ALL-INDIA
RURAL CREDIT SURVEY

DISTRICT MONOGRAPH
DEORIA

BOMBAY - 1958

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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 organization. Although the treatment of subject-matter is generally on the lines of the All-India Report, the monographs attempt to focus attention on special problems in the districts, besides presenting a review of the detailed economic and credit pattern of the district. The monographs may, therefore, provide some assistance in formulation and adaptation of agricultural credit policy with reference to different types of economic conditions and in devising measures for dealing with problems of special importance to particular agricultural tracts.

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

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

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

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Reserve Bank of India,
Central Office,
BOMBAY, April 14, 1958.

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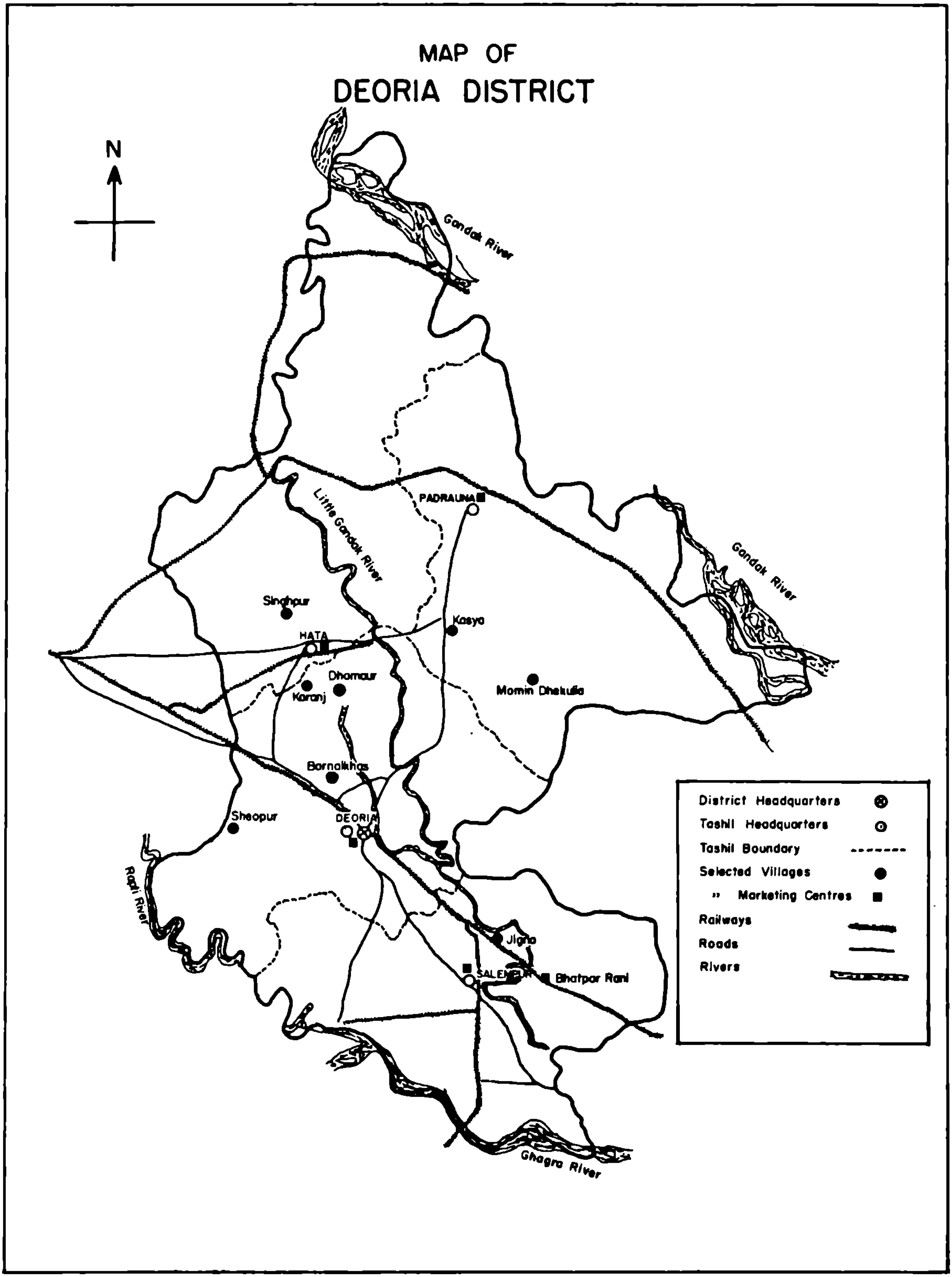
The following symbols have been used in the table :

— to represent 'nil' or negligible figure.

to indicate that the figure is not available.



Raghbir Singh

CHAPTER I

GENERAL FEATURES

1.1 GENERAL

The Deoria district occupies the extreme north-east corner of Uttar Pradesh and is bounded by Bihar State on the east and by the river Ghagra on the south. The Gorakhpur district of which Deoria formed a part till 1946, touches it on the western border. It had, in 1951, a population of 21,02,627 distributed over an area of 2,093 square miles.

The district is situated in the 'East Plain' division of Uttar Pradesh which is a comparatively backward and under-developed part of the State. The pressure of population on land has resulted in excessive sub-division of land in this region. Furthermore, this region is comparatively backward in respect of average cultivated area per head, average yields of rice and wheat which are the main food crops grown and of development of small scale and cottage industries.

For administrative purposes, the district is divided into four tahsils, namely, Deoria, Hata, Padrauna and Salempur. Salempur tahsil which is a fairly compact tract of roughly triangular shape, occupies the south-east corner of the district. Deoria tahsil stretches more or less in the north-western border of Salempur tahsil. To the north of Deoria tahsil lies Hata tahsil which is a long and narrow tract. Padrauna tahsil stretches to the east of Hata tahsil. The table below gives the area, population and the number of villages, towns and occupied houses in the different tahsils of the district.

TABLE 1.1—AREA AND POPULATION

Tahsil	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
Deoria..........	493	909	3	84,359	4,97,679	32,926	**5,30,605**
Hata..........	546	692	1	82,960	4,80,872	3,814	**4,84,686**
Padrauna..........	559	861	1	88,026	5,38,277	10,390	**5,48,667**
Salempur..........	495	1,085	2	77,783	5,12,969	25,700	**5,38,669**
Total..........	**2,093**	**3,547**	**7**	**3,33,128**	**20,29,797**	**72,830**	**21,02,627**

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

The total population of the district was 21,02,627 in 1951. The density of population was as high as 1,005 persons per square mile, as against an average of

487 persons per square mile for Uttar Pradesh. A very high proportion of population in the district, 96·5 per cent, resided in rural areas as against 86·4 per cent for the State.

1.2 PHYSICAL FEATURES

Though the district is economically backward, the natural conditions are favourable for agriculture. It is bounded on the north by forests of the lower range of the Himalayas, and on the south, by the Rapti and the Ghagra rivers. The Gandak river also touches, at places, the north-eastern border of the district. The district is a big plain like some of the districts situated in the Gangetic Plain.

From the standpoint of physical characteristics, the district lends itself to four main divisions. In the north and north-east, there is a narrow belt of *tarai* lands covering parts of the Padrauna and Hata tahsils. This is a dry boulder-strewn tract; but as the bulk of the rain water and water running in small hill streams is absorbed by the soil, water supply is both regular and abundant over a considerable part of this belt. Consequently, there is extensive cultivation of rice. This belt is also well-suited for cultivation of jute and sugar-cane.

To the south of the *tarai* belt lie the *bhat* lands consisting of alluvium brought down by the Gandak river. The *bhat* area comprises the north-western part of the Hata tahsil, the eastern part of the Deoria tahsil and the south-eastern part of the Padrauna tahsil. As the soil in this area absorbs the rain water quickly, the tract suffers much less from floods than the *kachhar* lands in the south. Rice and sugar-cane are the main crops cultivated in this tract; in the eastern parts maize and millets are also grown. During the *rabi* season, gram and rice are grown on a small scale.

To the south of the *bhat* tract stretches the *bangar* tract which covers a major part of the Deoria tahsil and large portions of the Hata and Salempur tahsils. The *bangar* lands do not retain moisture in the off-season, with the result that irrigation becomes a greater necessity here than in any other part of the district. The soil, however, is more fertile than that in the *bhat* tract, particularly where it takes the form of clay owing to smaller proportion of sand. Rice and sugar-cane are the main crops grown as also maize, *arhar* and small millets; towards south, *rabi* crops, namely, wheat, barley and oilseeds are relatively more important.

The rest of the region to the south is known as *kachhar*. Consisting as it does of low and wide river valleys, this area is liable to floods in years of heavy rainfall. The soil is generally fertile, though in some parts it contains an unduly large proportion of sand and is, therefore, of inferior quality. The soil along the Rapti river and its affluents is generally silt, which is readily cultivable and fertile. In these low lands, *kharif* crops are relatively less important owing to the risk of floods; the *kharif* crops grown are maize and millets. The cultivators in this tract devote more attention to *rabi* crops, such as wheat, barley, oilseeds and gram.

1.2.1 Rainfall

The normal annual rainfall in the district is 48·55 inches. The precipitation is more or less evenly distributed throughout the district, though the northern parts, owing to closer proximity of hills, receive more rainfall than the central and southern areas. The number of rainy days and the actual rainfall received during the year 1950–1 are given in the table below.

TABLE 1.2—RAINFALL

Period	Normal rainfall (Inches)	Rainfall in 1950-1 (Inches)	Number of rainy days in 1950-1
April to August	33·91	36·54	43
September to October	12·85	4·89	8
November to March	1·79	1·86	6
Total	**48·55**	**43·29**	**57**

(Source : *Season and Crop Report, U.P.*, 1950-1)

Deoria is situated in that part of Uttar Pradesh which is liable to scarcity conditions or famine. The absence of dependable means of irrigation over a large area of the district further intensifies the effects of droughts.

There are three distinct seasons in the year, namely, the rainy season, winter and summer. About 70 per cent of the rainfall is received between April and August and as such the *kharif* is a more important season. The *kharif* crops, namely, *jowar*, *bajra*, maize, paddy, *sawan*, *kodon*, etc., are sown in the beginning of the rainy season (May–June) and are harvested by the end of the rainy season or at the beginning of winter (September–October). As the district receives nearly 30 per cent of the monsoon rains after August, *rabi* cultivation is also rendered possible in many parts. The *rabi* crops, namely, wheat, barley, gram, etc., are sown at the beginning of winter (September–October) and are harvested at the beginning of summer (February-March).

1.3 LAND USE

The district has a total area of 13,39,909 acres out of which nearly 80 per cent was under cultivation during 1950–1 as can be seen from table 1.3 below.

TABLE 1.3—PATTERN OF LAND USE IN 1950-1

Classification of area	Area (Acres)	Percentage to total
1. Forests	27	-
2. Not available for cultivation	1,13,611	*8·5*
3. Other uncultivated land excluding current fallows	1,12,367	*8·4*
4. Current fallows	47,578	*3·5*
5. Net area sown	10,66,326	*79·6*
Total	**13,39,909**	***100·0***

(Source : *Season and Crop Report, U.P.*, 1950-1)

The table shows that the cultivation has extended to the farthest extent possible. The area covered by forests was negligible, while the area not available for cultivation was less than 9 per cent. Current fallows accounted for 3·5 per cent of the total area. A little more than 8 per cent of the area was uncultivated land excluding current fallows. The double-cropped area totalled 3,40,132 acres or 32 per cent of the net area sown.

1.3.1 Irrigation

Of the total cultivated area, 4,05,042 acres* or 38 per cent, was provided with irrigation facilities. The main source of irrigation was wells which served about 77 per cent of the total irrigated area. About 23 per cent of the irrigated area was accounted for by tanks, ponds and other sources. The area irrigated by tube-wells was negligible being 0·3 per cent, while canal irrigation was altogether absent.

The liability of the district to frequent droughts has raised the problem of development of irrigation facilities and it is engaging the attention of Government. Considering the extent of irrigated area under these crops, barley heads the list, followed by wheat, sugar-cane, gram, paddy and poppy. Government have been installing pumping plants on some rivers and also encouraging construction of tube-wells and masonry wells.

1.3.2 Crop pattern

The more important among the crops grown in the *kharif* season are paddy, *kodon* (a variety of coarse paddy), maize, *jowar, bajra, urid, moong* and *arhar*, while among those cultivated in the *rabi* season are barley, wheat, gram, peas and oilseeds. Potatoes and vegetables are important *zaid* or summer crops in some areas.

Besides this, sugar-cane also occupies an important place among the crops grown in the district. Of the gross sown area of 14,06,458 acres, 8·48 lakh acres or about 60·3 per cent was under *kharif* and 5·51 lakh acres or 39·2 per cent was under *rabi* crops, the remaining 6,437 acres or 0·5 per cent being under *zaid* (summer) crops.

Table 1·4 on page 5 shows the area under different crops grown in the district during the year 1950–1.

It would be seen from table 1·4 that rice is the staple crop of the district covering 31·5 per cent of the total sown area in 1950–1. Of the area under rice, nearly 63 per cent was cultivated in the *kharif* season and the remaining 37 per cent in the *rabi* season. Next in importance to rice among the foodgrains were barley (12·8 per cent), wheat (11·0 per cent), and *kodon* (9·1 per cent), followed by maize (3·4 per cent) and gram (2·9 per cent). The main non-food crop, viz., sugar-cane accounted for 1,34,819 acres or 9·6 per cent of the total sown area. Poppy was grown only on 268 acres but its cultivation was of importance in view of the very high prices of opium.

* *Vide Season and Crop Report, U.P.*, 1950-1.

TABLE 1.4—PATTERN OF CROP DISTRIBUTION

Crop	Area under the crop (Acres)	Irrigated area (Acres)	Area under this crop as percentage of total sown area	Irrigated area as percentage of area under this crop
	1	2	3	4
Paddy	4,43,404	358	*31·5*	–
Wheat	1,54,920	90,593	*11·0*	*58·5*
Barley	1,80,479	1,23,713	*12·8*	*68·5*
Bajra	2,720	–	*0·2*	–
Maduwa	12,289	–	*0·9*	–
Kodon	1,28,355	–	*9·1*	–
Sawan	10,430	–	*0·7*	–
Maize	47,519	–	*3·4*	–
Gram	40,575	31,039	*2·9*	*76·5*
Oilseeds	7,101	267	*0·5*	*3·8*
Sugar-cane	1,34,819	49,211	*9·6*	*36·5*
Hemp	2,347	–	*0·2*	–
Poppy	268	268	–	*100·0*
Others	2,41,232	1,16,337	*17·2*	*48·2*
Total	**14,06,458**	**4,11,786**	***100·0***	***29·3***

(Source : *Season and Crop Report, U.P.*, 1950-1)

The crops usually sown in combination during the *kharif* season are *jowar-arhar*, *maize-arhar* and *urid-moong*, while those sown in the *rabi* season are wheat-barley, wheat-mustard and wheat-gram. There is no rigid pattern of rotation of crops but the more common practice among the cultivators is to sow wheat after maize, peas after sugar-cane and gram after paddy.

1.3.3 Forests

Area under forests is negligible and it is confined to the *tarai* area in the north. Denudation of forests because of extension of cultivation necessitated by the growing pressure of population is, to a large extent, responsible for frequent droughts and floods in the district.

1.4 AGRICULTURE AND ANIMAL HUSBANDRY

1.4.1 Livestock

According to the *Indian Livestock Census*, 1951, there were 6,84,555 cattle, 1,15,107 buffaloes, 31,081 sheep, 2,56,296 goats and 3,197 horses and ponies in the district. Milch cattle of Deoria are generally of an inferior type. Plough cattle are also under-sized and often ill-fed, except in a few cases where rich landlords have imported better breeds of draught bullocks from outside the district. Efforts are, therefore, made by Government to improve the local breed by laying special emphasis on improvement of cattle in the development scheme for the district.

There is no organized dairy industry in the district.

1.4.2 Occupational distribution

As can be seen from table 1·5 on page 6, agriculture formed the principal means of livelihood for a very large proportion of the population. The agricultural classes in the district constituted as much as 95·8 per cent of the rural population and 31 per cent of the urban population in 1951.

TABLE 1.5—POPULATION ACCORDING TO LIVELIHOOD CLASSES

Principal livelihood classes	RURAL		URBAN	
	Number of persons	Percentage to total of the group	Number of persons	Percentage to total of the group
	1	2	3	4
Agricultural Classes	**19,43,575**	*100·0*	**22,590**	*100·0*
I. Cultivators of land wholly or mainly owned and their dependents	17,86,607	*91·9*	18,491	*81·9*
II. Cultivators of land wholly or mainly unowned and their dependents	32,769	*1·7*	1,055	*4·7*
III. Cultivating labourers and their dependents	1,22,008	*6·3*	2,383	*10·5*
IV. Non-cultivating owners of land, agricultural rent receivers and their dependents	2,191	*0·1*	661	*2·9*
Non-agricultural Classes	**86,222**	*100·0*	**50,240**	*100·0*
V. Production other than cultivation	28,958	*33·6*	12,272	*24·4*
VI. Commerce	17,962	*20·8*	17,128	*34·1*
VII. Transport	4,045	*4·7*	2,132	*4·3*
VIII. Other services and miscellaneous sources	35,257	*40·9*	18,708	*37·2*

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

It will be observed that nearly 92 per cent of the agriculturally occupied rural population comprised of cultivators of wholly or mainly owned land. Cultivators of wholly or mainly unowned land and cultivating labourers formed about 1·7 and 6·3 per cent of the agriculturally occupied rural population, respectively. Non-cultivating owners were negligible in proportion. Agricultural population residing in the urban areas showed similar pattern of distribution between these four classes.

Among non-agricultural classes, those dependent on production other than cultivation and commerce accounted for 33·6 and 20·8 per cent, respectively, in rural areas and 24·4 and 34·1 per cent, respectively, in urban areas. Transport provided a means of livelihood for a little more than 4 per cent of the population both in the urban and rural areas.

1.5 INDUSTRIES

Production of sugar is an important large-scale industry in this district. There were thirteen sugar factories in this district, each factory employing about 100 permanent workers and 200 seasonal workers. The existence of these factories has given great impetus to the cultivation of sugar-cane, particularly with the assistance of the Cane Development Department which distributes fertilizers, manures, improved implements, better seeds, etc., and also improves irrigation facilities for the cultivation of sugar-cane. The sugar factories have installed tube-wells in their respective areas to increase sugar-cane production. These factories provide seasonal employment to the villagers in the off-season and provide an additional source of earnings to supplement their income from land.

The district is very poor in respect of cottage and small-scale industries. Production of *gur* and country sugar which was an important cottage industry has suffered a serious setback since the development of sugar factories. Among other cottage industries, production of handloom cloth, woollen blankets, metal utensils and soap may be mentioned. The handloom industry is generally found in the neighbourhood of tahsil headquarters; about 2,000 persons were reported to be engaged in this occupation. Blanket weaving is carried on in some villages as, for instance, at Bhatni, Bhatpur Rani, Salempur, Khanpar in the *bangar* and *bhat* zones ; about 4,000 workers were estimated to be employed in this industry. Brass and other metal utensils are manufactured at Padrauna and Tamkohi Road of the *tarai* zone. Soap manufacture is carried on at Lar in the *kachhar* zone.

1.6 TRANSPORT AND TRADE

The district is fairly well-served by motorable and non-motorable roads which facilitate traffic from one part of the district to another without difficulty. One important motorable road runs from Padrauna in the north to Salempur in the south, touching on its way Kasya and Deoria towns. This road branches off at Kasya as also at Deoria ; the line branching at Kasya goes to Gorakhpur in the east *via* Hata town, while the other branching at Deoria goes towards Gorakhpur *via* Gauri Bazar. South of Deoria, the road again branches off and runs up to Lar in the southernmost corner of the district.

Kutcha roads in the district also serve adequately the needs of the cultivators, there being hardly a village which is left unconnected with another and is not served by a feeder road. The district owes this development largely to the movement of sugar-cane from the villages to the factories.

The district, however, is not adequately served by railways. One of the main lines connects Gauri Bazar in the eastern part of Deoria tahsil with Bankata in the south-west corner of Salempur tahsil, touching Baitalpur, Deoria and other towns on the way. Another main line runs between Bodharwar in the north-eastern part of the Deoria tahsil and Tarya Sujan in the eastern part of the Padrauna tahsil, touching on its way Lakshmiganj, Padrauna and Dudhai among other towns. There are also two branch lines, one across the northern projection of the district and the other in the southern part of Salempur. Because of the limited development of railway transport, the important means of transport are the motor trucks and bullock-carts.

Besides these, water-ways also serve some trading centres in the district, among which Barhaj in Salempur tahsil on the Sarju river deserves special mention.

There are no regulated markets in the district; however, the more important trading centres in the district are listed below.

Tahsil	Trading centre	Major commodities traded in
Padrauna	1. Padrauna 2. Tamkohi Road	Linseed, wheat and rice
Hata	1. Ramkoola 2. Lakshmiganj 3. Captainganj	Linseed, tobacco, rice, wheat and *arhar*
Deoria..	1. Rudrapara 2. Deoria 3. Rampur Karkhana 4. Gauri Bazar	Foodgrains, sugar and *gur*
Salempur	1. Bhatpur Rani 2. Barhaj	Foodgrains, sugar and *gur*.

There is no warehousing legislation in force in this district.

1.7 LAND TENURE SYSTEM

Prior to the enforcement of the U.P. Zamindari Abolition Act in July 1952, the *zamindari* tenure system was prevalent in this district. Of the total agricultural area of 11,86,260 acres, 2,71,285 acres or 22·9 per cent was held by the *zamindars* as '*sir*' and '*khudkhast*' land. The rest of the area was held by tenants with varying degrees of rights in land, as will be seen from the following table.

TABLE 1.6—AREA UNDER THE MAJOR TYPES OF TENURE

Type of tenure	Area (Acres)
1. *Sir* and *khudkhast*	2,71,285
2. Occupancy tenants	6,44,515
3. Hereditary tenants	1,92,768
4. Grove-holders	15,652
5. Ex-proprietary tenants	14,443
6. *Thekedars* or mortgagees	5,436
7. Non-occupancy tenants	1,240
8. Rent-free grantees	3,931
9. Others	36,990
Total area of holdings	**11,86,260**

The nature of rights in land held by these different interests was different. *Sir* and *khudkhast* was the home-farm of the *zamindar*, which was cultivated by himself. The *zamindar* had unrestricted rights of letting this land, but the lessee or the tenant did not get hereditary rights thereon. The occupancy tenants were those who were vested with occupancy rights under the tenancy legislation in force and had fulfilled such conditions as having held the land under a written lease for a prescribed minimum number of years. Hereditary tenants were created by the U.P. Tenancy Act of 1939 and the hereditary rights were conferred on a number of categories of tenants other than tenants of land under permanent tenancy holders. Grove-holders were a class of tenants who had planted a grove of trees on land leased to them in accordance with the local custom entitling them to do so or with the permission of the landlord. A grove-holder had permanent, heritable and transferable rights in land. However, permanent tenants, fixed-rent tenants and tenants on special terms were not allowed to become grove-holders by the law. An ex-proprietary tenant was a status retained by a landlord in respect of his *sir* or *khudkhast* land cultivated by him for over three years, after alienating his estate either voluntarily or on account of foreclosure or sale in execution of a decree. The *thekedar* was a lessee of the rights of a proprietor, particularly the right to receive rent or profits. He had a dual character in as much as he was more or less like a tenant in relation to the lessor and a proprietor in relation to the cultivating occupant. Finally, a rent-free grantee was a person to whom the *zamindar* had given the right to occupy land free of rent either for payment of a consideration or without it.

The Zamindari Abolition Act not only abolished this outmoded tenure system but also simplified the tenure system of land by recognizing only two main classes of tenure-holders, namely, *bhumidar* and *sirdar* and two minor classes of tenure-holders, namely, *asamis* and *adhivasis*. The *bhumidar* is a privileged tenure-holder having a permanent, heritable and transferable right in his holding ; he can also use his land for any purpose he chooses and is not liable for ejectment. It is, however, intended by the Act that tenants in all the other categories should also become *bhumidars* in course of time. The *sirdar* is in a comparatively less privileged position than the *bhumidar*, for though he has a permanent and heritable interest in his holding, he cannot use the land for purposes other than agriculture, nor can he transfer his rights in land. Transfer of land by sale or gift or by exchange by *bhumidars* is allowed only if such a transfer does not result in increasing the holding of the recipient beyond 30 acres.

Asamis and *adhivasis* are sub-tenants of tenure-holders who are allowed to sublet land for specified reasons. Neither *asamis* nor *adhivasis* can transfer their rights in land, except by way of mortgage without possession.

As the Abolition of Zamindari Act came into force in July 1952, i.e., subsequent to the Survey year, it has no direct bearing on the findings of the Survey. Prior to the enforcement of the Act, the total land revenue collected by Government exclusive of cesses, was Rs 17·8 lakhs or about Rs 1–5–3 per acre of land or Rs 1–10–6 per acre of cultivated land.

1.8 RURAL CREDIT SURVEY : METHODS AND COVERAGE

The general plan, organization and conduct of the field investigation in this district as also the analysis of the material collected closely correspond to those of the All-India Rural Credit Survey, details regarding which are presented in

Volume III, the Technical Report. The broad facts regarding the same, however, may be stated here. For the purposes of studying the 'demand' aspect of rural credit, eight villages were selected in this district for investigation on a random basis. To facilitate study of the working of co-operative credit in rural areas, half of the villages were selected from those having primary co-operative credit societies. All the families in the selected villages were investigated by means of a schedule called the General Schedule, in which information relating to the size of holding, important items of expenditure which are likely to have been occasions of borrowing, borrowings during the year with details regarding purpose and credit agency, repayments during the year, outstanding debt according to credit agency, and outstanding dues was collected. For further detailed investigation, a sample of fifteen cultivating families was selected from each of the selected villages. For the purpose of this selection, all cultivating families in each of the selected villages were arranged in descending order of magnitude of the size of their cultivated holding. The list of cultivating families in each village thus formed was divided into ten strata or 'deciles' as they will hereafter be referred to, with roughly equal number of families in each decile. From each of the first five deciles, two families were selected at random and from each of the last five deciles, one family was selected at random, thus making together the sample of fifteen cultivating families in each village.

