ALL-INDIA
RURAL CREDIT SURVEY

DISTRICT MONOGRAPH
AKOLA

BOMBAY - 1959

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Price Rs 8.00

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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 1,30,000 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 have been 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 organisation. 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 certain names, viz., districts as such, 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. This monograph on Akola district is prepared by Shri V. M. Jakhade, Director of Rural Economics, in the Division of Rural Economics, in co-ordination with the Division of Statistics, Department of Research and Statistics. The responsibility for the views expressed is that of the author and not of the Reserve Bank of India.

B. K. MADAN,
Principal Adviser
to the Reserve Bank of India

Reserve Bank of India,
Central Office,
BOMBAY.
December 24, 1958.

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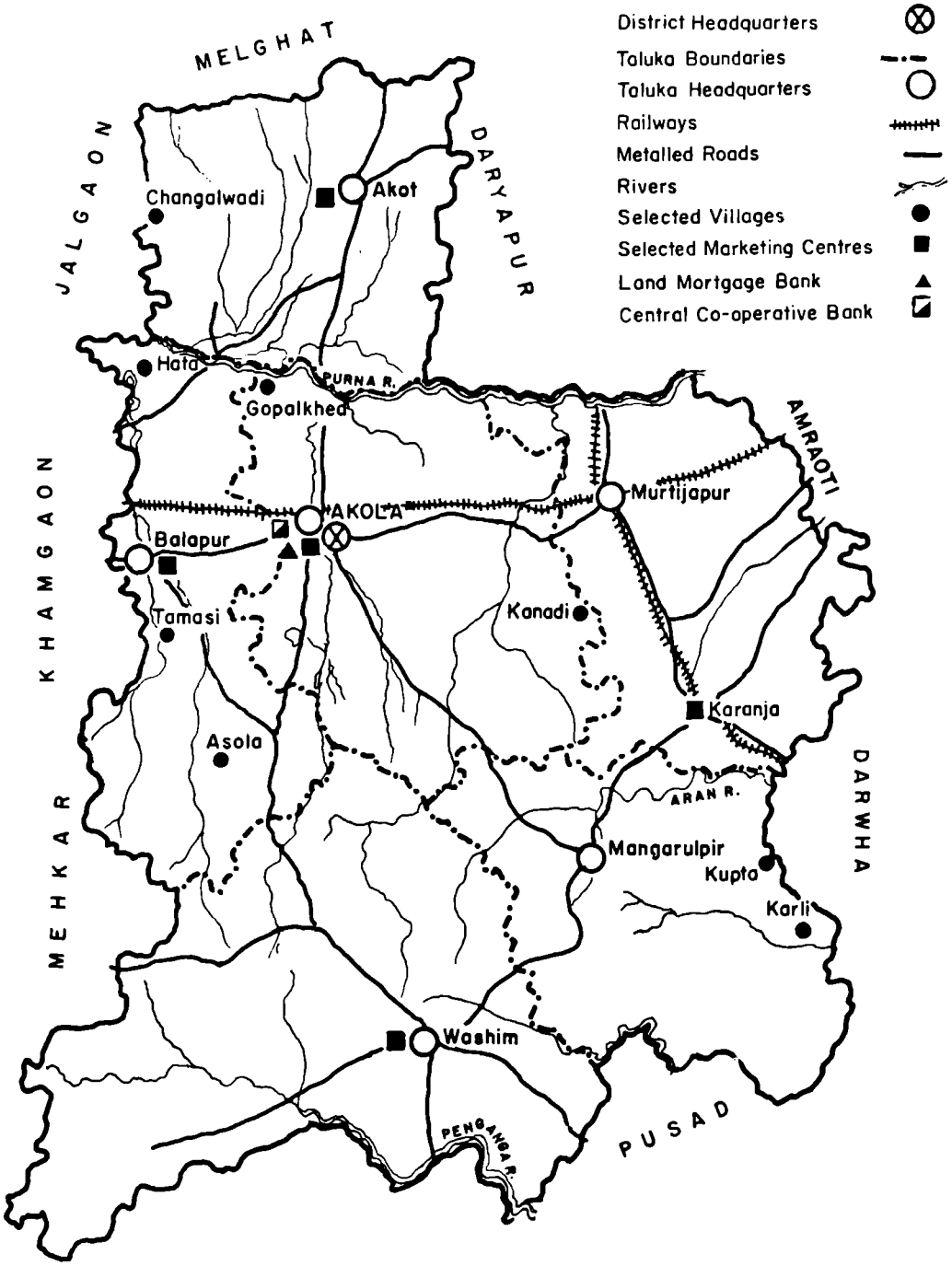
— to represent 'nil' or a negligible figure.

.. to indicate that the figure is not available.

AKOLA DISTRICT



CHAPTER I

GENERAL FEATURES

1.1 LOCATION

Akola, lying between 21° 16′ and 19° 15′ north latitude and 77° 38′ and 76° 38′ east longitude and situated in the south-west corner of former Madhya Pradesh* is typical of the Berar districts. It has an area of 4,091 square miles and had in 1951, a population of 950,994 which was housed in 204,651 dwelling units. The density of population worked out to 232 persons per square mile. It has been divided for administrative purposes into six talukas, namely, Akola, Akot, Balapur, Mangarul, Murtijapur and Washim. Details regarding the number of towns, villages and occupied houses and size of urban and rural population in these talukas are given in Table 1.1.

TABLE 1.1—AREA AND POPULATION

Taluka	Area in square miles	Number of villages	Number of towns	Number of occupied houses	POPULATION		
					Rural	Urban	Total
	1	2	3	4	5	6	7
Akola.....	739	292	2	47,312	1,32,096	94,760	**226,856**
Akot.....	550	237	2	33,493	1,16,274	30,730	**147,004**
Balapur.....	530	162	2	26,206	98,372	20,707	**119,079**
Mangarul.....	616	200	1	24,775	1,02,214	7,822	**110,036**
Murtijapur.....	610	266	2	30,864	1,06,783	37,450	**144,233**
Washim.....	1,046	320	1	42,001	1,85,023	18,763	**203,786**
District.....	**4,091**	**1,477**	**10**	**204,651**	**740,762**	**210,232**	**950,994**

(Source : *District Census Handbook*, 1951, *Akola.*)

It can be seen from this table that none of the talukas has more than two towns with a population of over 5,000 and nearly 78 per cent of the total population resides in rural areas where the main source of livelihood is agriculture.

1.2 PHYSICAL FEATURES

Akola district, which forms a part of the Deccan table-land south of the Satpuras, can be divided broadly into two homogeneous geographical regions with the Ajanta range of hills, running west to east at a distance of about twenty miles south of Akola, forming the dividing line. The northern region comprising the Akot, Akola, Balapur and Murtijapur talukas, is a fertile plain with rich black soil, though the areas in the vicinity of the Gowilgarh and Ajanta hills and in the north-eastern

* After the reorganization of States in November 1956, Akola district forms part of Bombay State.

part of Murtijapur are hilly. The Purna river, which runs east to west across this zone has a perennial water supply. It has many tributaries, of which Aas, Vidrupa, Pathara and Shahanura rise in the Gowilgarh hills and Man, Nirguna, Morna, Katepurna and Uma in the Ajanta hills.

The southern region, which is hilly includes the Washim and Mangarul talukas. The northern part of the Mangarul taluka consists of an undulating table-land containing black soil. The southern part is rather hilly and rugged. The Washim taluka is mostly a high table-land. Rugged and hilly areas are to be found to the north between the Morna and Katepurna rivers and in the north-west, south-west and south-east corners of the taluka. The Penganga river which has a perennial flow runs south-east across the Washim taluka. Pus, Arunawati and Adana are other small rivers in this zone, which join it.

1.3 SOILS

Black cotton soil is the most predominant type of soil found in the district. In the Purna valley which extends over parts of the Balapur, Akola, Murtijapur and Akot talukas, extensive tracts of rich deep black soil are found. In the Akola and Balapur talukas, as the Ajanta hills are approached on the southern border and in the Murtijapur taluka in the vicinity of hills on the southern and eastern borders and also in the northern parts, the soils become light, shallow, stony and less productive. In the northern portion of the Akot taluka which is hilly, light and shallow soils with low fertility are found. In the Washim taluka, which lies in the southern zone, soils vary considerably both in fertility and depth, the richest portion being the centre of the taluka where there are extensive black soil tracts. As regards the Mangarul taluka, its northern half consists of an undulating table-land with black soil which is fertile but very variable in depth. In the Arunavati valley towards its eastern boundary rich deep cotton soil fields are seen. Soils in the southern portion of the taluka which is rugged and hilly are poor and shallow.

1.4 RAINFALL AND AGRICULTURAL SEASONS

The district receives its rainfall mainly from the South-West monsoon which commences generally by the second week of June and lasts till the middle of October. Occasional showers are received during the winter season also. Figures of rainfall received in the district since 1941–2 are given in Table 1.2 on page 3.

It can be seen from this table that the total annual rainfall varied between 30 and 42 inches during the years 1941–2 to 1951–2, except in 1944–5 when it increased to 51·48 inches and in 1947–8, 1950–1 and 1951–2 when it declined to less than 30 inches. Broadly speaking, the annual rainfall in the Akot, Akola, Balapur and Murtijapur talukas in the northern region varies between 20 and 30 inches except in the northern part of Akot and the southern part of Murtijapur where it varies between 30 and 35 inches. The rainfall in the Washim and Mangarul talukas in the southern region ranges between 30 and 45 inches. Rainfall is generally regular and well distributed and as such the district is secure from droughts and scarcities. Moreover, the average rainfall received is adequate for the black cotton soil which

predominates in the district because of its high retentiveness. The average rainfall is comparatively higher in the southern region than in the northern, which is advantageous as the soils in the hilly parts being rough, stony and light, need relatively more rainfall for cultivation of crops.

TABLE I.2—RAINFALL

DISTRICT FIGURES FOR THE YEARS 1941-2 TO 1951-2		TALUKA FIGURES FOR THE YEAR 1951-2	
Year	Average rainfall (In inches)	Taluka	Average rainfall (In inches)
1941-2	30·09	Akola	22·36
1942-3	41·10		
1943-4	31·00	Akot	29·75
1944-5	51·48		
1945-6	41·17	Balapur	28·41
1946-7	32·84		
1947-8	29·67	Mangarul	31·22
1948-9	31·94		
1949-50	42·08	Murtijapur	35·39
1950-1	21·49		
1951-2	29·89	Washim	32·20

NOTE: District figures for 1941-2 to 1950-1 are from 'Statistics of Rainfall, Area, Production, etc.', in Madhya Pradesh and the Season and Crop Reports of Madhya Pradesh. District and taluka figures for 1951-2 are supplied by the District Agricultural Officer.

As the district receives rainfall mainly during June to October, the more important agricultural season is the *kharif*. The *rabi* season is comparatively less important.

I.5 SOURCES OF IRRIGATION AND WATER SUPPLY

Irrigation does not play a significant part in the agricultural economy of the district. The total irrigated area accounted for less than one-half per cent of the gross cropped area during the years 1946–7 to 1950–1 as can be seen from Table 1.3. The need for irrigation facilities is not actually felt because the rainfall is generally regular, adequate and well distributed for cultivation of *jowar*, cotton and groundnuts which are the principal crops in the district. Secondly, the black cotton soil which predominates in the district, being retentive of moisture, can grow good crops even with moderate rainfall.

TABLE I.3—IRRIGATION

DISTRICT FIGURES FOR THE YEARS 1946-7 TO 1951-2			TALUKA FIGURES FOR THE YEAR 1951-2		
Year	Irrigated area (Acres)	Proportion of irrigated area to gross cropped area (Per cent)	Taluka	Irrigated area (Acres)	Number of irrigation wells (1951)
1946-7	6,768	*0·38*	Akola	681	843
1947-8	7,627	*0·43*	Akot	1,420	984
1948-9	6,606	*0·36*	Balapur	430	1,687
1949-50	6,670	*0·39*	Mangarul	874	1,737
1950-1	6,137	*0·35*	Murtijapur	1,062	1,934
1951-2	6,171	*0·34*	Washim	1,608	2,047

NOTE: District figures are taken from the Season and Crop Reports of Madhya Pradesh. Taluka figures are supplied by the District Agricultural Officer.

No major irrigation works have been constructed in the district because most of the rivers have no perennial supply of water and there are no good catchment areas suitable for construction of storage reservoirs. There are a few tanks in the district, of which one each at Risod and Wakod in the Washim taluka are used for irrigation purpose, the total area irrigated by them being 50 acres and 28 acres, respectively, in 1951-2. The main source of irrigation is, therefore, wells, which numbered 9,232, accounting nearly for the entire area under irrigation in 1950-1.

In the irrigated areas sugarcane, vegetables and other garden crops are produced mainly for domestic consumption or for sale in local markets.

1.6 LAND UTILISATION

Table 1.4 on page 5 shows utilisation of land in the Akola district in 1951-2. The country being mostly a plain with rich black soil in the northern region and a low-lying table-land interspersed with a few hills, but having vast stretches of black soil in the southern region, cultivation has extended to the farthest limit possible under the existing stage of technical development. Of the total area of 26·09 lakh acres, 22·03 lakh acres or 84·4 per cent were occupied for cultivation. In the Akola, Akot, Balapur and Murtijapur talukas the occupied area accounted for 84·3, 91·8, 78·3 and 88·2 per cent of the total area, respectively, and in the Washim and Mangarul talukas, for 86·2 and 76·6 per cent, respectively.

Another important feature of land utilisation is the high proportion of the net cropped area to the occupied area. In 1951–2, the net cropped area formed 80·9 per cent of the occupied area in the district. The proportion ranged between 80 and 90 per cent in all talukas except in Mangarul and Washim talukas where it stood at 74·6 and 73·8 per cent, respectively. The small proportion of the double cropped area is obviously due to lack of irrigation facilities.

It may also be noticed that the area under forests, grazing lands and pastures together was 3·15 lakh acres and accounted for 77·5 per cent of the uncultivated area. This proportion varied between 40·9 and 85·1 per cent in the different talukas.

1.7 PATTERN OF CROP DISTRIBUTION

In the *kharif* season, the main crops grown are cotton, groundnut, *jowar, bajra tur, urid, mung, math* and rice. In the *rabi* season wheat, gram, linseed, *lakh, masoor* and peas are cultivated. The area under different crops in 1950–1 and 1951–2 in the district is shown in Table 1.5 on page 6.

As can be seen from this table, the process of commercialisation of agriculture appears to have made good advance in this district as cotton, oilseeds and other non-food crops together occupied nearly 46 per cent of the gross cropped area in 1951–2, and showed an increase of 7 per cent over the preceding year. Cereals and pulses together accounted for about 55 per cent of the gross cropped area during the same year.

TABLE I.4—LAND UTILISATION IN 1951-2

[Area in hundred acres]

Taluka	Total geographical area	Net cropped area	Double cropped area	Gross cropped area	Not cropped area	*Pot Kharab*
	1	2	3	4	5	6
Akola	**4,734**	3,248 (*81·4*)	7	3,255	713	30
Akot	**3,539**	2,919 (*89·9*)	10	2,929	302	27
Balapur	**3,398**	2,294 (*86·2*)	2	2,296	311	55
Murtijapur	**3,783**	2,857 (*85·6*)	8	2,865	463	19
Mangarul	**3,941**	2,254 (*74·6*)	6	2,260	742	24
Washim	**6,699**	4,262 (*73·8*)	74	4,336	1,474	37
District	**26,094**	**17,834** (*80·9*)	**106**	**17,940**	**4,005**	**193**

Taluka	Total occupied area (2+5+6)	Culturable waste land	Forests (Including pasture and grazing land)	Other uncultivated land (Including area used for village purposes)	Total uncultivated land (8+9+10)
	7	8	9	10	11
Akola	**3,991** (*84·3*)	20	568 (*76·4*)	155	**743**
Akot	**3,248** (*91·8*)	26	119 (*40·9*)	146	**291**
Balapur	**2,660** (*78·3*)	12	584 (*79·1*)	141	**738**
Murtijapur	**3,338** (*88·2*)	4	322 (*72·4*)	118	**445**
Mangarul	**3,020** (*76·6*)	6	783 (*85·1*)	131	**920**
Washim	**5,773** (*86·2*)	4	771 (*83·3*)	152	**926**
District	**22,031** (*84·4*)	**72**	**3,148** (*77·5*)	**843**	**4,063**

(Figures in brackets in column 2 show the proportion of net cropped area to occupied area. Figures in brackets in column 7 show the proportion of occupied area to total geographical area. Figures in brackets in column 9 show the proportion of forest area to total uncultivated area).

NOTE : Information supplied by the District Agricultural Officer.

Cotton is the most important cash crop grown in the district and covered about 6·6 lakh acres or 37 per cent of the gross cropped area in 1951–2. *Jarilla, oomra* and *verum* are the main varieties of cotton grown in the district.

Oilseeds occupied 1·4 lakh acres in 1951–2. Under this group, groundnut is the most important crop with an area of 1·1 lakh acres or 80·3 per cent of the total

area under oilseeds. Next to groundnut comes linseed with an area of 15,354 acres or 11·3 per cent, of the area under oilseeds.

TABLE I.5—PATTERN OF CROP DISTRIBUTION DURING 1950-1 AND 1951-2

Crop	1950–1		1951–2	
	Area cropped (Acres)	Proportion to gross cropped area (Per cent)	Area cropped (Acres)	Proportion to gross cropped area (Per cent)
	1	2	3	4
Rice	17,747	*1·0*	16,569	*0·9*
Wheat	92,727	*5·3*	94,740	*5·3*
Jowar	727,776	*41·7*	652,798	*36·4*
Bajra	21,919	*1·3*	18,509	*1·0*
Other cereals	6,389	*0·4*	3,148	*0·2*
Gram	28,573	*1·6*	25,398	*1·4*
Tur	64,253	*3·7*	70,809	*3·9*
Other pulses	102,189	*5·9*	96,368	*5.4*
Total cereals and pulses	**1,061,573**	***60·8***	**978,339**	***54·5***
Cotton	539,397	*30·9*	657,639	*36·7*
Groundnut	101,121	*5·8*	109,401	*6·1*
Other oilseeds	23,841	*1·4*	26,873	*1·5*
Total oilseeds	**124,962**	***7·2***	**136,274**	***7·6***
Other crops	20,330	*1·2*	21,703	*1·2*
Gross cropped area	**1,746,263**	***100·0***	**1,793,956**	***100·0***

(Source : *Season and Crop Reports, Madhya Pradesh.*)

The principal food crop grown is *jowar*, which occupied about 6·53 lakh acres or nearly 66·7 per cent of the area of 9·8 lakh acres under cereals and pulses in 1951–2. Next in importance are wheat, *tur* and gram accounting for 9·7, 7·2 and 2·6 per cent of the total area under food crops, respectively.

I.8 CROP ROTATIONS AND COMBINATIONS

Rotation of crops prevalent in the district varies with the quality of soils. The rich cotton soils are ploughed every fourth year. After ploughing, cotton is grown in the first year, followed in the second year by a *rabi* crop like wheat. Cotton is cultivated again in the third year followed by the *kharif jowar* in the fourth year. In the ordinary soils, the rotation of crops followed is similar to that in the cotton soils, but they are required to be manured every year and ploughed every third year. In inferior soils, which are ploughed once in two years, cotton and *jowar* are grown in alternate years. In the *bardi* soil, groundnut, *bajra* and *math* are generally grown without adopting any regular rotation. In the rice tracts of the Washim and Mangarul talukas, paddy is grown on the same fields every year.

As regards crop combinations, *tur* and sesamum are generally sown with cotton. *Bajra*, *tur* and other pulses are mixed with *jowar*. In the rice fields after paddy is harvested, pulses like *masoor*, gram and *lakh* are grown.

1.9 AGRICULTURAL MARKETING

For regulation of agricultural marketing two enactments were in operation during 1951–2, namely, (1) the Central Provinces Cotton Market Act, 1932, and (2) the Central Provinces Agricultural Produce Market Act, 1935 as amended from time to time. The former Act provides for establishment of regulated markets for marketing of cotton in different areas and centres. For the management of the regulated market, it provides for the constitution of a Market Committee consisting of not less than ten and not more than sixteen members, of which, not less than half shall be persons elected by the cotton growers. There shall be one representative each of the district council or local board and the municipality or village panchayat within whose jurisdiction the market is situated and the remainder shall be elected by the cotton traders. The main functions of the Committee are to issue licenses to different functionaries, to make rules relating to fees to be levied by the different functionaries as also regarding place or places for weighing or measuring of cotton and inspection of scales, weights and measures, trade allowance to be made or received, and to make bye-laws for regulation of the business and the conditions of trading. The Act prohibits charging of any trade allowance or levy other than those prescribed by the Market Committee. It does not permit establishment of other private markets within the area of operation of the regulated market. Under this Act, regulated markets were established by 1951–2 at Akola, Akot, Telhara, Karanja, Murtijapur and Washim.

The provisions of the Central Provinces Agricultural Produce Market Act, 1935 are more or less similar to those of the Central Provinces Cotton Market Act. It applies to agricultural commodities other than cotton. In the constitution of the Market Committee, the Act provides for the nomination of a Government servant not below the rank of a Naib-Tahsildar. Under this Act regulated markets were established at Akot and Washim.

Besides being a cotton market, Akola is also a major grain and oilseeds market, the important commodities marketed being *jowar*, wheat, pulses, groundnut and linseed. Washim, Akot, Telhara (Akot taluka) and Karanja (Murtijapur taluka) are also permanent markets dealing in agricultural commodities particularly in *jowar*, wheat, pulses and groundnut. Weekly markets in foodgrains are held at Malegaon (Washim taluka), Murtijapur and Wadgaon (Balapur taluka).

According to the information collected from the cultivators in the selected villages in 1951–2, a very small proportion of agricultural produce is sold in the villages. Generally, the cultivators take their produce for sale to the primary markets in towns or bigger villages. A few firms dealing mainly in commercial crops were reported to be sending their representatives to villages during the cultivation season who provided finance to the agriculturists under the stipulation that the crop would be sold to them after harvest.

1.10 LIVESTOCK

Table 1.6 gives the figures of livestock in the Akola district in 1951.

TABLE 1.6—LIVESTOCK AND POULTRY IN 1951

Livestock	Over three years	Less than three years
Breeding bulls	3,590	
Other bulls	2,947	
Working bullocks	180,515	150,876
Cows	167,758	
He-buffaloes	2,513	22,655
She-buffaloes	44,445	
Sheep	6,518	9,025
Goats	32,626	53,608
Horses	4,460	1,715
Donkeys	2,881	1,528
Pigs	2,947	
Fowls		53,679
Ducks		54,520

(Source : *Indian Livestock Census*, 1951.)

It may be seen that the draught cattle totalled about 1,83,000. The big cultivators, it was reported, on the whole owned adequate plough cattle to carry on agricultural operations. The small cultivators, however, did not have adequate draught power and therefore were required, at times, to take on hire a pair of bullocks for farm operations generally at a rate of Rs 2 per day.

The Berar bullocks are sturdy and a good number of them are exported outside the district. Chohota, Mundgaon and Sheri Malegaon in the Akot taluka, Umarda in the Murtijapur taluka and Shelu Bazar in the Mangarul taluka are important cattle marketing centres. At Umarda, which is the biggest among these markets, cattle traders from the various parts of former Madhya Pradesh and other neighbouring States gather to purchase cattle and it is reported that the total number of cattle sold is fairly large.

There is a Government dairy at Borgaon under the joint management of the Agriculture and Veterinary Departments from which milk is supplied to Akola town. There are no other large dairy farms in the district. There are small dairy units owned by professional milkmen and agriculturists in towns or in villages situated on the outskirts of towns and marketing centres. In villages situated at a distance from towns, milk is converted into butter , etc., for sale.

1.11 IMPLEMENTS

Table 1.7 gives the figures of agricultural implements with the agriculturists in the district. There were 17,505 wooden ploughs, 15,637 iron ploughs and 45,493 bullock carts in 1951. Other agricultural implements and machinery included 52 tractors, 213 oil engines, 16 electric pumps, 79 sugarcane crushers and 32 oil *ghanis*.

TABLE I.7—AGRICULTURAL IMPLEMENTS IN 1951

Implement	Number
Ploughs	**33,142**
Wooden	17,505
Iron	15,637
Bullock carts	45,493
Sugar cane crushers	**79**
Power driven	13
Bullock driven	66
Oil engines	213
Electric pumps	16
Tractors	52
Ghanis	32

(Source : *Indian Livestock Census*, 1951.)

I.12 FORESTS

In 1951–2 the area under forests totalled 3·15 lakh acres, of which 1·40 lakh acres were under 'A' class and 67,127 acres under 'C' class forests. In 'A' class forests which are reserved for Government for timber production, grazing facilities on a limited scale are permitted. 'C' class protected forests are open to cultivators for grazing of cattle and cutting of fuel for individual use with the previous permission of the Divisional Forest Officer.

According to the information supplied by the Divisional Forest Officer, which relates to the West Berar Division of which the Akola district is a part, the main forest products are timber, fuel, bamboos, fodder, *russa* grass, *mahua* and *achar*, gum, hide and horns, *tendu* leaves and other miscellaneous products. The total receipts from sale of these products and the fees for grazing cattle together amounted, in 1951–2, to Rs 3·93 lakhs from 'A' class Reserved forests and Rs 1·08 lakhs from 'C' class Protected forests. The share of the Akola district forests in the total receipts was approximately 70 per cent.

It was reported that the forests provide casual employment to the villagers in the surrounding areas during the off-season. Moreover, grass for fodder and thatching and fuel wood also become available to the villages situated near forests.

I.13 LAND TENURES AND LAND REFORMS

The most common tenure prevalent in the district is the *ryotwari* tenure. Under this system, each plot of land forms a separate holding for which the holder, who is called the occupant or *khatedar*, holds land permanently subject to the payment of land assessment and other dues. He has the right to transfer his land by mortgage or sale and to lease it. Co-sharers and co-occupants possess interests similar to those of the principal occupant, and have the right of pre-emption.

Besides the *ryotwari*, the other tenures prevalent were the *jagir*, *palampat* and *izara*. Under the *jagirdari* tenure, lands were held at a fixed quit-rent or rent-free

for performance of specified services and duties. The *palampat* tenure was a perpetual lease granted for restoration of villages thrown out of cultivation on favourable terms. Under the *izara* tenure, villages, either deserted or partially deserted, were leased out to individuals on a low rental for a term upto thirty years. The lessee was given the option, at the end of that term, of obtaining perpetual hereditary and transferable proprietary rights subject to payment of one-half of the ordinary assessment. If, however, he had brought under cultivation one-third of the land only, he could merely retain the right of being or appointing the village *patel* getting 25 per cent of the collections from the *ryots*, the village being settled as a regular *khalsa* village. These three types of *non-ryotwari* tenures were abolished under the Madhya Pradesh Abolition of Proprietary Rights (Estates, Mahals, Alienated Lands) Act, 1950. The *jagirdars*, *izaradars* and *palampatdars* were allowed to retain as occupants all lands which they held on October 1, 1949 as home farm lands and homesteads including their appurtenant lands. Barring the rights in the above lands the proprietary rights of the intermediaries over tenancy land, communal land, etc., came to be vested in the Government. However, certain specified tenants (ante-alienation tenants, permanent tenants, and tenants of antiquity) were deemed to be lessees holding land directly from Government on payment of lease-money.

I.14 TENANCY LEGISLATION

Tenancy legislation for the *jagir*, *izara* and *palampat* villages was undertaken as early as 1921 when the Alienated Villages Tenancy Law was passed. Under this Law four classes of tenants were recognized, namely (*i*) Ante-alienation tenants, (*ii*) Permanent tenants, (*iii*) Ordinary tenants and (*iv*) Sub-tenants. Protection from rack-renting and ejectment was provided to the tenants belonging to the first two categories. The ante-alienation tenants were given the right of transfer of their interests by sale, lease or mortgage, subject to the right of pre-emption of the superior holders. Though the right was limited in respect of the permanent tenants to co-sharers and legal heirs, they were permitted to transfer their right to secure *taccavi* advances from Government or loans from the co-operative societies or land mortgage banks. By a recent amendment to the Law, the ordinary tenants who were continuously in possession of land from a date prior to April 1, 1940 or lessees holding land continuously for not less than ten years were granted rights and privileges of the permanent tenants.

In order to protect the interests of tenants, the Berar Regulation of Agricultural Leases Act,* was passed in 1951 which aims at stopping habitual sub-letting of agricultural land and rack-renting of tenants. It provides for (*i*) fixity of tenure and protection of lessees against eviction by creating a class of protected lessees and (*ii*) protection against rack-renting. Under the provisions of the Act, a lease of land in the year 1951–2 entitled the lessee to be a protected lessee for not less than five

* The Bill was further amended in 1953 so as to prevent evasion and thus to enable the lessees to secure the benefits provided under it.

Recently the Bombay Government has introduced the Bombay Tenancy and Agricultural Land (Vidarbha and Kutch Regions) Bill to bring farm tenancy regulation in these regions in line with that obtaining in the former Bombay State area.

years and granted him the option of getting his lease renewed from time to time for a period of five years. In order to protect the lessee from rack-renting, the Revenue Officers have been empowered to determine reasonable rent by taking into consideration some factors prescribed, on the receipt of an application from the lessee. Though the protected lessee cannot transfer his right by sale, gift or mortgage, he has been permitted to do so to secure loans from Government or a co-operative society. It is provided that the lease of a protected tenant cannot be terminated unless he fails to pay rent or does an act injurious to the land or diverts it to non-agricultural purposes or transfers his interest in land or keeps the land fallow. A landholder has, however, been granted the right to terminate the lease for personal cultivation if he has less than fifty acres of land or for any non-agricultural use for his own purpose. The Act has specially provided that no lease would be valid for a period of less than five years and that leases for less than five years would be deemed to be for a period of five years.

1.15 DEMOGRAPHIC FEATURES

Of the total population of 950,994 in 1951, persons engaged in agriculture numbered 718,954 or 76 per cent and those in non-agricultural occupations 232,040 or 24 per cent. Among the agriculturists, the owner-cultivators, tenants, and absentee landlords and rent receivers accounted for 40 per cent, 9 per cent and 4 per cent, respectively. Agricultural labourers formed about 48 per cent of the agricultural population. The small owner-cultivators and tenants are predominantly Kunbis who are industrious and good cultivators. The agricultural labourers are mainly drawn from the scheduled castes. The big and/or absentee landlords are mostly Marwaris and Deshmukhs and in a very few cases Brahmins. There are some aboriginal tribes in the district. Of these, the Banjaras are found in many villages of the Washim, Mangarul and Balapur talukas. Of the non-agricultural classes, those engaged in big, small and cottage industries, commerce, transport and in miscellaneous types of professions and services accounted for 31 per cent, 26 per cent, 6 per cent and 37 per cent, respectively.

There were about 1,000 registered moneylenders in the district in 1951. Distribution of these registered moneylenders according to castes and communities shows that the Marwaris and Gujaratis formed about 70 per cent. Agriculturist moneylenders mainly drawn from the Deshmukh and Kunbi communities and Brahmin moneylenders accounted for 20 and 10 per cent, respectively. The Marwari and Gujarati moneylenders are mostly found in towns and marketing centres, while the agriculturist moneylenders and Brahmin moneylenders are generally spread over the rural areas.

1.15.1 Migration

There are no large-scale intra-district migrations of population. During the period from November to June, when the factories engaged in processing of agricultural commodities like cotton and oilseeds work, labourers from surrounding villages go to places where these factories are located for employment. Similar seasonal

migrations on a small-scale also take place to marketing centres during the busy season. Generally the migrants return to their villages towards the beginning of the rainy season.

TABLE I.8—DISTRIBUTION OF POPULATION ACCORDING TO SOURCES OF LIVELIHOOD IN THE YEAR 1951

	Persons	Percentage to total of each class
Agricultural classes	**718,954** (*75·6*)	*100·0*
Cultivators of land wholly or mainly owned	283,826	*39·5*
Cultivators of land wholly or mainly unowned	66,327	*9·2*
Cultivating labourers	343,739	*47·8*
Non-cultivating owners and agricultural rent receivers	25,062	*3·5*
Non-agricultural classes	**232,040** (*24·4*)	*100·0*
Production other than cultivation	72,409	*31·2*
Commerce	60,593	*26·1*
Transport	14,463	*6·2*
Other services and miscellaneous sources	84,575	*36·5*
Total population	**950,994** (*100·0*)	

(Figures within brackets denote proportion of population of the major sub-classes to total population.)

The following statistics show that the urban population has increased rapidly during 1941–51. This may be due partly to permanent migration from villages to towns of some families of landlords and bigger agriculturists and also to the reluctance of some village labourers who get seasonal employment in towns, to return to villages.

Year	NUMBER OF HOUSES OCCUPIED		POPULATION	
	Urban	Rural	Urban	Rural
1941	32,926	1,62,416	1,71,933	7,35,809
1951	40,938	1,63,713	2,10,232	7,40,762

I.16 INDUSTRIES

Akola is one of the relatively more industrially advanced districts of the former Madhya Pradesh with 69 industrial establishments registered under the Factories Act, 1948, in 1951. In Akola which is the principal industrial centre there were two cotton spinning and weaving mills and eight cotton ginning and five cotton pressing factories. Besides these, other factories included one *dal* mill, six oil mills and one *vanaspati* factory. Excluding the factories at Akola, there were 18 cotton ginning and 12 cotton pressing factories, 2 oil mills-cum-gins, 3 oil mills and 1 oil-cum-*dal* mill in the district. Cotton ginning and pressing factories were located at Akot, Washim, Murtijapur, Karanja, Telhara and Malegaon. At Akot and Karanja

there were one and two oil mills, respectively. Thus, most of the factories were engaged in processing of cotton and oilseeds which are the principal cash crops in the district. Details about these and other industrial units are given in Table 1.9.

TABLE 1.9—INDUSTRIAL ESTABLISHMENTS IN 1951

Industry	NUMBER OF UNITS AT							
	Akola	Washim	Malegaon	Akot	Murtijapur	Karanja	Telhara	Total
	1	2	3	4	5	6	7	8
Cotton spinning and weaving	2	–	–	–	–	–	–	2
Cotton ginning	8	2	1	6	2	1	3	26‡
Cotton pressing	5	2	1	3	2	2	2	17
Dal milling	1	–	–	–	–	1*	–	2
Oil mills	6	–	1†	1	–	2	–	10
Oil milling and cotton ginning	–	1	1	–	–	–	–	2
Manufacture of refined oil, vanaspati and soap	1	–	–	–	–	–	–	1
Others (including such units as printing, tiles, petty engineering, etc.)	9	–	–	–	–	–	–	9

* This is both an oil and *dal* mill.
† Combines flour and butter-making also.
‡ Includes three units, one each at Mangarul, Balapur and Loni Buzruk.
(Source : *List of Industrial Establishments in Madhya Pradesh for* 1951.)

Cotton-weaving and carpet-making are the two cottage industries located at Washim and Balapur. The weaver community includes Koshtis and Momins; the former predominate in Washim and the latter in Balapur.

1.17 TRANSPORT AND COMMUNICATIONS

In the Akola District, the important means of communication are railways and metalled and fair-weather roads. A broad gauge line of the Central Railway, running west to east, and a narrow gauge railway line running between Murtijapur and Yeotmal, serve the Balapur, Akola and Murtijapur talukas.

In the district, the total length of the metalled roads was about 445 miles in 1951. These roads are all-weather roads and some of them have been tarred recently. The five taluka-headquarters, namely, Akot, Balapur, Mangarul, Murtijapur and Washim and the important marketing centres like Telhara and Karanja are connected with Akola, the district headquarters, by metalled roads which are open for traffic throughout the year. A good number of villages are situated at a distance not exceeding 8 to 10 miles from these metalled roads. There are second class roads and fair-weather tracks connecting the rural areas with the marketing centres or towns. Broadly speaking, all parts of the district, except small patches in the hilly areas, are served with roads and are easily accessible in the open season. The

principal mode of transport for carrying agricultural produce from villages to marketing centres is the bullock cart. Since recently, motor trucks are used for transport of goods and a major portion of agricultural produce from the small primary markets to the main markets is transported by them.

In the Akola district with its large plains of fertile soils and a generally regular and well-distributed rainfall, cultivation of land has extended to the farthest limit possible. Agriculture is comparatively more stable and developed. The process of commercialisation of agriculture has made good advance and, as will be seen later, the agricultural economy is relatively more highly monetized. Industrialisation has made some progress, particularly in the direction of processing of agricultural commodities.

1.18 AGRICULTURAL SEASON AND PRICES IN 1951-2

During the year 1951–2, the rainfall was 29·89 inches, and the seasonal conditions were reported to be fairly good. The crop yields were estimated at 11 annas in the *kharif* season and 9 annas in the *rabi* season. The gross cropped area amounted to 17·94 lakhs acres, which was about 3 per cent more than 17·46 lakh acres in the preceding year. The area under non-food crops formed 45·5 per cent of the gross cropped area.

The agricultural price situation during the year (April 1951 to March 1952) was, however, rather disturbing. The year began with the agricultural prices at their peak of the post-Korean War boom, the index of agricultural prices standing at 620 in April 1951. The index for raw cotton, groundnuts and *jowar* which are the principal crops in the district stood at 491, 836 and 297, respectively, in the same month. During May and June 1951 prices of agricultural commodities remained at a high level, the index number for all agricultural commodities standing at 616 and 617, respectively. A reversal of price trends began in July 1951 which resulted into a retreat in a recession towards February-March 1952. The index number for all agricultural commodities which declined to 584 in July 1951 moved down to 513 in February 1952 and sharply decreased to 438 in March 1952. Prices of individual crops more or less followed the same trend and the index number for *jowar* and groundnuts which stood at 873 and 307 respectively, in May 1951 came down to 488 and 255 respectively, in March 1952. Cotton prices, however, which ruled more or less steady at higher levels throughout the year noted a precipitate fall in March 1952. The index number of cotton prices which was 496 in May 1951, gradually increased to 512 in September 1951, came down to 504 in February 1952 and crashed to 415 in March 1952.

CHAPTER 2

SELECTED VILLAGES AND HOUSEHOLDS

2.1 RURAL CREDIT SURVEY

2.1.1 Plan of enquiry

According to the plan of enquiry adopted for the Rural Credit Survey, the investigation was conducted into two aspects of rural credit, namely, the 'demand' aspect and the 'supply' aspect. The 'demand' aspect related to the demand for credit from rural families, and the items covered on this side included indebtedness, borrowing and repayment, assets, farm expenses, sales and receipts, some important items of capital expenditure in agriculture and non-farm business and family expenditure, the credit requirements of the cultivating families and the difficulties, if any, experienced by them in meeting these requirements. The 'supply' aspect dealt with the agencies of credit such as, moneylenders, co-operative institutions and Government, the extent of financing done by each, the character of operations including the terms and conditions attached to loans and other details relevant to their adequacy as credit agencies.*

In connection with the 'demand' aspect of the Survey, it was decided to select a sample of 8 villages from each of the 75 selected districts with probability of selection proportional to the population of the village. As one of the main objects of the Survey was to study the working of co-operative credit institutions in rural areas, it was considered desirable that four of the selected villages should be those in which primary co-operative credit societies existed. In each of the selected villages a schedule called the 'General Schedule' was canvassed to all families. The Schedule sought information on the size of cultivated holding, expenditure on some specified items such as capital expenditure in agriculture, expenditure in non-farm business, specified items of family expenditure, litigation expenses and financial investment expenditure ; sale of assets, borrowings and repayments during the period of twelve months preceding the day of interview and the outstanding debt as on the day of interview. Information on sources of finance for expenditure on the specified items was also collected. In order to study some aspects of rural credit in detail, it was decided to conduct an intensive enquiry. For this purpose, from the cultivating families in each village, a sample of fifteen families was selected. For the selection of sample, the cultivating families in each village were arranged in descending order according to the size of cultivated holding and divided into ten equal groups called 'deciles'. From the first five deciles two families each and from the next five deciles one family each were randomly selected. In respect of these selected families data

* Details regarding the plan of enquiry and other technical aspects are given in the *All-India Rural Credit Survey Report*, Vol. I, Part I and Vol. III.

were collected on specially designed schedules on assets, farm expenditure, cash receipts from sale of crops and other sources, borrowings and repayments, etc., for the period April 1951 to March 1952 and outstanding debt as on the date of enquiry. In addition to this, information on the effects of moneylending and debt relief legislation, savings practices, credit requirements, etc., was collected through questionnaires.

The supply side investigation dealt with the different credit agencies. For this purpose, besides the villages selected for the 'demand' side investigation, investigation was conducted at four selected marketing centres and the district headquarters. All primary credit societies existing at these places as also four more selected at random were intensively investigated. The district central co-operative bank and the land mortgage bank were also studied. All moneylenders in the selected villages and a sample of moneylenders, traders and indigenous bankers not exceeding 20 each at each of the selected marketing centres were covered through questionnaires designed with a view to finding out the mode of their business operations. All commercial banks in the district were investigated by means of a mailed questionnaire. A general questionnaire was also addressed to some knowledgeable persons.

2.1.2 Presentation of data

Data collected in the General Schedule are presented in the following chapters for cultivators, non-cultivators and all rural families separately. In the case of cultivators, the data are presented on the decile basis. But for convenience of presentation and analysis, these deciles are combined into four groups, the first decile, the first three deciles, the middle four deciles and the last three deciles, and these groups are called the big, large, medium and small cultivators, respectively. As regards intensive enquiry, the data are presented in two groups called the upper strata and the lower strata cultivators comprising the selected cultivators from the upper five and the lower five deciles. Data for the co-operatives have been presented for the different institutions separately.

2.1.3 Period of investigation

The investigation in the district was commenced on November 20, 1951 and the filling up of the General Schedule was completed on March 22, 1952. The intensive investigation, however, continued upto the end of June 1952.

2.2 SELECTED VILLAGES

According to the plan of enquiry described above, eight villages were selected for the purpose of investigation in the Akola district. Of the selected villages, four villages, viz., Asola, Changalwadi, Hata and Kupta were with primary co-operative credit societies which were chosen mainly with a view to assessing the effects of the co-operative movement on rural credit conditions. Details regarding the selected villages such as total population, the number of families contacted and the number of responding families, are given in Table 2.1. A map showing the location of these villages in the district is given at the beginning of the monograph.

TABLE 2.1—TOTAL POPULATION AND NUMBER OF FAMILIES IN THE SELECTED VILLAGES

Village	Taluka	Population	Number of families	NUMBER OF RESPONDING FAMILIES		
				Cultivating families	Total number of families	Proportion of cultivating to total responding families
	1	2	3	4	5	6
Asola	Balapur..	265	77	47	77	*61·0*
Changalwadi	Akot.....	528	112	79	112	*70·5*
Hata	Balapur..	1,273	314	169	314	*53·8*
Kupta	Mangarul.	1,741	419	105	417	*25·2*
Gopalkhed	Akola....	501	115	60	113	*53·1*
Kanadi	Akola....	816	216	74	216	*34·3*
Karli	Mangarul.	571	127	33	125	*26·4*
Tamasi	Balapur..	703	142	87	142	*61·3*
Total		**6,398**	**1,522**	**654**	**1,516**	***46·3****

* This percentage is calculated from the weighted total for the district and not from the actual number of families given in the table. Similarly in the tables that follow data for the villages are the averages or percentages of the families in the respective villages and data for the district are the weighted total of the selected villages.

2.2.1 Location

Of the eight selected villages, three are situated in the Balapur taluka, two each in the Akola and Mangarul talukas and one in the Akot taluka. Thus, of the selected villages, six are from the northern region and two from the southern region.

2.2.2 Demographic features

The selected villages are of either small or medium size with the total population not exceeding 1,800 persons in any of them according to the 1951 census. In fact the population was less than 1,000 in 6 villages, of which in one it was as small as 265. The number of families followed the same trend. One village was with less than one hundred families and five villages with families between 100 and 250. In two villages only the number of families was over 300 but less than 500.

According to the Survey data, 46·3 per cent of the rural families were cultivators † and 53·7 per cent were non-cultivators. The proportion of cultivators to all rural families, however, showed variation among the selected villages. The proportion in Hata and Gopalkhed ranged between 50 and 60 per cent and in Asola, Changalwadi and Tamasi, between 60 and 75 per cent. On the other hand, in Kupta, Kanadi and Karli it varied from 25 to 35 per cent.

2.3 GENERAL FEATURES OF AGRICULTURAL ECONOMY

The general features of the agricultural economy of these villages are almost similar to those noticed earlier in respect of the whole district. Cultivation of land

† According to the definition adopted, a family which was engaged in the cultivation of any piece of land owned or leased other than small garden plots was treated as a cultivating family.

has extended upto the farthest limit possible under the present stage of technical development and most of the cultivable area has been brought under plough, as may be seen from Table 2.2 given below.

TABLE 2.2—LAND UTILIZATION IN THE SELECTED VILLAGES IN 1950-1

[Area in acres]

Village	Total geographical area	Gross cropped area	Current fallows	Total cultivated area	Cultivable waste	Forest	Uncultivable area	Total uncultivated area
	1	2	3	4	5	6	7	8
Asola	**2,208**	840	536	**1,376** (*62·3*)	–	–	832	**832** (*37·7*)
Changalwadi	**1,844**	1,715	109	**1,824** (*98·9*)	–	–	20	**20** (*1·1*)
Hata	..	4,207	635	**4,842**	50	–	..	..
Kupta	**1,169**	945‡	73	**998** (*85·4*)	30	98	43	**171** (*14·6*)
Gopalkhed	**1,383**	1,231	30	**1,261** (*91·2*)	..	–	..	**122** (*8·8*)
Kanadi	**3,258**	2,494	106	**2,600** (*79·8*)	106	79	473	**658** (*20·2*)
Karli	**2,377**	928	287	**1,215** (*51·1*)	–	1,131	31	**1,162** (*48·9*)
Tamasi	**1,386**	1,223	33	**1,256** (*90·6*)	–	–	130	**130** (*9·4*)

(Figures within brackets give percentages to the total area.)

‡ Includes 20 acres of double cropped area ; other villages did not report any double cropped area.

(Source : Village Revenue Records.)

In as many as five villages the occupied area accounted for 80 per cent and above of the total area. In two villages, namely, Asola in the Balapur taluka and Karli in the Mangarul taluka, the proportion was 62·3 and 51·1 per cent, respectively, because of large extent of uncultivable area in the former and forests in the latter.

According to the information collected in the selected villages, the only source of irrigation is wells. In 1951 Changalwadi was reported to have 27 irrigation wells ; Karli, Kupta, Asola and Tamasi had between 2 and 12 wells. There were no wells used for irrigation purposes in the remaining three villages. As the irrigation facilities were very meagre the extent of irrigated area, area cropped more than once and area under garden crops were negligible.

Another important feature, as can be seen from Table 2.3, is the predominance of cash crops, which covered nearly 48 per cent of the total cropped area in 1950–1.

In Asola, Hata, Tamasi, Karli and Gopalkhed, the proportion of area under cash crops to total cropped area ranged between 35 and 50 per cent and in Kupta,

TABLE 2.3—PATTERN OF CROP DISTRIBUTION IN THE SELECTED VILLAGES IN 1950-1

[Area in acres]

Village	Rice	Wheat	Jowar	Bajra	Other cereals	Gram	Tur	Other pulses	Total cereals and pulses
	1	2	3	4	5	6	7	8	9
Asola.....	–	–	326	11	21	–	27	116	**501** (*59·6*)
Changalwadi...	–	16	490	1	–	5	95	198	**805** (*46·9*)
Hata.....	–	547	1,328	7	–	482	96	165	**2,625** (*62·4*)
Kupta.....	17	5	323	18	2	6	33	44	**448** (*47·4*)
Gopalkhed.....	–	123	400	–	44	50	40	40	**697** (*56·6*)
Kanadi.....	6	3	670	13	–	1	91	134	**918** (*36·8*)
Karli.....	4	–	323	22	9	–	33	81	**472** (*50·9*)
Tamasi.....	–	42	502	7	9	21	26	40	**647** (*52·9*)
Total.....	**27**	**736**	**4,362**	**79**	**85**	**565**	**441**	**818**	**7,113** (*52·4*)

Village	Cotton	Groundnut	Other oilseeds	Total oilseeds	Other crops	Gross cropped area
	10	11	12	13	14	15
Asola.....	312 (*37·2*)	23	–	23 (*2·7*)	4 (*0·5*)	**840**
Changalwadi...	727 (*42·4*)	4	10	14 (*0·8*)	169 (*9·9*)	**1,715**
Hata.....	1,448 (*34·4*)	–	58	58 (*1·4*)	76 (*1·8*)	**4,207**
Kupta.....	322 (*34·1*)	115	5	120 (*12·7*)	55 (*5·8*)	**945**
Gopalkhed.....	510 (*41·4*)	20	4	24 (*2·0*)	– (–)	**1,231**
Kanadi.....	320 (*12·8*)	768	4	772 (*31·0*)	484 (*19·4*)	**2,494**
Karli.....	313 (*33·7*)	112	15	127 (*13·7*)	16 (*1·7*)	**928**
Tamasi.....	420 (*34·4*)	–	5	5 (*0·4*)	151 (*12·3*)	**1,223**
Total.....	**4,372** (*32·2*)	**1,042**	**101**	**1,143** (*8·5*)	**955** (*7·0*)	**13,583**

(Figures within brackets give percentages to the total cropped area).

(Source : Village Revenue Records.)

Changalwadi and Kanadi between 50 and 70 per cent. Cotton is by far the most important cash crop accounting for between 30 and 45 per cent of the gross

cropped area in all villages except Kanadi, where groundnut covered about 31 per cent of the gross cropped area.

None of the selected villages, except one, was connected by an all-weather motorable road. However, they were located generally within a short distance from the all-weather roads with which they were connected by unmetalled fair-weather tracks.

In two of the selected villages weekly markets were held where small quantities of foodgrains and other agricultural commodities were traded. All the villages were connected to primary marketing centres, which are within a radius of 15 miles. The villagers go to these centres either on weekly market days or on other days for selling their cash and non-cash crops to traders and commission agents and for purchase of their necessities. These marketing centres were connected with Akola or other railway stations by all-weather motorable roads.

