105	*22·1*

6.5 CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

The average expenditure on this item for the four groups of cultivators is shown in the following table.

TABLE 6.5—EXPENDITURE ON CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

[General Schedule data]

Group	Expenditure per family (Rs)	Percentage to total family expenditure
Big cultivators	37	*4·3*
Large cultivators	70	*9·8*
Medium cultivators	39	*10·6*
Small cultivators	90	*27·4*
All cultivators	64	*13·5*

The average expenditure per family on construction and repairs of residential houses, buildings, etc., does not show any definite relationship with the size of holding. This expenditure, however, may be said to share the characteristic of expenditure on durable consumer goods, inasmuch as its proportion to total family expenditure shows a tendency to increase from the big to the small cultivators. It is noteworthy in this connection that value of owned buildings showed a less marked disparity between the small cultivators, and the other three groups of cultivators than in the case of other types of assets.

6.6 INTER-VILLAGE VARIATIONS

It has been observed earlier that borrowings for family expenditure formed nearly 40 per cent of total borrowings for all purposes by cultivators. The relative importance of family expenditure among the purposes of borrowings is brought out in the following table.

TABLE 6.6—FAMILY EXPENDITURE AND BORROWINGS OF CULTIVATING FAMILIES

[General Schedule data. Amount in rupees per family]

Village	Expenditure per family	Proportion of borrowing families (Per cent)	BORROWINGS DURING THE YEAR	
			Per family	Per reporting family
	1	2	3	4
Jaja Kalan	587	*65·3*	460	704
Dhilwan	567	*76·9*	975	1,267
Sidhwan	301	*27·4*	138	502
Surja	404	*50·0*	176	352
District	**475**	***48·1***	**254**	**529**

Jaja Kalan and Dhilwan had relatively a higher level of family expenditure. These were also the villages where borrowings were very high and were resorted to by a comparatively larger proportion of families. Sidhwan and Surja, on the other hand, which had a low average family expenditure showed a relatively low level of borrowings by cultivators and also a smaller proportion of borrowing families.

6.7 SOURCE OF FINANCE

The major sources of finance for rural families for meeting the various types of expenditure were (1) current income, (2) past savings, (3) sale of assets, (4) borrowings and (5) other sources. The families in the district depended for nearly half of their family expenditure (47 per cent) on current income, while borrowings (26 per cent) and past savings (25 per cent) supplied the other half in more or less equal proportion. In other words, about three-fourths of the family expenditure was met by owned funds, i.e., current income plus past savings, while borrowings supplied the remainder. Contribution through sale of assets to family expenditure in this district was negligible.

A similar pattern was witnessed in the case of financing family expenditure by the selected cultivators according to intensive enquiry data. In their case, out of a total family expenditure of Rs 570 per family, current income contributed Rs 201 (35·3 per cent), past savings Rs 196 (34·5 per cent), sale of assets Rs 27 (4·8 per cent) and borrowings Rs 144 (25·2 per cent). Thus, owned funds of the cultivators supplied about three-fourths of their family expenditure while borrowed funds accounted for a fourth of the total family expenditure.

Table 6.7 gives particulars relating to the sources of finance in regard to each item of family expenditure of the cultivators. It will be seen that 32·5 per cent of the expenditure on construction and repairs of residential houses and other buildings was financed from current income, 32·1 per cent from past savings and the remaining 35·4 per cent by borrowings. In the case of purchase of durable consumer goods, 59·1 per cent of the expenditure was met from current income, 34·6 per cent from past savings and 6·2 per cent from borrowings. Expenditure on ceremonies was financed mainly out of past savings (40·1 per cent) and borrowings (39·7 per cent), and sale of assets (13·6 per cent). As far as medical expenses, educational expenses and litigation charges are concerned, 39·3 per cent of them were financed out of current income, while past savings and borrowings contributed 28·1 per cent and 29·5 per cent of the expenditure, respectively. Thus, borrowings, which as a source of finance were less important than current income and past savings, supplied about one-fourth of the total recorded family expenditure. These borrowed funds were utilized mainly for ceremonies, construction and repairs of residential houses and other buildings, and medical, educational and litigation expenses.

TABLE 6.7—SOURCE OF FINANCE FOR FAMILY EXPENDITURE

[Intensive enquiry data. Amount in rupees per family]

Source of finance	ALL CULTIVATORS				
	Construction and repairs of residential houses and other buildings	Purchase of durable consumer goods	Death, marriage and other ceremonies	Medical expenses, educational expenses and litigation charges	**Total expenditure**
	1	2	3	4	5
Current income	20·5 *(32·5)*	116·1 *(59·1)*	11·5 *(6·6)*	52·9 *(39·2)*	**201·0** ***(35·3)***
Past savings	20·2 *(32·1)*	67·9 *(34·6)*	70·3 *(40·1)*	37·9 *(28·1)*	**196·3** ***(34·5)***
Sales of assets	–	0·2 *(0·1)*	23·9 *(13·6)*	3·1 *(2·3)*	**27·2** ***(4·8)***
Borrowings	22·3 *(35·4)*	12·2 *(6·2)*	69·6 *(39·7)*	39·7 *(29·5)*	**143·8** ***(25·2)***
Other sources	–	–	–	1·2 *(0·9)*	**1·1** ***(0·2)***
Total	**63·0** ***(100·0)***	**196·4** ***(100·0)***	**175·3** ***(100·0)***	**134·8** ***(100·0)***	**569·5** ***(100·0)***

(Figures in brackets are percentages to the total from all sources)

We may further analyse these data and see how far the sources of finance for family expenditure of the upper strata cultivators correspond to those of the lower strata cultivators. The relevant figures are given in Table 6.8.

TABLE 6.8—FAMILY EXPENDITURE ACCORDING TO SOURCE OF FINANCE

[Intensive enquiry data. Amount in rupees per family]

Source of finance	CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS		PURCHASE OF DURABLE CONSUMER GOODS, HOUSEHOLD UTENSILS, FURNITURE, CLOTHING, SHOES, BEDDING, ETC.		DEATH, MARRIAGE AND OTHER CEREMONIES		MEDICAL EXPENSES, EDUCATIONAL EXPENSES AND LITIGATION CHARGES		TOTAL FAMILY EXPENDITURE	
	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata
	1	2	3	4	5	6	7	8	9	10
Current income.	8·4	32·5	136·5	95·7	13·5	9·4	90·7	15·2	249·2	152·8
	(20·3)	*(38·5)*	*(52·8)*	*(71·3)*	*(4·5)*	*(18·2)*	*(40·1)*	*(34·9)*	*(30·2)*	*(48·7)*
Past savings....	25·9	14·5	104·9	30·9	132·3	8·2	54·7	21·1	317·9	74·7
	(62·1)	*(17·2)*	*(40·6)*	*(23·0)*	*(44·3)*	*(15·9)*	*(24·2)*	*(48·4)*	*(38·5)*	*(23·8)*
Sale of assets...	–	–	0·4	–	47·9	–	6·2	–	54·5	–
			(0·1)		*(16·0)*		*(2·8)*		*(6·6)*	
Borrowings.....	7·4	37·3	16·8	7·6	105·2	34·0	72·1	7·3	201·4	86·3
	(17·6)	*(44·3)*	*(6·5)*	*(5·7)*	*(35·2)*	*(65·9)*	*(31·9)*	*(16·7)*	*(24·4)*	*(27·5)*
Other sources...	–	–	–	–	–	–	2·3	–	2·3	–
							(1·0)		*(0·3)*	
Total.........	**41·7**	**84·3**	**258·6**	**134·2**	**298·9**	**51·7**	**226·0**	**43·6**	**825·3**	**313·8**
	(100·0)	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***

(Figures in brackets are percentages to total from all sources)

The data above show that the upper strata cultivators financed their family expenditure primarily through past savings to the extent of 38·5 per cent and through current income to the extent of 30·2 per cent. The lower strata cultivators, however, drew upon current income to the extent of 48·7 per cent, the next important source of finance in their case being borrowings, which contributed 27·5 per cent to the family expenditure as against 24·4 per cent in the case of the upper strata cultivators. This was due to the smaller amount available from past savings in their case. A redeeming feature here is that the lower strata cultivators did not resort to sale of assets whereas the upper strata cultivators had to meet nearly 7 per cent of their family expenditure through sale of assets.

It is noteworthy again that the lower strata cultivators spent Rs 84·3 per family on construction and repairs of residential houses and other buildings which was more than double that spent by the upper strata cultivators. This is only to be expected in a district where value of owned buildings in the case of small cultivators constituted 25 per cent of the total value of their assets. Borrowings contributed 44·3 per cent of the expenditure on this item in the case of the lower strata cultivators as against only 17·6 per cent in the case of the upper strata cultivators. In fact, construction and repairs of residential houses, etc., was the item which accounted for the largest share in the total borrowings for family expenditure of the lower strata cultivators (Rs 37·3 per family), the next important item being expenditure on death, marriage and other ceremonies (Rs 34.0 per family). Borrowings by the upper strata cultivators were utilized mainly for ceremonies (Rs 105.0 per family) and on medical, educational and litigation charges (Rs 72·0 per family).

CHAPTER 7

CAPITAL EXPENDITURE

Capital expenditure in agriculture can be viewed from two major standpoints. On the one hand, it gives rise to occasions for borrowing, while on the other hand it results in an increase in the capital assets of the cultivator which may increase the productivity of the farm. In relation to the first aspect it shares the characteristics of family expenditure as studied by us. In relation to the second aspect it assumes special significance as it indicates the extent of potential development expenditure and its source of finance.

For the purpose of this study, capital expenditure during the year was classified under three sub-heads, viz., (1) financial investment expenditure, (2) capital expenditure in non-farm business and (3) capital expenditure in agriculture. The data relating to these heads of expenditure were collected through the General Schedule. In addition to this, data relating to financial assets were collected in the intensive enquiry. Financial investment expenditure of rural families comprised various types of financial savings and financial assets built up thereby. 'Non-farm business investment expenditure' is a self-explanatory term ; detailed data were, however, not collected regarding this expenditure, though the total expenditure reported under this item was of considerable magnitude. Finally capital expenditure in agriculture, as considered here, consisted of nine specific items, viz., (1) Purchase of land, (2) Purchase of livestock, (3) Reclamation of land, (4) Bunding and other land improvements, (5) Digging and repair of wells, (6) Development of other irrigation resources, (7) Laying of new orchards and plantations, (8) Purchase of implements, machinery and transport equipment, (9) Construction of farm houses, cattle sheds, etc. In addition, data in respect of one residual item were also collected. It may also be noted that the term 'capital expenditure' has been used in this discussion as synonymous with 'investment'. The data in respect of the capital expenditure have also been used subsequently to assess the net investment and disinvestment position of the cultivating families.

7.1 FINANCIAL INVESTMENT EXPENDITURE

Financial investment expenditure by rural families is largely by way of (1) purchase of shares of co-operative societies, banks, etc., (2) deposits in co-operative societies, postal savings and other banks, etc., and (3) purchase of National Savings Certificates, Treasury Bonds, etc. Details of this expenditure are given in Table 7·1.

TABLE 7.1—FINANCIAL INVESTMENT EXPENDITURE

[General Schedule data]

	CULTIVATORS				NON-CULTIVATORS			
	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)	Proportion to the total financial investment expenditure (Per cent)	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)	Proportion to the total financial investment expenditure (Per cent)
	1	2	3	4	5	6	7	8
Purchase of shares in co-operative societies, banks, etc.	*16·8*	1·5	9	*18·3*	*5·6*	0·5	8	*18·5*
Additions to deposits in co-operative societies, postal savings and other banks, etc.	*0·7*	6·7	1,004	*81·7*	*0·5*	2·2	478	*81·5*
Purchase of National Savings Certificates, Treasury Bonds, etc.	*0·1*	–	10	–	–	–	89	–
Total	***17·4***	**8·2**	**47**	***100·0***	***6·1***	**2·7**	**44**	***100·0***

The average level of financial investment expenditure of rural families was less as the large majority of cultivators and non-cultivators did not incur any such expenditure. Only about 17 per cent of the cultivating families and about 6 per cent of the non-cultivating families reported financial investment expenditure. Nevertheless, the proportion is comparatively high, a large number of the other districts covered by the Survey showing less than 5 per cent of the cultivating families reporting this type of expenditure. Again, about 17 per cent of the cultivating families reported expenditure on purchase of shares in co-operative societies, banks, etc., while only 0·7 per cent reported additions to deposits in co-operative societies, postal savings and other banks, etc. The expenditure per cultivating family was Rs 1·5 and Rs 6·7, respectively, on these two items. The relatively high average per family expenditure under addition to deposits in co-operative societies, etc., may be explained by the fact that one family among the big cultivators reported very heavy amount under this head. It would, therefore, appear that both cultivators and non-cultivators preferred purchasing shares of co-operative societies to any other type of financial investment. Investment in National Savings Certificates and Treasury Bonds was, apparently, not preferred by both the classes. This expenditure was negligible and was reported by only 0·1 per cent of the cultivating families.

In the case of the cultivating families, purchase of shares of co-operative societies, banks, etc., accounted for 18·3 per cent and additions, to deposits 81·7 per cent of the total financial investment expenditure. But the proportion of families reporting addition to deposits was less than 1 per cent.

7.1.1 Financial investment among groups of cultivators

Data relating to financial investment expenditure by cultivators are given in Table 7.2 below.

TABLE 7.2—FINANCIAL INVESTMENT EXPENDITURE : GROUP-WISE

[General Schedule data]

	BIG CULTIVATORS				LARGE CULTIVATORS			
	Proportion of families (Per cent)	Average per family (Rs)	Average per reporting family (Rs)	Percentage to total expenditure	Proportion of families (Per cent)	Average per family (Rs)	Average per reporting family (Rs)	Percentage to total expenditure
	1	2	3	4	5	6	7	8
Purchase of shares in co-operative societies, banks, etc...........	*22·3*	2·0	9	*3·8*	*21·1*	1·9	9	*8·6*
Additions, to deposits in co-operative societies, postal savings, etc....	*1·5*	50·2	3,261	*96·2*	*2·0*	20·1	1,004	*91·4*
Purchase of National Savings Certificates, Treasury Bonds, etc...	-	-	-	-	*0·5*	-	10	-
Total	***22·3***	**52·2**	**234**	***100·0***	***23·0***	**22·0**	**96**	***100·0***

	MEDIUM CULTIVATORS				SMALL CULTIVATORS			
	Proportion of families (Per cent)	Average per family (Rs)	Average per reporting family (Rs)	Percentage to total expenditure	Proportion of families (Per cent)	Average per family (Rs)	Average per reporting family (Rs)	Percentage to total expenditure
	9	10	11	12	13	14	15	16
Purchase of shares in co-operative societies, banks, etc............	*15·9*	1·3	8	*100·0*	*13·0*	1·1	9	*100·0*
Additions, to deposits in co-operative societies, postal savings, etc....	-	-	-	-	-	-	-	-
Purchase of National Savings Certificates, Treasury Bonds, etc...	-	-	-	-	-	-	-	-
Total	***16·1***	**1·3**	**8**	***100·0***	***12·8***	**1·1**	**9**	***100·0***

Investment expenditure in National Savings Certificates, Treasury Bonds, etc., during the year was negligible. Another noteworthy fact is that cultivators in all groups reported expenditure on purchase of shares in co-operative societies, banks, etc. In the case of addition to deposits in co-operative societies, etc., only the cultivators in the first three groups reported this expenditure.

The proportion of families reporting expenditure on purchase of shares in co-operative societies, banks, etc., showed a steady decline from 22·3 per cent in the case of big cultivators to 13·0 per cent in the case of small cultivators. Similarly, the average expenditure per family on this item declined from Rs 2·0 in the case of big cultivators to Rs 1·1 in the case of small cultivators.

While the medium and small cultivators concentrated their financial investment expenditure entirely on the purchase of shares of co-operative societies and banks, the bulk of the financial investment expenditure by the big (96·2 per cent) and large cultivators (91·4 per cent) was incurred for additions to deposits in co-operative societies, postal savings, etc. In the case of big and large cultivators, only 1·5 and 2·0 per cent of the cultivating families reported expenditure on additions to deposits in co-operative societies and postal savings, etc., which averaged only Rs 50·2 and Rs 20·1 per family, respectively. But the expenditure per reporting family was as much as Rs 3,261 in the case of big cultivators and Rs 1,004 in the case of large cultivators.

7.1.2 Sources of finance for financial investment : All families

Financial investment expenditure for purchase of shares in co-operative societies, banks, etc., was financed entirely by current income. In the case of addition to deposits in co-operative societies, postal savings and other banks, about 60 per cent of the finance was supplied by current income and the balance was met more or less equally by past savings and sale of assets.

7.2 FINANCIAL ASSETS AND SAVINGS

In the intensive enquiry, data were collected on the various types of assets of cultivating families including financial assets. According to these data, the financial assets of the cultivators averaged Rs 747 per reporting family, in the form of postal savings, National Savings Certificates, etc., Rs 130 per reporting family in the form of deposits in co-operative societies, banks, etc., and Rs 6 per reporting family in the form of shares in co-operative societies, banks, etc. It is noteworthy that the lower strata cultivators had assets only in the form of deposits in co-operative societies. These deposits by the lower strata cultivators averaged Rs 93 per reporting family as against Rs 186 per reporting family in the case of the upper strata cultivators. No other assets were reported by the lower strata cultivators.

An attempt was made in the intensive enquiry to assess the preferences of cultivating families on various types of investments and also to find out the difficulties encountered by them in building up the different types of assets. Of the 120 selected families of cultivators comprising 80 families from the upper strata and 40 families from the lower strata, 30 families from the former and 16 from the latter strata reported holding of shares of and deposits in co-operative societies, banks, etc. Similarly, 4 cultivators from the upper strata and 1 from the lower strata held deposits in postal savings. Only two cultivators from the upper strata held National Savings Certificates and Treasury Bonds. Deposits with private bankers or shopkeepers were also reported by two cultivators. The lower strata cultivators did not report these assets.

When asked as to why financial assets were not held at all, or only on such a small scale, 44 cultivators from the upper strata and 23 from the lower strata said that they had no margin of savings, while 3 from the former and 1 from the latter said that they were holding in cash whatever savings they had, as they wanted to buy land or buildings. No family from the lower strata cultivators showed a preference for purchasing gold and jewellery or for lending money. Lack of local facilities for holding deposits in postal savings bank were reported by 15 cultivators from the upper strata and 6 from the lower strata.

7.3 CAPITAL EXPENDITURE IN NON-FARM BUSINESS

Financial investment expenditure on non-farm business by rural families was a relatively small amount scattered over a number of economic activities such as trading, processing of agricultural produce, artisan and cottage industries, etc. Expenditure under this head, for obvious reasons, was reported mostly by non-cultivating families. The following table gives data in this regard.

TABLE 7.3—CAPITAL EXPENDITURE IN NON-FARM BUSINESS

[General Schedule data]

Group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
Big cultivators	*1·2*	4	333
Large cultivators	*0·4*	1	333
Medium cultivators	*3·7*	3	68
Small cultivators	*0·7*	16	2,443
All cultivators	*1·7*	6	354
Non-cultivators	*11·7*	35	298
All families	**9·6**	**29**	**300**

The above figures bring out the size of investment per family on this account. Less than 2 per cent of the cultivators and nearly 12 per cent of the non-cultivators reported investment in non-farm business, which averaged Rs 6 and Rs 35 per family, respectively, in the case of these two classes. The expenditure per reporting family averaged higher among cultivators. Non-farm business investment among cultivators was reported by a larger proportion of families of medium cultivators than any other cultivating group but the average expenditure per family as also per reporting family was highest in the case of small cultivators.