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

For the 'supply' side of the investigation, seven 'supply' schedules were used, one in respect of Government finance, two in respect of primary co-operative credit societies, two in respect of land mortgage banks, one in respect of co-operative marketing society and one for case study of loans by different agencies ; one 'supply' questionnaire was also used for obtaining information regarding method of operation and practice of primary co-operative credit societies. On the whole, the 'supply' aspect covered *taccavi* advances by Government for various purposes as also loan operations of nine co-operative credit societies (including the four societies in the selected villages), four co-operative marketing societies, one central bank, eleven moneylenders (of whom three were from the selected villages and the rest from the selected marketing centres or the district headquarters), thirty-five traders from the selected marketing centres or district headquarters and five branch offices of commercial banks. Traders, moneylenders, indigenous bankers and commercial banks were investigated by means of questionnaires. Information thus collected was further supplemented by opinions, obtained through another questionnaire, from persons well-acquainted with the co-operative movement in the district. In the case of

Deoria district, however, this questionnaire was replied only by the Commissioner, Banaras-Gorakhpur Division.

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

The following table shows the period during which the General Schedule and the intensive enquiry schedules were filled in, in the selected villages.

TABLE 1.7—PERIOD OF THE SURVEY

Village	Period during which the General Schedule was filled	PERIOD DURING WHICH INTENSIVE SCHEDULES WERE FILLED—FORTNIGHT ENDED	
		First round	Second round
Dhamaur	6 Mar. 1952 to 9 Mar. 1952	15 Mar. 1952	31 May 1952
Jigna	18 Mar. 1952 to 23 Mar. 1952	31 Mar. 1952	30 Apr. 1952
Karanj	15 Mar. 1952 to 20 Mar. 1952	31 Mar. 1952	15 June 1952
Kasya	26 Mar. 1952 to 4 Apr. 1952	15 Apr. 1952	30 Apr. 1952
Barnai Khas	16 Dec. 1951 to 21 Dec. 1951	31 Jan. 1952	30 Apr. 1952
Momin Dhekulia	3 Mar. 1952 to 4 Mar. 1952	15 Mar. 1952	31 May 1952
Sheopur	9 Feb. 1952 to 19 Feb. 1952	29 Feb. 1952	31 May 1952
Singhapur	20 Jan. 1952 to 30 Jan. 1952	21 Jan. 1952	15 June 1952

As the field investigation commenced later than the scheduled time, the first and the second rounds of visits were combined. It may also be noted that the data recorded in the General Schedule in respect of the size of cultivated holding, draught cattle, outstanding indebtedness and outstanding dues show the position as at the time of the enquiry, while the data on such items as capital investment in agriculture, non-farm business expenditure, family expenditure, sale of assets, borrowings and repayment of loans relate to the period of twelve months preceding the month of visit. The data collected through the intensive enquiry relate to the specified period, viz., April 1951 to March 1952.

For the purpose of analysis of data collected through the General Schedule, the cultivating families were grouped into four classes, viz., 'big', 'large', 'medium' and 'small'. The cultivators in the first decile formed the group of big cultivators. The cultivators of the first decile together with those of the next two formed the second group, namely, the large cultivators. In the same manner, the cultivators of the next four deciles formed the third group which was termed medium cultivators. Cultivators of the last three deciles were similarly grouped and were called the small cultivators.

For the purpose of analysis of data collected through intensive enquiry, the selected cultivators were classified into two groups, viz., the upper and lower strata. The selected families in the first five deciles formed the 'upper strata' and those in the last five, the 'lower strata'. In the analysis of data collected through the intensive enquiry, the selected families were stratified according to four more criteria, viz., the size of gross produce, the proportion of value of cash crops to the total value of gross produce, the major crop grown and the proportion of gross produce paid as rent.

It is necessary to point out here that near-famine conditions prevailed in the Deoria district at the time of the investigation. Crops in this district were below normal successively for the preceding three years due to drought. Nevertheless, a large proportion of the cultivators was not hard hit by these droughts as they also cultivated, among other crops, sugar-cane.

CHAPTER 2

SELECTED VILLAGES AND HOUSEHOLDS

2.1 SELECTED VILLAGES

2.1.1 Location and size of villages

As stated in the preceding chapter, eight villages, four with co-operative societies and four without co-operative societies, were selected by random sampling method for investigation in this district. The following table gives some particulars regarding the location and size of these villages.

TABLE 2.1—LOCATION AND SIZE OF THE SELECTED VILLAGES

Village	Tahsil	Population in 1951	Number of occupied households
Dhamaur	Deoria	494	88
Jigna	Salempur	754	112
Karanj	Deoria	691	110
Kasya	Padrauna	2,829	451
Barnai Khas	Deoria	1,296	225
Momin Dhekulia	Padrauna	118	19
Sheopur	Deoria	683	136
Singhapur	Hata	916	128

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

It would be seen from the above table that out of the eight selected villages, four are situated in the Deoria tahsil, two in the Padrauna tahsil and one each in the Hata and Salempur tahsils. Only one of the eight selected villages is from the *kachhar* zone, five from the *bangar* zone and two from the *bhat* zone. There is no village from the *tarai* zone in the sample.

From the standpoint of size, Kasya is the biggest amongst the selected villages, with a population of more than 2,000 persons. Next to it comes Barnai Khas with a population of 1,296 persons. The remaining six villages have a population of less than 1,000 persons.

Four of the five selected villages located in the *bangar* zone, namely, Dhamaur, Karanj, Barnai Khas and Sheopur lie in the Deoria tahsil and are connected by road with Deoria town which is the district and tahsil headquarters as well as a railway station. Deoria is at a distance of thirteen miles from Dhamaur, nineteen miles from Karanj, five and a half miles from Barnai Khas and eighteen miles from Sheopur. Karanj and Sheopur are connected by rail with Gauri Bazar and Barnai Khas with Baitalpur. Village Singhapur which too is in the *bangar* zone is situated in the Hata tahsil; it is at a distance of four miles from the tahsil headquarters and fifteen miles from Gauri Bazar which is the nearest railway station.

Of the remaining three villages, Kasya and Momin Dhekulia fall in the *bhat* zone and Jigna in the *kachhar* zone. Kasya village is located at a distance of twelve miles by road from Padrauna which is the tahsil headquarters as also the nearest railway station. Momin Dhekulia which is the smallest of the selected villages is also connected with Padrauna by road, 24 miles in length. Finally, village Jigna which is situated in the Salempur tahsil is at a distance of two miles from the nearest railway station and seven miles from the tahsil headquarters.

2.1.2 Important economic features

In this section, we propose to discuss some broad features of the agricultural economy of the selected villages against the general background of the agricultural economy of the district discussed in the preceding chapter. Out of the total number of the respondent families in the selected villages, 92·7 per cent were cultivating families with an average cultivated holding of 3·8 acres per family. The cultivated holdings showed a wide range of variation in size, the maximum being 226 acres and the minimum less than 0·1 acre. According to intensive enquiry data, the average sown area per cultivating family was 4·2 acres and the average value of gross produce was Rs 696 per cultivating family. Total cash receipts from sale of crops, fodder and other sources amounted to Rs 491·6 per cultivating family. The average value of total assets per cultivating family came to Rs 2,246 of which owned land accounted for Rs 1,086. Nearly 77 per cent of the cultivating families owned plough cattle.

Among the selected villages, Dhamaur had the largest average cultivated holding per family (6·2 acres). This village showed a comparatively larger range of variation in the size of cultivated holding than any other. Barnai Khas came next to Dhamaur in respect of average size of cultivated holding and Momin Dhekulia ranked third.

Among the remaining villages, Kasya had the lowest average size of cultivated holding (1·7 acres). A special characteristic of Kasya was that, besides being the biggest among the selected villages, it showed some features reflecting urbanization such as the lowest proportion of cultivating families, the smallest proportion of families owning plough cattle, highest average value of buildings owned by the cultivating families, etc. Karanj and Sheopur occupied more or less a medium position in respect of average size of cultivated holding per family.

2.2 CULTIVATED HOLDINGS

2.2.1 Population of selected villages

As stated above, 92·7 per cent of the respondent families were cultivating families. Among the selected villages, Kasya had the lowest proportion of cultivating families (49·1 per cent), while at the other extreme, in Momin Dhekulia all families reported cultivation of land. In the other six selected villages, the proportion of cultivating families varied between 85·2 per cent in Barnai Khas and 99·1 per cent in Karanj. Table 2.2 shows the number of cultivating families, the area of cultivated holdings and the average size of cultivated holding for the four groups of cultivators in each of the selected villages.

TABLE 2.2—NUMBER OF CULTIVATING FAMILIES AND CULTIVATED HOLDINGS

[General Schedule data. Area in acres]

Village	NUMBER OF CULTIVATING FAMILIES				TOTAL AREA OF CULTIVATED HOLDINGS				AVERAGE SIZE OF CULTIVATED HOLDINGS			
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4	5	6	7	8	9	10	11	12
Dhamaur.....	9	27	32	27	345	438	70	23	38·3	16·2	2·2	0·9
Jigna........	13	37	48	37	121	236	102	22	9·3	6·4	2·1	0·6
Karanj.......	12	35	44	36	186	282	98	31	15·5	8·1	2·2	0·9
Kasya.......	22	66	88	67	147	257	91	18	6·7	3·9	1·0	0·3
Barnai Khas..	20	59	76	60	622	772	170	57	31·1	13·1	2·2	1·0
Momin Dhekulia...	2	6	7	6	24	45	20	6	12·0	7·5	2·9	1·0
Sheopur......	14	45	53	42	180	302	115	42	12·9	6·7	2·2	1·0
Singhapur....	13	39	48	39	149	269	112	33	11·5	6·9	2·3	0·8

2.2.2 Size of cultivated holdings

The table below gives some particulars regarding the size of holdings of the cultivating families in the district. According to the General Schedule data, the average size of cultivated holding for all the cultivating families in the selected villages worked out at 3·8 acres. Dhamaur had the largest average holding of 6·2 acres followed by Barnai Khas with an average holding of 5·1 acres; while at the other extreme, Kasya and Jigna had average holdings of 1·7 acres and 3 acres, respectively. The average size of holdings in other villages varied between 3·3 and 3·7 acres.

TABLE 2.3—CULTIVATED HOLDINGS

[General Schedule data]

	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators
	1	2	3	4	5
1. Average size of cultivated holdings.......... (Acres)	16·7	8·5	2·3	0·9	3·8
2. Range of variation in the size of cultivated holding (Acres)					
Maximum................	226·0	226·0	4·0	1·6	226·0
Minimum................	3·6	1·8	0·5	–	–
3. Proportion of families in this group to the total cultivating families....... (Per cent)	*10·0*	*30·0*	*40·0*	*30·0*	*100·0*
4. Area cultivated by this group as percentage of total cultivated area...........	45·3	69·5	23·2	7·3	100·0

The above table reveals that the average size of cultivated holding was 16·7 acres in the group of big cultivators and 8·5 acres in the group of large cultivators. In the case of medium and small cultivators' groups, the average size was 2·3 acres and 0·9 acre, respectively. The holding of the big cultivators averaged highest in Dhamaur (38·3 acres) followed by Barnai Khas (31·1 acres) and Karanj (15·5 acres). Large cultivators had an average holding of 8·5 acres. The largest average holding in the case of large cultivators was 16·2 acres in Dhamaur followed by Barnai Khas (13·1 acres) and Karanj (8·1 acres). Medium cultivators had an average holding of 2·3 acres, the highest in this group being in Momin Dhekulia (2·9 acres) which was followed by Singhapur (2·3 acres). Next in order came Dhamaur, Karanj, Barnai Khas and Sheopur with an average holding of 2·2 acres each. Small cultivators had a maximum average size of holding in Barnai Khas, Momin Dhekulia and Sheopur (1 acre each) followed by Dhamaur and Karanj (0·9 acre); the lowest average was reported by Kasya (0·3 acre).

The following table gives distribution of cultivating families according to size of holdings.

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

[General Schedule data]

Village	PROPORTION OF CULTIVATING FAMILIES HAVING SIZE OF HOLDINGS OF		
	Less than 3 acres (Per cent)	3 to 10 acres (Per cent)	10 acres and above (Per cent)
Dhamaur	*62·8*	*27·9*	*9·3*
Jigna	*67·2*	*29·5*	*3·3*
Karanj	*67·0*	*27·8*	*5·2*
Kasya	*86·0*	*12·7*	*1·3*
Barnai Khas	*72·3*	*23·1*	*4·6*
Momin Dhekulia	*52·6*	*36·9*	*10·5*
Sheopur	*64·3*	*29·3*	*6·4*
Singhapur	*62·7*	*33·3*	*4·0*

It can be seen from the above table that families with cultivated holdings of less than three acres in size predominate in all the villages, their proportion to the total number of cultivating families varying between 86·0 per cent in Kasya and 52·6 per cent in Momin Dhekulia. The proportion of cultivating families with cultivated holdings of ten acres and above in size ranged between 1·3 per cent and 10·5 per cent in these two villages.

The range of variation in the size of holdings in the district, however, was extremely wide. For instance, in the big cultivators' group, the size of cultivated holding varied between 226 acres at one end and 3·6 acres at the other. This abnormally large variation was accounted for by one large holding of 226 acres in

Dhamaur; the next largest holding was 79·1 acres in Karanj. The same abnormality characterized the range of variation of holdings in the group of large cultivators who include big cultivators. As for the medium cultivators, the variation ranged between 4 acres and 0·5 acres. In the case of small cultivators, the largest holding was 1·6 acres and the smallest 0·1 acre. It may be noted that cultivators with extremely tiny holdings of less than one-tenth of an acre were confined only to Kasya.

The results of the intensive enquiry in this regard are shown in the table below.

TABLE 2.5—CULTIVATED HOLDINGS OF THE SELECTED CULTIVATORS

[Intensive enquiry data. Area in acres per family]

Village	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Average size of cultivated holdings	Average area sown	Average size of cultivated holdings	Average area sown	Average size of cultivated holdings	Average area sown
	1	2	3	4	5	6
Dhamaur	6·6	9·5	1·2	2·4	3·9	6·0
Jigna	4·8	6·7	1·2	1·9	3·0	4·3
Karanj	4·9	8·8	1·4	2·4	3·2	5·6
Kasya	3·4	5·1	0·4	0·9	1·9	3·0
Barnai Khas	3·8	6·5	1·2	1·9	2·5	4·2
Momin Dhekulia	5·8	6·7	1·4	2·3	3·6	4·5
Sheopur	4·6	6·1	1·4	2·1	3·0	4·1
Singhapur	4·4	4·6	1·4	2·6	2·9	3·6
District	**4·7**	**6·3**	**1·3**	**2·2**	**3·0**	**4·2**

It may be seen from these figures that the results of the General Schedule data were largely borne out by the intensive enquiry as well. The average cultivated holding per family in respect of the selected cultivating families was 3 acres; among the selected villages the average ranged between 3·9 acres in Dhamaur and 1·9 acres in Kasya. The cultivated holdings of the cultivators in the upper strata averaged 4·7 acres and of those in the lower strata 1·3 acres. Among the former, it ranged between 6·6 acres in Dhamaur and 3·4 acres in Kasya, while among the latter, it varied between 1·4 acres in Karanj (as also Momin Dhekulia, Sheopur and Singhapur) and 0·4 acres in Kasya. Thus, on the whole, it would appear that Dhamaur was a village with relatively large holdings while Kasya at the other end, was one with small holdings.

2.2.3 Extent of concentration of land

Table 2.6 reveals the unevenness of land distribution in the villages. Big cultivators who formed 10·0 per cent of the total cultivating families accounted for 45·3 per cent of the cultivated area, while large cultivators who formed 30·0 per cent of the total families held 69·5 per cent of the total cultivated area. Medium cultivators held only 23·2 per cent of the cultivated area though they formed 40·0 per cent of the total cultivating families. The small cultivators who accounted for 30·0 per cent of the total cultivating families cultivated hardly 7·3 per cent of the total cultivated area.

TABLE 2.6—CONCENTRATION OF LAND

[General Schedule data]

Village	BIG CULTIVATORS	LARGE CULTIVATORS	MEDIUM CULTIVATORS	SMALL CULTIVATORS
	Area of holdings in the group as percentage of total holdings of cultivators	Area of holdings in the group as percentage of total holdings of cultivators	Area of holdings in the group as percentage of total holdings of cultivators	Area of holdings in the group as percentage of total holdings of cultivators
	1	2	3	4
Dhamaur	*65·0*	*82·5*	*13·2*	*4·3*
Jigna	*33·6*	*65·6*	*28·3*	*6·1*
Karanj	*45·3*	*68·6*	*23·8*	*7·6*
Kasya	*40·2*	*70·2*	*24·9*	*4·9*
Barnai Khas	*62·3*	*77·3*	*17·0*	*5·7*
Momin Dhekulia	*33·8*	*63·4*	*28·2*	*8·4*
Sheopur	*39·2*	*65·8*	*25·0*	*9·2*
Singhapur	*36·0*	*65·0*	*27·0*	*8·0*
District	***45·3***	***69·5***	***23·2***	***7·3***

A study of figures in respect of each of the selected villages separately also showed this characteristic of uneven distribution of land, though in different degrees. The proportion of total cultivated area held by the big cultivators varied between 65 per cent in Dhamaur and 33·6 per cent in Jigna. At the other end, the proportion of cultivated area held by the small cultivators ranged between 9·2 per cent in Sheopur and 4·3 per cent in Dhamaur. Large cultivators as well as big cultivators showed proportionately higher holding of land; the most conspicuous village in this respect was Dhamaur where the large cultivators held 82·5 per cent of the total cultivated area. Momin Dhekulia had a comparatively smaller area held by large cultivators who formed 30·0 per cent of the total families and claimed 63·4 per cent of the cultivated area. In all the villages, medium cultivators had less than proportionate share of land. Dhamaur showed the most unsatisfactory position in this regard as medium cultivators who formed 40·0 per cent of the cultivating families in this village held only 13·2 per cent of the cultivated area; next came Barnai Khas with 40·0 per cent of the cultivating families in this group holding only 17 per cent of the total cultivated area.

2.2.4 Cultivators owning plough cattle

Of the total cultivating families in the district, 76·7 per cent owned plough cattle. Among the different villages, the proportion of such families varied between 85 per cent in Sheopur and 32 per cent in Kasya. However, barring Kasya which showed an unusually small proportion, the other villages showed a comparatively better position, the proportion of families owning plough cattle being not less than

63 per cent in any of them. Table 2.7 gives the proportion of families owning plough cattle and the average cultivated area per pair of plough cattle in respect of the four groups of cultivators.

TABLE 2.7—PLOUGH CATTLE
[General Schedule data]

Group	Proportion of families owning plough cattle (Per cent)	Average cultivated area per pair of plough cattle (Acres)
Big cultivators	*99·3*	8·9
Large cultivators	*97·1*	7·0
Medium cultivators	*87·3*	3·8
Small cultivators	*42·9*	3·9
All cultivators	**76·7**	**5·6**

It would be seen from the above table that more than 99 per cent of the big cultivators and 97·1 per cent of the large cultivators owned plough cattle; the proportion of such families was somewhat lower at 87·3 per cent in the case of the medium cultivators, while it was as low as 42·9 per cent in the case of the small cultivators.

As between the selected villages, the proportion of cultivators owning plough cattle ranged between 80 per cent and 85 per cent in Sheopur, Singhapur, Barnai Khas, Dhamaur and Karanj; it was about 63 per cent in Jigna and Momin Dhekulia while in Kasya, it was lowest at 32·1 per cent. It may be noted further that the big cultivators in all the selected villages owned plough cattle except in Kasya where about 9·1 per cent in this group did not own any plough cattle. Similarly, all the families of large cultivators in Karanj, Momin Dhekulia and Singhapur owned plough cattle, while in the remaining villages, the proportion ranged between 97·8 per cent in Sheopur and 63·6 per cent in Kasya. In the case of the medium cultivators, the proportion of families owning plough cattle exceeded 90 per cent of the total in Dhamaur, Karanj, Barnai Khas and Sheopur; in the remaining villages, the proportion ranged between 87·5 per cent in Singhapur and 28·4 per cent in Kasya. Among the small cultivators, the proportion of families owning plough cattle ranged between 64·1 per cent and 44·4 per cent in Singhapur, Sheopur, Dhamaur, Barnai Khas, Jigna and Karanj. It was only 6·0 per cent in Kasya while in Momin Dhekulia none of the cultivators in this group owned plough cattle.

2.3 VALUE OF GROSS PRODUCE

We may now proceed to discuss the average value of gross produce per family in the four groups of cultivators. The table on page 20 gives the necessary particulars in this regard.

TABLE 2.8—VALUE OF GROSS PRODUCE ACCORDING TO GROUPS OF CULTIVATORS

[Intensive enquiry data]

Group	Proportion of families in the group to total number of families (Per cent)	Value of gross produce of this group as percentage of total value of gross produce	Average value of gross produce per family (Rs)	Average value of gross produce per acre of sown area (Rs)
	1	2	3	4
Big cultivators..........	*10·0*	*31·7*	2,204·7	179·5
Large cultivators.........	*30·0*	*58·9*	1,365·9	175·3
Medium cultivators.......	*40·0*	*26·6*	462·5	138·6
Small cultivators.........	*30·0*	*14·5*	336·0	187·0
All cultivators.........	***100·0***	***100·0***	**695·5**	**165·1**

It will be seen that, of the total value of gross produce, 31·7 per cent was accounted for by the big cultivators and 58·9 per cent by the large cultivators. The share of the medium and small cultivators came to 26·6 and 14·5 per cent, respectively. In other words, both the medium and small cultivators got a proportionately much smaller share in the total gross produce.

The average value of gross produce per family in the district came to Rs 695·5 per family. It was Rs 2,204·7 in the case of the big cultivators and Rs 1,365·9 in the case of the large cultivators. In respect of the medium and small cultivators, it was Rs 462·5 and Rs 336·0 per family, respectively. In relation to the area sown, the value of gross produce amounted to Rs 179·5, Rs 175·3, Rs 138·6 and Rs 187·0 per acre for the big, large, medium and small cultivators respectively.

The table below indicates the distribution of gross produce in agriculture according to six broad groups into which the selected cultivating families have been divided on the basis of their value of gross produce.

TABLE 2.9—VALUE OF GROSS PRODUCE AND AREA SOWN CLASSIFIED ACCORDING TO GROSS PRODUCE GROUPS

[Intensive enquiry data]

Gross produce group	Area sown per family (Acres)	Value of gross produce per family (Rs)	Proportion of families in this group to the total number of families (Per cent)	Proportion of area sown by this group to the total sown area (Per cent)	Proportion of value of gross produce of this group to the total value of gross produce (Per cent)
	1	2	3	4	5
I. Less than Rs 200.....	1·3	117·1	*11·4*	*3·5*	*1·9*
II. Rs 200 – Rs 400 .	2·1	298·9	*26·9*	*13·5*	*11·5*
III. Rs 400 – Rs 600 .	3·7	467·9	*22·4*	*19·7*	*15·1*
IV. Rs 600 – Rs 1,000 .	4·7	763·5	*22·3*	*24·7*	*24·5*
V. Rs 1,000 – Rs 3,000 .	8·6	1,689·9	*15·3*	*31·2*	*37·2*
VI. Rs 3,000 and above...	18·4	4,011·2	*1·7*	*7·4*	*9·8*
District...........	**4·2**	**695·5**	***100·0***	***100·0***	***100·0***

According to these figures, the proportion of families in each group except the first group showed a tendency to decline with the increase in the value of gross produce. What is more striking is that in the three lower groups, the percentage share in the gross produce was less than their respective proportionate strength as also their respective proportionate share in the area sown. In the three higher gross produce groups, the share was proportionately larger. We thus find that, at one end, 11·4 per cent of the families had only 1·9 per cent of the total value of gross produce, while, at the other end, 1·7 per cent of the families had 9·8 per cent of the total value of gross produce to their share.

2.4 ASSETS

2.4.1 Size and composition of assets

The value of assets averaged Rs 2,246 per cultivating family. Groupwise, the average per family was Rs 6,988 in the big cultivators' group and Rs 4,745 in the large cultivators' group. In the case of the medium cultivators and small cultivators, the average worked out at Rs 1,579 and Rs 636, respectively.

The composition of assets showed that land occupied the first place of importance and accounted for 48·4 per cent of the total value of assets of the cultivators. The average value of owned land per cultivating family amounted to Rs 1,086. Next in order of importance came owned buildings whose value averaged Rs 633 per cultivating family and formed 28·2 per cent of the total value of assets of the cultivating families. Livestock contributed 15·4 per cent to the total value of assets and averaged, in value, Rs 347 per cultivating family. Outstanding dues also figured among the cultivators' assets ; they averaged Rs 116 per family and formed 5·2 per cent of the total value of their assets. Finally, agricultural implements, machinery, etc., owned by the cultivators averaged Rs 63 per family or only 2·8 per cent of the total value of their assets. Financial assets held by the cultivators were negligible.

2.4.2 Distribution of assets

The table on page 22 gives the pattern of distribution of assets among the four groups of cultivators.

It may be seen that, of the total value of assets of the selected cultivating families, the big and large cultivators claimed 31·1 per cent and 63·4 per cent, respectively. The medium cultivators accounted for 28·1 per cent and the small cultivators for 8·5 per cent of the total value of assets of cultivators. Thus, there is a marked decline in the average value of assets as we move from the large to the small cultivators.

The relative importance of the different types of assets was generally the same in the case of the first three groups and corresponded to that noticed in respect of the cultivating class as a whole. In particular, the pattern of ownership of land noted earlier was reflected here in the proportionate share of each group in the total value of land. In the case of small cultivators, however, owned buildings figured

TABLE 2.10—PATTERN OF DISTRIBUTION OF ASSETS

[Intensive enquiry data. Amount in rupees per family]

	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators
	1	2	3	4	5
Proportion of families in the group (Per cent)	*10·0*	*30·0*	*40·0*	*30·0*	*100·0*
Value of owned land	3,359·0	2,545·3	687·5	158·0	1,086·0
	(*30·9*)	(*70·3*)	(*25·3*)	(*4·4*)	(*100·0*)
Value of owned buildings	1,579·0	1,127·3	501·0	314·7	633·0
	(*24·9*)	(*53·4*)	(*31·7*)	(*14·9*)	(*100·0*)
Value of owned livestock	1,148·0	653·3	258·3	159·0	347·0
	(*33·1*)	(*56·6*)	(*29·7*)	(*13·7*)	(*100·0*)
Value of owned implements and machinery	263·0	151·7	42·8	1·3	63·0
	(*41·7*)	(*72·2*)	(*27·2*)	(*0·6*)	(*100·0*)
Outstanding dues	639·0	267·7	87·0	3·0	116·0
	(*55·1*)	(*69·2*)	(*30·0*)	(*0·8*)	(*100·0*)
Other financial assets	–	–	2·5	–	1·0
			(*100·0*)		(*100·0*)
Total	**6,988·0**	**4,745·3**	**1,579·0**	**636·0**	**2,246·0**
	(*31·1*)	(*63·4*)	(*28·1*)	(*8·5*)	(*100·0*)

(Figures in brackets indicate percentages to total)

as more important than owned land ; the latter, in fact, averaged in value very near to that of livestock owned by this group. It is further noteworthy that value of implements and machinery as also outstanding dues were negligible in their case.