2.3.1 Pattern of distribution of cultivated holdings

Distribution of cultivators according to the size of their cultivated holdings is given below.

TABLE 2.4—DISTRIBUTION OF CULTIVATING FAMILIES ACCORDING TO THE SIZE OF CULTIVATED HOLDINGS

Size of holding	Number of families*	Proportion to total (Per cent)	Total area (Acres)	Proportion to total (Per cent)
	1	2	3	4
Less than 5 acres	163	*25·0*	**437**	*2·6*
5 – 10 acres	101	*15·4*	**708**	*4·1*
10 – 15 ,,	84	*12·9*	**1,001**	*5·8*
15 – 20 ,,	58	*8·9*	**991**	*5·8*
20 – 25 ,,	55	*8·4*	**1,218**	*7·1*
25 – 50 ,,	112	*17·2*	**3,837**	*22·4*
50 – 75 ,,	32	*4·9*	**1,951**	*11·4*
75 – 100 ,,	18	*2·8*	**1,533**	*8·9*
100 – 200 ,,	20	*3·1*	**2,616**	*15·3*
200 acres and above	9	*1·4*	**2,836**	*16·6*
Total	**652**	***100·0***	**17,128**	***100·0***

* Two families were joint families, one each from Asola and Changalwadi.

Note : Data are the unweighted district totals of the selected villages.

Table 2.4 brings out an important feature of pattern of land cultivation, viz., concentration of land in the hands of a few big cultivators. It can be seen that hardly 4·5 per cent of the cultivators with cultivated holdings of 100 acres or more together cultivated about 31·9 per cent of the total cultivated area. Cultivators with cultivated holdings of more than 50 acres who formed about 12·2 per cent of the total cultivators held 52·2 per cent of the total cultivated area. On the other hand, 70·6 per cent of the cultivators with cultivated holdings of less than 25 acres accounted for 25·4 per cent of the total cultivated area. It is very pertinent to

note that as many as 25·0 per cent of the cultivators with cultivated holdings of less than 5 acres cultivated hardly 2·6 per cent of the cultivated area.

This feature of land cultivation pattern was observed in all the selected villages as can be seen in Table 2.5.

TABLE 2.5—DISTRIBUTION OF CULTIVATING FAMILIES ACCORDING TO THE SIZE OF THEIR CULTIVATED HOLDINGS—INTER-VILLAGE VARIATIONS

Village	Total cultivated area (Acres)	LESS THAN 5 ACRES		5–25 ACRES		25–50 ACRES		50–100 ACRES		100 ACRES AND ABOVE	
		PROPORTION OF		PROPORTION OF		PROPORTION OF		PROPORTION OF		PROPORTION OF	
		Families	Area	Families	Area	Families	Area	Families	Area	Families	Area
	1	2	3	4	5	6	7	8	9	10	11
Asola	1,043	19·6	3·4	54·3	34·8	13·0	21·0	10·9	31·1	2·2	9·7
Changalwadi	1,042	41·0	8·4	42·3	39·4	12·8	34·2	3·9	18·0	–	–
Hata	3,582	33·7	4·3	43·8	24·6	14·2	24·0	5·3	18·6	3·0	28·5
Kupta	4,799	8·6	0·5	42·9	15·0	25·7	19·4	13·3	21·0	9·5	44·1
Gopalkhed	1,116	21·7	3·2	53·3	32·4	18·3	31·8	3·3	13·3	3·3	19·3
Kanadi	3,273	9·5	0·7	45·9	15·1	20·2	15·0	12·2	17·7	12·2	51·4
Karli	1,219	12·1	1·1	42·4	18·5	24·2	23·7	15·2	30·9	6·1	25·8
Tamasi	1,054	36·8	5·9	47·1	43·8	12·6	32·1	3·5	18·2	–	–

However, the concentration was particularly very heavy in Hata, Kupta, Kanadi and Karli where cultivators with 100 acres or more of cultivated holdings formed 3·0, 9·5, 12·2 and 6·1 per cent of the total cultivators, respectively, but accounted for 28·5, 44·1, 51·4 and 25·8 per cent of the total cultivated area, respectively. In all the selected villages the proportion of area cultivated by the cultivators with 50 acres or more of cultivated holdings to the total cultivated area was nearly three to six times larger than their proportion to the total cultivating families. On the other hand, in Asola, Changalwadi, Hata, Gopalkhed and Tamasi the cultivators cultivating less than 5 acres formed between 19·6 and 41·0 per cent of the total cultivators but accounted for between 3·2 and 8·3 per cent of the total cultivated area. The proportion of cultivators with less than 25 acres of cultivated land to the total cultivators ranged between 51 and 84 per cent and that of the area cultivated by them to the total cultivated area, between 15 and 50 per cent in all the villages.

A heavy concentration of cultivated land in the hands of a few big cultivators also reflects a wide disparity between the size of operating units in farm business. Table 2.6 gives the average size of cultivated holdings per cultivating family for the different deciles in the selected villages.

The average size of cultivated holding per cultivating family for the district as a whole worked out at 23·3 acres. The figures for each decile separately show that the average size of cultivated holding per cultivating family was 94 acres in the first decile, but it declined sharply to 2 acres in the tenth decile. The average size of

TABLE 2.6—AVERAGE SIZE OF CULTIVATED HOLDING PER FAMILY

[General Schedule data. In acres]

Village	DECILES										All cultivators
	1	2	3	4	5	6	7	8	9	10	
Asola	74·2	35·0	27·2	20·8	14·5	13·3	11·3	8·8	5·2	3·4	**22·2**
Changalwadi	48·8	27·9	16·9	11·8	7·7	6·0	4·1	3·3	2·1	1·4	**13·2**
Hata	107·4	36·1	22·4	14·5	10·5	7·6	5·1	3·5	2·5	1·6	**21·2**
Kupta	200·9	73·8	44·1	33·1	26·6	22·1	18·5	14·5	9·7	3·4	**45·7**
Gopalkhed	74·8	32·3	23·7	16·7	11·7	9·5	7·2	4·8	2·7	2·6	**18·6**
Kanadi	197·9	72·3	42·6	30·4	25·3	19·9	16·0	11·9	7·6	3·6	**44·2**
Karli	123·3	59·8	40·0	34·0	24·0	18·3	17·0	14·3	10·3	3·3	**36·9**
Tamasi	43·7	25·1	17·1	11·4	7·4	6·0	4·6	2·6	1·3	0·8	**12·1**
District	**94·0**	**40·5**	**26·2**	**19·2**	**14·1**	**11·3**	**8·9**	**6·5**	**4·1**	**2·3**	**23·3**

cultivated holding which worked out at 54 acres in the large cultivators' group, declined to 13 acres in the medium cultivators' group and further to 4 acres in the small cultivators' group (see Table 2.7). It is observed that the big cultivators, who formed 10 per cent of the total cultivating families cultivated 42·6 per cent of the cultivated area. The large cultivators, constituting 30 per cent of the total cultivating families, accounted for 72·7 per cent of the cultivated area. The medium and small cultivators, who formed 40 and 30 per cent of the total cultivating families, cultivated hardly 21·7 and 5·6 per cent of the cultivated area, respectively.

TABLE 2.7—AVERAGE SIZE OF CULTIVATED HOLDINGS AND SHARE OF CULTIVATED HOLDINGS OWNED BY DIFFERENT GROUPS OF CULTIVATORS

[General Schedule data]

Village	AVERAGE SIZE OF CULTIVATED HOLDINGS (ACRES)					AREA CULTIVATED BY EACH GROUP AS PERCENTAGE OF THE TOTAL CULTIVATED AREA OF ALL CULTIVATORS			
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	**All cultivators**	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4	5	6	7	8	9
Asola	74·2	44·8	14·9	5·8	**22·2**	*35·6*	*68·7*	*22·9*	*8·4*
Changalwadi	48·8	30·6	7·4	2·3	**13·2**	*37·4*	*73·4*	*21·4*	*5·2*
Hata	107·4	55·3	9·4	2·5	**21·2**	*50·9*	*78·7*	*17·7*	*3·6*
Kupta	200·9	106·3	25·1	9·0	**45·7**	*46·1*	*73·1*	*20·9*	*6·0*
Gopalkhed	74·8	43·6	11·3	3·4	**18·6**	*40·2*	*70·3*	*24·2*	*5·5*
Kanadi	197·9	106·9	22·9	7·5	**44·2**	*48·4*	*75·1*	*19·6*	*5·3*
Karli	123·3	77·5	23·3	8·7	**36·9**	*40·4*	*69·9*	*23·0*	*7·1*
Tamasi	43·7	28·6	7·2	1·6	**12·1**	*37·3*	*73·3*	*22·7*	*4·0*
District	**94·0**	**53·8**	**13·4**	**4·3**	**23·3**	*42·6*	*72·7*	*21·7*	*5·6*

The individual village figures of distribution of cultivated holdings show a similar pattern. The average size of cultivated holding per cultivating family ranged between 12·1 and 45·7 acres. In Changalwadi, Gopalkhed and Tamasi, it varied

between 10 and 20 acres and in Asola and Hata between 20 and 25 acres. In Karli it amounted to 36·9 acres and in Kupta and Kanadi it varied from 44 to 46 acres. In all the eight selected villages, the big cultivators accounted for 35·6 to 50·9 per cent and the large cultivators for 68·7 to 78·7 per cent of the total cultivated area. As against this, the small cultivators accounted for 3·6 to 8·4 per cent and the medium cultivators for 17·7 to 24·2 per cent of the total cultivated area. It can also be seen that the average size of cultivated holding of the big cultivators was 13 to 43 times larger than that of small cultivators.

2.3.2 Types of farming

It has been pointed out above that the process of commercialisation of agriculture has made good advance in the selected villages. According to the intensive enquiry, it is observed that of the 120 selected cultivators only 5 cultivators did not produce any cash crop during 1951–2. Of the remaining 115 cultivators, 4 cultivators reported that their entire area sown was under cash crops in the same year. Thus, most of the selected cultivators were growing foodgrains as well as cash crops on their holdings. The distribution of sown area according to crops in the selected villages shows that in the upper five deciles food crops accounted for 36 to 56 per cent and cash crops for 44 to 64 per cent of the total sown area. In deciles 6 to 8 there was not much variation in the extent of food and cash crops grown among the selected villages. In deciles 9 and 10, however, the area under food crops formed between 46 and 79 per cent and under cash crops between 21 and 55 per cent of the total sown area, except in Hata where only cash crops were reported.

Distribution of cultivators according to the proportion of value of cash crops produced to total value of gross produce indicates that the proportion was 50 per cent or more in respect of 83·9 per cent of the selected cultivators. The proportion was between 20 per cent and 50 per cent in respect of 7·7 per cent of the selected cultivators and less than 20 per cent in respect of 2·5 per cent of them. Distribution of cultivators according to the major crops grown shows that the major crop was cotton and groundnut in respect of 70·7 per cent and 14·0 per cent of the cultivators respectively.

2.4 VALUE OF GROSS PRODUCE ON FARM

The value of gross produce on farm depends, besides the productivity of soils, on the types of crops grown, efficiency of cultivation and prices. Thus the value of gross produce on farms, it is felt, might provide a better indication of the volume and scale of farm business operations of the cultivators than the size of cultivated holdings. It may be pointed out that these data were collected in respect of 15 selected cultivators from each of the selected villages who were studied intensively. As the fertility of soils, nature of rainfall and other climatic conditions, efficiency of farming and types of crops grown vary from village to village, it may not be strictly correct to add data for villages together. However, as our main purpose is to indicate broadly the size of business operations, the distribution of selected cultivators according to the value of gross produce is given in Table 2.8.

TABLE 2.8—DISTRIBUTION OF SELECTED CULTIVATORS ACCORDING TO GROSS PRODUCE GROUPS IN RELATION TO GROSS PRODUCE, CASH RECEIPTS AND TOTAL ASSETS

[Intensive enquiry data. Amount in rupees per family]

Range of value of gross produce	Proportion of families (All selected cultivators)*	NUMBER OF CULTIVATING FAMILIES†		Gross produce	CASH RECEIPTS		Total assets
		Upper strata	Lower strata		From sale of produce	From other sources	
	1	2	3	4	5	6	7
Less than Rs 200.....	*5·4*	–	6	108	44	191	519
Rs 200 – Rs 600.....	*24·9*	2	19	315	192	386	1,309
Rs 600 – Rs 1,000.....	*14·7*	10	8	727	408	218	3,714
Rs 1,000 – Rs 3,000.....	*36·5*	42	7	1,882	1,172	181	7,479
Rs 3,000 – Rs 5,000.....	*8·4*	11	–	3,657	1,774	79	24,202
Rs 5,000 and above.....	*10·1*	15	–	10,565	5,968	268	46,970
Total.....	***100·0***	**80**	**40**	**2,252**	**1,290**	**238**	**10,405**

* Weighted district figures.
† Unweighted figures of cultivating families.

In view of the pattern of distribution of cultivated holdings noted above, it is not surprising that the value of gross produce grown was upto Rs 600 in respect of 30·3 per cent of cultivators and upto Rs 1,000 in respect of as many as 45 per cent of cultivators. On the other hand, 10·1 per cent of cultivators produced on their farms agricultural output valued at more than Rs 5,000 and another 8·4 per cent below Rs 5,000 but above Rs 3,000.

The table also gives the distribution of cultivators in the upper and lower strata separately according to the value of gross produce. It shows that of the 40 cultivators in the lower strata the value of gross produce was upto Rs 600 in respect of 25 cultivators and between Rs 600 and Rs 1,000 in respect of another 8 cultivators. Thus, about 82·5 per cent of cultivators in this strata produced less than Rs 1,000 worth of gross produce.

Of the 80 cultivators in the upper strata, on the other hand, 26 or 32·5 per cent of cultivators produced agricultural output valued at Rs 3,000 and above. The value of gross produce was Rs 5,000 or above in respect of 15 cultivators. Only 12 cultivators were in the value bracket of Rs 200 and Rs 1,000.

The variation in the average size of cultivated holdings was very large in the four groups of cultivators. The average value of gross produce per cultivator in the four groups showed similar variation. The average was as high as Rs 9,369 in the first decile and as low as Rs 214 in the tenth decile. In the large cultivators' group it amounted to Rs 5,384 which is about 4 times that in the medium cultivators' group and 15 times that in the small cultivators' group.

In Table 2.9 the average receipts from farm produce sold per cultivator is given. Although the entire quantity sold may not necessarily be from the produce

harvested during the year surveyed, as there might be some carryover stocks from the previous year or kind payments might have been received by way of rent, wages or crop share, etc., during the year surveyed, however, in a large number of cases, it may be assumed that the produce sold was from the crops harvested during the year. The value of produce sold might indicate the size of marketable surplus as also the extent of commercialisation, particularly in the upper deciles. In the lower deciles, however, it may show the need for disposal of produce for meeting cash obligations and liabilities and family expenditure.

TABLE 2.9—GROSS PRODUCE AND CASH RECEIPTS 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
Value of gross produce	9,369	5,384	1,318	367	**2,252**
	(41·6)	*(71·7)*	*(23·4)*	*(4·9)*	***(100·0)***
Total cash receipts.....	**4,911**	**3,039**	**1,067**	**633**	**1,528**
	(32·1)	***(59·7)***	***(27·9)***	***(12·4)***	***(100·0)***
Receipts from sale of crops and fodder.....	4,609	2,892	857	266	**1,290**
	(35·7)	*(67·2)*	*(26·6)*	*(6·2)*	***(100·0)***
Receipts from other sources...	302	147	210	367	**238**
	(12·7)	*(18·5)*	*(35·3)*	*(46·2)*	***(100·0)***

(Figures in brackets denote percentages to totals for all cultivators.)

Cash received from sale of crops and fodder represented 49·2 per cent of the value of gross produce in the case of big cultivators and 53·7 per cent in the case of large cultivators. Despite the comparatively small size of gross produce, the proportion of receipts from sale of crops to the value of gross produce worked out at 65·0 per cent in the medium cultivators' group and 72·4 per cent in the small cultivators' group, which may be due to the cultivation of cash crops as also to some extent sale of food crops due to pressure, immediately after harvest to pay some charges and meet other liabilities and expenses.

2.5 SIZE AND COMPOSITION OF ASSETS

We may now proceed to present data on the size, distribution and composition of assets of the selected cultivating families as it may indicate in general their economic position and creditworthiness as also provide a criterion at a later stage to measure the burden of indebtedness. Table 2.10 gives the distribution of assets in the different decile groups on the basis of data collected in the intensive enquiry.

The table brings out the large disparity in the assets position of the different classes of cultivators and a concentration of assets in the hands of a small group of cultivators. It can be seen that of the total assets, the big cultivators owned 45·8 per cent and the large cultivators 76·1 per cent. The small cultivators owned

hardly 4·6 per cent. A study of distribution of different types of assets among the different family groups shows the same pattern. For instance, of the total land owned, the large cultivators accounted for 78·9 per cent, the medium cultivators for 17·2 per cent and the small cultivators for 3·9 per cent. Similarly in respect of owned livestock, the large and the small cultivators accounted for 69·9 and 5·3 per cent, respectively.

TABLE 2.10—VALUE OF ASSETS OF SELECTED CULTIVATORS

[Intensive enquiry data. In per cent]

Family group	PROPORTION OF VALUE OF ASSETS HELD BY EACH FAMILY GROUP TO TOTAL VALUE OF ASSETS						
	Value of owned land	Value of owned buildings	Value of owned livestock	Value of owned implements and machinery	Outstanding dues	Financial investment assets	**Total**
	1	2	3	4	5	6	7
Big cultivators...	*48·2*	*38·0*	*38·9*	*34·6*	*89·1*	–	***45·8***
Large cultivators	*78·9*	*65·9*	*69·9*	*66·7*	*100·0*	*50·0*	***76·1***
Medium cultivators.....	*17·2*	*26·6*	*24·8*	*25·6*	–	*50·0*	***19·3***
Small cultivators	*3·9*	*7·5*	*5·3*	*7·7*	–	–	***4·6***
All cultivators	***100·0*** **(7,616)**	***100·0*** **(1,363)**	***100·0*** **(1,173)**	***100·0*** **(195)**	***100·0*** **(58)**	***100·0*** **(1)**	***100·0*** **(10,405)**

(Figures in brackets give average value of assets owned by all cultivators.)

A study of composition of assets in Table 2.11 points out that agricultural land was the principal asset of all classes of cultivators followed by buildings and livestock.

TABLE 2.11—AVERAGE VALUE OF ASSETS OF SELECTED CULTIVATORS—PATTERN OF DISTRIBUTION OF ASSETS

[Intensive enquiry data. Amount in rupees per family]

Family group	Owned land	Owned buildings	Owned livestock	Owned implements and machinery	Outstanding dues	Financial investment assets	**Total**
	1	2	3	4	5	6	7
Big cultivators...	36,713 *(77·1)*	5,175 *(10·8)*	4,563 *(9·6)*	675 *(1·4)*	513 *(1·1)*	– (–)	**47,639** ***(100·0)***
Large cultivators	20,029 *(75·9)*	2,992 *(11·4)*	2,734 *(10·4)*	433 *(1·6)*	192 *(0·7)*	1 (–)	**26,382** ***(100·0)***
Medium cultivators.....	3,282 *(65·1)*	906 *(18·0)*	725 *(14·4)*	125 *(2·5)*	– (–)	– (–)	**5,039** ***(100·0)***
Small cultivators	983 *(62·1)*	342 *(21·6)*	208 *(13·1)*	50 *(3·2)*	– (–)	– (–)	**1,583** ***(100·0)***
All cultivators	**7,616** ***(73·2)***	**1,363** ***(13·1)***	**1,173** ***(11·3)***	**195** ***(1·9)***	**58** ***(0·5)***	**1** (–)	**10,405** ***(100·0)***

(Figures within brackets give percentage of each asset to total assets.)

Of the average value of assets of Rs 10,405 per cultivator, agricultural land accounted for 73·2 per cent. The value of owned buildings, livestock and implements and machinery worked out at 13·1, 11·3 and 1·9 per cent, respectively. Outstanding dues formed 0·5 per cent of the total value of assets. The composition of assets in the different decile groups does not show any significant variation from this general pattern. However, the proportion of value of agricultural land to the total assets shows a decline as we move from the big cultivators' group to the medium and small cultivators' groups. On the other hand, the proportions of the values of buildings and livestock show an increase, which can be expected since every cultivator must have a place to live and a minimum complement of draught cattle for farming. If we consider the cultivators in the upper and lower five deciles separately it is noted that the proportion of value of agricultural land to the total value of assets in the upper five deciles ranged from 68 to 77 per cent, whereas the range was from 48 to 66 per cent in the lower five deciles. The proportion of the value of buildings ranged between 10·8 and 17·7 per cent in the upper five deciles and between 15·0 and 32·4 per cent in the lower five deciles. In respect of owned livestock the ranges of variation were from 9·6 to 12·7 per cent and from 2·7 to 35·0 per cent, respectively. The very low proportion of 2·7 per cent is noted in the tenth decile which includes part-time farmers.

The above discussion points out a heavy concentration of land and total assets in the hands of the big and large cultivators and a large disparity in the return from farm business indicated by the value of gross output of different classes of cultivators.

2.6 OWNERSHIP OF PLOUGH CATTLE

A plough and a pair of draught cattle is the minimum equipment required by a cultivator to carry on his agricultural operations. On the basis of data collected in the General Schedule, it is found that 66·1 per cent of the cultivating families owned plough cattle, the average number of plough cattle owned per reporting family being 3·5. The area of cultivated holding per pair of plough cattle owned worked out at 20·3 acres. A study of plough cattle ownership on a decile-basis, however, points out significant variations between the different classes of cultivators. It is observed that in the first decile all cultivators owned plough cattle, the average number of plough cattle per cultivating family being 8·9. The proportion of cultivators who owned plough cattle ranged between 70 and 96 per cent in the next four deciles, the average number of plough cattle per reporting family varying between 2·1 and 3·8. In the lower five deciles the average number of plough cattle owned per reporting family was less than 2, varying between 1·5 and 1·8. However, the proportion of cultivators who owned plough cattle showed a sharp decline from 65·3 per cent in the sixth decile to 23·0 per cent in the tenth decile. This indicates the inadequacy of draught cattle with the small cultivators, due largely to lack of capital or inability to bear their cost of maintenance, because of small size of farm business.

TABLE 2.12—PLOUGH CATTLE OWNED BY CULTIVATORS

[General Schedule data]

Deciles	Proportion of families owning plough cattle (Per cent)	Average number of plough cattle owned per reporting family
1	*100·0*	8·9
2	*95·8*	3·8
3	*93·8*	3·1
4	*93·9*	2·3
5	*70·0*	2·1
6	*65·3*	1·8
7	*47·6*	1·7
8	*38·5*	1·6
9	*32·0*	1·5
10	*23·0*	1·7
All cultivators	***66·1***	**3·5**

If the ownership of plough cattle is studied separately for each of the selected villages, it is observed that in four villages between 50 and 60 per cent of cultivators owned draught cattle, the average number of plough cattle per reporting family varying from 2·1 to 3·2. In the remaining four villages, 75 to 88 per cent of cultivators owned plough cattle, the average number of plough cattle owned varying from 2·4 to 5·2. It may be noted that in the latter group of villages which included Asola, Kupta, Kanadi and Karli, the proportion of cultivators owning plough cattle was not only very high in the upper deciles but was fairly large in the lower deciles also. On the other hand, in the other four villages, namely, Changalwadi, Hata, Gopalkhed and Tamasi, the proportion of small cultivators (*i.e.*, those included in the last three deciles), owning plough cattle was very small, and in three of these villages, the cultivators in the tenth decile did not own any draught cattle.

TABLE 2.13—PLOUGH CATTLE OWNED BY CULTIVATORS

[General Schedule data]

Village	Proportion of families owning plough cattle (Per cent)	Average number of plough cattle per reporting family	Cultivated holdings per pair of plough cattle owned (Acres)
	1	2	3
Asola	*74·5*	2·4	25·1
Changalwadi	*50·6*	2·1	24·5
Hata	*53·8*	3·2	24·4
Kupta	*84·8*	4·5	24·1
Gopalkhed	*56·7*	2·9	22·3
Kanadi	*87·8*	5·2	19·4
Karli	*81·8*	5·1	17·7
Tamasi	*59·8*	2·5	16·2

2.7 NON-CULTIVATING FAMILIES

As stated above, of the total number of responding families, 53·7 per cent were non-cultivators. According to the village data, the proportion of non-cultivating families to all rural families ranged between 30 and 40 per cent in Asola, Changalwadi and Tamasi, and between 40 and 50 per cent in Hata and Gopalkhed. The proportion was, however, very high in Kupta, Kanadi and Karli ranging between 65 and 75 per cent. A classification of non-cultivators according to their principal occupation showed that out of 862 non-cultivators enumerated, 602 or 69·8 per cent were rural labourers, this proportion varying from 60 to 86 per cent in different villages. There were 184 or 21·3 per cent non-cultivating land-owners. A classification of these non-cultivating land-owners according to size of owned land pointed out that 57 or 31·0 per cent of them owned less than 5 acres and another 53 or 28·8 per cent between 5 and 10 acres. 46 of them owned between 10 and 20 acres and the remaining 28 owned 20 acres or more. Of the 184 non-cultivating land-owning families as many as 78 families were in Kupta, 31 in Hata and 23 in Kanadi. In the remaining five villages they numbered less than 15. 'Other non-cultivators' numbering 76 in all, generally included village artisans, servants and petty village traders and others.

CHAPTER 3

INDEBTEDNESS

In this chapter we discuss the extent of indebtedness, nature, size, incidence and other aspects of debt on the basis of data collected in the General Schedule as also in the intensive enquiry. Before we proceed with the analysis of data, it is necessary to point out that, debt as reported in the General Schedule refers to the outstanding indebtedness as on the date on which the family was interviewed, *i.e.*, any time between November 1951 and March 1952. It refers to cash loan transactions only. Indebtedness as reported in the intensive enquiry refers to the position as on the date of visit during the second round of the Survey. In the intensive enquiry, data on loan transactions both in cash and kind were collected. But none of the cultivators reported any loans in kind. Although the position of debt in the selected villages does not refer to exactly identical periods, because the investigation was not conducted simultaneously, it may be stated that for the district as a whole, the figures represent in a broad way the average conditions prevailing during the period covered by the investigation.

It has been stated in Chapter 2 that the General Schedule was canvassed to 1,516 families. From the data collected in this Schedule, the value of different characteristics for the district has been estimated by an appropriate statistical method.

3.1 EXTENT OF INDEBTEDNESS

3.1.1 Proportion of indebted families

Table 3.1 gives the proportion of indebted families for the cultivators, non-cultivators and all rural families.

TABLE 3.1—PROPORTION OF INDEBTED FAMILIES

[General Schedule data. In per cent]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Asola	20·0	37·5	31·3	13·3	27·7	6·7	19·5
Changalwadi	50·0	40·0	20·0	25·0	27·8	24·2	26·8
Hata	47·1	72·5	68·7	56·9	66·3	23·4	46·5
Kupta	63·6	60·6	72·5	53·1	62·9	12·2	24·9
Gopalkhed	33·3	16·7	45·8	27·8	31·7	5·7	19·5
Kanadi	25·0	21·7	25·0	17·4	21·6	4·2	10·2
Karli	75·0	72·7	58·3	40·0	57·6	32·6	39·2
Tamasi	44·4	33·3	33·3	37·0	34·5	7·3	23·9
District	**38·8**	**36·3**	**40·0**	**32·4**	**36·5**	**14·7**	**24·8**

The extent of indebtedness among the rural families did not appear large as 24·8 per cent of them reported outstanding debt. Among the non-cultivating families 14·7 per cent were indebted. The extent of indebtedness among the cultivators was comparatively large as 36·5 per cent of them reported outstanding debt. The extent of indebtedness among the four groups of cultivators did not show any significant variation ; the proportion of indebted families to total families in the big, large and medium cultivators' groups was 38·8 per cent, 36·3 per cent and 40·0 per cent, respectively. It was slightly lower at 32·4 per cent in the group of small cultivators.

A study of village figures indicates that the proportion of indebted families to total rural families was less than 30 per cent in six villages, namely, Asola, Changalwadi, Kupta, Gopalkhed, Kanadi and Tamasi. In Hata and Karli the proportion worked out at 46·5 per cent and 39·2 per cent, respectively. The extent of indebtedness among the non-cultivators was quite small as the proportion of indebted families ranged from 4·2 per cent to 12·2 per cent in five villages. In Changalwadi, Hata and Karli the proportion worked out at 24·2 per cent, 23·4 per cent and 32·6 per cent, respectively. The small proportion of indebted families among non-cultivators may be largely due to the reported reluctance on the part of private moneylenders, who are the main source of credit, to advance loans to rural labourers. Among the cultivators, however, the proportion ranged from 21·6 per cent to 34·5 per cent in Kanadi, Asola, Changalwadi, Gopalkhed and Tamasi. In Hata, Kupta and Karli it was relatively high at 66·3 per cent, 62·9 per cent and 57·6 per cent, respectively. Group-wise data show that in Hata, Kupta and Karli all the four groups of cultivators had a relatively high incidence of debt. In the other villages the proportion of indebted families in the four groups ranged between 13 per cent and 50 per cent. The main features of the agricultural economy of the Akola district as also of the selected villages, as has been pointed out earlier, are regular and seasonal rainfall, stable agricultural production and a relatively high degree of commercialization of agriculture. It may be stated that the agricultural prices, after the sharp rise following decontrol in 1948, remained at a comparatively high level till the outbreak of the Korean War in June 1950. They rose sharply during the Korean War boom which lasted till about April 1951, and continued at a high level till June 1951. The high level of agricultural prices resulted in an increase in money incomes of agriculturists which presumably might have been utilised for repaying outstanding debts and for building up owned resources, thereby reducing the need for borrowing. Moreover, the period of agricultural prosperity might not have led to rapid increase in development activity because of limited opportunities for agricultural improvements. Thus, long-term borrowings for investment might not have been incurred on very significant scale. This may probably explain to certain extent, the relatively small extent of indebtedness. It may also be pointed out that the period of investigation corresponded with harvesting of crops. It may be that some of the cultivators who reported outstanding debt might have borrowed short-term loans for current agricultural purposes which they would repay after harvest. Thus, the incidence of chronic debt appears to be very small.

3.1.2 Size of debt

Table 3.2 gives the average debt per family for the rural families, non-cultivators and cultivators. The average debt per rural family was Rs 103. It amounted to Rs 29 per non-cultivating family. The average debt of Rs 190 per cultivating family was more than six times that per non-cultivating family.

TABLE 3.2—AVERAGE DEBT PER FAMILY

[General Schedule data. In rupees]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Asola	50	84	48	14	49	4	32
Changalwadi	484	284	79	44	133	74	116
Hata	868	856	237	94	381	67	236
Kupta	1,108	519	288	121	310	21	94
Gopalkhed	167	111	250	19	139	25	86
Kanadi	1,763	724	44	20	248	3	87
Karli	1,603	1,111	231	17	459	55	162
Tamasi	133	150	58	34	79	11	53
District	**654**	**398**	**141**	**35**	**190**	**29**	**103**

The data for the selected villages show some variations. The average debt per rural family was lowest at Rs 32 in Asola and highest at Rs 236 in Hata. It ranged between Rs 50 and Rs 100 in Kupta, Gopalkhed, Kanadi and Tamasi and amounted to Rs 116 and Rs 162 in Changalwadi and Karli, respectively.

The average size of debt per non-cultivating family was small in all villages. It was as low as Rs 3 in Kanadi and did not exceed Rs 25 per family in Asola, Kupta, Gopalkhed, and Tamasi. In Changalwadi, Hata and Karli it ranged between Rs 55 and Rs 74 per family. In all the villages the size of debt of non-cultivators was very small as compared to that of cultivators. The average debt per cultivating family was larger by two to fifteen times that per non-cultivating family in seven villages. In one village, Kanadi, it was nearly 83 times larger. As has been pointed out earlier the bulk of non-cultivators consisted of rural labourers, whose borrowing capacity is very low, as they possess no acceptable security like land and their repaying capacity, because of the seasonal nature of their employment and low level of income, is poor. It may also be added that, because of these several factors, the level of transactions in respect of this class is also very low as compared to the cultivators. A study of individual family schedules revealed that a large proportion of rural labourers did not report any outstanding debt inspite of the low level of their income. Of the small number of families which reported debt, the outstanding debt in a majority of cases was less than Rs 100 per family.

The average size of debt per cultivator showed large variations among the selected villages. It was lowest at Rs 49 per cultivator in Asola and highest at Rs 459 in Karli. The average size of debt was less than Rs 100 in Asola and Tamasi ; it ranged between Rs 100 and Rs 200 in Changalwadi and Gopalkhed and was Rs 248

in Kanadi. In Hata and Kupta it amounted to Rs 381 and Rs 310 per family, respectively.

As may be expected, the average size of debt showed large variations among the four groups of cultivators. The average debt per big cultivator was Rs 654 which was nearly nineteen times that of Rs 35 per small cultivator. The average size of debt showed a decline with a decrease in the size of cultivated holding moving down from Rs 654 per big cultivator to Rs 398 per large cultivator, to Rs 141 per medium cultivator and further to Rs 35 per small cultivator. The same trend was noticed in almost all selected villages except Gopalkhed. The variations in size of debt between the big and large cultivators on the one hand and the medium and small cultivators on the other were, however, very sharp in Hata, Kupta, Kanadi and Karli. This tendency becomes obvious in a community, whose main occupation is agriculture and the principal security in whose possession is agricultural land. The volume of debt, therefore, shows a direct relationship with the size of owned holdings as can be seen from a comparison of figures of concentration of cultivated land and debt in the big and large cultivators' groups. It may also be stated that the level of income and therefore the ability to incur debt diminishes and the level of transactions becomes lower with a decrease in the size of cultivated holding. A detailed break-up of the four groups into deciles also shows the same trend, except that the average size of debt in the tenth decile was a little higher than that in the ninth decile. The last decile includes cultivators who are really part-time farmers, mainly engaged in activities other than cultivation of land, receipts from which account for a substantial portion of their total income. Thus, their creditworthiness depends on their non-farm activities which are relatively more important.

3.1.3 Volume of debt

The volume of debt is a function of two variables, viz., proportion of indebted families and level of debt. We have discussed above the extent of indebtedness and the average level of debt. We may now study the level of debt per indebted family. The relevant data are given in Table 3.3.

TABLE 3.3—AVERAGE DEBT PER INDEBTED FAMILY

[General Schedule data. In rupees]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Asola	250	225	152	105	178	60	163
Changalwadi	968	710	395	177	479	304	432
Hata	1,845	1,181	345	165	574	285	507
Kupta	1,741	857	397	228	493	173	376
Gopalkhed	500	667	546	70	440	447	441
Kanadi	7,050	3,330	174	118	1,146	72	853
Karli	2,137	1,528	396	43	798	170	413
Tamasi	300	450	173	93	229	148	220
District	**1,686**	**1,098**	**352**	**109**	**520**	**196**	**417**

The table shows that the average debt per indebted rural family was Rs 417. It amounted to Rs 196 per indebted non-cultivating family and Rs 520 per indebted cultivating family. The average debt per indebted rural family in the selected villages showed the same pattern as noted in the preceding paragraphs. In Asola and Tamasi it was low at Rs 163 and Rs 220, respectively. In Kupta, Changalwadi, Gopalkhed and Karli it ranged between Rs 300 and Rs 500 and increased to Rs 507 in Hata and Rs 853 in Kanadi.

The average debt per non-cultivator was lower than that per cultivator in all villages except in Gopalkhed where it was slightly higher at Rs 447. The average of the debt of non-cultivators in Gopalkhed was pulled up very high because of one non-cultivating landowner whose debt was very high. In Asola and Kanadi it was less than Rs 100. In Tamasi, Karli and Kupta it ranged between Rs 100 and Rs 200 and in Hata and Changalwadi it was Rs 285 and Rs 304 respectively. It may be observed that the average debt per indebted non-cultivator was nearly seven times larger than the average debt per non-cultivator. The proportion of non-cultivating families who were indebted, as pointed above, was relatively small. Among them were some non-cultivating landowners, traders and artisans whose borrowing capacity was relatively high as compared to rural labourers. The outstanding debt of those indebted amongst them as compared to that of rural labourers was very high, which resulted in the high level of average debt per indebted non-cultivating family. This was particularly observed in Gopalkhed, Tamasi, Changalwadi, Kupta and Asola.

The average debt per indebted cultivating family amounted to Rs 520. Among the villages, it was lowest at Rs 178 in Asola and highest at Rs 1,146 in Kanadi. It was Rs 229 in Tamasi, ranged between Rs 400 and Rs 600 in Changalwadi, Hata, Kupta and Gopalkhed and stood at Rs 798 in Karli. If the villages are ranked according to the average debt per cultivator and the average debt per indebted cultivator, it is observed that the village Kanadi moves up to the top place in the latter ranking from the middle place in the former. This was mainly because of very high amount of outstanding debt reported by a small proportion of big and large cultivators.

The average debt per indebted family was Rs 1,686 in the big cultivators' group and Rs 1,098 in the large cultivators' group. It declined sharply to Rs 352 in the medium cultivators' group and further to Rs 109 in the small cultivators' group. The tendency for the size of debt to decline as we move from the big to the small cultivators was observed in all villages. However, the size of debt per indebted family in the big and large cultivators' groups in Hata, Kupta, Kanadi and Karli was very much higher than in the lower two groups, particularly in the last two villages. Ranking of the villages according to the average debt per indebted family in the four groups of cultivators shows that Asola, Tamasi and Gopalkhed were generally at the lower level and Kanadi, Karli and Kupta at the higher level, Hata and Changalwadi occupied the middle position.

3.2 DISTRIBUTION OF DEBT

Although the volume of debt shows a rising trend with an increase in the size of cultivated holding, it may be useful to examine the distribution of total volume of debt among the different groups of cultivators in relation to the distribution of total cultivated area.

TABLE 3.4—PROPORTION OF DEBT OWED AND SHARE OF CULTIVATED HOLDINGS HELD BY DIFFERENT GROUPS OF FAMILIES

[General Schedule data]

Village	DEBT OWED BY EACH GROUP AS PERCENTAGE OF THE TOTAL DEBT OWED BY ALL CULTIVATORS				DEBT OWED BY THE CLASS AS PERCENTAGE OF DEBT OWED BY ALL FAMILIES		SHARE OF CULTIVATED HOLDINGS (In per cent)			
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4	5	6	7	8	9	10
Asola	10·8	58·2	32·8	9·0	95·1	4·9	35·6	68·7	22·9	8·4
Changalwadi	36·8	67·4	22·5	10·1	81·3	18·7	37·4	73·4	21·4	5·2
Hata	22·9	67·9	24·7	7·4	86·9	13·1	50·9	78·7	17·7	3·6
Kupta	37·5	52·7	35·4	11·9	83·2	16·8	46·1	73·1	20·9	6·0
Gopalkhed	12·0	23·9	71·9	4·2	86·2	13·8	40·2	70·3	24·2	5·5
Kanadi	76·9	90·8	6·6	2·6	97·7	2·3	48·4	75·1	19·6	5·3
Karli	42·3	80·6	18·3	1·1	74·9	25·1	40·4	69·9	23·0	7·1
Tamasi	17·4	58·9	27·6	13·5	92·1	7·9	37·3	73·3	22·7	4·0
District	**36·5**	**66·2**	**28·1**	**5·7**	**85·0**	**15·0**	**42·6**	**72·7**	**21·7**	**5·6**

It may be seen from Table 3·4 that the outstanding debt of non-cultivators formed 15 per cent of the total debt of rural families. Among the cultivators, the big cultivators accounted for 36·5 per cent and the large cultivators for 66·2 per cent of the total volume of debt of cultivators. The cultivated area held by them formed 42·6 per cent and 72·7 per cent, respectively, of the total area cultivated by all cultivators. Thus, their share of total debt was about 6 per cent less than their share of the total cultivated holdings. The share of the small cultivators in the total debt and in the total cultivated area was almost equal. In the medium cultivators' group, however, the share of total debt was about 7 per cent higher than the share of the total cultivated area. If we take into consideration the share of the total amount due to the cultivators, it is found that the big and large cultivators account for a major portion. The distribution of total assets of cultivators among the four groups pointed out that the big and large cultivators accounted for a significantly large proportion. Thus, the burden of debt of these groups was comparatively lighter than that of the medium and small cultivators.

The village figures show that the share of non-cultivators in the total debt was less than 10 per cent in Asola, Kanadi and Tamasi, between 10 per cent and 20

per cent in Changalwadi, Hata, Kupta and Gopalkhed and 25·1 per cent in Karli. Among the cultivators the proportion shows a downward trend as we move from the large to the small cultivators' group except in Gopalkhed where the proportion of debt owed by the medium cultivators was much higher than that of the large cultivators. Another interesting point is that in Kanadi and Karli the proportion of debt owed by the large cultivators was very high ; thus the share of the lower two groups was relatively very small.

A comparison of the share of outstanding debt and of cultivated area of each group on the village basis points out that in Asola, Changalwadi, Hata, Kupta, Gopalkhed and Tamasi, the share of the big and large cultivators in the total cultivated holdings was larger than their share of the total debt. In Kanadi and Karli, however, the proportion of debt owed by them was significantly larger than the proportion of cultivated area held by them. In the case of medium cultivators, the proportion of outstanding debt owed by them was higher than their share of cultivated holding for the whole district. This feature was observed in six villages. In Gopalkhed particularly the share of debt of this group was very much higher than that of cultivated area. In Kanadi and Karli, on the other hand, the share of debt of this group was low because of the large share of debt accounted for by the big and the large cultivators. In the case of small cultivators it is observed that their share in the total debt and the cultivated holding was almost equal on the district basis. On the village basis, however, it is observed that in five villages, namely, Asola, Changalwadi, Hata, Kupta and Tamasi their share of outstanding debt was larger than their share of cultivated holdings, while in the remaining three villages it was lower for reasons stated above.

Data for the selected cultivators in the intensive enquiry show that the share of total debt of the upper and lower strata was 91·3 and 8·7 per cent, respectively, as against their share of cultivated area of 84·2 and 15·8 per cent, respectively.

3.3 INCIDENCE OF DEBT

Perhaps the most important aspect of the distribution of the burden of outstanding debt among the various strata of cultivators is the manner in which outstanding debt is related to the size of their farm business or to their assets. Data on size of cultivated holding collected in the General Schedule, and on value of gross produce in the intensive enquiry can be used as broad indicators of size of farm business. Besides, in the intensive enquiry, data were collected on assets which can also be used for assessing the burden of debt.

The burden of debt per acre of cultivated holding as may be seen from Table 3·5, was Rs 6 per acre in the group of big cultivators ; it rose to Rs 7 per acre in the group of large cultivators and further to Rs 11 per acre in the group of medium cultivators before falling to Rs 8 per acre in the group of small cultivators. Decile-wise, no consistent trend was noticed. The debt per acre varied between Rs 8 and Rs 10 in deciles two to eight except in the fifth. It was Rs 6 in decile one and

Rs 5 in decile nine. It was highest at Rs 16 in decile five, followed by Rs 13 in decile ten. The relatively larger burden of debt in the tenth decile may be explained in relation to two factors. The average size of cultivated holding being small as compared to other deciles, the burden of debt calculated on a per acre basis necessarily gives a much higher average figure than for other deciles. Secondly, which is more important, as the cultivators in the group are part-time farmers engaged mainly in other types of work, the outstanding debt might have been contracted in relation not to agricultural land or farm business but to other economic activities, which they were carrying on. To the extent that this is so, the comparison of the incidence per acre in this decile, with that in other deciles will not be appropriate.

TABLE 3.5—AVERAGE DEBT PER FAMILY AND PER ACRE OF CULTIVATED HOLDING

[General Schedule data]

Decile/Family group	Average debt per family (Rs)	Average holdings per family (Acres)	Average debt per acre of cultivated holding (Rs)
	1	2	3
1 (Big cultivators)	654	94	6
2	307	41	8
3	230	26	9
4	161	19	8
5	221	14	16
6	117	11	10
7	67	9	8
8	54	7	8
9	22	4	5
10	30	2	13
All cultivators	**190**	**23**	**8**
Large cultivators	398	54	7
Medium cultivators	141	13	11
Small cultivators	35	4	8

The incidence of debt per acre of cultivated holding on village basis shows some important features. The incidence was highest at Rs 18 per acre in Hata followed by Karli at Rs 12 per acre and by Changalwadi at Rs 10 per acre. In Asola it was lowest at Rs 2 per acre. In the remaining four villages it ranged between Rs 5 and Rs 8 per acre. Another feature was that the incidence was very high in all deciles in Hata. In five villages, viz., Asola, Changalwadi, Kupta, Kanadi and Tamasi the incidence was generally high in the last decile as compared to other deciles.

The burden of debt in relation to the value of gross produce and assets is given in Table 3.6.

TABLE 3.6—OUTSTANDING DEBT COMPARED WITH GROSS PRODUCE, ASSETS AND CASH RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

	Outstanding debt	Value of gross produce	Value of owned land	Value of total assets	Total cash receipts
	1	2	3	4	5
Upper strata cultivators.....	206	3,936 (5·2)	14,178 (1·5)	18,960 (1·1)	2,348 (8·8)
Lower strata cultivators.....	20	569 (3·4)	1,055 (1·9)	1,850 (1·1)	708 (2·8)
All cultivators.....	**113**	**2,252**	**7,616**	**10,405**	**1,528**

(Figures in brackets denote debt as percentage of the value of each item)

It may be seen that the incidence of debt in relation to these factors is very low in this district. The average debt per family formed hardly 5·2 per cent of the value of gross produce in the upper strata and 3·4 per cent in the lower strata. As compared to the total value of assets, the amount of debt was only 1·1 per cent in both the upper and lower strata. The proportion of outstanding debt to the total value of land was 1·5 per cent and 1·9 per cent in the upper and the lower strata, respectively. The outstanding debt formed 8·8 per cent of the total cash receipts in the upper strata and 2·8 per cent in the lower strata. Thus the burden of debt was very low in the district for reasons already stated.

3.4 NATURE AND COMPOSITION OF DEBT

3.4.1 Principal and interest outstanding

In the intensive enquiry, in respect of a sample of cultivators, we collected details regarding the outstanding loans as on the date of visit during the second round of the Survey. On the basis of these data we propose to discuss the nature and composition of outstanding debt in the following pages. The outstanding debt is composed of two components, principal and interest outstanding. The following table gives the relevant data.

TABLE 3.7—OUTSTANDING DEBT OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO PRINCIPAL AND INTEREST

[Intensive enquiry data. Amount in rupees per family]

	Amount originally borrowed	TOTAL AMOUNT OUTSTANDING			OUTSTANDING FOR ONE YEAR OR LESS			OUTSTANDING FOR MORE THAN ONE YEAR		
		Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
	1	2	3	4	5	6	7	8	9	10
Upper strata cultivators.....	214·8	206·1	195·4	10·6	129·8	126·1	3·6	76·3	69·3	7·0
Lower strata cultivators.....	18·3	19·6	17·9	1·7	19·6	17·9	1·7	–	–	–
All cultivators..	**116·5**	**112·8**	**106·6**	**6·2**	**74·7**	**72·0**	**2·7**	**38·1**	**34·6**	**3·5**

The table shows that the outstanding interest accounted for about 5 per cent of the total outstanding debt of all cultivators as well as of the cultivators in the upper strata. In the lower strata the proportion was 9 per cent which was due, as may be seen later, to very high rates of interest charged to them. In the lower strata all outstanding loans were borrowed during the preceding twelve months. In the upper strata, of the average outstanding debt of Rs 206, 63 per cent was outstanding for one year or less and the remaining 37 per cent for more than one year. In the former category the interest outstanding formed about 4 per cent and in the latter, about 9 per cent. The larger proportion of outstanding interest was obviously due to the longer duration for which loans were outstanding. The incidence of outstanding interest in both the upper and lower strata was very small in relation to size of cultivated holding, value of gross produce and total assets.

3.4.2 Rate of interest

Data were collected regarding the rates of interest charged on the loans outstanding, which are given in Table 3.8.

TABLE 3.8—PROPORTION OF DEBT CONTRACTED AT DIFFERENT INTEREST RATES TO TOTAL OUTSTANDING DEBT

[Intensive enquiry data. In per cent]

Rate of interest	Upper strata cultivators	Lower strata cultivators	All cultivators
	1	2	3
Nil	*5·5*	*46·9*	*9·1*
Less than 10 per cent	–	–	–
10 to 12½ per cent	*46·2*	–	*42·2*
12½ to 18 per cent	*18·9*	–	*17·3*
18 to 25 per cent	*3·1*	–	*2·8*
25 to 35 per cent	*26·3*	*53·1*	*28·6*
Total	***100·0***	***100·0***	***100·0***

In the case of the upper strata cultivators, about 6 per cent of the total debt was free of interest. About 46 per cent of total debt was contracted at rates varying from 10 per cent to 12½ per cent, and another 19 per cent at rates between 12½ and 18 per cent. About 29 per cent of total debt was contracted at rates 18 per cent and above, of which 26 per cent was at rates 25 per cent and above. In the case of the lower strata cultivators, about 47 per cent of total debt was interest-free ; but the remaining 53 per cent was charged interest at rates 25 per cent and above. Thus, if we assume interest rates of 18 per cent and above as exorbitant, then more than half the total debt in the lower strata and about 29 per cent in the upper strata was incurred at exorbitant rates.

3.4.3 Duration of debt

Table 3.9 on page 40 gives the classification of debt according to duration for which it was outstanding.

TABLE 3.9—PROPORTION OF DEBT OUTSTANDING FOR VARIOUS DURATIONS TO TOTAL DEBT

[Intensive enquiry data. In per cent]

Duration	Upper strata cultivators	Lower strata cultivators	All cultivators
	1	2	3
One year or less	*63·0*	*100·0*	*66·2*
One to two years	*34·5*	–	*31·5*
Two to three years	–	–	–
Three to four years	*2·5*	–	*2·3*
Total	***100·0***	***100·0***	***100·0***

The table shows that the burden of chronic debt was very little. In the lower strata the entire reported debt was outstanding for less than one year. In the upper strata only 2·5 per cent of the debt was outstanding for more than three years. Of the remaining debt, 63·0 per cent was outstanding for less than one year and 34·5 per cent, for one to two years. Thus, outstanding debt for longer duration, which might have been incurred for financing medium and long-term agricultural and non-agricultural purposes, was very small.