Among the selected villages, cultivators from Dhilwan, Chogitti and Aur and non-cultivators from all the selected villages except Surja reported capital expenditure on non-farm business. In this connection, it may be noted that Aur and Dhilwan are located in Nawanshahr and Jullundur tahsils which are centres of foundries, handloom industry and manufacture of agricultural implements, while Rahimpur is located in Nakodar tahsil which is a centre for *duree* manufacturing.

7.3.1 Source of finance

48·4 per cent of the capital expenditure on non-farm business was financed by borrowings, 26·3 per cent by past savings, 20·0 per cent by current income and 5·3 per cent from sale of assets. The relatively greater importance of borrowings in this case partly explains the larger average borrowings in the selected villages, more particularly in Jaja Kalan, Dhilwan and Aur.

7.4 CAPITAL EXPENDITURE IN AGRICULTURE

The items of capital expenditure in agriculture are discussed below in some detail.

7.4.1 Purchase of land

Land has always been the most cherished possession of the cultivating classes. But the extent to which cultivators could fulfil their desire to extend their land holdings was disappointing. It may be mentioned that out of the 600 villages selected for the Survey, only in 16 villages, the proportion of cultivating families reporting purchase of land was 20 per cent or more, while in 183 villages no purchase of land was reported at all during the year.

In Jullundur district, only 0·3 per cent of the selected families reported expenditure in connection with purchase of land, this expenditure averaging Rs 2,361 per reporting family and Rs 6 per family.

Among cultivators, the families reporting this expenditure formed 0·9 per cent, the average expenditure per reporting family being Rs 2,165. Only 0·1 per cent of non-cultivating families reported this expenditure, the average expenditure per reporting family in this case being Rs 2,828.

Purchase of land was reported only in two of the selected villages, viz., Rahimpur and Sidhwan. In Rahimpur 1·1 per cent of the cultivating families reported expenditure on purchase of land, the average expenditure being Rs 5,000 per reporting family and Rs 53 per family. In Sidhwan 6·5 per cent of the cultivating families reported this expenditure, the average expenditure being Rs 1,300 per reporting family and Rs 84 per family. In the case of non-cultivators, the proportion of families reporting purchase of land was 1·6 per cent in Rahimpur and 0·8 per cent in Sidhwan, the average expenditure per family being Rs 53 and Rs 17 in Rahimpur and Sidhwan, respectively; the expenditure per reporting family was Rs 3,400 in Rahimpur and Rs 2,100 in Sidhwan. If we see the investment in land according to the groups of cultivators, it is found that big cultivators did not report any expenditure. Only the large cultivators in Rahimpur reported this expenditure, while in Sidhwan the last three groups reported this expenditure. About 11 per cent of the large cultivators, about 4 per cent of the medium cultivators and 5 per cent of the small cultivators in Sidhwan reported purchase of land, the average expenditure per reporting family being Rs 1,700, Rs 1,400 and Rs 400, respectively.

7.4.2 Source of finance for purchase of land

Regarding the source of finance for purchase of land, the available data show that the entire expenditure on the purchase of land was financed by past savings; presumably, the purchase was made by displaced persons from Pakistan.

7.4.3 Net purchase or sale of land

The inclusion of sale of assets among the sources of finance normally necessitates an enquiry into the type of assets sold to assess the net investment position. But, as the data relate only to value of assets, it is not possible to ascertain how far the acreage of land possessed by a particular group increased or decreased during the year.

Three of the selected villages, viz., Sandhanwal, Surja and Chogitti reported neither purchase nor sale of land during the Survey year. In the case of cultivators, however, Sidhwan was the only village reporting both purchase and sale of land, while purchase of land was reported by cultivators in Rahimpur. As regards non-cultivators, sale of land was reported in five of the selected villages, viz., Aur, Dhilwan, Jaja Kalan, Rahimpur and Sidhwan. Obviously, non-cultivating owners of land were disposing of their lands in view of the oncoming tide of land reform legislation in other parts of the country. These sales, however, were small and varied in extent from village to village. The highest proportion of reporting families was in Jaja Kalan (1·7 per cent) the average receipts being Rs 27 per family and Rs 1,600 per reporting family. In Aur, only 0·3 per cent of the non-cultivating families reported sale of land and the receipts averaged Rs 7 per family and Rs 2,000 per reporting family.

As observed earlier, sale of land was reported by cultivating families in only one village, viz., Sidhwan, where 6·5 per cent of the cultivating families reported purchase of land as against 4·8 per cent of families reporting sale of land. As a result, there was net investment expenditure on purchase of land which averaged Rs 32 per family. In the same village, big cultivators at one end and small cultivators at the other, reported net sale of land which averaged Rs 143 and Rs 32 per family, respectively and Rs 1,000 and Rs 600 per reporting family, respectively. Net investment in purchase of land was reported by large cultivators and to a less extent by medium cultivators which averaged Rs 126 and Rs 8 per family, respectively, and Rs 700 and Rs 200 per reporting family, respectively.

7.4.4 Purchase of livestock

Purchase of livestock was reported by 52·7 per cent of cultivators and only 0·3 per cent of non-cultivators; actually, non-cultivators who purchased livestock during the year were confined only to one village, namely Dhilwan where 3·9 per cent of the non-cultivators reported an expenditure on this item averaging Rs 149 per reporting family. The expenditure on this account by cultivators averaged Rs 189 per family and ranged between Rs 314 in Dhilwan and Rs 120 in Sidhwan. The average expenditure per reporting family of cultivators was Rs 358 for the district as a whole and ranged between Rs 508 in Surja and Rs 198 in Chogitti.

It is thus seen that capital expenditure on purchase of livestock is of much larger significance than that on purchase of land in this district. It may be noted in this connection that livestock in this context includes plough and milch cattle, goats, sheep, etc., but generally represents plough and milch cattle. Purchase of livestock may indicate either an addition to assets or maintenance of assets by replacement.

As between the different groups of cultivators, the proportion of families reporting expenditure on purchase of livestock was 57·7 per cent in the case of big cultivators, 57·9 per cent in the case of large cultivators, 51·1 per cent in the case of medium cultivators and 49·7 per cent in the case of small cultivators. Expenditure per reporting family on purchase of livestock, averaged Rs 524, Rs 443, Rs 300 and Rs 316, respectively, for the four groups of cultivators.

It may be noted here that Jullundur district showed a relatively high proportion of cultivating families purchasing livestock and stood next only to Hoshiarpur among the 75 selected districts covered under the Survey. Expenditure per reporting family on this account ranged between Rs 198 in Chogitti and Rs 508 in Surja.

The expenditure on livestock would suggest the existence of dairy industry in the district, but there was no such dairy industry except for the Government Dairy Farm at Jullundur. Moreover, the proceeds from sale of milk and milk products did not constitute any sizeable part of the cultivator's income in this district. It would, therefore, appear that the livestock products are largely for domestic consumption than for sale.

7.4.5 Source of finance for purchase of livestock

We may now consider the sources from which purchase of livestock was financed. In this connection, in addition to the General Schedule data, intensive enquiry data are also presented.

TABLE 7.4—SOURCE OF FINANCE FOR PURCHASE OF LIVESTOCK

[In per cent]

	Current income	Past savings	Sale of assets	Borrowings	Other sources	Total
	1	2	3	4	5	6
General Schedule data						
All rural families	*19·4*	*30·9*	*3·9*	*45·8*	–	***100·0***
Intensive enquiry data						
Upper strata	*16·7*	*28·3*	*3·1*	*51·9*	–	***100·0***
Lower strata	*14·3*	*17·3*	*3·0*	*65·4*	–	***100·0***
All cultivators	***15·7***	***23·6***	***3·0***	***57·7***	–	***100·0***

The above figures show that the rural families depended to a considerable extent on borrowings for meeting their expenditure on this item. Past savings played a significant role in the owned funds utilized for this expenditure. Probably, as in the case of purchase of land, the displaced persons depended on their past savings for the purchase of livestock as well.

7.4.6 Sale of livestock

Only 4·3 per cent of non-cultivating families and 8·2 per cent of cultivating families reported sale of livestock. Receipts from sale of livestock averaged Rs 189 and Rs 344 per family reporting sale of livestock in these two classes, respectively. Among the four groups, 7·3 per cent of big cultivators, 9·6 per cent of large cultivators, 10·5 per cent of medium cultivators and 3·8 per cent of small cultivators reported sale of livestock. Receipts from these sales averaged Rs 57 in the case of big cultivators and Rs 40 in the case of large cultivators ; the receipts of medium and small cultivators from sale of livestock averaged Rs 32 and Rs 11 per family, respectively and thus showed a declining tendency in the lower groups of cultivators which is much more marked than that observed in respect of purchase of livestock.

Among the villages, no sale of livestock was reported in Surja. Rahimpur and Dhilwan showed the largest proportion of cultivating families reporting sale of livestock as also the highest average receipts from this transaction ; 18·1 per cent and 15·4 per cent families had sold livestock, the receipts therefrom averaging per cultivating family, Rs 68 and Rs 52 respectively, in these two villages. At the other end in Aur, only medium and small cultivators reported sale of livestock, while, in Chogitti and Sandhanwal, medium cultivators alone reported sale of livestock. These families formed 5·6 per cent in Chogitti, 5·5 per cent in Aur and 2·3 per cent in Sandhanwal; average receipts per family in these three villages amounted to Rs 29, Rs 14 and Rs 6, respectively.

7.4.7 Net purchase or sale of livestock

Non-cultivating families showed a net sale of livestock, averaging Rs 7·7 per family. In the case of cultivators, on the other hand, there was net investment on livestock. The position of the four groups in this respect is as follows.

TABLE 7.5—LIVESTOCK—PURCHASE AND SALE

[General Schedule data]

Group	EXPENDITURE ON PURCHASE OF LIVESTOCK		RECEIPTS FROM SALE OF LIVESTOCK		Net purchase (+) or sale (—) of livestock per family
	Average per family	Proportion of expenditure by this group to total expenditure	Average per family	Proportion of receipts in this group to total receipts	
	(Rs)	(Per cent)	(Rs)	(Per cent)	(Rs)
	1	2	3	4	5
Big cultivators	302·2	*19·8*	56·9	*24·9*	245·3
Large cultivators	256·5	*45·3*	39·8	*46·9*	216·7
Medium cultivators	153·3	*30·6*	31·8	*42·2*	121·5
Small cultivators	156·8	*24·1*	10·6	*10·9*	146·2
All cultivators	188·7	*100·0*	28·3	*100·0*	160·4

It may be seen from the above figures that the net investment on livestock averaged Rs 160·4 per cultivating family. The big and large cultivators reported net investment of Rs 245·3 and Rs 216·7 per family, respectively; average net investment on livestock amounted to Rs 146·2 per family of small cultivators or about Rs 25 more than that of medium cultivators. This larger net investment in the case of small cultivators is not due to larger investment but solely due to a relatively smaller extent of sale of livestock in their case.

All the selected villages showed net investment in livestock. Average net investment per cultivating family under this head ranged between Rs 277 in Surja and Rs 110 in Sidhwan.

The data collected in the intensive enquiry throw further light on this point, as may be seen from the following table.

TABLE 7.6—PURCHASE AND SALE OF LIVESTOCK

[Intensive enquiry data. Amount in rupees per family. Proportion in per cent]

	Upper strata	Lower strata
1. Value of owned livestock	1,466·0	664·0
2. Number of milch cattle owned per family	1·5	1·7
3. Number of plough cattle owned per family	4·2	2·1
4. Proportion of families reporting expenditure	*61·1*	*45·5*
5. Proportion of families reporting receipts	*25·2*	*11·0*
6. Proportion of families reporting purchase and sale	*17·9*	*9·6*
7. Proportion of families reporting neither purchase nor sale	*31·7*	*53·1*
8. Average expenditure on purchase	219·6	166·5
9. Receipts through sale	75·1	15·3
10. Net purchase (+) or sale (−)	144·5	151·2
11. Net purchase or sale of livestock per Rs 100 of value of owned livestock	9·9	2·3

According to these figures, cultivators in both the upper and lower strata made a net investment in livestock to the extent of 9·9 per cent of the value of owned livestock in the case of the former and 2·3 per cent in the case of the latter. About 18 per cent of cultivators from the upper strata and about 10 per cent from the lower strata reported both purchase and sale of livestock. This presumably indicates sale of draught cattle in the off season and repurchase later and also replacement of dry cattle by milch cattle. It is thus interesting to observe that the number of milch cattle owned per family averaged slightly higher in the lower strata cultivators than in the upper strata cultivators, while it was contrary in respect of number of plough cattle. The net investment on livestock during the year averaged slightly more in the case of the lower strata cultivators due solely to relatively much smaller average receipts from sale.

7.5 OTHER CAPITAL EXPENDITURE IN AGRICULTURE

Before proceeding to discuss the individual items under this composite head, we may see its importance in relation to the expenditure on purchase of land and purchase of livestock. The relevant data are given in Table 7.7.

TABLE 7.7—EXPENDITURE ON PURCHASE OF LAND AND LIVESTOCK, AND OTHER CAPITAL EXPENDITURE

[General Schedule data. Amount in rupees per family]

Group	PURCHASE OF		Other capital expenditure
	Land	Livestock	
Big cultivators	-	302	256
Large cultivators	49	257	149
Medium cultivators	7	153	171
Small cultivators	2	157	63
All cultivators	20	189	129

It would be seen that the capital expenditure in agriculture excluding land and livestock was more than six times that on the purchase of land but was only about three-fifths of that on purchase of livestock. In the case of medium cultivators capital expenditure in agriculture other than land and livestock was slightly higher than the expenditure on livestock, while the remaining groups of cultivators reported the highest average expenditure on livestock. Again, medium cultivators reported a slightly higher average capital expenditure in agriculture other than land and livestock than the large cultivators ; otherwise, the average expenditure under this head showed a downward tendency, from the big to the small cultivators.

7.5.1 Digging and repair of wells

The average per family expenditure on digging and repair of wells incurred by the four groups of cultivators is given in table below.

TABLE 7.8—EXPENDITURE ON DIGGING AND REPAIR OF WELLS

[General Schedule data]

Group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
Big cultivators	*57·3*	86	150
Large cultivators	*39·9*	50	126
Medium cultivators	*34·6*	96	278
Small cultivators	*28·0*	24	87
All cultivators	*34·4*	60	174
Non-cultivators	*3·2*	3	100
All families	**9·7**	**15**	**155**

The expenditure incurred by non-cultivators was quite negligible. Among the cultivators, digging and repair of wells was reported as an item of capital expenditure by 34·4 per cent of families. The expenditure averaged Rs 60 per cultivating family and Rs 174 per reporting family ; in fact the average expenditure on this item was higher than that on any other single item in the composite group of 'other capital expenditure.' This relatively large expenditure on wells is explained by the fact that the rainfall in Jullundur district is about 18 inches during the *kharif* season and about 4 to 5 inches during the *rabi* season. Although the district lies between the Beas and the Sutlej, it depends largely on well-irrigation only, owing to scant development of canal irrigation ; consequently, the entire area under irrigation was irrigated by wells. Waterlifting was done either with the aid of persian wheels or with the aid of *charasas* drawn by bullocks. Water pumps and tube wells were also becoming increasingly popular in the district.

The proportion of families reporting expenditure on this item tended to decline in the lower groups of cultivators from 57·3 per cent among the big cultivators to 28·0 per cent among the small cultivators. The average expenditure per family, however, did not show any consistent trend. The expenditure per family as also per reporting family was the highest in the case of medium cultivators at Rs 96 and Rs 278, respectively, while it was the lowest in the case of small cultivators and averaged Rs 24 and Rs 87, respectively.

A comparative study of expenditure on this item by different groups of cultivators as also the expenditure per acre of cultivated holding would throw further light on this point.

TABLE 7.9—DIGGING AND REPAIR OF WELLS

[General Schedule data]

Group	Proportion of expenditure by each class to the total expenditure incurred by cultivators (Per cent)	Expenditure on this item per acre of cultivated holding (Rs)
Big cultivators	*17·8*	3·6
Large cultivators	*28·0*	2·7
Medium cultivators	*60·3*	10·9
Small cultivators	*11·7*	5·4
All cultivators	*100·0*	5·6

About 60 per cent of the total expenditure on this item was incurred by the medium cultivators, 28 per cent by the large cultivators and about 12 per cent by the small cultivators. Expenditure on this item in relation to the size of the cultivated holding, however, showed that the medium cultivators spent Rs 10·9 per acre, the small cultivators Rs 5·4, while in the case of the big and large cultivators, it was rather low at Rs 3·6 and Rs 2·7, respectively. This is because the big and the large cultivators incurred expenditure on development of 'other' irrigation resources as will be seen subsequently.

Expenditure on digging and repair of wells was financed mainly through owned funds, though borrowings also contributed to it, as may be seen from the table below.

TABLE 7.10—SOURCE OF FINANCE FOR DIGGING AND REPAIR OF WELLS

[Amount in rupees per family]

	SOURCE OF FINANCE				
	Current income	Past savings	Sale of assets	Borrowings	Other sources
	1	2	3	4	5
General Schedule data					
All rural families............	4	7	–	4	–
	(24·9)	*(46·5)*	–	*(28·3)*	*(0·3)*
Intensive enquiry data					
Upper strata................	20·8	5·4	–	7·9	–
	(60·9)	*(16·0)*	–	*(23·1)*	–
Lower strata................	7·5	2·8	–	1·6	–
	(63·4)	*(23·4)*	–	*(13·2)*	–
All cultivators............	**14·2**	**4·1**	–	**4·7**	–
	(61·6)	***(17·9)***	–	***(20·5)***	–

(Figures in brackets give percentages to the total)

Both the General Schedule and the intensive enquiry data show that owned funds contributed over 70 per cent of the total expenditure on digging and repair of wells. The relative importance of the two sources, namely current income and past savings, however, was not the same in both the cases. Borrowings contributed over 28 per cent of the total expenditure of rural families according to the General Schedule data and about 21 per cent of that of cultivators according to the intensive enquiry data. No sale of assets for this purpose was reported in either case. It is also noteworthy that, as between the two strata of cultivators, the lower strata relied on owned funds for this purpose proportionately to a larger extent than the upper strata.

7.5.2 Implements and machinery

Next to digging and repair of wells, this item of expenditure appears to be important, judged by the number of families reporting this expenditure as also the average expenditure per family. The relevant figures in this regard are given in Table 7.11.

The proportion of families reporting this expenditure ranged between 14·2 per cent and 21·4 per cent, while the per family average expenditure varied from Rs 22 to Rs 34 in the case of the four groups of cultivators. The generally low level of expenditure, thus, shows that it was confined to purchases of small implements like iron ploughs, pumping sets, etc.

TABLE 7.11—PURCHASE OF IMPLEMENTS AND MACHINERY

[General Schedule data]

Group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
Big cultivators	*14·2*	27	189
Large cultivators	*16·0*	22	137
Medium cultivators	*21·4*	31	142
Small cultivators	*15·4*	34	220
All cultivators	*17·8*	28	160
Non-cultivators	*0·1*	–	49
All families	***3·8***	**6**	**158**

The figures given below show the percentage share of the four groups of cultivators in the total expenditure on implements and machinery by cultivators as also average expenditure on this item per acre of cultivated holding.