2.4.3 Assets position in the selected villages

The selected villages showed considerable variations in respect of size and composition of assets. Table 2.11 gives particulars relating to the three major types of assets of cultivators.

It is observed that the proportion of value of owned land to the total value of assets was larger than that of any other type of asset owned by cultivators in all the selected villages except Singhapur. The average value of owned land showed a wide range of variation among the selected villages, ranging from Rs 3,230 in Jigna to Rs 10 in Singhapur. The proportion of value of owned land to the total value of assets ranged between 72·2 per cent in Karanj and 0·7 per cent in Singhapur. In Singhapur owned buildings ranked first in value among the cultivators' assets. The average value of livestock owned by cultivators ranged between Rs 470 in Momin Dhekulia and Rs 200 in Jigna and Karanj, its proportion to total value of assets ranging between 24·2 per cent in Momin Dhekulia and 4·3 per cent in Jigna.

It may be noted that the comparative position of the villages in respect of size of cultivated holding showed little correspondence with the value of owned land. Similarly, there was little correspondence in their order of importance according to proportion of families owning plough cattle on the one hand and value of owned livestock on the other. On the whole, Jigna, Kasya, Barnai Khas and Sheopur appeared relatively more satisfactory than the rest of the villages in respect of the assets position of the cultivators, and particularly that of owned land which accounted for only a little less than half of their total assets.

TABLE 2.11—PATTERN OF DISTRIBUTION OF MAJOR ASSETS IN THE SELECTED VILLAGES

[Intensive enquiry data. Amount in rupees per family]

Village	Value of owned land	Value of owned buildings	Value of owned livestock	Total value of assets (including outstanding dues, implements, machinery, etc.)
	1	2	3	4
Dhamaur	935	485	435	**2,005**
	(46·6)	*(24·2)*	*(21·7)*	*(100·0)*
Jigna	3,230	935	200	**4,625**
	(69·8)	*(20·2)*	*(4·3)*	*(100·0)*
Karanj	1,725	370	200	**2,390**
	(72·2)	*(15·5)*	*(8·4)*	*(100·0)*
Kasya	1,115	1,055	205	**2,520**
	(44·2)	*(41·9)*	*(8·1)*	*(100·0)*
Barnai Khas	1,690	560	365	**2,675**
	(63·2)	*(20·9)*	*(13·6)*	*(100·0)*
Momin Dhekulia	910	430	470	**1,945**
	(46·8)	*(22·1)*	*(24·2)*	*(100·0)*
Sheopur	1,145	785	330	**2,450**
	(46·7)	*(32·0)*	*(13·5)*	*(100·0)*
Singhapur	10	690	300	**1,345**
	(0·7)	*(51·3)*	*(22·3)*	*(100·0)*
District	**1,086**	**633**	**347**	**2,246**
	(48·4)	*(28·2)*	*(15·4)*	*(100·0)*

(Figures in brackets indicate percentages to total)

CHAPTER 3

INDEBTEDNESS

3.1 VOLUME OF DEBT AND EXTENT OF INDEBTEDNESS

3.1.1 Proportion of indebted families

In this chapter, we discuss the extent of indebtedness, size and incidence of debt, purposes for which debt is incurred and other aspects of the problem of indebtedness in the district. The discussion is based on data collected through the General Schedule for all families in the selected villages as also on data collected in respect of the selected families through the intensive enquiry. Indebtedness as reported in the General Schedule referred to outstanding debt as on the date on which the respondent was interviewed. As the General Schedule was canvassed between 16 December 1951 and 4 April 1952, data on outstanding debt indicate the position during this period. In the intensive enquiry, data regarding debt outstanding refers to the position as at the time of the second round of the Survey, the period of reference being April, 1951 to March, 1952. In the General Schedule, debt arising out of cash loan transactions alone was recorded. In the intensive enquiry, however, debts arising out of loans both in cash and in kind were noted separately.

Table 3.1 below shows the debt position of the cultivating and non-cultivating families in the selected villages.

TABLE 3.1—INDEBTEDNESS OF RURAL FAMILIES

[General Schedule data. Amount in rupees per family]

	PROPORTION OF INDEBTED FAMILIES			DEBT PER FAMILY			DEBT PER INDEBTED FAMILY		
	Cultivating families (Per cent)	Non-cultivating families (Per cent)	All families (Per cent)	Cultivating families	Non-cultivating families	All families	Cultivating families	Non-cultivating families	All families
	1	2	3	4	5	6	7	8	9
Dhamaur......	*95·3*	*50·0*	*93·3*	437	13	418	458	25	448
Jigna.........	*81·1*	*90·9*	*82·0*	472	135	444	582	148	542
Karanj........	*93·9*	*100·0*	*94·0*	299	200	298	318	200	317
Kasya........	*79·6*	*47·6*	*63·3*	337	230	282	423	483	446
Barnai Khas...	*89·2*	*44·8*	*83·0*	270	59	240	302	132	289
Momin Dhekulia	*94·7*	–	*94·7*	929	–	929	981	–	981
Sheopur.......	*93·6*	*80·0*	*93·1*	403	124	393	431	155	422
Singhapur.....	*92·1*	–	*89·2*	509	–	493	552	–	552
District......	***91·8***	***46·4***	***88·8***	**515**	**121**	**486**	**561**	**260**	**547**

It will be seen from the above table that of the total number of respondent rural families in the district, only 11·2 per cent did not report any debt. The proportion of families free from debt was 8·2 per cent among cultivators; but it was 53·6 per cent among non-cultivators. Average debt per family amounted to Rs 515 in the former and Rs 121 in the latter group.

The comparatively larger extent of indebtedness among the cultivators was indicated practically by all the selected villages. In five villages the proportion of indebted cultivating families was over 90 per cent, while in the remaining three, it ranged between 79·6 and 89·2 per cent. But in respect of the non-cultivating families, the proportion of indebted families showed large variations between the villages. For instance, in Karanj, the proportion was 100 per cent which was even larger than that in respect of the cultivators. On the other hand, in Momin Dhekulia and Singhapur, none of the non-cultivating families reported debt. In Jigna and Sheopur, the proportion of indebted non-cultivating families was 90·9 and 80·0 per cent respectively, while in Dhamaur, Kasya and Barnai Khas the proportion ranged between 44·8 and 50·0 per cent.

Average debt per cultivating family ranged between Rs 929 in Momin Dhekulia and Rs 270 in Barnai Khas, while in the case of non-cultivators, it ranged between Rs 230 in Kasya and Rs 13 in Dhamaur. Average debt per indebted family also showed a comparatively smaller incidence in the case of non-cultivators. The average debt per indebted cultivating family ranged between Rs 981 in Momin Dhekulia and Rs 302 in Barnai Khas, while in the case of non-cultivators, it ranged between Rs 483 in Kasya and Rs 25 in Dhamaur.

It may be stated that, on the whole, the size of debt per cultivating as well as per rural family was comparatively larger in Momin Dhekulia, Singhapur and Jigna, while in Barnai Khas, Kasya and Karanj it was comparatively smaller.

3.1.2 Debt among different groups of cultivators

Table 3.2 below shows indebtedness of cultivators according to the four decile groups.

TABLE 3.2—INDEBTEDNESS AMONG GROUPS OF CULTIVATORS

[General Schedule data]

	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
Proportion of indebted families (Per cent)	*86·5*	*90·0*	*95·7*	*88·8*
Debt per cultivating family (Rs)	757	811	510	222
Debt per indebted cultivating family (Rs)	876	901	533	250

The extent of indebtedness was very high among all the four groups of cultivators, the proportion of indebted families varying between 86·5 and 95·7 per cent. The proportion of indebted families was highest among the medium cultivators

(95·7 per cent) and was lowest among the big cultivators (86·5 per cent). The proportion was 90 per cent in the case of the large cultivators and 88·8 per cent in the case of the small cultivators. The average amount of debt was Rs 757 per family in the big cultivators' group. The size of debt showed a downward trend with a decline in the size of cultivated holdings. The volume of debt among the large cultivators was nearly four times and of the medium cultivators nearly two and a half times that of the small cultivators, mainly because of larger borrowings for agricultural purposes by them, as will be seen subsequently.

3.1.3 Distribution of indebtedness

Table 3.3 below shows the distribution of cultivating families according to size of debt.

TABLE 3.3—DISTRIBUTION OF CULTIVATING FAMILIES AND DEBT ACCORDING TO SIZE OF DEBT

[General Schedule data]

Size of debt	VILLAGE							
	Dhamaur	Jigna	Karanj	Kasya	Barnai Khas	Momin Dhekulia	Sheopur	Singhapur
	1	2	3	4	5	6	7	8
	Number of cultivating families in each class as percentage of total number of cultivating families in this village							
Nil	*4·7*	*18·9*	*6·1*	*20·8*	*10·8*	*5·3*	*6·4*	*7·9*
Less than Rs 200	*29·1*	*30·3*	*40·9*	*36·2*	*50·3*	*31·6*	*24·3*	*19·8*
Rs 200 – Rs 500	*37·2*	*21·3*	*34·8*	*21·7*	*23·6*	*31·6*	*42·9*	*36·5*
Rs 500 – Rs 1,000	*16·3*	*18·8*	*12·2*	*11·3*	*10·8*	*10·5*	*19·3*	*23·8*
Rs 1,000 and above	*12·8*	*10·7*	*6·1*	*10·0*	*4·6*	*21·1*	*7·1*	*11·9*
	Debt owed by cultivating families in each class as percentage of total debt owed by all cultivating families in this village							
Nil	–	–	–	–	–	–	–	–
Less than Rs 200	*6·4*	*6·5*	*13·5*	*8·7*	*17·1*	*3·6*	*7·2*	*4·5*
Rs 200 – Rs 500	*29·4*	*15·3*	*35·4*	*20·9*	*28·3*	*10·3*	*36·2*	*23·4*
Rs 500 – Rs 1,000	*25·6*	*27·0*	*25·2*	*21·9*	*27·5*	*7·8*	*31·0*	*33·4*
Rs 1,000 and above	*38·6*	*51·1*	*25·9*	*48·5*	*27·1*	*78·3*	*25·7*	*38·6*

It will be seen that the proportion of cultivating families free from debt was less than 8 per cent in Dhamaur, Karanj, Momin Dhekulia, Sheopur and Singhapur and ranged between 10 and 21 per cent in Barnai Khas, Jigna and Kasya. Families reporting debt below Rs 200 formed more than 40 per cent in two villages, between 20 and 40 per cent in five villages and less than 20 per cent in one village. Families reporting debt between Rs 200 and Rs 500 exceeded 40 per cent of the total in one village and ranged between 20 and 40 per cent in all the other villages. Families reporting debt between Rs 500 and Rs 1,000 ranged between 10·5 per cent and 23·8 per cent among all the selected villages, while those with debt over Rs 1,000 ranged between 10·0 and 21·1 per cent in five villages and between 4 and 8 per cent in three villages. It is observed that the proportion of families whose debt amounted to Rs 200 or less (excluding 'nil' group) was larger than in other debt-groups in five villages, namely, Jigna, Karanj, Kasya, Barnai Khas and Momin Dhekulia, while in the remaining three villages, the proportion of families with debt ranging between Rs 200 and Rs 500 was larger than in other debt-groups. The proportion of indebted families in the other two higher debt-groups showed a tendency to decline with the size of debt in all the selected villages except one, viz., Momin Dhekulia.

The distribution of debt in the different size-groups, however, showed a different position. Thus, debt in the size-group of less than Rs 200 (excluding 'nil' group) formed more than 15 per cent of the total only in one village, while debt in the size-group of Rs 200 to Rs 500 exceeded 15 per cent in all the selected villages except one; in fact, it ranged between 25 per cent and 40 per cent of the total debt in four villages. Debt in the size-group of Rs 500 to Rs 1,000 formed 25 to 40 per cent of the total in six villages while debt of Rs 1,000 or more formed more than 40 per cent of the total debt in three villages. In other words, the distribution of debt according to size showed that it was relatively more concentrated in the higher size-group of Rs 1,000 and above than in any other group in all the villages.

The following table throws further light on the distribution of indebtedness among cultivators according to the different groups of cultivators.

TABLE 3.4—DEBT AMONG DIFFERENT GROUPS OF CULTIVATORS

[General Schedule data]

Village	DEBT OWED BY THIS GROUP AS PERCENTAGE OF THE TOTAL DEBT OF CULTIVATORS			
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4
Dhamaur	*28·8*	*54·2*	*33·3*	*12·5*
Jigna	*25·3*	*50·7*	*39·4*	*9·9*
Karanj	*19·4*	*35·6*	*47·5*	*16·9*
Kasya	*21·2*	*44·7*	*34·9*	*20·4*
Barnai Khas	*27·1*	*45·3*	*34·4*	*20·3*
Momin Dhekulia	*5·0*	*53·7*	*41·6*	*4·7*
Sheopur	*15·4*	*38·9*	*40·3*	*20·8*
Singhapur	*23·3*	*51·2*	*28·8*	*20·0*
District	***15·2***	***49·1***	***37·6***	***13·3***

The above figures indicate that the big and the large cultivators accounted for 15·2 per cent and 49·1 per cent, respectively, of the total debt; in the case of the medium and small cultivators, the proportion was 37·6 and 13·3 per cent, respectively. It is noteworthy that the proportionate share of the large cultivators in the total volume of debt was markedly higher in Dhamaur, Jigna, Momin Dhekulia and Singhapur, which, as was seen earlier, were villages with a comparatively high level of indebtedness. In Sheopur, Karanj, Kasya and Barnai Khas, on the other hand, the large cultivators showed comparatively lower proportion of debt; in these villages, the level of debt was relatively low, as was observed earlier.

3.2 INCIDENCE OF DEBT

3.2.1 Debt and size of holding

We may proceed to discuss the incidence of debt on the cultivating families. Table 3.5 gives debt per acre of cultivated holding on the basis of data collected through the General Schedule as well as in the intensive enquiry.

TABLE 3.5—INCIDENCE OF DEBT

[In rupees]

Group	GENERAL SCHEDULE DATA		INTENSIVE ENQUIRY DATA	
	Debt per family	Debt per acre of cultivated holding	Debt per family	Debt per acre of cultivated holding
	1	2	3	4
Big cultivators	757	45·3	262·6	26·5
Large cultivators	811	95·2	161·1	26·0
Medium cultivators	510	218·1	55·1	25·6
Small cultivators	222	243·8	28·7	30·7

It may be noted that the level of debt reported in the General Schedule related to the period between 16 December 1951 and 4 April 1952, while that reported in the intensive enquiry related to the second round of the Survey. During the interval between the filling in of the General Schedule and March 1952, as will be seen subsequently, many of the cultivating families made repayments against outstanding loans, which explains the variation in the level of outstanding debt reported during the two types of enquiry.

All the same, the two sets of figures bring out clearly the marked decline in the average debt per family as we move from the large to the small cultivators. The slightly higher average debt per family of the large cultivators than that of the big cultivators, is accounted for by the fact that in one village, namely, Momin Dhekulia, the debt averaged as much as Rs 1,580 per family among the large cultivators as against only Rs 445 per family among the big cultivators. In all other selected villages except in Karanj, the average debt showed a consistent decrease. This tendency of the level of debt to fall with the diminution in the size of holding is more consistently reflected in the intensive enquiry data according to which the debt per family which amounted to Rs 262·6 in the case of the big cultivators and Rs 161·1 in the case of the large cultivators declined to Rs 55·1 in the case of the medium cultivators and to Rs 28·7 in the case of the small cultivators.

3.2.2 Debt in relation to area sown, value of gross produce and assets

Table 3.6 below shows the incidence of debt in relation to area sown, value of gross produce and assets in respect of the selected cultivating families.

TABLE 3.6—DEBT POSITION OF CULTIVATORS

[Intensive enquiry data. Amount in rupees]

Strata	AVERAGE DEBT				
	Per family	Per acre of sown area	Per rupees 100 of value of gross produce	Per rupees 100 of value of total assets	Per rupees 100 of total cash receipts
	1	2	3	4	5
Upper strata	128·9	20·6	12·5	3·5	19·2
Lower strata	29·0	13·3	8·0	3·5	9·2

Average debt in the upper strata amounted to Rs 128·9 per family and was nearly four and a half times larger than that of Rs 29·0 per family in the lower strata. Average debt per acre of sown area amounted to Rs 13·3 per family among the lower strata cultivators as against Rs 20·6 per family among the upper strata cultivators. The ratio of debt to the value of gross produce showed the same trend between the two strata. However, the average debt formed 3·5 per cent of the total assets in the case of both the upper strata and the lower strata cultivators.

The following table shows the relationship between debt of the cultivators and the more important factors determining their creditworthiness. For this purpose, the cultivators have been classified into six broad groups according to the range of value of gross produce.

TABLE 3.7—DEBT IN RELATION TO GROSS PRODUCE

[Intensive enquiry data. Amount in rupees]

Gross produce group	AVERAGE DEBT		
	Per family	Per acre of sown area	Per rupees 100 of value of gross produce
I. Less than Rs 200	54·4	41·6	46·4
II. Rs 200 – Rs 400	43·4	20·5	14·5
III. Rs 400 – Rs 600	85·0	23·0	18·2
IV. Rs 600 – Rs 1,000	72·6	15·6	9·5
V. Rs 1,000 – Rs 3,000	142·8	16·6	8·5
VI. Rs 3,000 and above	234·7	12·8	5·9
District	**78·9**	**18·7**	**11·3**

It may be seen that the average debt per family showed a tendency to increase with an increase in the value of gross produce of the cultivators except in the first two groups. The incidence of debt per acre of area sown, on the other hand, showed a tendency to decline, except in Groups III and V, with an increase in the value of gross produce, falling from Rs 41·6 per acre in Group I to Rs 12·8 per acre in Group VI. The average debt, as proportion of value of gross produce also showed a downward trend with an increase in the value of gross produce (excepting Group III) falling from 46·4 per cent in Group I to 5·9 per cent in Group VI.

3.3 GROWTH OF DEBT

Table 3.8 below shows the growth of debt of cultivating and non-cultivating families in the selected villages during the period of twelve months preceding the time of filling in the General Schedule.

TABLE 3.8—GROWTH OF DEBT AMONG CULTIVATING AND NON-CULTIVATING FAMILIES

[General Schedule data. Amount in rupees per family]

Village	CULTIVATORS				NON-CULTIVATORS			
	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (−) in debt during year	Debt at the beginning of the year	Net borrowings during the year	Debt at the end of the year	Percentage increase (+) or decrease (−) in debt during the year
	1	2	3	4	5	6	7	8
Dhamaur	181	256	437	*+141*	–	13	13	–
Jigna	261	211	472	*+ 80*	57	78	135	*+139*
Karanj	160	139	299	*+ 87*	190	10	200	*+ 5*
Kasya	154	183	337	*+119*	103	127	230	*+125*
Barnai Khas	143	127	270	*+ 89*	22	37	59	*+169*
Momin Dhekulia	776	153	929	*+ 20*	No non-cultivating families			
Sheopur	226	177	403	*+ 78*	82	42	124	*+ 51*
Singhapur	375	134	509	*+ 36*	–	–	–	–
District	**358**	**157**	**515**	*+ 44*	**55**	**66**	**121**	*+121*

The debt of cultivating families averaged Rs 358 per family at the beginning of the year and with a net average addition of Rs 157 it increased by 44 per cent to Rs 515 per family towards the end of the period. The average debt of non-cultivating families similarly recorded an increase from Rs 55 to Rs 121 per family or by about 121 per cent during the same period.

It will be seen that in Momin Dhekulia there were no non-cultivating families. In the case of non-cultivating families in Singhapur, as there was no debt outstanding at the beginning of the period and as there were no net borrowings during the period, there was no outstanding debt at the end of the period. In Dhamaur, there was no outstanding debt at the beginning of the period, but the net borrowings during the period amounted to Rs 13 per non-cultivating family. In the remaining villages, the outstanding debt of non-cultivators noted an increase ranging between 169 per cent in Barnai Khas and 5 per cent in Karanj. Broadly speaking, the proportionate increase in debt was relatively larger in the villages with a comparatively smaller size of debt at the beginning of the year.

As for the cultivating families, the average debt per family was as high as Rs 776 at the beginning of the year in Momin Dhekulia followed by Singhapur (Rs 375) and Jigna (Rs 261); Barnai Khas showed the lowest average debt (Rs 143). Average net borrowings during the year per cultivating family were highest in Dhamaur at Rs 256 followed by Jigna (Rs 211) and Kasya (Rs 183), the lowest average being reported by Barnai Khas (Rs 127). It may be seen that in Momin Dhekulia and Singhapur which had the highest level of debt per cultivating family at the beginning of the year, the increase in debt during the period was relatively low. In other villages, the proportionate increase was fairly high.

The growth of debt among the different groups of cultivators is shown in Table 3.9 below.

TABLE 3.9—GROWTH OF DEBT AMONG GROUPS OF CULTIVATORS

[General Schedule data. Amount in rupees per family]

Village	BIG CULTIVATORS			LARGE CULTIVATORS			MEDIUM CULTIVATORS			SMALL CULTIVATORS		
	Debt at the beginning of the year	Net borrowings during the year	Percentage increase (+) or decrease (−) in debt	Debt at the beginning of the year	Net borrowings during the year	Percentage increase (+) or decrease (−) in debt	Debt at the beginning of the year	Net borrowings during the year	Percentage increase (+) or decrease (−) in debt	Debt at the beginning of the year	Net borrowings during the year	Percentage increase (+) or decrease (−) in debt
	1	2	3	4	5	6	7	8	9	10	11	12
Dhamaur....	565	637	*+113*	331	424	*+128*	156	235	*+152*	61	113	*+186*
Jigna.......	648	474	*+ 73*	408	381	*+ 93*	286	188	*+ 66*	85	69	*+ 83*
Karanj......	474	82	*+ 17*	228	122	*+ 54*	158	213	*+134*	96	65	*+ 67*
Kasya......	305	413	*+135*	193	310	*+159*	136	159	*+118*	138	88	*+ 64*
Barnai Khas.	480	232	*+ 48*	221	183	*+ 84*	138	100	*+ 74*	72	106	*+145*
Momin Dhekulia..	180	265	*+147*	1,435	145	*+ 10*	842	208	*+ 25*	43	95	*+219*
Sheopur.....	371	250	*+ 67*	283	205	*+ 72*	232	196	*+ 84*	157	123	*+ 79*
Singhapur...	905	243	*+ 27*	604	236	*+ 39*	314	71	*+ 23*	220	109	*+ 50*
District....	**485**	**272**	*+ 56*	**600**	**211**	*+ 35*	**355**	**155**	*+ 43*	**118**	**104**	*+ 88*

These figures indicate that the average debt of the big cultivators increased during the year by Rs 272 per family or 56 per cent and that of large cultivators by Rs 211 per family or 35 per cent; medium cultivators and small cultivators reported an increase of Rs 155 and Rs 104 per family or 43 per cent and 88 per cent, respectively. These variations need to be examined in the light of purposes of borrowings, to get a correct perspective of the nature of debt. This will be done subsequently when we discuss the nature of debt.

We may now try to see how far the debt position of the selected cultivating families changed between the time of canvassing the General Schedule on the one hand and the intensive enquiry on the other. As the villages were surveyed at different periods, the time-lag between the two enquiries in all the villages was not uniform†. All the same, the following table throws some light on the change in the position of indebtedness of cultivating families in the different villages during the period.

TABLE 3.10—CHANGE IN INDEBTEDNESS

Village	AVERAGE OUTSTANDING DEBT PER SELECTED FAMILY		Net increase (+) or decrease (−) in debt per selected family during the period	Percentage increase (+) or decrease (−) in debt during the period
	As reported in the General Schedule (Rs)	As reported in the intensive enquiry (Rs)	(Rs)	
	1	2	3	4
Dhamaur	462	28	−434	*−93·9*
Jigna	518	229	−289	*−55·8*
Karanj	314	27	−287	*−91·4*
Kasya	256	93	−163	*−64·0*
Barnai Khas	186	99	− 87	*−46·7*
Momin Dhekulia	908	30	−878	*−96·7*
Sheopur	431	153	−278	*−64·6*
Singhapur	495	20	−475	*−96·0*

The above figures indicate that during the interval between the filling in of the General Schedule and that of the intensive enquiry, the size of debt per family showed a decline in all villages. The proportion of decrease varied from one village to another. In Momin Dhekulia, Singhapur, Dhamaur and Karanj, the decrease was over 90 per cent. In other four villages, it was between 46·7 and 64·5 per cent. Evidently, a large part of the cash receipts from sale of crops and fodder was received towards the close of the *rabi* season, particularly, in the case of sugar-cane growers and, thus, repayments towards loans were made on a substantial scale. This indicates that a very large proportion of borrowings was for short-term purposes, either for current farm expenditure or for consumption and was repaid out of farm income towards the end of the agricultural year. This is further borne out by the following analysis regarding the nature of debt.

3.4 NATURE AND COMPOSITION OF DEBT

3.4.1 Principal and interest

Fuller particulars regarding outstanding interest on debt were obtained under the intensive enquiry as at the end of the second round of the Survey. No data,

† *Vide* Chapter 1, Table 1·7.

however, were collected regarding interest paid in respect of borrowings during the year which were fully repaid. The available particulars in this regard are given in Table 3.11 below.

TABLE 3.11—PRINCIPAL AND INTEREST OUTSTANDING (CASH LOANS)

[Intensive enquiry data. Amount in rupees per family]

	Principal	Interest
Debt outstanding for more than one year	22	3
Debt outstanding for one year or less	45	9
Total debt outstanding at the time of the second round of the Survey	**67**	**12**
Borrowings during the year fully repaid	81	Principal plus interest
Borrowings during the year not fully repaid	48	Principal plus interest
Total borrowings during the year	**129**	Principal plus interest
Repayments towards loans outstanding for more than one year	–	1
Repayments towards loans outstanding for one year or less	3	1

The total outstanding debt averaged Rs 79 per family, which included outstanding interest amounting to Rs 12, or 15 per cent of the total outstanding debt. Outstanding interest averaged Rs 18·2 per family among the upper strata cultivators and Rs 6·5 per family among the lower strata cultivators and formed 14 per cent and 22 per cent, respectively, of the total outstanding debt. The volume of outstanding interest, though comparatively less in the case of the smaller cultivators, formed a proportionately larger part of their outstanding debt mainly due to higher rates of interest charged to them, as will be seen subsequently. The table below throws further light on the incidence of outstanding interest on the two strata of cultivators.