3.4.4 Security given for outstanding debt

An analysis of outstanding debt according to security shows that a very large proportion of debt was contracted against personal security. In the lower strata the entire amount of debt was reported against personal security. In the upper strata about 13 per cent of debt was secured against immovable property and the remaining 87 per cent against personal security.

3.5 PURPOSE OF DEBT

Another interesting aspect of debt studied was the purposes for which it was contracted. The classification of debt according to purposes is given in the following table.

TABLE 3.10—PROPORTION OF DEBT INCURRED FOR EACH MAIN PURPOSE TO TOTAL OUTSTANDING DEBT

[Intensive enquiry data. In per cent]

Purpose	Upper strata cultivators	Lower strata cultivators	All cultivators
	1	2	3
Capital expenditure on farm	*6·1*	–	*5·6*
Current expenditure on farm	*42·9*	*76·5*	*45·7*
Non-farm business expenditure	*9·5*	–	*8·7*
Family expenditure	*8·6*	*17·9*	*9·5*
Other expenditure	*0·7*	–	*0·6*
More than one and unspecified purposes	*32·2*	*5·6*	*29·9*
Total	***100·0***	***100·0***	***100·0***

The first three categories may be considered as productive purposes. Thus, in the upper and lower strata the debt contracted for the productive purposes formed 58·5 per cent and 76·5 per cent, respectively. In the lower strata the entire amount was accounted for by current farm expenditure. In the upper strata 42·9 per cent of total debt was accounted for by current farm expenditure, 6·1 per cent by capital expenditure on farm and 9·5 per cent by non-farm business expenditure. Among the non-productive purposes, in the lower strata 17·9 per cent of outstanding debt was reported for family expenditure. In the upper strata family expenditure accounted for 8·6 per cent. Loans contracted for more than one purpose and unclassified loans accounted for 32·2 per cent of the outstanding debt in the upper strata and 5·6 per cent in the lower strata. Thus, a very large proportion of debt was contracted for productive purposes.

Debt owed by the selected cultivators was classified according to purpose and period into eight broad categories, namely, agricultural, non-agricultural and consumption purposes, each of these three purposes further sub-classified into short-term and long-term; repayment of debt and 'other' purposes. For this classification, the medium-term loans were included into the long-term loans. The following table gives the classification of debt into these categories.

TABLE 3.11—DEBT OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO PURPOSE-DURATION

[Intensive enquiry data. Amount in rupees per family]

	AGRICULTURAL		NON-AGRICULTURAL		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
Amount.....	51·6	6·3	–	9·8	10·7	–	0·7	33·8
Percentage to total.....	*45·7*	*5·6*	–	*8·7*	*9·5*	–	*0·6*	*29·9*

It may be seen that agricultural purposes accounted for 51·3 per cent of the debt while non-agricultural and consumption purposes accounted for 8·7 per cent and 9·5 per cent respectively. As the volume of old debt was small, the debt contracted for repayments of debt was only 0·6 per cent. Other purposes accounted for 29·9 per cent of the total debt. Of the debt incurred for agricultural purposes 45·7 per cent was for short-term and 5·6 per cent for long-term. All loans for family consumption purposes were for short-term and all loans for non-agricultural purposes for long-term. Thus the cultivators required credit largely for short-term agricultural and consumption purposes. Borrowing for long term investment in farm and non-farm business was very limited.

3.6 OUTSTANDING DEBT AND CREDIT AGENCY

We collected data on the outstanding debt owed to various credit agencies both in the General Schedule and in the intensive enquiry. The credit agencies

specified were Government, co-operatives and commercial banks, relatives*, landlords, agriculturist moneylenders, professional moneylenders, traders and commission agents and others. The following table gives the distribution of outstanding debt according to credit agency on the basis of data collected in the General Schedule.

TABLE 3.12—DEBT CLASSIFIED ACCORDING TO CREDIT AGENCY

[General schedule data. Amount in rupees per family]

Family group	Total debt	Government	Co-operative societies and commercial banks	Relatives	Landlords (zamindars)	Agriculturist moneylenders	Professional moneylenders	Traders and commission agents	Others
	1	2	3	4	5	6	7	8	9
Big cultivators	**654**	9	64	56	91	–	401	31	1
	(100·0)	*(1·3)*	*(9·9)*	*(8·5)*	*(13·9)*	–	*(61·4)*	*(4·8)*	*(0·2)*
Large cultivators	**398**	4	27	38	48	15	236	30	1
	(100·0)	*(0·9)*	*(6·9)*	*(9·5)*	*(12·1)*	*(3·7)*	*(59·3)*	*(7·5)*	*(0·1)*
Medium cultivators	**141**	1	5	23	16	5	83	6	2
	(100·0)	*(0·8)*	*(3·6)*	*(16·2)*	*(11·4)*	*(3·9)*	*(58·5)*	*(4·2)*	*(1·4)*
Small cultivators	**35**	–	1	5	6	2	18	2	1
	(100·0)	*(0·8)*	*(3·1)*	*(15·0)*	*(17·2)*	*(4·8)*	*(50·4)*	*(6·7)*	*(2·0)*
All cultivators	**190**	2	11	22	23	7	111	12	1
	(100·0)	*(0·9)*	*(5·7)*	*(11·6)*	*(12·2)*	*(3·8)*	*(58·6)*	*(6·6)*	*(0·6)*
Non-cultivators	**29**	1	1	6	3	3	13	1	–
	(100 0)	*(2·1)*	*(2·1)*	*(21·3)*	*(12·2)*	*(10·2)*	*(46·4)*	*(4·3)*	*(1·4)*
All families	**103**	**1**	**5**	**14**	**13**	**5**	**59**	**6**	**1**
	(100·0)	*(1·1)*	*(5·2)*	*(13·1)*	*(12·2)*	*(4·8)*	*(56·7)*	*(6·2)*	*(0·7)*

(Figures in brackets give proportion of debt owed to each credit agency to total debt.)

It may be seen that the debt owed to institutional agencies, viz., Government and co-operatives by the rural families was very small at 6·3 per cent. Among the non-institutional agencies, the professional moneylender was the most important, accounting for 56·7 per cent of the total outstanding debt. Debt owed to agriculturist moneylenders, landlords and traders and commission agents formed 4·8 per cent, 12·2 per cent and 6·2 per cent, respectively, of the total outstanding debt. Interest-free debt from relatives amounted to 13·1 per cent of the total outstanding debt. In respect of non-cultivators, the pattern of distribution of debt according to credit agencies was broadly similar. The proportion of debt owed to co-operatives and commercial banks was very small. On the other hand, the proportion of debt owed to relatives and agriculturist moneylenders was relatively larger, which may be due to the predominance of rural labourers in this category.

* All interest-free loans advanced by relatives were included under this category. If an interest bearing loan was given by a relative, he was classified according to his principal occupation under the appropriate category.

Among the cultivators, the proportion of debt owed to the institutional agencies was small at 6·6 per cent. Debt owed to co-operatives and commercial banks, however, formed 5·7 per cent of the total debt. Among the private creditors, the professional moneylender was most important accounting for 58·6 per cent of the total outstanding debt. Debt owed to landlords and relatives formed 12·2 per cent and 11·6 per cent, respectively, and to traders and commission agents, 6·6 per cent. The role of agriculturist moneylenders was not significant as they accounted for only 3·8 per cent of the total debt.

Among the four groups of cultivators, though the pattern of distribution of debt according to credit agency was broadly similar, some features may be noticed. Though the proportion of debt owed to the institutional agencies was small varying between 3·9 and 11·2 per cent, it may be seen that the proportion was higher in respect of the big and large cultivators than that in respect of the medium and small cultivators. This feature was particularly noted in the case of co-operatives and commercial banks. Among the private agencies, the professional moneylender was the main source of finance for all classes of cultivators. The next important agency was landlords followed by relatives. The proportion of debt owed to the latter was higher for the medium and small cultivators than that for the big and large cultivators. The big cultivators, some of whom were themselves engaged in moneylending, did not owe any debt to the agriculturist moneylenders.

The intensive enquiry data also show the same pattern of distribution of debt according to the credit agency. It was observed that the professional moneylenders accounted for 95·3 per cent and 98·0 per cent of total debt in the upper and lower strata, respectively. In the lower strata, no debt was owed to any institutional agency. In the upper strata, Government and co-operatives accounted for 0·5 per cent and 1·7 per cent, respectively, of the total debt. Debt owed to agriculturist moneylenders was reported by the cultivators in the lower strata.

3.7 CHANGE IN INDEBTEDNESS DURING THE SURVEY YEAR

The measure of debt obtained relates to the debt outstanding at the time of investigation in the case of the General Schedule data and at the time when the second round of Survey was conducted in the case of the intensive enquiry data. Information was also collected regarding borrowings and repayments during the period of twelve months immediately preceding the month of investigation in the case of the General Schedule data and between April 1951 and March 1952 in the case of the intensive enquiry. Net borrowings or net repayments during the year can be obtained as the difference between the borrowings and the repayments and this gives a measure of the total increase or decrease in debt during the year. Deducting the increase in debt from or adding the decrease in debt to the debt outstanding at the end of the year, we get the debt outstanding at the beginning of the year. It is thus possible to obtain the change in outstanding debt during the year covered by the Survey.

TABLE 3.13—GROWTH OF DEBT DURING THE YEAR

[General Schedule data]

CULTIVATORS		NON-CULTIVATORS		ALL FAMILIES		BIG CULTIVATORS	
Village	Percentage increase (+) or decrease (−) in debt	Village	Percentage increase (+) or decrease (−) in debt	Village	Percentage increase (+) or decrease (−) in debt	Village	Percentage increase (+) or decrease (−) in debt
Karli	+204	Karli	+107	Karli	+172	Karli	+256
Asola	+201	Hata	+20	Kupta	+96	Kupta	+55
Kupta	+126	Kupta	+19	Asola	+35	Hata	+40
Hata	+36	Tamasi	-	Hata	+34	Gopalkhed	+25
Tamasi	+8	Changalwadi	−13	Tamasi	+8	Tamasi	+4
Changalwadi	−17	Kanadi	−17	Changalwadi	−16	Changalwadi	−30
Gopalkhed	−25	Gopalkhed	−30	Gopalkhed	−25	Kanadi	−48
Kanadi	−29	Asola	−88	Kanadi	−29	Asola	*
District	**+16**	**District**	**+16**	**District**	**+16**	**District**	**+20**

LARGE CULTIVATORS		MEDIUM CULTIVATORS		SMALL CULTIVATORS	
Village	Percentage increase (+) or decrease (−) in debt	Village	Percentage increase (+) or decrease (−) in debt	Village	Percentage increase (+) or decrease (−) in debt
Asola	+1,127	Karli	+279	Karli	+467
Karli	+188	Kupta	+171	Asola	+320
Kupta	+89	Hata	+32	Kupta	+237
Hata	+36	Asola	+25	Gopalkhed	+75
Tamasi	+9	Tamasi	+7	Hata	+50
Gopalkhed	+1	Changalwadi	−21	Tamasi	+6
Changalwadi	−13	Gopalkhed	−33	Changalwadi	−30
Kanadi	−26	Kanadi	−56	Kanadi	−34
District	**+25**	**District**	**−4**	**District**	**+25**

* There was no debt at the beginning of the year.

The above table indicates that during the year covered by the General Schedule, the outstanding debt in the district increased by about 16 per cent. The rise in debt was the same in the case of cultivators and non-cultivators. Among the four groups of cultivators, the outstanding debt of the big cultivators noted a rise of 20 per cent and that of the large and the small cultivators of 25 per cent. The outstanding debt of the medium cultivators noted a decline of 4 per cent.

Although the overall district figures show a small rise in debt during the Survey year, the individual village figures show two opposite trends. They showed a decline in Changalwadi, Gopalkhed and Kanadi by 16 per cent, 25 per cent and 29 per cent respectively. The decline in debt was noticed both for non-cultivators and cultivators. In Changalwadi and Kanadi all the four groups of cultivators followed the same trend. In Gopalkhed, the medium cultivators noted a decline whereas the other three groups showed a small rise.

Among the remaining five villages the magnitude of increase in debt showed wide variations from 8 per cent to 172 per cent for all rural families. In Tamasi, the rise was by 8 per cent for all cultivators; and it ranged from 4 per cent to 9 per cent among the four groups. In Asola, the rise was 35 per cent for all families. But in the case of non-cultivators, there was a decrease of 88 per cent whereas in the case of cultivators there was an increase of 201 per cent. The figures for the four groups showed wide variations. But a detailed study of actual amounts showed that the debt at the beginning of the year was very small and therefore, a rise though small in terms of absolute amounts showed sharp increase in percentage figures. For instance, in the large cultivators' group the amount of debt at the beginning of the year was only Rs 7 per family and an increase of Rs 77 therefore showed a rise of 1,127 per cent. This may not be true, however, of the remaining three villages, namely, Karli, Kupta and Hata where the increase was of the order of 172 per cent, 96 per cent and 34 per cent, respectively. These villages, as seen already, had relatively large outstanding debt at the end of the year as also at the beginning of the year. Of the various factors which may have been responsible for a marked increase in the growth of debt, the decline in agricultural prices especially the prices of cotton and oilseeds observed towards the end of the year may have been a major one. The decline in prices of cash crops which was more steep than in the case of food crops might have led to either postponement of sales or must have resulted in a fall in cash receipts from farming and consequently in the size of repayments. It has already been pointed out that during the years preceding the Survey, the agricultural prices were ruling at a very high level. The rise in money incomes might have led to a rise in the level of farm and family expenditures. As the level of borrowing is related to the level of expenditure, the Survey year might have witnessed borrowing at a high level, which in these cases could not be repaid due to a sharp fall in prices during the harvesting period.

In this connection it may be useful to refer to a possible aberration in the data. The timing of the enquiry at a particular point in the agricultural season would not, as such, necessarily lead to any aberration in data. However, a defect in data may creep in owing to a failure in the reporting of repayments made in the earlier part of the twelve months period of the enquiry, particularly, if these were made out of the sale proceeds of the crop harvested during the preceding year.

Already we have referred to the delay that might have occurred in the repayments during the Survey year due to a fall in prices. It may also be possible that

in the villages where the General Schedule was canvassed from November to January, the total quantities of crops to be marketed were not sold and as such only a part of the repayments to be made were reported. This may be examined with the help of intensive enquiry data on debt which relates to the period April to June.

TABLE 3.14—TREND IN INDEBTEDNESS OF SELECTED CULTIVATORS DURING THE SURVEY YEAR

[Amount in rupees per family]

Village	Outstanding debt as reported on the date of filling in of General Schedule	Outstanding debt as reported on the date of the second round of intensive enquiry	Percentage increase (+) or decrease (—) in debt
	1	2	3
Asola	26·0	6·6	*—74·6*
Changalwadi	85·0	185·2	*+117·9*
Hata	295·4	2·8	*—99·1*
Kupta	404·6	39·5	*—90·2*
Gopalkhed	58·8	36·2	*—38·4*
Kanadi	502·0	-	*—100·0*
Karli	497·5	504·4	*+1·4*
Tamasi	31·4	-	*—100·0*
District	**252·1**	**112·8**	*—55·2*

It may be seen from Table 3·14 that, as compared to the amount of outstanding debt as reported in the General Schedule, the amount of debt at the end of the Survey year noted a decline from Rs 252 to Rs 113 per family i.e., by about 55·2 per cent because of large repayments. This decline was noticed in six villages, which included Hata, Kupta, Asola and Tamasi where the debt during the Survey year noted an increase, the extent of decrease ranging from 38 per cent to 100 per cent. In Karli only the outstanding debt continued at the same level. In Changalwadi where the debt during the Survey year showed a decrease, it recorded an increase of 117·9 per cent due to one family incurring a new loan of a large amount for purchase of land. Thus the indebtedness of cultivators did not show any significant increase during the Survey year but actually showed a decline in most of the selected villages.

3.8 OUTSTANDING DUES

Before concluding this discussion on debt it is necessary to refer to the outstanding dues of the rural families. The data on outstanding dues were collected in the General Schedule and are presented in Table 3.15 on page 47.

It may be observed that 7·6 per cent of the big cultivators and 5·0 per cent of the large cultivators reported outstanding dues. The average amount due per reporting family amounted to Rs 1,373 for the big cultivators and Rs 1,090 for the large cultivators. Among the small cultivators and non-cultivators, 0·8 per cent and 0·3 per cent of families reported outstanding dues to the extent of Rs 208 and Rs 289 per reporting family, respectively. As the big and large cultivators possess large

cultivated holdings it is obvious, particularly when they grow cash crops on a large scale and the agricultural prices are at a high level that a part of their increased cash incomes should find a way in lendings to their smaller counterparts or tenants or others.

TABLE 3.15—OUTSTANDING DUES

[General Schedule data]

Family group	Proportion of families reporting dues (Per cent)	Average amount of dues per reporting family (Rs)
Big cultivators	*7·6*	1,373
Large cultivators	*5·0*	1,090
Medium cultivators	–	–
Small cultivators	*0·8*	208
All cultivators	*1·8*	965
Non-cultivators	*0·3*	289
All families	*1·0*	**847**

CHAPTER 4

BORROWINGS

The amount of outstanding debt at any point of time is the result of a number of credit transactions that have taken place in the past. The outstanding debt at the end of a year is the result of the outstanding debt at the beginning of the year plus borrowings during the year, minus repayments made during the year. We proceed, therefore, with an analysis of borrowings and repayments of cultivators whose outstanding debt has been studied in the preceding chapter. As pointed out already, enquiries into economic transactions and activities undertaken as part of the Survey were limited to a period not exceeding one year.

The data collected in the Survey relate to the essential operations of the agricultural credit system such as, the number of families who borrowed, the amounts they borrowed, the purposes for which they borrowed, the agencies from whom they borrowed, the extent to which they repaid their debts during the year and the debt outstanding at the end of the year. A complete enquiry into these acts of borrowing and repayment was not attempted as it would have involved obtaining a picture of all the cash and kind transactions of a family during the year and finding out how the net position of the family had changed as a result of all these transactions during the course of the year. Such a detailed enquiry was not considered necessary in view of the limited objective of the Survey. It was, therefore, decided to restrict the enquiry to the transactions most significant for the operation of the rural credit system and to obtain information regarding such significant transactions only. The enquiry was, therefore, confined to those transactions which might be presumed specially to lead to borrowings and repayments.

The questions in the General Schedule were, therefore, planned in relation to those items of expenditure which, apart from current needs of farm business or family living, might force or lead families into special borrowing activity such as, capital expenditure in agriculture, expenditure on non-farm business and on residential houses and other buildings, family expenditure on durable consumer goods, social events or special liabilities. In addition to the actual amount of expenditure incurred, information on sources of finance for meeting the expenditure was also obtained. Borrowing for repayment of old debts was also recorded. In addition to this, information was directly sought relating to total borrowings and the purposes for which they were incurred during the period of twelve months, preceding the month during which the enquiry was conducted, which include, therefore, borrowings for purposes not included above, viz., family consumption expenditure, current farm expenditure, etc.

It may be noted, however, that technically there is a difference between the two sets of data. The questions on borrowings related to borrowings during the year and the purposes for which they were resorted to. This does not mean, however, that the amounts borrowed were expended during the same twelve-month period during which the borrowings were made or that the amounts borrowed were fully utilised for the purposes for which they were originally contracted. Further, borrowings which provided wholly or partly the source of finance for expenditure need not necessarily have been made during the twelve-month period during which the expenditure was incurred.

In the intensive enquiry all loans borrowed and fully repaid during April 1951 to March 1952 and all loans outstanding at the time of the enquiry during the second round of the Survey were recorded on separate schedules. The following discussion is based on the data collected in the General Schedule and in the intensive enquiry.

4.1 EXTENT OF BORROWING

The following table gives the proportion of families in the different groups which reported borrowing during the period of twelve months.

TABLE 4.1.1—PROPORTION OF BORROWING FAMILIES

[General Schedule data. In per cent]

Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
1	2	3	4	5	6	7
36·7	*41·8*	*46·9*	*27·5*	*39·3*	*12·8*	*25·1*

It may be seen that about 25·1 per cent of rural families borrowed during the year. The proportion of non-cultivators who borrowed during the same period was 12·8 per cent only. In the case of cultivators the proportion was nearly three times larger at 39·3 per cent. Among the cultivators, the proportion was 36·7 per cent in the big cultivators' group, 41·8 per cent in the large cultivators' group and 46·9 per cent in the medium cultivators' group. It was 27·5 per cent among the small cultivators.

TABLE 4.1.2—PROPORTION OF BORROWING FAMILIES

[General Schedule data. In per cent]

Village	Cultivators	Non-cultivators	All families
Asola	*40·4*	*10·0*	*28·6*
Changalwadi	*46·8*	*27·3*	*41·1*
Hata	*56·2*	*11·0*	*35·4*
Kupta	*73·3*	*12·2*	*27·6*
Gopalkhed	*41·7*	*1·9*	*23·0*
Kanadi	*41·9*	*6·3*	*18·5*
Karli	*60·6*	*31·5*	*39·2*
Tamasi	*10·3*	–	*6·3*

The village data show that the proportion of borrowing rural families varied from 6·3 per cent in Tamasi to 41·1 per cent in Changalwadi. It ranged between 15 per cent and 30 per cent in Asola, Kupta, Gopalkhed and Kanadi and between 30 per cent and 40 per cent in Hata and Karli. In five of the selected villages the proportion of borrowing non-cultivators was very low being less than 15 per cent while in Tamasi none of them reported borrowings. In two villages, namely, Changalwadi and Karli the proportion was 27·3 per cent and 31·5 per cent, respectively. In all the villages the proportion of borrowing non-cultivators was very much lower than that of borrowing cultivators.

Among the cultivators, the proportion of borrowing families was the lowest at 10·3 per cent in Tamasi. In Asola, Changalwadi, Gopalkhed and Kanadi it ranged between 40 and 50 per cent and in Hata and Karli it was 56 per cent and 60 per cent, respectively. It was highest at 73·3 per cent in Kupta.

The distribution of villages according to proportion of borrowing families in the four groups of cultivators shows that the proportion of borrowing families was 30 per cent and above in six villages in the big cultivators' group, in seven villages each in the large and medium cultivators' groups and in four villages only in the small cultivators' group. The proportion of borrowing families was 50 per cent and above in three villages in the big cultivators' group, in 6 villages in the next two groups and in two villages only in the last group. The proportion was 75 per cent and above in only two villages in the case of the medium cultivators and in one village in the case of big cultivators.

The extent of borrowing in a community is dependent on the economy of the tract in relation both to farm business and family living. If farm business required borrowing for current purposes as a general rule, the percentage of borrowers among cultivators would necessarily be large. If the economy of the tract was such that in large parts of it or among large strata of cultivators, borrowing for consumption purposes during certain season of the year became a necessity, this would also lead to a large percentage of borrowers in these parts or strata, and a large or small percentage of borrowing among all families according to these represented a large or small section of the total families. The size of borrowing for non-recurrent purposes, *i.e.*, for capital expenditure or for occasional substantial consumption expenditure would be related to the size of expenditure on capital investment, durable consumer goods or other large occasional expenditure arising out of special circumstances or needs. The percentage of borrowers on these accounts would depend on the size of such expenses as determined by the current standards of living, social conventions, investment opportunities, etc., related to the current resources of rural families and the frequency of incidence of the occasions or of investment needs, which might lead to borrowing. As the proportion of borrowing families is a result of operation of these several factors individually and jointly, it is rather difficult to explain the variations in the proportion of borrowing families from village to village without examining the size and purposes of borrowing. In the case of

families in the low income groups difficulties in securing finance from the private moneylenders due to the moneylending legislation may also affect the extent of borrowing.

4.2 SIZE OF BORROWINGS

4.2.1 Size of borrowings per family

Table 4.2.1 gives the average amount of borrowings by the rural families in the district.

TABLE 4.2.1—AVERAGE BORROWINGS PER FAMILY

[General Schedule data. In rupees]

Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
1	2	3	4	5	6	7
530	343	117	30	162	20	86

The average amount borrowed per family amounted to Rs 86 for all rural families. The average amount borrowed per cultivator was Rs 162 which was about eight times that of Rs 20 per non-cultivator. Among the four groups of cultivators, the level of borrowings was highest at Rs 530 per big cultivator followed by Rs 343 per large cultivator. It was Rs 117 per medium cultivator and Rs 30 per small cultivator. The borrowings of small and medium cultivators formed roughly one-eighteenth and one-fifth of those of the big cultivators.

TABLE 4.2.2—AVERAGE BORROWINGS PER FAMILY

[General Schedule data. In rupees]

Village	Cultivators	Non-cultivators	All families
Asola	58	4	37
Changalwadi	121	98	114
Hata	232	16	133
Kupta	389	24	116
Gopalkhed	186	1	99
Kanadi	181	8	68
Karli	423	43	143
Tamasi	16	-	10

The village data show that the borrowing per rural family was lowest at Rs 10 in Tamasi and highest at Rs 143 in Karli. It was Rs 37 in Asola, Rs 68 in Kanadi and Rs 99 in Gopalkhed and ranged between Rs 100 and Rs 150 in the remaining villages.

The size of borrowings among non-cultivators was generally very low being less than Rs 10 per family in Asola, Gopalkhed and Kanadi and between Rs 10 and Rs 25 in Hata and Kupta. It was very high in Changalwadi at Rs 98 per family followed by Karli at Rs 43 per family.

The size of borrowings of cultivators was lowest at Rs 16 per family in Tamasi and highest at Rs 423 per family in Karli. It was Rs 58 per family in Asola and ranged between Rs 100 and Rs 200 in Changalwadi, Gopalkhed and Kanadi. It amounted to Rs 232 per family in Hata and Rs 389 per family in Kupta.

4.2.2 Size of borrowings per borrowing family

Table 4.3 gives the size of borrowings per borrowing family.

TABLE 4.3—BORROWINGS PER BORROWING FAMILY

[General Schedule data. In rupees]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Asola	155	207	81	110	144	43	130
Changalwadi	960	490	116	118	258	359	278
Hata	1,760	821	192	83	413	148	375
Kupta	1,650	1,028	367	196	531	200	421
Gopalkhed	1,700	820	295	108	447	50	432
Kanadi	1,600	977	334	151	432	131	365
Karli	2,203	1,700	361	102	698	137	366
Tamasi	450	375	122	25	157	–	157
District	**1,442**	**822**	**251**	**110**	**412**	**156**	**342**

The average size of borrowings was Rs 342 per borrowing family for all rural families. It amounted to Rs 412 per borrowing cultivator which was nearly two and half times larger than that of Rs 156 per borrowing non-cultivator. Among the four groups of cultivators, the average amount borrowed per borrowing family was highest at Rs 1,442 in the big cultivators' group and amounted to Rs 822 in the large cultivators' group. In the medium and small cultivators' groups it worked out at Rs 251 and Rs 110, respectively, and formed roughly one-sixth and one-thirteenth of that in the big cultivators' group.

Among the selected villages the average amount borrowed per borrowing rural family was between Rs 100 and Rs 200 in Asola and Tamasi; it was Rs 278 in Changalwadi and ranged between Rs 300 and Rs 400 in Hata, Kanadi and Karli and between Rs 400 and Rs 500 in Kupta and Gopalkhed.

The size of borrowings per borrowing non-cultivating family was Rs 50 and below in Asola and Gopalkhed. It ranged between Rs 100 and Rs 200 in Kanadi, Karli, Hata and Kupta and was highest at Rs 359 in Changalwadi.

The size of borrowings per borrowing cultivating family varied between Rs 100 and Rs 200 in Asola and Tamasi; it was Rs 258 in Changalwadi and ranged between Rs 400 and Rs 500 in Hata, Gopalkhed and Kanadi and above Rs 500 in Kupta and Karli.

The average amount borrowed per borrowing family among the four groups of cultivators show a downward trend as we move from the big to small cultivators, the decline being very sharp from the big to the large and from the large to the medium cultivators. In Asola and Changalwadi, however, the average amount borrowed per borrowing family in the small cultivators' group was a little higher than that in the medium cultivators' group. Among the selected villages the average level of borrowings in the big, large and medium cultivators' groups was relatively high in Hata, Gopalkhed, Kupta, Kanadi and Karli, particularly in the latter three villages and relatively low in Asola, Tamasi and Changalwadi. In the small cultivators' group, however, the level of borrowings did not show wide variations except in Tamasi on the low side and Kupta on the high side. The variations may be explained with reference to the average size of cultivated holdings in the four groups in the selected villages given already and the purposes of borrowings referred to later.

4.2.3 Distribution of borrowings among different family groups

The total borrowings of a group of families is the function of the proportion of borrowing families and the level of borrowings. We have studied these two factors independently above. We may, therefore, proceed with the analysis of distribution of total borrowings among different groups. The following table gives the share of different groups in the total borrowings.

TABLE 4.4—SHARE OF CULTIVATORS AND NON-CULTIVATORS IN TOTAL BORROWINGS

[General Schedule data]

Village	BORROWINGS BY EACH GROUP AS PERCENTAGE OF THE TOTAL BORROWINGS OF ALL CULTIVATORS				BORROWINGS OF THE CLASS AS PERCENTAGE OF THE TOTAL BORROWINGS OF ALL FAMILIES	
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators
	1	2	3	4	5	6
Asola	*11·4*	*68·1*	*23·8*	*8·1*	*95·5*	*4·5*
Changalwadi	*40·2*	*71·9*	*20·7*	*7·4*	*74·7*	*25·3*
Hata	*35·9*	*77·4*	*18·2*	*4·4*	*94·3*	*5·7*
Kupta	*28·3*	*60·4*	*30·5*	*9·1*	*84·3*	*15·7*
Gopalkhed	*30·4*	*66·1*	*29·1*	*4·8*	*99·6*	*0·4*
Kanadi	*23·9*	*51·1*	*39·9*	*9·0*	*91·9*	*8·1*
Karli	*47·3*	*73·0*	*23·3*	*3·7*	*77·9*	*22·1*
Tamasi	*31·9*	*53·2*	*43·3*	*3·5*	*100·0*	–
District	***34·6***	***66·9***	***27·4***	***5·7***	***87·5***	***12·5***

It may be seen that the cultivators accounted for 87·5 per cent and the non-cultivators for 12·5 per cent of the total borrowings. This is natural because, as

pointed out above, the extent of borrowing and the level of borrowings in the non-cultivators' group were very low in relation to those in the cultivators' group. Among the cultivator groups, it has been pointed out, that the extent of borrowing was large among the big and large cultivators whose level of borrowings was also very high as compared to the small cultivators. Thus, their share in the total borrowings of cultivators formed 34·6 per cent and 66·9 per cent, respectively. The level of borrowings in the medium cultivators' group was relatively low as compared to the above two groups but the extent of borrowing was a little higher. The share of this group in the total borrowings was 27·4 per cent. Both the extent of borrowing and the level of borrowings among the small cultivators were relatively fairly low and therefore their share worked out to 5·7 per cent only. As compared to their share in the cultivated area, the share of borrowings of the big and large cultivators was smaller by about 8 and 6 per cent, respectively, and that of the medium cultivators higher by about 6 per cent. Both the shares were nearly equal in the case of small cultivators.

The pattern of distribution of total borrowings among the four groups of cultivators in the selected villages was similar to that noted above, though the degree of variations among the groups showed some differences. For instance, the share of big cultivators in Asola was hardly 11·4 per cent ; it ranged between 20 per cent and 30 per cent in Kupta and Kanadi and between 30 per cent and 50 per cent in Changalwadi, Hata, Gopalkhed, Karli and Tamasi. The share of large cultivators in Changalwadi, Hata and Karli was over 70 per cent and in Kanadi and Tamasi between 50 per cent and 55 per cent. In the case of medium cultivators their share was highest at 43·3 per cent in Tamasi and lowest at 18·2 per cent in Hata. In all the villages the share of small cultivators was, however, less than 10 per cent. The observation made earlier regarding the shares of cultivated area and of borrowings among the four groups was applicable to the individual villages also, except in Karli and Changalwadi.

4.3 PURPOSE OF BORROWING

We may now examine the purposes for which borrowing was resorted to by the rural families. As stated above the purposes of borrowing were classified into six broad categories, namely, capital expenditure in agriculture, current farm expenditure, non-farm business expenditure, family expenditure, other expenditure and borrowing for more than one purpose. Table 4.5 gives the distribution of borrowings according to purposes. It may be observed that, for all rural families, borrowings for productive purposes—capital expenditure in agriculture, current farm expenditure and non-farm business expenditure—formed 65·6 per cent, of which that for current farm expenditure accounted for 50·8 per cent of total borrowings. Family expenditure accounted for 22·5 per cent, and other purposes for 6·3 per cent. The pattern of distribution of borrowings of non-cultivators showed that only a small proportion of borrowings—26·2 per cent, was for productive purposes, for obvious reasons. In their case, 46·2 per cent of borrowings were for family expenditure and 27·6 per cent for other purposes.

TABLE 4.5—BORROWINGS FOR VARIOUS PURPOSES

[General Schedule data. Amount in rupees per family]

Family group	Total borrowings	Capital expenditure in agriculture	Current farm expenditure	Non-farm business expenditure	Family expenditure	Other expenditure	More than one purpose
	1	2	3	4	5	6	7
Big cultivators	**530**	60	343	–	34	32	60
	(100·0)	(11·4)	(64·8)	(–)	(6·5)	(6·0)	(11·3)
Large cultivators	**343**	42	195	15	50	13	28
	(100·0)	(12·2)	(56·8)	(4·5)	(14·6)	(3·9)	(8·0)
Medium cultivators	**117**	12	70	–	33	1	2
	(100·0)	(10·2)	(59·0)	(0·2)	(28·0)	(0·9)	(1·7)
Small cultivators	**30**	6	11	–	8	2	3
	(100·0)	(18·4)	(36·9)	(–)	(27·0)	(7·6)	(10·1)
All cultivators	**162**	19	91	5	31	5	10
	(100·0)	(12·0)	(56·2)	(3·1)	(19·0)	(3·3)	(6·4)
Non-cultivators	**20**	1	2	2	9	6	–
	(100·0)	(4·4)	(12·4)	(9·4)	(46·2)	(27·6)	(–)
All families	**86**	**9**	**44**	**3**	**19**	**5**	**5**
	(100·0)	**(11·0)**	**(50·8)**	**(3·8)**	**(22·5)**	**(6·3)**	**(5·6)**

(Figures in brackets give proportion of borrowings for each purpose to total borrowings.)

In the case of cultivators, productive purposes accounted for 71·3 per cent of total borrowings. Out of this, 56·2 per cent of total borrowings were for current farm expenditure and 12·0 per cent for capital expenditure in agriculture. Borrowings of cultivators for non-farm business were not important being about 3·1 per cent of the total borrowings. Family expenditure accounted for 19·0 per cent and other purposes 3·3 per cent.

It has been pointed out above that the size of borrowings showed a downward trend as we move from the big to the small cultivators. The pattern of distribution among different purposes, however, shows two different trends. The proportion of borrowings for productive purposes shows an up-trend as the size of cultivated holding increases ; the proportion was, for the small cultivators 55·3 per cent, the medium cultivators 69·4 per cent, the large cultivators 73·5 per cent and for the big cultivators 76·2 per cent. Again the proportion of borrowings for current farm expenditure was highest at 64·8 per cent for the big cultivators ; it was 56·8 per cent for the large cultivators, 59·0 per cent for the medium cultivators and 36·9 per cent for the small cultivators. This indicates that, not only the size of borrowing of the big and large cultivators was relatively large but also a greater proportion of it was for productive purposes. On the other hand, the proportion of borrowings for family consumption, repayment of debt etc., together, increases with a decrease in the size of cultivated holdings ; it was for the small cultivators 34·6 per cent, the medium cultivators 28·9 per cent, the large cultivators 18·5 per cent and for the big cultivators 12·5 per cent. This indicates the greater need for credit for meeting family expenditure in the case of the small cultivators.

Though the village-wise data on the proportion of borrowings for productive purposes showed broadly the same pattern as above, a few special features may be noted in Table 4.6.

TABLE 4.6—PROPORTION OF BORROWINGS FOR FARM AND NON-FARM BUSINESS TO TOTAL BORROWINGS

[General Schedule data. In per cent]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Asola	100·0	76·7	100·0	6·7	75·9	50·0	75·7
Changalwadi	37·5	58·4	42·4	86·7	57·0	8·2	44·7
Hata	93·6	88·9	75·5	61·8	85·3	–	80·5
Kupta	58·9	60·1	68·6	53·4	62·0	62·5	62·1
Gopalkhed	88·2	66·8	68·1	56·7	66·7	–	66·7
Kanadi	100·0	100·0	99·0	54·7	95·6	–	86·8
Karli	68·4	57·6	54·6	43·1	63·6	30·2	56·6
Tamasi	100·0	100·0	11·1	50·0	62·5	–	60·0

In the case of non-cultivators, in four villages no borrowings were reported under these heads, and the proportion was very small in one more village. In two villages, namely, Asola and Kupta the proportion was very high, *i.e.*, 50 per cent and above. In Karli, the proportion was 30·2 per cent. Another point is the very low proportion of borrowings for productive purposes by the small cultivators in Asola and the medium cultivators in Tamasi. The trend in Changalwadi was erratic ; the proportion reported by the small cultivators was relatively high.

The intensive enquiry data, however, point out that in both the upper and lower strata, the productive purposes accounted for more than 90 per cent of the total borrowings ; the borrowings for family purposes were very small being less than 6 per cent.

The intensive enquiry data on purposes of borrowings were further classified into eight categories according to duration—agricultural, non-agricultural and consumption purposes, each classified into short-term and long-term ; repayment of old debt and other purposes. In the light of the pattern of purpose-wise distribution noted above, it needs little explanation when it is observed in Table 4.7, that short-term agricultural purposes accounted for 83·4 per cent and 93·3 per cent of the total borrowings in the upper and lower strata respectively.

Borrowings for long-term agricultural and non-farm business purposes were reported in the upper strata only, accounting for 2·7 per cent and 5·5 per cent, respectively, of the total borrowings. Borrowings for short-term consumption purposes accounted for 3·5 per cent in the upper strata and 5·7 per cent in the lower strata.

4.4 BORROWINGS AS A SOURCE OF FINANCE

The level of borrowings is generally related to the level of expenditure which in its turn is determined by the level of income and economic activity. We have seen

above the various purposes for which the rural families resorted to borrowing. We may now proceed to examine the extent to which the expenditure incurred was financed by borrowing so as to assess the role of credit in economic activity.

TABLE 4.7—BORROWINGS OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO PURPOSE-DURATION

[Intensive enquiry data. In rupees per family]

	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 cultivators...	**355·9**	296·7	9·5	–	19·5	12·7	1·3	7·3	9·0
	(100·0)	*(83·4)*	*(2·7)*	(–)	*(5·5)*	*(3·5)*	*(0·4)*	*(2·0)*	*(2·5)*
Lower strata cultivators...	**87·9**	82·0	–	–	–	5·0	–	–	0·9
	(100·0)	*(93·3)*	(–)	(–)	(–)	*(5·7)*	(–)	(–)	*(1·0)*

(Figures in brackets give percentages to total.)

For this purpose we have to use data from two sources, namely, the General Schedule and the intensive enquiry. The limitations of the items of expenditure in the General Schedule have already been pointed out. However, in the intensive enquiry, data on current farm expenditure and sources of finance were collected on a separate schedule. Table 4.8 gives the amount of expenditure on each item and the proportion of borrowings incurred to meet it to the total expenditure.

The table indicates the levels of expenditure on various items and the use of borrowed funds towards meeting them. Capital expenditure in agriculture and family expenditure which were the two major heads, amounted to Rs 165 and Rs 243 per family of which 5·5 per cent and 4·5 per cent, respectively, were financed by borrowing. Another notable item was repayment of old debts amounting to Rs 72 per family, of which 4·5 per cent were repaid from fresh borrowings. The amount spent on non-farm business expenditure was small being Rs 6 per family of which Rs 2 per family were financed by borrowing.

It may be seen from the intensive enquiry data given in the same table that in the upper strata capital expenditure in agriculture and family expenditure amounted to Rs 797 and Rs 810 per family, respectively, of which the proportion financed by borrowing was 2·3 per cent and 0·4 per cent respectively. Repayment of old debt amounting to Rs 216 per family were repaid entirely from owned funds. In the lower strata, capital expenditure in agriculture and family expenditure amounted to Rs 82 and Rs 211 per family, respectively, of which 7·1 per cent and 12·9 per cent, respectively, were financed by borrowing. Thus, the proportion of borrowings for meeting these expenses in the lower strata, as compared to the upper strata, was a little higher.

TABLE 4.8—BORROWINGS AS SOURCE OF FINANCE FOR SPECIFIED ITEMS OF EXPENDITURE

Items of expenditure	GENERAL SCHEDULE DATA (ALL FAMILIES)		INTENSIVE ENQUIRY DATA			
			UPPER STRATA CULTIVATORS		LOWER STRATA CULTIVATORS	
	Total expenditure per family	Proportion of borrowings incurred to meet each expenditure to total expenditure	Total expenditure per family	Proportion of borrowings incurred to meet each expenditure to total expenditure	Total expenditure per family	Proportion of borrowings incurred to meet each expenditure to total expenditure
	(Rs)	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5	6
1. Capital expenditure in agriculture	**165**	***5·5***	**797**	***2·3***	**82**	***7·1***
1·1 Purchase of land	72	*5·0*	335	*2·2*	28	–
1·2 Reclamation of land	7	*17·5*	9	*16·8*	3	*95·1*
1·3 Bunding and other land improvements.	20	*8·5*	93	*8·7*	11	*27·5*
1·4 Digging and repair of wells	6	*0·6*	43	–	–	–
1·5 Development of other irrigation resources	–	–	1	–	–	–
1·6 Laying of new orchards and plantations	–	–	–	–	–	–
1·7 Purchase of livestock	49	*4·6*	141	*1·5*	39	–
1·8 Purchase of implements, machinery, etc.	8	*1·3*	173	–	–	–
1·9 Construction of farm houses, cattle sheds, etc.	1	–	3	–	2	–
1·10 Other capital expenditure in agriculture	1	–	–	–	–	–
2. Capital expenditure in non-farm business	**6**	***33·3***	**23**	***84·6***	–	–
3. Family expenditure	**243**	***4·5***	**810**	***0·4***	**211**	***12·9***
3·1 Construction and repairs of residential houses and other buildings	13	*3·0*	86	–	8	–
3·2 Purchase of household utensils, furniture, etc.	8	–	28	–	2	–
3·3 Purchase of clothing, shoes, bedding, etc.	148	*0·6*	398	*0·6*	136	–
3·4 Death ceremonies	4	*13·7*	8	*9·5*	11	–
3·5 Marriage and other ceremonies	26	*19·5*	97	–	25	*69·7*
3·6 Medical expenses	25	*8·3*	97	*0·2*	20	*21·7*
3·7 Educational expenses	8	*3·5*	58	–	1	–
3·8 Litigation charges	11	*17·2*	38	–	8	*69·5*
4. Repayment of old debts	**72**	***4·5***	**216**	–	**69**	–
5. Current expenditure on farm			**2,259**	***4·0***	**222**	***12·7***

It was observed earlier that a large proportion of total borrowings in this district was for financing current farm expenditure. The level of current farm expenditure was very high being Rs 1,241 per cultivator; but hardly 4·8 per cent of it was financed by borrowing. In the upper strata, current farm expenditure amounted to Rs 2,259 per family, of which only 4·0 per cent was financed by borrowing. In the lower strata it amounted to Rs 222 per family, 12·7 per cent of which was financed by borrowing. Thus, it may be stated that though the proportion of borrowing for current farm expenditure to total borrowings was high, borrowings were not a very important source of finance for current farm expenditure.

Borrowings for current farm expenditure are generally incurred for short-term mainly for meeting the cash gap due to seasonality in current farm expenses and receipts. Thus, borrowings should be cumulative during the cultivation season followed by heavy repayments after the harvest. The data collected in the intensive enquiry on this point are presented below.

TABLE 4.9—BORROWINGS IN RELATION TO FARM EXPENDITURE AND RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

	CURRENT FARM EXPENDITURE*		TOTAL CASH RECEIPTS		BORROWINGS FULLY REPAID DURING THE YEAR	
	April to September 1951	October 1951 to March 1952	April to September 1951	October 1951 to March 1952	April to September 1951	October 1951 to March 1952
	1	2	3	4	5	6
Upper strata cultivators.....	1,533·0	1,171·7	91.4	2,257·0	211·1	0·7
Lower strata cultivators.....	160·2	155·9	173·6	534·7	68·3	1·4
All cultivators.....	**846·7**	**663·8**	**132·5**	**1,395·8**	**139·7**	**1·2**

* Cash plus kind.

As has been pointed out above, borrowings as also cash receipts during a period need not be entirely used for meeting current farm expenditure. But the table shows that for all cultivators the current farm expenditure is much larger than cash receipts during the period April to September whereas in the period October to March the cash receipts were much higher than the farm expenses. Loans which were borrowed and fully repaid during the Survey year were treated as short-term loans. Of the total amount of these loans practically the whole was borrowed during April to September. It may be pointed out that, as compared to the gap between current farm expenditure and cash receipts, the amount of short-term borrowings was rather small, for reasons which have already been pointed out above.

4.5 SHORT-TERM BORROWINGS

Data on credit operations of the selected cultivators in the intensive enquiry were collected on two separate schedules—Demand Schedules 6 and 7. Details

regarding loans borrowed and fully repaid during April 1951 to March 1952 were recorded on the former schedule and those regarding all loans outstanding at the time of the enquiry during the second round on the latter schedule. The loans recorded on the former schedule indicate generally short-term borrowings. Among the loans recorded on the latter schedule, because of the timing of enquiry, some short-term loans for financing the cultivation of *rabi* crops might have been included ; but it was not possible to separate them. They were also not significant as the *rabi* crops were not at all important in the selected villages. However, we have separated all loans outstanding for one year or less and have added them to the loans recorded on the former schedule to arrive at the figure of total borrowings during the year.

TABLE 4.10—LOANS BORROWED AND FULLY REPAID DURING APRIL 1951 TO MARCH 1952

[Intensive enquiry data. Amount in rupees per family]

	Total borrowings	AMOUNT BORROWED AND FULLY REPAID						
		Total	Percentage to total borrowings	Borrowed during April to Sept. 1951	Borrowed during Oct. 1951 to March 1952	Repaid during April to Sept. 1951	Repaid during Oct. 1951 to March 1952	Of which borrowed for current farm expenditure
	1	2	3	4	5	6	7	8
Upper strata cultivators..	**355·9**	211·8	*59·5*	211·1	0·7	-	211·8	203·5
Lower strata cultivators..	**87·9**	69·7	*79·2*	68·3	1·4	-	69·7	68·2
All cultivators.....	**221·9**	**140·8**	***63·4***	**139·7**	**1·2**	-	**140·8**	**135·8**

The table shows that the short-term borrowings formed a very large proportion of total borrowings being 59·5 per cent in the upper strata and 79·2 per cent in the lower strata. The average amount of short-term borrowings per family amounted to Rs 212 in the upper strata, which was nearly three times larger than that of Rs 70 in the lower strata. Almost the entire amount was borrowed during April to September 1951 which corresponds with the cultivation season for the *kharif* crops. As can be seen from the table, more than 95 per cent of these borrowings were for financing current farm expenditure. Of the borrowings during the year and outstanding at the end of the year, Rs 88 per family in the upper strata and Rs 15 per family in the lower strata were for financing current farm expenditure. Of the total borrowings during the year, current farm expenditure accounted for 83·4 per cent in the upper strata and 93·3 per cent in the lower strata.

4.6 BORROWINGS AND RATE OF INTEREST

It has been observed in the preceding chapter that the rates of interest prevalent in the district were very high. A classification of borrowings according to the rates of interest is given in Table 4.11.

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

[Intensive enquiry data. In rupees per family]

	Total borrowings	RATE OF INTEREST				
		Nil	Less than 3½ per cent	3½ to 7 per cent	7 to 10 per cent	10 to 12½ per cent
	1	2	3	4	5	6
Upper strata cultivators.....	**355·9**	20·9	–	5·2	1·3	130·1
	(*100·0*)	(*5·9*)	(–)	(*1·5*)	(*0·4*)	(*36·5*)
Lower strata cultivators.....	**87·9**	17·4	–	–	0·7	1·2
	(*100·0*)	(*19·8*)	(–)	(–)	(*0·8*)	(*1·4*)
All cultivators	**221·9**	**19·2**	–	**2·6**	**1·0**	**65·7**
	(*100·0*)	(*8·6*)	(–)	(*1·2*)	(*0·5*)	(*29·6*)

	RATE OF INTEREST				
	12½ to 18 per cent	18 to 25 per cent	25 to 35 per cent	35 to 50 per cent	50 per cent and above
	7	8	9	10	11
Upper strata cultivators.....	39·7	5·3	151·2	–	2·2
	(*11·1*)	(*1·5*)	(*42·5*)	(–)	(*0·6*)
Lower strata cultivators.....	–	14·2	54·4	–	–
	(–)	(*16·1*)	(*61·9*)	(–)	(–)
All cultivators	**19·8**	**9·8**	**102·8**	–	**1·1**
	(*8·9*)	(*4·4*)	(*46·3*)	(–)	(*0·5*)

(Figures in brackets give percentages to total)

The table shows that, for all cultivators interest-free loans constituted 8·6 per cent of the total borrowings. Borrowings at less than 10 per cent interest formed 1·7 per cent. About 39 per cent of the total borrowings were charged interest at 10 to 18 per cent. Borrowings at rates 18 per cent and above accounted for 51·2 per cent of the total.

Of the total borrowings in the upper strata, 47·6 per cent were at rates between 10 and 18 per cent and 44·6 per cent at rates 18 per cent and above. Interest-free loans accounted for 5·9 per cent and those at rates less than 10 per cent for 1·9 per cent.