TABLE 7.12—EXPENDITURE ON IMPLEMENTS AND MACHINERY

[General Schedule data]

Group	Proportion of expenditure by each class of cultivators to the total expenditure incurred by all cultivators (Per cent)	Expenditure per acre of cultivated holding (Rs)
Big cultivators	*11·6*	1·1
Large cultivators	*25·5*	1·2
Medium cultivators	*40·1*	3·4
Small cultivators	*34·4*	7·5
All cultivators	*100·0*	2·6

The above data indicate that a relatively larger proportion of expenditure on this item was incurred by the medium and small cultivators. Expenditure per acre in the case of small cultivators was about seven times that of the big cultivators. The expenditure having been incurred largely on small implements which are more or less indispensable to all cultivators, it is in the nature of overhead costs of cultivation which are fixed and rigid; consequently, they appear large in relation to the size of holdings in the case of smaller cultivators.

Table 7.13 on page 74 gives the source of finance data for this expenditure.

The General Schedule data show that owned funds comprising current income and past savings accounted for 55·1 per cent, while borrowings contributed 44·2 per cent of the total expenditure. According to the intensive enquiry, however, borrowings supplied 76·2 per cent, whereas owned funds contributed 20·7 per cent of this expenditure.

TABLE 7.13—SOURCE OF FINANCE FOR IMPLEMENTS AND MACHINERY

[Amount in rupees per family]

	Current income	Past savings	Sale of assets	Borrowings	Other sources	Total
	1	2	3	4	5	6
General Schedule data						
All rural families............	1	2	–	3	–	**6**
	(14·5)	*(40·6)*	*(0·7)*	*(44·2)*	–	***(100·0)***
Intensive enquiry data						
Upper strata................	4·9	2·7	2·8	14·2	–	**24·6**
	(20·1)	*(11·0)*	*(11·2)*	*(57·7)*	–	***(100·0)***
Lower strata................	10·9	0·1	–	54·0	–	**65·0**
	(16·7)	*(0·1)*	–	*(83·2)*	–	***(100·0)***
All cultivators............	**7·9**	**1·4**	**1·4**	**34·1**	–	**44·8**
	(17·6)	***(3·1)***	***(3·1)***	***(76·2)***	–	***(100·0)***

(Figures in brackets are percentages to the total)

7.5.3 Construction of farm houses, cattle sheds, etc.

This was the third item in the order of importance under the composite group of capital expenditure in agriculture other than land and livestock. Among the cultivators, 14 per cent of the families reported this expenditure which averaged Rs 26 per family and Rs 183 per reporting family. The expenditure on this item among the four groups of cultivators is as shown below.

TABLE 7.14—EXPENDITURE ON CONSTRUCTION OF FARM HOUSES, CATTLE SHEDS, ETC.

[General Schedule data]

Group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)	Expenditure per acre of cultivated holding (Rs)
	1	2	3	4
Big cultivators..................	*26·5*	51	191	2·1
Large cultivators................	*24·6*	41	166	2·2
Medium cultivators..............	*11·0*	28	259	3·2
Small cultivators................	*6·1*	5	83	1·1
All cultivators..................	*14·0*	26	183	2·4

It is observed that the expenditure per reporting family was fairly high in all the four groups. The proportion of families reporting this expenditure showed a steady decline among the smaller cultivators. Average expenditure per reporting family and per acre of cultivated holding did not show any consistent relationship with the size of holding. Sheds or shelter for cattle and other livestock are not always sharply separated from residential dwellings in the Indian country-side. They are mostly adjacent or attached to the dwellings themselves and this is also mostly the case with arrangements for the storage or stocks of produce or the keeping of tools, implements, etc. Except in places where there is a marked distinction between houses on village sites and buildings or other construction on farms, fields, orchards, etc., it would be difficult to separate the items of construction and repair of farm houses from expenditure on residential buildings and other constructions. However, the data relating to expenditure on construction of farm houses, cattle sheds, etc., viewed in the context of the expenditure on purchase of livestock and ownership of plough cattle in the district show that a good part of it must have been spent for providing shelter to cattle.

As for source of finance, past savings contributed as much as 47 per cent of the total expenditure of rural families according to the General Schedule data and 64 per cent according to the intensive enquiry data. Current income supplied 31 per cent of the total according to the former and 19 per cent according to the latter. The rest of the finance was supplied by borrowings.

As between the two strata of cultivators, it is noteworthy that the lower strata met the whole of this expenditure from past savings. In the case of the upper strata cultivators 63 per cent of the expenditure was met from past savings, while current income and past savings supplied 20 per cent and borrowings 17 per cent of the total.

7.5.4 Bunding and other land improvements

Bunding may be either for preventing soil erosion in which case it is fairly expensive or it may be merely to demarcate one field from another. In Jullundur district, only 0·7 per cent of the cultivating families reported expenditure on this item, which averaged Rs 2 per family and Rs 259 per reporting family.

This expenditure was reported by 1·2 per cent of the big cultivators, 1·4 per cent of the large cultivators and 0·5 per cent of the medium cultivators ; the average expenditure being Rs 1,117, Rs 360 and Rs 8 per reporting family, respectively. None from the small cultivators group reported expenditure on this item. About 92 per cent of the finance in this case was obtained through borrowings and the remaining 8 per cent from current income.

7.5.5 Laying of new orchards and plantations

Only 0·5 per cent of cultivators reported this expenditure which averaged Rs 2 per family and Rs 476 per reporting family. As among the different groups of cultivators, 1·2 per cent of the big cultivators, 0·9 per cent of the large cultivators and 0·5 per cent of the medium cultivators reported this expenditure which averaged Rs 133, Rs 69 and Rs 1,208 per reporting family, respectively. None of the small cultivators reported expenditure on this item. Over 92 per cent of this expenditure was financed by past savings and the rest by borrowings.

7.5.6 Development of other irrigation resources

This item of expenditure includes repairs to minor irrigation works such as small tanks, bunds across small rivers or channels, water-lifts on streams, etc. Only 1·2 per cent of the big cultivators reported expenditure on this item which averaged Rs 45 per family and Rs 3,910 per reporting family. Medium and small cultivators did not incur any expenditure on this item. Nearly the whole of the expenditure on this item was financed through borrowings.

7.5.7 Other miscellaneous capital expenditure

Expenditure on 'miscellaneous' items of capital expenditure, however, was reported by 2·3 per cent of cultivating families and it averaged Rs 5 per family and Rs 196 per reporting family. About 88 per cent of this expenditure was accounted for by big cultivators. Nearly 90 per cent of this expenditure was met from borrowings and the rest mostly from current income.

As against the above account of capital investment expenditure, we may see briefly the extent of disinvestment through sale of assets, before proceeding to assess the net investment position of the cultivators. The table below shows average receipts from sale of assets per family in each group.

TABLE 7.15—RECEIPTS FROM SALE OF VARIOUS ASSETS

[General Schedule data. Amount in rupees per family]

	Total	Sale of land	Sale of livestock	Sale of implements and machinery	Sale of houses and buildings	Sale of bullion and ornaments	Sale of financial and other assets
	1	2	3	4	5	6	7
Big cultivators..........	**71**	14	57	–	–	–	–
Large cultivators........	**49**	5	40	–	–	4	–
Medium cultivators......	**39**	6	32	1	–	–	–
Small cultivators........	**18**	6	11	–	–	2	–
All cultivators..........	**36**	6	28	–	–	2	–
Non-cultivators..........	**26**	6	8	–	–	12	–
All families...........	**28**	**6**	**12**	–	–	**10**	–

It is seen from the above figures that receipts from sale of assets averaged Rs 36 per cultivating family and Rs 26 per non-cultivating family. In all the four groups, these receipts showed a steady decline from Rs 71 in the case of big cultivators to Rs 18 in the case of small cultivators. Over 80 per cent of these receipts in the case of the first three groups of cultivators' were from sale of livestock only, the proportion in the case of small cultivators' receipts being about 60 per cent. The rest was largely from sale of land except for about 8 per cent of the receipts from sale of bullion and ornaments in the case of large cultivators and about 11 per cent in the case of small cultivators. Receipts from sale of bullion and ornaments, however, formed about 45 per cent of the total receipts from sale of assets by non-cultivators.

7.6 INVESTMENT AND DISINVESTMENT

Generally an increase in debt or borrowings and low repayment of debt are taken to indicate a deficit in the economy of a family. But where borrowings are resorted to by a family for capital expenditure, the increase in debt may not necessarily indicate any deterioration in the economic condition of that family. Similarly, repayments may appear low in relation to total outstandings during a particular period but that may be due to borrowings taken for the purpose of long-term investment for development purposes. A decrease or increase in debt, therefore, cannot by itself indicate changes in the economic condition of a family. A really conclusive indicator in this regard is the change in the net assets position of the family during the period of enquiry. Detailed data required for this purpose, however, could not be collected in the Survey. For instance, no information was obtained from the rural families about inventories in kind, cash balances, purchase of bullion and ornaments or loans advanced by them to others. Besides, it was not possible to enumerate all transactions of the cultivators to arrive at their net assets position. The farm business and domestic economy of the cultivator are so much mixed that it may not be possible to assess his deficit or surplus position without going into details about his family living. This, however, could not be done owing to the limited objectives of the Survey. The alternative method followed by us was that of calculating deficits through data regarding capital expenditure and investment, sale of assets and borrowings and repayments. The underestimation or under-reporting of gross produce or stocks, and of prices does not affect the total position as envisaged by us. The position is judged by us in terms only of definite changes in the extent of physical assets or financial assets owned and no surplus or deficit is recognised, unless it exhibits itself through a net change recorded during the year in the ownership either of types of capital assets or of financial obligations.

It may be noted that in this calculation, attention is confined to the record of transactions on what may be called the capital account. It is assumed by us that if we collect information regarding the acquisition of assets and reduction of debts on the one side and the contraction of debts and sale of assets on the other, the net change adequately summarizes the total result of economic activity during the year.

In this approach, investment was taken to comprise capital expenditure in agriculture, non-farm business expenditure, financial investment expenditure and repayments during the year, while borrowings and sale of assets were taken to constitute disinvestment.

7.6.1 Investment and disinvestment by the different groups of cultivators

From Table 7.16, it would appear that there was net disinvestment of Rs 62 per non-cultivating family whereas cultivators reported net investment of Rs 80 per family. Among the four groups of cultivators, the highest average net investment was reported by the large cultivators. It may be observed that average investment per family showed a steady decrease in the lower cultivating groups but the relatively favourable position of the big cultivators in this regard was upset by their comparatively higher borrowings, so much so that the net investment per family of big cultivators was less than that of the medium cultivators. The small cultivators showed a net disinvestment averaging Rs 16 per family.

If expenditure on construction and repairs of residential houses and other buildings is taken into account, the net position shows considerable improvement and the small cultivators show net investment instead of net disinvestment. The relative order of importance of the four groups of cultivators, however, remains the same as in the earlier case. Capital expenditure in agriculture formed over 85 per cent of the investment, while borrowings accounted for more than 84 per cent of the disinvestment by the four groups of cultivators.

TABLE 7.16—INVESTMENT AND DISINVESTMENT

[General Schedule data. Amount in rupees per family]

Group	INVESTMENT					DISINVESTMENT			Net investment (+) or disinvestment (−)	Construction and repairs of residential houses and other buildings	Balance after taking credit for expenditure on construction and repairs of residential houses and other buildings
	Capital expenditure in agriculture	Non-farm business expenditure	Financial investment expenditure	Repayments	Total	Borrowings	Sale of assets	Total			
	1	2	3	4	5	6	7	8	9	10	11
Big cultivators	558	4	52	24	**638**	485	71	**556**	82	37	119
Large cultivators	454	1	22	19	**496**	301	49	**350**	146	70	216
Medium cultivators	322	3	1	17	**343**	209	39	**248**	95	39	134
Small cultivators	223	16	1	22	**262**	260	18	**278**	−16	90	74
All cultivators	337	6	8	19	**370**	254	36	**290**	80	64	144
Non-cultivators	7	35	3	23	**67**	103	26	**129**	−62	40	−22
All families	**76**	**29**	**4**	**22**	**131**	**135**	**28**	**163**	**−32**	**45**	**13**

7.6.2 Investment and disinvestment in the villages

For the rural families as a whole, four villages showed net investment, viz., Aur, Rahimpur, Sidhwan and Surja, while the remaining four, namely, Dhilwan, Jaja Kalan, Sandhanwal and Chogitti, showed net disinvestment. As in the case of the different classes of rural families, the capital expenditure on the investment side and borrowings on the disinvestment side determined the net position of the villages. If, however, we take into account the expenditure on construction and repairs, we find that only two villages, namely Dhilwan and Chogitti showed net disinvestment position for the rural families. Table 7.17 on page 79 shows the net investment and disinvestment position of cultivating and non-cultivating families in each of the selected villages.

Non-cultivating families showed net disinvestment position in all the villages except Aur. This was largely due to low capital expenditure by this class. The investment position showed a growing gap between cultivators and non-cultivators in all the villages. The relative net position of non-cultivating families, however, would appear more favourable if account is taken of expenditure on construction and repairs of residential houses and other buildings, particularly in the case of Aur, Sandhanwal and Sidhwan. As for cultivating families, if expenditure on construction and repairs of buildings is reckoned, all villages except Dhilwan show net investment.

TABLE 7.17—INVESTMENT AND DISINVESTMENT OF CULTIVATORS AND NON-CULTIVATORS

[General Schedule data. In rupees per family]

Village	INVESTMENT					DISINVESTMENT			Net investment (+) or disinvestment (−)	Expenditure on construction and repairs of residential houses and other buildings
	Capital expenditure in agriculture	Non-farm business expenditure	Financial investment expenditure	Repayments	**Total**	Borrowings	Sale of assets	**Total**		
	1	2	3	4	5	6	7	8	9	10
Cultivators										
Aur	346	70	1	19	**436**	396	20	**416**	+ 20	34
Dhilwan	849	19	2	54	**924**	975	57	**1,031**	−107	26
Jaja Kalan	348	–	4	30	**382**	460	29	**488**	−106	224
Rahimpur	379	–	35	21	**435**	115	75	**190**	+245	52
Sandhanwal	180	–	2	10	**192**	225	6	**232**	− 40	78
Sidhwan	266	–	3	17	**286**	138	61	**199**	+ 87	36
Surja	598	–	–	5	**603**	176	–	**176**	+427	23
Chogitti	187	3	–	17	**207**	169	29	**198**	+ 9	11
Non-cultivators										
Aur	10	241	7	27	**285**	130	59	**189**	+ 96	79
Dhilwan	9	32	9	12	**61**	123	23	**146**	− 85	27
Jaja Kalan	11	4	5	104	**124**	226	56	**281**	−157	71
Rahimpur	85	19	2	28	**134**	162	98	**260**	−126	38
Sandhanwal	4	13	–	1	**18**	144	–	**144**	−126	151
Sidhwan	20	47	21	29	**118**	106	43	**149**	− 31	93
Surja	5	–	–	9	**13**	71	14	**85**	− 72	4
Chogitti	–	19	–	20	**39**	84	18	**102**	− 63	23

It may be noted that Dhilwan which showed the maximum capital expenditure in agriculture averaging Rs 849 per cultivating family also showed the highest net disinvestment per family. This was due to the heavy borrowings as also to small size of repayment of debt by cultivators.

Finally, figures of borrowings by cultivators for farm and non-farm business show broadly some relationship between borrowings for productive purposes and net investment and disinvestment position. The data in this regard are given in Table 7.18.

TABLE 7.18—NET INVESTMENT AND DISINVESTMENT VIS-A-VIS BORROWINGS FOR FARM AND NON-FARM BUSINESS PURPOSES

[General Schedule data]

Village	ALL CULTIVATORS		
	Net investment (+) or disinvestment (—)* (Rs)	Borrowings for farm and non-farm business purposes (Rs)	Borrowings for farm and non-farm business purposes as percentage of total borrowings (Per cent)
Aur	54	246	*62·1*
Dhilwan	— 81	715	*73·3*
Jaja Kalan	118	190	*41·3*
Rahimpur	297	79	*68·7*
Sandhanwal	38	101	*44·9*
Sidhwan	123	64	*46·4*
Surja	450	103	*58·5*
Chogitti	20	108	*63·9*

* Arrived at after taking credit balance of expenditure on construction and repairs of residential houses and other buildings.

It is observed that a good part of the borrowings of cultivators, ranging between 41·3 per cent in Jaja Kalan and 73·3 per cent in Dhilwan were for farm or non-farm business. In Dhilwan, which was the only village showing net disinvestment, these borrowings for productive purposes far exceeded the average net disinvestment per family.

CHAPTER 8

CURRENT FARM EXPENDITURE

In this chapter, we discuss the current farm expenditure of cultivators during the Survey year. The data were collected in the intensive enquiry for the two six-month periods, namely, April to September 1951 and October 1951 to March 1952, but the figures have been given for the whole year, by combining the data for the two periods, wherever necessary.

The 'total farm expenses' included (*i*) value of seed and manure, both owned and purchased, (*ii*) cash wages paid and value of payments made in kind to casual, annual and permanent farm servants, village artisans and others and (*iii*) value of fodder and other cattle feed purchased, rent paid for pastures and other type of current farm expenditure which are enumerated in Tables 8.1 and 8.3.. It was, however, not possible to evaluate family labour employed in terms of wages for including its value in farm costs. Similarly, no charges for services of owned plough cattle were reckoned nor was any allowance made on that account.

The cost of owned fodder consumed on farm was also not taken into account. Though these items do enter into farm costs, they did not fall under the purview of our broad study of farm expenditure in relation to credit requirements of cultivators.

Table 8.1 on page 82 gives details regarding total farm expenditure, both in cash and kind, as reported in the intensive enquiry. According to these figures, the farm expenditure averaged Rs 967·1 per cultivating family, out of which Rs 490·3 or 50·7 per cent was in cash. The cash expenditure comprised Rs 211·9 or 21·9 per cent of the total farm expenditure on fodder, Rs 92·3 or 9·5 per cent on seed, Rs 23·4 or 2·4 per cent on manure, Rs 21·9 or 2·3 per cent on wages ; Rs 140·8 or 14·6 per cent of the total cash farm expenditure was accounted for by miscellaneous items of cash expenditure. In respect of kind expenditure, disposals in kind immediately after the harvest (i.e., rent share to landlords or co-sharers, wages paid to labourers at harvest time, etc.) amounted to Rs 363·1 or 37·5 per cent of the total farm expenditure ; seed and manure accounted for a little less than 6 per cent each.

It is thus seen that purchase of fodder was an important item of cash farm expenditure in the district ; this again brings out the importance of livestock breeding and carting in this district, as subsidiary occupations. In the kind expenditure, rent formed a fairly large part, which indicates a widespread practice of payment of rent in kind and also prevalence of tenancy on a fairly large scale.