TABLE 3.12—OUTSTANDING INTEREST (CASH LOANS)

[Intensive enquiry data. Amount in rupees per family]

Strata	Outstanding debt per family		Outstanding interest per			
	Principal	Interest	Acre of sown area	Rupees 100 of value of gross produce	Rupees 100 of total cash receipts	Rupees 100 of total owned assets
	1	2	3	4	5	6
Upper strata	110·7	18·2	2·9	1·8	2·7	0·5
Lower strata	22·4	6·5	3·0	1·8	2·1	0·8
All cultivators	**66·6**	**12·4**	**2·9**	**1·8**	**2·5**	**0·6**

Outstanding interest per acre of sown area averaged Rs 2·9 in the case of the upper strata and Rs 3·0 in the case of the lower strata cultivators. Thus, as observed earlier, though the amount of outstanding interest was not very large, its incidence in relation to the size of operation, assets owned, etc., appeared relatively greater in the case of smaller cultivators.

3.4.2 Purpose and duration of debt

Table 3.13 below shows the purpose and duration of the outstanding debt of the four groups of cultivating families.

TABLE 3.13—PURPOSE AND DURATION OF DEBT

[Intensive enquiry data. Amount in rupees per family]

	DEBT INCURRED FOR							Total debt
	AGRICULTURAL PURPOSES		Non-agricultural purposes	CONSUMPTION PURPOSES		Repayment of old debt	Other purposes	
	Short-term	Long-term		Short-term	Long-term			
	1	2	3	4	5	6	7	8
Big cultivators.........	171·6 (*65·3*)	54·9 (*20·9*)	-	-	-	-	36·1 (*13·7*)	**262·6 (*100·0*)**
Large cultivators.......	91·2 (*56·6*)	57·6 (*35·8*)	-	-	-	-	12·3 (*7·6*)	**161·1 (*100·0*)**
Medium cultivators.....	18·7 (*33·9*)	15·4 (*27·9*)	-	3·8 (*6·9*)	7·7 (*14·0*)	-	9·5 (*17·2*)	**55·1 (*100·0*)**
Small cultivators.......	18·8 (*65·5*)	6·4 (*22·3*)	-	-	-	-	3·5 (*12·2*)	**28·7 (*100·0*)**
All cultivators.......	**40·5 (*51·3*)**	**25·3 (*32·1*)**	-	**1·5 (*1·9*)**	**3·1 (*3·9*)**	-	**8·5 (*10·8*)**	**78·9 (*100·0*)**

(Figures in brackets indicate percentages to total)

The above figures indicate that of the total debt of the cultivating families about 53·2 per cent was for short-term and 36·0 per cent for long-term purposes. A very large part of the short-term and long-term debt was incurred for agricultural purposes. In the case of big cultivators who accounted for 33·3 per cent of the total debt of cultivators as much as 65·3 per cent of the total debt was for short-term agricultural purposes and in the case of large cultivators whose debt formed 61·2 per cent of the total, the proportion of short-term debt for agricultural purposes was 56·6 per cent. In the case of small cultivators too, whose debt formed 10·9 per cent of the total, short-term debt for agricultural purposes was 65·5 per cent. Only the medium cultivators showed a comparatively small proportion (33·9 per cent) of short-term debt for agricultural purposes, but, they also reported another 6·9 per cent as short-term debt raised for consumption purposes. This explains the heavy repayments of debt noticed above during the period intervening between the General Schedule and the intensive enquiry.

The above figures also show that of the total outstanding debt, 83·4 per cent was for agricultural purposes, 5·8 per cent for consumption purposes and 10·8 per cent for other purposes, there being no debt outstanding on account of loans raised for non-agricultural purposes or for repayment of old debt. Among the groups of cultivators, outstanding debt raised for agricultural purposes formed 86·2 and 92·4 per cent of the total debt in the case of the big cultivators and the large cultivators, respectively. This proportion was 61·8 and 87·8 per cent in the case of the medium cultivators and the small cultivators, respectively. Debt incurred for consumption purposes was reported only by the medium cultivators amounting to 20·9 per cent of their total outstanding debt.

3.4.3 Duration and security

Of the total outstanding debt of the selected cultivating families, 68·6 per cent was outstanding for one year or less, 19·9 per cent for one to two years, 10·4 per cent for two to three years and 1·1 per cent for three to four years. The longest duration for which debt was outstanding was three to four years in the case of cultivators of the upper strata and one to two years in the case of cultivators of the lower strata. Out of the total debt of the upper strata cultivators, 62·3 per cent was outstanding for one year or less, 23·6 per cent for one to two years, 12·7 per cent for two to three years and 1·4 per cent for three to four years. In the case of lower strata cultivators, as much as 96·6 per cent was outstanding for one year or less and the remaining 3·4 per cent for one to two years.

The following table shows the duration of the outstanding debt in relation to the security offered by the cultivating families.

TABLE 3.14—DEBT OF THE SELECTED CULTIVATORS CLASSIFIED ACCORDING TO SECURITY (CASH LOANS)

[Intensive enquiry data. Amount in rupees per family]

Security	LOANS OUTSTANDING FOR ONE YEAR OR LESS			LOANS OUTSTANDING FOR MORE THAN ONE YEAR		
	Upper strata	Lower strata	All cultivators	Upper strata	Lower strata	All cultivators
	1	2	3	4	5	6
Personal	64·2 (*79·9*)	26·1 (*93·1*)	45·1 (*83·3*)	26·6 (*54·7*)	1·0 (*100·0*)	13·8 (*55·6*)
Immovable property	2·9 (*3·6*)	–	1·4 (*2·7*)	14·1 (*29·0*)	–	7·0 (*28·4*)
Guarantee by third party	10·8 (*13·4*)	1·1 (*4·1*)	6·0 (*11·0*)	1·8 (*3·7*)	–	0·9 (*3·6*)
Other securities	2·4 (*3·1*)	0·8 (*2·8*)	1·6 (*3·0*)	6·2 (*12·6*)	–	3·1 (*12·4*)
Total	**80·3 (*100·0*)**	**28·0 (*100·0*)**	**54·1 (*100·0*)**	**48·7 (*100·0*)**	**1·0 (*100·0*)**	**24·8 (*100·0*)**

(Figures in brackets indicate percentages to total)

Of the total debt of cultivators outstanding for one year or less, as much as 83·3 per cent was raised on personal security, 11·0 per cent against guarantee by third party, 2·7 per cent against immovable property and the remaining 3·0 per cent against other types of securities. In the case of the cultivators of the upper strata, personal security accounted for 79·9 per cent, guarantee by third party for 13·4 per cent, immovable property for 3·6 per cent and other types of securities for 3·1 per cent of the total debt outstanding for one year or less. Cultivators of the lower strata reported 93·1 per cent of such outstanding debt as raised against personal security, 4·1 per cent against guarantee by third party and the remaining 2·8 per cent against other types of securities.

As for loans of cultivators outstanding for more than one year (almost all of which were accounted for by the upper strata cultivators), 55·6 per cent of the amount was raised on personal security, 28·4 per cent against immovable property, 3·6 per cent against guarantee by third party and the remaining 12·4 per cent against other securities.

It would, thus, be seen that immovable property and guarantee by third party were not important as types of security given for loans in the case of cultivators of the lower strata whose outstanding debt was raised mainly on personal security. Consequently, the debt outstanding over a year in their case was negligible.

3.4.4 Rates of Interest

The table below shows the distribution of debt according to rates of interest.

TABLE 3.15—OUTSTANDING DEBT ACCORDING TO RATE OF INTEREST

[Intensive enquiry data]

Rate of interest in per cent per annum	PROPORTION OF DEBT CONTRACTED AT THIS RATE OF INTEREST TO TOTAL DEBT		
	Upper strata (Per cent)	Lower strata (Per cent)	All cultivators (Per cent)
Nil	*13·3*	–	*10·9*
Less than 3½	–	–	–
3½ – 7	–	–	–
7 – 10	*10·7*	*10·3*	*10·7*
10 – 12½	–	–	–
12½ – 18	–	–	–
18 – 25	*22·8*	*5·5*	*19·6*
25 – 35	*52·5*	*58·6*	*53·6*
35 and above	*0·5*	*25·6*	*5·1*
Unspecified	*0·2*	–	*0·1*

The above table brings out clearly the exorbitant rates of interest charged on loans to the agriculturists in this district. Of the total outstanding debt, nearly 78·4 per cent carried interest at 18 per cent or more. The high rates of interest were charged to the cultivators in both the strata. In the upper strata, 75·8 per cent of debt was incurred at rates 18 per cent or more, of which as much as 53·0 per cent was charged 25 per cent and above. Hardly 10·7 per cent of the debt was charged at rates between 7 and 10 per cent and 13·3 per cent of the debt was free of interest. In the lower strata, 89·7 per cent of the debt was contracted at 18 per cent or more, of which as much as 84·2 per cent was charged interest at 25 per cent or more. No interest-free loans were reported in this group, while interest rates charged ranged between 7 and 10 per cent in respect of only 10·3 per cent of the total debt.

CHAPTER 4

BORROWINGS

4.1 EXTENT OF BORROWINGS

4.1.1 Borrowings of cultivators and non-cultivators

In this chapter, we propose to discuss the various aspects of borrowing of the rural families such as the nature, extent, purpose, duration and rate of interest, etc. Data on borrowings were collected in the General Schedule and also in the intensive enquiry. In the intensive enquiry, however, data were collected in greater and more pertinent details. Table 4.1 below based on the General Schedule data indicates the extent and size of borrowings among the groups of cultivating and non-cultivating families in the selected villages.

TABLE 4.1—BORROWINGS OF RURAL FAMILIES

[General Schedule data. Amount in rupees]

Village	PROPORTION OF BORROWING FAMILIES			BORROWINGS PER FAMILY			BORROWINGS PER BORROWING FAMILY		
	Culti-vators (Per cent)	Non-culti-vators (Per cent)	All families (Per cent)	Culti-vators	Non-culti-vators	All families	Culti-vators	Non-culti-vators	All families
	1	2	3	4	5	6	7	8	9
Dhamaur......	*96·5*	*50·0*	*94·4*	348	13	333	360	25	352
Jigna..........	*76·2*	*72·7*	*75·9*	267	85	252	350	118	331
Karanj........	*95·7*	*100·0*	*95·7*	290	10	287	302	10	300
Kasya.........	*76·5*	*43·7*	*59·8*	272	171	221	356	393	369
Barnai Khas...	*86·2*	*34·5*	*79·0*	201	43	178	233	124	226
Momin Dhekulia....	*94·7*	–	*94·7*	264	–	264	278	–	278
Sheopur.......	*95·0*	*80·0*	*94·5*	242	44	235	254	55	249
Singhapur.....	*92·1*	*25·0*	*90·0*	428	3	415	465	10	461
District......	***91·5***	***43·5***	***88·0***	**288**	**83**	**273**	**315**	**192**	**310**

It may be seen from the above table that, only 12 per cent of the rural families in the district did not report any borrowings during the year. The proportion of borrowing families was as high as 91·5 per cent among cultivators. The extent of borrowing among the non-cultivators was relatively low, the proportion of borrowing families being 43·5 per cent among non-cultivators. For all families, average borrowing per rural family amounted to Rs 273. Borrowings of cultivators also averaged Rs 288 per family or more than three times the average borrowings per non-cultivating family. Borrowings per reporting family averaged Rs 310 for all families, the corresponding averages for cultivating and non-cultivating family being Rs 315 and Rs 192, respectively.

As between the selected villages, the position in respect of borrowings showed considerable variations. In case of rural families the proportion of borrowing families was more than 90 per cent in Karanj, Momin Dhekulia, Sheopur, Dhamaur and Singhapur. In Jigna and Barnai Khas, it ranged between 70 and 80 per cent, but declined to 59·8 per cent in Kasya. The extent of borrowing among the cultivators showed the same pattern, the proportion of borrowing families being over 90 per cent in Dhamaur, Karanj, Momin Dhekulia, Sheopur and Singhapur and between 70 and 90 per cent in Jigna, Kasya and Barnai Khas. Among non-cultivators the extent of borrowing showed large variations within the selected villages. In Karanj all the non-cultivating families reported borrowings. The proportion ranged between 25 and 50 per cent in Dhamaur, Kasya, Barnai Khas and Singhapur and between 70 and 80 per cent in Jigna and Sheopur.

It is further seen from table 4.1 that the borrowings per cultivating family ranged between Rs 200 and Rs 300 in six villages. In the remaining two villages, namely, Dhamaur and Singhapur, the average amount borrowed came to Rs 348 and Rs 428 respectively. In the group of non-cultivators, the average borrowings per family were less than Rs 50 in five villages, while in one village they were negligible. In Jigna and Kasya the averages were Rs 85 and Rs 171 per family respectively.

The figures of borrowings per borrowing family reveal almost the same pattern. It is, however, observed that in Kasya the average borrowings per non-cultivating family at Rs 393 were higher than that of Rs 356 per cultivating family. This appears to be due to a larger number of traders, moneylenders, etc. in the group of non-cultivators in this village than in others.

4.1.2 Borrowings of different groups of cultivators

The following table shows the extent and size of borrowings among the four groups of cultivators.

TABLE 4.2—EXTENT AND SIZE OF BORROWINGS OF CULTIVATORS

[General Schedule data. Amount in rupees]

Group	Proportion of borrowing families (Per cent)	Average borrowings per family	Average borrowings per borrowing family
Big cultivators	*89·6*	579	646
Large cultivators	*92·4*	420	454
Medium cultivators	*93·5*	269	287
Small cultivators	*88·1*	178	202
All cultivators	***91·5***	**288**	**315**

It will be seen from the above table that the proportion of borrowing families did not show any marked variation between the groups of cultivators. The size of borrowings, however, tended to be smaller in the lower groups, the average amount borrowed per family by the small cultivators being less than one-third of that of the big cultivators. Average borrowings per borrowing family similarly showed a marked decline in the lower groups.

Among the selected villages, in Karanj, Momin Dhekulia and Singhapur the entire amount of borrowings was accounted for by the cultivators, while in all others (except Kasya), the share of the cultivators in the total borrowings was between 96 and 99·8 per cent.

Table 4.3 gives the proportion of borrowings of the four groups of cultivators to the total borrowings of cultivators in each of the selected villages.

TABLE 4.3—SHARE OF DIFFERENT GROUPS OF CULTIVATORS IN TOTAL BORROWINGS

[General Schedule data]

Village	BORROWINGS OF THIS GROUP AS PERCENTAGE OF TOTAL BORROWINGS OF CULTIVATORS			
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4
Dhamaur	*25·5*	*50·3*	*36·0*	*13·7*
Jigna	*22·6*	*49·8*	*37·3*	*12·9*
Karanj	*17·6*	*38·5*	*45·9*	*15·6*
Kasya	*28·1*	*51·6*	*33·4*	*15·0*
Barnai Khas	*25·5*	*48·1*	*30·9*	*21·0*
Momin Dhekulia	*13·8*	*32·1*	*46·3*	*21·6*
Sheopur	*16·0*	*40·6*	*39·3*	*20·1*
Singhapur	*25·0*	*54·8*	*26·5*	*18·7*
District	***20·8***	***45·5***	***35·4***	***19·1***

It will be seen that the big and the large cultivators accounted for 20·8 and 45·5 per cent of the total borrowings of all cultivators, the share of the medium and the small cultivators being 35·4 and 19·1 per cent, respectively. The corresponding figures relating to the selected villages, generally bear out this observation, namely, that borrowings were proportionately larger in the case of the higher groups of cultivators.

4.2 BORROWINGS AND REPAYMENTS ACCORDING TO SEASONAL CONDITIONS

Fuller particulars relating to the borrowings during the year, such as month, duration, purpose, credit agency, rate of interest, and repayments were obtained in the intensive enquiry. The discussion in this and subsequent sections is based on the data collected through the intensive enquiry. During April 1951 to March 1952, the borrowings of the cultivating families amounted to Rs 128·9 per family, out of which Rs 80·8 or 62·7 per cent were fully repaid during the year itself. In the case of the cultivators of the upper and the lower strata the total borrowings averaged Rs 199·0 and Rs 58·8 per family, respectively. Of these borrowings, the former fully repaid Rs 127·6 or 64·1 per cent and the latter repaid Rs 34·0 or 57·8 per cent during the year.

It may be mentioned that the borrowings of cultivators who could not furnish details regarding the month or months of borrowing of loans amounted to 12·9 and 18·5 per cent of the total borrowings among the cultivators of the upper and the lower strata, respectively. Table 4·4 below, therefore, relates to the remaining 87·1 per cent and 81·5 per cent of the borrowings by the cultivators of the upper and the lower strata, respectively.

TABLE 4.4—BORROWINGS AND REPAYMENTS ACCORDING TO MONTHS

[Intensive enquiry data. Amount in rupees per family]

Strata	April 1951	May to July 1951	August to October 1951	November 1951 to January 1952	February to March 1952	**Total borrowings/ repayments for which months were specified**
	1	2	3	4	5	6
Upper strata						
(a) Borrowings............	44·9	22·3	25·1	12·7	6·1	**111·1**
	(40·4)	*(20·1)*	*(22·6)*	*(11·4)*	*(5·5)*	***(100·0)***
(b) Repayments*..........	-	-	4·7	8·3	114·6	**127·6**
			(3·7)	*(6·5)*	*(89·8)*	***(100·0)***
Lower strata						
(a) Borrowings............	2·9	5·8	13·7	1·8	3·5	**27·7**
	(10·5)	*(20·9)*	*(49·5)*	*(6·5)*	*(12·6)*	***(100·0)***
(b) Repayments*..........	-	0·5	3·7	3·2	26·6	**34·0**
		(1·5)	*(10·9)*	*(9·4)*	*(78·2)*	***(100·0)***
All cultivators						
(a) Borrowings............	23·9	14·0	19·3	7·3	4·8	**69·4**
	(34·5)	*(20·2)*	*(27·8)*	*(10·5)*	*(6·9)*	***(100·0)***
(b) Repayments*..........	-	0·2	4·2	5·8	70·6	**80·8**
		(0·2)	*(5·2)*	*(7·2)*	*(87·4)*	***(100·0)***

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

It would appear from these figures that borrowings, as compared to repayments were more or less spread over the whole year. This is due to the fact that the cultivators in this district borrowed largely for family expenditure which, as will be seen subsequently, accounted for nearly three-fourths of the total borrowings during the year. Again, since both *kharif* and *rabi* crops are grown in this district, borrowings for agricultural purposes took place between May and July as also between August and October. Borrowings during February-April, however, were substantial. This appears to be due to the fact that generally there is very little of agricultural operations to be done during this period. Consequently, cultivators of *kharif* crops as also growers of *rabi* crops attend at that time to construction and repairs of their houses, purchase of clothing, utensils and other domestic requisites, litigation, etc. Borrowings during November-December as also those during May-July are generally for social and religious ceremonies.

Repayments, however, were made mostly during February–April, which was also the period of large borrowings. This coincidence of borrowings and repayments during the same period is explained by two factors. Firstly, in a large number of cases, fresh loans are advanced only after making partial or full repayment of previous dues. Consequently, even the growers of *kharif* crops who generally put off repayments as far as possible, made repayments at this time. Secondly, the earlier part of this period is a slack season for growers of *rabi* crops and this necessitates borrowings on their part, while repayments start with the commencement of the harvesting of *rabi* crops in the last week of March. Thus, family expenditure being the major purpose of loans, there is not much of correspondence either between seasonality of farm expenditure and cultivators' borrowings or, again, between seasonality of farm income and repayments by cultivators.

If the harvesting period of the *kharif* and *rabi* crops is taken into consideration the very high proportion of repayments during February–April can be explained. The high proportion of borrowings of cultivators of the lower strata during August–October appears to be due largely to the need for consumption finance as can be seen in a subsequent section.

4.3 SIZE OF BORROWINGS

As will be seen subsequently, in this district borrowings were next in importance to current income as a source of finance for capital expenditure in agriculture as also for family expenditure during the year. Presumably, this was due to effects of drought conditions which prevailed in the district during the year of the Survey and even during the preceding three years. The size of borrowings, therefore, must have been fairly larger than in a normal year. This is an important point to be borne in mind in understanding the size of borrowing in relation to scale of farm business in this district, as given in table 4.5 below.

TABLE 4.5—BORROWINGS (CASH LOANS) OF CULTIVATORS ACCORDING TO GROSS PRODUCE GROUPS

[Intensive enquiry data. Amount in rupees]

Gross produce group	BORROWINGS			Per rupees 100 of cash receipts from sale of crops and fodder and other cash receipts
	Per family	Per acre of sown area	Per rupees 100 of value of gross produce	
	1	2	3	4
I Less than Rs 200	67·0	51·3	57·2	19·8
II Rs 200 – Rs 400	80·0	37·8	26·8	30·6
III Rs 400 – Rs 600	97·0	26·3	20·7	30·1
IV Rs 600 – Rs 1,000	96·0	20·6	12·6	15·7
V Rs 1,000 – Rs 3,000	317·6	37·0	18·8	37·6
VI Rs 3,000 and above	468·2	25·5	11·7	17·7
District	**128·9**	**30·6**	**18·5**	**26·2**

Average borrowings per family ranged between Rs 67·0 in the lowest and Rs 468·2 in the highest group and noted a steady rise with an increase in value of gross produce. The incidence of borrowing on sown area showed an opposite trend, falling from Rs 51·3 per acre in the lowest group to Rs 25·5 per acre in the highest group. The average borrowings per rupees 100 of value of gross produce also showed a trend similar to that of incidence per acre of sown area. It may be noted that the cultivators in the gross produce group of Rs 1,000–Rs 3,000 were an exception to this general downtrend; the relatively large borrowings in their case were due to a higher level of capital farm expenditure by this group than by any other, averaging Rs 249·8 per family as against the district average of only Rs 76·8 per cultivating family. The size of borrowings, however, did not show any consistent relationship with cash receipts from sale of crops and fodder and other cash receipts among the different groups.

4.4 PURPOSES OF BORROWING

The following statement based on the General Schedule data (all families) shows the relative importance of borrowings as a source of finance for different heads of expenditure.

TABLE 4.6—EXPENDITURE FINANCED BY BORROWINGS

[General Schedule data. Amount in rupees per family]

Item	Amount	Percentage
I. Capital expenditure in agriculture	**33**	*19·5*
1·1 Purchase of land	3	*1·8*
1·2 Reclamation of land	6	*3·6*
1·3 Bunding and other land improvements	1	*0·6*
1·4 Digging and repair of wells	2	*1·2*
1·5 Development of other irrigation resources	–	–
1·6 Laying of new orchards and plantations	–	–
1·7 Purchase of livestock	18	*10·7*
1·8 Purchase of implements, machinery and transport equipment	2	*1·2*
1·9 Construction of farm houses, cattle sheds, etc	1	*0·6*
1·10 Other capital expenditure in agriculture	–	–
II. Capital expenditure in non-farm business	**4**	*2·4*
III. Family expenditure	**127**	*75·1*
3·1 Construction and repairs of residential houses and other buildings	36	*21·3*
3·2 Purchase of household utensils, furniture, etc	1	*0·6*
3·3 Purchase of clothing, shoes, bedding, etc	26	*15·4*
3·4 Death ceremonies	7	*4·1*
3·5 Marriage and other ceremonies	31	*18·3*
3·6 Medical expenses	5	*3·0*
3·7 Educational expenses	2	*1·2*
3·8 Litigation charges	18	*10·7*
IV. Repayment of old debt	**5**	*3·0*
V. Financial investment expenditure	–	–
VI. Total expenditure	**169**	*100·0*

The above table based on the data collected for borrowings as a source for financing different types of expenditure shows that the total expenditure financed by borrowings averaged Rs 169·0 per family, of which Rs. 127·0 or 75·1 per cent was for meeting family expenditure including Rs 18 for litigation charges and Rs 37 or 21·9 per cent for financing capital expenditure in farm and non-farm business and 3 per cent for repayment of old debt. The predominance of borrowings for family expenditure bears out our earlier observations about seasonality and purpose of borrowings.

Table 4.7 below gives data relating to borrowings during the year according to different purposes.

TABLE 4.7—BORROWINGS FOR DIFFERENT PURPOSES

[General Schedule data. Amount in rupees per family]

Purpose	Amount borrowed	Percentage to total
Capital expenditure in agriculture	33·2	*12·2*
Current farm expenditure	49·6	*18·2*
Non-farm business expenditure	7·6	*2·8*
Family expenditure	160·1	*58·6*
Other expenditure	22·0	*8·0*
More than one purpose	0·5	*0·2*
Total	**273·0**	***100·0***

As may be seen from the table, about 58·6 per cent of the borrowings were for family expenditure, 18·2 per cent for current farm expenditure and 15·0 per cent for capital expenditure in farm and non-farm business. The pattern of distribution of borrowings according to purpose bears out the observation in the preceding section, that a fairly large proportion of borrowings was for family expenditure.

4.4.1 Main purposes of borrowings

Table 4.8 on page 44 shows the main purposes of borrowings of the different groups of cultivators and also non-cultivators. Data relating to the former also show the comparative position of the different groups of cultivators in this regard.

It has been stated on page 44 that the average borrowings per cultivating family was more than three times the average per non-cultivating family. Taking rural families as a whole, it is found that the main purpose of borrowing was family expenditure which accounted for 58·6 per cent of the total borrowings. The next purpose in order of importance was current farm expenditure the borrowings for which accounted for 18·2 per cent, followed by capital expenditure in agriculture (12·2 per cent). In the case of cultivating families, the purpose-wise distribution of borrowings was almost similar to that seen in the case of all rural families.