In the lower strata, as much as 78 per cent of the total borrowings were at rates 18 per cent and above; 19·8 per cent of total borrowings were interest-free, 0·8 per cent at rates less than 10 per cent and 1·4 per cent at rates varying between 10 and 12½ per cent. Thus the rates of interest charged were generally very high in the district. The small cultivators in particular were required to pay exorbitant rates on a very large proportion of their total borrowings.

4.7 BORROWINGS AND SECURITY

The distribution of total borrowings of the selected cultivators according to security shows that 76·8 per cent were against personal security and the remaining 23·2 per cent against the security of immovable property. Borrowings against personal security accounted for 76·7 per cent of the total borrowings in the upper strata and 77·3 per cent in the lower strata. Loans advanced on the security of immovable property were secured by a simple mortgage of land.

4.8 CREDIT REQUIREMENTS

During the course of intensive enquiry, a special questionnaire on credit needs and development plans was canvassed to the selected cultivators. Almost all the responding cultivators in the lower strata stated that if credit were readily available they would use it for purchasing improved seeds and manure and for intensive tillage as most of them were experiencing some difficulty in securing adequate credit for current agricultural operations. In the upper strata, about 26·3 per cent of the cultivators did not experience any difficulty in meeting expenses of current agricultural operations for lack of finance. However, quite a large proportion of them would like to use manure and improved seeds or introduce intensive tillage practices in their farms if credit were readily available.

About 61 per cent of cultivators in the upper strata and 80 per cent in the lower strata had some ideas for development of farm business, the estimated credit requirements amounting to Rs 607 and Rs 650 per family respectively. In the lower strata, of the estimated credit needs, nearly 60 per cent was for increasing the size of farms through purchase or lease of additional land and another 19 per cent for purchase of livestock; about 13 per cent was required for bunding and other land improvements and 7 per cent for irrigation facilities. In the upper strata, though the pattern was similar the magnitudes showed some variations. Of the total credit needs, 43·5 per cent was for extending the size of farms, 17·8 per cent for purchase of livestock, 20·3 per cent for bunding and land improvements and 9·5 per cent for irrigation facilities. Most of them would like to have credit at rates below 10 per cent and were prepared to offer immovable property as security for loans.

CHAPTER 5

REPAYMENTS

In the preceding two chapters we have considered indebtedness and borrowings of the rural families in the selected villages. In this chapter we propose to study repayments made during the Survey year and to find out the relationship between debt, borrowings and repayment. For this purpose, we begin with the consideration of proportion of repaying families to total families, to borrowing families and to indebted families. This will be followed by a study of the extent of repayments made in relation to total borrowings and to the debt outstanding at the beginning of the Survey year plus borrowings during the year. Then we proceed to discuss the source of finance for repayment and the repayment performance in relation to the purposes and terms of borrowings.

5.1 PROPORTION OF REPAYING FAMILIES

The following table gives the proportion of repaying families for the district.

TABLE 5.1.1—PROPORTION OF REPAYING FAMILIES

[General Schedule data. In per cent]

Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
1	2	3	4	5	6	7
30·0	*35·0*	*39·5*	*19·0*	*31·7*	*7·6*	***18·8***

It may be seen that the proportion of repaying families was 18·8 per cent for all rural families. In the case of cultivators the proportion was 31·7 per cent as against 7·6 per cent in the case of non-cultivators. It may be recalled that the proportion of borrowing families was also found to be larger among cultivators than among non-cultivators. Among the four groups of cultivators, it may be observed that the proportion of repaying families increased from 30·0 per cent in the big cultivators' group to 35·0 per cent in the large cultivators' group and further to 39·5 per cent among the medium cultivators' group. The proportion declined to 19·0 per cent in the small cultivators' group, in which the proportion of borrowing families was also relatively low.

The proportion of repaying families to all rural families ranged between 15 per cent and 25 per cent in all villages except in Tamasi and Changalwadi. In Tamasi it was lowest at 3·5 per cent and in Changalwadi highest at 41·1 per cent. Among the non-cultivators the proportion of repaying families to total families ranged between 4 per cent and 8 per cent in five villages. In Tamasi repayments

TABLE 5.1.2—PROPORTION OF REPAYING FAMILIES

[General Schedule data. In per cent]

Village	Cultivators	Non-cultivators	All families
Asola	29·8	6·7	20·8
Changalwadi	49·4	21·2	41·1
Hata	24·3	4·1	15·0
Kupta	44·8	5·1	15·1
Gopalkhed	40·0	7·5	24·8
Kanadi	51·4	4·9	20·8
Karli	33·3	14·1	19·2
Tamasi	5·7	–	3·5

were not reported by any of the non-cultivating families. The proportion was 14·1 per cent in Karli and 21·2 per cent in Changalwadi. Among the cultivators, the proportion of repaying families was lowest at 5·7 per cent in Tamasi. In Asola, Hata and Karli it ranged between 24 per cent and 35 per cent and in Changalwadi, Kupta, Gopalkhed and Kanadi between 40 per cent and 55 per cent. The proportion of repaying families among the different villages generally followed the trend of proportion of borrowing families in the selected villages.

5.2 PROPORTION OF REPAYING TO BORROWING FAMILIES

We may proceed to consider the relation between borrowings and repayments. The following table gives the proportion of the repaying families to the borrowing families.

TABLE 5.2—REPAYING FAMILIES IN RELATION TO BORROWING FAMILIES

[General Schedule data]

Village	PROPORTION OF REPAYING TO BORROWING FAMILIES (IN PER CENT)						
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Asola	50·0	66·7	75·0	100·0	73·7	66·7	72·7
Changalwadi	125·0	107·1	100·0	116·7	105·4	77·8	100·0
Hata	62·5	56·8	43·2	19·0	43·2	37·5	42·3
Kupta	85·7	83·3	50·0	52·6	61·0	42·1	54·8
Gopalkhed	100·0	100·0	100·0	80·0	96·0	400·0	107·7
Kanadi	150·0	157·1	112·5	112·5	122·6	77·8	112·5
Karli	33·3	33·3	66·7	60·0	55·0	44·8	49·0
Tamasi	100·0	50·0	80·0	–	55·6	–	55·6
District	**81·7**	**83·8**	**84·3**	**69·2**	**80·8**	**59·4**	**74·9**

The table shows that the proportion of the number of repaying families to the number of borrowing families was very high in the district being 74·9 per cent for

all families. In respect of non-cultivators, the proportion was 59·4 per cent, which was lower than that of 80·8 per cent in respect of all cultivators. Among the cultivators, in the big, large and medium cultivators' groups the proportion was 81·7 per cent, 83·8 per cent and 84·3 per cent respectively. In the small cultivators' group it was comparatively low at 69·2 per cent. It may be recalled that the proportion of borrowing families in this district was relatively low. The very high proportion of the repaying families to the borrowing families indicates a better repaying capacity as also a more continuous turnover of credit operations represented by a very large proportion of short-term borrowings for current farm expenditure and substantial repayments of them after the harvest.

Taking the village data separately, it is observed that the proportion of repaying families to borrowing families was relatively high for rural families, cultivators and non-cultivators in Asola, Changalwadi, Gopalkhed and Kanadi at 66 per cent and above. In Kupta, Karli and Tamasi, it ranged between 40 per cent and 61 per cent. In Hata it was relatively low ranging between 37 and 44 per cent. Among the four groups of cultivators in Changalwadi, Gopalkhed and Kanadi, the proportion was 80 per cent and above. In Asola, however, the proportion was 75 per cent and 100 per cent for the medium and small cultivators, respectively, as against 50 per cent and 67 per cent for the big and large cultivators respectively. In Kupta, the proportion for big and large cultivators varied between 80 and 86 per cent and for the medium and small cultivators, between 50 and 53 per cent. In Hata, the proportion for big and large cultivators was 62·5 per cent and 56·8 per cent, respectively, and it declined to 43·2 per cent for the medium cultivators and further to 19·0 per cent for the small cultivators. In Karli, the big and large cultivators showed a much smaller proportion, 33·3 per cent each as against 66·7 per cent and 60·0 per cent for the medium and small cultivators. In Tamasi, the proportion was cent per cent for the big cultivators ; but it came down to 50 per cent for the large cultivators rising again to 80 per cent for the medium cultivators. No repayment was reported by the small cultivators in this village.

5.3 PROPORTION OF REPAYING TO INDEBTED FAMILIES

In the preceding section repaying families were considered in relation to borrowing families. Some of the families who repaid during the year might not have borrowed during the year. The number of repaying families should, therefore, be related also to the number of indebted families. The table on page 66 gives the proportion of the number of families who repaid loans during the year to the total number of indebted families.

If the number of indebted families is larger than the borrowing families the proportion of repaying to borrowing families will be larger than that of repaying to indebted families and *vice versa*. It may be seen that the proportion of repaying to indebted cultivating families was higher than that to borrowing cultivating families. Similar trend was noticed in respect of the large and medium cultivators. In the case of small cultivators and non-cultivators the proportion of repaying to

indebted families was lower than that to the borrowing families. In the case of big cultivators there was no significant variation. Thus, it appears, that a larger number of the large and medium cultivators were able to pay off their old debts during the period of high agricultural prices than the small cultivators and non-cultivators. Although the proportion of borrowing families in the former two groups was higher, the size of repayment was also larger, showing a more continuous turn-over of credit operations with an increase in the size of business operations.

TABLE 5.3—REPAYING FAMILIES IN RELATION TO INDEBTED FAMILIES

[General Schedule data]

Village	PROPORTION OF REPAYING TO INDEBTED FAMILIES (IN PER CENT)						
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Asola	*100·0*	*100·0*	*120·0*	*100·0*	*107·7*	*100·0*	*106·7*
Changalwadi	*125·0*	*150·0*	*283·3*	*116·7*	*177·3*	*87·5*	*153·3*
Hata	*62·5*	*56·8*	*34·8*	*13·8*	*36·6*	*17·6*	*32·2*
Kupta	*85·7*	*100·0*	*58·6*	*58·8*	*71·2*	*42·1*	*60·6*
Gopalkhed	*100·0*	*300·0*	*100·0*	*80·0*	*126·3*	*133·3*	*127·3*
Kanadi	*150·0*	*220·0*	*257·1*	*225·0*	*237·5*	*116·7*	*204·5*
Karli	*50·0*	*28·6*	*85·7*	*75·0*	*61·1*	*43·3*	*50·0*
Tamasi	*25·0*	*11·1*	*36·4*	–	*16·7*	–	*14·7*
District	*77·4*	*96·4*	*98·7*	*58·7*	*87·0*	*51·9*	*75·8*

In six of the eight selected villages, namely, Asola, Changalwadi, Kupta, Gopalkhed, Kanadi and Karli, the proportion of repaying to indebted cultivating families was higher than that to the borrowing cultivating families. In Hata and Tamasi, the proportion of repaying to indebted cultivating families was lower than that to the borrowing cultivating families. In the case of non-cultivators the proportion of repaying to indebted families was either higher than or equal to that to borrowing families in Asola, Changalwadi, Kupta and Kanadi. In Hata, Gopalkhed and Karli the proportion of repaying to indebted non-cultivators was lower than that to the borrowing non-cultivators. Taking the four groups of cultivators, in Hata and Tamasi the proportion of repaying to indebted families was either equal to or lower than that to borrowing families. In the other six villages the proportion of repaying to indebted cultivating families was generally higher than that to the borrowing families. Thus, it appears that, in most of the villages the number of borrowing families was higher than that of indebted families, probably for reasons already mentioned.

5.4 SIZE OF REPAYMENTS

5 4.1 Repayments per family

Table 5.4.1 gives data on amount of repayments made by the rural families.

TABLE 5.4.1—SIZE OF REPAYMENTS

[General Schedule data]

Family group	Repayments per family (Rs)	Repayments per reporting family (Rs)
Big cultivators	421	1,404
Large cultivators	264	753
Medium cultivators	123	310
Small cultivators	23	122
All cultivators	137	430
Non-cultivators	16	209
All families	**72**	**382**

The average amount of repayment was Rs 72 per family for all rural families. The repayments made by the cultivators amounted to Rs 137 per family which were more than eight times that of Rs 16 per non-cultivating family. The amount of repayments, as in the case of borrowings, showed a downward trend as we move from the big to the small cultivators. The average amount of repayments per family was Rs 421 for big cultivators and Rs 264 for large cultivators. It decreased to Rs 123 for medium cultivators and to Rs 23 for small cultivators.

TABLE 5.4.2—SIZE OF REPAYMENTS

[General Schedule data]

Village	REPAYMENTS PER FAMILY (RS)			REPAYMENTS PER REPORTING FAMILY (RS)		
	Cultivators	Non-cultivators	All families	Cultivators	Non-cultivators	All families
	1	2	3	4	5	6
Asola	25	35	29	84	525	139
Changalwadi	147	109	136	299	514	332
Hata	131	5	73	541	126	488
Kupta	217	21	70	484	410	465
Gopalkhed	232	12	128	579	158	519
Kanadi	283	9	103	551	181	494
Karli	115	14	41	345	102	213
Tamasi	10	–	6	176	–	176

Repayments by the non-cultivators were very low in all villages except Changalwadi where they were fairly high. In the case of cultivators, wide variations were noticed between the selected villages. The average repayments per cultivating family were Rs 10 in Tamasi and Rs 25 in Asola, the villages where the level of borrowings was also low. The average repayments per family ranged between Rs 100 and Rs 150 in Changalwadi, Hata and Karli and between Rs 200 and Rs 300 in Kanadi, Gopalkhed and Kupta. The variations in the level of repayments broadly correspond to those in respect of the level of borrowings among the selected villages.

5.4.2 Repayments per repaying family

The proportion of families reporting repayments being small, the average amount of repayments per repaying family was much larger than the average repayments per family as can be seen from Table 5.4.1. The average amount of repayments per repaying family was Rs 382 for all families, Rs 209 for non-cultivators and Rs 430 for cultivators. Among the four groups of cultivators, the average which was highest at Rs 1,404 for big cultivators, declined sharply to Rs 753 for large cultivators, to Rs 310 for medium cultivators and to Rs 122 for small cultivators.

Among the villages the repayments per repaying family showed the same trend as noticed in the preceding paragraph, except in Asola and Changalwadi where the average repayments per repaying non-cultivator were much higher than those per cultivator.

5.5 REPAYMENTS TOWARDS PRINCIPAL AND INTEREST

Data on repayments collected in the intensive enquiry in respect of selected cultivators are given in Table 5.5.

TABLE 5.5—REPAYMENTS OF SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

	REPAYMENT TOWARDS LOANS						
	Outstanding for one year or less			Outstanding for more than one year			Borrowed and fully repaid during the year
	Total	Principal	Interest	Total	Principal	Interest	
	1	2	3	4	5	6	7
Upper strata cultivators.....	21·6	18·0	3·6	3·2	1·3	1·9	211·8
Lower strata cultivators.....	0·4	0·4	–	–	–	–	69·7
All cultivators.....	**11·0**	**9·2**	**1·8**	**1·6**	**0·7**	**0·9**	**140·8**

It may be recalled that these data were collected in two separate schedules, one for the loans borrowed and fully repaid during April 1951 to March 1952 and the other for the loans outstanding as on the date of enquiry during the second round. In the preceding chapters we used these data in the discussion on short-term borrowings as also on duration of outstanding debt. It has been pointed out that in respect of the lower strata cultivators no amount of debt was outstanding for more than one year. In respect of the upper strata, about 2·5 per cent was outstanding for more than 3 years ; of the remaining, 63·0 per cent was outstanding for less than one year and 34·5 per cent for one to two years. It was also pointed out that the short-term borrowings accounted for 59·5 per cent of the total borrowings in the upper strata and 79·3 per cent in the lower strata. The data on repayments in Table 5.5 show that the amount repaid by the lower strata was mostly and by the upper strata very largely towards the short-term borrowings.

5.6 PERIOD OF REPAYMENTS

Table 5.6 gives data relating to repayments made in the different months.

TABLE 5.6—LOANS BORROWED AND FULLY REPAID DURING THE YEAR CLASSIFIED ACCORDING TO MONTH OF REPAYMENT

[Intensive enquiry data. Amount in rupees per family]

	April to September 1951	October 1951	November 1951	December 1951	January 1952	February 1952	March 1952	Total repayments
	1	2	3	4	5	6	7	8
Upper strata cultivators	–	2·2	4·5	147·7	20·5	30·1	6·8	211·8
Lower strata cultivators	–	–	4·3	38·6	23·9	2·2	0·7	69·7
All cultivators	–	1·1	4·4	93·1	22·2	16·2	3·8	140·8

No repayments were reported between April and September which is the cultivation season for the *kharif* crops. Repayments were reported from October to March; but they were largely concentrated during the period December to February. In December they were at their peak. This period of heavy repayment coincides with the marketing season of the *kharif* crops, particularly cotton.

5.7 REPAYMENTS IN RELATION TO BORROWINGS

The following table gives repayments in relation to borrowings for the district.

TABLE 5.7.1—REPAYMENTS IN RELATION TO BORROWINGS

[General Schedule data]

	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Repayments as percentage of borrowings	*79·5*	*76·8*	*104·4*	*76·5*	*84·2*	*79·7*	*83·6*

It may be seen that the repayments formed a very high proportion of borrowings. The percentage worked out to 83·6 per cent for all families, 84·2 per cent for cultivators and 79·7 per cent for non-cultivators. Among the four groups of cultivators, the proportion was 79·5 per cent for the big cultivators, 76·8 per cent for the large cultivators and 76·5 per cent for the small cultivators. In the medium cultivators' group it was very high at 104·4 per cent.

Among the villages, the proportion of repayments made by the cultivators to their borrowings was lowest at 27·1 per cent in Karli and highest at 156·3 per cent in Kanadi. It was 43·2 per cent in Asola, ranged between 50 and 70 per cent in Kupta, Hata and Tamasi and was over 120 per cent in Changalwadi and Gopalkhed.

TABLE 5.7.2—REPAYMENTS IN RELATION TO BORROWINGS

[General Schedule data]

Village	REPAYMENTS AS PERCENTAGE OF BORROWINGS		
	Cultivators	Non-cultivators	All families
Asola	*43·2*	*807·7*	*78·0*
Changalwadi	*122·1*	*111·5*	*119·4*
Hata	*56·6*	*31·6*	*55·1*
Kupta	*55·7*	*86·2*	*60·5*
Gopalkhed	*124·4*	*1,260·0*	*129·4*
Kanadi	*156·3*	*107·6*	*152·3*
Karli	*27·1*	*33·6*	*28·6*
Tamasi	*62·5*	–	*62·5*

In the non-cultivators' group, it was very low in Hata and Karli at 31·6 per cent and 33·6 per cent respectively. It ranged between 75 and 125 per cent in Changalwadi, Kupta and Kanadi and was very high at 808 and 1,260 per cent in Asola and Gopalkhed, respectively.

5.8 REPAYMENTS IN RELATION TO DEBT PLUS REPAYMENTS

It has been mentioned that a part of repayments would be towards debts already outstanding at the beginning of the year. Therefore, repayments during the year have to be related not merely to borrowings during the year but also to total debt outstanding at the beginning of the year. The amount of outstanding debt at the beginning of the year plus borrowings during the year represents the total amount in relation to which repayments might have been made. This total may be taken as equal to outstanding debt at the end of the year plus repayments made during the year. We may, therefore, relate the total repayments during the year to the total debt at the end of the year plus repayments during the year. Tables 5.8.1 and 5.8.2 give the necessary data.

TABLE 5.8.1—REPAYMENTS IN RELATION TO DEBT PLUS REPAYMENTS

[General Schedule data]

	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Repayments as percentage of debt plus repayments	*39·2*	*39·8*	*46·5*	*39·7*	*41·9*	*35·6*	***41·0***

It is obvious from these data that, in relation to the debt at the beginning of the year plus the borrowings during the year, the proportion of repayments was much lower than that for the borrowings only. The proportion was 41·0 per cent for all families, 35·6 per cent for non-cultivators and 41·9 per cent for all cultivators. Among the four groups of cultivators, the proportion was 39·2 per cent for the big cultivators, 39·8 per cent for the large cultivators, 46·5 per cent for the medium

cultivators and 39·7 per cent for the small cultivators. The sharp rise in proportion noticed in the case of medium cultivators in the preceding paragraph is not observed here, though it is a little higher than that in other groups.

TABLE 5.8.2—REPAYMENTS IN RELATION TO DEBT PLUS REPAYMENTS
[General Schedule data]

Village	REPAYMENTS AS PERCENTAGE OF DEBT PLUS REPAYMENTS		
	Cultivators	Non-cultivators	All families
Asola	33·7	89·7	47·8
Changalwadi	52·5	59·7	54·1
Hata	25·7	7·2	23·7
Kupta	41·2	50·0	42·9
Gopalkhed	62·4	32·0	60·0
Kanadi	53·3	74·7	54·2
Karli	20·0	20·7	20·2
Tamasi	11·3	–	10·5

The proportion of repayments to debt plus repayments of cultivators and non-cultivators did not show wide variations among the selected villages as in the case of the proportion of repayments to borrowings. In all villages the proportion of repayments to debt plus repayments was smaller than that to borrowings. Among the cultivators it was below 25 per cent in Karli and Tamasi, ranged between 25 per cent and 50 per cent in Asola, Hata and Kupta and was more than 50 per cent in Changalwadi, Gopalkhed and Kanadi. Among the non-cultivators, it was less than 25 per cent in Hata and Karli, ranged between 25 and 50 per cent in Kupta and Gopalkhed and was more than 50 per cent in Asola, Changalwadi and Kanadi.

5.9 SOURCE OF FINANCE FOR REPAYMENTS

An important aspect of repayments is the sources from which they were financed. If the repayments are made from the current income, they indicate that the borrowings were mainly for short-term production purposes, which leads to a more continuous turnover of credit operations. If repayments are made by liquidation of assets or fresh borrowings, they indicate the tendency of borrowings to become chronic indebtedness. The table on page 72 gives the distribution of repayments according to source of finance.

The General Schedule data show that owned funds, *i.e.*, current income and past savings accounted for 85·3 per cent of total repayments. Borrowings and sale of assets financed only 4·5 per cent and 6·0 per cent, respectively, of the total repayments.

Turning to the selected cultivators, it may be seen that the whole of the amount repaid by the upper strata was drawn from owned resources. In the lower strata, the current income accounted for 91·3 per cent and sale of assets and other sources 1·0 per cent and 7·7 per cent, respectively, of the total repayments. Thus, the most significant features of repayments are that the number of repaying families compares

favourably with the number of borrowing families, the level of repayments is fairly high in relation to that of the short-term borrowings, the proportion of the amount of repayments to the current borrowings and past debt is also fairly high and lastly that the repayments were made very largely from current income.

TABLE 5.9—REPAYMENTS CLASSIFIED ACCORDING TO SOURCE OF FINANCE

[In rupees per family]

	Total repayments	SOURCE OF FINANCE				
		Current income	Past savings	Sale of assets	Borrowings	Other sources
	1	2	3	4	5	6
General Schedule data						
All Families	**72**	59	3	4	3	3
	(100·0)	*(81·5)*	*(3·8)*	*(6·0)*	*(4·5)*	*(4·2)*
Intensive enquiry data						
Upper strata cultivators	**216**	214	2	–	–	–
	(100·0)	*(99·0)*	*(1·0)*	(–)	(–)	(–)
Lower strata cultivators	**69**	63	–	1	–	5
	(100·0)	*(91·3)*	(–)	*(1·0)*	(–)	*(7·7)*
All cultivators	**143**	**139**	**1**	–	–	**3**
	(100·0)	*(97·1)*	*(0·8)*	*(0·3)*	(–)	*(1·8)*

(Figures in brackets give percentages to total)

5.10 REPAYMENT REQUIREMENTS AND REPAYMENT PERFORMANCE*

Before concluding this chapter, it may be interesting to assess the repayment performance in relation to repayment requirements. With the data available with us, it is rather difficult to estimate precisely the repayment requirements of the rural families investigated. However, by making some broad assumptions we may attempt an estimate of repayment requirements. The first assumption is that, in respect of medium or long-term loans borrowed during the Survey year no repayments are expected within that period and in respect of short-term borrowings during the Survey year repayment requirements may be taken as one-half of such borrowings. The second assumption is that the repayment requirements in respect of loans outstanding at the beginning of the Survey year may be taken as one-third or one-fifth of the total amount outstanding. On the basis of these assumptions, the repayment requirements per family can be estimated at Rs 58 and Rs 46. The actual repayments amounted to Rs 72 per family. Thus the repayment performance, it is observed, was very satisfactory.

Even if we assume, in view of the predominance of the *kharif* crops in this district, that the entire short-term borrowings of the rural families were to be repaid during the same year and thus modify the first assumption and calculate repayment requirements accordingly, repayment performance in this district was found satisfactory.

* For a detailed discussion on the concepts and assumptions made, see All-India Rural Credit Survey Vol. I, the Survey Report Part I, pp. 396-399.

CHAPTER 6

FAMILY EXPENDITURE

The business expenditure of the bulk of the agriculturists in this district as in other parts of rural India cannot be easily separated from their expenditure on family consumption account because of the nature of farm organisation. It has been observed in Chapter 4 that a portion of the borrowings of rural families was incurred for financing family expenditure. It is necessary, therefore, to take account of the total operations of the cultivators in relation both to farm business and family living for arriving at an understanding of the operations of the credit system. As a detailed family budget enquiry was considered beyond the scope of the Survey, it was decided to collect information on some important categories of family expenditure which, it was considered, give rise to occasions of borrowing. Accordingly, information was collected in respect of all rural families in the selected villages on cash expenditure on the following items incurred during the period of twelve months preceding the date of interview : (1) Construction and repairs of residential houses and other buildings, (2) Purchase of household utensils, furniture, etc., (3) Death ceremonies, (4) Marriage and other ceremonies, (5) Medical expenses, (6) Educational expenses, (7) Purchase of clothing, shoes, bedding, etc., and (8) Litigation.

While listing the categories of family expenditure it was considered that expenditure on these categories would ordinarily be undertaken on a limited number of occasions and in comparatively large amounts giving rise to occasions of borrowing. Thus, the reporting of expenditure in relation to them for a twelve month period might be fairly reliable. Further, borrowing, if any, for financing the expenditure might be fairly correctly reported. The items of family expenditure listed in the General Schedule did not provide for expenditure on current consumption account. Although clothing, bedding, shoes and other apparel form part of day-to-day consumption items, they were included in the schedule because in many parts of rural India it is customary to purchase new clothes on certain festive occasions and this expenditure would be incurred in fairly large amounts on these occasions. Thus, the total expenditure on the items included, accounting for a substantial proportion of family expenditure, may provide a broad idea of levels of family expenditure as also the role of credit in financing family expenditure ; but the limitation arising out of non-inclusion of expenditure on family consumption account as also of expenditure in kind has to be borne in mind.

It is proposed to begin with a discussion on the level of total family expenditure, which will be followed by a detailed study of expenditure on the items listed. For this purpose, we have grouped all items for which information was obtained into four broad categories, namely, (1) expenditure on construction and repairs

of residential houses and other buildings, (2) expenditure on purchase of durable consumer goods such as, utensils, furniture, clothing, shoes, etc., (3) expenditure in connection with death, marriage and other social ceremonies, and (4) medical and educational expenses and litigation charges.

6.1 LEVEL OF FAMILY EXPENDITURE

The level of family expenditure may be indicated by the total of amounts spent on the listed items. The following table gives the expenditure under the eight heads and the total family expenditure among the different groups of families. It may be noted that the term 'total family expenditure' indicates the total of expenditure on the recorded items.

TABLE 6.1—EXPENDITURE PER FAMILY ON SPECIFIED ITEMS OF FAMILY EXPENDITURE

[General Schedule data. In rupees]

Items of expenditure	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	All families
	1	2	3	4	5	6	7
Construction and repairs of residential houses and other buildings	110	70	7	3	26	2	13
Purchase of household utensils, furniture, etc.	51	32	10	3	15	2	8
Purchase of clothing, shoes, bedding, etc.	647	411	158	109	223	83	148
Death ceremonies	8	11	5	3	7	2	4
Marriage and other ceremonies	159	92	32	10	44	11	26
Medical expenses	167	105	24	9	45	8	25
Educational expenses	60	42	3	1	15	3	8
Litigation charges	91	45	7	7	19	3	11
Total family expenditure	**1,292**	**808**	**247**	**145**	**393**	**113**	**243**

The total family expenditure amounted to Rs 243 per rural family. The level of family expenditure among the cultivators and non-cultivators showed a marked difference ; the average family expenditure of Rs 393 per cultivator was more than three times that of Rs 113 per non-cultivator. The distribution of family expenditure of rural families under the four categories points out that about 64·2 per cent of it was spent on durable consumer goods. Medical and educational expenditure and litigation charges, death, marriage and other ceremonies and construction and repairs of residential houses and other buildings accounted for 18·2 per cent, 12·4 per cent and 5·2 per cent, respectively. Though the pattern of distribution of expenditure was broadly similar among the cultivating and non-cultivating families, the proportion of amount spent on different items to total family expenditure showed some significant variations.

The expenditure on durable consumer goods included the amounts spent on clothing, shoes, etc., which are the primary necessities of life next to food. It is

natural that the expenditure on these items should account for a relatively larger proportion of the total family expenditure of the low income groups. Thus, it is observed that in the non-cultivators' group the amount spent on durable consumer goods formed 75 per cent of the total family expenditure as against about 61 per cent in the cultivators' group. On the other hand, it is noticed that the total expenditure on education, medicines and litigation accounted for 13 per cent and 20 per cent of the total family expenditure among the non-cultivators and cultivators, respectively. As the cultivators generally own their residential houses which are relatively of a better type, the amount spent by them on construction and repairs of residential houses and other buildings was Rs 26 per cultivator which was much larger than that of Rs 2 per non-cultivator. The proportion of total family expenditure on this account was 5·2 per cent among the cultivators as against only 1·3 per cent among the non-cultivators.

The total amount of family expenditure among the four groups of cultivators showed wide variations, the average expenditure per big cultivator being about nine times that per small cultivator. It showed a sharp decline with the decrease in the size of farm business falling from Rs 1,292 per big cultivator to Rs 808 per large cultivator, to Rs 247 per medium cultivator and further to Rs 145 per small cultivator. The decline was particularly very sharp as we move from the large to the medium cultivator group. The pattern of distribution of expenditure on the items listed among the four categories, though broadly similar, showed some significant variations between the four groups. As stated above, the proportion of amount spent on primary necessities to total family expenditure increases as the level of family income declines. Thus, it is observed that the proportion of expenditure on durable consumer goods to total family expenditure increased from 54 per cent in the big cultivators' group to 77 per cent in the small cultivators' group. On the other hand, the proportion of expenditure on education, medicine, etc., which worked out to 25 per cent in the big cultivators' group and 24 per cent in the large cultivators' group fell sharply to 14 per cent in the medium cultivators' group and further to 12 per cent in the small cultivators' group. A similar tendency was noticed regarding the proportion of expenditure on construction and repairs of residential houses and other buildings, the proportion falling from 8 per cent in the big cultivators' group to 2 per cent in the small cultivators' group. The proportion spent on death, marriage and other ceremonies also recorded a fall to 9 per cent in the small cultivators' group from 13 per cent in the big cultivators' group.

Another interesting feature that may be seen from the table is that the average amount of family expenditure of Rs 145 per small cultivator was 28·3 per cent higher than that of Rs 113 per non-cultivator. The pattern of distribution of expenditure on the listed items was almost similar in both these groups. As the income of the small cultivators is larger and their social status in the rural community, because of possession of land, is higher relatively to that of the non-cultivators who are largely agricultural labourers, in terms of absolute amounts, the former spent about 32 per cent more on durable consumer goods than the latter. In the

case of non-cultivators the amount spent on education was Rs 3 per family as against Re 1 per small cultivator, probably because some of the non-cultivating land-owners included in this group might be spending on education of their children in training them for a career. The average amounts spent on other items by the non-cultivators were generally lower than those spent by the small cultivators.

The relative position of the different classes of cultivators as regards the different items may be seen from the table below. The table gives, in respect of each class of cultivators, the proportionate share of total cultivated area held and expenditure incurred under the four categories of family expenditure.

TABLE 6.2—SHARE OF THE FOUR CLASSES OF CULTIVATORS IN TOTAL CULTIVATED HOLDINGS AND ITEMS OF FAMILY EXPENDITURE

[General Schedule data]

Family group	Area of cultivated holdings of the class as percentage of the total area of cultivated holdings	EXPENDITURE BY THE CLASS AS PERCENTAGE OF THE EXPENDITURE BY ALL CULTIVATORS				
		Construction and repairs of residential houses and other buildings	Durable consumer goods	Death, marriage and other ceremonies	Medical, educational and litigation expenses	Total family expenditure
	1	2	3	4	5	6
Big cultivators.....	*42·6*	*45·4*	*31·1*	*34·9*	*42·6*	*34·8*
Large cultivators.....	*72·7*	*86·4*	*58·7*	*64·5*	*76·8*	*64·9*
Medium cultivators.....	*21·7*	*10·1*	*26·8*	*27·7*	*16·4*	*23·7*
Small cultivators.....	*5·6*	*3·5*	*14·5*	*7·8*	*6·8*	*11·4*

The table brings out certain broad features of the pattern of distribution of family expenditure to which attention may be drawn. In the first instance, the share of the big cultivators in the total family expenditure incurred by all cultivators was a little lower than their share in the total cultivated holdings. The large cultivators showed the same features. The share of the small cultivators in the total family expenditure was, however, larger than their share of cultivated holdings.

Another interesting feature is that the share of the big and large cultivators in the total expenditure on construction and repairs of residential houses and other buildings is larger than their share in the cultivated holdings. Their share in the total expenditure on durable consumer goods and on death, marriage and other ceremonies was smaller than their share in the cultivated holdings. The medium and small cultivators show features opposite to those noted above.

Table 6.3 gives data on the four broad categories of family expenditure on a village basis. It is observed that the level of expenditure per rural family did not show any significant variations between the selected villages as the average family expenditure per family ranged between Rs 200 and Rs 250 in Hata, Kupta and

Kanadi and between Rs 250 and Rs 300 in Changalwadi, Gopalkhed, Karli and Tamasi. Only in Asola it was rather low at Rs 162 per family.

TABLE 6.3—EXPENDITURE PER FAMILY ON SPECIFIED ITEMS OF FAMILY EXPENDITURE

[General Schedule data. In rupees]

Item of expenditure	Asola	Chan-galwadi	Hata	Kupta	Gopal-khed	Kanadi	Karli	Tamasi
	1	2	3	4	5	6	7	8
Construction and repairs of residential houses and other buildings								
Cultivators	2	8	16	65	8	11	52	53
Non-cultivators	1	–	2	3	–	1	3	1
All families	2	6	9	18	4	4	16	33
Durable consumer goods (furniture, clothing, utensils, etc.)								
Cultivators	146	201	195	333	230	221	432	223
Non-cultivators	55	87	60	73	107	68	95	104
All families	110	167	132	139	172	120	184	177
Death, marriage and other ceremonies								
Cultivators	46	48	61	67	73	31	82	25
Non-cultivators	–	12	16	9	3	11	25	7
All families	28	38	40	24	40	18	40	18
Educational and medical expenses and litigation charges								
Cultivators	36	50	43	195	73	150	123	49
Non-cultivators	1	35	10	15	6	9	29	9
All families	22	45	28	60	42	57	54	33
Total family expenditure								
Cultivators	**230**	**307**	**315**	**660**	**384**	**413**	**688**	**350**
Non-cultivators	**57**	**134**	**87**	**100**	**116**	**89**	**152**	**122**
All families	**162**	**256**	**209**	**241**	**258**	**200**	**294**	**262**

The level of family expenditure among the non-cultivators was low in all the villages. The average family expenditure per non-cultivator ranged between Rs 50 and Rs 100 in Asola, Hata and Kanadi and between Rs 100 and Rs 155 in Changalwadi, Kupta, Gopalkhed, Karli and Tamasi. The average expenditure per non-cultivator was generally one-third to one-sixth of that per cultivator.

The level of family expenditure of the cultivators, however, showed very significant variations among the different villages. The average family expenditure per cultivator was lowest at Rs 230 in Asola and ranged between Rs 300 and Rs 400 in Changalwadi, Hata, Gopalkhed and Tamasi. It amounted to Rs 413 per cultivator in Kanadi. It rose to Rs 660 per cultivator in Kupta and to Rs 688 per cultivator in Karli. The pattern of distribution of expenditure among the specified items was broadly similar in all villages.

As the items of family expenditure included expenditure on primary necessities such as clothing, bedding, shoes, etc., almost all responding families reported expenditure on one or more of these items. The total family expenditure per reporting family did not, therefore, show any marked variation from the total family expenditure per family.

6.2 CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

The general level of expenditure on construction and repairs of residential houses and other buildings is related to the physical conditions of a district such as rainfall and climate. Within each set of physical conditions there may be large variations in levels of expenditure according to the expected or current standards of living depending on the levels of income. In the dry climate of Akola with moderate rainfall, the expenditure on repairs and maintenance of residential houses, which is more or less of an annual nature is generally low. The expenditure on new construction shows variations among the different groups of cultivators depending on the standard of living.

The table below shows the proportion of families reporting expenditure on construction and repairs of residential houses and other buildings and the expenditure per reporting family.

TABLE 6.4—EXPENDITURE ON CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)
Big cultivators	*30·8*	356
Large cultivators	*23·6*	296
Medium cultivators	*8·3*	82
Small cultivators	*5·6*	52
All cultivators	*12·3*	208
Non-cultivators	*8·4*	18
All families	*10·2*	**124**

It may be seen that the number of families reporting expenditure on this item was rather small, being 10·2 per cent for all rural families. Among the cultivators the proportion was 12·3 per cent which was a little higher than that of 8·4 per cent among the non-cultivators. The average expenditure per reporting cultivator was Rs 208 which was nearly twelve times that of Rs 18 per reporting non-cultivator. The low proportion of non-cultivating families reporting expenditure on this account as well as the small amount spent indicate that the expenditure involved was mainly on repairs and maintenance of residential houses.

The average amount of expenditure on this item per reporting family showed large variations between the four groups of cultivators. It was highest at Rs 356 per big cultivator and moved down to Rs 296 per large cultivator, to Rs 82 per medium cultivator and further to Rs 52 per small cultivator.

The intensive enquiry data on family expenditure for the selected cultivators show that, of the average family expenditure of Rs 810 for the upper strata cultivators and Rs 211 for the lower strata cultivators, 10·6 per cent and 3·9 per cent, respectively, was for construction and repairs of residential houses and other buildings.

The table below gives the frequency distribution of cultivators according to size of expenditure on this item among the four groups of cultivators.

TABLE 6.5—FREQUENCY DISTRIBUTION OF CULTIVATORS ACCORDING TO THE SIZE OF EXPENDITURE ON CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

[General Schedule data]

Family group	NUMBER OF CULTIVATORS IN THE EXPENDITURE CLASS						
	Nil	Below Rs 100	Rs 100 to Rs 200	Rs 200 to Rs 300	Rs 300 to Rs 400	Rs 400 to Rs 500	Rs 500 and above
	1	2	3	4	5	6	7
Big cultivators.....	34	8	1	3	–	–	3
Large cultivators.....	111	15	4	4	5	–	7
Medium cultivators.....	161	10	1	3	–	–	–
Small cultivators.....	134	6	2	–	–	–	–
All cultivators.....	**406**	**31**	**7**	**7**	**5**	–	**7**

Considering the prevalent costs of construction, even in rural areas, for construction of a new tenement for a rural family of average size, an expenditure of about Rs 500 would be required. Thus, if the amount of expenditure incurred by a family is less than this amount it may be presumed that it was for maintenance and repairs. The above table shows that of the 57 cultivators reporting expenditure on this account, 45 reported less than Rs 300 each and another 5 between Rs 300 and Rs 400 each. Only 7 large cultivators reported expenditure of Rs 500 and above, of whom three were big cultivators.

Table 6.6 gives the frequency distribution of cultivators according to the size of expenditure on construction and repairs of residential houses and other buildings on a village basis. It may be noted that the figures given in this table are unweighted and hence the totals for the eight villages differ from the totals for all cultivators given in Table 6.5.

TABLE 6.6—FREQUENCY DISTRIBUTION OF CULTIVATING FAMILIES ACCORDING TO THE SIZE OF EXPENDITURE ON CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

[General Schedule data]

Village	NUMBER OF FAMILIES IN THE EXPENDITURE CLASS							
	Nil	Below Rs 100	Rs 100 to Rs 200	Rs 200 to Rs 300	Rs 300 to Rs 400	Rs 400 to Rs 500	Rs 500 and above	Total
	1	2	3	4	5	6	7	8
Asola	44	3	–	–	–	–	–	**47**
Changalwadi	72	4	1	2	–	–	–	**79**
Hata	143	17	3	3	2	–	1	**169**
Kupta	81	9	2	4	2	2	5	**105**
Gopalkhed	57	–	2	1	–	–	–	**60**
Kanadi	69	2	2	–	–	–	1	**74**
Karli	21	9	–	–	1	–	2	**33**
Tamasi	76	4	1	2	2	–	2	**87**

The above table shows that, of the 11 families reporting expenditure of Rs 500 and more, 5 families were in Kupta, 2 families each in Karli and Tamasi and one family each in Hata and Kanadi. Thus, it can be stated that most of the families who reported expenditure under this item did so for annual repairs and maintenance.

We may examine the source of finance for expenditure on this item from the data given in Table 6.7.

TABLE 6.7—SOURCE OF FINANCE FOR EXPENDITURE ON CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

Source of finance	PROPORTION OF EXPENDITURE FINANCED FROM EACH SOURCE TO THE TOTAL EXPENDITURE (IN PER CENT)			
	GENERAL SCHEDULE DATA	INTENSIVE ENQUIRY DATA		
	All families	Upper strata	Lower strata	All cultivators
	1	2	3	4
Current income	*52·5*	*39·9*	*13·1*	*37·6*
Past savings	*43·1*	*60·1*	*86·9*	*62·4*
Sale of assets	*1·2*	–	–	–
Borrowings	*3·0*	–	–	–
Other sources	*0·2*	–	–	–
Total	***100·0***	***100·0***	***100·0***	***100·0***
	(13)	***(86)***	***(8)***	***(47)***

(Figures in the brackets give the average expenditure in rupees per family.)

The table shows that the expenditure was financed mainly from the owned resources, viz., current income and past savings. Borrowings and sale of assets played a very insignificant role as sources of finance.

6.3 EXPENDITURE ON DURABLE CONSUMER GOODS

As stated earlier, under this category, expenditure on purchase of utensils, furniture, etc., and on clothing, shoes, bedding, etc., was included. As a large number of families reported expenditure on purchase of clothing, shoes, etc., which constituted a very sizeable proportion of the total family expenditure it is proposed to discuss this item separately. The table below gives the proportion of families reporting this expenditure and the average expenditure per reporting family.

TABLE 6.8—EXPENDITURE ON CLOTHING, SHOES, BEDDING, ETC.

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)
Big cultivators	*100·0*	647
Large cultivators	*100·0*	411
Medium cultivators	*100·0*	158
Small cultivators	*100·0*	109
All cultivators	*100·0*	223
Non-cultivators	*97·7*	85
All families	***98·8***	**150**

Clothing, bedding, etc., being primary necessities of life, 98·8 per cent of rural families reported expenditure on them. The proportion was cent per cent among the cultivators and 97·7 per cent among the non-cultivators. But the amount of expenditure on clothing depends on the size and the standard of living of each family. We did not collect any information on size of family. We propose, therefore, to discuss the expenditure on this item in relation to size of farm business. It is observed that the average expenditure per reporting rural family was Rs 150. It amounted to Rs 223 per reporting cultivator which was more than two and half times larger than that of Rs 85 per reporting non-cultivator. As has been stated already, the non-cultivators' group included a large number of landless labourers, whose incomes are relatively low ; the variation needs no further explanation.

Among the four groups of cultivators, the expenditure per reporting family amounted to Rs 647 for big cultivators and Rs 411 for large cultivators. It declined sharply to Rs 158 for medium cultivators and further to Rs 109 for small cultivators. The data indicate the variations in the levels of living of the different classes of cultivators.

We may now consider expenditure on purchase of utensils, furniture, etc. The table on page 82 gives the proportion of families reporting expenditure and the average expenditure per reporting family.

TABLE 6.9—EXPENDITURE ON PURCHASE OF UTENSILS, FURNITURE, ETC.

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)
Big cultivators	*29·6*	172
Large cultivators	*28·2*	113
Medium cultivators	*15·9*	65
Small cultivators	*8·0*	43
All cultivators	*17·3*	87
Non-cultivators	*7·4*	23
All families	***12·0***	**66**

It can be seen that the proportion of families reporting expenditure on this item, as compared to that on clothing, etc., is very small, being 17·3 per cent for cultivators and 7·4 per cent for non-cultivators. This may be due to the durability of utensils, furniture, etc., being relatively longer and the priority of expenditure on these items being relatively lower in family budget than that on clothing. The average amount spent per reporting cultivator was Rs 87 as against Rs 23 per reporting non-cultivator.

Among the four groups of cultivators, the average amount of expenditure per reporting family was Rs 172 for big cultivators, Rs 113 for large cultivators, Rs 65 for medium cultivators and Rs 44 for small cultivators. The decrease in expenditure with a decline in the size of cultivated holding is sharp. It can be seen from Table 6.3, which gives the village-wise averages of family expenditure, that the average amount of expenditure per non-cultivator on durable consumer goods was lowest at Rs 55 in Asola and highest at Rs 107 in Gopalkhed. The range of variation among the selected villages was not very wide.

Among the cultivators, the average amount of expenditure was lowest at Rs 146 in Asola followed by Hata at Rs 195. It ranged between Rs 200 and Rs 300 in Changalwadi, Gopalkhed, Kanadi and Tamasi. It was Rs 333 in Kupta and was highest at Rs 432 in Karli.

Among the selected cultivators, expenditure on durable consumer goods formed 52·5 per cent of the total family expenditure in the case of the upper strata cultivators and 65·5 per cent in the case of the lower strata cultivators.

Table 6·10 which gives the sources of finance for expenditure on durable consumer goods, clearly indicates that the expenditure on durable consumer goods was wholly financed from owned resources, viz., current income and past savings. Borrowing or sale of assets resorted to for this purpose was negligible.

TABLE 6.10—SOURCE OF FINANCE FOR EXPENDITURE ON DURABLE CONSUMER GOODS

Source of finance	PROPORTION OF EXPENDITURE FINANCED FROM EACH SOURCE TO TOTAL EXPENDITURE (IN PER CENT)							
	GENERAL SCHEDULE DATA		INTENSIVE ENQUIRY DATA					
	ALL FAMILIES		UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Purchase of utensils, etc.	Purchase of clothing, etc.	Purchase of utensils, etc.	Purchase of clothing, etc.	Purchase of utensils, etc.	Purchase of clothing, etc.	Purchase of utensils, etc.	Purchase of clothing, etc.
	1	2	3	4	5	6	7	8
Current income	*82·7*	*97·0*	*86·9*	*94·5*	*100·0*	*99·7*	*87·8*	*95·9*
Past savings	*10·2*	*0·7*	*13·1*	*4·3*	–	–	*12·2*	*3·2*
Sale of assets	*0·3*	–	–	–	–	–	–	–
Borrowings	–	*0·6*	–	*0·6*	–	–	–	*0·4*
Other sources	*6·8*	*1·7*	–	*0·6*	–	*0·3*	–	*0·5*
Total	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***
	(8)	**(148)**	**(28)**	**(398)**	**(2)**	**(136)**	**(15)**	**(267)**

(Figures in brackets give the average of expenditure in rupees per family.)

6.4 EXPENDITURE ON DEATH, MARRIAGE AND OTHER CEREMONIES

6.4.1 Death ceremonies

We begin with the consideration of data on expenditure on death ceremonies. Death in a family is in many cases an occasion for expenditure which is often unexpected and cannot be anticipated. The frequency of expenditure on this item depends on physical conditions in the district in general, and prevalence of epidemics and diseases in particular. During the year of the Survey occurrence of any epidemic was not reported in the selected villages. The rate of mortality was, therefore, normal. The size of expenditure on this item was determined by the social conventions and patterns of social behaviour than by any other considerations. The table below gives the proportion of families reporting expenditure on this item and the average expenditure per reporting family.

TABLE 6.11—EXPENDITURE ON DEATH CEREMONIES

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)
Big cultivators	*8·8*	87
Large cultivators	*9·9*	115
Medium cultivators	*9·2*	59
Small cultivators	*8·7*	37
All cultivators	*9·3*	71
Non-cultivators	*4·3*	37
All families	***6·6***	**59**

The proportion of families reporting expenditure on death ceremonies was 9·3 per cent among cultivators and 4·3 per cent among non-cultivators. The average amount spent per reporting cultivating family was Rs 71 which was nearly double that of Rs 37 per reporting non-cultivator. The average amount spent per reporting family showed a downward trend as we move from the upper to the lower deciles falling from Rs 115 for large cultivators to Rs 59 for medium cultivators and Rs 37 for small cultivators.

The village data show that expenditure on this item was not reported by cultivators in Asola and by non-cultivators in Asola and Changalwadi. In the reporting villages the expenditure was less than Rs 5 per non-cultivator and ranged between Rs 3 and Rs 12 per cultivator.

According to the intensive enquiry data, expenditure on this item formed only one per cent of the total family expenditure in the upper strata and five per cent in the lower strata.

The table below gives the source of finance for expenditure on death ceremonies.

TABLE 6.12—SOURCE OF FINANCE FOR EXPENDITURE ON DEATH CEREMONIES

Source of finance	PROPORTION OF EXPENDITURE FINANCED FROM EACH SOURCE TO TOTAL EXPENDITURE (IN PER CENT)			
	GENERAL SCHEDULE DATA	INTENSIVE ENQUIRY DATA		
	All families	Upper strata	Lower strata	All cultivators
	1	2	3	4
Current income	*69·6*	*48·6*	*93·1*	*73·2*
Past savings	*15·2*	*41·9*	*6·9*	*22·6*
Sale of assets	*1·5*	–	–	–
Borrowings	*13·7*	*9·5*	–	*4·2*
Other sources	–	–	–	–
Total	***100·0*** **(4)**	***100·0*** **(8)**	***100·0*** **(11)**	***100·0*** **(10)**

(Figures in brackets give the average of expenditure in rupees per family.)