TABLE 8.1—CURRENT FARM EXPENDITURE

[Intensive enquiry data]

Item	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Average expenditure per family (Rs)	Proportion to total current farm expenditure (Per cent)	Average expenditure per family (Rs)	Proportion to total current farm expenditure (Per cent)	Average expenditure per family (Rs)	Proportion to total current farm expenditure (Per cent)
	1	2	3	4	5	6
I. Cash expenditure on						
(1) Seed...............	154·4	*12·5*	30·2	*4·3*	92·3	*9·5*
(2) Manure............	38·6	*3·1*	8·2	*1·2*	23·4	*2·4*
(3) Fodder.............	125·0	*10·1*	298·8	*42·6*	211·9	*21·9*
(4) Wages (Cash).......	42·4	*3·4*	1·5	*0·2*	21·9	*2·3*
(5) Other cash expenditure.............	236·5	*19·1*	45·1	*6·4*	140·8	*14·6*
Total current farm expenditure in cash	**597·0**	***48·4***	**383·7**	***54·7***	**490·3**	***50·7***
II. Kind expenditure on						
(1) Seed...............	79·6	*6·5*	32·9	*4·7*	56·2	*5·8*
(2) Manure............	71·0	*5·8*	34·6	*4·9*	52·8	*5·5*
(3) Wages in kind other than at harvest....	7·9	*0·6*	1·6	*0·3*	4·7	*0·5*
(4) Disposals in kind immediately after harvest...........	477·7	*38·7*	248·6	*35·4*	363·1	*37·5*
Total current farm expenditure in kind	**636·0**	***51·6***	**317·7**	***45·3***	**476·8**	***49·3***
Total......................	**1,233·0**	***100·0***	**701·3**	***100·0***	**967·1**	***100·0***

As between the two strata of cultivators, current farm expenditure of the upper strata averaged Rs 1,233·0 and that of the lower strata Rs 701·3 per family. It is remarkable that the cash expenditure on fodder averaged Rs 298·8 per family for the lower strata cultivators, while it was only Rs 125·0 per family for the upper strata cultivators. This indicates that the smaller cultivators could not meet their requirements of fodder from their own farm to the same extent as the bigger cultivators. It may also be noted that current cash farm expenditure was only a little more than 48 per cent of the total in the case of the upper strata cultivators, while it formed nearly 55 per cent in the case of the lower strata cultivators. Obviously, this is because the smaller cultivators could spare proportionately less of their farm produce for seed or for payment of rent, wages, etc., than the larger cultivators, owing to more pressing consumption demands in their case. Finally, cash wages averaged Rs 42·4 in the case of the upper strata cultivators as against Rs 1·5 in the case of the lower strata cultivators; wages in kind, however, showed no such marked difference. The small cash expenditure on wages by the smaller cultivators is to some extent due to their dependence, mostly on family labour.

Disposals in kind by the lower strata cultivators were significantly smaller than those of the upper strata cultivators but, as percentage of the total current farm expenditure, they did not show any marked difference between the two strata. The details regarding these are shown in the table below.

TABLE 8.2—DISPOSALS IN KIND

[Intensive enquiry data]

Item	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Average per family (Rs)	Proportion to the total disposals in kind at harvest (Per cent)	Average per family (Rs)	Proportion to the total disposals in kind at harvest (Per cent)	Average per family (Rs)	Proportion to the total disposals in kind at harvest (Per cent)
	1	2	3	4	5	6
Rent share to landlord or co-sharer	381·0	*79·8*	208·4	*83·8*	294·7	*81·2*
Wages to labour for harvesting, etc.	28·2	*5·9*	12·0	*4·8*	20·1	*5·5*
Remuneration to artisans and services	41·6	*8·7*	18·6	*7·5*	30·1	*8·3*
Other payments at harvest time	26·9	*5·6*	9·7	*3·9*	18·3	*5·0*
Total	**477·7**	***100·0***	**248·6**	***100·0***	**363·1**	***100·0***

Disposals in kind by the upper strata cultivators averaged Rs 477·7 as against Rs 248·6 per family by the lower strata cultivators. About 80 per cent of these disposals in the case of both the strata of cultivators were by way of rent share to landlord or co-sharer. This indicates that, as observed earlier, there was considerable extent of tenancy in this district at the time of the Survey. Remuneration to artisans and services accounted for 8 to 9 per cent of the total disposals in kind for both the strata of cultivators. Wages to labour for harvesting were 5 to 6 per cent of the total disposal.

It is observed that 'other current cash farm expenditure' as also disposals in kind formed a considerable part of current farm expenditure. Table 8.3 on page 84 gives the details of the other current cash farm expenditure.

Cash rent paid to the landlords was the major item, accounting for 38·1 per cent and 69·0 per cent of the total 'other current cash farm expenditure' of the upper and the lower strata cultivators, respectively. Next in importance for the upper strata cultivators was cash contribution to tenants, co-sharers and partners which accounted for 22·6 per cent of this expenditure. This again, shows the widespread practice of taking lands on lease by the upper strata cultivators in this district. Land revenue and other agricultural charges formed a little more than 16 per cent of this total expenditure for the two strata of cultivators. Salaries of annual farm servants were more important in the expenditure reported by upper strata cultivators.

TABLE 8.3—OTHER CURRENT CASH FARM EXPENDITURE

[Intensive enquiry data]

Item	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount in rupees per family	Percentage to total	Amount in rupees per family	Percentage to total	Amount in rupees per family	Percentage to total
	1	2	3	4	5	6
1. Cash contribution to tenants, co-sharers and partners.........	53·1	*22·6*	–	–	26·5	*18·9*
2. Purchase of materials for farming..........	–	–	0·1	*0·2*	0·1	*0·1*
3. Maintenance and repairs of implements and machinery...........	4·4	*1·9*	2·4	*5·3*	3·4	*2·4*
4. Hire of implements and bullocks.............	0·4	*0·2*	0·1	*0·2*	0·3	*0·2*
5. Transport charges and marketing............	4·0	*1·7*	0·1	*0·2*	2·0	*1·4*
6. Sale commissions.......	5·6	*2·4*	0·7	*1·6*	3·1	*2·2*
7. Storage and other marketing costs.......	1·7	*0·7*	–	–	0·8	*0·6*
8. Salaries paid to annual or permanent farm servants.............	35·0	*14·9*	1·7	*3·8*	18·3	*13·1*
9. Cash rent paid to landlords................	89·6	*38·1*	31·0	*69·0*	60·3	*43·1*
10. Land revenue and other agricultural charges...	38·9	*16·6*	7·3	*16·3*	23·1	*16·5*
11. Interest paid on loans....	0·4	*0·2*	1·1	*2·4*	0·8	*0·6*
12. Other cash farm expenses..............	1·9	*0·8*	0·4	*0·9*	1·2	*0·9*
Total*....................	**235·0**	***100·0***	**44·9**	***100·0***	**139·9**	***100·0***

* Excluding cash expenditure on purchase of grains for payment of wages.

8.1 CURRENT CASH FARM EXPENDITURE ACCORDING TO GROSS PRODUCE GROUPS

Table 8.4 shows farm expenditure according to ten gross produce groups. It is noteworthy that the cash farm expenditure in the case of the first and third groups exceeded the value of gross produce. This is due to the very large cash expenditure on fodder reported by these groups which averaged Rs 459·2 and Rs 581·5 per family, respectively, whereas for the remaining groups it varied from Rs 82·1 to Rs 369·6; in fact the cash expenditure on fodder alone exceeded the value of gross produce in the case of cultivators with gross produce less than Rs 200. The expenditure on fodder shows the relative importance of animal husbandry among the first four gross produce groups.

The proportion of cash farm expenditure to total farm expenditure did not show any consistent relationship with the value of gross produce. It ranged between 55·9 per cent and 89·8 per cent in the case of the first three gross produce groups, between 26·2 per cent and 58·9 per cent in the case of next four gross produce groups and between 27·3 per cent and 54·6 per cent in the case of the last three gross produce

TABLE 8.4—CURRENT FARM EXPENDITURE ACCORDING TO VALUE OF GROSS PRODUCE

[Intensive enquiry data]

Gross produce	Proportion of families	CURRENT FARM EXPENDITURE			
		SEEDS		MANURE	
		Cash expenditure	Proportion of cash expenditure to total expenditure	Cash expenditure	Proportion of cash expenditure to total expenditure
	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5
Less than Rs 200	*5·2*	12·9	*100·0*	–	–
Rs 200 – Rs 400	*11·1*	19·8	*57·2*	6·6	*22·8*
Rs 400 – Rs 600	*10·2*	37·4	*78·1*	3·3	*13·4*
Rs 600 – Rs 800	*10·5*	49·3	*77·2*	2·1	*3·8*
Rs 800 – Rs 1,000	*4·3*	42·1	*54·5*	4·4	*9·6*
Rs 1,000 – Rs 2,000	*27·8*	62·8	*42·6*	23·8	*36·8*
Rs 2,000 – Rs 3,000	*21·4*	171·2	*70·7*	60·0	*37·6*
Rs 3,000 – Rs 4,000	*7·8*	269·1	*71·1*	15·2	*16·5*
Rs 4,000 – Rs 5,000	*0·3*	282·4	*77·4*	102·9	*56·4*
Rs 5,000 and above	*1·4*	198·5	*47·1*	66·4	*39·2*

Gross produce	CURRENT FARM EXPENDITURE						
	WAGES					TOTAL FARM EXPENDITURE	
	Cash expenditure	Proportion of cash expenditure to total expenditure	Cash expenditure on fodder	Other cash expenditure	Total disposals in kind at harvest time	Cash expenditure	Proportion of cash expenditure to total expenditure
	(Rs)	(Per cent)	(Rs)	(Rs)	(Rs)	(Rs)	(Per cent)
	6	7	8	9	10	11	12
Less than Rs 200	–	–	459·2	40·0	47·9	512·1	*89·8*
Rs 200 – Rs 400	2·8	*100·0*	221·0	5·3	164·5	255·5	*55·9*
Rs 400 – Rs 600	1·7	*70·8*	581·5	111·5	150·2	735·4	*80·1*
Rs 600 – Rs 800	10·3	*83·7*	369·6	53·7	269·9	485·0	*58·9*
Rs 800 – Rs 1,000	–	–	82·1	20·7	344·7	149·3	*26·2*
Rs 1,000 – Rs 2,000	15·7	*78·1*	85·8	144·9	309·9	333·0	*43·1*
Rs 2,000 – Rs 3,000	73·3	*83·8*	111·6	311·6	420·2	727·7	*54·6*
Rs 3,000 – Rs 4,000	2·6	*30·6*	114·6	92·6	1126·7	494·1	*27·3*
Rs 4,000 – Rs 5,000	38·2	*50·0*	202·9	214·7	885·3	841·1	*43·7*
Rs 5,000 and above	–	–	332·1	326·3	1267·9	923·3	*36·2*

groups. The same is true of cash expenditure in respect of other items, namely, seed, manure and wages.

8.2 CURRENT FARM EXPENSES ON MAJOR CROPS

Table 8.5 gives details about current farm expenditure incurred by cultivators on the major crops of the district.

TABLE 8.5—CURRENT FARM EXPENDITURE (MAJOR CROPS)

[Intensive enquiry data. Amount in rupees per family]

Major crop	Proportion of families (Per cent)	SEED			MANURE		
		Cash expenditure	Total expenditure	Proportion of cash expenditure to total expenditure (Per cent)	Cash expenditure	Total expenditure	Proportion of cash expenditure to total expenditure (Per cent)
	1	2	3	4	5	6	7
Wheat	*46·6*	55·6	145·8	*38·1*	24·3	79·3	*30·6*
Gram	*0·7*	57·1	101·4	*56·3*		77·1	–
Sugar-cane	*1·4*	98·6	98·6	*100·0*	13·6	55·0	*24·7*
Cotton or jute	*0·7*	52·9	101·4	*52·2*	10·0	44·3	*22·6*
Other crops	*50·6*	126·9	153·7	*82·6*	23·3	74·1	*31·4*

Major crop	WAGES			Cash expenditure on fodder	Other cash expenditure	Total disposals in kind	TOTAL FARM EXPENDITURE		
	Cash expenditure	Total expenditure*	Proportion of cash expenditure to total expenditure (Per cent)				Total cash expenditure	Total farm expenditure	Proportion of cash expenditure to total (Per cent)
	8	9	10	11	12	13	14	15	16
Wheat	4·3	12·3	*35·0*	94·7	110·4	448·0	289·3	890·5	*32·5*
Gram	–	–	–	235·7	34·3	68·6	327·1	517·1	*63·3*
Sugar-cane	–	–	–	35·0	49·3	547·9	196·5	785·8	*25·0*
Cotton or jute	–	–	–	195·7	108·6	61·4	367·2	511·4	*71·8*
Other crops	39·3	43·0	*91·4*	324·7	171·6	287·6	685·8	1054·7	*65·0*

* Excluding wages in kind at harvest time which are included under item 13.

Barring the residual group of 'other crops', the farm expenditure was highest in respect of wheat followed by sugar-cane, the average expenditure per family being Rs 890·5 and Rs 785·8, respectively, for these two crops. Gram and cotton showed nearly the same average expenditure per family. The proportion of cash farm expenditure to total farm expenditure was 71·8 per cent in the case of cotton and 63·3 per cent in the case of gram. Cash farm expenditures on wheat and sugar-cane were 32·5 per cent and 25·0 per cent, respectively, of the total expenditure.

Taking the items of farm expenditure for these four crops individually, the highest cash expenditure on seed was reported by growers of sugar-cane and that on manure by growers of wheat. Expenditure on wages was reported only by wheat growers. Average cash expenditure on fodder was highest in the case of growers of gram. It was also fairly high in the case of cotton growers. It averaged lowest in the case of sugar-cane cultivators.

Cultivators of 'other crops' form an important group because, as seen earlier, they include cultivators of 'fodder crops' which is a major crop of this district. In this case, the total farm expenditure averaged Rs 1,054·7 per family or higher than that in respect of any other crop. Cash expenditure formed 65 per cent of the total expenditure ; about 47 per cent of the cash expenditure was on fodder ; obviously, the latter is in respect of growers of crops other than fodder. A large part of the expenditure on seed by these cultivators was reported to be in cash.

8.3 CURRENT FARM EXPENDITURE AND VALUE OF CASH CROPS

With a view to assessing the extent of commercialization of farm business, the selected families were classified into ten groups according to the proportion of the value of cash crops produced by them to the value of their gross produce. For this purpose, cash crops were taken to comprise all crops other than cereals and pulses. There was not a single family which did not report cultivation of cash crops. As a matter of fact, no family reported less than 20 per cent as its value of cash crops to total gross produce. As may be seen from Table 8.6, nearly 84 per cent of the cultivating families reported that the value of cash crops grown by them was more than 40 per cent of the total value of their gross produce. 53·6 per cent of the cultivating families reported value of cash crops as a proportion of value of total gross produce to be over 60 per cent. In the case of 24 per cent of the families the proportion of value of cash crops was more than 80 per cent.

The average cash expenditure as also the proportion of cash expenditure to total farm expenditure tended to be higher in the category of cultivators growing larger proportion of cash crops in value.

8.4 SOURCE OF FINANCE FOR CASH FARM EXPENDITURE

Table 8.7 on page 89, shows the sources of finance for farm expenditure and their relative importance. It may be noted that owned funds contributed nearly 90 per cent of the cash farm expenditure of the upper strata cultivators and about 95 per cent of that of the lower strata cultivators. The larger part of these owned funds, however, came from current income in the case of both the strata of cultivators. It formed 57·3 per cent of the total cash farm expenditure of the upper strata cultivators, while the proportion was as high as 87·5 in the case of the lower strata cultivators. This is due to the fact that the lower strata cultivators had subsidiary incomes from non-agricultural pursuits to draw upon for this purpose. Past savings formed only 6·8 per cent of the total cash farm expenditure in their case as against 32·0 per cent in the case of the upper strata cultivators. Borrowings contributed 9·9 per cent and 5·4 per cent of the total cash farm expenditure of the upper and the lower strata cultivators, respectively. Sale of assets was resorted to by both the strata of cultivators but its contribution to current cash farm expenditure was negligible.

TABLE 8.6—CURRENT FARM EXPENDITURE ACCORDING TO VALUE OF CASH CROPS

[Intensive enquiry data. Amount in rupees per family]

Proportion of value of gross produce of cash crops to value of total gross produce	Proportion of families (Per cent)	CURRENT FARM EXPENDITURE: SEED: Cash expenditure	SEED: Proportion of cash to total expenditure (Per cent)	MANURE: Cash expenditure	MANURE: Proportion of cash to total expenditure (Per cent)
	1	2	3	4	5
Nil					
Less than 10 per cent........					
10 – 20 „ „					
20 – 30 „ „	*3·4*	22·6	*20·2*	10·3	*15·5*
30 – 40 „ „	*12·7*	40·3	*30·2*	24·3	*27·2*
40 – 50 „ „	*18·4*	45·8	*34·4*	18·8	*25·4*
50 – 60 „ „	*11·9*	102·1	*62·1*	37·9	*34·2*
60 – 70 „ „	*14·2*	64·6	*61·0*	19·1	*37·8*
70 – 80 „ „	*15·4*	259·5	*88·3*	40·7	*41·4*
80 – 90 „ „	*16·3*	52·6	*62·2*	3·3	*8·7*
90 per cent and above........	*7·7*	105·2	*83·7*	31·7	*33·9*

Proportion of value of gross produce of cash crops to value of total gross produce	CURRENT FARM EXPENDITURE: WAGES: Cash expenditure	WAGES: Proportion of cash to total expenditure (Per cent)	Cash expenditure on fodder	Other cash expenditure	Total disposals in kind at harvest time	TOTAL FARM EXPENDITURE: Cash expenditure	TOTAL FARM EXPENDITURE: Proportion of cash to total expenditure (Per cent)
	6	7	8	9	10	11	12
Nil							
Less than 10 per cent.......							
10 – 20 „ „							
20 – 30 „ „	1·2	*5·5*	125·0	133·2	387·6	292·3	*34·6*
30 – 40 „ „	0·8	*9·2*	84·0	82·0	532·9	231·4	*24·9*
40 – 50 „ „	1·6	*19·8*	67·0	73·4	488·7	206·6	*24·5*
50 – 60 „ „	10·3	*33·1*	85·7	140·2	276·0	376·2	*46·6*
60 – 70 „ „	7·6	*91·6*	272·2	130·3	234·0	493·8	*61·6*
70 – 80 „ „	76·8	*99·4*	228·4	157·2	478·9	762·6	*57·2*
80 - 90 „ „	23·1	*98·7*	564·8	159·3	178·3	803·1	*76·6*
90 per cent and above......	46·9	*100·0*	111·3	338·4	301·4	633·5	*62·3*

As between the different items of farm expenditure, other than the residual group of 'other cash expenditure', both the strata of cultivators reported the largest expenditure on purchase of fodder financed by current income ; next in this order came purchase of seed, followed by purchase of manure and finally cash wages. The relatively large expenditure on fodder shows the extent of animal husbandry practiced in this district, while the small importance of cash wages bears out an

TABLE 8.7—SOURCE OF FINANCE FOR CURRENT CASH FARM EXPENDITURE

[Intensive enquiry data. Amount in rupees per family]

Item	CURRENT INCOME		PAST SAVINGS		SALE OF ASSETS	
	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata
	1	2	3	4	5	6
Purchase of seed............	58·2	19·6	64·2	4·4	–	–
	(37·7)	*(64·7)*	*(41·6)*	*(14·5)*	–	–
Purchase of manure..........	12·6	6·0	21·7	1·6	0·3	-
	(32·6)	*(74·0)*	*(56·2)*	*(19·8)*	*(0·8)*	-
Purchase of fodder...........	66·9	270·8	41·5	15·1	0·8	-
	(53·5)	*(90·6)*	*(33·2)*	*(5·1)*	*(0·6)*	–
Cash wages.................	8·5	1·4	33·8	0·1	–	–
	(20·1)	*(93·3)*	*(79·9)*	*(6·7)*	–	-
Other cash expenditure*. ...	195·8	38·0	29·6	5·1	2·2	1·1
	(82·8)	*(84·3)*	*(12·5)*	*(11·3)*	*(0·9)*	*(2·4)*
Total......................	**342·0**	**335·8**	**190·8**	**26·2**	**3·4**	**1·1**
	(57·3)	***(87·5)***	***(32·0)***	***(6·8)***	***(0·6)***	***(0·3)***

Item	BORROWINGS		OTHER SOURCES		**Total**	
	Upper strata	Lower strata	Upper strata	Lower strata	**Upper strata**	**Lower strata**
	7	8	9	10	11	12
Purchase of seed............	31·8	6·3	0·2	-	**154·4**	**30·2**
	(20·6)	*(20·8)*	*(0·1)*	-	***(100·0)***	***(100·0)***
Purchase of manure..........	4·0	0·5	–	-	**38·6**	**8·2**
	(10·4)	*(6·2)*	–	-	***(100·0)***	***(100·0)***
Purchase of fodder...........	15·9	12·9	-	-	**125·0**	**298·8**
	(12·7)	*(4·3)*	–	-	***(100·0)***	***(100·0)***
Cash wages.................	–	–	–	-	**42·4**	**1·5**
	–	–	–	-	***(100·0)***	***(100·0)***
Other cash expenditure*.....	7·4	0·9	1·6	-	**236·5**	**45·1**
	(3·1)	*(2·0)*	*(0·7)*	-	***(100·0)***	***(100·0)***
Total......................	**59·1**	**20·6**	**1·8**	-	**597·0**	**383·7**
	(9·9)	***(5·4)***	***(0·3)***	-	***(100·0)***	***(100·0)***

(Figures in brackets give proportion of expenditure financed by each source to total.)