The proportionate share of the different purposes in the total borrowings of the non-cultivators differed from that of cultivators mainly in respect of non-farm business expenditure, which accounted for 36·8 per cent of the total borrowings in the case of non-cultivators as against 2 per cent in the case of cultivators. The proportion of borrowings for family expenditure in the case of non-cultivators was

TABLE 4.8—PURPOSES OF BORROWINGS

[General Schedule data. Amount in rupees per family]

Group	Capital expenditure in agriculture	Current farm expenditure	Non-farm business expenditure	Family expenditure*	'Other' expenditure	More than one purpose	Total
	1	2	3	4	5	6	7
Big cultivators.................	98·6 *(17·1)*	101·1 *(17·5)*	12·9 *(2·2)*	294·9 *(51·0)*	69·4 *(12·0)*	1·5 *(0·2)*	**578·4** ***(100·0)***
Large cultivators...............	76·9 *(18·3)*	78·1 *(18·6)*	8·6 *(2·1)*	222·6 *(53·0)*	32·3 *(7·7)*	1·2 *(0·3)*	**419·7** ***(100·0)***
Medium cultivators.............	26·0 *(9·6)*	51·0 *(19·0)*	5·0 *(1·9)*	160·1 *(59·5)*	26·6 *(9·9)*	0·3 *(0·1)*	**269·0** ***(100·0)***
Small cultivators...............	6·3 *(3·5)*	30·4 *(17·1)*	4·2 *(2·3)*	127·4 *(71·6)*	9·7 *(5·4)*	0·2 *(0·1)*	**178·2** ***(100·0)***
All cultivators..................	35·8 *(12·4)*	53·1 *(18·5)*	5·9 *(2·0)*	169·5 *(58·9)*	23·1 *(8·0)*	0·6 *(0·2)*	**288·0** ***(100·0)***
Non-cultivators................	1·0 *(1·2)*	6·1 *(7·3)*	30·7 *(36·8)*	38·3 *(45·8)*	7·4 *(8·9)*	– –	**83·5** ***(100·0)***
All families..................	33·2 *(12·2)*	49·6 *(18·2)*	7·6 *(2·8)*	160·1 *(58·6)*	22·0 *(8·0)*	0·5 *(0·2)*	**273·0** ***(100·0)***

(Figures in brackets indicate percentages to total)

* Excluding litigation expenses which is included under 'Other' expenditure.

45·8 per cent, but that for current farm expenditure and capital expenditure in agriculture was much smaller than in the case of cultivators.

Average borrowings for capital expenditure among the groups of cultivators showed some notable variations. The average amount of borrowings per family in the big cultivators' group was more than three times larger than that in the small cultivators' group.

The relative importance of the different purposes of borrowings shows that the proportion of borrowings for family expenditure to total borrowings steadily increased in the lower groups, rising from 51·0 per cent in the group of big cultivators to 71·6 per cent in the group of small cultivators. The proportion of borrowings for current farm expenditure did not show any noticeable variation between the groups and ranged between 17 and 19 per cent. The proportion of borrowings for capital expenditure in agriculture showed a decline with a decrease in size of holdings, falling from 18·3 per cent in the case of large cultivators to 9·6 per cent in the medium cultivators' group and 3·5 per cent in the small cultivators' group.

Thus, it would be seen that family expenditure and current farm expenditure were more important purposes of borrowing among the lower groups of cultivators while in the upper groups of cultivators capital expenditure in agriculture was also an important purpose.

4.5 DURATION OF LOANS

Of the total amount borrowed and fully repaid during the year, the particulars regarding duration were reported by the respondents for 87·1 and 81·5 per cent of such borrowings in the upper and the lower strata respectively, which are given in the table below.

TABLE 4.9—DURATION OF LOANS BORROWED AND FULLY REPAID DURING THE YEAR

[Intensive enquiry data. Amount in rupees per family]

Strata	DURATION					
	One to three months	Four to six months	Seven to nine months	Ten to twelve months	Duration not specified	**Total**
	1	2	3	4	5	6
Upper strata...............	18·9	28·7	10·2	53·3	16·5	**127·6**
	(17·0)	*(25·8)*	*(9·2)*	*(48·0)*	*(12·9)*	***(100·0)***
Lower strata...............	10·0	9·6	4·8	3·3	6·3	**34·0**
	(36·1)	*(34·7)*	*(17·3)*	*(11·9)*	*(18·5)*	***(100·0)***

(Figures in brackets indicate percentages to total)

The above table shows that, in the case of upper strata cultivators a larger proportion of amounts borrowed and fully repaid during the year was for a relatively longer period than that in the case of lower strata cultivators. In the case of the latter, the proportion steadily declined with the length of the period of the loan.

4.6 CREDIT REQUIREMENTS

It is interesting to see how far the borrowings reported by the cultivators were, in the opinion of the cultivators, adequate for meeting their credit requirements. Table 4.10 shows the extent of credit required for development plans by the two strata of cultivators and compares the same with the actual expenditure on these items. It may be noted that the estimation of the credit requirements is based on the information obtained from the cultivators through a questionnaire regarding their credit requirements under terms and conditions which they considered possible to sustain for effective use.

The figures on page 46 indicate that the total credit which the cultivators could avail of for agricultural development, if supplied, averaged Rs 4,163 per family in the case of the upper strata cultivators while the actual amount spent by this class on these purposes averaged Rs 132·8 per family. In the case of the lower strata cultivators, the estimate was Rs 2,857 per family while expenditure incurred amounted to only Rs 20·9 per family. The item on which the larger part of borrowing was spent was purchase of livestock, Rs 47·7 by the upper and Rs 17·6 by the lower strata cultivators. All the same, the two strata reported their credit requirements for the purchase of bullocks, which averaged Rs 282 and Rs 174 per family, respectively. The second important item of agricultural investment was purchase of land. On this item, the upper strata cultivators spent Rs 38·1 per family and the lower strata cultivators Rs 0·9 per family. As against this expenditure, cultivators

TABLE 4.10—CREDIT REQUIREMENTS AND CAPITAL EXPENDITURE

[Intensive enquiry data. Amount in rupees per family]

Strata	Increasing size of holding by purchase of land	Digging of wells	Purchase of bullocks	Purchase of implements and machinery	Undertaking cultivation of more remunerative but costly crops like cash crops or garden crops	Making use of other irrigation resources	Bunding, land improvement and land reclamation	Increasing size of holding by tenancy	Total
	1	2	3	4	5	6	7	8	9
				Credit requirements for development plans					
Upper strata...	2,849	545	282	169	122	94	76	26	**4,163**
	(68·5)	*(13·1)*	*(6·8)*	*(4·1)*	*(2·9)*	*(2·2)*	*(1·8)*	*(0·6)*	**(100)**
Lower strata...	2,208	360	174	2	47	39	12	15	**2,857**
	(77·3)	*(12·6)*	*(6·1)*	*(0·1)*	*(1·6)*	*(1·4)*	*(0·4)*	*(0·5)*	**(100)**
				Capital expenditure in agriculture					
Upper strata...	38·1	6·8	47·7†	6·5$	††	1·7	10·4	††	**132·8***
	(28·6)	*(5·1)*	*(35·9)*	*(4·9)*		*(1·3)*	*(7·8)*		**(100)**
Lower strata...	0·9	0·9	17·6†	1·0$	††	-	0·4	††	**20·9**
	(4·3)	*(4·3)*	*(84·6)*	*(4·8)*			*(1·9)*		**(100)**

(Figures in brackets indicate percentages to total)

† These figures relate to purchase of livestock.
$ Includes transport equipment also.
†† These items are not included under capital expenditure.
* This includes Rs 21·0 per family of other capital investment in agriculture and Rs 0·8 per family for construction of farm houses, cattle sheds, etc., both amounting to 16·4 per cent.

reported that they were in need of credit for purchase of land for increasing the size of holding; these credit requirements averaged Rs 2,849 per family in the upper strata and Rs 2,208 in the lower strata. The upper strata cultivators reported credit requirements for purchase of implements and machinery also, and some amount also for cultivation of more remunerative but costly crops, increasing agricultural facilities, bunding and land improvement and taking lands on lease. The expenditure on cultivation of more remunerative crops, bunding and using 'other' sources of irrigation by the cultivators of the upper strata was negligible. The cultivators of the lower strata were also unable to spend a noticeable amount on any of these items, though they also reported credit requirements for these purposes, particularly for change over to cultivation of more remunerative but costly crops, and for providing the holding with 'other' irrigation facilities.

4.6.1 Difficulties in obtaining credit

On enquiry, whether they experienced any difficulty in meeting expenses for current agricultural operations due to lack of finance, 21 of the 80 cultivators in the upper strata did not give any reply. Of the remaining 59, only two said that they did not experience any difficulty, whereas the remaining said that they did. In the lower strata, eleven of the 40 cultivators did not reply while all the remaining 29 affirmed that lack of finance handicapped them in meeting current expenditure on agricultural operations.

(a) Sufficiency according to purpose. Asked whether they would use credit, if supplied for intensive tillage, 59 of the 80 cultivators in the upper strata and 36 out of the 40 in the lower strata reported in the affirmative. The proportion of cultivators requiring more credit for better manuring was relatively small. Only one cultivator among the cultivators of the upper strata reported that he required more credit for seed. The comparatively small credit requirements for purchase of seed are explained by the fact that, of the total expenditure on this item, borrowings for this purpose already accounted for 79·5 per cent in the case of the cultivators of the upper strata and 86·2 per cent in the case of the cultivators of the lower strata. Moreover, the fact that seed loans were advanced by the seed stores of the Agricultural and Co-operative Departments as also by the sugar-cane unions in U.P. may also be another factor responsible for the relatively small credit requirements for purchase of seed. Purchase of manure was financed by borrowings to the extent of 68·1 per cent among cultivators in the upper strata, while it was only 25·0 per cent in the case of the lower strata cultivators.

(b) Rate of interest. With regard to the rate of interest at which credit would be availed of by the cultivators, ten among the upper strata and six among the lower strata did not express any opinion. Of the remaining, 61·4 per cent of the upper strata cultivators were prepared to borrow at rates above 5 per cent, 15·7 per cent, at rates between 4 and 5 per cent, 2·9 per cent, at rates between 3 and 4 per cent and 20 per cent, at rates 3 per cent or less. The proportion of lower strata cultivators who would avail of credit facilities at these different interest rates was more or less the same as in the case of the upper strata cultivators.

It may be noted that, as against their replies, 94·7 per cent of the loans borrowed by the upper strata and 99·5 per cent of those borrowed by the lower strata were at interest rates above 5 per cent. The following table classifying the amounts borrowed according to rates of interest throws further light on this point.

It will be seen from the figures on page 48 that 1·7 per cent of the borrowings (including borrowings for which rate of interest was unspecified) of the upper strata cultivators and only 0·5 per cent of those of the lower strata were raised interest-free, while at the other end about 40 per cent of the borrowings of the former and nearly 61 per cent of those of the latter were obtained at interest rates exceeding 25 per cent. This shows that a larger part of the borrowings, particularly in the case of the cultivators of the lower strata, is obtained at comparatively very high rates of interest.

(c) Period of Loan. Asked about the period for which credit was required, only nine among the upper strata and five among the lower strata did not answer the query. Of those who responded, 38·0 per cent in the upper strata and 42·8

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

[Intensive enquiry data. Amount in rupees per family]

Rate of interest per annum	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	1	2	3	4	5	6
Nil	3·3	*1·7*	0·3	*0·5*	1·8	*1·4*
Less than 3½ per cent	–	–	–	–	–	–
3½ – 7 per cent	0·4	*0·2*	–	–	0·2	*0·1*
7 – 10 per cent	23·8	*12·0*	6·7	*11·4*	15·3	*11·8*
10 – 12½ per cent	6·6	*3·3*	–	–	3·3	*2·5*
12½ – 18 per cent	1·5	*0·8*	–	–	0·8	*0·6*
18 – 25 per cent	59·2	*29·7*	16·1	*27·3*	37·6	*29·3*
25 – 35 per cent	78·9	*39·6*	28·7	*48·8*	53·8	*41·8*
35 – 50 per cent	0·5	*0·3*	–	–	0·3	*0·2*
50 per cent and above	–	–	7·0	*12·0*	3·5	*2·7*
Unspecified	24·8	*12·4*	–	–	12·4	*9·6*
Total amount borrowed	**199·0**	***100·0***	**58·8**	***100·0***	**128·9**	***100·0***

per cent in the lower strata required the loan for over five years ; 57·8 per cent of the former and 54·3 per cent of the latter for two to five years and 2·8 per cent of the former and 2·9 per cent of the latter for one to two years. Only 1·4 per cent of the cultivators in the upper strata required loans for less than a year; no cultivator in the lower strata required loans for this short period. This indicated that the cultivators' major problem of credit requirements was one of medium and long-term finance for such purposes as purchase of land and bullocks, digging wells, etc.

TABLE 4.12—PERIOD OF LOAN

[Intensive enquiry data. Amount in rupees per family]

Purpose*	UPPER STRATA		LOWER STRATA	
	Short-term	Long-term	Short-term	Long-term
	1	2	3	4
Agricultural	48·9	65·6	18·0	7·6
Non-agricultural	–	2·7	–	–
Consumption	44·0	29·8	23·3	3·8

* This table excludes average borrowings of Rs 8 per family in the upper strata and Rs 6·2 in the lower strata, for the purposes not included in the above purposes.

It is seen from the above figures that in the case of the upper strata cultivators, long-term borrowings were very nearly as much as their short-term borrowings ; the larger proportion of the amount borrowed for agricultural purposes by the cultivators of this strata was long-term while the contrary was the case in respect of borrowings for consumption purposes. In the case of the lower strata cultivators, short-term borrowings formed the bulk of their loans raised for agricultural as well as consumption purposes.

(d) Security. The cultivators obtained the bulk of the loans without any security or only on personal security, as may be seen from the following table.

TABLE 4.13—BORROWINGS OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO SECURITY

[Intensive enquiry data. Amount in rupees per family]

Security	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	1	2	3	4	5	6
Personal security	163·1	*82·0*	55·7	*94·8*	**109·4**	*84·9*
Bullion and ornaments	–	–	0·5	*0·8*	**0·3**	*0·2*
Immovable property	11·2	*5·6*	–	–	**5·6**	*4·3*
Movable property	–	–	–	–	–	–
Shares	–	–	–	–	–	–
Government security	–	–	–	–	–	–
Insurance policy	–	–	–	–	–	–
Commodities	–	–	–	–	–	–
Guarantee by third party	22·6	*11·4*	1·8	*3·1*	**12·2**	*9·5*
Any other security	2·1	*1·0*	0·8	*1·3*	**1·4**	*1·1*
Security not specified	–	–	–	–	–	–
Total amount borrowed	**199·0**	***100·0***	**58·8**	***100·0***	**128·9**	***100·0***

It is noticed from the above table that as much as 82 per cent of the amount borrowed by the upper strata and 94·8 per cent of that borrowed by the lower strata cultivators was without any security or on personal security alone. Next in order of importance comes guarantee by third party which accounted for 11·4 per cent and 3·1 per cent of the borrowings of these two groups, respectively. Immovable property was given as security in the case of the cultivators of the upper strata for 5·6 per cent of their borrowings and bullion and ornaments were given as security in the case of the cultivators of the lower strata for less than 1 per cent of the total amount borrowed by them. This widespread practice of obtaining loans on personal security or on guarantee by third party explains the difficulty experienced by the cultivators in getting medium and long-term finance.

Details regarding the small amount borrowed by the cultivators of the upper strata against immovable property show that only Rs 9·4 per family or 4·7 per cent of the total borrowings by this class were taken against simple mortgage, Rs 1·8 per family or 0·9 per cent against usufructuary mortgage.

4.7 NATURE OF BORROWINGS

Table 4.14 indicates the proportion of amounts borrowed and fully repaid during the year to total borrowings during the year. Out of the total borrowings during the year amounting to Rs 128·9 per family loans fully repaid during the year averaged Rs 80·8 per family or 62·7 per cent of the total borrowings during the year.

The loans fully repaid during the year formed 64·1 per cent of the total borrowings during the year by the cultivators of the upper strata and 57·8 per cent of those by the cultivators of the lower strata.

TABLE 4.14—LOANS BORROWED AND FULLY REPAID DURING THE YEAR

[Intensive enquiry data. Amount in rupees per family]

Purpose	UPPER STRATA			LOWER STRATA			ALL CULTIVATORS		
	Total borrowings during the year	Loans borrowed and fully repaid during the year	Loans borrowed and fully repaid during the year as percentage of total borrowings during the year	Total borrowings during the year	Loans borrowed and fully repaid during the year	Loans borrowed and fully repaid during the year as percentage of total borrowings during the year	Total borrowings during the year	Loans borrowed and fully repaid during the year	Loans borrowed and fully repaid during the year as percentage of total borrowings during the year
	1	2	3	4	5	6	7	8	9
Capital expenditure on farm........	**65·6**	31·9	*48·6*	**7·6**	3·8	*50·0*	**36·6**	17·9	*48·9*
Current farm expenditure..	**48·9**	18·4	*37·6*	**18·0**	2·9	*16·1*	**33·4**	10·7	*32·0*
Non-farm business expenditure........	**2·7**	2·7	*100·0*	–	–	–	**1·4**	1·4	*100·0*
Family expenditure..	**73·8**	70·9	*96·1*	**27·1**	27·1	*100·0*	**50·4**	49·0	*97·2*
Other expenditure..	–	–	–	–	–	–	–	–	–
More than one purpose (including unspecified purposes)....	**8·0**	3·7	*46·3*	**6·2**	0·2	*3·2*	**7·1**	2·0	*28·2*
Total........	**199·0**	**127·6**	***64·1***	**58·8**	**34·0**	***57·8***	**128·9**	**80·8**	***62·7***

It would further appear that while the borrowings of the cultivators of the lower strata were smaller, repayments by them in proportion to borrowings during the year also were smaller, particularly, in the case of amounts borrowed for current farm expenditure and also borrowings for more than one purpose (including unspecified purposes).

4.8 GRAIN LOANS

The practice of taking loans in kind appears fairly widespread in the district in as much as grain loans were reported by no less than 82·2 per cent of the families as against 74·5 per cent families reporting cash loans. The value of grain loans, however averaged only Rs 51 per family as against an average of Rs 129 of cash loans while, the value of grain loans per reporting family averaged Rs 62 and cash loans averaged Rs 173. The value of outstanding grain loans was 76·5 per cent of the total value of grain loans borrowed whereas, in the case of cash loans, the outstandings were 61·2 per cent of the amount borrowed.

Families reporting grain loans formed 70·7 per cent of those in the upper strata and 93·7 per cent of those in the lower strata. The number of grain loans averaged 2·5 and 3·3 per family, respectively, for the cultivators of these two strata ; per reporting family, they averaged 3·6 loans in the upper strata or slightly higher than those of the lower strata. The quantity borrowed averaged 136·1 seers per family for the cultivators of the upper strata and 105·3 seers per family for the cultivators of the lower strata ; but it averaged, per reporting family, higher at 192·5 seers in the case of the former as against 112·4 seers in the case of the latter.

These grain loans were largely for current farm expenditure, i.e., mainly for purposes of seed, payment of wages in kind, etc. accounting for 71·3 per cent of the total grain loans in the case of the cultivators of the upper strata and 55·3 per cent in the case of the cultivators of the lower strata. Presumably, these loans consist largely of seed loans advanced by the seed stores of the Co-operative and Agricultural Departments. The quantity of grain borrowed for consumption by the upper strata cultivators was smaller in proportion to total grain loans (14·3 per cent) as compared to that reported by the lower strata cultivators (20·1 per cent). Quantity of grain loans borrowed for more than one purpose formed 14·4 per cent of the total borrowed by the upper strata cultivators and 19·9 per cent of those borrowed by the lower strata cultivators.

The total quantity of grain loans averaged 120·7 seers per cultivating family ; 57·5 seers or 47·7 per cent of this quantity was paddy, 10·5 seers or 8·7 per cent was wheat, 30·1 seers or 25·0 per cent consisted of other cereals and 15·6 seers or 13·0 per cent of other pulses. It is, thus, seen that paddy predominated in these borrowings in kind. The average quantity of grain borrowed per cultivating family of the upper strata was larger than that borrowed by the lower strata cultivators in respect of almost all the type of these grain loans.

4.8.1 Repayment of grain loans

The grain loans borrowed and fully repaid during the year averaged 1·5 per family for cultivators, 1.4 in the case of the cultivators of the upper strata and 1·6 in the case of the cultivators of the lower strata. The repayments averaged 62·5 seers for all cultivating families, 71 seers for families in the upper strata and 54 seers for those in the lower strata ; in proportion to the total, they formed 51·8 per cent, 52·2 per cent, and 51·3 per cent, respectively. Taking into account repayments for grain loans outstanding also, the total repayments averaged 88·5 seers among the cultivators of the upper strata, 66·2 seers among the cultivators of the lower strata and 77·3 seers for all cultivators.

4.8.2 Outstanding grain loans

As against the repayments, loans borrowed during the year but not fully repaid averaged 1·1 per family of the upper strata, 1·7 of the lower strata, and 1·4 per family of all cultivators. The quantity per family involved in these respective loans was 65·1 seers, 51·3 seers and 58·2 seers, which formed 47·8 per cent, 48·7 per cent and 48·2 per cent, respectively, of the total quantity of grain borrowed during the year. The outstanding loan averaged 59·9 seers per family for the cultivators of the upper strata, 56·6 seers for those of the lower strata and 58·3 seers per family for all cultivators; per reporting family, it averaged 84·7 seers, 60·4 seers and 70·9 seers, respectively.

Considering the period for which these loans have been outstanding, it was found that out of 150·4 loans per 100 cultivating families, as many as 104·6 or 69·5 per cent were outstanding for four to six months, 27·1 or 18·0 per cent for ten to twelve months, 2·1 or 1·4 per cent for less than three months and 9·0 or 6·0 per cent for seven to nine months and 3·5 or 2·3 per cent for one to two years and 3·3 or 2·2 per cent for more than two years.

Considering the quantity involved, however, it was found that, for all cultivators, the grain loans outstanding for four to six months formed 40·9 per cent of the total, while 17·3 per cent were outstanding for ten to twelve months and 3·9 per cent for seven to nine months. At the same time, loans outstanding for more than twenty-four months formed 31·1 per cent and those for thirteen to twenty-four months 6·3 per cent of the total.

It may be noted that the grain loans are generally borrowed only for the season of the crop concerned and are generally repayable immediately after the harvest. The large outstandings noticed above were partly due to the unfavourable crops during the year and partly due to the fact that the *rabi* season, as observed earlier, was not over at the time of close of this Survey.

CHAPTER 5

REPAYMENTS

5.1 FAMILIES REPORTING REPAYMENTS

In this chapter we proceed to discuss the repayments by the cultivating and non-cultivating families during the Survey year on the basis of data collected through the General Schedule as also through the intensive enquiry. Table 5.1 based on the General Schedule data shows the proportion of families reporting repayments to the total number of families as also to the total number of borrowing and indebted families in the different groups.

TABLE 5.1—FAMILIES REPORTING REPAYMENTS

[General Schedule data]

Group	PROPORTION OF REPAYING FAMILIES TO		
	Total families (Per cent)	Total borrowing families (Per cent)	Total indebted families (Per cent)
Big cultivators	*78·2*	*87·3*	*90·5*
Large cultivators	*78·8*	*85·3*	*87·6*
Medium cultivators	*78·8*	*84·3*	*82·3*
Small cultivators	*71·2*	*80·8*	*80·1*
All cultivators	*76·4*	*83·6*	*83·3*
Non-cultivators	*21·7*	*50·0*	*46·9*
All families	***72·4***	***82·2***	***81·5***

It will be observed from the above figures that the number of families who reported repayment of debt during the Survey year formed 72·4 per cent of the total rural families, 82·2 per cent of the borrowing families and 81·5 per cent of the indebted families. The corresponding proportions in the case of cultivators were 76·4, 83·6 and 83·3 per cent, respectively. But the proportion of non-cultivating families reporting repayment of debt was, however, much smaller forming 21·7 per cent of the total non-cultivating families and 50·0 per cent and 46·9 per cent of the borrowing and the indebted families, respectively, in the same group.

Among the cultivators, the repaying families formed 78 to 79 per cent of the total families in the big, the large and the medium cultivators' groups and 71·2 per cent in the small cultivators' group. Their proportion to the borrowing families ranged between 84·3 and 87·3 per cent in the first three groups and 80·8 per cent in the group of small cultivators. Of the indebted families, 82·3 to 90·5 per cent in the first three groups and 80·1 per cent in the last group reported repayment of debt. It would thus appear that the proportion of repaying families to total families was smaller than that of the borrowing as also of indebted families in all the four groups. However, the proportion of repaying families in the first three groups was more or less the same though the proportion of indebted families as also of borrowing families reporting repayment tended to decline in the lower groups. Moreover, considering the unsatisfactory seasonal conditions prevailing during the year of the Survey and also during the preceding two years, these figures show fairly good repayment. Probably, this is due to the fact that about 55·8 per cent of the cultivating families in the district were sugar-cane growers and that 38·1 per cent of the cultivators had over 40 per cent of their gross produce in cash crops. All the same, it may be recalled that grain loans raised by the cultivators were considerably large and could not be repaid in full during the year.

As between the different villages, repayments as percentage of borrowings averaged highest in Singhapur, followed by Karanj, Momin Dhekulia and Barnai Khas ; they were lowest in Jigna. Repayments as percentage of outstanding debt also averaged highest in Singhapur, the villages next in the order of importance being Karanj, Barnai Khas, Kasya, Dhamaur and Sheopur ; the lowest proportion was reported in Jigna. Thus it is found that Singhapur and Karanj figured prominently among villages with comparatively high repayments, while Jigna came last. The absence of Momin Dhekulia in the former category when repayments were considered as proportion of outstanding debt, only shows the high proportion of indebted families in this village.

It is rather difficult to explain the variations in the extent of repayments made by cultivators in the different villages, as they are influenced by a number of factors such as relative importance of cash crops, size of borrowings during the year, outstanding debt, cash receipts, effects of drought, etc.

5.2 AVERAGE REPAYMENTS PER FAMILY

Table 5.2 shows the average repayment per family and per reporting family of cultivators as also of non-cultivators and all families in the selected villages.

TABLE 5.2—REPAYMENT OF DEBT

[General Schedule data. Amount in rupees]

Village	CULTIVATORS		NON-CULTIVATORS		**All families**	
	Per family	Per reporting family	Per family	Per reporting family	**Per family**	**Per reporting family**
	1	2	3	4	5	6
Dhamaur..................	92	129	–	–	**88**	**129**
Jigna.....................	56	172	7	27	**52**	**161**
Karanj....................	150	201	–	–	**149**	**201**
Kasya.....................	89	168	44	213	**66**	**181**
Barnai Khas..............	74	144	6	23	**63**	**136**
Momin Dhekulia...........	111	117	–	–	**111**	**117**
Sheopur..................	65	79	2	10	**63**	**78**
Singhapur................	294	337	3	10	**285**	**334**
District..................	**131**	**172**	**17**	**80**	**123**	**170**

As may be seen from these figures, repayments of debt of all families amounted to Rs 123 per family and Rs 170 per reporting family for the district. In the case of cultivators, the repayments worked out at Rs 131 per family and at Rs 172 per reporting family; repayments in the case of non-cultivators, averaged to Rs 17 per family and Rs 80 per reporting family. The markedly higher average per reporting family as compared to the average per family in the case of non-cultivators is indicative of the small proportion of reporting families in this group, which was observed earlier.