According to the General Schedule data the expenditure by rural families on death ceremonies was financed to the extent of 84·8 per cent from owned resources and 13·7 per cent from borrowings. The intensive enquiry data point out that the proportion of expenditure financed from owned resources was cent per cent in the lower strata. In the upper strata about 9·5 per cent of expenditure was financed by borrowing which may be associated with the relatively larger amount of expenditure incurred by the big and large cultivators as noted already.

6.4.2 Expenditure on marriage and other ceremonies

As occasions of large expenditure, marriage and other ceremonies are very important. The table below shows the proportion of families reporting this expenditure and the average expenditure per reporting family.

TABLE 6.13—EXPENDITURE ON MARRIAGE AND OTHER CEREMONIES

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)
Big cultivators	*30·8*	516
Large cultivators	*20·9*	440
Medium cultivators	*13·0*	243
Small cultivators	*5·6*	171
All cultivators	*13·2*	333
Non-cultivators	*7·5*	145
All families	***10·1***	**258**

The proportion of families reporting expenditure on marriage and other social ceremonies was 13·2 per cent for cultivators and 7·5 per cent for non-cultivators. The average amount spent per reporting family showed some significant variations. The average amount per reporting non-cultivator was Rs 145 which was less than one-half of Rs 333 per reporting cultivator. Among the four groups of cultivating families, the average amount spent per reporting family was highest at Rs 516 for the big cultivators. It showed a sharp decline as we move to the lower groups falling to Rs 440 for the large cultivators, to Rs 243 for the medium cultivators and further to Rs 171 for the small cultivators. It may be seen that the average expenditure for the small cultivators was only a little higher than that for non-cultivators.

Among the selected villages the average expenditure per non-cultivator was lowest at Rs 3 in Gopalkhed and highest at Rs 24 in Karli. In Changalwadi, Kupta, Kanadi and Tamasi, it was less than Rs 10 per non-cultivator. Among the cultivators the average expenditure was lowest at Rs 18 per cultivator in Tamasi and highest at Rs 70 in Karli. In Asola, Changalwadi, Hata, Kupta, and Gopalkhed it ranged between Rs 40 and Rs 65 per cultivator.

The intensive enquiry data reveal that expenditure on marriage and other ceremonies constituted about 12 per cent of the total family expenditure in both the strata of cultivators. The average expenditure per family, however, was Rs 97 in the upper strata and Rs 25 in the lower strata.

The table on page 86 gives the sources of finance for meeting the expenditure on marriage and other social ceremonies.

TABLE 6.14—SOURCE OF FINANCE FOR EXPENDITURE ON MARRIAGE AND OTHER CEREMONIES

Source of finance	PROPORTION OF EXPENDITURE FINANCED FROM EACH SOURCE TO TOTAL EXPENDITURE (IN PER CENT)			
	GENERAL SCHEDULE DATA	INTENSIVE ENQUIRY DATA		
	All families	Upper strata	Lower strata	All cultivators
	1	2	3	4
Current income	*45·4*	*91·5*	*30·3*	*78·7*
Past savings	*27·7*	*2·1*	–	*1·7*
Sale of assets	*4·5*	*6·4*	–	*5·1*
Borrowings	*19·5*	–	*69·7*	*14·5*
Other sources	*2·9*	–	–	–
Total	***100·0***	***100·0***	***100·0***	***100·0***
	(26)	**(97)**	**(25)**	**(61)**

(Figures in brackets give the average expenditure in rupees per family.)

The above table points out that, unlike the expenditure on the other items of family expenditure discussed in the preceding pages, according to the General Schedule, about 19·5 per cent of the expenditure on marriages, etc. was financed by borrowing and 4·5 per cent from sale of assets. According to the intensive enquiry, for the upper strata cultivators, the sale of assets accounted for 6·4 per cent of the total expenditure, while the rest was financed from owned resources despite the relatively high level of expenditure. In the lower strata, although the size of expenditure was much lower than that in the upper strata, a very high proportion, viz., 69·7 per cent was financed by borrowing. The contribution from current income was less than one-third. Thus, it is observed that, in respect of small cultivators, though they were able to meet the expenditure on other items of family expenditure from their owned sources, they were required to borrow for financing expenditure on marriage and other ceremonies. This indicates that even in a period of rising prices, and larger money incomes, the small cultivators are not able to meet expenditure on marriages, etc., from their owned funds, and have to resort to borrowing for meeting the gap between their receipts and family expenditure over a long period.

6.5 EXPENDITURE ON EDUCATION, MEDICINE AND LITIGATION

The other items of family expenditure on which data were collected were education, medicine and litigation charges. The table on page 87 gives the proportion of families reporting expenditure on these items and the average expenditure per reporting family.

The amount spent on medicines depends on the general physical and health conditions in the district, availability of medical facilities and prevalent notions regarding expenditure on medical aid. It may well happen that with the spread of new notions in this regard the expenditure on medical account may become as

compulsive as social conventional expenditure. It may be seen from the table below that the proportion of cultivating families who reported expenditure on medicine was 37·4 per cent. The proportion of families reporting this expenditure in the big and large cultivators' groups was much higher than that in the medium and small cultivators' groups.

TABLE 6.15—MEDICAL EXPENSES, EDUCATIONAL EXPENSES AND LITIGATION CHARGES

[General Schedule data]

Family group	MEDICAL EXPENSES		EDUCATIONAL EXPENSES		LITIGATION CHARGES	
	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Average expenditure per reporting family (Rs)
	1	2	3	4	5	6
Big cultivators	*61·4*	271	*60·8*	98	*24·5*	372
Large cultivators	*54·2*	193	*45·5*	92	*16·1*	282
Medium cultivators	*34·1*	70	*20·6*	16	*6·1*	114
Small cultivators	*24·2*	39	*12·7*	9	*4·0*	172
All cultivators	*37·4*	120	*26·0*	57	*8·6*	221
Non-cultivators	*21·4*	38	*7·7*	37	*1·4*	270
All families	***28·8***	**87**	***16·2***	**52**	***4·7***	**226**

The average amount of expenditure on medical account was Rs 120 per reporting cultivator. Among the four groups of cultivators, the amount of expenditure showed wide variation. The average expenditure per reporting family which amounted to Rs 271 for big cultivators declined to Rs 193 for large cultivators. It showed a sharp fall in the lower two groups, reaching to Rs 70 in the case of medium cultivators and Rs 39 in the case of small cultivators. It may also be seen that the proportion of non-cultivating families reporting expenditure on this item was 21·4 per cent which was much lower than that noted for the cultivators. The average expenditure amounted to Rs 38 per reporting non-cultivating family. Thus, the size of expenditure in this group was also much lower than that in the case of the cultivators. However, it may be noted that the average amount of expenditure for small cultivators was a little higher than that for non-cultivators.

The amount of expenditure on education depends on the availability of educational facilities and the need felt to take advantage of them. The need may be felt because of necessity to find alternative occupation for or because of ideas regarding raising the average level of education of their children among the different groups in the village community. It is observed that 26·0 per cent of the cultivating families reported expenditure on education, the amount of expenditure incurred being Rs 57 per reporting family. Among the four groups of cultivators, again, we

see a marked variation. The educational expenditure was as high as Rs 98 and Rs 92 per reporting big and large cultivator, respectively, as against Rs 16 per reporting medium cultivator and Rs 9 per reporting small cultivator. Thus, the big and large cultivators were spending relatively larger amounts on the education of their children, who are not required to work on farm, probably to train them up for taking enlightened interest in agriculture or for improving cultural standards. Among the non-cultivators the proportion of families reporting expenditure on education was 7·7 per cent and the average expenditure amounted to Rs 37 per reporting non-cultivator. As compared to the small cultivators, the average amount spent by non-cultivators was larger, probably because some of them like artisans might be spending on the technical education of their children so as to equip them better for the hereditary occupations or training them to take up other avocations; or it might be that the absentee landowners who have better resources for this purpose might be training their children for other occupations in view of the impending land reforms.

The proportion of families reporting expenditure on litigation was comparatively small being 8·6 per cent among the cultivators and 1·4 per cent among the non-cultivators. However, the average amount spent was very high amounting to Rs 221 per reporting cultivator and Rs 270 per reporting non-cultivator. The higher expenditure in the case of non-cultivators might be due to the inclusion of money-lenders, traders and absentee landlords under this group. This probably indicates that, for the small proportion of families who had to enter into litigation, a fairly high level of expenditure was involved.

It can be observed from Table 6.3 that the expenditure on these three items among the non-cultivators was relatively small in all the selected villages. The average expenditure per family in this group amounted to Rs 10 or less in Asola, Hata, Gopalkhed, Kanadi and Tamasi; it was Rs 15 in Kupta, Rs 29 in Karli and Rs 35 in Changalwadi. The average expenditure per cultivator showed wide variations, being lowest at Rs 36 per cultivator in Asola and highest at Rs 195 per cultivator in Kupta. The average expenditure did not amount to more than Rs 50 per cultivator in Changalwadi, Hata and Tamasi; it was Rs 73 in Gopalkhed and ranged between Rs 100 and Rs 200 in Karli and Kanadi.

According to intensive enquiry, medical expenses, educational expenses and litigation charges formed 12·0 per cent, 7·2 per cent and 4·7 per cent, respectively, of the total family expenditure for the upper strata cultivators and 9·3 per cent, 0·6 per cent and 3·7 per cent, respectively, for the lower strata cultivators.

Table 6·16 gives the sources of finance for expenditure on education and medicine and for litigation charges. The General Schedule data for all rural families show that owned resources were the main source of finance for expenditure on education, medicines, and litigation. Sale of assets played an insignificant part as a source of finance. Borrowing was a somewhat notable source of finance for litigation expenses accounting for 17·2 per cent; this proportion in respect of expenditure on medicine

and education was 8·3 per cent and 3·5 per cent, respectively. The intensive enquiry data show that in the upper strata the entire expenditure on these items was financed from owned funds. In the lower strata, however, more than one-fifth of the expenditure on medicine and nearly seven-tenths of expenditure on litigation was financed by borrowing.

TABLE 6.16—SOURCE OF FINANCE FOR EXPENDITURE ON EDUCATION AND MEDICINE AND FOR LITIGATION CHARGES

Source of finance	PROPORTION OF EXPENDITURE FINANCED FROM EACH SOURCE TO TOTAL EXPENDITURE (IN PER CENT)					
	GENERAL SCHEDULE DATA			INTENSIVE ENQUIRY DATA		
	ALL FAMILIES			UPPER STRATA		
	Medicine	Education	Litigation charges	Medicine	Education	Litigation charges
	1	2	3	4	5	6
Current income	*59·6*	*95·1*	*81·0*	*66·0*	*87·5*	*100·0*
Past savings	*26·7*	*1·4*	*0·8*	*33·8*	*12·5*	–
Sale of assets	*0·7*	–	*1·0*	–	–	–
Borrowings	*8·3*	*3·5*	*17·2*	*0·2*	–	–
Other sources	*4·7*	–	–	–	–	–
Total	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***
	(25)	**(8)**	**(11)**	**(97)**	**(58)**	**(38)**

Source of finance	PROPORTION OF EXPENDITURE FINANCED FROM EACH SOURCE TO TOTAL EXPENDITURE (IN PER CENT)					
	INTENSIVE ENQUIRY DATA					
	LOWER STRATA			ALL CULTIVATORS		
	Medicine	Education	Litigation charges	Medicine	Education	Litigation charges
	7	8	9	10	11	12
Current income	*46·1*	*100·0*	*30·5*	*62·7*	*87·8*	*88·4*
Past savings	*13·6*	–	–	*30·4*	*12·2*	–
Sale of assets	*18·6*	–	–	*3·1*	–	–
Borrowings	*21·7*	–	*69·5*	*3·8*	–	*11·6*
Other sources	–	–	–	–	–	–
Total	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***
	(20)	**(1)**	**(8)**	**(58)**	**(30)**	**(23)**

(Figures in brackets give the average expenditure in rupees per family.)

6.6 BORROWINGS AS A SOURCE OF FINANCE

The table on page 90 gives the amount and proportion of borrowings reported to be utilised for the listed items of family expenditure and the amount of expenditure actually financed by borrowing. It may be seen that in no case more than one-fifth of the expenditure involved was financed by borrowing. The largest proportion financed by borrowing at 19·5 per cent was in respect of expenditure on marriage and other ceremonies followed by expenditure on litigation and death ceremonies

at 17·2 per cent and 13·7 per cent, respectively. However, of the total amount of borrowing of Rs 21 per family for family expenditure purposes, Rs 9 were incurred for 'other family expenditure' and Rs 6 for marriage and other ceremonies, followed by medical expenditure and litigation charges, at Rs 2 each. It may be pointed out that 'other family expenditure' included current consumption expenditure which was not included in the specified items of family expenditure in the General Schedule. Speaking in terms of proportions, 43·2 per cent of borrowing for family expenditure was for financing 'other family expenditure' and 28·2 per cent for expenditure on marriage and other ceremonies. Medical expenses and litigation charges accounted for 9·0 per cent each. Thus, a large proportion of borrowings for family expenditure was for financing 'other family expenditure' and social ceremonies.

TABLE 6.17—BORROWINGS FOR FAMILY EXPENDITURE PURPOSES COMPARED WITH ACTUAL AMOUNTS OF EXPENDITURE FINANCED BY BORROWINGS

[General Schedule data]

Items of expenditure	Amount borrowed for each purpose (Rs)	Proportion of borrowings for the purpose to total borrowings for family expenditure (Per cent)	Proportion of expenditure financed by borrowing (Per cent)
	1	2	3
Construction and repairs of residential houses and other buildings	0·4	*1·7*	*3·0*
Purchase of utensils, etc.	0·1	*0·6*	–
Purchase of clothing, shoes, bedding, etc.	0·8	*3·9*	*0·6*
Death ceremonies	0·5	*2·2*	*13·7*
Marriage and other ceremonies	6·0	*28·2*	*19·5*
Medical expenses	1·9	*9·0*	*8·3*
Educational expenses	0·5	*2·2*	*3·5*
Litigation charges	1·9	*9·0*	*17·2*
Other family expenditure	9·1	*43·2*	..
Total	**21·1**	***100·0***	***4·5***

Before concluding this chapter, it may be useful to review briefly the role of borrowing in financing family expenditure. Already we have drawn attention to the seasonality in farm expenditure and receipts. Family expenditure as a whole does not show any such marked seasonality. It is incurred continuously throughout the year, though the amounts spent at different times may show some variations. Borrowings, therefore, serve as a balancing factor to some extent. But more important than this is the nature of borrowing as a balancing factor in the long-term. Like other people, the cultivators plan their family budget in advance on the basis of income received. However, their incomes are not fixed or relatively stable. As agriculture is dependent on the vagaries of monsoon and other equally indeterminate climatic and other factors, the farm output shows large variations from year to year. The farmer, in planning his family budget, takes into account not his income in the immediate preceding season but his average income over a

period of years. Thus, if the farm income during a season is less than the planned expenditure, borrowing has to be resorted to, to bridge the gap. If it is more, then the farmer saves for the lean years, and on these savings he draws upon before resorting to borrowing. We have collected no data on the farm output and income during the years preceding the Survey. Thus, it is not possible to discuss borrowings for family expenditure as a balancing factor in the actual farm income and the planned expenditure which is related to the average of farm income during the previous years.

CHAPTER 7

CAPITAL EXPENDITURE

In this chapter it is proposed to discuss the capital expenditure in agriculture and in non-farm business and financial investments of rural families and the role of credit in financing each of them. Data for this purpose were collected in the General Schedule as also in the intensive enquiry. Data on capital expenditure in agriculture were collected under nine specified items. No detailed mention of items was made under the capital expenditure in non-farm business. Data were collected on specified types of financial investments. The number of families reporting expenditure on these items, the size of expenditure and the sources of finance, it was considered, would give a broad idea of capital investment by rural families. It may be pointed out that the demand schedules used the term 'capital investment in agriculture', as more or less synonymous with 'capital expenditure in agriculture', which conceptually is strictly not correct. Having used the term 'investment' in the General Schedule and as it was not possible to dispense with the use of the terms 'investment' and 'disinvestment' in the discussion on balance of capital transactions the use of the term 'investment' is made in the following discussion as synonymous with capital expenditure.

7.1 RELATIVE IMPORTANCE OF THE DIFFERENT TYPES OF CAPITAL INVESTMENT OF THE RURAL FAMILIES

Table 7.1 gives the proportion of families reporting capital investment under the three heads and the relative share of capital investment under each head.

The table shows that a negligible proportion of cultivators and non-cultivators, *i.e.*, less than 2 per cent reported financial investment expenditure and capital investment expenditure in non-farm business. Moreover, of the total capital expenditure of cultivators these two items accounted for about 3 per cent. Among the non-cultivators this proportion was about 11 per cent. The proportion of cultivators reporting capital expenditure in agriculture was 56·4 per cent as against 4·4 per cent of non-cultivators. Further, of the total capital expenditure incurred by the cultivators and the non-cultivators, 97·0 per cent and 88·9 per cent, respectively, was in agriculture. Thus, agriculture was the main channel of capital investment in the rural areas in this district.

7.2 FINANCIAL INVESTMENT EXPENDITURE

Data on financial investment were collected in the General Schedule as also in the intensive enquiry. In the intensive enquiry, data relating to ownership of financial assets of the selected cultivators were also collected. A demand questionnaire on savings possibilities and savings behaviour was also canvassed in the intensive enquiry. The replies received were qualitative in nature ; but they provided information relating to attitude towards life insurance and habits regarding purchase

of bullion, ornaments, etc. The following discussion is mainly based on statistical and other information collected through these schedules and questionnaires.

TABLE 7.1—RELATIVE IMPORTANCE OF THE DIFFERENT CAPITAL EXPENDITURE ITEMS AMONG THE RURAL FAMILIES

[General Schedule data. In per cent]

Items of capital expenditure	CULTIVATORS		NON-CULTIVATORS		ALL FAMILIES	
	Proportion of families reporting expenditure	Proportion of expenditure incurred under each item to total capital expenditure	Proportion of families reporting expenditure	Proportion of expenditure incurred under each item to total capital expenditure	Proportion of families reporting expenditure	Proportion of expenditure incurred under each item to total capital expenditure
	1	2	3	4	5	6
Financial investment expenditure	*0·8*	–	*0·2*	–	*0·5*	–
Capital investment expenditure in non-farm business	*1·7*	*3·0*	*1·5*	*11·1*	*1·6*	*3·3*
Capital investment in agriculture	*56·4*	*97·0*	*4·4*	*88·9*	*28·5*	*96·7*
Total		***100·0*** **(353)**		***100·0*** **(12)**		***100·0*** **(171)**

(Figures in brackets give average expenditure in rupees per family)

The main items of financial investment listed in the General Schedule were (1) purchase of shares in co-operative societies, banks, etc., (2) additions to deposits in co-operative societies, postal savings and other banks, etc., (3) purchase of National Savings Certificates, Treasury Bonds, etc. Changes in cash balances held or in total amount of money lent to others were not enquired into. The following table gives the proportion of families reporting financial investment expenditure and the amount of such expenditure per reporting family.

TABLE 7.2—FINANCIAL INVESTMENT EXPENDITURE*

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)
Big cultivators	*0·8*	3
Large cultivators	*0·4*	3
Medium cultivators	*1·8*	14
Small cultivators	–	–
All cultivators	*0·8*	12
Non-cultivators	*0·2*	4
All families	***0·5***	**10**

* Only one of the three items, viz., purchase of shares in co-operative societies, banks, etc., was reported by the rural families.

Purchase of shares in co-operative societies and banks was the only channel of financial investment reported in this district. This investment was reported by a very small proportion of families, about 0·8 per cent of cultivators and 0·2 per cent of non-cultivators, the average expenditure amounting to Rs 10 and Rs 3 per reporting family, respectively. Among the cultivators, the proportion of families reporting investment of this type was 0·8 per cent, 0·5 per cent and 1·7 per cent in the big, large and medium cultivators' groups respectively. The amount of investment per reporting family was Rs 3 each for the big and large cultivators and Rs 14 for the medium cultivators. Financial investment was not reported by the small cultivators.

Table 7.3—FINANCIAL INVESTMENT EXPENDITURE

[General Schedule data]

Village	CULTIVATORS		NON-CULTIVATORS		ALL FAMILIES	
	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)
	1	2	3	4	5	6
Asola	*2·1*	10	–	–	*1·3*	10
Hata	–	–	*0·7*	2	*0·3*	2
Kupta	*7·6*	16	*1·6*	4	*3·1*	12
Karli	*3·0*	10	–	–	*0·8*	10

Note :—None of the families in Changalwadi, Gopalkhed, Kanadi and Tamasi reported expenditure under this item.

The village data given in Table 7.3 point out that none of the rural families in Changalwadi, Gopalkhed, Kanadi and Tamasi reported expenditure under this item. Among the other four villages the proportion of rural families reporting this expenditure was less than 5 per cent and the amount per reporting family less than Rs 15. The proportion of reporting cultivating families and the amount per reporting cultivating family was highest in Kupta at 7·6 per cent and Rs 16, respectively, followed by Karli at 3·0 per cent and Rs 10 and by Asola at 2·1 per cent and Rs 10, respectively. Expenditure on this item by the non-cultivators was reported in Hata and Kupta. The proportion of reporting families was 0·7 per cent and 1·6 per cent, respectively and the expenditure per reporting family, Rs 2 and Rs 4, respectively.

The intensive enquiry data indicated the same features. In the upper strata about 1·5 per cent of the cultivators reported assets in the form of shares in co-operative societies, etc., to the extent of Rs 114 per reporting family. The lower strata cultivators did not report any financial assets. Financial assets accounted

for less than 0·1 per cent of total assets of cultivators, which again is in conformity with the above findings.

The main source of finance for financial investment expenditure was borrowings accounting for 97·8 per cent of the total expenditure which indicates the prevalence of the practice of deducting from the amount of loan sanctioned, the amount required for purchase of minimum number of shares by the borrower to become eligible for getting the loan.

In the demand questionnaire on the pattern of savings canvassed in the intensive enquiry, the main channels of investment and reasons for preference or otherwise of cultivators regarding them were enquired into. Of the 80 cultivators in the upper strata and 40 cultivators in the lower strata, 52 and 36, respectively, replied that they had no margin for savings. In the upper strata 11 cultivators showed preference for holding their savings in cash because they wanted either to purchase land or to build or to purchase a house. Only nine upper strata cultivators reported that it was their customary practice to purchase gold or jewellery every year; however the amounts spent on these occasions were not asked for.

The cultivators were asked questions regarding the utilization of different institutional channels of savings. Regarding the reasons for not holding deposits in the Postal Savings Bank, the main difficulties were those relating to withdrawal, low rate of interest and lack of local facilities as reported by about one-third, one-fourth and one-fifth of the upper strata cultivators, respectively. In the case of the National Savings Certificates and Treasury Bonds the main reasons for not investing in these channels were difficulties of encashing, low rate of interest, inconvenience of holding and lack of local facilities as reported by about one-fourth, one-fifth, one-sixth and one-seventh of the upper strata cultivators, respectively. When asked about holding deposits in the co-operative societies and banks, eight upper strata cultivators stated that the rate of interest was low; four cultivators stated that they did not trust the societies. Twenty-two upper strata cultivators replied to the questions on life insurance. The main reasons for not insuring their lives were superstition against insurance, difficulties in paying premium regularly as also the complicated nature of the transaction.

The number of families in the lower strata replying to these questions regarding their investment practices was very small and the answers given by them were generally similar to those of the upper strata cultivators.

7.3 CAPITAL INVESTMENT EXPENDITURE IN NON-FARM BUSINESS

Capital investment expenditure in non-farm business was included as an omnibus item in both the General Schedule as also in the intensive enquiry. As details regarding the different constituent items were not collected, it is rather difficult to interpret these data. Table 7·4 gives the proportion of families reporting this expenditure as also the average expenditure per family and per reporting family.

TABLE 7.4—CAPITAL EXPENDITURE IN NON-FARM BUSINESS

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3
Big cultivators	*4·9*	21	434
Large cultivators	*4·3*	26	600
Medium cultivators	*0·1*	–	175
Small cultivators	*0·9*	7	768
All cultivators	*1·7*	10	617
Non-cultivators	*1·5*	1	94
All families	*1·6*	6	349

The proportion of cultivators and non-cultivators reporting expenditure on this item was very low being 1·7 per cent and 1·5 per cent respectively. The amount of expenditure incurred was Rs 10 per cultivator and Re 1 per non-cultivator. The amount of expenditure per reporting non-cultivator was Rs 94, but it was as high as Rs 617 per reporting cultivator.

Among the cultivators, the proportion of families reporting this expenditure in the big and large cultivators' groups was 4·9 per cent and 4·3 per cent, respectively, as against 0·1 per cent and 0·9 per cent in the medium and small cultivators' groups respectively. The expenditure per reporting family was highest at Rs 768 in the small cultivators' group, and amounted to Rs 600 for large cultivators, Rs 434 for big cultivators and Rs 175 for medium cultivators.

TABLE 7.5—CAPITAL EXPENDITURE IN NON-FARM BUSINESS

[General Schedule data]

Village	CULTIVATORS			NON-CULTIVATORS		
	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3	4	5	6
Hata	*1·8*	30	1,717	–	–	–
Gopalkhed	*1·7*	2	100	*3·8*	2	55
Kanadi	*2·7*	11	400	*2·1*	4	187
Karli	*3·0*	33	1,100	–	–	–
Tamasi	*2·3*	11	500	*3·6*	2	55

Note :—Asola, Changalwadi and Kupta did not report expenditure under this item.

The village data given in Table 7.5 show that this expenditure was reported in five villages, *viz.*, Hata, Gopalkhed, Kanadi, Karli and Tamasi. The proportion of cultivators who reported this expenditure was not more than 3 per cent in any of the villages. The amount of expenditure per reporting cultivator was highest at Rs 1,717 in Hata, followed by Karli at Rs 1,100, Tamasi at Rs 500 and by Kanadi at Rs 400. It worked out to Rs 100 in Gopalkhed. A study of individual families pointed out that in Karli the expenditure was incurred by one family on brick-kiln. In other four villages the reporting families were running grocery shops or provision stores and incurred the expenditure on purchase of stocks, etc. Among the non-cultivators the proportion of families reporting this expenditure was less than 4 per cent in all the villages and the amount per reporting family was Rs 187 in Kanadi and Rs 55 each in Gopalkhed and in Tamasi.

Data collected in the intensive enquiry point out that average expenditure incurred on this item was Rs 23 per family for the upper strata cultivators. The expenditure was not reported by the cultivators of the lower strata.

The capital expenditure of rural families in non-farm business was financed to the extent of 59 per cent from owned funds and 41 per cent from borrowings.

7.4 CAPITAL EXPENDITURE IN AGRICULTURE

It has been observed earlier that a major portion of capital expenditure incurred was in agriculture. The main channels of capital expenditure in agriculture included in the General Schedule were purchase of land, purchase of livestock, reclamation of land, bunding and other land improvements, digging and repair of wells, development of other irrigation resources, laying of new orchards and plantations, purchase of implements, machinery and transport equipment and construction of farm houses, cattle sheds, etc.

TABLE 7.6—CAPITAL EXPENDITURE IN AGRICULTURE

[General Schedule data]

Items of expenditure	Proportion of cultivators reporting expenditure (Per cent)	Average expenditure per cultivating family (Rs)	Percentage to total expenditure
	1	2	3
Purchase of land	*11·8*	150	*43·9*
Purchase of livestock	*31·6*	97	*28·2*
Reclamation of land	*8·1*	16	*4·6*
Bunding and other land improvements	*28·3*	44	*12·8*
Digging and repair of wells	*1·5*	14	*4·0*
Development of other irrigation resources	*0·8*	1	*0·2*
Laying of new orchards and plantations	*0·2*	1	*0·2*
Purchase of implements, machinery and transport equipment	*17·2*	17	*5·0*
Construction of farm houses, cattle sheds, etc.	*5·8*	2	*0·7*
Other capital expenditure in agriculture	*0·1*	1	*0·4*
Total capital expenditure in agriculture	***56·4***	**343**	***100·0***

It may be seen from Table 7.6 that 56·4 per cent of cultivators incurred expenditure on one or more of these items amounting to Rs 343 per cultivator. Considering the proportion of families reporting expenditure and the average expenditure incurred on each of these items, it is observed that purchase of land, purchase of livestock, bunding and other land improvements and purchase of implements and machinery were the important channels of capital expenditure in agriculture.

7.4.1 Purchase of land

Purchase of land was the main channel of capital investment in agriculture in this district. As may be seen from Table 7.7 given below, 11·8 per cent of cultivators reported purchase of land, the average expenditure being Rs 150 per family and Rs 1,276 per reporting family.

TABLE 7.7—EXPENDITURE ON PURCHASE OF LAND

[General Schedule data]

Family group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3
Big cultivators	*31·8*	755	2,373
Large cultivators	*20·7*	350	1,691
Medium cultivators	*10·5*	91	868
Small cultivators	*4·2*	18	442
All cultivators	*11·8*	150	1,276
Non-cultivators	*0·4*	4	1,175
All families	*5·7*	**72**	**1,270**

The proportion of families reporting purchase of land among the big and large cultivators was 31·8 per cent and 20·7 per cent respectively. It declined to 10·5 per cent among the medium cultivators and further to 4·2 per cent among the small cultivators. The size of expenditure on purchase of land showed a wide variation between the upper and lower groups of cultivators. It amounted to Rs 755 per big cultivator and Rs 350 per large cultivator. But it was Rs 91 per medium cultivator and was as low as Rs 18 per small cultivator. These variations were equally pronounced in the case of the amount spent per reporting family which was as high as Rs 2,373 for big cultivators followed by Rs 1,691 for large cultivators. It was Rs 868 for medium cultivators and Rs 442 for small cultivators.

Among the non-cultivators, only 0·4 per cent of families reported purchase of land, the expenditure incurred amounting to Rs 4 per family ; but it was as high as Rs 1,175 per reporting family. These were non-cultivating land owners from Changalwadi and Kupta who spent on purchase of land, Rs 1,075 and Rs 1,363 per reporting family respectively.

The village data on purchase of land are given in Table 7.8.

TABLE 7.8—EXPENDITURE ON PURCHASE OF LAND

[General Schedule data]

Village	BIG CULTIVATORS		LARGE CULTIVATORS		MEDIUM CULTIVATORS		SMALL CULTIVATORS	
	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)
	1	2	3	4	5	6	7	8
Asola	*60·0*	1,067	*25·0*	863	*12·5*	300	–	–
Changalwadi	*37·5*	2,967	*32·0*	1,631	*16·7*	1,070	*8·3*	425
Hata	*23·5*	4,575	*13·7*	3,029	*4·5*	422	*3·9*	500
Kupta	*54·5*	2,125	*30·3*	1,578	*22·5*	690	*6·3*	625
Gopalkhed	*33·3*	2,900	*27·8*	1,531	*20·8*	1,020	*11·1*	513
Kanadi	*50·0*	1,838	*26·1*	1,592	*10·7*	1,008	–	–
Karli	–	–	*9·1*	2,000	*8·3*	50	–	–
Tamasi	*22·2*	2,650	*11·1*	2,400	–	–	–	–

It may be seen that the proportion of families reporting this expenditure and the amount of expenditure per family show a sharp decline as we move from the big to the small cultivator groups. Actually in Asola, Kanadi, Karli and Tamasi the small cultivators did not report purchase of land. In Tamasi none of the medium cultivators reported purchase of land. In Karli, no big cultivator reported buying of land and the number of large and medium cultivators who bought land was very small. Moreover, the average amount of expenditure per reporting family showed a sharp variation between the upper and lower family groups.

In the big cultivators' group the proportion of families reporting this expenditure varied from 20 per cent to 60 per cent and the average expenditure per reporting family ranged between Rs 1,067 and Rs 4,575 in all villages except Karli. In the large cultivators' group the proportion of families reporting this expenditure ranged from 11·1 per cent to 32·0 per cent in all villages except Karli where it was 9·1 per cent and the average expenditure per reporting family ranged between Rs 1,531 and Rs 3,029 except in Asola where it was Rs 863. In the medium cultivators' group the proportion of families reporting this expenditure ranged from 10·7 per cent to 22·5 per cent in five villages and in Hata and Karli it was less than 10 per cent. The average expenditure per reporting family was above Rs 1,000 in Changalwadi, Gopalkhed and Kanadi; it varied between Rs 300 and Rs 700 in Asola, Hata and Kupta and was Rs 50 in Karli. Among the small cultivators in Changalwadi, Hata, Kupta and Gopalkhed the proportion of reporting families was less than 12 per cent and the amount of expenditure per reporting family ranged between Rs 400 and Rs 700.

Data on the expenditure incurred on purchase of land are likely to give an over-estimate of the investment in land if we do not at the same time consider the receipts from sale of land, as any purchase of land involves merely a transfer of land from the seller to the buyer. We give below data on sale of land and then proceed to discuss the net balance of purchase and sale transactions in land.

TABLE 7.9—RECEIPTS FROM SALE OF LAND

[General Schedule data]

Family group	Proportion of families reporting sale of land (Per cent)	Receipts from sale of land per family (Rs)	Receipts from sale of land per reporting family (Rs)
	1	2	3
Big cultivators	*13·7*	269	1,964
Large cultivators	*8·8*	120	1,360
Medium cultivators	*7·0*	128	1,818
Small cultivators	*1·6*	9	581
All cultivators	*5·9*	89	1,505
Non-cultivators	*1·4*	15	1,054
All families	*3·5*	**49**	**1,407**

The above table indicates that sale of land was reported by all groups of cultivators as also by the non-cultivators. The proportion of non-cultivators reporting sale of land was higher than that reporting purchase of land. The receipts from sale of land amounted to Rs 15 per non-cultivator and Rs 1,054 per reporting non-cultivator. Among the cultivators the proportion of families reporting sale of land was lower than that reporting purchase of land. The receipts from sale of land were lower than the expenditure on purchase of land per family and per reporting family in the case of the big and large cultivators' groups. Thus, it is found that during the Survey year the purchase and sale transactions in land resulted in net purchase to the extent of Rs 487 per big cultivator and Rs 230 per large cultivator. In the medium cultivators' group there was net sale to the extent of Rs 37 per family. The small cultivators showed net purchase of Rs 9 per family. The non-cultivators showed net sale of Rs 11 per family.

Thus, it is observed that the big and large cultivators were investing large amounts in purchase of land and acquiring more lands mainly from the non-cultivating land owners within and outside the village and also from the lower strata cultivators.

The village data on sale of land are given in Table 7·10. It shows that the non-cultivators reported sale of land in Asola, Changalwadi, Kupta and Karli and their proportion to the total non-cultivators was less than 5 per cent except in Changalwadi where it was 12·1 per cent. The average receipts from sale of land were Rs 1,000 and Rs 1,745 in Asola and Changalwadi, respectively, and Rs 649 and Rs 580 in Kupta and Karli respectively.

TABLE 7.10—RECEIPTS FROM SALE OF LAND

[General Schedule data]

Village	ALL CULTIVATORS			NON-CULTIVATORS		
	Proportion of families reporting sale of land (Per cent)	Receipts from sale of land per family (Rs)	Receipts from sale of land per reporting family (Rs)	Proportion of families reporting sale of land (Per cent)	Receipts from sale of land per family (Rs)	Receipts from sale of land per reporting family (Rs)
	1	2	3	4	5	6
Asola	*4·3*	34	800	*3·3*	33	1,000
Changalwadi	*12·7*	155	1,225	*12·1*	212	1,745
Hata	*10·7*	314	2,944	–	–	–
Kupta	*9·6*	116	1,359	*4·8*	31	649
Gopalkhed	*5·0*	80	1,600	–	–	–
Kanadi	*9·5*	136	1,440	–	–	–
Karli	*6·1*	33	550	*1·1*	6	580
Tamasi	–	–	–	–	–	–

The proportion of cultivators who reported sale of land was less than 13 per cent in all villages except in Tamasi where none of the cultivators reported any sale. The receipts from sale of land per family amounted to less than Rs 50 in Asola and Karli and to Rs 80 in Gopalkhed ; they ranged between Rs 100 and Rs 200 in Changalwadi, Kupta and Kanadi and were Rs 314 in Hata. The receipts per reporting family ranged between Rs 500 and Rs 1,000 in Asola and Karli, between Rs 1,000 and Rs 2,000 in Changalwadi, Kupta, Gopalkhed and Kanadi and were Rs 2,944 in Hata.

Data on source of finance for purchase of land point out that owned funds accounted for 85·9 per cent of the total expenditure of which past savings were 53·3 per cent. Borrowings and receipts from sale of assets were used to the extent of 5·0 per cent and 6·5 per cent respectively.

7.4.2 Purchase of livestock

Another important item of capital expenditure in agriculture is purchase of livestock, data on which are given in Table 7.11. Nearly 32 per cent of the cultivators reported purchase of livestock amounting to Rs 97 per family and Rs 307 per reporting family. The proportion of cultivators reporting purchase of livestock declined from 53·1 per cent in the big cultivators' group to 43·2 per cent in the large cultivators' group, to 33·5 per cent in the medium cultivators' group and further to 17·4 per cent in the small cultivators' group. The size of expenditure also showed a similar downtrend, the average expenditure falling from Rs 315 per big cultivator to Rs 194 per large cultivator, to Rs 73 per medium cultivator and further to Rs 25 per small cultivator. The size of expenditure per reporting family showed a similar trend declining from Rs 594 for big cultivators to Rs 450 for large cultivators, to Rs 219 for medium cultivators and further to Rs 146 for small cultivators. The proportion of non-cultivators reporting purchase of livestock was

3·6 per cent and the average expenditure per non-cultivator and per reporting non-cultivator was Rs 7 and Rs 188, respectively.

TABLE 7.11—EXPENDITURE ON PURCHASE OF LIVESTOCK

[General Schedule data]

Family group	Proportion of families reporting purchase of livestock (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3
Big cultivators	*53·1*	315	594
Large cultivators	*43·2*	194	450
Medium cultivators	*33·5*	73	219
Small cultivators	*17·4*	25	146
All cultivators	*31·6*	97	307
Non-cultivators	*3·6*	7	188
All families	***16·5***	**49**	**293**

Purchase of livestock, mainly draught and milch cattle, is made either to increase the size of cattle-fold, or to replace the old, incapacitated or dead cattle, or to replace the draught cattle sold at the end of agricultural season or milch animals sold when dry. We have collected data on the amount spent on purchase of cattle but the reasons which prompted their purchase were not noted. Similarly, we noted the receipts from sale of cattle but the causes that led to disposal of cattle were not recorded. However, it is obvious that the prices to be paid for young working draught cattle or milch cattle freshly calved are higher than those received for old or incapacitated draught cattle or dry milch cattle sold. The amount spent on purchase of cattle is therefore, generally higher than that received from their sale. The proportion of families reporting such transactions is also important as it may indicate generally the nature of transactions. We proceed to discuss, therefore, the data on sale of livestock which will be followed by a discussion on net results of these transactions.

Table 7.12 shows that the proportion of families reporting sale of livestock recorded a downward trend falling from 27·8 per cent among the big cultivators to 24·3 per cent among the large cultivators, to 20·2 per cent among the medium cultivators and further to 16·1 per cent among the small cultivators. These proportions were smaller than those in respect of purchase of livestock in all groups of cultivators. The receipts from sale of livestock amounting to Rs 108 per big cultivator declined to Rs 22 per small cultivator. The receipts per reporting family followed the same trend declining from Rs 391 for the big cultivators to Rs 138 for the small cultivators. It is observed that the receipts from sale of livestock were

lower than the amounts spent on their purchase in the big, large and small cultivators' groups. In the medium cultivators' group, the receipts per reporting family were slightly higher than the expenditure on purchase of cattle per reporting family. In the non-cultivators' group, the proportion of families reporting sale of livestock and the receipts from their sale per family were higher than those for purchase of cattle.

TABLE 7.12—RECEIPTS FROM SALE OF LIVESTOCK

[General Schedule data]

Family group	Proportion of families reporting sale of livestock (Per cent)	Receipts per family (Rs)	Receipts per reporting family (Rs)
	1	2	3
Big cultivators	*27·8*	108	391
Large cultivators	*24·3*	81	331
Medium cultivators	*20·2*	47	231
Small cultivators	*16·1*	22	138
All cultivators	*20·2*	50	246
Non-cultivators	*6·6*	9	142
All families	***12·9***	**28**	**218**

The result of purchase and sale transactions in respect of livestock as may be seen from Table 7.13 was net purchase of Rs 47 per cultivator and net sale of Rs 3 per non-cultivator. Among the groups of cultivators, net purchase amounted to Rs 207 per big cultivator, Rs 114 per large cultivator, Rs 27 per medium cultivator and Rs 3 per small cultivator.

TABLE 7.13—NET PURCHASE OR SALE OF LIVESTOCK

[General Schedule data]

Family group	Expenditure by each decile group as percentage of expenditure by all families (Per cent)	Receipts by each group as percentage of receipts by all families (Per cent)	Net purchase (+) or sale (−) of livestock per family (Rs)
	1	2	3
Big cultivators	*31·9*	*18·9*	+207
Large cultivators	*58·6*	*41·9*	+114
Medium cultivators	*26·5*	*29·0*	+ 27
Small cultivators	*7·4*	*11·2*	+ 3
All cultivators	*92·5*	*82·1*	+ 47
Non-cultivators	*7·5*	*17·9*	− 3
All families	***100·0***	***100·0***	**+ 20**

A village-wise study indicates that, among the cultivators, the net result of purchase and sale of livestock was net purchase in all villages except in Kupta which showed net sale of Rs 14 per family. Net purchase per cultivator ranged between Rs 10 and Rs 20 in Asola, Changalwadi, Hata and Tamasi. It was Rs 39 in Karli and Rs 41 in Gopalkhed but rose to a very high figure of Rs 215 in Kanadi. Among the non-cultivators, there was net sale ranging between Re 1 and Rs 23 per family in Changalwadi, Hata, Kupta, Karli and Tamasi and net purchase ranging between Re 1 and Rs 13 per family in Asola, Gopalkhed and Kanadi.

Data on source of finance for purchase of livestock point out that 88·3 per cent of the total expenditure was financed from owned funds. Sale of assets and borrowings accounted for 6·6 per cent and 4·6 per cent respectively.

7.4.3 Reclamation of land

Generally the activities undertaken under reclamation of land in this district include bringing of fallow or *Jungle* lands under cultivation by clearing of trees, shrubs or weeds or by deep ploughing or both. The data collected on the expenditure on reclamation of land are given in Table 7.14.

TABLE 7.14—CAPITAL EXPENDITURE ON RECLAMATION OF LAND

[General Schedule data]

Family 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	*27·6*	93	339	1·0
Large cultivators	*14·6*	43	291	0·8
Medium cultivators	*6·1*	4	70	0·3
Small cultivators	*4·1*	3	74	0·7
All cultivators	***8·1***	**16**	**196**	**0·7**

The proportion of cultivators who reported expenditure under this item was 8·1 per cent and the amount of expenditure came to Rs 16 per cultivator and Rs 196 per reporting cultivator. The proportion of cultivators reporting this expenditure and the amount spent per family showed a sharp downtrend as we move from the big to the small cultivator groups. The proportion which was 27·6 per cent in the big cultivators' group and 14·6 per cent in the large cultivators' group declined to 6·1 per cent in the medium cultivators' group and further to 4·1 per cent in the small cultivators' group. The expenditure per reporting family amounted to Rs 339 for the big cultivators and to Rs 291 for the large cultivators as against Rs 70 for the medium cultivators and Rs 74 for the small cultivators. A study of individual family schedules pointed out that a very large number of cultivators reporting this expenditure was from Asola, Karli and Kupta where, as may be seen from the

land utilization figures in Chapter 1, the area under current fallows, cultivable waste and forests was fairly large.

The expenditure on reclamation of land was financed to the extent of 76·4 per cent from the owned funds and 17·5 per cent from borrowings.

7.4.4 Bunding and other land improvements

Bunding may be an elaborate and costly process such as contour bunding for prevention of soil erosion or merely repairs, maintenance and replacement of field bunds for demarcation of boundaries, etc. The latter may be a recurring operation involving capital expenditure though not of a very high magnitude. Table 7.15 gives data on bunding and other land improvements.

TABLE 7.15—CAPITAL EXPENDITURE ON BUNDING AND OTHER LAND IMPROVEMENTS

[General Schedule data]

Family 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	*69·8*	291	416	3·1
Large cultivators	*47·0*	120	256	2·2
Medium cultivators	*28·6*	14	47	1·0
Small cultivators	*8·5*	2	28	0·6
All cultivators	***28·3***	**44**	**155**	**1·9**

It may be seen that 28·3 per cent of cultivators reported this expenditure amounting to Rs 44 per cultivator and Rs 155 per reporting cultivator. The proportion of cultivators reporting this expenditure was very high in the upper groups being 69·8 per cent for the big cultivators and 47·0 per cent for the large cultivators. It declined to 28·6 per cent for the medium cultivators and 8·5 per cent for the small cultivators. The amount of expenditure per reporting cultivator which was as high as Rs 416 for big cultivators, fell to Rs 256 for large cultivators, to Rs 47 for medium cultivators and further to Rs 28 for small cultivators. The average expenditure per acre showed the same trend. This expenditure was reported by the big and large cultivators from most of the villages, particularly those from Hata, Kupta, Kanadi and Tamasi. Thus, the bigger cultivators were paying greater attention to the maintenance and repairs of bunds, etc.

The expenditure was financed to the extent of 88·6 per cent from owned funds and only 8·5 per cent from borrowings.

7.4.5 Digging and repair of wells and development of other irrigation resources

As has been pointed out already because of the regular and seasonal rainfall and black cotton soil which is retentive of moisture, extension of irrigation facilities

do not call for as much attention as in some other districts. Thus, the expenditure on digging and repair of wells and development of other irrigation resources was reported by a few cultivators and the amounts spent were not very large as can be seen from the following table.

TABLE 7.16—CAPITAL EXPENDITURE ON DIGGING AND REPAIR OF WELLS AND DEVELOPMENT OF OTHER IRRIGATION RESOURCES

[General Schedule data]

Family group	DIGGING AND REPAIR OF WELLS		DEVELOPMENT OF OTHER IRRIGATION RESOURCES	
	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)
	1	2	3	4
Big cultivators	*8·8*	1,003	*3·1*	103
Large cultivators	*4·6*	950	*2·1*	110
Medium cultivators	*0·2*	185	*0·4*	37
Small cultivators	–	–	–	–
All cultivators	*1·5*	**920**	*0·8*	**97**

The table points out that 1·5 per cent of cultivators reported expenditure on digging and repair of wells amounting to Rs 920 per reporting cultivator. The expenditure was mostly incurred by the big and the large cultivators, the proportion of reporting families being 8·8 per cent and 4·6 per cent, respectively, and the amount spent, Rs 1,003 per reporting big cultivator and Rs 950 per reporting large cultivator. The expenditure was reported mainly in Kanadi and Kupta.

On the development of irrigation resources besides wells, 3·1 per cent of the big cultivators and 2·1 per cent of the large cultivators incurred expenditure to the extent of Rs 103 and Rs 110 per reporting family, respectively. Finance for expenditure on both these items was provided almost entirely from owned funds.

7.4.6 Purchase of implements and machinery

This item included purchase of farm implements, machinery and transport equipment, details regarding which are given in Table 7.17.

Among the cultivators 17·2 per cent of families reported this expenditure amounting to Rs 17 per family and Rs 99 per reporting family. The proportion of families reporting this expenditure was 57·3 per cent for the big cultivators and 36·7 per cent for the large cultivators as against 13·6 per cent for the medium cultivators and 1·6 per cent for the small cultivators. The amount of expenditure per reporting family worked out at Rs 124 and Rs 102 for the big and large cultivators and Rs 93 and Rs 97 for the medium and small cultivators, respectively. It is observed that some of the families in the upper groups had purchased bullock

carts and *tongas*, which require relatively larger outlay than ordinary agricultural implements. About 98·6 per cent of expenditure was financed from owned funds and hardly 1·3 per cent from borrowings.

TABLE 7.17—CAPITAL EXPENDITURE ON PURCHASE OF NEW IMPLEMENTS AND MACHINERY

[General Schedule data]

Family 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	*57·3*	71	124	0·8
Large cultivators	*36·7*	37	102	0·7
Medium cultivators	*13·6*	13	93	0·9
Small cultivators	*1·6*	2	97	0·4
All cultivators	*17·2*	17	99	0·7

7.4.7 Construction of farm houses, cattle sheds, etc.

Expenditure on this item was reported by 5·8 per cent of cultivators to the extent of Rs 2 per cultivator and Rs 40 per reporting cultivator. The proportion of families reporting this expenditure among the big, large and medium cultivators was 15·7 per cent, 11·0 per cent and 6·0 per cent, respectively, and the average amount spent per reporting family, Rs 39, Rs 46 and Rs 31, respectively. The expenditure was mainly reported in the village Tamasi. The entire amount of expenditure was financed from owned funds.

Expenditure on laying of new orchards and plantations was not at all significant. Expenditure under miscellaneous category was reported by 0·4 per cent of big cultivators and 0·3 per cent of large cultivators to the extent of Rs 10 and Rs 4 per family, respectively. As details of items included under this category are not available, no further comments can be made.

Table 7.18 gives the amount of expenditure per family on the items included under capital expenditure in agriculture for the four groups of cultivators and the proportion of expenditure of each group to the total expenditure under each of these items.

The table indicates a vast disparity in the share of expenditure on each item of the upper and lower groups of cultivators. The amount of expenditure per big cultivator on purchase of land, purchase of livestock and other capital expenditure was nearly 42 times, 13 times and 81 times larger than that per small cultivator, respectively, and about 8 times, 4 times and 17 times larger than that per medium cultivator, respectively. In the expenditure on purchase of land, purchase of livestock and other capital expenditure, the share of big cultivators, who accounted for 10 per cent of cultivators, was 53·1 per cent, 34·5 per cent and 62·8 per cent,

respectively and of large cultivators, who accounted for 30 per cent, 73·3 per cent, 63·3 per cent and 84·7 per cent, respectively. At the other extreme, the share of small cultivators who formed 30 per cent of cultivators, was 3·8 per cent, 8·0 per cent and 2·3 per cent on the above three items, respectively.