* Including cash expenditure on purchase of grain for payment of wages.

earlier observation on the popular practice of payment of wages in kind and dependence on family labour by the cultivators. Expenditure met from past savings showed that the upper strata cultivators spent the larger part of it on purchase of seed; next in order of importance was purchase of fodder. The lower strata cultivators, on the other hand, spent the larger part of their past savings on purchase of fodder, while purchase of seed came next in importance in their case.

Purchase of seed financed by borrowings accounted for about 54 per cent of the farm expenditure financed by borrowings by the upper strata cultivators. In the case of the lower strata cultivators, the cash expenditure on fodder financed through borrowings formed over 60 per cent of the total expenditure financed through borrowings by this group.

8.5 CASH RECEIPTS

We may now discuss the sources of cash receipts of the two strata of cultivators.

TABLE 8.8—CASH RECEIPTS FROM DIFFERENT SOURCES

[Intensive enquiry data]

Cash receipts from	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount in rupees per family	Proportion to total receipts (Per cent)	Amount in rupees per family	Proportion to total receipts (Per cent)	Amount in rupees per family	Proportion to total receipts (Per cent)
	1	2	3	4	5	6
Sale of crops and fodder......	484·0	*54·0*	129·2	*14·5*	306·6	*34·3*
Sale of milk and milk products.	62·5	*7·0*	38·2	*4·3*	50·3	*5·6*
Sale of poultry and poultry products..................	7·9	*0·9*	–	–	3·9	*0·5*
Sale of seed and plants........	2·1	*0·2*	–	–	1·1	*0·1*
Sale of manure..............	–	–	–	–	–	–
Cash wages.................	124·6	*13·9*	62·9	*7·0*	93·7	*10·5*
Remittances................	20·3	*2·3*	10·3	*1·2*	15·3	*1·7*
Carting....................	83·3	*9·3*	649·9	*72·9*	366·6	*41·0*
Cash rent..................	111·4	*12·4*	1·2	*0·1*	56·4	*6·3*
Interest...................	0·4	–	–	–	0·2	–
Other sources..............	–	–	–	–	–	–
Total receipts............	**896·5**	***100·0***	**891·7**	***100·0***	**894·1**	***100·0***

Cash receipts averaged Rs 896·5 per family for the upper strata cultivators and Rs 891·7 per family for the lower strata cultivators. There was thus no marked difference between the two strata of cultivators so far as cash receipts were concerned.

Sale of crops and fodder, however, amounted to Rs 484·0 or 54·0 per cent of the cash receipts of the upper strata cultivators but only Rs 129·2 or 14·5 per cent of the cash receipts of the lower strata cultivators.

In the case of the lower strata cultivators, carting was the most important source of cash receipts accounting for nearly Rs 650 or 72·9 per cent of the total cash receipts. This provides an explanation to the relatively larger importance of animal husbandry and larger expenditure on fodder by the smaller cultivators. Cash wages added 13·9 per cent to the cash receipts of the upper strata cultivators and 7·0 per cent of the lower strata cultivators. Cash rent contributed 12·4 per cent and sale of milk and milk products 7·0 per cent to the cash receipts of the upper strata cultivators; in the case of the lower strata cultivators, the former source was not so important, while the latter contributed 4·3 per cent. This indicates that the upper strata cultivators leased out their land more than the lower strata cultivators. The two strata of cultivators reported 2·3 per cent and 1·2 per cent, respectively, of their cash receipts as remittances from relatives. The sale of poultry and poultry products and sale of seed and plants contributed the rest in the case of the upper strata cultivators ; the receipts from these sources were not reported in the case of the lower strata cultivators.

8.6 CASH RECEIPTS ACCORDING TO VALUE OF CASH CROPS IN RELATION TO VALUE OF GROSS PRODUCE

Table 8.9 below, shows the average cash receipts per family according to the proportion of value of cash crops to total value of gross produce.

TABLE 8.9—CASH RECEIPTS OF CULTIVATORS ACCORDING TO VALUE OF CASH CROPS IN RELATION TO VALUE OF GROSS PRODUCE

[Intensive enquiry data. Amount in rupees per family]

Proportion of value of gross produce of cash crops to value of total gross produce (Per cent)	Cash receipts from sale of crops and fodder	Proportion of cash receipts from sale of crops and fodder to total cash receipts (Per cent)	Other cash receipts	**Total cash receipts**
	1	2	3	4
Nil				
Less than 10 per cent				
10 to 20 per cent				
20 to 30 per cent	630·3	*79·0*	167·6	**797·9**
30 to 40 per cent	322·0	*75·8*	102·8	**424·8**
40 to 50 per cent	343·5	*55·0*	280·5	**624·0**
50 to 60 per cent	316·6	*35·0*	589·0	**905·6**
60 to 70 per cent	105·0	*11·7*	794·9	**899·9**
70 to 80 per cent	412·9	*32·2*	870·4	**1,283·3**
80 to 90 per cent	160·9	*12·3*	1,149·3	**1,310·2**
90 per cent and above	502·3	*75·3*	165·2	**667·5**

Cash receipts from sale of crops and fodder did not increase with a rise in the proportion of value of cash crops to total value of crops grown. In fact, they showed a tendency to decline. Firstly, this may be due to cash crops being cultivated in a larger proportion by the cultivators in the lower gross produce groups. As seen earlier, fodder crops are important in this district. But fodder is grown by the cultivators both for their own cattle, as also for sale in varying proportions. Secondly, the proportion of value of cash crops to total value of gross produce does not indicate whether or to what extent the produce was grown for marketing. For these reasons, no clear relationship is discernible between the proportion of value of cash crops to total value of crops on one hand and the average cash receipts from sale of crops and fodder on the other. Other cash receipts show a general tendency with some exceptions to rise with the proportion of value of cash crops to total value of gross produce. This lends support to the earlier observation, that cultivators in the lower gross produce groups who have larger average cash receipts grow a larger proportion of cash crops on their farm than the cultivators in the higher gross produce groups.

8.7 SEASONALITY OF FARM EXPENDITURE

The seasonality of farm expenditure as also farm income has an important bearing on the credit requirements and borrowings of the cultivators and is, therefore, discussed here. The relevant figures are given in the table below.

TABLE 8.10—FARM EXPENDITURE AND CASH RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

	UPPER STRATA			LOWER STRATA		
	April to Sept. 1951	Oct. 1951 to March 1952	April 1951 to March 1952	April to Sept. 1951	Oct. 1951 to March 1952	April 1951 to March 1952
	1	2	3	4	5	6
Total cash farm expenditure...	240·6	356·5	597·0	119·8	263·9	383·7
Cash receipts from sale of crops and fodder..........	109·5	374·5	484·0	51·2	78·0	129·2
Other cash receipts..........	215·1	197·4	412·5	384·8	377·7	762·5

As the larger part of the cultivated area was under *rabi* crops, it is only to be expected that farm expenditure during the latter half of the year (October 1951 to March 1952) would be larger than during the preceding half of the year. The current cash farm expenditure averaged Rs 356·5 per family for the upper strata cultivators and Rs 263·9 per family for the lower strata cultivators during the latter half of the year, while during the first half of the year, it averaged Rs 240·6 and Rs 119·8 per family for the two strata of cultivators, respectively. Cash receipts were also higher during the latter half than in the first half of the year in the case of both the strata of cultivators. These receipts were largely on account of sale of fodder crops and sugar-cane and exceeded those from sale of *rabi* crops during the other half of the year. 'Other' cash receipts, however, did not conform to this. Since they comprised items such as cash wages or income from carting, sale of milk and milk products, etc., they were relatively more evenly distributed over the year than the other two items.

8.8 SEASONALITY OF BORROWINGS IN RELATION TO FARM EXPENDITURE

Against the above analysis of seasonality of farm income and expenditure, the figures of seasonality of borrowing in Table 8.11 are revealing.

It has been already stated that owned funds supplied most of the finance for meeting current farm expenditure and that borrowings were resorted to, only to a relatively small extent for this purpose. All the same, both the upper and the lower strata cultivators reported that of the expenditure financed by borrowings over 90 per cent was during the latter half of the year. The upper strata cultivators reported about 50 per cent of their total borrowings for farm expenditure during the year as having been resorted to for purchase of seed during the latter half of the year and about 26 per cent for purchasing fodder during this period only; about 13 per cent was for 'other cash expenditure'. In the case of the lower strata, over 60 per cent

TABLE 8.11—SOURCE OF FINANCE FOR CURRENT CASH FARM EXPENDITURE—SEASONALITY

[Intensive enquiry data. Amount in rupees per family]

	UPPER STRATA						
	CURRENT INCOME		PAST SAVINGS		BORROWINGS		Total expenditure during the year
	April to Sept. 1951	Oct. 1951 to March 1952	April to Sept. 1951	Oct. 1951 to March 1952	April 1951 to Sept. 1952	Oct. 1951 to March 1952	
	1	2	3	4	5	6	7
Purchase of seed	29·0	29·2	43·2	21·0	2·3	29·5	154·4
Purchase of manure	6·9	5·7	14·0	7·7	–	4·0	38·6
Purchase of fodder	22·3	44·6	31·7	9·8	0·7	15·2	125·0
Cash wages	2·8	5·7	19·1	14·8	–	–	42·4
Other cash expenditure@	57·0	138·8	11·3	18·3	–	7·4	236·5
Total	**118·0**	**224·0**	**119·4**	**71·5**	**3·0**	**56·1**	**597·0**

	LOWER STRATA						
	CURRENT INCOME		PAST SAVINGS		BORROWINGS		Total expenditure during the year
	April to Sept. 1951	Oct. 1951 to March 1952	April to Sept. 1951	Oct. 1951 to March 1952	April 1951 to Sept. 1952	Oct. 1951 to March 1952	
	8	9	10	11	12	13	14
Purchase of seed	11·4	8·2	2·8	1·5	0·9	5·3	30·2
Purchase of manure	4·1	1·8	0·8	0·9	0·1	0·4	8·2
Purchase of fodder	82·9	187·9	8·0	7·1	–	12·9	298·8
Cash wages	0·3	1·1	0·1	–	–	–	1·5
Other cash expenditure@	7·3	30·7	0·7	4·4	0·3	0·6	45·1
Total	**106·0**	**229·8**	**12·4**	**13·9**	**1·4**	**19·2**	**383·7**

@ Including cash expenditure on purchase of grains for payment of wages.

of the total borrowings for farm expenditure during the year were only for purchase of fodder during October 1951 to March 1952 and about 25 per cent for purchase of seed during this period. It would thus appear that cultivators of both the strata resorted to borrowings for meeting farm expenditure during the latter half of the year mostly in connection with purchase of seed and manure for sowing of *rabi* crops and purchase of fodder.

8.9 CASH RECEIPTS ACCORDING TO MAJOR CROPS

Table 8.12 on page 94 shows the comparative position of growers of different major crops in respect of cash receipts.

It will be seen from the table that growers of wheat forming 46·6 per cent of the total selected cultivators, cultivated 54·3 per cent of the sown area and had the largest average sown area of 11·6 acres per family. But cash receipts from sale of crops and fodder averaged highest per family among growers of gram who were a little less than 1 per cent of the selected cultivators and formed only 0·7 per cent of the area sown under major crops and had average sown area of 10·4 acres. Total cash receipts were also highest in the case of growers of gram.

TABLE 8.12—CASH RECEIPTS ACCORDING TO MAJOR CROPS

[Intensive enquiry data. Amount in rupees per family]

Crop	Proportion of families (Per cent)	Proportion of area sown (Per cent)	Area sown per family (Acres)	CASH RECEIPTS: From sale of crops and fodder	CASH RECEIPTS: Total receipts	CASH RECEIPTS: Proportion of cash receipts from sale of crops and fodder to total cash receipts (Per cent)
	1	2	3	4	5	6
Wheat	*46·6*	*54·3*	11·6	337·3	629·1	*53·6*
Gram	*0·7*	*0·7*	10·4	472·9	718·6	*65·8*
Sugar-cane	*1·4*	*1·1*	7·9	295·0	362·9	*81·3*
Cotton	*0·7*	*0·6*	9·1	195·7	284·3	*68·8*
Other crops	*50·6*	*43·2*	8·5	277·8	1,163·5	*23·9*

Cotton growers ranked last in respect of proportion of sown area and reported the lowest average cash receipts from sale of crops and fodder as also lowest average total cash receipts. Finally, cultivators reporting sugar-cane as major crop ranked third among the growers of major crops in respect of average cash receipts from sale of crops and fodder but showed the highest proportion of cash receipts to total cash receipts. This would indicate that sugar-cane being a perennial crop left less scope to them for animal husbandry or to work as wage paid labourers, with the result that 'other cash receipts' in their case were smaller in proportion to cash receipts from sale of crops and fodder.

8.10 FARM EXPENSES AND GROSS PRODUCE: CASH EXPENSES AND CASH RECEIPTS

The table below shows the comparative position of the two strata of cultivators in respect of the relationship between farm expenditure and gross farm returns on the one hand and cash farm expenditure and cash receipts on the other.

TABLE 8.13—FARM BUSINESS OPERATIONS OF THE SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

	Upper strata	Lower strata	**All cultivators**
Current farm (cash) expenditure	597·0	383·7	**490·3**
Current farm (kind) expenditure @	636·0	317·7	**476·8**
Total current farm expenditure	**1,233·0**	**701·3**	**967·1**
Value of gross produce	**2,213·6**	**860·5**	**1,537·0**
Cash receipts from sale of crops and fodder	484·0	129·2	**306·6**
Other cash receipts	412·5	762·5	**587·5**
Total cash receipts	**896·5**	**891·7**	**894·1**

@ Excluding cash expenditure on purchase of grains for payment of wages which is included under current cash farm expenditure.

It will be seen that the total current farm expenditure averaged Rs 1,233·0 per family for the upper strata cultivators and Rs 701·3 per family for the lower strata cultivators. Value of gross produce in the case of the two strata of cultivators showed more or less a similarly marked difference. But total cash receipts, as observed earlier, showed little difference between the two strata, owing to the larger size of such receipts by the lower strata cultivators.

Owing to certain limitations of data which have already been pointed out, these figures cannot indicate accurately the net results of farm business. However, they can be relied upon to see the extent of monetization of farm economy. It would thus be seen that the lower strata cultivators incurred on an average, cash farm expenditure nearly three times their cash receipts from sale of crops and fodder, while the upper strata cultivators spent only about one and a quarter times. This would indicate that the lower strata cultivators were in a comparatively unfavourable position in respect of meeting the cash farm expenditure so far as only farm business and cash receipts therefrom were concerned. This disadvantageous position of the lower strata cultivators is set off partly by a proportionately lower farm expenditure in kind and partly by larger cash receipts through other sources.

CHAPTER 9

CREDIT AGENCIES

In this chapter, we attempt an assessment of the role of the various credit agencies supplying credit to the rural population in this district, on the basis of the data collected on the 'demand' side of the Survey. In the chapters that follow, we shall discuss the role of Government, co-operatives and private credit agencies in the rural credit set up as it existed, on the basis of the data collected on the 'demand' as well as the 'supply' side.

The agencies supplying credit have been classified for the purpose of the Survey, under nine heads, viz., (*i*) Government, (*ii*) co-operatives, (*iii*) relatives, (*iv*) landlords, (*v*) professional moneylenders, (*vi*) agriculturist moneylenders, (*vii*) traders and commission agents, (*viii*) commercial banks and (*ix*) others. Borrowings from Government included loans advanced by various departments and under various schemes such as the Grow More Food campaign, rehabilitation of displaced persons, *taccavi* loans under the Land Improvement Loans Act, 1883, the Agriculturists Loans Act, 1884, etc. Borrowings from co-operatives included loans from different types of co-operative institutions such as the primary credit societies, marketing societies, central co-operative banks and land mortgage banks. Only interest-free loans given by the relatives were treated as loans from the relatives; interest bearing loans from relatives were classified as from one or the other of the appropriate agency such as the agriculturist moneylender, professional moneylender, etc., according to the business of the relative. Loans were treated as from landlords only when the borrower was his tenant. If a cultivator received a loan from a landlord, of whom he was not a tenant, then such a loan was not recorded as from a landlord but under the appropriate agency according to the business of the landlord. An agriculturist moneylender was defined as one, whose major profession was agriculture and whose moneylending business was comparatively of minor importance. Professional moneylenders included only those whose earnings from moneylending formed a substantial part of the total income whether they lived in urban or rural areas. Traders and commission agents are too clear-cut a category to need any definition as such. In the case of commercial banks, they included both scheduled and non-scheduled as also the then Imperial Bank of India. Borrowings from agencies other than those mentioned above are defined as borrowings from 'others'.

Table 9.1 shows the relative borrowings from the several credit agencies by cultivators and non-cultivators as reported on the 'demand' side.

TABLE 9.1—BORROWINGS ACCORDING TO CREDIT AGENCY

[General Schedule data. Amount in rupees per family]

Credit agency	Cultivators	Non-cultivators	All families
Government	6	1	2
Co-operatives	23	5	9
Relatives	148	56	75
Landlords	7	6	6
Agriculturist moneylenders	–	–	–
Professional moneylenders	70	35	42
Traders and commission agents	–	–	–
Commercial banks	–	–	–
Others	–	–	–
Total	**254**	**103**	**135**

It is noticed that borrowings from relatives were larger than those from any other agency and a ıged Rs 75 per rural family or 55·6 per cent of the average borrowings from all agencies. Average borrowings from relatives in the case of non-cultivators amounted to Rs 56 or 54·1 per cent of borrowings of non-cultivators from all agencies. About 36 per cent of the cultivators obtained loans from relatives. The amount borrowed by cultivators averaged Rs 148 per family or 58·0 per cent of their total borrowings.

The next important credit agency was the professional moneylender. This agency accounted for borrowings of Rs 42 per rural family or 31·4 per cent of the total borrowings from all agencies. Average borrowings from this agency by non-cultivators amounted to Rs 35 or 33·8 per cent of their total borrowings. About 17 per cent of the cultivators borrowed from professional moneylenders whose advances averaged Rs 70 per family or 27·7 per cent of the total borrowings.