5.3 REPAYMENTS IN RELATION TO BORROWINGS AND DEBT

Table 5.3 shows the proportion of repayments of cultivators and non-cultivators to their total borrowings and debt plus repayments in the district.

TABLE 5.3—PROPORTION OF REPAYMENTS
[General Schedule data]

Group	PROPORTION OF REPAYING FAMILIES TO		PROPORTION OF REPAYMENTS TO	
	Borrowing families (Per cent)	Indebted families (Per cent)	Borrowings (Per cent)	Debt plus repayments (Per cent)
	1	2	3	4
Big cultivators	*87·3*	*90·5*	*53·1*	*28·9*
Large cultivators	*85·3*	*87·6*	*49·8*	*20·5*
Medium cultivators	*84·3*	*82·3*	*42·5*	*18·3*
Small cultivators	*80·8*	*80·1*	*41·7*	*25·1*
All cultivators	*83·6*	*83·3*	*45·6*	*20·3*
Non-cultivators	*50·0*	*46·9*	*20·8*	*12·6*
All families	***82·2***	***81·5***	***45·0***	***20·2***

The table shows that the amount of repayments made, formed 45·6 per cent of the total borrowings in the case of cultivators and 20·8 per cent in the case of non-cultivators. The proportion of repayments to borrowings showed a steady decline from 53·1 per cent in the case of big cultivators to 41·7 per cent in the case of small cultivators. The amount of repayments formed a much smaller proportion of debt plus repayments than that of borrowings. The proportion worked out at 20·3 per cent in the case of cultivators and 12·6 per cent in the case of non-cultivators. It worked out at 28·9 per cent in the big cultivators' group and fell to 20·5 per cent in the large cultivators' group and to 18·3 per cent in the medium cultivators' group before rising to 25·1 per cent in the small cultivators' group.

These data were collected through the General Schedule. It may be of interest to study the position revealed in the intensive enquiry. As has been seen in Chapter 3, the cultivators were able to pay off a large part of the outstanding debt during this intervening period.

The comparative position of the villages in this regard is given in Table 5.4 below :—

TABLE 5.4—REPAYMENTS BY CULTIVATORS IN THE SELECTED VILLAGES

[General Schedule data]

Village	REPAYING CULTIVATING FAMILIES AS PERCENTAGE OF		REPAYMENTS BY CULTIVATORS AS PERCENTAGE OF	
	Borrowing families	Indebted families	Borrowings	Debt plus repayments
	1	2	3	4
Dhamaur	*73·5*	*74·4*	*26·4*	*17·4*
Jigna	*43·0*	*40·4*	*21·0*	*10·6*
Karanj	*78·2*	*79·6*	*51·7*	*33·4*
Kasya	*69·2*	*66·5*	*32·7*	*20·9*
Barnai Khas	*59·5*	*57·5*	*36·8*	*21·5*
Momin Dhekulia	*100·0*	*100·0*	*42·0*	*10·7*
Sheopur	*86·5*	*87·8*	*26·9*	*13·9*
Singhapur	*94·8*	*94·8*	*68·7*	*36·6*
District	***83·6***	***83·3***	***45·6***	***20·3***

5.4 REPAYMENTS AND GROSS PRODUCE

It was observed in Chapter 3 that repayments were larger during the period subsequent to the filling in of the General Schedule. The amount of repayments as reported in the intensive enquiry, was Rs 158·2 per family as against Rs 131 per cultivating family in the General Schedule. Though these two averages are not strictly comparable these figures bring out that repayments on a considerable scale were made during the period intervening between the two enquiries.

Table 5.5 below based on the intensive enquiry shows repayments by the cultivators during the year in relation to the value of their gross produce.

TABLE 5.5—REPAYMENTS ACCORDING TO VALUE OF GROSS PRODUCE

[Intensive enquiry data. Amount in rupees]

Gross produce group	Repayments per family	REPAYMENTS			REPAYMENTS AS PERCENTAGE OF	
		Per acre of area sown	Per rupees 100 of total cash receipts	Per rupees 100 of value of gross produce	Borrowings	Debt plus repayments
	1	2	3	4	5	6
I Less than Rs 200	66·2	50·7	19·6	56·6	*99·0*	*54·9*
II Rs 200 – Rs 400	67·9	32·1	26·0	22·7	*84·9*	*61·0*
III Rs 400 – Rs 600	175·8	47·6	54·6	37·6	*181·1*	*67·4*
IV Rs 600 – Rs 1,000	197·1	42·3	32·3	25·8	*205·3*	*73·1*
V Rs 1,000 – Rs 3,000	253·5	29·5	30·0	15·0	*79·8*	*64·0*
VI Rs 3,000 and above	601·2	32·8	22·7	15·0	*128·4*	*71·9*
District	**158·2**	**37·5**	**32·2**	**22·7**	***122·7***	***66·7***

The above table indicates that average repayments per family steadily increased with the value of gross produce rising from Rs 66·2 in the first group to Rs 601·2 n the sixth group. Average repayments per acre of sown area did not show any consistent trend as repayments were influenced also by some other factors, such as, size and purpose of borrowings, crop grown, efficiency of cultivation, etc. Average repayments per rupees 100 of total cash receipts showed the proportion steadily increasing in the first three groups but did not show any such consistent relationship in the subsequent three groups. Average repayments per rupees 100 of gross produce showed a tendency to decline in the higher groups, except the second, falling from Rs 56·6 per family in the first group to 15·0 per family in the last two groups.

The table shows that the repayments of all the selected cultivating families taken together formed 122·7 per cent of the borrowings during the year. This, however, does not mean that all borrowings during the year were fully repaid, since the repayments included also repayments towards loans outstanding for more than one year. The proportion of repayments to borrowings as also debt did not show any consistent relationship with the size of gross produce. The following table shows the comparative position of the two strata of cultivators in this regard.

TABLE 5.6—REPAYMENTS AMONG THE SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees]

Strata	Repayments per family	REPAYMENTS			REPAYMENTS AS PERCENTAGE OF	
		Per acre of area sown	Per rupees 100 of total cash receipts	Per rupees 100 of value of gross produce	Borrowings	Debt plus repayments
	1	2	3	4	5	6
Upper strata	219·0	35·0	32·7	21·3	*110·1*	*62·9*
Lower strata	97·3	44·8	30·8	26·8	*165·4*	*77·1*
All Cultivators	**158·2**	**37·5**	**32·2**	**22·7**	***122·7***	***66·7***

It is seen from the above table that repayments per family averaged Rs 219 in the upper strata cultivators and Rs 97.3 in the lower strata cultivators. Repayments per acre of sown area as also per rupees 100 of gross produce were higher in the case of the cultivators of the lower strata than in the case of the cultivators of the upper strata, while repayments per rupees 100 of total cash receipts, were slightly lower. The proportion of repayments to borrowings came to 110·1 per cent among the upper strata cultivators and 165·4 per cent among the lower strata cultivators. The proportion of repayments to debt plus repayments was 62·9 per cent in the upper strata cultivators and 77·1 per cent in the case of lower strata cultivators. Obviously, it indicates that the borrowings of the lower strata cultivators being comparatively smaller in amounts and for short-term, repayments were quicker, resulting in a relatively large proportion as noted above.

5.5 NATURE OF REPAYMENTS

The average repayments, in the case of the cultivators of the upper strata were more than double those in the lower strata. Table 5.7 below shows the amounts paid towards borrowings during the year and the outstanding debt separately.

TABLE 5.7—REPAYMENTS ACCORDING TO NATURE OF DEBT

[Intensive enquiry data. Amount in rupees per family]

Strata	Repayments per family	LOANS BORROWED DURING THE YEAR		LOANS OUTSTANDING FOR MORE THAN ONE YEAR	
		Fully repaid	Partially repaid	Fully repaid	Partially repaid
	1	2	3	4	5
Upper strata	219·0	127·6	4·4	85·0	2·0
	(100)	*(58·3)*	*(2·0)*	*(38·8)*	*(0·9)*
Lower strata	97·3	34·0	3·3	60·0	–
	(100)	*(34·9)*	*(3·4)*	*(61·7)*	
All Cultivators	**158·2**	**80·8**	**3·9**	**72·5**	**1·0**
	(100)	***(51·1)***	***(2·5)***	***(45·8)***	***(0·6)***

(Figures in brackets indicate percentages to total)

Of the average repayments per cultivating family as much as 51·1 per cent was towards loans borrowed and fully repaid during the year and 45·8 per cent towards loans outstanding for more than one year which were fully repaid.

In the case of the cultivators of the upper strata, out of the total repayments of Rs 219 per family, Rs 127·6 or 58·3 per cent were towards loans borrowed and fully repaid during the year and Rs 85·0 or 38·8 per cent, towards loans outstanding for more than one year which were fully repaid. Only 2 per cent of the total repayments was towards loans raised during the year but not fully repaid and another 0.9 per cent towards debt outstanding for more than one year but not fully repaid. Among the cultivators of the lower strata, the large proportion of repayments (61·7 per cent) was towards loans outstanding for more than one year which were fully repaid and 34·9 per cent towards loans borrowed and fully repaid during the year. This indicates the priority given to repayment of old debts by the cultivators of the lower strata, partly to avoid accumulation of interest and partly due to their low credit raising capacity.

The table on page 59 shows that the relative importance of the sources of finance for repayment as shown by the General Schedule data for all families is generally the same as was revealed by the intensive enquiry data in respect of cultivating families. In both the cases, current income was the major source of finance, accounting for over 91 per cent of the total repayments. Borrowings accounted for nearly 3·5 per cent in both the cases. The former set of data, however, shows a small proportion of repayments made from past savings and sale of assets.

5.6 SOURCE OF FINANCE FOR REPAYMENTS

Table 5.8 below shows the sources from which funds for repayments were obtained.

TABLE 5.8—SOURCE OF FINANCE FOR REPAYMENTS

[Amount in rupees per family]

	Total repayments	SOURCE OF FINANCE				
		Current Income	Past Savings	Sale of Assets	Borrowings	Other Sources
		General Schedule data				
All families	**123·0**	112·3	0·8	2·7	4·7	2·5
	(*100*)	(*91·3*)	(*0·7*)	(*2·2*)	(*3·8*)	(*2·0*)
		Intensive Enquiry data				
Upper strata cultivators	**219·0**	208·2	–	–	10·6	0·2
	(*100*)	(*95·1*)			(*4·8*)	(*0·1*)
Lower strata cultivators	**97·3**	94·4	–	–	–	2·9
	(*100*)	(*97·0*)				(*3·0*)
All Cultivators	**158·2**	**151·3**	–	–	**5·3**	**1·6**
	(*100*)	(*95·6*)			(*3·4*)	(*1·0*)

(Figures in brackets indicate percentages to total)

CHAPTER 6

FAMILY EXPENDITURE

6.1 ITEMS OF FAMILY EXPENDITURE

The data regarding family expenditure as presented here relate to such items as generally involve expenditure in lump sums and thus would be occasions for borrowing. The items include expenditure on construction and repairs of residential houses, durable consumer goods, special occasions of family expenditure such as death and marriage ceremonies, illness, litigation, etc. It may be noted that these items do not include expenditure on food and current family consumption. The data were collected through the General Schedule as also through the intensive enquiry.

Table 6.1 shows the proportion of cultivating and non-cultivating families reporting expenditure on these items of family expenditure.

The total expenditure on the specified items of family expenditure amounted to Rs 327 per family of cultivators and Rs 229 per family of non-cultivators. It may be seen from the table on page 61 that the proportion of cultivating families reporting expenditure on purchase of clothing, shoes, bedding, etc. was as high as 95·6 per cent. The other important items of family expenditure were construction and repairs of buildings etc., purchase of household utensils, furniture and such other durable consumer goods, marriage and other ceremonies and medical expenses. Of the total cultivating families nearly one-fifth reported educational expenditure, nearly one-eighth reported expenditure on account of litigation and about one-tenth expenditure on death ceremonies. The proportion of expenditure on the specified items showed that expenditure on construction and repairs of residential houses accounted for 31·8 per cent of the total expenditure by the cultivating families followed by marriage and other ceremonies and purchase of clothing, bedding, shoes, etc. accounting for 22·1 per cent and 21·6 per cent, respectively. Litigation charges, educational expenses, medical expenses, death ceremonies and purchase of household utensils, furniture, etc. each accounted for less than 10 per cent of the total family expenditure. The figures of expenditure on the specified items per reporting family of cultivators show that litigation charges were as high as Rs 260 per reporting family followed by marriage and other ceremonies (Rs 205), construction and repairs of residential houses, etc. (Rs 177), death ceremonies (Rs 136), educational expenses (Rs 78) and purchase of clothing, bedding, shoes, etc. (Rs 74). It is thus seen that average expenditure per family among cultivators shows construction and repairs of residential houses and other buildings as the major item followed by marriage and other ceremonies; according to average expenditure per reporting family, however, litigation charges followed by marriage and other ceremonies assume greater importance among the items of family expenditure of cultivators.

TABLE 6.1—PROPORTION OF FAMILIES REPORTING EXPENDITURE ON THE SPECIFIED ITEMS OF FAMILY EXPENDITURE

[General Schedule data]

Item	CULTIVATORS				NON-CULTIVATORS			
			EXPENDITURE PER FAMILY				EXPENDITURE PER FAMILY	
	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Amount (Rs)	Proportion to total expenditure on recorded items of family expenditure (Per cent)	Proportion of families reporting expenditure (Per cent)	Expenditure per reporting family (Rs)	Amount (Rs)	Proportion of total expenditure on recorded items of family expenditure (Per cent)
	1	2	3	4	5	6	7	8
1. Construction and repairs of residential houses and other buildings	*58·8*	177	104	*31·8*	*34·5*	119	41	*17·9*
2. Purchase of household utensils, furniture, etc.	*36·0*	17	6	*1·8*	*34·2*	19	6	*2·8*
3. Purchase of clothing, shoes, bedding and other consumer goods	*95·6*	74	71	*21·6*	*85·5*	62	53	*23·1*
4. Death ceremonies	*9·6*	136	13	*4·0*	*8·6*	144	12	*5·4*
5. Marriage and other ceremonies	*35·3*	205	72	*22·1*	*15·7*	259	41	*17·7*
6. Medical expenditure	*34·9*	40	14	*4·3*	*26·2*	112	30	*12·9*
7. Educational expenditure	*20·0*	78	16	*4·8*	*15·7*	232	36	*15·8*
8. Litigation charges	*12·1*	260	31	*9·6*	*4·5*	230	10	*4·5*
Total of recorded items of family expenditure	***98·4***	**333**	**327**	***100·0***	***94·2***	**243**	**229**	***100·0***

Considering the proportion of non-cultivating families reporting expenditure on the specified items, relative importance of the several items appeared more or less similar to that noted in the case of cultivators. Considering the average expenditure per non-cultivating family, however, the most important item was purchase of clothing, shoes, bedding and such other consumer goods accounting for 23·1 per cent followed by expenditure on construction and repairs of residential houses, etc. (17·9 per cent), marriage and other ceremonies (17·7 per cent), educational expenses (15·8 per cent) and medical expenses (12·9 per cent). The average expenditure per reporting family showed the highest amount on marriage and other ceremonies (Rs 259), followed by expenditure on education (Rs 232), litigation charges (Rs 230), death ceremonies (Rs 144), construction and repairs of residential houses and other buildings (Rs 119), and medical expenses (Rs 112). It may be noted that the expenditure per reporting family as also its proportion to the total family expenditure was much higher in respect of educational and medical expenses in the case of non-cultivators than in the case of cultivators, which may perhaps be due to the inclusion of traders, moneylenders and absentee landlords in this group.

6.2 INTER-VILLAGE COMPARISON

For the purposes of inter-village comparison, the several items of family expenditure reported by cultivating families have been shown in Table 6.2 below under four broad groups, namely, (1) construction and repairs of residential houses and other buildings, (2) durable consumer goods i.e. purchase of household utensils, furniture, clothing, bedding, shoes, etc., (3) death, marriage and other ceremonies and (4) medical treatment, education and litigation.

TABLE 6.2—FAMILY EXPENDITURE OF CULTIVATING FAMILIES IN THE SELECTED VILLAGES

[General Schedule data. Amount in rupees per family]

Village	Expenditure on construction and repairs of residential houses and other buildings	Expenditure on durable consumer goods	Expenditure on death, marriage and other ceremonies	Expenditure on education, medical treatment and litigation	Total
	1	2	3	4	5
Dhamaur	34	92	120	79	**325**
Jigna	135	124	164	149	**572**
Karanj	57	68	85	59	**269**
Kasya	207	78	99	127	**511**
Barnai Khas	62	62	128	58	**309**
Momin Dhekulia	179	75	24	67	**345**
Sheopur	71	58	85	36	**249**
Singhapur	106	97	88	54	**345**
District	**104**	**77**	**85**	**61**	**327**

It may be seen from these figures that the level of family expenditure was relatively very high, exceeding Rs 500 per cultivating family in Jigna and Kasya. The average family expenditure per cultivating family ranged between Rs 301 and Rs 400 in Dhamaur, Barnai Khas, Momin Dhekulia and Singhapur and between Rs 201 and Rs 300 in Karanj and Sheopur.

In Jigna, where the level of family expenditure was very high, the largest proportion of family expenditure was accounted for by death, marriage and other ceremonies (28·6 per cent) followed by expenditure on education, medical treatment and litigation charges (26·1 per cent), construction and repairs of residential houses and other buildings (23·6 per cent) and purchase of durable consumer goods (21·7 per cent). In Kasya, which again reported a very high level of family expenditure, expenditure on construction and repairs of residential houses and other buildings, and education, medical treatment and litigation accounted for 40·5 and 24·9 per cent of the total family expenditure, respectively, while, expenditure on death, marriage and other ceremonies and durable consumer goods formed 19·4 per cent and 15·2 per cent of the total family expenditure. In Momin Dhekulia expenditure on construction and repairs of residential houses and other buildings accounted for as much as 51·8 per cent of the total expenditure while expenditure on durable consumer goods and on education, medical treatment and litigation amounted to 21·8 and 19·4 per cent, respectively. The order of importance of these items in the villages with a very low level of family expenditure, namely, Sheopur and Karanj showed expenditure on death, marriage and other ceremonies as the major item (33·9 and 31·4 per cent, respectively) followed by expenditure on construction and repairs of residential houses and other buildings in the case of Sheopur (28·4 per cent) and expenditure on durable consumer goods in the case of Karanj (25·4 per cent).

6.3 FAMILY EXPENDITURE OF THE VARIOUS GROUPS OF CULTIVATORS

Table 6.3 below shows the expenditure under the four heads of family expenditure in respect of the different groups of cultivators.

TABLE 6.3—FAMILY EXPENDITURE OF CULTIVATORS

[General Schedule data. Amount in rupees per family]

Item	BIG CULTIVATORS		LARGE CULTIVATORS		MEDIUM CULTIVATORS		SMALL CULTIVATORS		**ALL CULTIVATORS**	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	**Amount**	**Percentage**
	1	2	3	4	5	6	7	8	9	10
Construction and repair of residential houses and other buildings	377	*35·5*	192	*33·4*	85	*31·6*	40	*26·3*	**104**	***31·8***
Purchase of durable consumer goods	236	*22·2*	135	*23·6*	59	*22·1*	39	*25·6*	**77**	***23·4***
Death, marriage and other ceremonies	260	*24·5*	146	*25·4*	70	*26·2*	43	*28·6*	**85**	***26·1***
Expenditure on education, medical treatment and litigation	189	*17·8*	101	*17·6*	54	*20·1*	29	*19·5*	**61**	***18·6***
Total of recorded items of family expenditure	**1,062**	***100·0***	**574**	***100·0***	**268**	***100·0***	**151**	***100·0***	**327**	***100·0***

It may be seen that the average family expenditure per family in the big cultivators' group of Rs 1,062 was about four times larger than that of Rs 268 per family in the medium cultivators' group and more than seven times larger than that of Rs 151 per family in the small cultivators' group.

It will also be seen that expenditure on construction and repairs of residential houses and other buildings generally occupies the first place accounting for about

30 to 36 per cent of the total expenditure on the recorded items of family expenditure in the big, large and medium cultivators' groups. Considering however, the average expenditure per family on this item, it would appear that the expenditure was more on repairs than on construction of new houses and buildings, particularly in the case of the medium and small cultivators. The next in order of importance is expenditure on death, marriage and other ceremonies accounting for 24 to 27 per cent and is followed by expenditure on purchase of durable consumer goods forming 22 to 24 per cent of the total family expenditure. Expenditure on education, medicine and litigation formed between 17 and 20 per cent of the total. In the small cultivators' group, however, first in the order of importance was expenditure on death, marriage and other ceremonies (28·6 per cent) followed by expenditure on construction and repairs of residential houses and other buildings etc. (26·3 per cent), purchase of durable consumer goods (25·6 per cent) and expenditure on education, medical treatment and litigation (19·5 per cent).

6.4 SOURCE OF FINANCE

Table 6.4 shows the sources of finance for family expenditure as reported by the rural families through the General Schedule.

TABLE 6.4—SOURCE OF FINANCE FOR DIFFERENT ITEMS OF FAMILY EXPENDITURE : ALL FAMILIES

[General Schedule data. Amount in rupees per family]

Source of finance	CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES AND OTHER BUILDINGS		PURCHASE OF HOUSEHOLD UTENSILS, FURNITURE ETC. AND CLOTHING, SHOES, BEDDING, ETC.		DEATH, MARRIAGE AND OTHER CEREMONIES		EDUCATIONAL, AND MEDICAL EXPENSES AND LITIGATION CHARGES		**Total**	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	**Amount**	**Percentage**
	1	2	3	4	5	6	7	8	9	10
Current income	33	*33·7*	47	*61·2*	28	*33·7*	33	*52·9*	**140**	***43·8***
Past savings	28	*27·7*	1	*1·8*	14	*16·9*	1	*3·0*	**45**	***14·1***
Sale of assets	2	*1·9*	–	*0·2*	1	*1·2*	1	*1·7*	**4**	***1·2***
Borrowings	36	*36·1*	27	*36·0*	38	*45·8*	25	*41·2*	**127**	***39·7***
Other sources	1	*0·6*	1	*0·8*	2	*2·4*	1	*1·2*	**4**	***1·2***
Total	**99**	***100·0***	**75**	***100·0***	**83**	***100·0***	**62**	***100·0***	**320**	***100·0***

It will be observed from the table that about 57·9 per cent of the family expenditure was financed from current income and past savings together and 39·7 per cent from borrowings. Sale of assets was not at all an important source of finance. The expenditure on construction and repairs of residential houses and other buildings was financed to the extent of 61·4 per cent from current income and past savings together and 36·1 per cent from borrowings. For purchase of durable consumer goods, the families relied mainly on current income and past savings to the extent of 63 per cent of the amount spent on this item and to a lesser extent on borrowings (36·0 per cent). Death, marriage and other ceremonies necessitated borrowings to the extent of 45·8 per cent of expenditure under this head, current income and past savings contributing nearly one-half (50·6 per cent) of the expenditure. For educational and medical expenditure and litigation charges, the families relied largely on current income (43·8 per cent) and on borrowings (41·2 per cent).

Data relating to source of finance for family expenditure collected under the intensive enquiry also bear out the above observations, as may be seen from table 6.5 below.

TABLE 6.5—SOURCE OF FINANCE FOR FAMILY EXPENDITURE : ALL CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Source of finance	Construction and repairs of residential houses and other buildings	Purchase of household utensils, furniture etc., and clothing, shoes, bedding, etc.	Death, marriage and other ceremonies	Educational and medical expenses and litigation charges	**Total**
	1	2	3	4	5
Current income	27·6 *(30·7)*	68·2 *(75·4)*	31·5 *(36·5)*	28·7 *(70·6)*	**155·9** ***(50·7)***
Past savings	18·1 *(20·0)*	0·7 *(0·8)*	12·7 *(14·7)*	–	**31·5** ***(10·2)***
Sale of assets	–	–	–	0·5 *(1·3)*	**0·5** ***(0·2)***
Borrowings	44·5 *(49·3)*	21·2 *(23·4)*	41·6 *(48·3)*	11·2 *(27·6)*	**118·5** ***(38·6)***
Other sources	–	0·4 *(0·4)*	0·4 *(0·5)*	0·2 *(0·6)*	**1·0** ***(0·3)***
Total	**90·2** ***(100·0)***	**90·5** ***(100·0)***	**86·2** ***(100·0)***	**40·6** ***(100·0)***	**307·5** ***(100·0)***

(Figures in brackets indicate percentages to total)

As seen under the General Schedule data, in the intensive enquiry too, we notice that current income together with past savings is the major source of finance (60·9 per cent) for family expenditure followed by borrowings (38·6 per cent). The absence of sale of assets for meeting family expenditure is largely explained by the fact that over three-fourths of the cultivators' assets, in terms of their value, consist of immovable property—land and buildings—which are sold by cultivators only under very compelling circumstances.

Finally, we may see whether these sources of finance for family expenditure show any difference between the two strata of cultivators. The following table gives the necessary details.