TABLE 7.18—DISTRIBUTION OF CAPITAL EXPENDITURE IN AGRICULTURE AMONG THE FOUR GROUPS OF CULTIVATORS

[General Schedule data]

Family group	PURCHASE OF LAND		PURCHASE OF LIVESTOCK	
	Average per family (Rs)	Proportionate share of each group to total expenditure (Per cent)	Average per family (Rs)	Proportionate share of each group to total expenditure (Per cent)
	1	2	3	4
Big cultivators	755	*53·1*	315	*34·5*
Large cultivators	350	*73·3*	194	*63·3*
Medium cultivators	91	*22·9*	73	*28·7*
Small cultivators	18	*3·8*	25	*8·0*
All cultivators	**150**	***100·0***	**97**	***100·0***

Family group	OTHER CAPITAL EXPENDITURE IN AGRICULTURE									
	Average total expenditure per family (Rs)	Proportionate share of each group to total expenditure (Per cent)	PROPORTIONATE SHARE OF EACH GROUP TO TOTAL EXPENDITURE OF ALL CULTIVATORS UNDER EACH ITEM (PER CENT)							
			Reclamation of land	Bunding and other land improvements	Digging and repair of wells	Development of other irrigation resources	Laying of new orchards and plantations	Purchase of implements and machinery	Construction of farm houses, cattle sheds, etc.	Other miscellaneous expenditure
	5	6	7	8	9	10	11	12	13	14
Big cultivators	568	*62·8*	*62·0*	*70·2*	*67·0*	*42·0*	*100·0*	*44·1*	*28·6*	*81·4*
Large cultivators	257	*84·7*	*84·1*	*86·6*	*98·9*	*92·9*	*100·0*	*69·1*	*68·7*	*100·0*
Medium cultivators	33	*13·0*	*10·1*	*11·7*	*1·1*	*7·1*	–	*28·1*	*30·6*	–
Small cultivators	7	*2·3*	*5·8*	*1·7*	–	–	–	*2·8*	*0·7*	–
All cultivators	**96**	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***	***100·0***

7.5 INVESTMENT-DISINVESTMENT

We propose to discuss in this section the net position of the economy of the rural families over the period of the Survey. It is not possible on the basis of data relating to debt, borrowings and repayments, to throw light on deficits or surpluses in the economy. A large part of the borrowings in some villages or for some strata of the

rural population may be for capital expenditure, which is repayable over a period of years. An increase in outstanding debt by itself may not, therefore, indicate any deterioration in the economic position of a family or a village. In the same way, a low level of repayments during a particular year may not also be a sign of economic deterioration. In fact, in the initial stages of economic development, such a low level may be indicative of a large and rapid long-term investment.

One way to determine whether the economic condition of an individual or a group has improved or deteriorated during a given period of time would be to compare the net assets position at the beginning and at the end of that period. However, detailed information required for assessing the net position of an individual family was not obtained during the Survey. In the first instance, data relating to inventories in kind and cash balances held were not collected. Secondly, no data were collected on purchase of bullion and ornaments. Thirdly, it was not possible to collect detailed information relating to lendings by rural families to others. The inadequacies of data do not, therefore, permit a comparison of the economic position of rural families at the two ends of the Survey year.

An alternative way of arriving at a calculation of net change in the economic position would be through full enumeration of all transactions during the given period. Apart from the obvious difficulties of such enumeration in respect of the small and partially monetized business of the Indian cultivator, an important feature of Indian rural economy further complicates such a task. The common feature is that the business and domestic economy of the cultivator are so mixed up that it would be impossible to obtain any clear idea of net result of farm business unless full details of family living are also collected. This would require a detailed enquiry into family living which could not be attempted in a survey with the limited objectives of the Rural Credit Survey.

In view of the above observations, the only alternative method which could be followed was that of calculating the net position through data regarding capital expenditure and investment, sale of assets, borrowings and repayments. The under estimation or under reporting of gross produce or stocks or 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 estimates 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.

Now in the calculations made to arrive at the net position, we have confined our attention to 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 summarises the total result of economic activity during the year. The main assumption in this calculation is that all significant changes

or all significant deficits or surpluses would be reflected in the changes in capital assets and investments and in borrowings and debts. It may be pointed out that transactions leading to acquisition of assets, particularly lendings and purchases of bullion and ornaments are ignored. Stocks and inventory position is completely ignored and there is an assumption of investment effect of certain expenditure. Further, it is also assumed that the stocks and inventory position does not materially change in most years for the majority of rural families. For the major part, it is believed that most of these assumptions do not vitiate our conclusion to any material extent. The indications regarding surplus or deficit during the particular year by what we have called net investment or disinvestment calculations, appear to give a fair and, in the circumstances, the best approach to the problem indicating the deficits and surpluses in the economy.

Apart from the deficiencies in our data pointed out above, a calculation of net balance attempted on the basis of available data, must allow for the elements such as (1) livestock purchased which does not represent net addition to stock at the end of the year, (2) the repair and maintenance element for which allowances have to be made in the data relating to capital expenditure, (3) an allowance for the replacement element in the data relating to capital expenditure and (4) a small element in the sale of assets which represents sale of livestock which is a part of current farm business and does not represent capital disinvestment.

There are, however, two major factors, for which allowance has to be made (and has actually been made in the Rural Credit Survey Report, Volume I, Part I) but cannot be made in the district report for various reasons. These two factors are (1) lendings to be added to the investment side and (2) maintenance and replacement element to be deducted from the investment. It is obvious that the addition would be more important for the cultivators in the upper deciles only. The deductions on the other hand, would affect the figures for all deciles in somewhat similar proportions; or possibly the deductions regarding repair, maintenance and replacement may even have to be proportionately larger for the cultivators in the lower deciles than for those in the the upper deciles. It is very difficult to work out the effect of this in detail on the fortunes of the various groups.

Table 7.19 gives the net position on capital account for the different groups of families on the basis of the General Schedule data. On the investment side are included (*a*) capital expenditure in agriculture, (*b*) capital expenditure in non-farm business, (*c*) financial investment expenditure and (*d*) repayments. On the disinvestment side are included (*a*) borrowings, and (*b*) sale of assets. There is one item under family expenditure *viz.*, expenditure on construction and repairs of residential houses and other buildings which leads to increase in assets of the cultivators and, therefore, needs to be taken into account in calculating the net changes in their capital account. We have given figures of expenditure on this item separately in the table.

TABLE 7.19—INVESTMENT-DISINVESTMENT

[General Schedule data. Amount in rupees per family]

Family group	INVESTMENT					DISINVESTMENT			Net investment (+) or disinvestment (−)	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
Big cultivators.....	1,638	21	–	421	2,081	530	389	919	+1,162	110
Large cultivators.....	801	26	–	264	1,091	343	206	549	+ 542	70
Medium cultivators.....	198	–	–	123	321	117	178	295	+ 26	7
Small cultivators.....	51	7	–	23	81	30	44	74	+ 7	3
All cultivators.....	343	10	–	137	490	162	146	308	+ 182	26
Non-cultivators.....	11	1	–	16	28	20	29	49	− 21	2
All families.....	**165**	**6**	–	**72**	**243**	**86**	**83**	**169**	+ **74**	**13**

It may be seen from the table that the rural families showed a positive net balance to the extent of Rs 74 per family. However, the non-cultivators and cultivators showed different results. The non-cultivators showed net disinvestment of Rs 21 per family largely as a result of repayments falling short of borrowings by about 20 per cent and the capital expenditure falling short of sale of assets by about 56 per cent. Even if the expenditure on the construction and repairs of residential houses and other buildings is added to the investment side, the net position continues to show disinvestment of Rs 19 per family.

All the groups of cultivators showed net investment. Though in all the groups, except the medium, borrowings exceeded repayments, the capital expenditure in agriculture and non-farm business far exceeded sale of assets. The size of net investment was as high as Rs 1,162 per big cultivator and Rs 542 per large cultivator. It was as low as Rs 7 per small cultivator and Rs 26 per medium cultivator. The net investment per big cultivator was 166 times that per small cultivator and about 45 times that per medium cultivator. If we add the expenditure on construction and repairs of residential houses and other buildings to the investment side the pattern remains the same.

Table 7.20 gives data on net balance on capital account for the various groups of families on the village basis. It may be seen that Hata and Karli reported net disinvestment of Rs 87 and Rs 63 per rural family respectively. In the remaining six villages net investment per rural family ranged from Rs 6 in Kupta to Rs 234 in Kanadi.

TABLE 7.20—INVESTMENT-DISINVESTMENT

[General Schedule data. Amount in rupees per family]

Village	BIG CULTIVATORS			LARGE CULTIVATORS			MEDIUM CULTIVATORS		
	Total investment	Total disinvestment	Net investment or disinvestment	Total investment	Total disinvestment	Net investment or disinvestment	Total investment	Total disinvestment	Net investment or disinvestment
	1	2	3	4	5	6	7	8	9
Asola	1,067	502	565	453	261	192	117	83	34
Changalwadi	2,353	985	1,368	1,143	504	639	318	381	— 63
Hata	2,666	1,514	1,152	1,327	990	337	95	688	— 593
Kupta	3,530	2,145	1,385	1,839	1,285	554	470	583	— 113
Gopalkhed	1,991	683	1,308	1,088	501	587	577	374	203
Kanadi	4,632	1,466	3,166	2,429	734	1,695	576	247	329
Karli	1,247	1,720	— 473	985	1,115	— 130	251	367	— 116
Tamasi	998	144	854	464	107	357	102	58	44

Village	SMALL CULTIVATORS			ALL CULTIVATORS			NON-CULTIVATORS			ALL FAMILIES		
	Total investment	Total disinvestment	Net investment or disinvestment	Total investment	Total disinvestment	Net investment or disinvestment	Total investment	Total disinvestment	Net investment or disinvestment	Total investment	Total disinvestment	Net investment or disinvestment
	10	11	12	13	14	15	16	17	18	19	20	21
Asola	43	51	— 8	207	133	74	48	61	— 13	145	105	40
Changalwadi	123	133	— 10	520	344	176	184	322	—138	421	338	83
Hata	31	77	— 46	448	595	—147	5	20	— 15	243	330	— 87
Kupta	154	203	— 49	804	688	116	44	74	— 30	235	229	6
Gopalkhed	101	69	32	587	321	266	28	2	26	325	171	154
Kanadi	120	53	67	1,010	338	672	14	8	6	355	121	234
Karli	92	146	— 54	447	549	—102	26	74	— 48	137	200	— 63
Tamasi	40	23	17	195	62	133	4	32	— 28	121	51	70

('—' denotes disinvestment)

Among the non-cultivators net disinvestment was noticed in six villages, ranging from Rs 13 to Rs 138 per family. Only in Gopalkhed and Kanadi net investment to the extent of Rs 26 and Rs 6 per non-cultivator was observed.

All the four groups of cultivators showed net disinvestment in Karli. On the other hand, in Gopalkhed, Kanadi and Tamasi all of them showed net investment. In Changalwadi, Hata and Kupta net disinvestment was noticed in the medium and small cultivator groups ; but the big and large cultivators showed net investment. In Asola the small cultivators showed net disinvestment, while other cultivator groups showed net investment. Thus, in five villages net disinvestment was noticed

in respect of the small cultivators and in four villages in respect of the medium cultivators. With the exception of one village, in all other villages the big and large cultivators showed net investment.

Data collected in the intensive enquiry in respect of a sample of cultivators indicated net investment of Rs 424 per cultivator in the upper strata and Rs 10 per cultivator in the lower strata.

If we add the amount spent on construction and repairs of residential houses and other buildings, the net investment worked out at Rs 510 and Rs 18 per cultivator in the upper and lower strata respectively. As these figures give a picture for these two groups as a whole, it may be useful to study the figures in respect of individual cultivators. Table 7.21 gives frequency distribution of cultivators according to size of investment or disinvestment.

TABLE 7.21—FREQUENCY DISTRIBUTION OF SELECTED CULTIVATORS ACCORDING TO SIZE OF INVESTMENT-DISINVESTMENT

[Intensive enquiry data]

Size of investment/disinvestment	Upper strata	Lower strata
Net disinvestment	**19**	**10**
Rs 1,000 and above	4	–
Rs 500 – Rs 1,000	7	1
Rs 200 – Rs 500	3	3
Rs 100 – Rs 200	1	1
Less than Rs 100	4	5
Net investment	**49**	**17**
Less than Rs 100	14	9
Rs 100 – Rs 200	4	4
Rs 200 – Rs 500	17	3
Rs 500 – Rs 1,000	4	–
Rs 1,000 and above	10	1
Investment and disinvestment equal	5	5
Reporting neither investment nor disinvestment	7	8
Total	**80**	**40**

It may be seen that, in the case of 7 cultivators in the upper strata and 8 cultivators in the lower strata no investment or disinvestment was reported. In the case of 5 cultivators each in the upper and the lower strata investment and disinvestment balanced. In the upper strata, 19 families showed net disinvestment of varying amounts. The net disinvestment amounted to Rs 1,000 and over in respect of 4 families and between Rs 500 and Rs 1,000 in respect of 7 families. Of the remaining 8 families, 4 families showed net disinvestment of less than Rs 100, one family, between Rs 100 and Rs 200 and the remaining 3 families, between Rs 200 and Rs 500.

The size of net investment per family in the upper strata was Rs 1,000 and above in the case of 10 families ; it ranged between Rs 500 and Rs 1,000 in the case of 4

families and between Rs 200 and Rs 500 in the case of 17 families. 14 families showed net investment ranging upto Rs 100 and another 4 families between Rs 100 and Rs 200.

In the lower strata 10 families showed net disinvestment as against 17 families which showed net investment. The size of net disinvestment was above Rs 500 in the case of one family ; it ranged between Rs 200 and Rs 500 in the case of 3 families and was less than Rs 200 in the case of 6 families.

Net investment was shown by 17 families. The size of net investment was less than Rs 100 in the case of 9 families and ranged between Rs 100 and Rs 200 in the case of 4 families. Three families showed net investment between Rs 200 and Rs 500 and one family, of Rs 1,000 and above.

A classification of the 10 families showing net disinvestment in the lower strata according to the average size of gross produce given in Table 7.22 shows that 6 families were in the group with gross produce of less than Rs 400 and another 3 families in the group with gross produce between Rs 400 and Rs 1,000. The number of families showing net investment was larger than that showing net disinvestment in the gross produce groups between Rs 400 and Rs 3,000. In the upper strata, of the 19 families showing net disinvestment, 13 families were in the group with gross produce between Rs 400 and Rs 3,000 and 6 families in the gross produce group of Rs 3,000 and above. The number of families showing net investment was always larger than that showing net disinvestment among the different gross produce groups.

TABLE 7.22—FREQUENCY DISTRIBUTION OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO VALUE OF GROSS PRODUCE ACCORDING TO NET INVESTMENT AND DISINVESTMENT

[Intensive enquiry data]

Value of gross produce	UPPER STRATA		LOWER STRATA	
	Net investment	Net disinvestment	Net investment	Net disinvestment
	1	2	3	4
Less than Rs 400	–	–	4	6
Rs 400 to Rs 1,000	8	3	7	3
Rs 1,000 to Rs 3,000	23	10	6	1
Rs 3,000 to Rs 5,000	7	3	–	–
Rs 5,000 and above	11	3	–	–
Total	**49**	**19**	**17**	**10**

CHAPTER 8

CURRENT FARM OPERATIONS

In this chapter, it is proposed to discuss data on current farm operations of the sample of cultivators selected for the intensive enquiry. The discussion is broadly divided into four parts, namely, the level and pattern of distribution of current farm expenditure, the size and pattern of distribution of cash receipts from farm and non-farm sources, seasonality of current farm expenditure and cash receipts and sources of finance for current farm expenditure. The intensive enquiry was conducted in two rounds. In the first round, data were collected for the period April to September 1951 and in the second round for the period October 1951 to March 1952. Data for these two periods have been added to give a picture of current farm operations during the year from April 1951 to March 1952.

The number of cultivators selected was 80 from the upper strata and 40 from the lower strata. The average size of cultivated holding worked out to 44·3 acres and 8·3 acres in the upper and the lower strata respectively. Of the 120 selected cultivators, as many as 111 cultivated both food and cash crops on their holdings. The principal food and cash crops grown were *jowar* and cotton, respectively. A classification of these cultivators according to the major crops grown indicates that cotton was the major crop in respect of 70·7 per cent, groundnut in respect of 14·0 per cent and millets (of which *jowar* was the major crop) in respect of 13·7 per cent. Of the total area sown by these selected cultivators, 38 per cent was under cotton, 14 per cent under groundnut and 47 per cent under millets and other food crops. The proportion of value of gross produce of each of these crops to the total of gross value of all crops was 55 per cent for cotton, 16 per cent for groundnut and 28 per cent for millets and other food crops. Thus, it may be said that the farm economy of the selected cultivators was fairly commercialised. The extent of dependence on market for sale of agricultural produce and purchase of farm requisites, the degree of monetization of economy and the need for credit for financing current farm operations will be discussed in the following pages.

8.1 CURRENT FARM EXPENDITURE

Data on current farm expenditure were collected under the following heads, viz., (1) value of seed and manure, both owned and purchased, (2) cash wages paid and value of payments made in kind to casual, annual and permanent farm servants, (3) value of fodder and other cattle-feed purchased and payments made for grazing facilities and rent paid for pastures, (4) disposals in kind immediately after harvest to landlords, artisans and others, and (5) other cash expenditure on farm. In the following discussion the term total current farm expenditure includes expenditure

both in cash and kind reported under these heads. No attempt has been made to impute value to the family labour employed on farm and to include it in the total farm expenses. Similarly, no charges for services of owned draught cattle were added to nor was any *ad hoc* allowance made on that account in the total farm expenses. The value of owned fodder consumed on the farm has also not been taken into account. As our objective was not to calculate farm costs but to study the size of farm expenditure and the role played by credit in financing it, the data, it was considered, would serve our limited objective. The following table gives data on the current farm expenditure under different items for the upper and the lower strata as also for all cultivators.

TABLE 8.1—CURRENT EXPENDITURE ON FARM OF SELECTED CULTIVATORS

[Intensive enquiry data]

Item of expenditure	UPPER STRATA CULTIVATORS		LOWER STRATA CULTIVATORS		ALL CULTIVATORS	
	Average per family (Rs)	Proportion to total expenditure (Per cent)	Average per family (Rs)	Proportion to total expenditure (Per cent)	Average per family (Rs)	Proportion to total expenditure (Per cent)
	1	2	3	4	5	6
Current farm cash expenditure	**2,259**	***83·5***	**222**	***70·3***	**1,241**	***82·1***
Seed	213	*7·9*	23	*7·4*	118	*7·8*
Manure	140	*5·2*	2	*0·5*	71	*4·7*
Fodder	461	*17·0*	47	*15·0*	254	*16·8*
Cash wages	817	*30·2*	97	*30·5*	457	*30·3*
Other cash expenditure	627	*23·2*	54	*16·9*	340	*22·5*
Current farm kind expenditure	**446**	***16·5***	**94**	***29·7***	**270**	***17·9***
Seed	76	*2·8*	23	*7·5*	50	*3·3*
Manure	142	*5·3*	9	*2·7*	75	*5·0*
Disposals in kind immediately after harvest	160	*5·9*	61	*19·3*	111	*7·3*
Wages in kind other than at harvest	67	*2·5*	1	*0·2*	34	*2·3*
Total farm expenditure	**2,705**	***100·0***	**316**	***100·0***	**1,510**	***100·0***

Before proceeding to an analysis of current farm expenses it may be pointed out that in collecting data on remuneration to permanent farm servants, payments in cash and kind were not recorded separately. The item was, therefore, included under cash expenses. To that extent, the breakdown between cash and kind expenses is not complete. A glance at the table shows two features prominently, viz., the high level of current farm expenditure and a greater degree of monetization. The current farm expenditure per cultivator was as high as Rs 1,510, of which cash expenditure formed 82·1 per cent. Under cash expenditure wages accounted for 30·3 per cent, other cash expenditure for 22·5 per cent and fodder for 16·8 per cent of the total farm expenditure. Seed and manure together accounted for 12·5

per cent. More than half of the kind expenditure was on wages and disposals in kind immediately after harvest, about one-third was on manure and a little less than one-fifth on seed.

As between the upper and lower strata the level of current farm expenditure shows a wide variation. It amounted to Rs 2,705 per cultivator in the upper strata, which was nearly nine times larger than that of Rs 316 per cultivator in the lower strata. The proportion of cash expenditure to total expenditure, however, did not show a wide variation as it was 83·5 per cent in the upper strata and 70·3 per cent in the lower strata. The current farm expenditure per acre of cultivated holding was Rs 61 in the upper strata as against Rs 38 in the lower strata.

In the upper strata the distribution of cash farm expenditure under the different heads was similar to that noticed in respect of all cultivators. The proportion of cash expenditure incurred on different items to total farm expenditure was 30·2 per cent for wages, 17·0 per cent for fodder, 7·9 per cent for seed and 5·2 per cent for manure. The proportion was 23·2 per cent for other cash expenditure. Under current farm kind expenditure seed and manure accounted for 2·8 per cent and 5·3 per cent, respectively, of the total farm expenditure and disposals in kind and wages in kind, for 5·9 per cent and 2·5 per cent respectively.

The distribution of cash and kind farm expenditure in the lower strata, however, showed some notable variations from the above pattern. The proportions of cash expenditure on manure and of other cash farm expenditure were somewhat lower than those for all cultivators. On the other hand, the proportion of kind farm expenditure on disposals in kind immediately after harvest was much higher obviously because of inclusion of rent under this head. The proportion spent on manure was a little lower and that on seed a little higher than that for all cultivators.

The two major heads of expenditure in Table 8.1 viz., 'other cash farm expenditure' and 'disposals in kind' include more than one item and therefore need further examination.

8.1.1 Other cash farm expenditure

Under 'other cash farm expenditure' twelve items were included which are given in Table 8.2.

It may be seen that the expenditure under this head was as high as Rs 627 per cultivator in the upper strata as against Rs 54 per cultivator in the lower strata. In the upper strata 51·7 per cent of this expenditure was on salaries paid to annual and permanent farm servants. As the cultivators included in this strata had large holdings, a large proportion of which was under cotton, it is obvious that they had to arrange for labour supply by engaging annual or permanent farm servants, particularly because of a shortage of labour generally experienced during the picking season. Another important item was land revenue and other agricultural charges which accounted for 15·7 per cent. Storage, marketing costs, transport charges and sales commission formed 9·4 per cent, interest on loans 3·7 per cent and cash rent 6·0 per cent of total other cash farm expenditure.

TABLE 8.2—OTHER CASH FARM EXPENDITURE OF SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Items of expenditure	Upper strata cultivators	Lower strata cultivators	All cultivators
	1	2	3
Cash contribution to tenants, co-sharers and partners	–	–	–
	(–)	(–)	(–)
Purchase of materials for farming*	1·6	–	0·8
	(0·3)	(–)	(0·2)
Maintenance and repair of implements and machinery	13·8	0·8	7·4
	(2·2)	(1·5)	(2·2)
Hire of implements and bullocks	1·4	2·5	2·0
	(0·2)	(4·7)	(0·6)
Transport charges for marketing	5·5	0·8	3·2
	(0·9)	(1·5)	(0·9)
Sale commissions	1·8	1·1	1·4
	(0·3)	(2·1)	(0·4)
Storage and other marketing costs	51·4	2·9	27·1
	(8·2)	(5·4)	(8·0)
Salaries paid to annual or permanent farm servants	324·3	17·8	171·0
	(51·7)	(33·3)	(50·2)
Cash rent paid to landlords	37·6	1·4	19·5
	(6·0)	(2·6)	(5·7)
Land revenue and other agricultural charges.	98·7	16·1	57·4
	(15·7)	(30·1)	(16·9)
Interest paid on loans	23·2	0·6	11·9
	(3·7)	(1·1)	(3·5)
Others	67·7	9·5	38·6
	(10·8)	(17·7)	(11·4)
Total	**627·0**	**53·5**	**340·3**
	(100·0)	**(100·0)**	**(100·0)**

(Figures in brackets give percentages to total)

* Other than seed, manure and fodder.

In the lower strata salaries paid to annual or permanent farm servants and land revenue and other agricultural charges accounted for one-third each of total expenditure. Storage, marketing costs, transport charges and sales commission formed 9·0 per cent, and interest 1·1 per cent. Hire of implements and bullocks accounted for 4·7 per cent which indicates that some of the small cultivators, particularly the part-time farmers, did not have adequate equipment to carry on their cultivation operations.

8.1.2 Disposals in kind

About 93 per cent or more of disposals in kind were accounted for by two items, viz., rent share to landlord or co-sharers and wages to labour for harvesting as can be seen from Table 8.3.

In the lower strata, as much as 84·7 per cent of total disposals was paid towards rent which indicates the tendency of small farmers to take land on lease to supplement their owned holdings. As they manage to conduct all farm operations with

the help of family labour and employ casual labourers only when it becomes absolutely necessary, the proportion of kind payments made to labourers employed for harvesting was only 13·5 per cent. As against this, the proportion in the upper strata was 49·0 per cent for reasons already stated. It is interesting to find that even the upper strata cultivators take land on lease, the rent on which formed 43·9 per cent of disposals in kind.

TABLE 8.3—DISPOSALS IN KIND MADE IMMEDIATELY AFTER HARVEST

[Intensive enquiry data]

Items of disposals	UPPER STRATA CULTIVATORS		LOWER STRATA CULTIVATORS		ALL CULTIVATORS	
	Average per family (Rs)	Proportion to total disposals (Per cent)	Average per family (Rs)	Proportion to total disposals (Per cent)	Average per family (Rs)	Proportion to total disposals (Per cent)
	1	2	3	4	5	6
Rent share to landlord or co-sharer	70·3	*43·9*	51·6	*84·7*	61·0	*55·2*
Wages to labour for harvesting	78·4	*49·0*	8·2	*13·5*	43·3	*39·2*
Remuneration to artisans and services	2·8	*1·7*	0·4	*0·7*	1·6	*1·4*
Other payments at harvest time	8·6	*5·4*	0·7	*1·1*	4·6	*4·2*
Total disposals in kind	**160·1**	***100·0***	**60·9**	***100·0***	**110·5**	***100·0***

Thus, in this district the upper strata cultivators spent about 50 per cent of current farm expenditure on wages (including salaries paid to annual or permanent farm servants) and the lower strata cultivators, nearly 40 per cent. In the case of the former nearly one-sixth of current farm expenditure was on fodder and one-fifth on seed and manure. In the case of the latter nearly one-fifth was on seed and manure, one-sixth was on rent and nearly one-seventh on fodder.

8.2 CASH RECEIPTS

Data on cash receipts were collected under two heads, namely, (1) cash proceeds from sale of crops and fodder and (2) cash receipts from some specified items which are given in Table 8.4.

As the data were collected for the period April to March, the produce sold would be from the crops harvested during that period. However, in a few cases the produce sold might be from the stocks of the preceding year. It may also be that the cultivator might have received some payments in kind by way of rent or wages, sales from which might be reported along with sales of crops grown during the period covered. However, it may be assumed that the bulk of the produce sold was from the crops harvested during the Survey year.

TABLE 8.4—CASH RECEIPTS FROM DIFFERENT SOURCES

[Intensive enquiry data]

Receipts from	UPPER STRATA CULTIVATORS		LOWER STRATA CULTIVATORS		ALL CULTIVATORS	
	Average per family (Rs)	Proportion to total of other receipts (Per cent)	Average per family (Rs)	Proportion to total of other receipts (Per cent)	Average per family (Rs)	Proportion to total of other receipts (Per cent)
	1	2	3	4	5	6
Sale of crops and fodder.....	2,202·8 (*93·8*)		377·1 (*53·3*)		1,290·0 (*84·4*)	
Other sources	**145·6** (*6·2*)	*100·0*	**331·2** (*46·7*)	*100·0*	**238·4** (*15·6*)	*100·0*
Sale of milk and milk products.....	4·2	*2·9*	3·6	*1·1*	3·9	*1·6*
Sale of manure.....	1·2	*0·8*	5·7	*1·7*	3·4	*1·4*
Wages.....	63·9	*43·9*	287·2	*86·7*	175·6	*73·7*
Remittances.....	–	–	12·3	*3·7*	6·2	*2·6*
Carting.....	17·9	*12·3*	6·1	*1·9*	12·0	*5·0*
Rent.....	44·8	*30·8*	16·2	*4·9*	30·5	*12·8*
Interest.....	13·6	*9·3*	–	–	6·8	*2·9*
Total cash receipts.....	**2,348·4** (*100·0*)		**708·3** (*100·0*)		**1,528·3** (*100·0*)	
Value of gross produce on farm.....	3,936·1		568·8		2,252·4	

(Figures in brackets give percentages of receipts from sale of crops and fodder and total other receipts to total cash receipts)

Note :—Receipts from sale of poultry and poultry products and seed and plants were not reported.

The table shows that the value of gross produce per cultivator amounted to Rs 3,936 in the upper strata which was nearly seven times that of Rs 569 in the lower strata. In the upper strata the cash receipts from sale of crops and fodder worked out at Rs 2,203 per cultivator which formed 56·0 per cent of the value of gross produce. In the lower strata the respective figures were Rs 377 and 66·5 per cent. Again, the cash receipts from sale of crops and fodder formed 93·8 per cent of the total cash receipts in the upper strata as against 53·3 per cent in the lower strata. As the cash receipts from sources other than sale of crops and fodder appear important particularly in the case of lower strata we proceed to examine them in detail.

'Other cash receipts' included cash receipts from sale of milk and milk products, poultry and poultry products, seed and plants, manure, cash wages, remittances received, carting, cash rent and interest. These receipts did not include earnings from any subsidiary occupations other than those specifically mentioned above, in which the cultivator might have been engaged.

It may be seen from Table 8.4 that, of the cash receipts from the specified sources amounting to Rs 331 per cultivator in the lower strata, Rs 287 or 86·7 per

cent was from wages. As a large number of farmers in this group had small cultivated holdings, it is likely that they might have been working on the farms of bigger cultivators in the busy season and at the marketing centres in the off-season in order to supplement their meagre earnings from farming. Receipts by way of rent and remittances amounted to Rs 16 and Rs 12 per cultivator respectively. Small amounts were received by way of sale of milk, sale of manure and carting amounting to Rs 3·5, Rs 5·8 and Rs 6·1 per cultivator.

'Other cash receipts' in the upper strata amounted to Rs 146 per cultivator of which rent and interest formed Rs 45 and Rs 14 per cultivator or 30·8 per cent and 9·3 per cent, respectively. Wages accounted for Rs 64 per cultivator or 43·9 per cent and carting Rs 18 per cultivator or 12·3 per cent. Sale of milk and milk products and manure brought in small amounts of Rs 4 and Re 1 or 2·9 per cent and 0·8 per cent, respectively.

We may now put the data on current farm expenditure and cash receipts side by side which may enable us to study the results of economic activity of the selected cultivators during the Survey year.

TABLE 8.5—FARM EXPENSES AND RECEIPTS OF SELECTED CULTIVATORS

[Intensive enquiry data. In rupees per family]

Item	Upper strata	Lower strata	All cultivators
	1	2	3
Current cash farm expenditure	2,259	222	1,241
Current kind farm expenditure	446	94	270
Total current farm expenditure	2,705	316	1,510
Value of gross produce	3,936	569	2,252
Cash receipts from sale of crops and fodder	2,203	377	1,290
Cash receipts from other sources	146	331	238

It is observed that the value of gross produce was higher than the total current farm expenditure in both the strata. However, the margin between these two figures being rather small in the lower strata, the cultivators in that strata worked outside the farm to supplement their farm income.

8.3 SEASONALITY IN FARM EXPENDITURE AND RECEIPTS

As stated in Chapter 1 the *kharif* season is relatively more important in this district. The ploughing operations start in May and the crops are harvested during October and November. Thus the current farm expenditure is incurred mainly from May to October-November. The marketing of cotton and *jowar* generally commences in October-November ; thus the receipts from sale of crops and fodder are concentrated mainly in the period October to March. The data on farm expenditure and receipts during the two six-month periods, April to September 1951 and October 1951 to March 1952 are given in Table 8.6. In the following discussion these periods are called the first period and the second period, respectively.

TABLE 8.6—SEASONALITY OF FARM BUSINESS OPERATIONS

[Intensive enquiry data. In rupees per family]

	APRIL TO SEPTEMBER 1951			OCTOBER 1951 TO MARCH 1952		
	Upper strata culti-vators	Lower strata culti-vators	All culti-vators	Upper strata culti-vators	Lower strata culti-vators	All culti-vators
	1	2	3	4	5	6
Farm expenditure (cash + kind)	**1,533·0**	**160·2**	**846·7**	**1,171·7**	**155·9**	**663·8**
Seed	271·0	46·4	158·7	18·5	0·5	9·5
Manure	245·9	10·1	128·0	36·3	0·2	18·2
Fodder	272·2	26·5	149·4	189·2	20·8	105·0
Wages in kind	36·2	0·6	18·4	30·9	–	15·5
Cash wages	485·2	64·6	274·9	332·2	32·0	182·1
Disposals in kind	15·2	–	7·6	144·9	60·9	102·9
Other cash expenditure	207·3	12·0	109·7	419·7	41·5	230·6
Value of gross produce	**123·0**	**3·2**	**63·1**	**3,813·1**	**565·5**	**2,189·3**
Cash receipts	**91·4**	**173·6**	**132·5**	**2,257·0**	**534·7**	**1,395·8**
Sale of crops and fodder	57·9	3·5	30·7	2,144·9	373·7	1,259·3
Sale of milk and milk products	2·1	–	1·1	2·0	3·6	2·8
Sale of manure	1·2	5·0	3·1	–	0·7	0·3
Wages	25·7	156·3	91·0	38·2	130·9	84·6
Remittances	–	8·8	4·4	–	3·5	1·8
Carting	–	–	–	17·9	6·1	12·0
Rent	1·8	–	0·9	43·1	16·2	29·6
Interest	2·7	–	1·3	10·9	–	5·4

It may be seen that, of the total current farm expenditure about 56·7 per cent in the upper strata and 50·7 per cent in the lower strata was incurred during April to September 1951. It may appear that there is not much of seasonality in current farm expenditure. But a comparison of amounts spent on the different items during the two six-month periods may be interesting. In both the strata, the expenditure on seed and manure was heavily concentrated in the first period. Also a proportionately larger expenditure on wages and fodder was incurred in the first period in both the strata. Disposals in kind were heavily concentrated in the second period and a proportionately larger amount of 'other cash expenditure' was incurred during this period in both the strata. It may be pointed out that the area under *rabi* crops was proportionately very small. Thus the current farm expenditure was largely on the *kharif* crops, the preliminary operations for which commence in May and the interculturing operations are done from June to September. The harvesting of cotton, which is the major crop, starts in October-November and marketing of it takes place mainly from November to February. Thus we find a heavy concentration of expenditure on seed and manure in the first period. As wages for labour employed for harvesting of cotton are equally important, wages paid were reported in both the periods, though in the second period they may be paid in October or November. Disposals in kind after harvest are naturally concentrated in the second period. As the other cash expenditure includes items such as marketing and storage costs, land revenue, interest and rent, obviously these payments are

made after harvest. Thus we find that a relatively larger proportion of the other cash expenditure was incurred during the second period.

The cash receipts showed seasonality very prominently. The cash proceeds from sale of crops and fodder were heavily concentrated in the second period in both the strata. Similar was the case in respect of cash receipts from the specified sources in the upper strata. But in the lower strata the amount of receipts was more or less equally divided between the two periods. This was due to the amount of wages received being nearly equal in both the periods. The small cultivators generally work on farms of bigger cultivators during the cultivation season as also at the time of harvesting. They also work at the marketing centres. Thus, receipts from wages were reported in both the periods during the off-season also. In both the strata receipts from rent, interest and carting were concentrated in the second period. Receipts from sale of manure were concentrated in the first period. Sale of milk brought equal receipts in both the periods in the upper strata and only in the second period in the lower strata. The heavy concentration of cash receipts in the second period particularly in the post-harvest months and the heavy concentration of current farm expenditure in the first period and in the early months of the second period, with small amounts of cash receipts by way of wages during these months create a cash gap which may have to be met either from cash balances held or from borrowings. How this cash gap is met with by the selected cultivators can be seen from the data on sources of finance discussed below.

8.4 SOURCES OF FINANCE FOR CURRENT FARM EXPENDITURE

Table 8.7 gives the amounts spent on the main items of current farm expenditure and sources from which they were financed. The main feature of the source of finance for current farm expenditure is that, in spite of the high level of expenditure, borrowings play a very small part. In the upper strata, the current farm expenditure was financed to the extent of 94·1 per cent from owned funds. Borrowings contributed only 4·0 per cent. If we consider each item separately, the proportion financed from borrowings did not exceed 6 per cent for any of them. Of the small amount of borrowed funds used for financing current farm expenditure, 49·3 per cent was for payment of wages, 23·6 per cent for purchase of fodder, 21·8 per cent for other cash expenses and the rest for seed and manure.

The same pattern may also be noticed in the lower strata as 87·2 per cent of current farm expenditure was financed from owned funds and only 12·7 per cent from borrowings. The proportion of expenditure financed by borrowing under the different items showed a large variation from 10·6 per cent on fodder to 50·0 per cent on manure. However, if we take the distribution of borrowed funds, we find that cash wages and fodder accounted for 52·5 per cent and 17·7 per cent, respectively, and seed and manure for 29·8 per cent. Thus, it is observed that in spite of the high level of current farm expenditure, a very large proportion was financed from owned

TABLE 8.7—SOURCE OF FINANCE FOR CURRENT CASH FARM EXPENSES

[Intensive enquiry data. In rupees per family]

Item of expenditure	SOURCE OF FINANCE — UPPER STRATA CULTIVATORS					
	Current income	Past savings	Sale of assets	Borrow-ings	Other sources	**Total**
	1	2	3	4	5	6
Purchase of seed	150·5 (70·7)	59·4 (27·9)	–	3·1 (1·4)	–	**213·0** (100·0)
Purchase of manure	117·4 (83·8)	17·3 (12·3)	3·7 (2·7)	1·7 (1·2)	–	**140·1** (100·0)
Purchase of fodder	383·3 (83·1)	55·9 (12·1)	0·4 (0·1)	21·3 (4·6)	0·5 (0·1)	**461·4** (100·0)
Cash wages	660·5 (80·8)	110·0 (13·5)	2·3 (0·3)	44·5 (5·4)	–	**817·4** (100·0)
Other cash expenditure	489·8 (78·1)	81·1 (12·9)	0·4 (0·1)	19·7 (3·1)	36·4 (5·8)	**627·4** (100·0)
Total cash farm expenditure	**1,801·7** (79·8)	**323·8** (14·3)	**6·8** (0·3)	**90·2** (4·0)	**36·9** (1·6)	**2,259·4** (100·0)

Item of expenditure	SOURCE OF FINANCE — LOWER STRATA CULTIVATORS					
	Current income	Past savings	Sale of assets	Borrow-ings	Other sources	**Total**
	7	8	9	10	11	12
Purchase of seed	15·7 (67·4)	–	–	7·6 (32·6)	–	**23·3** (100·0)
Purchase of manure	0·8 (50·0)	–	–	0·8 (50·0)	–	**1·6** (100·0)
Purchase of fodder	42·3 (89·4)	–	–	5·0 (10·6)	–	**47·3** (100·0)
Cash wages	75·8 (78·5)	6·0 (6·2)	–	14·8 (15·3)	–	**96·6** (100·0)
Other cash expenditure	49·7 (92·9)	3·6 (6·7)	–	–	0·2 (0·4)	**53·5** (100·0)
Total cash farm expenditure	**184·2** (82·9)	**9·6** (4·3)	–	**28·2** (12·7)	**0·2** (0·1)	**222·2** (100·0)

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

funds which shows that the cultivators had built up resources as a result of good seasons and high level of agricultural prices.

8.5 CURRENT FARM EXPENDITURE—INTER-VILLAGE VARIATIONS

It has been stated above that the current farm expenditure amounted to Rs 1,510 per family, of which 82·1 per cent was incurred in cash. The proportion of cash expenditure on different items to total expenditure is already discussed. Table 8.8 gives data on current farm expenditure on village basis. It indicates wide variations

in the level of current farm expenditure among the selected villages. Current farm expenditure per family varied between Rs 500 and Rs 900 in Asola, Changalwadi and Tamasi. It was Rs 1,158 in Gopalkhed and Rs 1,672 in Karli. It varied between Rs 2,390 and Rs 2,515 in Kanadi, Kupta and Hata.

TABLE 8.8—CURRENT EXPENDITURE ON FARM—INTER-VILLAGE VARIATIONS

[Intensive enquiry data. Amount in rupees.]

Village	TOTAL CURRENT FARM EXPENDITURE		CASH EXPENDITURE ON FARM		Proportion of cash expenditure to total farm expenditure (Per cent)
	Per family	Per acre of sown area	Per family	Per acre of sown area	
	1	2	3	4	5
Asola	510	28	307	17	*60·1*
Changalwadi	540	44	415	34	*76·8*
Hata	2,514	69	2,248	62	*89·4*
Kupta	2,348	63	1,795	48	*76·4*
Gopalkhed	1,158	64	1,000	55	*86·3*
Kanadi	2,390	66	2,207	61	*92·3*
Karli	1,672	52	1,076	33	*64·3*
Tamasi	874	71	763	62	*87·2*

The degree of monetization as indicated by the proportion of cash expenditure on farm to total farm expenditure also showed wide variations. It was more than 85 per cent in Hata, Gopalkhed, Kanadi and Tamasi and more than 75 per cent both in Changalwadi and Kupta ; it was 60 per cent in Asola and 64 per cent in Karli. The relatively higher proportion of kind expenditure in Asola, Karli and Kupta was particularly due to the larger expenditure under disposals in kind mostly towards payment of rent and to some extent payment of wages in kind to labour at harvest time.

An analysis of cash expenditure points out that the proportion of expenditure on seed and manure to total cash expenditure was less than 10 per cent each in all villages, except in Kanadi and Karli. In Kanadi the expenditure on seed formed 23·3 per cent and in Karli, the expenditure on manure formed 19·5 per cent. The proportion of expenditure on fodder to total cash farm expenditure ranged between 17 per cent and 25 per cent in all villages except in Changalwadi and Tamasi where it stood at 13·0 per cent and 33·7 per cent, respectively. The proportion of expenditure on cash wages to total cash expenditure ranged between 25 per cent and 50 per cent in all the villages except in Asola and Hata where it was 51·3 per cent and 59·2 per cent, respectively. Other cash expenditure accounted for between 16 per cent and 35 per cent of total cash expenditure in all villages except in Gopalkhed where it was 37·2 per cent.

The average current farm expenditure per acre of sown area does not show very marked variations among the villages. It ranged between Rs 52 and Rs 71 per acre in all the villages, except in Asola and Changalwadi where it was rather low at Rs 28 and Rs 44 respectively.

8.6 CURRENT FARM EXPENDITURE ACCORDING TO VALUE OF GROSS PRODUCE

As the value of gross produce grown on farm is another indicator of the size of farm business we propose to discuss, in brief, the variations in the level and composition of farm expenditure in the different groups of cultivators made on this basis. For convenience of analysis and presentation, we have divided the selected cultivators according to value of gross produce into five groups as follows: (1) upto Rs 400, (2) between Rs 400 and Rs 1,000, (3) between Rs 1,000 and Rs 3,000, (4) between Rs 3,000 and Rs 5,000, and (5) Rs 5,000 and above. Table 8.9 presents data on current farm expenditure in relation to these groups.

TABLE 8.9—CURRENT FARM EXPENDITURE ACCORDING TO VALUE OF GROSS PRODUCE

[Intensive enquiry data. Amount in rupees]

Range of value of gross produce	Average size of area sown per family (Acres)	TOTAL CURRENT FARM EXPENDITURE		CASH EXPENDITURE ON FARM							
		Per family	Per acre of sown area	Per family	Per acre of sown area	Proportion of cash expenditure to total farm expenditure	Expenditure on seed per acre of sown area	Expenditure on manure per acre of sown area	Expenditure on fodder per acre of sown area	Cash wages paid per acre of sown area	Other cash expenditure per acre of sown area
	1	2	3	4	5	6	7	8	9	10	11
Less than Rs 400...	5	129	24	98	18	*75·4*	1	–	5	9	4
Rs 400 to Rs 1,000	10	349	36	237	24	*67·8*	1	1	4	12	5
Rs 1,000 to Rs 3,000	21	1,189	55	887	41	*74·6*	3	2	8	16	12
Rs 3,000 to Rs 5,000	48	2,953	62	2,370	50	*79·4*	3	6	12	15	14
Rs 5,000 and above.	98	7,137	73	6,382	65	*89·4*	8	3	13	24	17
Total	**25**	**1,510**	**60**	**1,241**	**49**	*82·2*	**5**	**3**	**10**	**18**	**14**

The table indicates that the size of current farm expenditure per family and per acre increases with an increase in the size of farm business. This is true of both the cash and kind expenditures. The proportion of cash expenditure to total expenditure, though more than 65 per cent in all the groups also shows a rising trend with an increase in the size of farm business. This trend is also noted in respect of expenditure on individual items. Thus, we find that the cultivators producing gross produce valued at Rs 1,000 and above spent relatively larger amounts per acre on seed and manure than others. Their expenditure on fodder was also higher. The amounts paid by them on cash wages were also larger. Thus, an increase in the size of farm business, if accompanied by a greater shift to the cultivation of cash crops, increases the value of trade inputs. Further, the greater reliance on hired labour also increases the amount of wages paid.

CHAPTER 9

CREDIT AGENCIES

We may now proceed to discuss the agricultural credit organisation and the role played by the various credit agencies and their working in the district on the basis of the data collected in both the demand and supply aspects of the Survey. In this chapter we propose to study the relative importance of various credit agencies as revealed by the demand side data. In the following three chapters, we describe the structure and working of various credit agencies, viz., Government, co-operative societies and private agencies and also study the relative importance of different credit agencies to the various groups of cultivators and non-cultivators on the basis of both the demand and supply side data.

The agencies which supply credit have been classified into nine classes, viz., Government, co-operatives, relatives, landlords, agriculturist moneylenders, professional moneylenders, traders and commission agents, commercial banks and 'others'. Loans borrowed during the year and outstanding debt have been classified according to credit agency. Under 'Government' all borrowings from Government under the Land Improvement Loans Act, 1883, the Agriculturists' Loans Act, 1884 and the various Grow More Food and other schemes have been included. Borrowings from the different types of co-operative institutions such as, primary credit societies, marketing societies etc., and land mortgage bank have been treated together under 'co-operatives'. Loans received from relatives, which were interest-free have been shown under 'relatives'; loans from them bearing interest have been classified as from one or the other of the private agencies depending on the principal occupation of the lender. Loans from landlords to their tenants have been treated separately. 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 was classified under the appropriate agency according to the business of the landlord. An agriculturist moneylender was defined as one whose principal occupation was agriculture and whose moneylending business was comparatively of minor importance. A professional moneylender was defined to include all those who earned a substantial part of their income from moneylending and who were not agriculturist moneylenders. No distinction was made between the professional moneylenders residing in villages and towns. Borrowings from persons who were in the main traders, commission agents, etc., have been classified separately. Borrowings from commercial banks have been shown separately. Borrowings, which could not be included under any of the above categories have been classified under 'others'. A classification of borrowings and outstanding debt of cultivators according to credit agency is given in Table 9.1.

TABLE 9.1—BORROWINGS FROM AND DEBT OWED TO DIFFERENT CREDIT AGENCIES

[General Schedule data]

Credit agency	BORROWINGS			DEBT	
	Proportion of families borrowing from the specified agency (Per cent)	Average borrowings per family from the specified agency (Rs)	Proportion of borrowings from the specified agency to total borrowings (Per cent)	Average debt per family from the specified agency (Rs)	Proportion of debt from the specified agency to total debt (Per cent)
	1	2	3	4	5
Government	*1·3*	1	*0·6*	2	*0·9*
Co-operatives	*7·8*	10	*6·6*	11	*5·7*
Relatives	*7·9*	20	*12·3*	22	*11·6*
Landlords (Zamindars)	*2·9*	7	*4·3*	23	*12·2*
Agriculturist moneylenders	*11·6*	42	*25·6*	7	*3·8*
Professional moneylenders	*17·1*	69	*42·3*	111	*58·6*
Traders and commission agents	*2·4*	10	*6·0*	12	*6·6*
Commercial banks	*0·6*	2	*1·5*	*	*
Total	***39·3***	**162**	***100·0@***	**190**	***100·0@***

* In the case of debt, loans from commercial banks and co-operatives are combined together and presented under co-operatives.

@ Borrowings from and debt owed to 'others' formed 0·9 per cent and 0·6 per cent, respectively, of the total.

The above table indicates the predominance of private credit agencies in rural credit organization in this district. Among the cultivators hardly 7·8 per cent reported borrowings from co-operatives, 1·3 per cent from Government and 0·6 per cent from commercial banks. As many as 17·1 per cent reported borrowings from professional moneylenders and 11·6 per cent from agriculturist moneylenders. The proportion of cultivators who borrowed from relatives, landlords, traders and commission agents was 7·9 per cent, 2·9 per cent and 2·4 per cent respectively.

The proportion of borrowings from the different agencies brings out the same feature. Of the total borrowings of cultivators, professional moneylenders and agriculturist moneylenders accounted for 42·3 per cent and 25·6 per cent, respectively, and co-operatives, commercial banks and Government 6·6 per cent, 1·5 per cent and 0·6 per cent respectively. Borrowings from relatives, landlords and traders and commission agents formed 12·3 per cent, 4·3 per cent and 6·0 per cent respectively.

The agency-wise classification of outstanding debt does not show any variation in the importance of institutional and private agencies from that noted above. Of the total outstanding debt, debt owed to co-operatives and commercial banks together formed 5·7 per cent and to Government, 0·9 per cent. Professional moneylenders accounted for 58·6 per cent and agriculturist moneylenders 3·8 per cent.