Co-operatives ranked third amongst the credit agencies for cultivators and all families. Advances from co-operatives averaged Rs 9 per family or 6·6 per cent of the total borrowings of a rural family ; they averaged Rs 5 or 4·9 per cent of the total borrowings of non-cultivators. A little more than 10 per cent of the cultivators borrowed from co-operatives whose advances amounted to Rs 23 per family or 9·0 per cent of the total borrowings.

Next in this order of importance came landlords, both for cultivators and for all families. Advances from this agency averaged Rs 6 per rural family as also per non-cultivating family. But they accounted for 4·6 per cent and 5·7 per cent, respectively, of the total amounts advanced to both the classes. About 3 per cent of the cultivating families borrowed from landlords and the amount borrowed averaged Rs 7 per family or 2·6 per cent of the total borrowings.

Finally, advances from Government averaged Rs 2 per rural family and Re 1 per family of non-cultivators. About 1 per cent of the cultivating families borrowed from Government ; the borrowings averaged Rs 6 per family or 2·5 per cent of the total borrowings from all agencies.

The table below gives the corresponding picture of the various credit agencies, in respect of debt owed to them.

TABLE 9.2—DEBT OWED TO CREDIT AGENCIES

[General Schedule data. Amount in rupees per family]

Credit agency	Cultivators	Non-cultivators	All families
Government	26	6	11
Co-operative and commercial banks	33	11	15
Relatives	190	81	104
Landlords	160	39	64
Agriculturist moneylenders	–	–	–
Professional moneylenders	110	82	87
Traders and commission agents	–	–	–
Others	–	–	-
Total	**519**	**219**	**282**

These figures again show that relatives were the most important credit agency in this district, debt owed to them averaging Rs 104 per rural family or 36·8 per cent of the average total debt of a rural family. Professional moneylenders constituted the next important credit agency, average debt owed to them being 31·0 per cent of the average total debt of a rural family. The third in importance came landlords who replaced the co-operatives in order of importance shown earlier on the basis of average borrowings. Debt owed to landlords averaged Rs 64 as against only Rs 15 to co-operatives including commercial banks. This is presumably due to the reliance of the cultivators on landlords to a greater extent than on co-operatives for long-term borrowings. As in the case of borrowings, average debt showed that Government was the least important among the credit agencies, debt owed to it averaging Rs 11 per rural family or 3·8 per cent of the total debt of a rural family.

9.1 PURPOSES OF BORROWINGS

Table 9.3 on page 99 classifies borrowings and debt of selected cultivators according to agencies for various short-term and long-term purposes.

These data were collected during the intensive enquiry. Borrowings were generally for agricultural and consumption purposes, and for repayment of old debt. Borrowings and debt for each of these purposes were both for short-term and long-term.

We observe that about 45 per cent of the borrowings from the relatives were for long-term agricultural purposes and about 23 per cent for long-term consumption purposes. The remaining amount was mostly borrowed for short-term agricultural and short-term consumption purposes. Of the total borrowings from professional moneylenders, more than 50 per cent of the amount was for long-term agricultural purposes and about 24 per cent for long-term consumption purposes. Borrowings from co-operatives, however, were more for long-term agricultural and short-term consumption purposes. Agriculturist moneylenders and Government, like the first two credit agencies, advanced loans more for long-term than for short-term purposes.

TABLE 9.3—PURPOSE-WISE ANALYSIS OF BORROWINGS AND DEBT OF CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

	BORROWINGS						
	Govern-ment	Co-ope-ratives	Relatives	Land-lords	Agricul-turist money-lenders	Profes-sional money-lenders	Traders and commis-sion agents
	1	2	3	4	5	6	7
Agricultural							
Short-term	–	0·5 (*1·5*)	26·0 (*76·5*)	5·8 (*17·1*)	–	1·7 (*4·9*)	–
Long-term	3·8 (*2·2*)	8·2 (*4·8*)	128·0 (*74·9*)	0·7 (*0·4*)	3·4 (*2·0*)	26·8 (*15·7*)	–
Non-Agricultural							
Short-term	–	–	–	–	–	–	–
Long-term	–	–	–	–	–	–	–
Consumption							
Short-term	–	4·5 (*5·8*)	61·3 (*78·7*)	0·9 (*1·1*)	5·5 (*7·1*)	5·7 (*7·3*)	– –
Long-term	1·4 (*1·5*)	4·1 (*4·4*)	65·2 (*70·7*)	–	9·0 (*9·7*)	12·6 (*13·7*)	–
Repayments of old debt	–	0·3 (*16·3*)	0·3 (*20·6*)	0·3 (*21·2*)	–	0·7 (*41·8*)	– –
Other purposes	–	0·7 (*7·7*)	3·5 (*38·6*)	–	–	4·8 (*53·7*)	– –
Total	**5·2** (***1·3***)	**18·3** (***4·7***)	**284·3** (***73·7***)	**7·7** (***2·0***)	**17·8** (***4·6***)	**52·3** (***13·6***)	–

	BORROWINGS			DEBT			
	Commer-cial Banks	Others	**Total**	Govern-ment	Co-ope-ratives	Other agencies	**Total**
	8	9	10	11	12	13	14
Agricultural							
Short-term	–	–	**34·0**	8·3 (*22·9*)	1·0 (*2·6*)	27·0 (*74·5*)	**36·3**
Long-term	–	–	**170·9**	36·4 (*22·4*)	10·0 (*6·2*)	116·0 (*71·4*)	**162·4**
Non-Agricultural							
Short-term	–	–	–	–	–	1·0 (*100·0*)	**1·0**
Long-term	–	–	–	–	–		
Consumption							
Short-term	–	–	**77·9**	15·2 (*10·2*)	6·0 (*4·0*)	128·2 (*85·8*)	**149·4**
Long-term	–	–	**92·2**	2·3 (*2·0*)	4·3 (*3·6*)	112·0 (*94·4*)	**118·6**
Repayments of old debt	–	–	**1·6**	–	1·0 (*59·9*)	0·7 (*40·1*)	**1·7**
Other purposes	–	–	**9·0**	–	0·4 (*1·5*)	25·0 (*98·5*)	**25·4**
Total	–	–	**385·6**	**62·2** (***12·6***)	**22·7** (***4·6***)	**409·9** (***82·8***)	**494·8**

(Figures in brackets indicate percentages to the total)

Debt owed to these agencies, however, showed a slightly different picture. In the case of debt owed to credit agencies other than Government, commercial banks and co-operatives, about 28 per cent was for long-term agricultural purposes and about 31 per cent for short-term consumption purposes. Thus, though debt, like borrowings, was mainly for agricultural and consumption purposes, short-term consumption purposes accounted for a larger debt than long-term consumption purposes. This is presumably due to relatively greater anxiety on the part of the cultivators to reserve long-term advances for agricultural than for other purposes.

On the whole, the above data show that the role of institutional credit in the rural sector was of minor importance in Jullundur district. About 53 per cent of the total borrowings were for agricultural purposes. Relatives alone supplied over 74 per cent of the long-term and 77 per cent of the short-term borrowings for agricultural purposes. Likewise, relatives supplied 70 to 80 per cent of the short-term and long-term borrowings of the cultivators for consumption purposes. The role played by co-operatives and Government in rural finance was quite negligible, while commercial banks and traders and commission agents were practically out of the rural credit picture.

CHAPTER 10

GOVERNMENT FINANCE

10.1 STRUCTURE AND ADMINISTRATION OF GOVERNMENT FINANCE

In Jullundur district, Government advances '*taccavi*' loans to agriculturists under (*i*) the Land Improvement Loans Act, 1883, (*ii*) Agriculturists' Loans Act, 1884, (*iii*) Loans under the Grow More Food Campaign and (*iv*) Loans to displaced persons for agricultural purposes under rehabilitation scheme. Under the Land Improvement Loans Act, '*taccavi*' loans are advanced for effecting such improvements as constructions of wells, tanks and other means of irrigation as also, for reclamation, clearance, etc., of land for agricultural purposes. The Agriculturists' Loans Act, provides for '*taccavi*' loans for purposes not specified in the Land Improvement Loans Act but connected with agricultural purposes. Loans under the Grow More Food Campaign are governed by standing order No. 32 of the Financial Commissioner, Punjab. They are advanced for the purpose of repairs and sinking of surface percolation wells with a view to bringing under irrigation larger area of land. The amount advanced for sinking a percolation well was Rs 875. In the case of repairs of well, the amount of the loan ranged between Rs 100 and Rs 875. The loans under the Grow More Food Campaign were administered in the same manner as those under the Land Improvement Loans Act, 1883 and Agriculturists' Loans Act, 1884.

The rate of interest charged for these loans was $4\frac{1}{2}$ per cent per annum. The loans were repayable in two years in four equal bi-annual instalments from the date of their advance. For the purpose of security, the existing rights in land were transferred to Government till repayment of loans. If an individual failed to repay the loan within the specified time limit, the rate of interest charged was raised to $6\frac{1}{4}$ per cent. The loans were disbursed at the tahsil headquarters by the tahsildars.

The rehabilitation loans granted under this scheme though governed by the Acts of 1883 and 1884 were confined to immigrants from Pakistan and were administered through a separate Financial Commissioner for Rehabilitation, who had the powers of a Financial Commissioner of Revenue. There was also a Director-General of Rehabilitation. The applications for loans for tractors were to be addressed to the Director-General, Rehabilitation, either direct or through the Deputy Commissioner. The procedure for these loans is set out below.

The loans for tractors were governed by the Land Improvement Loans Act of 1883. The loanee was required to possess at least 150 acres of evacuee land. Persons who acquired loans for purchase of tractors were not eligible for loans for purchase of bullocks. The maximum amount of loan for purchase of tractors was Rs 10,000 though, in rare and exceptional cases the amount was raised up to Rs 20,000. The loan was repayable in ten half-yearly instalments, commencing one year after the actual date of advance of the loan. The land held by the borrower was hypothecated to Government as security. The rate of interest was $4\frac{1}{4}$ per cent per annum but if the loan was not repaid within the specified time, the interest rate was enhanced to $6\frac{1}{4}$ per cent. The borrower was required to purchase the tractor within one month from the actual date of advance of the loan and to produce evidence for the same before the Director-General, Rehabilitation or before a person authorized by him.

The loans for sinking of tube-wells were governed by the Land Improvement Loans Act of 1883. These loans were advanced to displaced persons possessing more than 50 acres of evacuee unirrigated land. The maximum amount of loan was Rs 7,500. Persons who availed of the loans for sinking of tube-wells were not eligible for loans for power-driven water pumps. The loans were repayable in ten half-yearly instalments commencing one year after the date of advance of loan and carried interest at $4\frac{1}{4}$ per cent per annum. The land held by the borrower was regarded as security.

The loans for boring of wells were advanced to persons possessing more than 50 acres of irrigated evacuee land under the Land Improvement Loans Act of 1883. The maximum limit for the loan was Rs 2,500. The terms on which these loans were advanced were generally the same as those for loans for sinking of tube wells.

The upper limit for loans for power water-pumps was Rs 2,000. The procedure of obtaining these loans, their repayment, etc., were the same as those for loans for boring of wells.

Loans were also advanced for purchase of bullocks, seed, fodder and agricultural implements under the Agriculturists' Loans Act, 1884.

10.2 ROLE OF GOVERNMENT

The role of Government as a financing agency in Jullundur district can be studied on the basis of three types of data. Firstly, we had obtained data from the Government regarding loans advanced to cultivators in the district for agricultural purposes during 1950–1. Secondly, in the General Schedule, data were collected about borrowings and debt according to credit agency. Thirdly, we had collected data during the Survey year, about Government loans with reference to purpose, by examining sample applications for '*taccavi*' and other advances by Government. The following study of Government's credit operations is based on each of these three types of data.

10.2.1 Government loans

Table 10.1 based on data supplied by Government shows the scale of financial operations of Government in the sphere of rural credit.

TABLE 10.1—GOVERNMENT FINANCE FOR AGRICULTURAL PURPOSES DURING 1950-1

[Amount in hundreds of rupees]

	APPLICATIONS RECEIVED		APPLICATIONS SANCTIONED			PURPOSE FOR WHICH AMOUNT WAS SANCTIONED			
	Number	Amount applied	Number	Amount applied	Amount sanctioned	Purchase of seed	Purchase of manure	Purchase of fodder	Purchase of transport equipment and implements
	1	2	3	4	5	6	7	8	9
Land Improvement Loans Act, 1883....	296	412	264	402	393	–	–	–	–
Agriculturists' Loans Act, 1884........	4,838	4,500	4,376	2,970	2,743	1,107	–	207	–
Loans under the Grow More Food Campaign.......	1,071	4,921	969	4,090	3,875	–	–	–	
Cash subsidies under the Grow More Food Campaign.......	–	–	–	–	–	–	–	–	–
Schemes for the rehabilitation of displaced persons*.....	..	..	9,272	..	19,947	892	–	–	4,855

	PURPOSE FOR WHICH AMOUNT WAS SANCTIONED					
	Purchase of draught animals	Well digging and other irrigation	Land improvement	Consumption	Other purposes	Purpose not specified
	10	11	12	13	14	15
Land Improvement Loans Act, 1883.....	–	393	–	–	–	–
Agriculturists' Loans Act, 1884.........	–	–	–	1,429	–	–
Loans under the Grow More Food Campaign........	–	3,875	–	–	–	–
Cash subsidies under the Grow More Food Campaign........	–	–	–	–	–	–
Schemes for the rehabilitation of displaced persons*......	2,620	2,750	–	8,753	77	–

* Data were supplied to field staff. Rest of the data supplied directly by Government.

Besides the applications for loans under the schemes for rehabilitation of displaced persons, Government also received 6,205 applications from cultivators for Rs 9,83,300 under the Land Improvement Loans Act, the Agriculturists' Loans Act and under the Grow More Food Campaign. Of these, 5,609 or nearly 90 per cent applications involving Rs 7,46,200 or more than 75 per cent of the amount applied for were considered. The actual amount sanctioned was Rs 7,01,100 or more than 70 per cent of the total amount applied for by the cultivators.

As a matter of fact, the largest amount advanced by Government was in respect of rehabilitation schemes for displaced persons. No particulars, however, are available regarding the number of applicants or the amount applied for. In all 9,272 persons were granted loans to the extent of Rs 19,94,700 for rehabilitation.

10.2.2 Relative importance of Government as credit agency

As discussed in the preceding chapter, the role of Government as a credit agency was relatively of very small importance, the private credit agencies such as relatives, professional moneylenders, landlords, etc., dominating the field of rural credit. The data in this regard show that only 1·3 per cent of the cultivators borrowed from Government. Again, their borrowings from Government formed only 2·5 per cent of the total borrowings from all agencies. The data relating to debt owed to various credit agencies similarly showed that 7·6 per cent of the cultivators were indebted to Government. This debt was only 5·1 per cent of the total debt of cultivators. The table below gives the details regarding the borrowings from and debt owed to Government by the cultivating families.

TABLE 10.2—BORROWINGS FROM AND DEBT OWED TO GOVERNMENT BY THE DIFFERENT CLASSES OF CULTIVATORS, NON-CULTIVATORS AND ALL FAMILIES

[General Schedule data]

	BORROWINGS FROM GOVERNMENT			DEBT OWED TO GOVERNMENT		
	Proportion of families reporting borrowings (Per cent)	Borrowings per borrowing family (Rs)	Borrowings from Government as percentage of total borrowings from all agencies (Per cent)	Proportion of indebted families (Per cent)	Debt per indebted family (Rs)	Debt owed to Government as percentage of the total debt owed to all agencies (Per cent)
	1	2	3	4	5	6
Big cultivators	*1·5*	1,125	*3·6*	*18·4*	552	*12·4*
Large cultivators	*1·4*	780	*3·7*	*13·1*	477	*10·6*
Medium cultivators	*1·6*	377	*3·0*	*6·7*	173	*2·5*
Small cultivators	*0·7*	200	*0·5*	*2·4*	177	*0·8*
All cultivators	*1·3*	496	*2·5*	*7·6*	347	*5·1*
Non-cultivators	*1·8*	81	*1·4*	*3·5*	184	*2·9*
All families	***1·7***	**149**	***1·8***	***4·4***	**244**	***3·8***

It will be seen from the data that the proportion of borrowings from Government to total borrowings from all agencies as also the share of each group in the total borrowings from Government showed a tendency to decline among the smaller cultivators. The same is true of debt owed to Government. The relatively less share of the small cultivators in the advances by Government is apparent more from the total advances than from the proportion of borrowing families. The share of the small cultivators in the total borrowings and debt was 4 to 6 per cent while that of large cultivators was 58 per cent in respect of borrowings and 79 per cent in respect of debt.

10.2.3 Purposes of borrowings from Government

Though the role of Government as a credit agency was small, the major purposes for which Government sanctioned loans were digging of wells and development of other irrigation resources. All advances under the Land Improvement Loans Act, 1883 and the loans under the Grow More Food Campaign were granted for these purposes. Rehabilitation loans, however, were advanced for different purposes. Out of the total advances of Rs 19,94,700, Rs 8,75,300 or 43·9 per cent was for consumption purposes, Rs 4,85,500 or 24·3 per cent for purchase of transport equipment and implements and Rs 2,62,000 or 13·1 per cent for purchase of draught animals.

The data relating to Government loans were also obtained through 115 samples of sanctioned loan applications, covering advances of Rs 87,065. These case-studies showed that 36·5 per cent of the loans and 47·8 per cent of the amount advanced was for digging and repair of wells. Loans for purchase of implements, machinery and transport equipment were only 13·9 per cent of the total number but the amount advanced was 41·0 per cent of the total. The other purposes for which Government advanced loans were purchase of livestock and purchase of seed. The amounts advanced were only 2·8 per cent and 0·5 per cent, respectively, for these two purposes.

10.2.4 Size and duration of loans

The 115 cases of loans sampled out at random for study are further analysed in the table on page 106.

It is observed that loans for purchase of implements and machinery were less in number and yet accounted for 41 per cent of the Government advances. This is explained by the fact that though the number of loans sanctioned for this purpose was much less than the loans for digging and repair of wells, the average size of the loan was Rs 2,229 as against Rs 992 in respect of the latter. Loans for purchase of livestock averaged Rs 300.

All the amounts advanced for purchase of implements and machinery as also livestock were for a period of more than five years. Loans for digging and repair of wells showed that 48·4 per cent of the amount was for three to five years and 51·6 per cent was for more than five years. Of the amount advanced for purchase

TABLE 10.3—CASE-STUDY OF LOANS ADVANCED BY GOVERNMENT: LOANS DISBURSED FOR VARIOUS PURPOSES ACCORDING TO DURATION

[Supply Schedule data]

	Number of loans disbursed	Average size of loan disbursed (Rs)	AMOUNT DISBURSED FOR THIS DURATION AS PERCENTAGE OF THE TOTAL AMOUNT DISBURSED				
			One year or less (Per cent)	One to three years (Per cent)	Three to five years (Per cent)	Above five years (Per cent)	Duration not specified (Per cent)
	1	2	3	4	5	6	7
1. Purchase of seed............	12	35	*71·8*	*28·2*	–	–	–
2. Purchase of manure.........	–	–	–	–	–	–	–
3. Purchase of livestock........	8	300	–	–	–	*100·0*	–
4. Digging and repair of wells...	42	992	–	–	*48·4*	*51·6*	–
5. Reclamation of land.........	–	–	–	–	–	–	–
6. Purchase of implements and machinery...............	16	2,229	–	–	–	*100·0*	–
7. Bunding and other land improvements............	–	–	–	–	–	–	–
8. Other purposes, more than one purpose and purpose not specified.............	37	187	*1·2*	*7·2*	*90·2*	*1·4*	–

of seed, 71·8 per cent was for one year or less and 28·2 per cent for one to three years. Of the amount advanced for miscellaneous purposes (which amounted to 7·9 per cent of the total amount disbursed), as much as 90·2 per cent of the amount was for three to five years.