TABLE 6.6—SOURCE OF FINANCE FOR FAMILY EXPENDITURE OF UPPER AND LOWER STRATA

[Intensive enquiry data. Amount in rupees per family]

Source of finance	CONSTRUCTION AND REPAIRS OF RESIDENTIAL HOUSES, AND OTHER BUILDINGS		PURCHASE OF HOUSEHOLD UTENSILS AND FURNITURE, AND LITIGATION CHARGES ETC., AND CLOTHING, SHOES, BEDDING ETC.		DEATH, MARRIAGE AND OTHER CEREMONIES		EDUCATIONAL AND MEDICAL EXPENSES		**Total**	
	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata	**Upper strata**	**Lower strata**
	1	2	3	4	5	6	7	8	9	10
Current income...	47·7	7·5	97·9	38·5	49·6	13·3	49·9	7·5	**245·0**	**66·9**
	(35·6)	*(16·2)*	*(80·6)*	*(64·6)*	*(36·8)*	*(35·2)*	*(74·6)*	*(52·1)*	***(53·7)***	***(42·3)***
Past savings.....	36·2	–	–	1·5	23·8	1·6	–	–	**60·0**	**3·1**
	(27·0)	–	–	*(2·5)*	*(17·7)*	*(4·2)*	–	–	***(13·1)***	***(1·9)***
Sale of assets.....	–	–	–	–	–	–	1·0	–	**1·0**	–
	–	–	–	–	–	–	*(1·5)*	–	***(0·2)***	–
Borrowings......	50·2	38·8	22·8	19·6	60·3	22·9	15·5	6·9	**148·8**	**88·2**
	(37·4)	*(83·8)*	*(18·8)*	*(32·9)*	*(44·8)*	*(60·6)*	*(23·2)*	*(47·9)*	***(32·6)***	***(55·8)***
Other sources....	–	–	0·7	–	0·8	–	0·5	–	**2·0**	–
	–	–	*(0·6)*	–	*(0·6)*	–	*(0·7)*	–	***(0·4)***	–
Total..........	**134·1**	**46·3**	**121·3**	**59·7**	**134·5**	**37·8**	**66·8**	**14·4**	**456·7**	**158·2**
	(100·0)	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***	***(100·0)***

(Figures in brackets indicate percentages to total)

The figures show that borrowings contributed 32·6 per cent of the total recorded family expenditure of the upper strata cultivators, while the proportion was as high as 55·8 per cent in the case of the cultivators of the lower strata. Current income and past savings together, on the other hand, accounted for 44·2 per cent in the case of the cultivators of the lower strata as against 66·8 per cent in the case of the cultivators of the upper strata.

As for the four main items, it is observed that in the lower strata a very large proportion of expenditure on construction and repairs of residential houses and other buildings, death, marriage and other ceremonies and medical, educational and litigation expenditure was financed by borrowings ; the respective percentages being 83·8, 60·6 and 47·9 respectively. In the upper strata the proportion of borrowings was not equally high, but came to 37·4 per cent in respect of construction and repairs of buildings, and 44·8 per cent in respect of death, marriage and other ceremonies. Expenditure on household utensils and other durable consumer goods and medicine, education, etc., as can be expected, was largely financed from current income and past savings together.

CHAPTER 7

CAPITAL EXPENDITURE

For the purposes of this Survey, capital expenditure was taken to comprise three major sub-heads of expenditure, namely, financial investment expenditure, capital expenditure in non-farm business and capital investment in agriculture. The first sub-head includes the different types of financial assets of the families. Data on capital expenditure were collected in the General Schedule for a period of twelve months preceding the date of interview of the respondent.

7.1 FINANCIAL INVESTMENT

7.1.1 Financial investment of cultivating and non-cultivating families

Financial investment by rural families is largely in the nature of (*a*) purchase of shares in co-operative societies, banks etc., (*b*) additions to deposits in co-operative societies, postal savings and other banks and (*c*) purchase of National Savings Certificates, Treasury Bonds, etc. The table below shows the financial investment expenditure of the cultivating and non-cultivating families.

TABLE 7.1—FINANCIAL INVESTMENT EXPENDITURE

[General Schedule data. Amount in rupees]

Item	CULTIVATORS				NON-CULTIVATORS			
	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Expenditure on this item as percentage of total financial investment expenditure	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Expenditure on this item as percentage of total financial investment expenditure
	1	2	3	4	5	6	7	8
Purchase of shares in co-operative societies, banks, etc.	*46·3*	0·9	2·0	*94·2*	*3·9*	0·2	5·7	*1·0*
Additions to deposits in co-operative societies, postal savings and other banks, etc.	*0·4*	0·1	14·6	*5·8*	*3·0*	22·4	736·2	*94·7*
Purchase of National Savings Certificates, Treasury Bonds, etc.	–	–	–	–	*0·1*	1·0	705·0	*4·3*
Total	***46·5***	**1·0**	**2·0**	***100·0***	***6·7***	**24·0**	**355**	***100·0***

It will be seen that nearly 46·3 per cent of the cultivating families reported purchase of shares in co-operative societies, banks, etc. But the amount of investment was very small, being Re 0·9 per cultivating family or Rs 2·0 per reporting cultivating family. There was no investment in National Savings Certificates, Treasury Bonds, etc. Additions to deposits in co-operative societies, postal savings and other banks, etc., were reported by 0·4 per cent of the cultivating families to the extent of Rs 14·6 per reporting family. In the case of non-cultivators, the proportion of families reporting purchase of shares of co-operative societies, banks, etc., was very small, being 3·9 per cent, and the amount invested, Re 0·2 per family or Rs 5·7 per reporting family. In this group, however, about 3 per cent of families reported increases in deposits to the extent of Rs 736·2 per reporting family. About 0·1 per cent of families reported purchase of National Savings Certificates, etc., of Rs 705·0 per reporting family. The comparatively larger deposits as also larger investment in National Savings Certificates etc., were reported by traders, professional moneylenders and absentee landlords, who, however, formed a small proportion of the non-cultivating families.

7.1.2 Financial investment among groups of cultivators

Table 7.2 shows the position in this regard in respect of the four groups of cultivators.

TABLE 7.2—FINANCIAL INVESTMENT EXPENDITURE AMONG THE DIFFERENT GROUPS—*(Continued)*

[General Schedule data. Amount in rupees]

Item	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of expenditure on this item to total financial investment expenditure (Per cent)
	1	2	3	4
	Big cultivators			
Purchase of shares in co-operative societies, banks, etc.	*65·9*	3·0	4·6	*84·6*
Additions to deposits in co-operative societies, postal savings and other banks, etc.	*2·5*	0·5	22·0	*15·4*
Purchase of National Savings Certificates, Treasury Bonds, etc.	-	-	-	-
Total	***66·9***	**3·5**	**5·0**	***100·0***
	Large cultivators			
Purchase of shares in co-operative societies, banks, etc.	*54·6*	1·6	2·9	*89·6*
Additions to deposits in co-operative societies, postal savings and other banks, etc.	*0·8*	0·2	22·0	*10·4*
Purchase of National Savings Certificates, Treasury Bonds, etc.	-	-	-	-
Total	***54·9***	**1·8**	**4·0**	***100·0***

TABLE 7·2—FINANCIAL INVESTMENT EXPENDITURE AMONG THE DIFFERENT GROUPS—*(Concluded)*

[General Schedule data. Amount in rupees]

Item	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of expenditure on this item to total financial investment expenditure (Per cent)
	1	2	3	4
		Medium cultivators		
Purchase of shares in co-operative societies, banks, etc.	*46·1*	0·7	1·5	*99·8*
Additions to deposits in co-operative societies, postal savings and other banks, etc.	*0·1*	–	1·0	*0·2*
Purchase of National Savings Certificates, Treasury Bonds, etc.	–	–	–	–
Total	***46·1***	**0·7**	**1·0**	***100·0***
		Small cultivators		
Purchase of shares in co-operative societies, banks, etc.	*38·3*	0·6	1·5	*99·5*
Additions to deposits in co-operative societies, postal savings and other banks, etc.	*0·3*	–	1·0	*0·5*
Purchase of National Savings Certificates, Treasury Bonds, etc.	–	–	–	–
Total	***38·6***	**0·6**	**1·0**	***100·0***

It is seen from these figures that the proportion of families reporting investment in shares of co-operative societies, banks, etc., was as high as 65·9 per cent in the big cultivators' group but declined to 46·1 per cent in the medium cultivators' group and further to 38·3 per cent in the small cultivators' group. The expenditure incurred on purchase of shares, etc., averaged Rs 3 per family in the case of big cultivators, Rs 1·6 in the case of large cultivators, Re 0·7 in the case of medium cultivators and Re 0·6 in the case of small cultivators. The average investment on this item per reporting family in these groups was Rs 4·6, Rs 2·9, Rs 1·5 and Rs 1·5, respectively. Over 84 per cent of the total financial investment in all the groups was on this item. Additions to deposits in co-operative societies, postal savings and other banks, etc., were reported by 2·5 per cent of the families in the big cultivators' group and by less than 1 per cent in the case of the other three groups. It was confined only to the first two groups and though it averaged less than a rupee per family it averaged Rs 22 per reporting family, in each of these two groups ; for the two lower groups, this type of investment was negligible.

No cultivator reported purchase of National Savings Certificates or Treasury Bonds during the year.

7.2 FINANCIAL ASSETS AND SAVINGS

In the intensive enquiry, data on the financial assets and pattern of savings of the selected cultivating families were collected. In the upper strata, out of the 80 selected families 29 reported assets in the form of shares or deposits in the co-operative societies and banks, two reported holdings of deposits in Postal Savings Banks and one reported holding of National Savings Certificates or Treasury Bonds. In the lower strata, out of the 40 selected families only three reported holding of assets in the form of shares or deposits in co-operative societies and banks.

The replies received to the questionnaire on pattern of savings and savings habits showed that nearly 45 per cent of the cultivators of the upper strata and 65 per cent of the cultivators of the lower strata had no margin for savings. Again 12·5 per cent of the cultivators of the upper strata and 17·5 per cent of the cultivators of the lower strata showed preference for purchase of gold and jewellery, though only one family in the former and three in the latter reported such purchases, it being a customary practice with them. Another 12·5 per cent of the former and 25 per cent of the latter preferred lending money for investment. Five per cent of the former and 12·5 per cent of the latter reported that they were saving for buying land and the same proportions in both the strata reported saving for the purchase of building or house.

Over 46 per cent of the cultivators of the upper strata and 22·5 per cent of the cultivators of the lower strata said that they did not hold deposits in postal savings banks because there were no local facilities. Again, over 46 per cent of the cultivators of the upper strata and 22·5 per cent of those of the lower strata expressed their willingness to deposit their savings in the postal savings banks if the interest rates were not kept low as at present and difficulties regarding withdrawals were removed. About 19 per cent of the former and 2·5 per cent of the latter strata reported that they did not hold any National Savings Certificates, Treasury Bonds, etc., because of lack of local facilities ; an equal proportion of cultivators reported that they would avail themselves of these savings facilities if made available to them at a higher rate of interest and after removing the difficulties with regard to their encashment etc.

About 14 per cent of the families in the upper strata and 18 per cent of those in the lower strata reported that they could not hold deposits in co-operative societies, banks, etc., for lack of local facilities. A slightly larger proportion of families were prepared to hold deposits in this manner, if facilities were made available, while a slightly smaller proportion expressed distrust in such associations or complained of low rate of interest.

As for life insurance, 20 per cent of the families in the upper strata and 5 per cent of those in the lower strata did not favour it for varying reasons as superstition, difficulties regarding payments of premia regularly, complicated nature of the deal and difficulty of realizing money. An equal proportion of families, however, reported lack of facilities as the cause of their not having any insurance policy.

7.3 CAPITAL INVESTMENT IN NON-FARM BUSINESS

Table 7.3 below gives the necessary particulars regarding capital expenditure in non-farm business.

TABLE 7.3—CAPITAL EXPENDITURE IN NON-FARM BUSINESS

[General Schedule data. Amount in rupees]

	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family
Big cultivators	*4·8*	13·0	273·0
Large cultivators	*4·8*	8·0	159·0
Medium cultivators	*6·7*	7·0	103·0
Small cultivators	*8·7*	4·0	45·0
All cultivators	*6·8*	6·0	92·0
Non-cultivators	*1·6*	28·0	1,715·0
All families	***6·4***	**8·0**	**121·0**

Capital expenditure in non-farm business was reported only by 6·8 per cent of the cultivating families and 1·6 per cent of the non-cultivating families the average amounting to Rs 28 per non-cultivating family and Rs 6 per cultivating family. But the expenditure per reporting family was as high as Rs 1,715 in the non-cultivators' group and Rs 92 in the cultivators' group. The higher average capital investment in non-farm business by non-cultivators is only to be expected.

Among the groups of cultivators, the proportion of families reporting this investment tended to be higher in the lower groups, but the amount per reporting family tended to be smaller.

As for the source of finance for this expenditure, the rural families depended upon borrowed funds to the extent of 50·4 per cent of the total expenditure, and drew upon their current income and past savings to the extent of 36·2 per cent. Sale of assets supplied 7·8 per cent while other sources supplied the rest of the expenditure on this item.

7.4 CAPITAL INVESTMENT IN AGRICULTURE

7.4.1 Purchase of Land

Of the total number of rural families, only 6·2 per cent reported purchase of land (or rights in land), the expenditure incurred in this connection averaging Rs 96 per reporting family and Rs 6 per family. Among cultivators, the families reporting this expenditure formed 6·4 per cent of the total, while among non-cultivators, they formed 4·8 per cent. The expenditure averaged Rs 99 per reporting family in the former and Rs 37 in the latter group.

Table 7.4 below shows the expenditure incurred among the four groups of cultivators on purchase of land.

TABLE 7.4—EXPENDITURE ON PURCHASE OF LAND BY DIFFERENT GROUPS OF CULTIVATORS

[General Schedule data]

Group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
Big cultivators	*9·3*	30	320
Large cultivators	*8·5*	14	162
Medium cultivators	*6·7*	4	63
Small cultivators	*3·8*	1	33
All cultivators	**6·4**	**6**	**99**

As the table indicates, the proportion of cultivating families reporting purchase of land to the total cultivating families and the average expenditure per family as also per reporting family under this head show a steady decline as one proceeds from the big to the small cultivators' group.

As between the villages, small cultivators in six villages did not report any expenditure on this item, the only two villages reporting it being Barnai Khas and Sheopur. In these two villages all the four groups of cultivators reported purchase of land. Similarly, purchase of land was reported by the first two groups in Karanj and Kasya, by the middle two groups in Singhapur and only by the third group in Jigna. On the whole, it would appear that Barnai Khas and Sheopur showed a relatively better performance in respect of purchase of land by cultivators, while Dhamaur and Momin Dhekulia, did not report any expenditure on this item. We shall further examine this comparative position of the villages in this respect while discussing sale of land in these villages.

7.4.1.1 Source of finance for purchase of land

Of the total amount spent on purchase of land by rural families, as much as 56·5 per cent was financed by borrowings and 43·5 per cent from current income and past savings together.

7.4.1.2 Net purchase or sale of land

Sale of land was reported in varying extent by families in only three villages, namely, Kasya, Barnai Khas and Singhapur. The district averages in this respect showed that the sale was effected by 0·5 per cent of the cultivating families and 0·1 per cent of the non-cultivating families, the receipts from this sale averaging Rs 183 per reporting family in the former and Rs 800 per reporting family in the latter. Among the cultivators, the sale was effected by the big and the large cultivators in Kasya, the sale proceeds averaging Rs 90 per reporting family in both the groups. In Barnai Khas, land was sold by the large cultivators and small cultivators, the proceeds averaging Rs 380 and Rs 50 per reporting family, respectively. In Singhapur, sale of land was reported only by the medium and the small cultivators.

Table 7.5 below gives data on purchase and sale of land.

TABLE 7.5—PURCHASE AND SALE OF LAND

[General Schedule data. Amount in rupees]

	CULTIVATORS				NON-CULTIVATORS			
	PURCHASE OF LAND		SALE OF LAND		PURCHASE OF LAND		SALE OF LAND	
	Proportion of reporting families (Per cent)	Expenditure per family	Proportion of reporting families (Per cent)	Receipts per family	Proportion of reporting families (Per cent)	Expenditure per family	Proportion of reporting families (Per cent)	Receipts per family
	1	2	3	4	5	6	7	8
Dhamaur	–	–	–	–	–	–	–	–
Jigna	*0·8*	3	–	–	–	–	–	–
Karanj	*0·9*	5	–	–	–	–	–	–
Kasya	*0·5*	2	*0·4*	–	–	–	*0·4*	3
Barnai Khas	*19·5*	7	*1·0*	2	*6·9*	3	–	–
Momin Dhekulia	–	–	–	–	–	–	–	–
Sheopur	*10·7*	17	–	–	*20·0*	8	–	–
Singhapur	*1·6*	5	*1·6*	3	–	–	–	–
District	***6·4***	**6**	***0·5***	**1**	***4·8***	**2**	***0·1***	**1**

It is, thus, observed that for the district as a whole, 6·4 per cent of the cultivators and 4·8 per cent of the non-cultivators purchased land, while the sellers of land formed only 0·5 per cent of the cultivators and 0·1 per cent of the non-cultivators. Similarly, the average expenditure on purchase of land amounted to Rs 6 per family of cultivators and Rs 2 per family of non-cultivators, while receipts from sale of land averaged Re 1 only per family in the case of both the groups. The net position, thus, shows purchase of land by both cultivators as well as non-cultivators. Possibly, land might have been purchased from non-resident owners of land who were not covered by the Survey. Table 7.6 gives further details in this regard.

TABLE 7.6—NET PURCHASE (+) OR SALE (–) OF LAND

[General Schedule data. Amount in rupees per family]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators
	1	2	3	4	5
Dhamaur	–	–	–	–	–
Jigna	–	–	+8	–	+ 3
Karanj	+ 50	+17	–	–	+ 5
Kasya	+ 16	+ 6	–	–	+ 2
Barnai Khas	+ 9	+ 3	+6	+4	+ 5
Momin Dhekulia	–	–	–	–	–
Sheopur	+122	+44	+6	+1	+17
Singhapur	–	+ 8	+1	–3	+ 2

Table 7·6 shows that expenditure on net purchase of land per family of cultivators amounted to Rs 17 in Sheopur, Rs 5 in Barnai Khas and Karanj, Rs 3 in Jigna and Rs 2 in Kasya and Singhapur. No purchase of land was reported by cultivators in Dhamaur. The fact that this village had the highest average size of holding as also that it showed a relatively better pattern of land holdings than others is a possible explanation for this feature ; there was also no sale of land by cultivators in this village. It had also the highest average debt per family, and consequently, difficulty of raising additional credit could have also deterred the cultivators from further purchase of land. Momin Dhekulia was another village where cultivators did not purchase or sell any land during the year. In this village, cultivators, reported relatively high expenditure on construction and repairs of residential houses and other buildings. In Sheopur and Barnai Khas, all the four groups of cultivators purchased land ; in the former village, all the land purchased must have belonged to owners residing outside the village, while in the latter village one per cent of cultivators also reported sales. In Kasya and Karanj, only the big and the large cultivators purchased land. Kasya, it may be noted had the smallest average size of holding for each of the decile groups among the selected villages. The other two villages which reported no sales of land were Jigna and Singhapur ; the average size of holding in both these villages for each of the four groups of cultivators was smaller than that in all the other villages except Kasya.

The following figures show the net position of the four groups of cultivators in the district with regard to land transactions.

TABLE 7.7—EXPENDITURE ON PURCHASE OF AND RECEIPTS FROM SALE OF LAND

[General Schedule data. Amount in rupees per family]

Group	Expenditure on purchase of land	Receipts from sale of land	Expenditure on purchase of land by the group (Per cent)	Receipts from sale of land by the group (Per cent)
	1	2	3	4
Big cultivators	30	-	*48·6*	*1·0*
Large cultivators	14	1	*68·4*	*38·2*
Medium cultivators	4	1	*25·5*	*39·6*
Small cultivators	1	1	*6·1*	*22·1*
All cultivators	**6**	**1**	***100·0***	***100·0***

While receipts from the sale of land averaged Re 1 per family for all groups except the big cultivators' group, expenditure on purchase of land showed large variations. It amounted to Rs 30 and Rs 14 per family of the big and the large cultivators, respectively, and declined to Rs 4 and Re 1 per family of the medium and the small cultivators, respectively. Thus, the net investment on purchase of land during the year amounted to Rs 30, Rs 13 and Rs 3 per family for the first three groups, while in the case of the small cultivators, it was negligible.

7.4.2 Purchase of livestock

Purchase of livestock was reported by 24·4 per cent of cultivators, and less than 0·1 per cent of non-cultivators. The expenditure incurred amounted to Rs 44 per family in the case of the former, while it was negligible in the case of the latter. The respective averages per reporting family were Rs 179 and Rs 65.

As between the different groups of cultivators, the proportion of families reporting purchase of livestock was comparatively high in the big and the large cultivators' groups, being 51 per cent and 43·1 per cent, respectively, as against 20·6 per cent and 10·2 per cent in the medium and the small cultivators' groups, respectively. The amount spent on purchase of livestock also declined steadily from the big to the small cultivators falling from Rs 148 per family in the big cultivators' group to Rs 31 per family in the medium cultivators' group and further to Rs 10 per family in the small cultivators' group. The variations were not so large if the figures per reporting family are compared. In the big cultivators' group, the average, per reporting family was Rs 289 as against Rs 150 and Rs 94 in the medium and the small cultivators' groups, respectively.

The average expenditure on purchase of livestock by cultivators, if the village figures are compared, was highest in Karanj (Rs 67) and lowest in Kasya and Sheopur (Rs 21 each). The expenditure per reporting family was highest in Barnai Khas (Rs 249) and lowest in Sheopur (Rs 115). Dhamaur reported the highest proportion of families purchasing livestock (33·7 per cent), while Kasya reported the lowest (9 per cent).

7.4.2.1 Source of finance for purchase of livestock

As in the case of purchase of land, borrowings contributed over 44 per cent of the total amount spent on purchase of livestock. The next important sources were current income and past savings which together contributed 33·2 per cent followed by sale of assets which supplied 22·5 per cent of the total amount spent. Sale of assets in this case, perhaps, denotes to a considerable extent, replacement of cattle, as cultivators who reported sale of livestock were about two-thirds of those who reported purchase of livestock.

7.4.2.2 Sale of livestock

Sale of livestock was reported by 15·4 per cent of the cultivating and 0·1 per cent of the non-cultivating families; receipts from these sales averaged Rs 111 and Rs 40 per reporting family, respectively. The highest proportion of such families of cultivators was reported in Barnai Khas (22·1 per cent), followed by Momin Dhekulia (21·1 per cent) and Sheopur (12·9 per cent), while Karanj reported the lowest proportion (7·8 per cent). The average receipts per reporting family were highest in Karanj (Rs 286), followed by Jigna (Rs 170) and Singhapur (Rs 169), while they were lowest in Momin Dhekulia (Rs 50). The highest average receipts per family were reported in Barnai Khas (Rs 27): next in order of importance came Karanj (Rs 22) and Singhapur (Rs 19), while Kasya reported the lowest average (Rs 9).

As for non-cultivators, livestock was sold by them only in Kasya, 0·4 per cent of the families reporting receipts averaging Rs 40 per reporting family on that account.

As between the different groups of cultivators, the proportion of families who reported sale of livestock was 14·4 per cent among the big cultivators, 20·1 per cent among the large cultivators, 15·8 per cent among the medium cultivators and 10·3 per cent among the small cultivators. In these four groups receipts on this account amounted to Rs 159, Rs 114, Rs 105 and Rs 118 per reporting family, respectively.

7.4.2.3 Net purchase or sale of livestock

Considering all families together expenditure on purchase of livestock averaged Rs 40·6 per family as against receipts amounting to Rs 15·9 per family from sale of livestock. Thus, there was net expenditure on purchase of livestock to the extent of Rs 24·7 per family. The excess of purchase of livestock over sales in this district is due to the practice, particularly among bigger cultivators to import cattle from cattle markets in Bihar. The position of the four groups of cultivators in this regard is shown below.

TABLE 7.8—NET PURCHASE OR SALE OF LIVESTOCK

[General Schedule data. Amount in rupees per family]

Group	Expenditure on purchase of livestock		Receipts from sale of livestock		Net purchase (+) or sale (−) of livestock
	Amount	Percentage	Amount	Percentage	
	1	2	3	4	5
Big cultivators	147·7	*34·9*	22·9	*13·8*	+124·8
Large cultivators	93·5	*66·5*	22·8	*41·4*	+ 70·7
Medium cultivators	30·8	*26·7*	16·6	*36·7*	+ 14·2
Small cultivators	9·6	*6·8*	12·2	*21·9*	− 2·6
All cultivators	**43·8**	***100·0***	**17·2**	***100·0***	**+ 26·6**

It is, thus, seen that the net expenditure on livestock is fairly high in the big cultivators' group amounting to Rs 124·8 per family. It amounted to Rs 70·7 per family in the large cultivators' group and Rs 14·2 per family in the medium cultivators' group. In the small cultivators' group, there was net disinvestment to the extent of Rs 2·6 per family. Thus, the amount spent by the higher groups was comparatively larger than that spent by the lower groups on purchase of livestock. This, however, was not the case in all of the selected villages as can be seen from table 7.9. The table shows that all the four groups in Dhamaur, Jigna and Kasya, reported net purchase of livestock, while net sale was reported by the small cultivators in Karanj, Barnai Khas, Sheopur and Singhapur as also by the medium cultivators in Momin Dhekulia.

TABLE 7.9—NET PURCHASE OR SALE OF LIVESTOCK

[General Schedule data. Amount in rupees per family]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	**All cultivators**
	1	2	3	4	5
Dhamaur	+ 48	+ 81	+58	+10	**+50**
Jigna	+ 42	+ 38	+19	+ 1	**+20**
Karanj	+139	+ 77	+59	− 1	**+45**
Kasya	+ 39	+ 27	+ 6	+ 4	**+12**
Barnai Khas	+230	+ 93	+ 2	−10	**+27**
Momin Dhekulia	+125	+107	− 2	-	**+33**
Sheopur	+ 6	+ 11	+ 9	− 3	**+ 6**
Singhapur	+192	+ 83	+25	− 3	**+34**

We may, further, examine the position with regard to the extent of this practice of sale and purchase of livestock among the cultivators. The following table, showing the proportion of selected cultivating families reporting purchase, sale, purchase and sale and neither purchase nor sale of livestock, gives some particulars in this regard.

TABLE 7.10—CULTIVATORS REPORTING PURCHASE AND SALE OF LIVESTOCK

[Intensive enquiry data]

Strata	Proportion of families reporting			
	Purchase of livestock (Per cent)	Sale of livestock (Per cent)	Sale and purchase of livestock (Per cent)	Neither purchase nor sale of livestock (Per cent)
	1	2	3	4
Upper strata	*26·4*	*5·5*	*5·0*	*71·1*
Lower strata	*15·0*	*17·3*	*13·2*	*80·9*
All cultivators	***20·7***	***11·4***	***8·1***	***76·0***

It is clear from these figures that 76 per cent of the total cultivating families reported neither sale nor purchase of livestock. In the upper strata, the proportion of such families was 71·1 per cent and in the lower strata it was as much as 80·9 per cent. The proportion of cultivators in the upper strata who reported only purchase of livestock was as much as 26·4 per cent while that of those who sold livestock was only 5·5 per cent. In the case of the cultivators of the lower strata, on the other hand, those who sold livestock exceeded those who purchased, the respective proportions of families being 17·3 per cent and 15·0 per cent. Those who sold as also purchased livestock formed 3 per cent of the upper strata and 13·2 per cent of the lower strata cultivators.