The share of relatives, landlords and traders and commission agents was 11·6 per cent, 12·2 per cent and 6·6 per cent respectively. Thus, the private credit agencies in general and the professional and agriculturist moneylenders in particular were the main sources of credit in rural areas.

The foregoing discussion is based on the figures of total borrowings and debt. It is observed that some agencies like Government and co-operatives give loans for specified purposes only. Therefore, the role of different agencies in financing different types of loans may possibly differ considerably. We have, therefore, given in Table 9.2 a classification of borrowings and outstanding debt according to purpose-duration and credit agency, on the basis of data collected in the intensive enquiry. The loans borrowed by the selected cultivators during the Survey year and the debt outstanding as on the date of interview have been classified into eight broad categories with reference to the purpose and period of borrowings. These categories include short-term and long-term needs for each of the three purposes, namely, agricultural, non-agricultural and consumption purposes. Other two purposes are repayment of old debt and 'other' purposes. In this context, long-term agricultural purposes include medium-term purposes also.

It is obvious that any classification of this type is subject to many limitations and that the loans reported could not necessarily fit into one of these categories. However, it was thought necessary to adopt some classification for convenience of handling data. In the classification adopted by us purchase of seed, manure and fodder, payment of wages and other items of current farm expenditure were put together under the category of short-term agricultural purposes, while loans for purchase of land, bunding and other land improvements, digging and repair of wells, purchase of livestock, reclamation of land and such other capital expenditure purposes were classified under long-term agricultural purposes. In respect of borrowings on consumption account, loans for purchase of household utensils, furniture, clothing, shoes, bedding, etc., medical and educational expenses, other occasional expenditure and other family expenses were classified under short-term consumption group. Loans for construction and repairs of residential houses and other buildings, death, marriage and other ceremonies and litigation charges were grouped under the category of long-term consumption finance. Detailed classification of loans on the above basis is given in Table 9.2.

The table needs no comments. The professional moneylenders was the only agency which provided finance for all purposes. Relatives provided finance for agricultural and consumption purposes. Other agencies provided finance for short-term agricultural purposes only. Here again 86·4 per cent of finance was supplied by the professional moneylenders. Co-operatives, Government and commercial banks supplied 6·2 per cent, 0·8 per cent and 0·2 per cent of finance respectively. Agriculturist moneylenders supplied 3·4 per cent and other private agencies less than 2 per cent each. In respect of long-term agricultural and consumption loans, relatives supplied 23·0 per cent and 42·2 per cent respectively. Short-term

consumption loans were financed to the extent of 8·3 per cent by relatives, the rest being financed by the professional moneylenders. As regards outstanding debt, debt in respect of all types of loans, except short-term agricultural loans, was owed to the private credit agencies. Of the debt outstanding in respect of loans for short-term agricultural purposes, 95·5 per cent was owed to the private agencies, 3·4 per cent to co-operatives and commercial banks and 1·1 per cent to Government. Thus, the professional moneylender is the principal source of finance for all types of loans. Other agencies, both institutional and private, cater to short-term agricultural needs to a limited extent.

TABLE 9.2—BORROWINGS AND DEBT INCURRED FOR EACH PURPOSE FROM EACH AGENCY AS PERCENTAGE OF TOTAL BORROWINGS AND DEBT INCURRED FOR THE PURPOSE FROM ALL AGENCIES

[Intensive enquiry data]

Credit agency	AGRICULTURAL		NON-AGRICULTURAL		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
Borrowings								
Government	*0·8*	–	–	–	–	–	–	–
Co-operatives	*6·2*	–	–	–	–	–	–	–
Relatives	*1·4*	*23·0*	–	–	*8·3*	*42·2*	–	–
Landlords	*0·3*	–	–	–	–	–	–	–
Agriculturist moneylenders	*3·3*	–	–	–	–	–	–	–
Professional moneylenders	*86·4*	*77·0*	–	*100·0*	*91·7*	*57·8*	*100·0*	*100·0*
Traders and Commission agents	*0·4*	–	–	–	–	–	–	–
Commercial banks	*0·2*	–	–	–	–	–	–	–
Others	*1·1*	–	–	–	–	–	–	–
Debt								
Government	*1·1*	–	–	–	–	–	–	–
Co-operatives and commercial banks	*3·4*	–	–	–	–	–	–	–
Other agencies	*95·5*	*100·0*	–	*100·0*	*100·0*	–	*100·0*	*100·0*

CHAPTER 10

GOVERNMENT FINANCE

The main source of study of Government finance is the information received from the Revenue Department regarding the various schemes in operation and purposes for which loans were granted, number of applications received and sanctioned, amount applied for, sanctioned and actually disbursed under these schemes, etc. In order to study the working of Government finance in detail, a case study of loans was conducted at four taluka headquarters, namely, Akola, Akot, Balapur and Washim. At each of these centres, of the applications received for *taccavi* loans during 1950–1, about 25 sanctioned applications and 5 rejected applications were selected by the random sampling method. The total number of applications thus selected was 123. Alongside, a General Questionnaire on Agricultural Credit was issued to knowledgeable persons, both officials and non-officials and personal discussions were held with some of them at the important marketing centres and at taluka and district headquarters. In the selected villages, in addition to the data collected in the General Schedule, during the course of intensive enquiry detailed information regarding loans borrowed by the selected cultivators was collected. Further a questionnaire was canvassed to them seeking some further information on loans applied for and sanctioned by Government. The discussion that follows is based mainly on the material collected from these sources and refers to the years 1950–1 and 1951–2.

10.1 THE LAND IMPROVEMENT LOANS ACT AND THE AGRICULTURISTS' LOANS ACT

Government provides finance to the agriculturists under (1) The Land Improvement Loans Act, 1883 and (2) The Agriculturists' Loans Act, 1884. The policy and working of Government finance is governed by the provisions in these Acts and the standing instructions given in the Revenue Book Circulars.

The main purposes for which loans are made under the Land Improvement Loans Act are : (1) Construction of wells, tanks and other works for the storage, supply and distribution of water for the purpose of agriculture, (2) Preparation of land for irrigation, (3) Provision of drainage facilities and protective measures against floods, erosion or other damage to land, (4) Reclamation of waste land for agriculture and other permanent land improvements, (5) Construction and renewal of any of the foregoing and additions or alterations thereto and, (6) Other purposes relating to land development.

Under the Agriculturists' Loans Act, loans are given for : (1) Purchase of seed, cattle and breeding bulls, (2) Rebuilding of houses destroyed by flood, fire and storm, (3) Raising of plantations and orchards, (4) Purchase of fodder for cattle, manure,

carts, implements etc., and other purposes not covered under the former Act, and (5) Relief of distress. Loans under the former Act are not, in principle restricted either to the poor cultivators or to the periods of distress. In case of the latter Act, however, it has been laid down that loans are intended primarily to relieve distress or to assist the poorer cultivators in financing their agricultural operations and as such they should be so distributed as to ensure the satisfaction of the minimum needs of the maximum number of cultivators. In actual practice, however, credit is advanced to all classes of agriculturists.

No rigid rules have been laid down regarding duration of loans. Under the Land Improvement Loans Act, loans are generally made for a period upto 20 years depending on the purpose. It has been provided, however, that this period may be extended upto 35 years under very special circumstances with Government sanction. Loans under the Agriculturists' Loans Act are made for a period upto 5 years. Generally loans for purchase of seed and manure are repayable within one year, while those for purchase of draught cattle, within three to five years.

Interest is charged at the uniform rate of $7\frac{13}{16}$ per cent per annum on loans given under both the Acts and has no relation to duration or purpose.

For purpose of land improvements loans upto Rs 5,000 are sanctioned under the Land Improvement Loans Act. When the sanctioned amount exceeds Rs 1,000, it is generally advanced in instalments not exceeding Rs 500 each. The maximum amount that can be sanctioned to an individual agriculturist under the Agriculturists' Loans Act is Rs 500. In practice, however, amounts not exceeding Rs 100 are sanctioned for purchase of seed and manure and not exceeding Rs 250 for purchase of draught cattle.

For loans sanctioned under the Land Improvement Loans Act, the borrower is required to hypothecate in favour of Government his interest in land in which the proposed improvements are to be effected. If the value of the applicant's interest in land in which improvements are to be effected, does not exceed one-third of the amount applied for, collateral security is required consisting of either (1) other lands owned by the applicant, or (2) land of other land owners who agree to be sureties, or (3) personal security where the amount does not exceed Rs 250 or 25 per cent of the value of land. Loans of small amounts for purchase of seed and manure under the Agriculturists' Loans Act are generally advanced on joint liability of the applicants. In such cases, the maximum amount that can be granted is, in the case of (1) superior holders or occupants, five times the annual revenue and (2) tenants, 5 times the annual rent. In case of loans for purchase of draught cattle, the borrower is required to hypothecate his land as security. When the value of saleable interest of the applicant in the land held by himself does not exceed one-third of the amount of loan, additional collateral security, as in the case of the Land Improvement Loans Act is required to be furnished.

Powers to sanction loans under these Acts are vested in the Deputy Commissioner, Assistant Commissioner, Extra-Assistant Commissioner, and Tahsildar. The limits upto which these officers may sanction loans are fixed as under:

DESIGNATION OF REVENUE OFFICER	AGRICULTURISTS' LOANS ACT	LAND IMPROVEMENT LOANS ACT
Deputy Commissioner	Upto Rs 5,000	Upto Rs 5,000
Assistant Commissioner	,, Rs 1,000	,, Rs 2,000
Extra-Assistant Commissioner	,, Rs 1,000	,, Rs 2,000
Tahsildar	,, Rs 500	,, Rs 1,000

Applications for loans for amounts exceeding Rs 5,000 have to be referred to the Financial Commissioner for sanction.

According to the procedure laid down for loans under the Agriculturists' Loans Act, the borrower has to make an application in the prescribed form to the Revenue Officer in his village or taluka. The application is scrutinized by the village Patwari or Revenue Inspector, who forwards it to the Tahsildar with his recommendations.

In the case of applications under the Land Improvement Loans Act, if the amount applied for does not exceed Rs 500 the Revenue Inspector, and if it exceeds Rs 500 the Naib-Tahsildar or Tahsildar is required to make a detailed enquiry and report to the sanctioning authority on the solvency of the applicant, adequacy of security offered, purpose of loan and adequacy of amount applied for, rights of the applicant in the land offered as security and encumbrances, if any, arrears of land revenue, etc. A detailed procedure for this enquiry is laid down, which includes giving a public notice and calling for objections, summoning and examining persons concerned, etc. It is expected that these enquiries are completed within the specified time-limit.

Loans are disbursed either in cash in villages after the identification of the applicants or by bills drawn on the sub-treasury at the taluka headquarters which are required to be encashed by the applicants themselves.

The Tahsildar is entrusted with the duty of verifying, with the help of the village officials, Revenue Inspectors and Naib-Tahsildars the utilisation of loans made under the Agriculturists' Loans Act and take suitable action in cases of misapplication. He is also expected in the course of his tour, to inspect land improvement works for which loans have been granted under the Land Improvement Loans Act. The Agricultural Sub-Committees of the *Janapada Sabhas* have been entrusted with the function of supervision over proper utilisation of loans with the assistance of the Land Records staff. Further, in case of loans for larger amounts which are advanced in instalments, it is provided that each instalment should be paid after a proper scrutiny of progress of work by on-the-spot inspection. In case of misapplication the Revenue Officers have been authorised to recover the entire amount of loan paid to the borrower with interest thereon summarily as arrears of land revenue.

Period and mode of repayment is generally prescribed at the time of sanction of loans. Generally demand notices are issued in advance to borrowers and if they fail to repay within the time limit prescribed, amounts due are collected as arrears of land revenue.

According to the data supplied by the Revenue Department, details of which are given in Table 10.1 during the year 1950–1, the applications received under the Land Improvement Loans Act numbered 6,020, the total amount applied for being Rs 9·08 lakhs. Of these, 2,800 applications were sanctioned but the total amount sanctioned was Rs 1·97 lakhs as against Rs 3·51 lakhs applied for. The proportion of applications sanctioned to those received was 46·5 per cent and the proportion of amount sanctioned to that applied for by all applicants (*i.e.*, including those not sanctioned) was 21·7 per cent.

TABLE 10.1—LOANS ADVANCED BY GOVERNMENT FOR AGRICULTURAL PURPOSES DURING 1950-1

[Amount in hundreds of rupees]

	APPLICATIONS RECEIVED		APPLICATIONS SANCTIONED		
	Number	Amount applied for	Number	Amount applied for	Amount sanctioned
	1	2	3	4	5
Loans under the Land Improvements Loans Act, 1883...	6,020	9,077	2,800	3,511	1,966
Loans under the Agriculturists' Loans Act, 1884.....	11,867	16,574	7,033	6,202	4,334
Loans under the Grow More Food campaign.....	2,489	4,767	1,999	4,220	3,808
	..	..	..	..	3,841
Cash subsidies under the Grow More Food schemes.....	1	–	1	–	–

During the same year under the Agriculturists' Loans Act, 11,867 applications for Rs 16·57 lakhs were received. Of them, 7,033 applications were sanctioned for Rs 4·33 lakhs as against Rs 6·20 lakhs applied for. The amount sanctioned for purchase of seed, manure and draught cattle was Rs 25·4 thousand, Rs 3·7 thousand and Rs 34·2 thousand, respectively, and that for land improvements, Rs 34·0 thousand. It may be noted that purpose-wise details regarding Rs 3·34 lakhs were not available. It is possible that some of this amount was disbursed for one or more of these purposes. The applications and the amount sanctioned formed about 59 per cent and 26 per cent of those received and applied for respectively.

10.2 GROW MORE FOOD AND COTTON SCHEMES

In order to increase food and cotton production a few schemes were put into operation in the district. Under these schemes cultivators are given loans in cash or kind. The schemes are administered by the Agricultural Department which can sanction loans in kind upto Rs 500. But the final sanction for these loans is

given by the Revenue Department which adjusts the amounts advanced under one of the two Acts. Loans in kind for amounts exceeding Rs 500 or loans in cash are sanctioned by the Revenue Department. The various schemes may be enumerated as under :

1. Distribution of improved seed and manure : Distribution of improved seed and manure for increasing production of food and cotton was one of the important schemes in operation in the district. Under this scheme, seed and manure are supplied to the cultivator in kind and the value of materials supplied is finally treated as *taccavi* loan granted to him under the Agriculturists' Loans Act. In many cases loans are given on the joint liability of groups of cultivators to the extent of ten times the rent or land revenue paid by them, in the case of food crops and cotton. On the seed loans interest is charged at $4\frac{11}{16}$ per cent per annum. Manure loans are also charged at concessional rates of interest. Repayment has to be made immediately after harvest. In case of default penal rates of interest are charged.

2. Loans for purchase of implements and machinery : Loans are advanced to cultivators for purchase of tractors, *rahats*, oil engines, pumping sets, etc. The amounts generally sanctioned are upto Rs 1,000 for *rahats*, between Rs 1,500 and Rs 2,000 for oil engines and pumping sets and between Rs 5,000 and Rs 10,000 for tractors. The borrower has to hypothecate his interest in land in favour of Government as security. Interest is charged at $4\frac{11}{16}$ per cent per annum. These loans are repayable in 10 to 15 annual instalments.

3. Loans for land improvements : Loans are given to cultivators for bunding of *nallas*, for irrigation purpose or construction of embankments for prevention of soil erosion or for clearing weeds from land. The cost of improvement is generally taken into consideration in determining the amount of loan. Loans for construction of bunds and embankments are repayable within 10 to 20 years and those for clearing weeds within 3 to 5 years. Interest is charged at $4\frac{11}{16}$ per cent per annum.

4. Construction and repairs of wells, tanks, etc. : Loans for construction of new wells and repairs of old wells are granted at interest rate of $3\frac{1}{4}$ per cent per annum. There is no maximum limit prescribed ; but the Deputy Commissioner has been authorised to sanction loans upto Rs 5,000. For loans upto Rs 10,000 previous permission of the Financial Commissioner is necessary and for those exceeding Rs 10,000 previous orders of Government are required. The borrower is required to hypothecate in favour of Government his interest in land in which the new well is to be sunk or the old one repaired.

Applications for loans under the Grow More Food and Cotton campaigns are to be made to the Agricultural Assistant in the area, and are collected through the Demonstration Jamadars or Overseers, who would get the necessary details from the village Patwaris. Loans in kind are disbursed on spot and the value of requisites supplied is finally adjusted in the manner given above under the Agriculturists'

Loans Act. In respect of cash loans under other schemes, and kind loans exceeding Rs 500, applications are forwarded to the Tahsildar for grant of solvency certificates and for obtaining the necessary sanction from the Sub-Divisional Officer or the Deputy Commissioner. Supervision over the utilisation of loans is the joint responsibility of the officers of the Agricultural and Revenue Departments. For purpose of verification, it is also laid down that the Agricultural Assistant, Demonstration Jamadars and Extra Assistant Director of Agriculture should verify utilisation of 25, 15 and 10 per cent of loans made respectively.

In 1950–1, 2,489 applications for Rs 4·77 lakhs were received. Of them 1,999 applications were sanctioned for Rs 3·8 lakhs as against Rs 4·2 lakhs applied for. Details regarding number of applications received, sanctioned etc., were not available for Rs 3·8 lakhs sanctioned in addition to this amount. Purpose of loans and amounts sanctioned were as under*.

PURPOSES	(In hundreds of rupees)
Purchase of seed	702
Purchase of manure	2,745
Construction and repairs of wells and other irrigation sources	1,349
Land improvements	786
Purchase of agricultural implements	406

* Purpose-wise classification in respect of Rs 1·66 lakhs is not available.

10.3 ROLE OF GOVERNMENT AS A CREDIT AGENCY

We may now proceed to discuss the role of Government as a credit agency. According to the General Schedule data as given in Table 10.2, hardly 1·3 per cent of the cultivating families reported borrowings from Government.

TABLE 10.2—ROLE OF GOVERNMENT AS A CREDIT AGENCY

[General Schedule data. In per cent]

Family group	BORROWINGS		DEBT	
	Proportion of families borrowing from Government	Proportion of borrowings from Government to total borrowings	Proportion of debt owed to Government to the total debt owed to all agencies	Proportion of families indebted to Government
	1	2	3	4
Big cultivators	*1·6*	*0·3*	*1·3*	*4·1*
Large cultivators	*1·6*	*0·4*	*0·9*	*2·2*
Medium cultivators	*1·5*	*1·1*	*0·8*	*1·8*
Small cultivators	*0·8*	*1·4*	*0·8*	*0·7*
All cultivators	*1·3*	*0·6*	*0·9*	*1·6*
Non-cultivators	*0·4*	*2·1*	*2·1*	*0·6*
All families	*0·8*	*0·8*	*1·1*	*1·1*

The proportion of borrowing families was 1·6 per cent both among the big and large cultivators, 1·5 per cent among the medium cultivators and 0·8 per cent among the small cultivators. The amount borrowed by the cultivators from Government formed only 0·6 per cent of their total borrowings. This proportion among the big, large, medium and small cultivators was 0·3 per cent, 0·4 per cent, 1·1 per cent and 1·4 per cent respectively.

A study of family schedules of those who borrowed from Government indicated that of the 27 cultivators reporting loans from Government 12 were from Hata and 14 from Kupta which were the two medium sized selected villages. In the remaining villages no borrowings from Government were reported except by one cultivator in Kanadi. Of these cultivators in the three reporting villages, 11 were large cultivators, 10 were medium cultivators and 6 small cultivators.

In both the villages, the average size of borrowings declines as we move from the large to small cultivator groups. In Kupta it was Rs 139 per reporting large cultivator and declined to Rs 92 per reporting medium cultivator and further to Rs 58 per reporting small cultivator. In Hata, it was Rs 54 per reporting large cultivator, Rs 50 per reporting medium cultivator and Rs 42 per reporting small cultivator. The share of each group in the total borrowings from Government in Hata was 54 per cent for large cultivators, 25 per cent for medium cultivators and 21 per cent for small cultivators. In Kupta the shares of the respective groups were 49 per cent, 39 per cent and 12 per cent respectively.

The same features were noticed in respect of debt owed to Government by cultivators. The proportion of families which reported debt owed to Government was 4·1 per cent for big cultivators, 2·2 per cent for large cultivators, 1·8 per cent for medium cultivators and 0·7 per cent for small cultivators. Debt owed to Government by the big and large cultivators accounted for 1·3 per cent and 0·9 per cent respectively of their total debt and by the medium and small cultivators, for 0·8 per cent. Of the 31 cultivators who reported debt to Government among the selected villages 14 were from Kupta, 15 from Hata and one each from Changalwadi and Kanadi. Of them 13 each were large and medium cultivators and 5 small cultivators. Their share in the total outstanding debt was 57 per cent, 29 per cent and 14 per cent, respectively, in Hata and 78 per cent, 19 per cent and 3 per cent, respectively, in Kupta.

According to the intensive enquiry data, the proportion of borrowings of the selected cultivators from Government was less than one per cent of their total borrowings. The entire amount borrowed was for short-term agricultural purposes. The outstanding loans owed to Government were also for the same purposes.

10.4 LOAN OPERATIONS AND WORKING

Co-ordination between different schemes: A study of the working of Government finance reveals a lack of effective co-ordination between the several schemes. Each scheme is treated as independent of others. Thus, the sanctioning authorities or the

departments charged with its administration are different for the different schemes. No arrangements seem to have been made for setting up a machinery for co-ordination. As a result, it is reported that some cultivators could secure loans under more than one scheme, while others could not receive any loan at all. Further, in view of the limited resources available, priorities for different classes of cultivators or for different types of their needs if arranged, would have enabled the most deserving persons to receive financial and other help.

Size of loan : During the course of investigation a case study of applications sanctioned was done. As stated earlier, 102 sanctioned applications were selected. Data collected from these applications and presented in Table 10.3 show that of them, 30 were for purchase of seed, 17 for purchase of manure and 12 for purchase of livestock. Of the remaining, 9 were for purchase of implements and machinery, 6 for digging and repair of wells and 28 for purposes other than those referred to above.

TABLE 10.3—CASE STUDY OF LOANS ADVANCED BY GOVERNMENT : SIZE OF LOANS DISBURSED FOR VARIOUS PURPOSES

Purpose	Number of loans disbursed	Amount disbursed (Rs)	Proportion to the total (Per cent)	Average size of loans disbursed (Rs)
	1	2	3	4
Purchase of seed	30	5,074	*11·4*	169
Purchase of manure	17	3,874	*8·8*	228
Purchase of livestock	12	2,225	*5·0*	185
Digging and repair of wells	6	4,200	*9·5*	700
Reclamation of land	–	–	–	–
Purchase of implements and machinery	9	24,860	*56·2*	2,762
Bunding and other land improvements	–	–	–	–
Other purposes, more than one purpose and purpose not specified	28	4,039	*9·1*	144

In the case of 86 of the 102 applications studied, the total amount disbursed was Rs 34,355 as against Rs 68,396 applied for. The amount applied for in the case of 16 applications was not available. Generally, in respect of all purposes the amount sanctioned was less than that applied for.

The average size of loans for purchase of implements, machinery etc., and for digging and repair of wells was Rs 2,762 and Rs 700, respectively, whereas for other purposes, viz., purchase of manure, livestock and seed, it was Rs 228, Rs 185 and Rs 169 respectively.

Duration : Loans for purchase of seed and manure were given for one year or less. Nearly 97 per cent of the amount of loans given for purchase of livestock was for one to three years. All loans for digging and repair of wells and purchase of implements and machinery were for a period of 3 to 5 years.

Security : It can be seen from the table below that, 54 loans were given against security of joint bond involving about 23 per cent of the amount disbursed, while 75 per cent of the total amount in respect of 47 loans was disbursed against security of immovable property and only one loan involving about 2 per cent of the total amount disbursed was given against personal security.

TABLE 10.4—CASE STUDY OF LOANS ADVANCED BY GOVERNMENT : LOANS DISBURSED ACCORDING TO SECURITY

	Total	SECURITY		
		Personal security	Immovable property	Joint bond
	1	2	3	4
No. of loans disbursed.....	**102**	1	47	54
Amount disbursed (Rs).....	**44,272**	950	32,259	10,063
	(100·0)	*(2·2)*	*(75·1)*	*(22·7)*

(Figures in brackets give percentages to total)

Note :—Other types of security are not reported.

Interest rate : It may be seen from Table 10.5 that nearly 70 per cent of the loans for 25·5 per cent of the total amount disbursed were charged interest at rates above 6¼ per cent per annum and 29 per cent of loans for 74·3 per cent of the amount disbursed were charged interest at rates ranging between 3 and 5 per cent per annum.

TABLE 10.5—CASE STUDY OF LOANS ADVANCED BY GOVERNMENT: LOANS CLASSIFIED ACCORDING TO RATE OF INTEREST CHARGED

	RATE OF INTEREST					
	Nil	3 per cent or less	3 to 5 per cent	5 to 6 per cent	6¼ per cent	Above 6¼ per cent
	1	2	3	4	5	6
No. of loans disbursed.....	1	–	30	–	–	71
	(1·0)	(-)	*(29·4)*	(-)	(-)	*(69·6)*
Amount disbursed (Rs).....	105	–	32,883	–	–	11,284
	(0·2)	(-)	*(74·3)*	(-)	(-)	*(25·5)*

(Figures in brackets give percentages to total)

Procedure for sanction of loan : A complaint frequently heard against *taccavi* loans is undue delay for their sanction. Data regarding time-lag between the date of application and date of disbursement of loans are given in the table on page 140.

It will be seen from this table that 30·4 per cent of loans were sanctioned within one month from the date of application and another 33·3 per cent within 1 to 3 months. In the case of 9·8 per cent of loans the time taken for sanction was 3 to 5 months and for another 8·8 per cent, 5 to 8 months. If we consider the total amount

of loans sanctioned, 10·7 per cent was disbursed within one month from the date of application, 21·1 per cent within 1 to 3 months and another 21·6 per cent within 3 to 5 months. About 11·6 per cent of the amount disbursed took between 5 and 8 months for sanction. On the whole, 63·7 per cent of the loans for 31·8 per cent of total amount were disbursed within 3 months.

TABLE 10—CASE STUDY OF LOANS ADVANCED BY GOVERNMENT: NUMBER AND AMOUNT OF LOAN BY TIME-LAG BETWEEN THE DATE OF APPLICATION AND DATE OF DISBURSEMENT OF LOAN

Time-lag	No. of loans disbursed	Percentage to total number of loans disbursed	Amount disbursed (Rs)	Percentage to total amount	Average amount of loan (Rs)
	1	2	3	4	5
One month or less	31	*30·4*	4,750	*10·7*	153
1 to 3 months	34	*33·3*	9,346	*21·1*	275
3 to 5 months	10	*9·8*	9,564	*21·6*	956
5 to 8 months	9	*8·8*	5,119	*11·6*	569
More than 8 months	1	*1·0*	45	*0·1*	45
Time-lag not specified	17	*16·7*	15,448	*34·9*	909

Replies received from selected cultivating families in the intensive enquiry showed that of the 120 cultivators investigated, only 4 replied to the question relating to time-lag between the date of application and date of receipt of loan. Of these 4 cultivators, 2 replied that loans were received in less than one month from the time of application while one each replied that the time-lag was between 1 and 3 and between 3 and 5 months. Both types of data show that, on the whole, disposal of applications particularly in respect of loans for smaller amounts was done fairly expeditiously.

It is complained that the cultivators have to go to distant places to receive the amounts sanctioned which interferes with their farm operations and adds to cost of loans. The data collected in this respect show that, of the 102 loans studied, as many as 71 were disbursed outside the place of residence of the applicant.

Yet another complaint against Government finance is inadequacy of amount sanctioned in relation to purpose. Demand side data of the intensive enquiry give the proportion of amount sanctioned by Government to the amount applied for by cultivators. Of the 4 cultivators responding to the relevant questions, 3 stated that the amount disbursed was between 25 and 50 per cent of the amount applied for and one stated that it constituted between 50 and 75 per cent.

Rejected loan applications: Of the 21 rejected applications studied, 7 were rejected for lack of adequate security and 6 for non-approval of the purpose of loan. Another 2 applications were rejected because of the outstanding dues to Government and the remaining six for miscellaneous reasons.

The role of Government as a credit agency is thus not at all significant in this district, particularly because of inadequacy of financial provisions made. Their activities appear to be confined to a few villages. Even in these villages the small cultivators who deserve more help get a relatively small share probably because of emphasis on immovable property as security and lack of co-ordination between the different schemes. There is not much of time-lag involved in the case of large proportion of loans which are for smaller amounts. But the practice of disbursing loans outside the villages of borrowers adds to the cost of loans.

CHAPTER II

CO-OPERATIVE FINANCE

Among the institutional agencies supplying rural credit, the co-operative agency was more important in the Akola district. In this chapter it is proposed to discuss the structure and working of co-operative credit organization and to assess its role as a rural credit agency. The discussion is based on the data collected from the records maintained in the office of the Assistant Registrar of Co-operative Societies as also in the course of investigation on both the demand and supply sides. On the demand side, in the General Scbedule, data were collected on debt owed to co-operatives as on the date of interview and loans borrowed from the same agency during the period of twelve months preceding that date. In the intensive enquiry, in respect of the selected cultivators, details regarding loans from the co-operative agency borrowed and fully repaid during 1951–2 as well as outstanding at the time of enquiry were collected. On the supply side, an on-the-spot study was made of a selected number of crop loan societies, taluka agricultural associations, the district central co-operative bank and the land mortgage bank. Besides collection of data on financial position, in respect of the crop loan societies and the land mortgage bank, all loans made during 1950–1 were studied. Further, some additional details were collected in respect of a sample of these loans. A questionnaire on the various aspects of the working of co-operative societies was canvassed to the secretaries and members of managing committees of the selected societies. A 'general questionnaire on agricultural credit', which included some questions on the co-operative credit agency, was sent to the persons connected with the rural credit institutions and other knowledgeable persons. The assessment of the role of co-operative institutions in rural credit is based on the data and information collected from these several sources.

11.1 ROLE OF CO-OPERATIVES AS A CREDIT AGENCY

According to the General Schedule data, 7·8 per cent of cultivators reported borrowings from co-operatives. The proportion of families borrowing from co-operatives, among the big and large cultivators, was 11·2 per cent and 10·5 per cent, respectively. It was a little lower at 9·8 per cent among the medium cultivators and declined to 2·7 per cent among the small cultivators. About 7 per cent of the total borrowings of cultivators were from co-operatives. Among the groups of cultivators this proportion was 7·1 per cent and 6·2 per cent, respectively, for the big and large cultivators and 7·6 per cent and 5·2 per cent, respectively, for the medium and small cultivators. The average size of borrowings from co-operatives was Rs 38 per big cultivator and Rs 21 per large cultivator as against Rs 9 per medium cultivator and Rs 2 per small cultivator. If we consider the average size of borrowing

per reporting family a wide variation is noticed between the upper and lower groups ; the average amount per reporting big and large cultivator was Rs 336 and Rs 203, respectively, as against Rs 92 and Rs 63 per reporting medium and small cultivator, respectively.

TABLE II.I—BORROWINGS FROM CO-OPERATIVES

[General Schedule data]

Family group	Proportion of families reporting borrowings from co-operatives (Per cent)	Borrowings from co-operatives per family (Rs)	Borrowings from co-operatives per reporting family (Rs)	Borrowings from co-operatives as percentage of total borrowings
	1	2	3	4
Big cultivators.....	*11·2*	38	336	*7·1*
Large cultivators.....	*10·5*	21	203	*6·2*
Medium cultivators.....	*9·8*	9	92	*7·6*
Small cultivators.....	*2·7*	2	63	*5·6*
All cultivators.....	*7·8*	10	136	*6·6*
Non-cultivators.....	*0·5*	1	132	*3·4*
All families.....	*3·9*	**5**	**136**	*6·2*

Data on outstanding debt show the same features. Of the total debt, the proportion of debt owed to co-operatives (including commercial banks) was 5·7 per cent for all cultivators, 9·9 per cent for big cultivators and 6·9 per cent for large cultivators. It was 3·6 per cent for medium cultivators and 3·1 per cent for small cultivators. The average size of debt owed to co-operatives (including commercial banks) per reporting family was Rs 768 for big cultivators, Rs 444 for large cultivators, Rs 104 for medium cultivators and Rs 58 for small cultivators.

According to the intensive enquiry, the average size of borrowing from co-operatives was Rs 11·8 per cultivator. The entire amount was advanced for short-term agricultural purposes. However, the borrowings from co-operatives formed hardly 6·2 per cent of total borrowings from all agencies for the same purposes. Thus, the role played by the co-operative agency in the supply of rural credit was small and confined to the provision of one type of credit alone.

II.2 CO-OPERATIVE CREDIT ORGANIZATION

II.2.1 Structure

The co-operative movement in this district is governed by the Co-operative Societies Act, 1912 and the rules made thereunder. The co-operative credit structure in this district is similar to that found in many other parts of India. At the village level there are the crop loan societies which cater to the short-term agricultural credit needs of their members. Besides the supply of credit, other objectives of these societies include encouragement of mutual help among their members and promotion of co-operative purchase of farm-requisites. The crop loan societies

are affiliated to the Akola Central Co-operative Bank, which in its turn is affiliated to the Madhya Pradesh Co-operative Bank. The long-term agricultural credit is provided by the Akola Land Mortgage Bank, which deals directly with its members. It is affiliated to the Madhya Pradesh Co-operative Bank which has a land mortgage banking department. There are no specialised co-operative agricultural marketing or processing societies in the district. At the village level there are some multi-purpose co-operative societies which are engaged mainly in the distribution of sugar, cloth, kerosene and other consumer goods and seeds, manures and fertilisers, etc., and function more or less as consumer stores. They are affiliated to the taluka agricultural associations, which, in their turn, are affiliated to the Madhya Pradesh Co-operative Marketing Society. The multi-purpose societies get from the taluka association, their quota of controlled articles and other commodities. For meeting their financial needs they are permitted to borrow from the Akola Central Co-operative Bank. In that case, they have to become members of that Bank. Thus, these societies are affiliated at one and the same time to the taluka associations and the central bank. For securing financial assistance, the taluka associations also have to become members of the central bank.

In 1950–1, there were 784 working crop loan societies in the district with a membership of 18,090. Of the 1,477 villages in the district, more than 50 per cent was served by the crop loan societies. The number of crop loan societies was 11 per 10,000 rural population. The number of members worked out at 24 per 1,000 rural inhabitants. The working capital of these societies amounted to Rs 16,65,195 in 1950–1. Its composition was as under :

	(Rs)
Owned funds	**2,77,640**
Paid-up share capital	1,34,547
Reserve fund	1,39,415
Other funds	3,678
Borrowed funds	**13,87,555**
Loans from the central bank	13,81,933
Deposits from members and non-members	5,622
Total working capital	**16,65,195**

The working capital amounted to Rs 92 per member and the owned funds formed a small proportion, *i.e.*, 16·7 per cent of the working capital. Deposits were very small. Loans from the central bank accounted for 83 per cent of the working capital.

11.2.2 Financial operations

Loans advanced by these societies to their members amounted to Rs 22,22,443 in 1950–1 which worked out to Rs 123 per member. Repayments during the year amounted to Rs 15,68,307. Outstandings at the end of the year were Rs 13,81,524, of which Rs 73,557 were overdue.

11.3 SELECTED CROP LOAN SOCIETIES

As stated already, a small sample of crop loan societies were selected for a study of the working of their credit operations. The sample included four societies from the villages selected for demand side investigation, one from one of the marketing centres, and four additional societies, two from Mangrul taluka and one each from Akot and Akola talukas. Thus, in all nine societies were covered. The following table shows the financial position and credit operations of the selected societies which will henceforward be named as Society No. 1, Society No. 2, etc.

TABLE 11.2—FINANCIAL POSITION OF SELECTED PRIMARY CO-OPERATIVE CREDIT SOCIETIES

(Amount in rupees)

	No. of members	Total working capital	Owned funds	Borrowed funds (outstanding) from Provincial or Central Banks	Column 4 as percentage of column 2	Loans advanced during the year	Loans outstanding (including interest receivable)	Proportion of overdues to outstandings (Per cent)
	1	2	3	4	5	6	7	8
Society No. 1.....	17	182	182	–	–	748	28	–
Society No. 2.....	19	929	104	825	*88·8*	938	920	–
Society No. 3.....	29	1,006	209	797	*79·2*	1,142	996	–
Society No. 4.....	13	400	121	279	*69·8*	534	390	*71·8*
Society No. 5.....	33	1,701	462	1,239	*72·8*	2,604	1,691	–
Society No. 6.....	54	4,626	828	3,798	*82·1*	7,974	4,616	–
Society No. 7.....	36	1,860	235	1,625	*87·4*	3,380	1,850	–
Society No. 8.....	57	1,734	643	1,091	*62·9*	4,149	1,724	*100·0*
Society No. 9.....	52	7,497	584	6,913	*92·2*	11,323	7,487	–

11.3.1 Membership

All the selected societies, were registered under the Co-operative Societies Act, 1912 between 1946 and 1949, except one which was registered in 1942. The liability of members of all the societies was limited. In 1950–1, the number of members in four of the societies was less than 30 each ; the membership was between 30 and 60 in the rest of them. All members were reported to be cultivators.

11.3.2 Constitution and management

According to their constitutions, the supreme authority is vested with the General Body. In the annual general meeting of this body the office-bearers and the members of the Managing Committee are elected. It has got the power of expulsion of any existing member and admission of new members. In this meeting the credit limit of each member is also fixed. The Managing Committee consists of the *sirpanch*, a secretary and three members and looks after the day to day administration of the society. The members of the Managing Committee work in an honorary capacity.

None of the societies has any paid staff. The Group officer, who is an employee of the Central Bank, manages the affairs of the society and writes accounts. For this service, the Central Bank charges a levy on a per member basis.

11.3.3 Financial position

Before proceeding to discuss the financial position of the selected societies, a reference is necessary to their maximum borrowing power. As the societies surveyed are crop loan societies and as the loans advanced by them are on the basis of land offered by members as security, no maximum borrowing limit for the societies as such has been fixed by the Registrar. However, the maximum credit limit per member is fixed at Rs 10 per acre of land offered as security subject to a maximum of Rs 500. The maximum borrowing power of the society and the maximum credit limits of members are subject to yearly revision at the annual general meeting. These revisions have, however, to be approved by the Registrar.

The financial position of the selected societies is already given in Table 11.2. As the nature of liability and types of functions were similar for all selected societies, taking into account membership, paid-up share capital and level of advances, the societies can be broadly divided into two groups. Society Nos. 1 to 4 which are very small form one group. Society Nos. 5 to 9 which are not so small as compared to those in the first group form the second group.

11.3.4 Group I

In 1950–1 the paid-up share capital of the four societies in this group ranged between Rs 55 in Society No. 4 and Rs 115 in Society No. 3. The working capital was lowest at Rs 182 in Society No. 1 and highest at Rs 1,006 in Society No. 3. It amounted to Rs 400 in society No. 4 and Rs 929 in Society No. 2. The borrowed funds outstanding formed a very large proportion of their working capital except that of Society No. 1. It was 69·8 per cent in Society No. 4, 79·2 per cent in Society No. 3 and 88·8 per cent in Society No. 2. In Society No. 1, the entire working capital comprised of owned funds, though, during the year covered, a loan of Rs 620 was borrowed from the central bank and was fully repaid. The borrowed funds comprised entirely of loans from the central bank, as no society had any deposits.

Loans advanced during the year ranged from Rs 534 to Rs 1,142. The average size of loan per member varied from Rs 39 in Society No. 3, to Rs 49 in Society No. 2. The amount of outstanding loans was very low at Rs 28 in Society No. 1. It was Rs 390 in Society No. 4, Rs 920 in No. 2 and Rs 996 in No. 3. There were no overdues in any of these societies except in Society No. 4 where they formed 71·8 per cent of the outstanding loans.

11.3.5 Group II

The paid-up share capital of the five societies included in this group ranged from Rs 169 in Society No. 7 to Rs 465 in Society No. 6. The working capital of Society Nos. 5, 7 and 8 ranged between Rs 1,700 and Rs 1,900. It was Rs 4,626

in No. 6 and Rs 7,497 in No. 9. The borrowed funds accounted for a very large proportion of the total working capital varying from 62·9 per cent in Society No. 8 to 92·2 per cent in Society No. 9. There were no deposits in any of these societies. Thus they were dependent entirely on loans from the central bank.

Loans advanced during the year ranged between Rs 2,500 and Rs 4,500 in Society Nos. 5, 7 and 8 and amounted to Rs 7,974 in No. 6 and Rs 11,323 in No. 9. The average size of loan per member ranged between Rs 70 and Rs 80 in Society Nos. 5 and 8 ; it was Rs 94 in No. 7, Rs 148 in No. 6 and Rs 218 in No. 9. The amount of outstanding loans ranged between Rs 1,600 and Rs 1,900 in Society Nos. 5, 7 and 8 ; it rose to Rs 4,616 in No. 6 and was highest at Rs 7,487 in No. 9. There were no overdues except in Society No. 8, where the entire amount outstanding was overdue.

The investments of these societies, except one, were very small amounting to Rs 10 each which were invested in shares of the central bank. In Society No. 1, however, in addition to the investment of Rs 10 in shares of the central bank, Rs 144 were deposited with the central bank. All the nine societies showed net profit during the year amounting to less than Rs 50 in Society Nos. 1, 2, 3, 4 and 7 and varying between Rs 95 and Rs 140 in Society Nos. 5, 6, 8 and 9. None of the societies distributed dividend to its members during the year.

11.3.6 Credit operations

According to the bye-laws of these societies all members who can provide security are entitled for loans. The loans are given at a fixed rate per acre of land offered as security subject to a ceiling limit. In 1950–1 the rate was Rs 10 per acre and the ceiling limit was Rs 500. The borrowing limit of each member is fixed at the annual general meeting. The loans are given in one instalment.

11.3.7 Case study of loans

With a view to studying in detail the loan operations of the selected societies, 249 loans involving a total sum of Rs 30,720 advanced during 1950–1 were studied. All these loans were given for current farm expenditure purposes. However, the size of the loan varied considerably as can be seen from the table below.

TABLE 11.3—PRIMARY AGRICULTURAL CREDIT SOCIETIES : LOANS ADVANCED DURING 1950-1 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
	1	2	3	4	5	6	7
Number of loans	**249**	126	72	26	13	10	2
Percentage of total number of loans	*100·0*	*50·6*	*28·9*	*10·5*	*5·2*	*4·0*	*0·8*
Amount disbursed (Rs)	**30,720**	6,340	9,170	5,850	4,190	4,055	1,115
Percentage of total amount disbursed	*100·0*	*20·6*	*29·9*	*19·1*	*13·6*	*13·2*	*3·6*

About half of the loans were for small amounts upto Rs 100. Another one-third of them were for amounts varying between Rs 100 and Rs 200. Thus about four-fifths of them were for amounts of less than Rs 200. The remaining one-fifth was for amounts varying between Rs 200 and Rs 500 except 2 loans which were for amounts larger than Rs 500. Loans for amounts of Rs 200 and less formed 50·5 per cent of the total amount of loans advanced and those for Rs 200 to Rs 500 for 45·9 per cent. All loans were charged interest at rates varying from $9\frac{3}{8}$ per cent to $12\frac{1}{2}$ per cent and were advanced for a period of one year or less. About 82 per cent of the loans for about 88 per cent of the total amount disbursed were given against the security of immovable property. Security for the rest of the loans was not specified.

A sample of loans made during the year was selected for a further detailed study. The sample included 89 loans. Data on size, duration, purpose, security and interest rate did not show any significant variations from the features noted above. Dates of application and sanction, in most cases, were not available and hence an assessment of the time-lag involved between the date of application and date of sanction could not be made. Information on place of disbursement showed that in 10 cases the loans were disbursed in the same village whereas in as many as 79 cases the place of disbursement was outside the villages where the borrowers resided.

Loans were not disbursed in kind but in cash in one instalment. Regarding the utilisation of loans, there was no direct supervision exercised by the office-bearers and others.

11.3.8 Audit, inspection and supervision

Audit of the societies is a statutory responsibility of the Registrar of Co-operative Societies. No information on date of last audit was collected. Supervision over the societies is done by the staff employed by the central bank. As stated above, the Group officers manage the affairs of the societies and write their accounts. In addition to this, the Berar Co-operative Institute employs a staff of supervisors for consolidation of co-operative credit movement and organization of new societies. Co-operative education, publicity and propaganda are done departmentally.

11.4 AKOLA CENTRAL CO-OPERATIVE BANK

The Akola Central Co-operative Bank was registered in the year 1909. It has jurisdiction over the whole of Akola district. The main function of the bank is to provide finance to the registered co-operative societies which are affiliated to it. It may also finance individual members. During the year 1950–1, the membership of the Bank included 794 co-operative societies and 1,593 individual members. The bank accepts deposits in cash and also in the form of securities. It is empowered to issue debentures subject to the sanction of the Registrar. It can also borrow either on credit or by pledging its securities, title deeds, etc., with a banker or a joint stock company approved by the Registrar provided that the loans and deposits do not exceed the prescribed limit laid down by the Registrar.

11.4.1 Financial position and loan operations

The data relating to the financial position and loan operations of the Bank are given in the table below.

TABLE 11.4—FINANCIAL POSITION AND LOAN OPERATIONS OF THE AKOLA CENTRAL BANK FOR THE YEAR 1950-1

(Amount in hundreds of rupees)

Owned funds	**5,856**	*(27·2)*
Paid-up share capital	850	*(3·9)*
Reserve fund	1,830	*(8·5)*
Other funds	3,176	*(14·8)*
Borrowings	**8,006**	*(37·3)*
From co-operative banks	3,006	*(14·0)*
From other sources	5,000	*(23·3)*
Deposits	**7,640**	*(35·5)*
From primary societies	5,521	*(25·7)*
From individuals and others	2,119	*(9·8)*
Total working capital	**21,502**	*(100·0)*
Loans and advances during the year	**57,072**	
Individuals	34,149	
Societies	22,923	
Repayments during the year	**50,734**	
Individuals	34,737	
Societies	15,997	
Loans due at the end of the year	**14,819**	
Individuals	664	
Societies	14,156	
Overdues	1,096	
Bad and doubtful debts	108	
Investments	4,631	
Profits	145	
Cost of management	507	

(Figures in brackets denote percentages to total working capital)

SOURCE: *Report on the working of co-operative societies in Madhya Pradesh for the year ending 30th June*, 1951.

The working capital of the Bank amounted to Rs 21·5 lakhs of which owned funds accounted for 27·2 per cent. Borrowed funds amounted to Rs 8·0 lakhs. Deposits of all types totalled Rs 7·6 lakhs forming 35·5 per cent of the total working capital. Loans from the Madhya Pradesh Co-operative Bank amounted to Rs 3·0 lakhs or 37·5 per cent of the borrowed funds.

The total loans and advances of the Bank during 1950–1 amounted to Rs 57·1 lakhs of which Rs 34·1 lakhs were advanced to individuals. Loans to co-operative societies amounted to Rs 22·9 lakhs. The amount of loans and advances outstanding at the end of the year was Rs 14·8 lakhs, (excluding interest receivable

which amounted to about Rs 3,400) of which those against individuals amounted to Rs 66 thousands and those against co-operative societies, Rs 14·2 lakhs. The overdues formed 7·4 per cent of the outstanding loans.

The investments of the Bank totalled Rs 4·6 lakhs, of which land and other fixed assets amounted to Rs 1·8 lakhs. The net profit of the Bank for the year 1950–1 was Rs 14,451.

11.4.2 Constitution and management

The supreme authority is vested with the General Body. The day-to-day administration of the Bank is looked after by the Board of Directors. This Board consists of 7 members elected by individual shareholders and 8 members elected by the societies. The Board appoints a working committee of five directors and an honorary secretary.

11.4.3 Loan policy

The loan policy of the Bank as obtained at the time of the Survey has to be studied in the background of the crisis, which it had to face during the thirties. With the onset of the Great Depression, there were defaults on a wide scale by the agriculturist-members resulting in an accumulation of overdues on a very large scale. As loans were made without very careful scrutiny and discrimination, coercive measures had to be taken for recovery of loans. In many cases, lands of the borrowers were attached through the courts and mortgages were foreclosed resulting in acquisition of land by the Bank on a substantial scale. As the land values were also depressed, it was not possible, through the sale of lands in possession of the Bank, to recover even a reasonable proportion of the outstanding loans. Thus a crisis developed and the Bank was on the verge of liquidation. An attempt was, however, made to save the Bank from this fate and a compromise was arrived at with the creditors of the Bank regarding repayment of their deposits, etc. Within a short time after this compromise, came the Second World War and agricultural prices and land values rose steeply. Many of the defaulters repaid their debts and the Bank was able to sell the lands acquired during the depression at remunerative prices. The financial position of the Bank thus recorded an improvement during the forties.

As a result of these happenings the Bank adopted the policy of encouraging the formation of crop loan societies with limited liability for provision of short-term crop finance to the agriculturists and also a very cautious loan policy. Firstly, loans were advanced to the crop loan societies for periods of nine to twelve months. Secondly, a ceiling limit of Rs 10 per acre or Rs 500 per individual member was prescribed. Thirdly, loans were advanced to the members on the security of agricultural lands which were mortgaged in favour of the societies, which, in their turn, assigned the mortgage deeds in favour of the Central Bank. Fourthly, provision was made regarding collection of overdues as arrears of land revenue. Lastly, the Bank appointed Group Officers, who were entrusted with the duty of writing accounts and supervising the working of these societies.

In view of the loan policy adopted by the Bank, it was found not possible to provide adequate finance to bigger cultivators. Thus, a provision was made for advancing loans to individual agriculturists directly on the security of land for current farm expenditure upto Rs 1,500 for a period of nine to twelve months.