10.3 SECURITY AND INTEREST

The case-studies of Government loans showed that more than 77 per cent of the loans involving about 24 per cent of the amount were advanced against personal security, while the remaining loans involving nearly 76 per cent of the amount were advanced against immovable property. The loans advanced carried interest at the rate of 3 to 5 per cent per annum.

10.4 TIME LAG BETWEEN APPLICATION AND SANCTION OF LOAN

The time lag between the date of application and the date of sanction and disbursement of loans could not be ascertained in respect of about one-third of the total number of loans. In the case of a little more than one-third of these loans involving 10·6 per cent of the amount, the time lag was one month or less. About 19·1 per cent of the loans accounting for about one-third of the total amount advanced, showed a time lag of one to three months between application for the loan and disbursement of the amount. Nearly 15 per cent of the amount was disbursed after three to five months from the date of applying for the loans.

It would thus appear that the time lag between application for the loan and the disbursement of amount was fairly long and as such a discouraging factor.

Only 1 out of the 115 loans was disbursed at the applicant's place of residence. This again explains the lack of inducement for borrowing from Government, as the villagers often have to leave home during the busy season to receive the amount.

No case of resorting to extraordinary steps for recovery of Government loans was reported.

10.5 UTILIZATION OF LOANS

It is contended, that the cultivators utilized the loans for purposes other than those for which they were granted and also, that a good part of the amount advanced by Government went into unproductive channels. This can be examined on the basis of data relating to purposes of borrowings of the cultivators, collected in the General Schedule. These data show that out of the total advances by Government, 44·0 per cent were for meeting capital expenditure in agriculture. Data relating to borrowings by cultivators from Government also showed that 44·1 per cent of the amount was for capital expenditure. But, borrowings resorted to for consumption purposes, according to purposes stated in the applications, formed 38·1 per cent of the total while actually, as much as 53·5 per cent of the borrowings were spent for meeting family expenditure. This shows that a fairly large part of the borrowings from Government went towards meeting family expenditure at the expense of borrowings for current farm expenditure and purchase of livestock. In other words, though borrowings for capital farm expenditure from Government were properly utilized, borrowings for purchase of livestock and current farm expenditure were diverted to some extent to meet family expenditure by the cultivators.

CHAPTER II

CO-OPERATIVE FINANCE

II.I STRUCTURE OF THE CO-OPERATIVE MOVEMENT

In this chapter, we give a brief account of the co-operative structure and the working of co-operative institutions in Jullundur, with a view to assessing the role of co-operative movement in the district, in the sphere of rural credit.

It may be noted in this connection that the partition of the country in August 1947 had serious repercussions on the co-operative movement in the Punjab. Not only was there a dislocation of the organization owing to exodus of staff employed by societies but large funds of central banks in the East Punjab were left with the Provincial Co-operative Bank at Lahore. Amounts left behind as deposits in co-operative banks and societies were also substantial. Records of several societies and central banks were also destroyed during the disturbances. By the close of 1948-9, however, the majority of the co-operatives in several parts of the State began to pulsate with life as before. In August 1949, the State set up the East Punjab Provincial Co-operative Bank which commenced working in December 1950. The movement was thus rehabilitated to a large extent but it was not completely out of the woods at the time of the Survey.

II.I.I Short-term credit structure

Primary societies : The basic unit in the short-term credit structure in the Punjab is the primary co-operative society at the village level. On 30 June 1955, there were 7,157 agricultural credit societies in the Punjab which formed 54 per cent of the total number of primary societies. These societies claimed 46 per cent of the membership and 73 per cent of the working capital of the primary societies. Membership averaged 54 per society. All the agricultural credit societies were with unlimited liability.

In Jullundur district, there were 902 agricultural credit societies at the end of 1950-1, in addition to 62 multi-purpose societies and 364 agricultural societies of other types. The agricultural credit societies formed 67·9 per cent of the total primary agricultural societies in the district. The multi-purpose societies, besides giving loans, distributed controlled articles, chemical fertilizers, improved seeds, etc.

Intermediary institutions : In the Punjab, the primary credit societies are affiliated, through purchase of shares, with the co-operative banking unions at the tahsil level and with the central co-operative bank at the district level. Generally, the primary societies have recourse either to the banking union or to the central co-operative bank when in need of finance.

At the end of 1950-1, there were 23 central co-operative banks and 42 banking unions in the Punjab, 2 of the former and 5 of the latter being in Jullundur district.

Apex Co-operative Bank : As pointed out earlier, the partition of the country left the Punjab without an apex bank till one was established in August 1949 at Simla. Its actual working, however, commenced in December 1950. In December 1951, the headquarters of the bank was shifted from Simla to Jullundur. In 1950-1, it had a working capital of about Rs 2 lakhs. Being a new organization and not adequately equipped with funds, it was experiencing difficulties in playing its role as an apex institution.

11.1.2 Long-term credit structure

There were no land mortgage banks in the Punjab. It may, however, be noted that the credit societies advanced loans to members upto five years. Loans for less than fifteen months were not much in demand.

11.1.3 Agricultural non-credit societies

As on 30 June 1951, there were in the Punjab, 3,638 agricultural non-credit societies with 2,81,764 members. The number of these societies in Jullundur district (excluding multi-purpose societies), stood at 364, of which as many as 308 were societies for consolidation of holdings.

11.2 PRIMARY AGRICULTURAL CREDIT SOCIETIES

The 902 primary agricultural credit societies in Jullundur district had a membership of 59,645 or 66 members per society. Their working capital amounted to Rs 90·28 lakhs, of which 47·3 per cent were owned funds. Loans advanced to members during 1950-1 amounted to Rs 20·77 lakhs, amount outstanding and overdue at the end of the year being Rs 39·14 lakhs and Rs 7·11 lakhs, respectively.

With a view to getting a clearer view of the working of these societies, seven societies in the villages selected for the demand side of the Survey, together with six more from four other villages with societies selected on random sampling basis were studied in larger detail. A brief account of the working of each of these societies is given below.

11.2.1 Selected societies

Society No. 1 : The society, organized in 1920, had a membership of 41 in 1950-1. It had a working capital of Rs 4,658, out of which Rs 2,602 were owned funds and the remaining Rs 2,056 deposits. It advanced loans amounting to Rs 3,000 during 1950-1. Repayments by individuals during the year amounted to Rs 340. Loans outstanding amounted to Rs 4,813, of which Rs 545 were overdue. There were no bad or doubtful debts. The society had invested Rs 200 in shares and debentures of co-operative institutions.

Society No. 2 : This society which had 34 members at the time of its registration in 1945 had 97 members at the end of 1950-1.

The society had a working capital of Rs 8.055, made up of owned funds amounting to Rs 4,115 and deposits amounting to Rs 3,940. The loans advanced during the year amounted to Rs 6,637, but, in spite of repayments to the extent of Rs 6,185, Rs 5,080 were outstanding and Rs 822 overdue at the end of the year. This indicates the general practice of the societies to advance a good part of their loans for medium-term purposes. There were no bad or doubtful debts. Investments by the society amounted to Rs 3,250.

Society No. 3 : This society which was registered in 1924 had 84 members in 1950-1. It had a working capital of Rs 4,833, of which Rs 4,717 were owned funds. Loans advanced during the year amounted to Rs 2,744 and repayments to Rs 1,594. Loans outstanding at the end of the year amounted to Rs 5,382 or nearly double the amount advanced during the year, but overdues were low at Rs 155.

The society had invested Rs 400 in Postal Cash Certificates or National Savings Certificates, Rs 175 in shares and debentures of co-operative institutions and Rs 302 in other types of assets. It had no bad or doubtful debts.

Society No. 4 : This society, started in 1919, made satisfactory progress till 1945-6. Thereafter, its working was adversely affected by the new problems created by the partition of the country.

In 1950-1, this society had 202 members. Its owned funds amounted to Rs 10,065 and borrowed funds to Rs 4,359. Loans advanced to members during the year amounted to Rs 2,080 but outstandings were as high as Rs 10,230, of which Rs 795 were overdue. This again, indicates the extent of medium-term financing done by the primary societies in this district. The society's investments amounted to Rs 4,715.

Society No. 5 : Started in 1949 with 36 members, this society had 47 members in June 1951. It had owned funds amounting to only Rs 810 and borrowed funds amounting to Rs 715. Loans advanced during the year amounted to Rs 2,190 and repayments to Rs 1,291. Only Rs 1,499 were outstanding at the end of the year, of which Rs 289 were overdue. Its investments comprised only Rs 100 in shares and debentures of co-operative institutions.

The society thus compared unfavourably with most of the other selected societies in respect of membership and owned funds.

Society No. 6 : This society, organized in 1936 had 52 members in June 1951. It had a working capital of Rs 13,413, of which Rs 7,109 were owned funds and the rest borrowed funds. Loans advanced, however, amounted to Rs 1,900 while outstandings from members amounted to Rs 4,815. Only Rs 292 were overdue. Investments amounted to Rs 6,275, these being mostly in Postal Cash and National Savings Certificates.

Society No. 7 : Being organized as far back as 1912, this society's membership stood at 286 in June 1951. It had a working capital of Rs 83,682 consisting of owned funds amounting to Rs 27,802 and deposits amounting to Rs 55,880.

In relation to the size of membership and its financial position, however, loan advances at Rs 7,595 appeared very small. Loans outstanding with members amounted to Rs 28,339 of which Rs 5,624 were overdue. Bad and doubtful debts amounted to Rs 304. The society's investments amounted to Rs 13,185.

Society No. 8 : This society, started in 1918, had 84 members in June 1951. It had a working capital of Rs 27,723, of which as much as Rs 21,954 were deposits. Only Rs 810 were advanced as loans to members during the year. Total outstandings amounted to Rs 9,988, of which Rs 1,497 were overdues and Rs 3,779 bad or doubtful debts.

Society No. 9 : This society was organized in 1920. In June 1951, it had 118 members. It had a working capital of Rs 17,813 of which Rs 8,134 were owned funds. Loans advanced during the year, amounted to Rs 7,395 while loans outstanding at the end of the year amounted to Rs 12,351, of which Rs 2,486 were overdue. The society had investments valued at Rs 3,392.

Society No. 10 : Organized in 1929, this society had 60 members in June 1951. It had a working capital of Rs 5,613, of which Rs 3,553 were owned funds. Only Rs 1,690 were advanced as loans to members during the year. Outstandings at the end of the year amounted to Rs 6,626, of which Rs 382 were overdues. The society's investments were valued at only Rs 338.

Society No. 11 : This society, organized in 1920, had 110 members at the time of the Survey. It had a working capital of Rs 27,960 of which Rs 27,752 were owned funds. Loans advanced, however, amounted to only Rs 1,000, while outstandings at the end of the year were as much as Rs 15,529. Overdues amounted to Rs 5,218.

Investments of the society were valued at Rs 11,225 which consisted largely of Postal Cash and National Savings Certificates.

Society No. 12 : The society was formed in 1929. In June 1951, it had 79 members. It had a working capital of Rs 12,630, comprising Rs 8,154 of owned funds and Rs 4,476 of deposits. Loans advanced during the year amounted to Rs 5,730 but loans outstanding amounted to Rs 10,970. There were overdues amounting to Rs 2,051. The society's investments were valued at only Rs 1,289.

Society No. 13 : Being organized as far back as 1906, this society was able to increase its membership to 102 by June 1951. It had a working capital of Rs 58,563, of which Rs 50,018 were deposits. Loans advanced during the year amounted to Rs 5,637. Loans outstanding at the end of the year amounted to Rs 4,663. The society's investments were valued at Rs 8,975, these being largely in the form of Postal Cash and National Savings Certificates.

On the whole, seven out of the thirteen selected societies were registered in 1920 or earlier, three between 1921 and 1930, one between 1931 and 1940 and two between 1941 and 1950. Only two societies had less than 50 members, six societies had members more than 50 but less than 100, while in three societies, membership ranged between 100 and 120. In the remaining two societies, membership exceeded 200. All these societies had employed part-time secretaries, except one in which a member of the *panchayat* worked both as honorary treasurer and secretary. Of these thirteen societies, three were in 'A' audit class, six in 'B' audit class and four in 'C' audit class.

The maximum borrowing power of the societies was Rs 2,000 or less in the case of three societies, between Rs 2,000 and Rs 4,000 in the case of six societies and above Rs 4,000 in the case of three societies.* The maximum borrowing power of an individual member was Rs 300 in five societies and Rs 500 in eight societies. Both these limits were periodically revised.

The total membership of the thirteen societies was 1,362. Their working capital amounted to Rs 2,80,892 out of which owned funds were Rs 1,19,127 or 42·4 per cent, deposits were Rs 1,60,850 or 57·3 per cent and other borrowings were Rs 915 or 0·3 per cent. The owned funds comprised paid-up share capital amounting to Rs 57,669 or 48·4 per cent, reserve fund amounting to Rs 39,427 or 33·1 per cent and other funds amounting to Rs 22,031 or 18·5 per cent. None of the societies had current deposits. Of the total deposits amounting to Rs 1,60,850, savings deposits amounted to Rs 68,314 or 42·5 per cent and fixed deposits Rs 92,536 or 57·5 per cent. As noted earlier, borrowings from outside agencies formed an insignificant part of the working capital.

Loans advanced during the year amounted to Rs 48,408, while repayments amounted to Rs 37,549 or 77·6 per cent of the loans advanced. Loans outstanding amounted to Rs 1,20,285, of which Rs 20,929 or 17·4 per cent represented overdues. Bad and doubtful debts were reported by two societies, these amounting to Rs 4,083 or 19·5 per cent of overdues. The total investments of the societies came to Rs 67,497, which were mainly concentrated in Postal Cash and National Savings Certificates and other investments. The investments were spread as follows: shares and debentures of co-operative institutions Rs 4,325 or 6·4 per cent; Postal Cash and National Savings Certificates Rs 23,760 or 35·2 per cent and other investments Rs 39,412 or 58·4 per cent.

It may be noted that the societies appeared to depend largely on their own resources for finance and did not resort to borrowings from outside agencies, co-operative or otherwise.

* The information relating to one society in this regard was incomplete.

11.3 LOAN OPERATIONS

The loan operations of these thirteen societies in 1950-1 revealed that the number of loans totalled 294, the amount disbursed being Rs 49,129. These advances according to the size of the loan are shown in the table below.

TABLE 11.1—ADVANCES CLASSIFIED ACCORDING TO SIZE

	Total	Less than Rs 100	Rs 100 to Rs 200	Rs 200 to Rs 300	Rs 300 to Rs 400	Rs 400 to Rs 500	Rs 500 to Rs 1,000	Rs 1,000 and above
	1	2	3	4	5	6	7	8
Number of loans....	**294**	79	93	62	41	10	8	1
Percentage of total number of loans...	*100·0*	*26·9*	*31·6*	*21·1*	*14·0*	*3·4*	*2·7*	*0·3*
Amount disbursed (Rs)	**49,129**	4,180	10,439	13,010	12,300	4,000	4,200	1,000
Percentage of total amount disbursed	*100·0*	*8·5*	*21·2*	*26·5*	*25·0*	*8·2*	*8·6*	*2·0*

It is observed that about 27 per cent of the number of loans advanced were in amounts less than Rs 100 each ; the total amount so advanced formed 8·5 per cent of the total amount disbursed. At the other end, a little more than 6 per cent of the loans involving about 19 per cent of the total amount advanced were in amounts exceeding Rs 400 each. Loans of Rs 100 to Rs 200 each, claimed 31·6 per cent of the number and 21·2 per cent of the total amount advanced. Loans of Rs 200 to Rs 300 together with loans of Rs 300 to Rs 400 accounted for over one-half of the total amount advanced to members, each of these two groups accounting for more or less equal amount.

11.3.1 Purposes of the loans

Purchase of livestock and family expenditure were the two major purposes for which loans were advanced. About 38 per cent of the number of loans amounting to Rs 22,637 or 46·1 per cent of the total amount disbursed were for the purchase of livestock. Loans for family expenditure accounted for about 30 per cent of the number of loans and 20·5 per cent of the total amount disbursed. In the case of non-farm business expenditure, current farm expenditure and 'other' capital expenditure, the number of loans varied from 6 to 9 per cent of the total. Less than 4 per cent of the loans were granted for the purchase of land.

11.3.2 Rate of interest, security and period

The maximum rate of interest charged by the societies was $9\frac{3}{8}$ per cent, 156 loans or 53·1 per cent being advanced at this rate of interest ; the amount involved was Rs 26,987 or about 55 per cent of the total amount disbursed by the societies. About 21 per cent of the loans were advanced at rates between $7\frac{13}{16}$ and $9\frac{3}{8}$ per cent, the amount lent being Rs 11,367 or 23·1 per cent of the total.

Personal security accounted for nearly 96 per cent of the loans amounting to Rs 45,919 or about 94 per cent of the amount disbursed ; the rest of the loans were advanced against guarantee by third party.

Nearly 57 per cent of the loans involving nearly the same proportion of total amount advanced by the societies were for a period of one year or less. All the remaining advances were for a period of one to three years. This shows the extent of medium-term financing by primary societies, referred to earlier.

11.4 CENTRAL FINANCING AGENCIES

As noted earlier, the central financing agencies in the Punjab comprise co-operative banking unions functioning at the tahsil level and the central co-operative banks at the district level. In Jullundur district, there were five co-operative banking unions and two central co-operative banks functioning at the time of the Survey. Their working during the year is discussed below. The membership of co-operative banking unions consists entirely of co-operatives, while the membership of central co-operative banks consists of individuals as well as societies.

11.4.1 Co-operative banking unions

The membership of the five co-operative banking unions in the district varied from 54 societies to 119 societies, while their working capital ranged between Rs 19,16,425 and Rs 1,62,895. Borrowed funds of these unions amounting to Rs 41,13,816 formed the bulk of the working capital, which amounted to Rs 46,17,302. Their owned funds totalled Rs 4,17,835, while the reserve fund together with 'other funds' amounted to Rs 3,56,535. The table below gives details regarding the loan operations of these unions.

TABLE 11.2—LOANS ADVANCED DURING 1950-1

[In lakhs of rupees]

	CO-OPERATIVE BANKING UNION				
	No. 1	No. 2	No. 3	No. 4	No. 5
Loans advanced during the year	3·84	0·49	0·29	0·37	0·59
Loans repaid during the year	4·21	0·65	0·16	0·15	0·53
Loans due at the end of the year	4·91	3·75	14·71	1·38	8·99
Loans overdue	0·03	–	–	–	–
Bad and doubtful debts	–	–	0·30	–	–

It would be seen that except in the case of Union No. 1 all others show loans due at the end of the year too large in relation to loans advanced as also loans repaid during the year. Although these dues represent medium-term advances, their size in relation to the societies' owned funds indicates an unsatisfactory feature in their working. The particulars shown in Table 11.3 regarding these unions' loan operations during 1951-2 are further revealing in this regard.