11.5 LAND MORTGAGE BANK

Long-term finance for agriculture was provided by the Akola Land Mortgage Bank, Ltd. It was registered in 1938 under the Co-operative Societies Act, 1912. According to its constitution the supreme authority vests in the General Body. The Board of Directors looks after the day to day administration. It consists of 3 *ex-officio* directors, 2 elected representatives each of non-borrowing and borrowing members and 2 directors nominated by the Registrar from among the non-borrowing members. The directors appoint a president and a vice-president from amongst themselves. They also appoint a secretary and a paid manager. Its area of operation extends over the whole district. It functions independently of the Akola Central Co-operative Bank and is affiliated to the Madhya Pradesh Co-operative Bank which functions as the Central Land Mortgage Bank.

The total membership of the Bank was 977 in 1950–1. Its members are divided into two categories, namely, (1) borrowing members and (2) non-borrowing members. The former category is further sub-divided into two classes, *viz.*, (*i*) 'A' class and (*ii*) 'B' class. A borrower has to purchase 'A' class shares at the rate of Rs 5 for Rs 250 or a fraction thereof borrowed. All coparceners who have any interest in land or property offered as security have to purchase one 'B' class share each, the face value of which is one rupee. The 'B' class members have no right to vote and cannot take part in the deliberations of the General Body Meeting.

The Akola Co-operative Land Mortgage Bank advances loans to the agriculturists on the security of land, village shares and other valuable immovable property for, (1) redemption of mortgages on lands, (2) improvement of land and methods of cultivation, (3) liquidation of old debts and (4) purchase of land so as to consolidate the holding of the borrower or to secure more efficient and economic cultivation of his land.

11.5.1 Financial position and loan operations

Table 11.5 on page 152 shows the financial position of the Bank during 1950–1. The working capital of the Bank amounted to Rs 2·63 lakhs of which the owned funds were Rs 19,731 or 7·5 per cent. Borrowings from the Madhya Pradesh Co-operative Bank amounted to Rs 2·31 lakhs or 88·1 per cent and loans and deposits from other sources, Rs 11,556 or 4·4 per cent of the total working capital.

During the year 1950–1, the total amount advanced was Rs 39,424. Outstandings at the end of the year (including interest receivable) were Rs 2·53 lakhs. The amount overdue was Rs 11,884. The maximum borrowing limit of the Bank has been fixed at Rs 3·5 lakhs by the Registrar.

TABLE 11.5—AKOLA CO-OPERATIVE LAND MORTGAGE BANK: FINANCIAL POSITION AND LOAN OPERATIONS IN 1950-1

[Amount in hundreds of rupees]

Number of members	Working capital	Loans advanced during the year	Loans repaid during the year	Amount outstanding at the end of the year (including interest receivable)	Demand during the year	Amount overdue (including interest overdue)
1	2	3	4	5	6	7
977	2,626	394	300	2,526	457*	119

* Data supplied by the institution through co-operative department.

SOURCE: *Report on the working of co-operative societies in Madhya Pradesh for the year ending 30th June*, 1951.

11.5.2 Case study of loans

With a view to studying in detail the loan operation of the Land Mortgage Bank, 32 loans advanced during the year 1950–1 were studied. A classification of these loans according to purpose shows that 94 per cent of them were advanced for repayment of old debts, about 3 per cent each for improvement of land and for more than one purpose. The following table gives the distribution of loans according to size.

TABLE 11.6—AKOLA CO-OPERATIVE LAND MORTGAGE BANK: LOANS ADVANCED DURING 1950-1 CLASSIFIED ACCORDING TO SIZE

	Total	Less than Rs 1,000	Rs 1,000 to Rs 3,000	Rs 3,000 and above
	1	2	3	4
Number of loans advanced	**32**	12	18	2
Percentage to total number of loans advanced	***100·0***	*37·5*	*56·3*	*6·2*
Amount advanced (Rs)	**38,930**	7,030	25,900	6,000
Percentage to total amount advanced	***100·0***	*18·1*	*66·5*	*15·4*

Of the 32 loans advanced during the year, 12 loans were for less than Rs 1,000 each and another 18 loans for amounts varying between Rs 1,000 and Rs 3,000 each. Of the total amount of loans advanced, those for less than Rs 1,000 accounted for 18·1 per cent and those for Rs 1,000 to Rs 3,000 for 66·5 per cent. Two loans for Rs 3,000 each accounted for 15·4 per cent of the total amount of loans advanced. Thus, loans for amounts varying between Rs 1,000 and Rs 3,000 were more common.

The distribution of loans according to duration shows that 30 loans were for the duration of more than 15 years and the remaining 2 for 10 to 15 years. The usual rate of interest charged was 7 per cent.

The procedure prescribed for sanction of loans by the Bank consists of the following stages.

1. The loan application is received by the Manager of the Bank duly filled in by the applicant or the Manager fills it himself on behalf of the applicant. After inspection of the record of rights by the bank officials it is forwarded to the Government valuer.
2. The Government valuer scrutinizes it and returns it to the Bank with his recommendations.
3. The application is then sent to the legal adviser for examination of the title of the applicant to the property offered as security.
4. Along with the opinion of the legal adviser and the other reports, the application is sent to the Board of Directors which may sanction or reject it.
5. If sanctioned, the Manager, with the help of the index register in the Sub-Registrar's office, verifies that the property offered as security is free from encumbrances and gives a non-encumbrance certificate. The application is then forwarded to the Assistant Registrar of Co-operative Societies.
6. The Assistant Registrar forwards it to the Registrar with his recommendations.
7. The Registrar examines it and forwards it to the Managing Director of the Madhya Pradesh Co-operative Bank.
8. The Madhya Pradesh Co-operative Bank may sanction or reject it.

The procedure outlined above is obviously very elaborate and cumbersome and thus it may take a long time for sanction of loans. A common complaint against the land mortgage bank was considerable delay in sanction of loans. Data on the time-lag involved between the dates of application and sanction of loans were collected which are given in the table below.

TABLE 11.7—AKOLA CO-OPERATIVE LAND MORTGAGE BANK: TIME-LAG INVOLVED BETWEEN DATE OF APPLICATION AND DATE OF SANCTION OF LOANS

Time-lag between application and sanction	Number of loans advanced	Percentage to total number of loans advanced	Amount advanced (Rs)	Percentage to total amount advanced
	1	2	3	4
Upto 3 months	1	*3·1*	1,300	*3·4*
3 to 6 months	5	*15·6*	4,100	*10·5*
6 to 12 months	3	*9·4*	3,900	*10·0*
One year and above	23	*71·9*	29,630	*76·1*
Total	**32**	***100·0***	**38,930**	***100·0***

The above table reveals that there was considerable delay in sanction of loans. Out of 32 loans, in the case of 23 loans amounting to 76·1 per cent of the total amount

advanced, the time-lag involved between the dates of application and sanction was one year or more. In eight cases it was generally from three months to one year.

11.5.3 Utilization of loans

In respect of loans for repayment of old debts, the Bank paid to the creditors of the borrower directly. In other cases the Government valuer was expected to watch the utilisation of loans and issue utilisation certificates.

In one case, action under Section 10 of the Co-operative Land Mortgage Banks Act, 1937 was taken against the borrower who committed a default in repayment of one instalment of loan.

A case study of a sample of 10 loans was made with a view to studying some more details about the procedure, etc. The data in respect of these loans did not show any significant variations in respect of size, purpose, duration and security of loans from those noted above. The amounts of loan applied for and sanctioned were generally equal. Out of 10 cases, the time-lag between the date of application and of sanction was one year or more in 4 cases and between 3 months and 12 months in another 4 cases. Disbursement of loans in 9 cases out of 10 was outside the villages in which the borrowers resided.

11.6 MARKETING SOCIETIES

The enquiry on the supply aspect of Survey also included a study of 5 marketing co-operative societies in the district. The financial position and working of these societies are given in the table on page 155.

These agricultural associations were dealing in controlled and non-controlled commodities like foodgrains, iron and steel, cloth, kerosene, etc., and were functioning more or less like consumer stores. They did not undertake marketing of agricultural produce on a co-operative basis. As none of the societies, strictly speaking, can be called a marketing society, no further discussion appears necessary.

The above discussion points out that though more than half of the total number of villages in the district were covered by the crop loan societies, these societies were very small in size. The area of operation of each society was generally restricted to one village. The capital structure showed that the size of owned funds and in particular of the paid-up share capital was small and that the societies were mostly dependent on loans from the central bank for financing their members. The amount of deposits was very small and no attempts, through special schemes, seemed to have been made to promote thrift and mobilise savings. The loan policy was rather conservative ; short-term finance was provided on the security of land and that too at the rate of Rs 10 per acre, which, considering the costs of cultivation was rather inadequate. As the size of operations was small, the net profits were low. The societies were, therefore, not able to employ full-time paid staff and carried on with the assistance of honorary workers and group officers. Thus, there was not strict supervision over the utilization of loans. Moreover, other activities such as supply of farm requisites could not be undertaken. There were no agricultural marketing

societies and therefore, no interlinking of credit with marketing. The land mortgage bank provided long-term finance to a small number of cultivators, mostly for repayment of old debts. There was considerable delay in disposal of loan applications. One of the good features of the co-operatives was prompt repayments and a very low proportion of overdues and bad and doubtful debts.

TABLE 11.8—FINANCIAL POSITION AND WORKING OF THE SELECTED CO-OPERATIVE AGRICULTURAL ASSOCIATIONS

[Amount in hundreds of rupees]

Society	Owned funds	Value of sales during the year	Commission earned on sales during the year	Commodities handled
	1	2	3	4
Co-operative Agricultural Association No. 1*	920	5,327**	16	Controlled and non-controlled foodgrains, iron and steel, cloth, oilcakes, cottonseed, etc.
Co-operative Agricultural Association No. 2	245	738***	55	Cloth, iron, steel, oilcakes, vegetable seeds, ploughs and spare parts and controlled commodities.
Co-operative Agricultural Association No. 3	125	599	14†	Jowar, wheat, gram, pulses and cottonseed.
Co-operative Agricultural Association No. 4	123	819***	–	Controlled foodgrains, sugar, kerosene oil, cloth, iron, steel, spare parts and cottonseed.
Co-operative Agricultural Association No. 5	571	1,926‡	11‡	Foodgrains, vegetable seeds, iron ploughs, spare parts, oilcakes and sugar.

* Data received through the Co-operative Department. In respect of other institutions, data supplied to the field staff.

** Includes value of controlled commodities.

*** Includes value of seeds, manure, implements, etc., and value of consumption goods.

† Includes Rs 341 earned as commission for procurement of foodgrains.

‡ Relates to procurement.

CHAPTER 12

PRIVATE CREDIT AGENCIES

The private credit agencies played a dominant part in rural credit organisation in this district. As stated already, they accounted for 92·8 per cent of total borrowings of cultivators. About 93·4 per cent of the outstanding debt of cultivators was owed to them. The following table brings out the important role played by these agencies in rural credit.

TABLE 12.1—BORROWINGS FROM AND DEBT OWED TO PRIVATE CREDIT AGENCIES BY CULTIVATORS

[General Schedule data]

Family group	Proportion of borrowings from private credit agencies to total borrowings (Per cent)	Proportion of debt owed to private credit agencies to total debt (Per cent)
	1	2
Big cultivators	*92·6*	*88·8*
Large cultivators	*93·4*	*92·2*
Medium cultivators	*91·3*	*95·6*
Small cultivators	*93·0*	*96·1*
All cultivators	***92·8***	***93·4***

The proportion of borrowings from private credit agencies to total borrowings among the four groups of cultivators did not show any divergence from that noted for all cultivators. The data on debt also supports this finding. The proportion of debt from private credit agencies to total debt ranged between 88·8 per cent and 96·1 per cent among the four groups of cultivators.

The private credit agencies provided loans for all purposes. As was seen in Chapter 9, practically the whole of the borrowings for long-term agricultural purposes, short-term and long-term consumption purposes, and repayment of debt were from the private credit agencies. Even a very large proportion of borrowings for short-term agricultural purposes was from the private credit agencies. In this chapter it is proposed to discuss the legal framework within which these agencies operate, the mode of their operations and structural and functional relationships between them.

12.1 LEGAL FRAMEWORK

In this section it is proposed to describe briefly the following three important aspects of the legal framework within which the private credit agencies operated during the Survey year : (1) Regulation of moneylending transactions, (2) Regulation

of mortgage credit through restrictions on sale and mortgage of land, and (3) Debt relief and conciliation. Discussion on regulation of markets is already given in Chapter I.

There were three enactments in force for regulating moneylending transactions in 1951–2, namely, the Usurious Loans Act 1918, the Madhya Pradesh Moneylenders Act, 1934 and the C.P. and Berar Protection of Debtors Act, 1937, as amended from time to time. The Usurious Loans Act, 1918, as amended by the Central Provinces Usurious Loans Act in 1934, stipulated that compound interest in excess of 10 per cent, and simple interest in excess of 12 per cent in the case of a secured loan and 18 per cent in the case of an unsecured loan be deemed as excessive. The court is given powers, in case of a transaction where excessive rate of interest is charged to reopen it, and after taking an account between the parties, to relieve the debtor of all liabilities in respect of any excessive interest. Further, it can order the creditor to repay any sum paid or accounted for in respect of such liabilities to the debtor.

The Madhya Pradesh Moneylenders Act was passed in 1934 and was amended in 1937, 1939 and 1940. In 1939, the C.P. and Berar Moneylenders (Supplementary) Act was passed. The former Act provides for the registration and licensing of moneylenders. It provides for a penalty for conducting business without a registration certificate and also lays down that no suit for recovery of a loan advanced by a moneylender shall proceed in a civil court unless the court is satisfied that he holds a valid registration certificate. The Act requires every registered moneylender regularly to maintain an account for each debtor separately of all transactions in respect of any loan advanced to that debtor and furnish such debtor every year with a statement of accounts. Every moneylender is also required to give a receipt in respect of each sum received as repayment. The Act provides a limit on the arrears of interest to be recovered upto the amount of the principal of the loan and also for repayment of loans in instalments. The C.P. & Berar Protection of Debtors Act provides for protection of debtors from molestation and intimidation.

The tenancy legislation or any other legislation in Berar did not provide for any restriction on transfer of land of owner cultivators. The Berar Regulation of Agricultural Leases Act, 1951, however, imposes a restriction on transfer, by way of sale, gift, mortgage, sub-lease or otherwise the rights of a protected lessee in his land. Exception, however, has been made in respect of transfers for securing advances from the State Government or a co-operative society.

12.2 SELECTION OF MONEYLENDERS AND TRADERS

The scope of the supply side enquiry included a study of the structure and working of private credit agencies which dominate the rural credit organization. Already we have classified the private credit agencies for the demand side discussion into professional moneylenders, agriculturist moneylenders, landlords, relatives, traders and commission agents and others. The plan of supply aspect of the Survey provided for an investigation into the nature of business and mode of operations

of three principal private agencies, namely, the professional and agriculturist moneylenders, indigeneous bankers and traders and commission agents. For this purpose a separate supply questionnaire for each of these agencies was designed. It was decided to cover with the help of these questionnaires all families falling under these categories in the selected villages. Further, in addition to the district headquarters which is an important business and trading centre, four important marketing centres were selected. At each of these centres, it was decided to canvass the relevant questionnaires to not more than 20 traders and commission agents and to an equal number of moneylenders. It was also decided to study in detail 10 loans each from some of the moneylenders, if they co-operated. The marketing centres selected for this enquiry were Akola, Akot, Balapur, Washim and Karanja. The total number of moneylenders, indigenous bankers and traders and commission agents studied at these centres was 104, 4 and 84 respectively.

Because of the likelihood of raising suspicion about the purpose of enquiry into the minds of the respondents, particularly because the moneylending legislation was in operation, the questionnaires did not seek quantitative information on their financial operations. Most of the questions sought information of a qualitative nature regarding the mode of operations. Thus, in the discussion that follows only the qualitative replies have been tabulated and used. It may be pointed out that on the demand side the moneylenders were classified as professional and agriculturist ; but in the following discussions this classification is replaced by one which classifies the respondents into urban and rural according to their place of residence.

12.3 RELATIVES

We have already seen in Chapter 9 that according to the General Schedule data, 12 per cent each of the borrowings and the outstanding debt of cultivators were accounted for by relatives. The distribution of borrowings and debt among the different family groups is given in Table 12.2.

About 8 per cent of the cultivating families reported borrowings from relatives. The proportion of families borrowing from this agency among the big and large cultivators was 4·7 per cent and 7·9 per cent, respectively, but the amounts borrowed formed 11·0 per cent and 9·6 per cent, respectively, of the total borrowings. Among the medium and small cultivators, the proportion of families borrowing from this agency was 9·4 per cent and 6·1 per cent, respectively. But the borrowings from this agency formed a relatively higher proportion of their total borrowings, i.e. 15·4 per cent and 30·0 per cent, respectively. The average size of borrowings per borrowing family, however, showed a downward trend with the size of cultivated holdings, declining from Rs 1,243 for big cultivators to Rs 148 for small cultivators. The data relating to borrowings according to different purposes collected in the intensive enquiry indicate that more than 55 per cent of the borrowings from relatives were for short-term agricultural purposes, while 23·0 per cent were for long-term agricultural purposes. Proportion of borrowings from relatives for short-term consumption purposes as also for long-term consumption purposes was 15·4 per cent and 5·7 per cent, respectively.

TABLE 12.2—BORROWINGS FROM AND DEBT OWED TO RELATIVES

[General Schedule data]

Family group	BORROWINGS			DEBT	
	Proportion of families borrowing	Average borrowings per family borrowing from relatives	Proportion of borrowings from relatives to total borrowings	Average debt per family	Proportion of debt owed to this agency to total debt
	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5
Big cultivators	*4·7*	1,243	*11·0*	56	*8·5*
Large cultivators	*7·9*	417	*9·6*	38	*9·5*
Medium cultivators	*9·4*	193	*15·4*	23	*16·2*
Small cultivators	*6·1*	148	*30·0*	5	*15·0*
All cultivators	*7·9*	253	*12·3*	22	*11·6*
Non-cultivators	*3·9*	111	*21·4*	6	*21·3*
All families	*5·7*	**202**	*13·4*	**14**	*13·1*

12.4 VILLAGE AND URBAN MONEYLENDERS

Of the 104 moneylenders, who responded to our questionnaire, 100 resided at the taluka headquarters and the selected marketing centres. Some of the persons in the selected villages, who were reported to be lending money, it was found, advanced small sums of money only occasionally to their relatives or tenants. The number of loans advanced by most of them did not exceed ten each and the total outstanding dues did not exceed Rs 500 in most cases. As such, except 4 of them, others were not considered as professional moneylenders.

Most of the 104 moneylenders covered were also engaged in occupations other than moneylending. As many as 77 reported cultivation of land as one of their occupations other than moneylending. Eleven of them were non-cultivating landowners. The proportion of moneylenders who were also either shop-keepers, traders, general merchants or brokers and commission agents was 37·5 per cent, 11·5 per cent, 7·7 per cent and 20·2 per cent, respectively. About 13·5 per cent of them were also goldsmiths. Only one moneylender reported no other business except moneylending.

The village moneylenders had their dealings mostly with the agriculturists. In the case of 54 of the 87 urban moneylenders giving this information, more than three-fourths of clients were agriculturists. The proportion of agriculturist clients to the total clientele was between 50 and 75 per cent in the case of 18 urban moneylenders and between 25 and 50 per cent in the case of 6 others. Agriculturist clients formed less than 25 per cent of their clients in respect of 9 moneylenders. Thus, the town moneylenders had their dealings largely with the agriculturists and hence were an important source of rural finance.

No information was sought on the volume of financial operations of the selected moneylenders. However, some information on the distribution of loans to agriculturists according to size was provided by them. It was reported by nearly 50 per cent of the urban moneylenders who gave the information that 75 per cent or more of their total advances were made to the agriculturists. In the case of another 25 per cent of the moneylenders, 50 to 75 per cent of their advances were given to agriculturists. The remaining 22 moneylenders provided less than half of their total advances to agriculturists. The urban moneylenders advanced mostly loans upto Rs 100. It was reported by 32 moneylenders that more than 50 per cent of loans made by them were for amounts upto Rs 100 ; another 26 moneylenders reported that such loans formed 25 to 50 per cent of the total number of loans given. Loans between Rs 100 and Rs 500 constituted more than 50 per cent of the total amount advanced by about 20 out of 74 moneylenders. Loans between Rs 500 and Rs 1,000 were reported by 54 moneylenders. But these loans generally formed less than 25 per cent of the total loans given by them.

In the questionnaire, special questions were included with a view to elucidating information about loans against standing and harvested crops given by the moneylenders. Replies received in response to these questions indicate that about 6 per cent of the urban moneylenders reported to have given loans against standing crops and about 7 per cent against harvested crops. Most of the moneylenders who reported that they lent against standing crops or harvested crops reported that they also stipulated for the sale of the crop to them after harvest. Only 4, out of the 100 urban moneylenders reported that they gave grain loans.

In response to the question regarding the purposes of loans and the extent of supervision over utilisation of loans, it was found that all the village moneylenders and 90 urban moneylenders reported that they did enquire about the purpose for which loans were required. But nearly 80 per cent of them reported that they did not watch the actual utilisation. All the village moneylenders and 88 of the 89 urban moneylenders replying to the relevant question reported that they stipulated a definite period for repayment of loan. About 47 per cent of the 81 urban moneylenders answering the question reported that less than 25 per cent of the loans were repaid after the expiry of the stipulated period, while about one-third of them reported that between 25 and 50 per cent of the loans were repaid after the expiry of the stipulated period. About 39 per cent of the 72 urban moneylenders and three village moneylenders who answered the question reported that less than 10 per cent of the amount given to agriculturists was doubtful, while 53 per cent of the urban moneylenders reported as doubtful between 10 and 25 per cent of the amount of loans given to agriculturists. About 45 per cent of the 65 urban moneylenders answering the question reported that in respect of 10 to 25 per cent of the number of loans, they had to enter into litigation for recovery while, only 11 per cent of the 35 moneylenders answering the question reported that in respect of 10 to 25 per cent of the loans, recovery involved forfeiture of security.

12.5 INDIGENOUS BANKERS

For the purpose of the enquiry, an indigenous banker was defined as one who accepted deposits or dealt in *hundis*. About 10 per cent of the urban moneylenders interviewed reported as accepting deposits. But only four of them were really 'indigenous bankers'. All the four were traders in agricultural commodities, one was also a shopkeeper and two were general merchants ; three were also brokers and/or commission agents.

All of them granted advances to traders for trading in agricultural commodities. Only one of them provided loans to agriculturists. None of them issued demand or usance *hundis* or allowed cash credit, etc., to traders dealing in agricultural commodities.

The responding indigenous bankers reported that the interest rates paid on deposits by them varied between 3 and 6¼ per cent in the case of both short-term and long-term deposits. Deposits constituted less than 10 per cent of their total resources in the case of 2 bankers and between 10 and 25 per cent in the case of one banker. In the case of one banker the proportion exceeded 25 per cent. All of them reported that they borrowed loans from commercial banks. One of them borrowed loans from private moneylenders also. Of the four indigenous bankers three reported as dealing in *hundis* ; two of them reported that they dealt only in demand *hundis* while one did not give the necessary information.

12.6 LANDLORDS

As already observed, the proportion of families borrowing from landlords to the total number of families was 2·9 per cent among the cultivators, the amount borrowed from them constituting about 4 per cent of the total borrowings. The data for the four groups of cultivators as well as for the non-cultivators are given in Table 12.3.

It may be seen from the table that the number of families borrowing from landlords constituted 1·4 per cent and 2·0 per cent of the total families in the big and large cultivator groups respectively. Among the medium and small cultivators the proportion was slightly higher at 3·7 per cent and 3·0 per cent respectively. Proportion of borrowings from landlords to total borrowings varied from 3·3 per cent to 7·2 per cent among the four groups. Average borrowings per borrowing family was very high at Rs 2,229 for the big cultivators.

According to the data collected in the intensive enquiry landlords accounted for only 0·2 per cent of the total borrowings. The entire amount borrowed was for short-term agricultural purposes and was free of interest.

12.7 AGRICULTURIST MONEYLENDERS

Agriculturist moneylenders accounted for about 26 per cent of the borrowings of cultivators. The proportion of borrowings from this agency to the total borrowings was about 9 per cent in the case of big cultivators as against 27 per cent in the

TABLE 12.3—BORROWINGS FROM AND DEBT OWED TO LANDLORDS

[General Schedule data]

Family group	BORROWINGS			DEBT	
	Proportion of families borrowing (Per cent)	Average borrowings per family borrowing from landlords (Rs)	Proportion of borrowings from landlords to total borrowings from all agencies (Per cent)	Average debt per family (Rs)	Proportion of debt owed to landlords to total debt owed to all agencies (Per cent)
	1	2	3	4	5
Big cultivators	*1·4*	2,229	*6·0*	91	*13·9*
Large cultivators	*2·0*	783	*4·5*	48	*12·1*
Medium cultivators	*3·7*	103	*3·3*	16	*11·4*
Small cultivators	*3·0*	74	*7·2*	6	*17·2*
All cultivators	*2·9*	240	*4·3*	23	*12·2*
Non-cultivators	*0·6*	326	*10·3*	3	*12·2*
All families	***1·7***	**257**	***5·1***	**13**	***12·2***

case of small cultivators. The proportion of families reporting borrowing from this agency increased from 3·7 per cent among the big cultivators to 15·1 per cent among the medium cultivators, before falling to 8·5 per cent among the small cultivators. Details regarding borrowings from and debt owed to this agency are given in Table 12.4.

TABLE 12.4—BORROWINGS FROM AND DEBT OWED TO AGRICULTURIST MONEYLENDERS

[General Schedule data]

Family group	BORROWINGS			DEBT	
	Proportion of families borrowing (Per cent)	Average borrowings per family borrowing from agriculturist moneylenders (Rs)	Proportion of borrowings from agriculturist moneylenders to total borrowings from all agencies (Per cent)	Average debt per family (Rs)	Proportion of debt owed to agriculturist moneylenders to total debt owed to all agencies (Per cent)
	1	2	3	4	5
Big cultivators	*3·7*	1,259	*8·7*	–	–
Large cultivators	*10·4*	682	*20·7*	15	*3·7*
Medium cultivators	*15·1*	290	*37·4*	5	*3·9*
Small cultivators	*8·5*	100	*27·1*	2	*4·8*
All cultivators	*11·6*	357	*25·6*	7	*3·8*
Non-cultivators	*6·2*	117	*36·4*	3	*10·2*
All families	***8·7***	**265**	***26·9***	**5**	***4·8***

According to the intensive enquiry data borrowings from agriculturist moneylenders formed 2·8 per cent of the total borrowings and were incurred for short-term agricultural purposes. About 61 per cent of the borrowings from this agency were interest free while, about 12 per cent were charged interest at rates varying between 10 and 12½ per cent. Interest was charged at rates between 25 and 35 per cent in respect of about 27 per cent of the borrowings from this agency.

12.8 PROFESSIONAL MONEYLENDERS

Table 12.5 gives data on borrowings from and debt owed to professional moneylenders by the rural families.

TABLE 12.5—BORROWINGS FROM AND DEBT OWED TO PROFESSIONAL MONEYLENDERS

[General Schedule data]

Family group	BORROWINGS			DEBT	
	Proportion of families borrowing	Average borrowings per family borrowing from professional moneylenders	Proportion of borrowings from the agency to total borrowings from all agencies	Average debt per family	Proportion of debt owed to the agency to total debt owed to all agencies
	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5
Big cultivators	*19·8*	1,620	*60·5*	401	*61·4*
Large cultivators	*21·8*	769	*48·7*	236	*59·3*
Medium cultivators	*18·1*	193	*29·7*	83	*58·5*
Small cultivators	*11·1*	75	*26·9*	18	*50·4*
All cultivators	*17·1*	400	*42·3*	111	*58·6*
Non-cultivators	*1·2*	252	*14·5*	13	*46·4*
All families	**8·6**	**389**	**38·8**	**59**	**56·7**

More than 42 per cent of the borrowings of cultivators were accounted for by the professional moneylenders. Proportion of cultivators borrowing from this agency, however, was only 17 per cent. Proportion of borrowings from this agency to the total borrowings from all agencies was more than 48 per cent among the big and large cultivators and less than 30 per cent among the medium and small cultivators. The relatively less importance of professional moneylenders as a source of finance to the smaller cultivators can perhaps be explained by the fact that relatives and agriculturist moneylenders together accounted for more than 50 per cent of the borrowings of the medium and small cultivators. Both these two types of agencies are relatively less important in the case of the big and large cultivators.

According to the intensive enquiry data, professional moneylenders accounted for about 87 per cent of the total borrowings. More than 80 per cent of the borrowings

from them were for short-term agricultural purposes. Of the total borrowings from all agencies for short-term agricultural purposes, about 86 per cent was from this agency. The relevant data are given in the table below.

TABLE 12.6—BORROWINGS FROM PROFESSIONAL MONEYLENDERS ACCORDING TO PURPOSE-PERIOD

[Intensive enquiry data]

Purpose/period	Average borrowings per family (Rs)	Proportion of borrowings from professional moneylenders to total borrowings from all agencies (Per cent)	Proportion of borrowings for the purpose to total borrowings for all purposes (Per cent)
	1	2	3
Agricultural			
Short-term	163·5	*86·4*	*84·3*
Long-term	3·6	*77·0*	*1·8*
Non-agricultural			
Short-term	–	–	–
Long-term	9·8	*100·0*	*5·0*
Consumption			
Short-term	8·1	*91·7*	*4·2*
Long-term	0·4	*57·8*	*0·2*
Repayment of old debt	3·6	*100·0*	*1·9*
Other purposes	5·0	*100·0*	*2·6*

About 5 per cent of the borrowings from professional moneylenders were free of interest. About 38 per cent of the total borrowings were at rates between 10 and 18 per cent and another 5 per cent at rates between 18 and 25 per cent. About 52 per cent of the borrowings were at rates exceeding 25 per cent. In this connection, it may be noted that the maximum stipulated rate of interest, according to the Usurious Loans Act, 1918, as amended by the Central Provinces Usurious Loans Amendment Act, 1934, was 12 per cent in respect of secured loans and 18 per cent in respect of unsecured loans. In other words, about 57 per cent of the borrowings from professional moneylenders were at rates higher than the maximum stipulated rate of interest.

12.9 TRADERS AND COMMISSION AGENTS

Borrowings from persons who were in the main traders, commission agents, etc., were treated as borrowings from "traders and commission agents" referred to hereafter as traders. As can be seen from Table 12.7 the proportion of families borrowing from this agency among the big and large cultivators was 6·1 per cent and 5·2 per cent as against 1·8 per cent and 0·3 per cent among the medium and small cultivators, respectively.

TABLE 12.7—BORROWINGS FROM AND DEBT OWED TO TRADERS AND COMMISSION AGENTS

[General Schedule data]

Family group	BORROWINGS			DEBT	
	Proportion of families borrowing	Average borrowings per family borrowing from traders and commission agents	Proportion of borrowings from the agency to total borrowings from all agencies	Average debt per family	Proportion of debt owed to the agency to total debt owed to all agencies
	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5
Big cultivators	*6·1*	526	*6·1*	31	*4·8*
Large cultivators	*5·2*	500	*7·6*	30	*7·5*
Medium cultivators	*1·8*	201	*3·0*	6	*4·2*
Small cultivators	*0·3*	128	*1·2*	2	*6·7*
All cultivators	*2·4*	403	*6·0*	12	*6·6*
Non-cultivators	*0·4*	155	*2·9*	1	*4·3*
All families	*1·3*	**365**	*5·6*	**6**	*6·2*

According to the data collected in the intensive enquiry, more than 80 per cent of the total produce sold during the year by the selected cultivators was reported to have been sold to traders and commission agents, as can be seen from the table below.

TABLE 12.8—VALUE OF CROPS AND FODDER MARKETED THROUGH DIFFERENT AGENCIES

[Intensive enquiry data. Amount in rupees per family]

	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 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	1,796	56	–	350	2,203	*81·6*	*56·0*
Lower strata	325	8	–	44	377	*86·3*	*66·3*
All cultivators	**1,061**	**32**	–	**197**	**1,290**	*82·3*	*57·3*

With a view to collecting detailed information relating to terms on which sale transactions with traders were entered into, a special questionnaire was canvassed. According to the replies received to this questionnaire, in the case of 8 per cent of the transactions (in respect of which proper answers were given) of upper strata cultivators and 5 per cent of the lower strata cultivators, the commodity was delivered in the village of residence of the cultivators. A large proportion of marketed produce was transported to the marketing centres. In the case of about 50 per cent of the transactions reported by the upper strata cultivators and 30 per cent by the lower strata cultivators, price was fixed even before delivery. Of the 80 traders answering the relevant questions, 2·5 per cent reported as having advanced loans against standing crops and 7·5 per cent against harvested crops.

12.10 COMMERCIAL BANKS

Less than one per cent of the cultivating families reported borrowings from commercial banks. Proportion of borrowings from commercial banks to the total borrowings of cultivators was 1·5 per cent only. None of the small cultivators reported borrowings from this agency, while about 1·5 per cent of the large cultivators had borrowed substantial amounts from this agency, the details regarding which are given in the table below.

TABLE 12.9—BORROWINGS FROM COMMERCIAL BANKS

[General Schedule data]

Family group	Proportion of families borrowing (Per cent)	Average borrowings per family borrowing from banks (Rs)	Proportion of borrowings from banks to total borrowings (Per cent)
	1	2	3
Big cultivators	*0·4*	205	*0·2*
Large cultivators	*1·5*	484	*2·1*
Medium cultivators	*0·2*	75	*0·1*
Small cultivators	–	–	–
All cultivators	*0·6*	419	*1·5*
Non-cultivators	–	50	*0·1*
All families	***0·3***	**393**	***1·3***

In the intensive enquiry, very little amount was reported to have been borrowed by the selected cultivators from this agency. The entire amount borrowed was for short-term agricultural purposes and was secured by immovable property.

In the district, there were 11 commercial banks. All of them replied to the questionnaire canvassed to them. According to the information received, of the total amount outstanding as on 30 September 1951 on the loans advanced for 'agriculture' for the district as a whole, about a lakh of rupees had been advanced to cultivators against the security of agricultural produce and about 2·24 lakhs had

been given against bullion and other collateral security. Clean advances for 'agriculture' amounted to Rs 40,711.

12.11 FINANCIAL SUPERSTRUCTURE OF PRIVATE CREDIT AGENCIES

With a view to studying the superstructure of private credit agencies, in the questionnaire canvassed to moneylenders and traders, a question was asked as to whether they were able to meet the increased demand for funds during the busy season from their owned resources. If not, the sources from which they could obtain funds were asked for. The sources listed were (1) commercial banks, (2) indigenous bankers, (3) other moneylenders, (4) drawing of *hundis* and (5) others. In the case of traders, additional sources of credit, viz., manufacturing and processing concerns and wholesalers and export firms were also listed. The information asked for was in terms of proportion of finance obtained through the named source to the total credit obtained during the period of one year and no attempt was made to collect information in absolute amounts of loans. Further, the questions were about the sources from which a moneylender or a trader could borrow, and therefore, it is possible that some, who had not actually borrowed from an agency during the year might have reported that they could borrow from the agency. Nevertheless, the data reveal broadly the dependence for finance of the primary agencies on those at the higher level of the credit structure. The data collected in response to these questions are presented in the table below.

TABLE 12.10—FINANCIAL SUPERSTRUCTURE: PRIVATE CREDIT AGENCIES

	Number responding	Number who said they had to borrow and reported borrowings	NUMBER WHO SAID THEY BORROWED FROM THIS SOURCE AND ITS PROPORTION TO THE TOTAL NUMBER WHO HAD TO BORROW AND REPORTED BORROWINGS						
			Commercial banks	Indigenous bankers	Moneylenders	By drawing *hundis*	Manufacturing and processing concerns	Wholesalers and export firms	Others
	1	2	3	4	5	6	7	8	9
Village moneylenders.....	4	2	–	2 (*100·0*)	–	–	–	–	–
Urban moneylenders.....	100	25	6 (*24·0*)	–	22 (*88·0*)	–	–	–	1 (*4·0*)
Traders.....	84	50	28 (*56·0*)	4 (*8·0*)	21 (*42·0*)	–	3 (*6·0*)	4 (*8·0*)	10 (*20·0*)

More than one-fourth of the moneylenders and about two-thirds of the traders reported that they had to borrow from other agencies. Two of the four village moneylenders interviewed, reported that they had to borrow to meet the increased

demand during the busy season and that they could borrow from indigenous bankers. Of the 25 urban moneylenders who said that they had to borrow, 6 reported that they could borrow from commercial banks, while 22 reported that they could borrow from other moneylenders. About 56 per cent of the traders who stated that they had to borrow, reported that they could borrow from commercial banks as against only 42 per cent who reported that they could borrow from moneylenders. Only a few reported that they could also borrow from manufacturers and processing concerns as also from wholesalers and export firms. It appears from the discussion above that the village moneylenders depend on the indigenous bankers for credit. Similarly, the urban moneylenders also depend largely on their counterparts for credit and to some extent on the commercial banks. The traders depend for credit largely on commercial banks or to a slightly less extent on moneylenders and indigenous bankers. To a small extent they depend on their customers, i.e., export firms and processing and manufacturing concerns. The indigenous bankers draw their funds from deposits and by borrowing from the commercial banks and private moneylenders.

CHAPTER 13

CONCLUDING REMARKS

In the Akola district with its large plains of fertile black cotton soils and a generally regular and seasonal rainfall, cultivation has extended to the farthest limit possible under the existing stage of technological development. Agriculture is thus comparatively more stable and developed. The process of commercialisation of agriculture has made good advance, the main cash crops grown being cotton and groundnut. It was observed that a very large proportion of the selected cultivators cultivated cash crops on a portion of their holdings, the extent of which varied with the size of holdings. According to the Survey data, cash receipts from sale of crops and fodder varied between 49 and 78 per cent of the value of gross produce among the ten deciles.

The Survey data on the level of farm business operations show that the average size of cultivated holding was 23 acres per cultivating family. The value of gross produce was Rs 2,252 per cultivator and Rs 90 per acre of sown area. The size of current farm expenditure was Rs 1,510 per cultivator and Rs 60 per acre of sown area. The farm economy was relatively more monetised as 84 per cent of current farm expenditure was incurred in cash. No kind loans were reported for current farm expenditure, family expenditure or other purposes.

In an exchange economy, the terms of trade between agriculture and other sectors determine the level of agricultural incomes. It has been pointed out that the agricultural prices in general and those of cash crops in particular were ruling at a very high level during two years preceding the Survey year and also for a major part of the Survey year. As the proportion of cultivated area under commercial crops was relatively high and as the outturn of crops was normal, the agricultural economy enjoyed a period of prosperity during these years. This was reflected in the position of outstanding debt, as 36·5 per cent of cultivators were indebted and the average amount of debt worked out to Rs 190 per cultivating family. The incidence of debt came to Rs 8 per acre. During the Survey year the outstanding debt increased by 16 per cent (General Schedule data), but as has been already pointed out, with the advance of marketing season, it showed a rapid decrease of 55 per cent (intensive enquiry data). Moreover, the proportion of debt outstanding for more than one year to total debt was 33·8 per cent. Of the amount of outstanding debt, the accumulated interest formed hardly 5 per cent.

It was found that the level of capital expenditure in agriculture was relatively high. The average amount of capital expenditure in agriculture was Rs 343 per

cultivating family, of which 43·9 per cent was on purchase of land and 28·2 per cent on purchase of livestock.

Another interesting feature that can be noted is that a large proportion of capital and current farm expenditure and family expenditure was financed from owned funds in spite of the relatively high levels of expenditure. The proportion of capital and current cash farm expenditure of the selected cultivators financed from owned funds was 88·5 per cent and 93·5 per cent, respectively, and of family expenditure 98·5 per cent.

Agriculture in the district showed seasonality in respect of farm receipts and expenditure. In a monetised economy operating at a relatively high level of productivity, this leads to a large extent of short-term borrowings for meeting the cash gap. These short-term borrowings are repaid after harvest. It was observed that the number of cultivating families which reported borrowings during the Survey year formed 39·3 per cent and the average amount borrowed was Rs 162 per cultivating family. The repayment performance of the cultivators was very satisfactory; the repayments made during the year represented 84·2 per cent of borrowings and 41·9 per cent of borrowings plus debt outstanding at the beginning of the Survey year. These repayments were made very largely from current income. The extent and the level of borrowings, however, have to be interpreted in the context of the large proportion of farm and family expenditure being financed from the owned funds as noted above.

The position of net balance on capital account showed an investment of the order of Rs 182 per cultivating family. The main direction of investment was, as stated above, towards purchase of land and livestock.

The main source of rural credit was the private moneylender who charged very exorbitant rates of interest, particularly to the small cultivators. The institutional credit facilities were very inadequate. It was observed that the role of Government as a credit agency was not at all significant in this district, particularly because of inadequacy of financial provisions made. Its activities were confined to a few villages. Even in those villages the small cultivators got a relatively small share for reasons already stated.

Another institutional agency was co-operatives. A fairly large number of villages was covered by them. But it was observed that most of them were very small institutions with their jurisdiction confined to one village only. The proportion of cultivating families served by them was very small. The volume of their share capital and owned funds was very small. The amount of deposits with them was very meagre. Their working capital was small being less than Rs 5,000 in all the selected societies except one. The loan policy adopted by these societies was very conservative. Short-term loans were advanced for financing seasonal agricultural operations at a prescribed rate per acre of land. It was observed that the scale of finance was inadequate as compared to the total cultivation expenditure. Moreover,

as loans were advanced on the security of land, tenant-cultivators could not get any benefit from these societies. Even the owner-cultivators who could secure loans, because of inadequacy of loans received, had to meet their remaining credit requirements from other sources which invariably were private agencies. These private agencies advanced loans at high rates of interest and generally managed to get the first charge on the crops marketed. However, because of rising agricultural prices, and powers assumed by the central bank for the collection of overdues as arrears of land revenue, as has been observed above, the position of these societies regarding overdues was very satisfactory. The societies did not advance medium-term loans.

As the volume of financial operations of these societies was small, they could not afford to appoint a full-time trained secretary and were managed mostly by the Group officers. Thus, necessary supervision could not be exercised over the utilisation of loans and the operational efficiency left much to be desired.

It was observed that, although cash crops were grown to a large extent, there were few regulated markets. There were no co-operative societies engaged in marketing of agricultural produce. There were no facilities for pledge finance to help cultivators to hold their produce instead of unloading it on the market immediately after the harvest when agricultural prices show a seasonal dip. As there were no co-operative marketing societies, the question of interlinking credit with marketing did not arise.

The long-term credit was supplied by the land mortgage bank whose operations were rather restricted and suffered from undue delay in sanctioning loans.

A reorganization of credit structure should, therefore, mainly aim at creation of an institutional agency on co-operative lines, which would provide an alternative to private moneylenders. These co-operatives, in order to be able to compete effectively with the private moneylenders should be financially strong and adopt a loan policy which would enable a large number of cultivators to take advantage of the credit facilities offered by them. It appears necessary, therefore, that the financial base of these institutions is made stronger by increasing their share capital. Secondly, more efforts could be made to attract deposits. And with the strengthening of their financial position and an increase in their membership, this should not prove difficult. A suitable modification of their loan policy to relate the crop production finance to cash outlay on farm production appears necessary. The scale of finance might be raised and loans given in adequate amounts to the cultivators so that they do not feel it necessary to go to the private moneylenders. The crop loan system introduced in Bombay may provide a way out. As agriculture in this district is highly commercialised, linking of credit with marketing may also be introduced along with the crop loan system, so that recoveries become easy. As has been observed, a very large proportion of the capital and current farm expenditure and family expenditure was met from owned funds. Thus, there seems to exist a great scope for attracting more deposits. But this would depend on the improvement of

financial stability of these institutions. The operational efficiency of these societies may be raised by employment of a full-time secretary, careful supervision over utilisation of loans and more strict inspection and supervision. With the growth in business of these institutions employment of a paid secretary on a full-time basis could be possible. The societies may also provide for grant of medium-term loans. The growth of marketing co-operatives may be fostered, which would also help to bring about interlinking between credit and marketing.

The land mortgage bank should increase its financial resources and try to give loans for land improvements and other productive purposes. The procedure for granting loans needs to be simplified and delays in grant of loans avoided. A review of the credit situation shows that the present time would be most opportune for reorganisation and expansion of co-operative movement on the lines indicated.

APPENDIX

SELECTED ECONOMIC INDICATORS

[Proportions are in per cent. Averages are in rupees per family]

Village	LAND USE AND CROP PATTERN		DISTRIBUTION OF RURAL FAMILIES		SIZE OF FARM BUSINESS—CULTIVATED HOLDING AND AREA SOWN					
	Proportion of occupied area to total geographical area	Proportion of area under commercial crops to gross cropped area	Proportion of cultivating families	Proportion of non-cultivating families	Average size of cultivated holding per family (Acres)	PROPORTIONATE SHARE OF CULTIVATED HOLDINGS HELD BY				Average area sown per family (Acres)
						Big cultivators	Large cultivators	Medium cultivators	Small cultivators	
	1	2	3	4	5	6	7	8	9	10
Asola	*62·3*	*40·4*	*61·0*	*39·0*	22·2	*35·6*	*68·7*	*22·9*	*8·4*	18·2
Changalwadi	*98·9*	*53·1*	*70·5*	*29·5*	13·2	*37·4*	*73·4*	*21·4*	*5·2*	12·3
Hata	..	*37·6*	*53·8*	*46·2*	21·2	*50·9*	*78·7*	*17·7*	*3·6*	36·2
Kupta	*85·4*	*52·6*	*25·2*	*74·8*	45·7	*46·1*	*73·1*	*20·9*	*6·0*	37·5
Gopalkhed	*91·2*	*43·4*	*53·1*	*46·9*	18·6	*40·2*	*70·3*	*24·2*	*5·5*	18·1
Kanadi	*79·8*	*63·2*	*34·3*	*65·7*	44·2	*48·4*	*75·1*	*19·6*	*5·3*	36·1
Karli	*51·1*	*49·1*	*26·4*	*73·6*	36·9	*40·4*	*69·9*	*23·0*	*7·1*	32·3
Tamasi	*90·6*	*47·1*	*61·3*	*38·7*	12·1	*37·3*	*73·3*	*22·7*	*4·0*	12·3
District		***47·7***	***46·3***	***53·7***	**23·3**	***42·6***	***72·7***	***21·7***	***5·6***	**25·1**

Village	ASSETS	GROSS PRODUCE AND CASH RECEIPTS			FARM EXPENDITURE		EXPENDITURE ON SPECIFIED ITEMS		
	Average value of assets	Average value of gross produce	Average receipts from sale of farm produce	Average receipts from other sources	Average current cash farm expenditure	Average current kind farm expenditure	Average capital expenditure in agriculture	Average expenditure on purchase of land	Average expenditure on purchase of livestock
	11	12	13	14	15	16	17	18	19
Asola	2,185	1,126	508	95	307	203	182	86	58
Changalwadi	4,380	904	608	158	415	126	373	244	85
Hata	20,620	4,227	1,247	755	2,248	267	286	139	48
Kupta	9,420	2,061	1,042	36	1,795	553	586	221	115
Gopalkhed	6,475	2,227	1,499	279	1,000	159	354	230	84
Kanadi	12,320	3,842	2,840	249	2,207	183	716	170	235
Karli	16,650	1,696	651	69	1,076	596	299	62	126
Tamasi	8,210	1,529	891	320	763	112	173	83	54
District	**10,405**	**2,252**	**1,290**	**238**	**1,241**	**270**	**343**	**150**	**97**

NOTE: Columns 1 and 2 are from Village Revenue Records.
Columns 3 and 4 are derived from General Schedule data.
Columns 5 to 9 and 17 to 37 are General Schedule data for all cultivators.
Columns 10 to 16 are intensive enquiry data for selected cultivators.

SELECTED ECONOMIC INDICATORS—*Concld.*

[Proportions are in per cent. Averages are in rupees per family]

Village	EXPENDITURE ON SPECIFIED ITEMS —*continued*			CREDIT OPERATIONS					
	Average non-farm business expenditure	Average family expenditure	Average expenditure on construction and repairs of residential houses and other buildings	Proportion of indebted families	AVERAGE DEBT PER FAMILY			Average debt per acre of cultivated holding	Proportion of borrowing families
					Total	OF WHICH OWED TO			
						Institutional agencies	Private agencies		
	20	21	22	23	24	25	26	27	28
Asola	–	230	2	*27·7*	49	8	42	2	*40·4*
Changalwadi	–	307	8	*27·8*	133	38	95	10	*46·8*
Hata	30	315	16	*66·3*	381	15	365	18	*56·2*
Kupta	–	660	65	*62·9*	310	71	239	7	*73·3*
Gopalkhed	2	384	8	*31·7*	139	–	139	8	*41·7*
Kanadi	11	413	11	*21·6*	248	1	246	6	*41·9*
Karli	33	688	52	*57·6*	459	33	426	12	*60·6*
Tamasi	11	350	53	*34·5*	79	–	79	7	*10·3*
District	**10**	**393**	**26**	***36·5***	**190**	**13**	**176**	**8**	***39·3***

Village	CREDIT OPERATIONS—*Continued*							CAPITAL FORMATION AND INVESTMENT-DISINVESTMENT	
	AVERAGE BORROWINGS PER FAMILY			Of which borrowed for farm and non-farm business purposes	Proportion of repaying families	Average repayments per family	Percentage increase (+) or decrease (−) in debt	Average capital formation	Average net investment (+) or disinvestment (−)
	Total	OF WHICH BORROWED FROM							
		Institutional agencies	Private agencies						
	29	30	31	32	33	34	35	36	37
Asola	58	19	39	44	*29·8*	25	+ *201*	40	+ 74
Changalwadi	121	17	104	69	*49·4*	147	− *17*	52	+176
Hata	232	8	224	198	*24·3*	131	+ *36*	145	−147
Kupta	389	67	322	241	*44·8*	217	+ *126*	315	+116
Gopalkhed	186	–	186	124	*40·0*	232	− *25*	50	+266
Kanadi	181	1	180	173	*51·4*	283	− *29*	333	+672
Karli	423	42	381	269	*33·3*	115	+ *204*	196	−102
Tamasi	16	–	16	10	*5·7*	10	+ *8*	100	+133
District	**162**	**11**	**151**	**115**	***31·7***	**137**	+ ***16***	**132**	**+182**

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