Loans advanced during the year consisted mostly of advances to agricultural credit societies. It is also noteworthy that the amounts outstanding at the end of the year far exceeded the amounts advanced during the year.

TABLE 11.3—LOAN OPERATIONS OF THE BANKING UNIONS DURING 1951-2

[Amount in hundreds of rupees]

Union	AMOUNT ADVANCED DURING THE YEAR		Loans due at the end of the year	Amount overdue
	Agricultural credit societies	Total (including advances to banks)		
	1	2	3	4
No. 1	604	617	4,913	32
No. 2	244	244	3,750	-
No. 3	131	131	14,711	-
No. 4	151	151	1,382	-
No. 5	552	682	8,990	3

11.4.2 Central co-operative banks

There were two central co-operative banks operating in the district, at the time of the Survey. One of these banks had its share of difficulties consequent upon the partition of the country and for some time, imposed restrictions on withdrawals by depositors and on its loan operations. However, at the close of 1949, the bank started regaining its lost ground and by the end of 1950-1 its deposits and loans were above the pre-partition level.

The bank's membership consisted of 170 individuals and 1,009 societies. The working capital of the bank amounted to Rs 74,81,768 of which Rs 1,85,400 were paid up share capital and Rs 65,11,951 comprised borrowed funds. No amount was borrowed from the apex bank or from any commercial bank or Government.

The other central co-operative bank was comparatively a small institution with a membership of only 63 individuals and 242 societies. It had a working capital of Rs 19,09,906, of which Rs 17,70,821 were borrowed funds. The table below shows the scale of loan operations of these two banks.

TABLE 11.4—LOAN OPERATIONS OF THE CENTRAL CO-OPERATIVE BANKS DURING 1950-1

[Amount in hundreds of rupees]

	AMOUNT ADVANCED DURING THE YEAR		Loans due at the end of the year	Amount overdue
	Individuals	Banks and societies		
	1	2	3	4
Central Co-operative Bank No. 1	1,811	11,567	49,333	1,905
Central Co-operative Bank No. 2	-	1,810	3,858	57

One of these central banks made relatively larger advances to banks and societies and unlike the other central bank, advanced loans also to individuals. Loans due at the end of the year were far in excess of the loans advanced by both the banks during the year. This, as in the case of the primary co-operative societies and banking unions, indicates the extent of medium-term financing by the bank. Loans overdue were fairly large in the case of the other co-operative bank as well.

During 1951–2, the two central banks advanced loans amounting to Rs 2·24 lakhs and 2·04 lakhs, respectively. Out of the advances by the former bank, Rs 1·38 lakhs were loans advanced to agricultural credit societies and the balance to agricultural non-credit societies and non-agricultural societies. In the case of the other central co-operative bank, all the loans were advanced to agricultural credit societies only.

None of the financing institutions in this district received accommodation from the Reserve Bank of India during 1951–2 and 1952–3.

CHAPTER 12

PRIVATE CREDIT AGENCIES

12.1 LEGAL STRUCTURE

It was observed in an earlier chapter that relatives accounted for a larger part of the finance supplied by rural credit agencies, both to cultivating and non-cultivating families. Consequently, the role of the moneylenders, both professional and agriculturist, was relatively small in the rural credit system in this district. To some extent the contraction of moneylenders' finance is attributed to moneylending legislation and other laws passed since the economic depression. The main enactments regulating moneylending business in this district may, therefore, be briefly discussed here.

The Punjab Alienation of Land Act, 1901, the Usurious Loans Act, 1918, the Regulation of Accounts Act, 1930, the Relief of Indebtedness Act, 1934, the Debtors' Protection Act, 1936, the Restitution of Mortgaged Lands Act, 1936, the Registration of Moneylenders Act, 1938 and the Punjab Relief of Indebtedness (Amendment) Act, 1940 represented a series of measures which sought to protect the interests of the agricultural debtor in the Punjab at the time of the Survey. The Punjab Alienation of Land Act provided for the restriction of the transfer of land from the agriculturist to the non-agriculturist classes, except with the previous sanction of the Deputy Commissioner. Two amending Acts passed in 1930 and 1938 sought to deal with the *Benami* transactions. The former Amendment Act entitled the alienor to regain possession of the land even if he himself was a party to the *Benami* transfer, while, under the latter Amendment Act, the debtors' interests were protected also against the agriculturist moneylender more or less in the same manner as against the non-agriculturist moneylender, the former having become a greater menace to the cultivator than the latter.

The Usurious Loans Act, 1918 conferred powers on the court to reopen transactions when it had reason to believe that the rate of interest charged was excessive or that the transactions were substantially unfair to the debtors. The Punjab Regulation of Accounts Act, 1930 sought to regulate the moneylending business by prescribing methods of maintaining accounts and requiring a statement of accounts to be furnished to each debtor every six months. It prescribed penalties for non-observance of the provisions of the Act. The Punjab Relief of Indebtedness Act, 1934 was enacted to alleviate the burden of debt resulting from the sharp fall in prices of agricultural produce during the depression. The Act provided for the setting up of Debt Conciliation Boards and incorporated the principle of *damdupat*. The provisions of this Act were further strengthened by the amending Act of 1940.

The Punjab Debtors' Protection Act, 1936 aimed at more effective protection of the debtors. It exempted from attachment for sale, standing trees and standing crops other than cotton and sugar-cane. It also exempted ancestral property from liability, except where the debt had been incurred against mortgage of such property. The Punjab Restitution of Mortgaged Lands Act, 1938, applied to all subsisting mortgages effected prior to 8 June 1901.

The most important Act concerning moneylending was the Punjab Registration of Moneylenders Act, 1938 which aimed at regulating the business of the moneylenders on the lines of the British Moneylenders Act, 1927. Under this Act, every moneylender had to take out a licence on payment of a prescribed fee. The licence was subject to periodical renewals. Licences were liable to be cancelled if the licencee was found guilty of dishonesty and fraudulent practice in his business or was found by a court to have charged a higher rate of interest than that allowed under the law. If a moneylender was not registered and did not hold a valid licence, a suit instituted by him for recovery of a loan was liable to be dismissed. The Act did not affect the loans granted by a landlord to his client for the purposes of husbandry and also those granted by banks, co-operative credit societies or by Government.

Though these measures had been partly successful in achieving the objects underlying them, their enforcement, coupled with the changing times in which the cultivator had become more self-conscious of the protection afforded to him by these laws, affected the moneylending business to a marked extent. The state of insecurity in conducting business on the customary lines in the rural areas led many a non-agriculturist moneylender to shift from villages to towns. They took to employing their resources in other channels such as trade and industry. In the case of the agriculturist moneylenders too, later measures undertaken to protect the interests of the debtors sought to regulate their operations. The net result was that moneylenders hesitated to advance medium and long-term finance to cultivators. Even for their short-term credit needs the cultivators had to approach their relatives.

12.2 MONEYLENDERS

The role of moneylenders in the rural credit system in this district as pointed out earlier, is overshadowed by that of relatives. The General Schedule data showed that none of the rural families had borrowed from agriculturist moneylenders. Only 14·3 per cent of the rural families had borrowed from professional moneylenders, these borrowings being 31·4 per cent of their total borrowings. Borrowings from this agency per reporting rural family averaged Rs 296. The position of the different groups of cultivators in this regard is shown in Table 12.1 on page 119.

It will be seen from the data in Table 12.1 that the proportion of families borrowing from this agency as also the proportion of borrowings from this agency to total borrowings were consistently higher in the lower groups of cultivators. Average borrowings per borrowing family, however, did not show any consistent trend of this type. All the same, the size of borrowings by big cultivators borrowing from this agency was markedly small as compared to other groups of cultivators. The intensive enquiry data showed that the cultivators had borrowed Rs 17·8 per family from agriculturist moneylenders and Rs 52·3 from professional moneylenders. These borrowings formed 4·6 per cent and 13·6 per cent, respectively, of the total borrowings of the cultivators. Nearly 81 per cent of the borrowings from agriculturist moneylenders were for consumption purposes, while a little more than 54 per cent of the borrowings from professional moneylenders were for agricultural purposes, 35·1 per cent of the borrowings from the latter being for consumption purposes. All the debt owed to the agriculturist moneylenders and 11·5 per cent of the debt owed to professional moneylenders was against the security of immovable property. Nearly 86 per cent of the debt owed to professional moneylenders was obtained on personal security.

TABLE 12.1—BORROWINGS FROM PROFESSIONAL MONEYLENDERS

[General Schedule data]

Group	Proportion of families borrowing from professional moneylenders (Per cent)	Average borrowings per borrowing family (Rs)	Proportion of borrowings from this agency to total borrowings (Per cent)
Big cultivators	*4·2*	100	*8·7*
Large cultivators	*10·0*	678	*22·6*
Medium cultivators	*19·2*	325	*29·9*
Small cultivators	*20·3*	411	*32·1*
All cultivators	*16·5*	427	*27·7*

All the debt owed to agriculturist moneylenders was against usufructuary mortgage of the cultivators' property. In the case of professional moneylenders, though the proportion of debt owed to them against land was small, the bulk of this debt was against mortgage by conditional sale.

It is interesting to note that all the borrowings from agriculturist moneylenders were free of interest while in the case of professional moneylenders nearly 42 per cent of the borrowings were obtained at rates of interest ranging from 10 to 12½ per cent and 37 per cent of the borrowings were obtained at interest rates varying between 18 to 25 per cent. Borrowings from professional moneylenders at interest rates less than 10 per cent (including the borrowings free of interest) amounted to about 16 per cent of the total borrowings from this agency.

For the intensive study of the nature of moneylending business in this district on the 'supply' side of the Survey, an attempt was made to cover private moneylenders in the selected marketing centres and at the district headquarters and to study some sample cases of loans advanced by each of them. But owing to unsatisfactory response from them, the information gathered was neither adequate nor sufficiently representative of the business of moneylenders in the district.

12.3 RELATIVES

As already observed, relatives constituted the most important credit agency and accounted for 55·6 per cent of the total borrowings of rural families, the proportion being 58·0 per cent in the case of cultivators and 54·1 per cent in the case of non-cultivators. Families borrowing from this agency formed 36·4 per cent among cultivators and 35 per cent among non-cultivators. The amount borrowed averaged Rs 404 per family reporting borrowings from this agency in the case of the former and Rs 161 in the case of the latter group. The position in this regard in respect of the different groups of cultivators is shown in the table below.

TABLE 12.2—BORROWINGS FROM RELATIVES

[General Schedule data]

Group	Proportion of families borrowing from relatives (Per cent)	Average borrowings per borrowing family (Rs)	Proportion of borrowings from this agency to total borrowings (Per cent)
Big cultivators	*31·9*	1,154	*76·2*
Large cultivators	*25·0*	717	*59·6*
Medium cultivators	*39·2*	291	*54·8*
Small cultivators	*45·9*	335	*59·0*
All cultivators	*36·4*	404	*58·0*

It is observed that the proportion of families borrowing from relatives was relatively high in the two lower groups while the average borrowings per family borrowing from this agency were relatively high in the two upper groups of cultivators.

The intensive enquiry data show that 44·5 per cent of the borrowings by cultivators from this agency were for consumption purposes and 54·2 per cent for agricultural purposes. In fact, relatives supplied about 75·0 per cent of the total borrowings of cultivators for each of these two purposes. It may be noted that, though the loans were free of interest, 45·0 per cent of the amount advanced by this agency was for long-term agricultural purposes and 22·9 per cent for long-term consumption purposes.

12.4 LANDLORDS

According to the General Schedule data, only 1·0 per cent of the rural families borrowed from landlords, these borrowings forming 4·6 per cent of their total borrowings. The proportion of families borrowing from this agency was 2·8 per cent among cultivators and 5·7 per cent among non-cultivators. The borrowings averaged Rs 259 per family reporting borrowings from this agency in the former group and Rs 1,158 in the case of the latter group.

The proportion of families reporting borrowings from this source was 1·1 per cent among the large cultivators, 4·8 per cent among medium cultivators, and 2·0 per cent among small cultivators; no family from the big cultivators' group reported borrowings from this agency. The amount borrowed per family reporting borrowings from this agency averaged Rs 213, Rs 163 and Rs 583, respectively, in the three groups. The proportion of these borrowings to total borrowings was 0·8 per cent in the case of the large cultivators, 3·8 per cent in the case of the medium cultivators, and 4·4 per cent in the case of the small cultivators.

The intensive enquiry data show that about 75 per cent of the amount advanced by the landlords to cultivators was for short-term agricultural purposes, in addition to 8·9 per cent for long-term agricultural purposes and only 11·4 per cent was for short-term consumption purposes. As much as 85·5 per cent of the debt owed to landlords by cultivators was secured against immovable property, the security being mostly in the form of usufructuary mortgage on land.

12.5 TRADERS AND COMMISSION AGENTS

The General Schedule data show that only 0·1 per cent of the medium cultivators had borrowed from traders and commission agents, these borrowings averaging Rs 190 per family reporting borrowings from this agency.

Though unimportant as a credit agency, traders and commission agents assumed special significance in this district as an agency for marketing the cultivators' produce, as will be seen from the following table.

TABLE 12.3—VALUE OF CROPS AND FODDER MARKETED THROUGH DIFFERENT AGENCIES : SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Strata	VALUE OF CROPS AND FODDER SOLD TO				Value of total produce sold	Value of crops and fodder sold to traders and commission agents as percentage of value of total produce sold	Value of total produce sold as percentage of value of gross produce
	Traders and commission agents	Factories	Co-operatives	Other agencies (including Government)			
	1	2	3	4	5	6	7
Upper strata............	321	19	–	144	484	*66·3*	*21·9*
Lower strata............	61	11	–	57	129	*47·6*	*15·0*
All cultivators........	**191**	**15**	–	**101**	**307**	***62·3***	***20·0***

The intensive enquiry data show that as much as 62·3 per cent of the total produce marketed by the cultivators was sold through traders and commission agents, the proportion being 66·3 per cent among upper strata cultivators and 47·6 per cent among lower strata cultivators. In all these sale transactions with the lower strata cultivators, it was observed that the price was settled before delivery while, in the case of the upper strata cultivators, it was settled before delivery in

57·1 per cent of the transactions and after delivery for the rest. About 43 per cent of the traders reported making advances against standing crops while about 13 per cent made advances against harvested crops and produce.

12.6 COMMERCIAL BANKS

The General Schedule data as also the intensive enquiry data show that cultivating families in the district did not borrow from commercial banks. However, according to the information obtained on the 'supply' side of the investigation, out of the 27 offices of commercial banks operating in the district during 1951–2, 22 offices responded to our enquiry and reported that their advances for agriculture as on 30 September 1951 amounted to Rs 22,000 and all were against bullion and other collateral securities.

12.7 GENERAL OBSERVATIONS

Owing to unsatisfactory reponse from moneylenders to our enquiry, it was not possible to assess the extent of interdependence of the rural credit agencies for business finance.

It may, however, be noted here that as many as 53 out of the 80 upper strata cultivators and 26 out of the 40 lower strata cultivators said that they experienced difficulty in obtaining prompt and adequate finance. Though more than two-thirds of these upper strata cultivators and half of these lower strata cultivators stated lack of acceptable security as the main cause of this difficulty, the basic fact appeared to be that the moneylenders refused to advance loans on personal security, mainly because of the legal protection extended to agriculturist debtors.

The role of commercial banks and traders in the rural credit system, as already seen, was small. The traders, however, were an important agency for marketing the cultivators' produce. Of the 81 traders responding, 17 financed their business by borrowings from commercial banks, 4 by borrowings from moneylenders and 7 by borrowings from other agencies.

CHAPTER 13

CONCLUDING REMARKS

The agricultural economy of Jullundur district showed a number of remarkable features. Situated in the Indo-Gangetic plain of the Punjab, the district has fertile soil over most of the cultivated areas. As much as 66 per cent of the total cropped area was irrigated. Wheat was the most important cereal crop covering 36·8 per cent of the total cropped area, while next in importance were fodder crops accounting for 27·7 per cent of the total cropped area. A large extent of the area was tilled by owner-cultivators. About 48·6 per cent of the total number of agriculturists consisted of cultivators of land wholly or mainly owned, while 26 per cent were cultivators of land wholly or mainly unowned. The average size of cultivated holdings was 10·8 acres per family. Jullundur was one of the districts where the value of owned land by selected cultivators was very high averaging Rs 16,075 per family at the time of the Survey. Almost all the cultivators owned plough cattle.

The value of gross produce averaged Rs 2,213·6 per family of upper strata cultivators and Rs 860·5 per family of lower strata cultivators. Besides this, the cultivators reported cash receipts from sources other than sale of crops and fodder, averaging Rs 587·5 per family during the year.

During the Survey year, however, debt per cultivating family increased from Rs 284 to Rs 519, or about 83 per cent. In fact, Jullundur is among those districts covered by the Survey which showed a high level of debt, side by side with a high average value of assets owned by cultivators. About 63 per cent of the cultivating families were in debt during the Survey year. All the same, the debt burden was less than 3 per cent of the average value of land and buildings owned by the cultivators. Moreover, the bulk of this debt, having been raised from relatives, was free of interest. Another redeeming feature of the debt burden was that about 40 per cent of the debt of selected cultivators was reported to have been incurred for agricultural purposes, while, as much as 52·9 per cent of the borrowings during the year were for capital expenditure in agriculture.

Current farm expenditure during the year showed that nearly 60 per cent of the total cash receipts were received by cultivators between October and March, while 63·3 per cent of the total current cash farm expenditure was incurred by them during the same period. About 95 per cent of the current farm expenditure financed by borrowings was borrowed during the latter half of the year.

Data relating to changes in physical and financial assets owned by the cultivators indicate that, generally speaking, all cultivators except small cultivators, had a net investment position at the end of the year. In other words, the total result of economic activity during the year was such that cultivators as a group, were relatively better off at the end of the year. The net investment in agriculture averaged Rs 80 per cultivator ; in addition to this, an investment of Rs 64 per family was reported by cultivators on construction and repairs of residential houses and other buildings.

As regards credit agencies in the district, the most striking feature is that Government accounted for 2·5 per cent and co-operatives for only 9 per cent of the total borrowings of cultivators. In fact, the finance supplied by Government would appear still less if account is taken of the fact that a substantial proportion of Government finance during the year was advanced for rehabilitation of evacuees from the western parts of the Punjab. However, when we consider the outstanding debt of cultivators as reported in the intensive enquiry, it is found that about 23 per cent of the total debt incurred for short-term agricultural purposes and about the same proportion of debt, incurred for long-term agricultural purposes was from Government ; this indicates that the loans advanced by Government prior to 1951 were of considerable significance to agriculturists. As regards co-operatives, it may be noted that many of them were severely affected by the partition of the country in 1947 and were regaining the lost ground at the time of the Survey. The proportion of borrowings of cultivators from Government and co-operatives taken together were as low as 1·5 per cent of the total in the case of short-term credit for agricultural purposes and 7 per cent in the case of long-term credit for agricultural purposes.

Thus, the cultivators were left largely to depend on private agencies for their credit requirements. Relatives accounted for 58 per cent of the total borrowings of the cultivators while landlords, professional moneylenders and other private credit agencies supplied about 30 per cent. Commercial bank finance was negligible.

On the whole, the credit requirements reported by cultivators for development of agriculture, their dependence on current income and sale of assets forming over four-fifths of current farm expenditure, as also, the dominant role of private credit agencies in the rural credit structure, emphasize the need for revitalizing and developing the channels of institutional credit in the district.

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