Thus, on the whole, it would appear that the higher groups invest more than the smaller ones on livestock. This is further borne out by the proportion of families owning plough cattle which varied between 99·3 per cent in the case of the big cultivators and 42·9 per cent in the case of the small cultivators as was revealed in the General Schedule data. The intensive enquiry showed that the value of owned livestock also ranged between Rs 1,148 per family in the upper strata and Rs 159 per family in the lower strata (*vide* chapter 2, table 2.10).

7.4.3 Other capital expenditure in agriculture

Data relating to capital expenditure on other items of farm business such as reclamation of land, bunding and other land improvements, digging and repair of wells, development of irrigation, etc. showed that purchase of implements and machinery was the item on which a relatively large proportion of rural families (44·2 per cent) reported expenditure. Next in order of importance, according to the proportion of families reporting expenditure, came bunding and other land improvements followed by digging and repair of wells and construction of farm houses, cattle sheds, etc. Laying of new orchards and plantations was the least important item.

The highest average expenditure per reporting family was on reclamation of land (Rs 368), followed by 'miscellaneous' capital expenditure in agriculture (Rs 102), digging and repair of wells (Rs 90) and laying of new orchards and plantations (Rs 88); development of other irrigation resources showed the lowest expenditure per reporting family (Rs 18).

It may be noted that a negligibly small proportion of the non-cultivating families reported expenditure under these items which formed a negligible part of the total reported expenditure.

Table 7.11 shows capital expenditure in respect of each of the four groups of cultivators. As can be expected, the proportion of families reporting other capital expenditure as also the average expenditure per family on most of these items declined with a fall in the size of cultivated holdings. Thus, in the case of purchase of implements and machinery on which the largest proportion of families reported expenditure, the proportion of reporting families declined from 65·2 per cent in the case of big cultivators to 20·9 per cent in the case of small cultivators; similarly the average expenditure per family in this case steadily declined from Rs 102 in the former to Rs 2 in the latter group. The same is true of the expenditure on all other items except development of other irrigation resources and the residual item of miscellaneous capital expenditure; in these two cases the proportion of families reporting expenditure in the lower group was relatively larger but the average expenditure per family showed a declining tendency as was noted above.

TABLE 7.11—OTHER CAPITAL EXPENDITURE IN AGRICULTURE

[General Schedule data. Amount in rupees]

Group	PURCHASE OF IMPLEMENTS, MACHINERY			RECLAMATION OF LAND			DIGGING AND REPAIR OF WELLS			BUNDING AND OTHER LAND IMPROVEMENTS		
	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family
	1	2	3	4	5	6	7	8	9	10	11	12
Big cultivators...	*65·2*	102	156	*8·0*	46	569	*17·2*	16	92	*46·4*	17	36
Large cultivators.	*65·2*	38	58	*4·3*	24	560	*12·2*	15	126	*22·0*	7	32
Medium cultivators...........	*54·6*	6	11	*3·8*	9	226	*3·4*	1	27	*16·4*	2	14
Small cultivators.	*20·9*	2	9	*0·5*	–	41	*2·4*	–	15	*2·2*	–	12
All cultivators...	*47·5*	15	31	*2·9*	11	368	*5·8*	5	90	*13·8*	3	23
Non-cultivators..	*2·9*	–	8	–	–	–	–	–	–	–	–	–
All families....	***44·2***	**14**	**31**	***2·7***	**10**	**368**	***5·4***	**5**	**90**	***12·8***	**3**	**23**

TABLE 7.11—OTHER CAPITAL EXPENDITURE IN AGRICULTURE—Concluded

[General Schedule data. Amount in rupees]

Group	CONSTRUCTION OF FARM HOUSES, CATTLE SHEDS, ETC.			DEVELOPMENT OF OTHER IRRIGATION RESOURCES			LAYING OF NEW ORCHARDS AND PLANTATIONS			OTHER (MISCELLANEOUS) CAPITAL EXPENDITURE IN AGRICULTURE		
	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family	Proportion of families reporting expenditure (Per cent)	Expenditure per family	Expenditure per reporting family
	13	14	15	16	17	18	19	20	21	22	23	24
Big cultivators...	*14·9*	5	34	*5·7*	2	39	*4·6*	4	94	*2·0*	8	414
Large cultivators.	*7·6*	4	55	*5·2*	1	21	*1·8*	2	88	*0·7*	3	414
Medium cultivators...........	*5·1*	3	62	*6·1*	1	19	–	–	–	*1·1*	3	233
Small cultivators.	*1·0*	–	16	*1·1*	–	4	–	–	–	*4·4*	1	16
All cultivators...	*4·6*	3	55	*4·3*	1	18	*0·6*	1	88	*2·0*	2	106
Non-cultivators..	*0·1*	–	20	*0·1*	–	5	–	–	–	–	–	–
All families...	***4·3***	**2**	**55**	***3·9***	**1**	**18**	***0·5***	–	**88**	***1·8***	**2**	**102**

As may be expected, the higher groups accounted for a larger proportion of other capital expenditure in agriculture. Thus, the big cultivators comprising 10 per cent of the total cultivators accounted for 92 per cent of the total expenditure by cultivators on laying of new orchards and plantations, 72·3 per cent of the total expenditure on purchase of implements, machinery, etc., 54·9 per cent of the total expenditure on bunding and other land improvements, 43·6 per cent of the total expenditure on reclamation of land. In the case of large cultivators, who formed 30 per cent of the total number of cultivators, the expenditure was 100 per cent of the total expenditure incurred by cultivators on laying of new orchards and plantations, 91·4 per cent of that on digging and repair of wells, 80·4 per cent of the expenditure on purchase of implements, machinery and transport equipment, 69·1 per cent of that on reclamation of land as also on bunding and other land improvements; the other three items also showed a proportionately higher expenditure by the large cultivators.

In the case of medium cultivators, who formed 40 per cent of the cultivators, the expenditure was proportionately higher in respect of development of other irrigation resources (55·7 per cent), other miscellaneous items of capital expenditure in agriculture (47·5 per cent) and construction of farm houses, cattle sheds, etc. (47·1 per cent), followed by reclamation of land (30·4 per cent). Bunding and other land improvements (28·2 per cent), purchase of implements, machinery and transport equipment (15·4 per cent) and digging and repair of wells (6·5 per cent) were the items in respect of which this group reported proportionately less expenditure. Finally, in the case of small cultivators, the expenditure reported was significantly small; thus, this group, comprising 30 per cent of the cultivators accounted for 10·4 per cent of the total expenditure by cultivators on other miscellaneous items of capital expenditure in agriculture, while in the case of remaining items, it ranged between 4·2 per cent in respect of purchase of implements, machinery and transport equipment and 0·5 per cent in respect of reclamation of land; this group, like the medium cultivators' group, did not incur any expenditure on laying of new orchards and plantations.

7.4.3.1 Source of finance for other capital expenditure

Taking all the items under this group into account, it would appear that of the total expenditure, 63·1 per cent was financed from current income and past savings together, 32·4 per cent by borrowings, and the rest by sale of assets and other sources. As was already noticed, purchase of implements, machinery and transport equipment, reclamation of land, digging and repair of wells, and bunding and other land improvements were the major items of expenditure under this group. For the purchase of implements, machinery and transport equipment, current income and past savings contributed to the extent of 85·9 per cent, borrowings to the extent of 11·5 per cent and sale of assets to the extent of 2 per cent of the expenditure. For reclamation of land, the rural families depended on borrowings to the extent of 61·7 per cent and on current income and past savings together to the extent of 38·2 per cent of the expenditure. In the case of expenditure on digging and repair of wells, 48·6 per cent of it was financed from current income and past savings together, 40·1 per cent by borrowings and 11·3 per cent from other sources. In the case of bunding and other land improvements too, current income and past savings were more important sources than any other, contributing together 68·3 per cent as against 31·7 per cent by borrowings. Expenditure on construction of farm houses, cattle sheds, etc., as also on laying of new orchards and plantations showed that current income was the main source of finance (62·4 per cent and 63·5 per cent respectively) followed by borrowings (34·6 per cent and 36·5 per cent respectively).

Other miscellaneous capital expenditure in agriculture, however, showed that sale of assets provided as much as 38·3 per cent of the total amount spent, current income accounting for 56 per cent. Thus, unlike as in the case of purchase of land and purchase of livestock, the major source of finance for other capital expenditure in agriculture was current income, borrowings occupying the second place of importance.

7.4.3.2 Other capital expenditure: Intensive enquiry data

We may now analyse data on capital expenditure in agriculture collected in the intensive enquiry. The necessary data are given in table 7.12.

TABLE 7.12—CAPITAL EXPENDITURE IN AGRICULTURE, CAPITAL EXPENDITURE IN NON-FARM BUSINESS AND FINANCIAL INVESTMENT EXPENDITURE ACCORDING TO SOURCE OF FINANCE

[Intensive enquiry data. Amount in rupees per family]

Source of finance	Purchase of land	Reclamation of land	Bunding and other land improvements	Digging and repair of wells	Development of other irrigation resources	Purchase of livestock	Purchase of implements, machinery and transport equipment	Construction of farm houses, cattle sheds, etc.	Other capital investment in agriculture	**Total capital expenditure in agriculture**
	1	2	3	4	5	6	7	8	9	10
					Upper Strata					
Current Income......	21·7 *(56·9)*	–	1·6 *(50·0)*	5·3 *(79·1)*	1·1 *(64·5)*	28·0 *(58·6)*	6·3 *(97·1)*	0·1 *(13·9)*	4·1 *(19·5)*	**68·1** ***(51·3)***
Past Savings.........	1·1 *(2·8)*	–	–	–	–	–	–	–	–	**1·1** ***(0·8)***
Sale of Assets........	–	–	–	–	–	0·8 *(1·8)*	–	–	16·9 *(80·5)*	**17·7** ***(13·3)***
Borrowings..........	15·4 *(40·3)*	7·2 *(100·0)*	1·6 *(50·0)*	1·4 *(20·9)*	0·6 *(35·5)*	18·9 *(39·6)*	0·2 *(2·9)*	0·7 *(86·1)*	–	**45·9** ***(34·6)***
Other Sources........	–	–	–	–	–	–	–	–	–	–
Total	**38·1** *(100·0)*	**7·2** *(100·0)*	**3·2** *(100·0)*	**6·8** *(100·0)*	**1·7** *(100·0)*	**47·7** *(100·0)*	**6·5** *(100·0)*	**0·8** *(100·0)*	**21·1** *(100·0)*	**132·8** *(100·0)*
					Lower Strata					
Current Income......	–	–	0·4 *(100·0)*	0·5 *(53·8)*	– *(100·0)*	2·0 *(11·2)*	1·0 *(100·0)*	–	–	**4·0** ***(18·9)***
Past Savings.........	–	–	–	–	–	–	–	–	–	–
Sale of Assets........	–	–	–	–	–	8·7 *(49·6)*	–	–	–	**8·7** ***(41·8)***
Borrowings..........	0·9 *(100·0)*	–	–	0·4 *(46·2)*	–	6·9 *(39·2)*	–	–	–	**8·2** ***(39·3)***
Other Sources........	–	–	–	–	–	–	–	–	–	–
Total	**0·9** *(100·0)*	–	**0·4** *(100·0)*	**0·9** *(100·0)*	*(100·0)*	**17·6** *(100·0)*	**1·0** *(100·0)*	–	–	**20·9** *(100·0)*
					All Cultivators					
Current Income......	10·8 *(55·6)*	–	1·0 *(55·7)*	2·9 *(76·1)*	0·6 *(65·1)*	15·0 *(46·8)*	3·7 *(97·5)*	0·1 *(13·9)*	2·0 *(19·5)*	**36·0** ***(46·9)***
Past Savings.........	0·5 *(2·7)*	–	–	–	–	–	–	–	–	**0·5** ***(0·7)***
Sale of Assets........	–	–	–	–	–	4·8 *(14·7)*	–	–	8·5 *(80·5)*	**13·2** ***(17·2)***
Borrowings..........	8·1 *(41·7)*	3·6 *(100·0)*	0·8 *(44·3)*	0·9 *(23·9)*	0·3 *(34·9)*	12·9 *(39·5)*	0·1 *(2·5)*	0·3 *(86·1)*	–	**27·1** ***(35·2)***
Other Sources........	–	–	–	–	–	–	–	–	–	–
Total	**19·5** *(100·0)*	**3·6** *(100·0)*	**1·8** *(100·0)*	**3·8** *(100·0)*	**0·9** *(100·0)*	**32·7** *(100·0)*	**3·8** *(100·0)*	**0·4** *(100·0)*	**10·5** *(100·0)*	**76·9** *(100·0)*

TABLE 7.12—CAPITAL EXPENDITURE IN AGRICULTURE, CAPITAL EXPENDITURE IN NON-FARM BUSINESS AND FINANCIAL INVESTMENT EXPENDITURE ACCORDING TO SOURCE OF FINANCE—Concluded

[Intensive enquiry data. Amount in rupees per family]

Source of finance	Capital expenditure in non-farm business	FINANCIAL INVESTMENT EXPENDITURE	
		Purchase of shares in co-operative societies, banks, etc.	Additions to deposits in co-operative societies, postal savings and other banks, etc.
	11	12	13
Upper Strata			
Current Income	0·3 *(9·0)*	0·8 *(90·2)*	– *(0·4)*
Past Savings	–	–	5·1 *(99·6)*
Sale of Assets	–	–	–
Borrowings	3·0 *(91·0)*	–	–
Other Sources	–	0·1 *(9·8)*	–
Total	**3·2** ***(100·0)***	**0·9** ***(100·0)***	**5·1** ***(100·0)***
Lower Strata			
Current Income	–	0·6 *(100·0)*	–
Past Savings	–	–	–
Sale of Assets	–	–	–
Borrowings	–	–	–
Other Sources	–	–	–
Total	–	**0·6** ***(100·0)***	–
All Cultivators			
Current Income	0·1 *(9·0)*	0·7 *(94·2)*	– *(0·4)*
Past Savings	–	–	2·6 *(99·6)*
Sale of Assets	–	–	–
Borrowings	1·5 *(91·0)*	–	–
Other Sources	–	– *(5·8)*	–
Total	**1·6** ***(100·0)***	**0·8** ***(100·0)***	**2·6** ***(100·0)***

(Figures in brackets indicate percentages to total)

NOTE :—Expenditure on laying of new orchards and plantations as also purchase of National Savings Certificates, treasury bonds, etc., was not reported.

The table shows that total capital investment in agriculture amounted to Rs 76·9 per family, as against Rs 90 per cultivating family according to the General Schedule data. It also shows that the capital expenditure in non-farm business and financial investment were comparatively very small, as was noticed in the General Schedule. It is also noted that purchase of livestock, purchase of land, digging and repair of wells, purchase of implements, machinery and transport equipment and reclamation of land, were the major items of capital expenditure, though the order of importance of these items was not similar to that in the General Schedule.

The main source of finance for purchase of shares of co-operative societies etc., was current income. Additions to deposits were made almost entirely from past savings.

In the case of capital expenditure in non-farm business, borrowings accounted for 91 per cent and current income for the remaining 9 per cent in the case of all cultivators. The relative importance of the different sources of finance was broadly similar to that noticed under the General Schedule data.

As for capital expenditure in agriculture by cultivators, 46·9 per cent of it was financed from current income, 35·2 per cent by borrowings and 17·2 per cent by sale of assets. The proportion of expenditure on purchase of land, livestock, implements and machinery, etc., financed from current income worked out at 55·6 per cent, 45·8 per cent and 97·5 per cent, respectively. In respect of expenditure on digging and repair of wells, development of other irrigation resources, and bunding and other land improvements, the proportion was 76·1 per cent, 65·1 per cent and 55·7 per cent, respectively. Borrowings accounted for the entire expenditure on reclamation of land (as against 61·7 per cent under the General Schedule), 86·1 per cent on construction of farm houses, cattle sheds, etc. and 44·3 per cent on bunding and other land improvements. On the whole, a general tendency among the cultivators seemed to be to depend on borrowings only for purposes of long-term or less urgent investment, while the short-term or more urgent investment giving relatively speedy returns was financed from current income.

As between the two strata of cultivators, the sources of finance showed variations in their importance to a considerable extent. Of the capital expenditure in agriculture amounting to Rs 132·8 per family of the upper strata cultivators and Rs 20·9 per family of those of the lower strata, current income supplied 51·3 per cent and 18·9 per cent, respectively. In the lower strata 39·3 per cent and 41·8 per cent of the total expenditure was financed by borrowings and sale of assets, respectively; the respective percentages in the case of the cultivators of the upper strata were 34·6 per cent and 13·3 per cent.

The more important items of expenditure among the cultivators of the upper strata were purchase of livestock (Rs 47·7), purchase of land (Rs 38·1), other capital investment in agriculture (Rs 21·0), reclamation of land (Rs 7·2), digging and repair of wells (Rs 6·8) and purchase of implements, machinery, etc. (Rs 6·5). In the case of the cultivators of the lower strata, Rs 17·6 out of Rs 20·9 of capital investment in agriculture were accounted for by purchase of livestock alone; the rest consisted of expenditure on purchase of implements, machinery and transport equipment (Re 1), purchase of land (Re 0·9), digging and repair of wells (Re 0·9) and bunding and other land improvements (Re 0·4). The wide variations between the average expenditure on these items by the cultivators of the two strata are significant. However, the sources of finance showed that current income supplied, in the case of the cultivators of the upper strata, 58·6 per cent of the expenditure on purchase of livestock, 56·9 per cent of the expenditure on purchase of land, 19·5 per cent of the expenditure on other capital investment in agriculture, 79·1 per cent of the expenditure on digging and repairs of wells and 97·1 per cent of the expenditure on purchase of implements, machinery and transport equipment. The remainder of the expenditure on these items was largely financed by borrowings except in the case of other capital investment in agriculture, where 80·5 per cent of the funds were obtained through sale of assets.

In the case of the cultivators of the lower strata, proceeds from sale of assets and borrowings accounted for 49·6 per cent and 39·2 per cent of the expenditure on purchase of livestock, respectively, and current income accounted for 11·2 per cent. Expenditure on digging and repairs of wells was financed to the extent of 53·8 per cent from current income and 46·2 per cent by borrowings. Expenditure on purchase of implements, machinery and transport equipment, as also that on bunding and other land improvements was entirely financed from current income.

7.5 INVESTMENT AND DISINVESTMENT

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

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

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

7.5.1 Investment and disinvestment among the different groups

Table 7.13 shows the extent of investment and disinvestment and the net position of the responding families. As may be seen from these figures, there was net disinvestment amounting to Rs 80 per family. Both cultivating and non-cultivating families showed net disinvestment to the extent of Rs 85 and Rs 15 per family, respectively. Among the four groups of cultivators the big cultivators showed net investment to the extent of Rs 95 per family. But the other three groups showed net disinvestment amounting to Rs 28, Rs 112, and Rs 108 per family in the large, the medium and the small cultivators' groups, respectively. It may be noted that the larger net disinvestment in the medium and the small cultivators' groups, if the figures are compared to those of the big cultivators, was mainly due to the relatively large borrowings without corresponding increase in capital expenditure or high repayments.

TABLE 7.13—INVESTMENT AND DISINVESTMENT

[General schedule data. Amount in rupees per family]

Group	INVESTMENT					DISINVESTMENT			Net investment (+) or disinvestment (−)	Construction and repairs of residential houses and other buildings	Balance after taking credit for expenditure on construction and repairs of residential houses and other buildings
	Capital expenditure in agriculture	Non-farm business expenditure	Financial investment expenditure	Repayments	**Total**	Borrowings	Sale of assets	**Total**			
	1	2	3	4	5	6	7	8	9	10	11
Big cultivators	377	13	3	307	**701**	579	27	**606**	+ 95	377	+472
Large cultivators	201	8	2	209	**420**	420	28	**448**	− 28	192	+164
Medium cultivators	60	7	1	114	**181**	269	24	**293**	−112	85	− 27
Small cultivators	15	4	–	74	**93**	178	23	**201**	−108	40	− 68
All cultivators	90	6	1	131	**228**	288	25	**313**	− 85	104	+ 19
Non-cultivators	2	28	24	17	**71**	83	3	**86**	− 15	41	+ 26
All families	**83**	**8**	**3**	**123**	**216**	**273**	**23**	**296**	**— 80**	**99**	**+ 19**

In arriving at the net position in the above table, we have not taken into account expenditure on construction and repairs of residential houses and other buildings. If that is taken into account on the investment side, the net investment per family of big cultivators increases to Rs 472 from Rs 95 and the large cultivator's group also shows net investment to the extent of Rs 164 per family. The medium and small cultivators continue to show net disinvestment to the extent of Rs 27 and Rs 68 per family respectively.

The above results based on the General Schedule data may be compared with those below which are based on the intensive enquiry.

TABLE 7.14—INVESTMENT AND DISINVESTMENT

[Intensive enquiry data. Amount in rupees per family]

Strata	INVESTMENT					DISINVESTMENT			Net investment (+) or dis-investment (−)	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
Upper strata.........	133	3	6	219	361	199	20	219	+142	134
Lower strata.........	21	–	1	97	119	59	32	91	+ 28	46
All Cultivators.....	**77**	**2**	**3**	**158**	**240**	**129**	**26**	**155**	**+ 85**	**90**

It will be seen that, according to the intensive enquiry, both the groups showed net investment to the extent of Rs 142 per family among the cultivators of the upper strata and Rs 28 among those of the lower strata. This more favourable picture presented by the intensive enquiry is mainly due to the comparatively small size of borrowings reported by the selected families on the side of disinvestment and larger repayments on the side of investment, as compared to the respective averages derived from the General Schedule data. Thus borrowings per cultivating family averaged Rs 288 according to the General Schedule data as against only Rs 129 shown by the intensive enquiry. The average receipts from sale of assets were higher by only a rupee per family according to the intensive enquiry as compared to the other set of data. On the investment side, the repayments averaged Rs 158 per family according to the intensive enquiry and Rs 131 per family according to the General Schedule data ; other items of investment, namely, capital expenditure in agriculture, non-farm business expenditure and financial investment expenditure showed only a small difference, with the result that the total investment averaged Rs 228 per family according to the General Schedule data and Rs 240 according to the intensive enquiry. If we take into account the expenditure on construction and repairs of residential houses and other buildings, the net investment amounted to Rs 276 per family in the upper strata and Rs 74 per family in the lower strata.

7.5.2 Investment and disinvestment among the villages

Table 7·15 shows the net investment and disinvestment position of cultivating and non-cultivating families in each of the selected villages. It may be seen that cultivators in only one village, namely Dhamaur, showed net investment amounting to Rs 13 per family. This village, it may be noted, showed the highest average capital expenditure in agriculture, but the lowest value of sale of assets. This favourable position may be attributed to the fact that Dhamaur was second among the selected villages in respect of value of gross produce which was noted in the intensive enquiry. It had also the largest average size of cultivated holding, and the bigger cultivators in particular, were better off in this respect than those in other villages ; in fact, the net investment position was confined only to the big and large cultivators.

TABLE 7.15—INVESTMENT AND DISINVESTMENT

[General schedule data. Amount in rupees per family]

Village	INVESTMENT					DISINVESTMENT			Net investment (+) or disinvestment (−)	Expenditure on construction and repairs of residential houses and other buildings
	Capital expenditure in Agriculture	Non-farm business expenditure	Financial investment expenditure	Repayments	Total	Borrowings	Sale of assets	Total		
	1	2	3	4	5	6	7	8	9	10
Cultivators										
Dhamaur	270	7	2	92	**371**	348	11	**358**	+ 13	34
Jigna	70	3	2	56	**130**	267	15	**281**	−151	135
Karanj	84	8	2	150	**245**	290	29	**318**	− 73	57
Kasya	75	21	3	89	**188**	272	32	**304**	−116	207
Barnai Khas	85	12	1	74	**172**	201	33	**234**	− 62	62
Momin Dhekulia	52	2	1	111	**166**	264	24	**288**	−122	179
Sheopur	68	6	1	65	**139**	242	21	**263**	−124	71
Singhapur	123	4	–	294	**422**	428	26	**454**	− 32	106
District	**90**	**6**	**1**	**131**	**228**	**288**	**25**	**313**	**− 85**	**104**
Non-cultivators										
Dhamaur	–	–	–	–	–	13	–	**13**	− 13	–
Jigna	–	–	–	7	**8**	85	–	**85**	− 77	–
Karanj	–	–	–	–	–	10	–	**10**	− 10	–
Kasya	1	82	71	44	**197**	171	9	**180**	+ 17	108
Barnai Khas	3	–	–	6	**8**	43	–	**43**	− 35	12
Momin Dhekulia	–	–	–	–	–	–	–	–	–	–
Sheopur	10	–	–	2	**12**	44	–	**44**	− 32	11
Singhapur	–	–	–	3	**3**	3	–	**3**	–	3
District	**2**	**28**	**24**	**17**	**71**	**83**	**3**	**86**	**− 15**	**41**

At the other end, the highest average disinvestment per cultivating family was noticed in Jigna (Rs 151) followed by Sheopur (Rs 124), Momin Dhekulia (Rs 122) and Kasya (Rs 116). Jigna stood lowest among the selected villages in respect of value of gross produce as was revealed in the intensive enquiry; its position in respect of size of holdings was also relatively unsatisfactory. Sheopur showed the lowest average cash receipts per cultivating family followed by Momin Dhekulia. Kasya had the lowest average size of cultivated holding for each of the four decile-groups; the average value of gross produce per family in this village was also only slightly higher than the lowest recorded in the case of Jigna.

If expenditure on construction and repairs of residential houses and other buildings is taken into account on the investment side, the cultivators in four of the selected villages would show net investment while in one village, investment would just balance disinvestment. Jigna, Karanj and Sheopur continued to show disinvestment. Obviously, in the case of four villages, viz., Kasya, Momin Dhekulia, Singhapur and Barnai Khas, relatively larger disinvestment was made good by expenditure on construction and repairs of residential houses and other buildings.

Finally, figures of borrowings for farm and non-farm business by cultivators in the several villages show, broadly, some relationship between borrowings for productive purposes and net investment or disinvestment position. The data in this regard are given in table No. 7.16.

TABLE 7.16—NET INVESTMENT AND DISINVESTMENT* *VIS-A-VIS* BORROWINGS FOR FARM AND NON-FARM BUSINESS

[General Schedule data. Amount in rupees per family]

Village	ALL CULTIVATORS		
	Net investment (+) or disinvestment (−)	Borrowings for farm and non-farm business	Borrowings for farm and non-farm business as percentage of total borrowings
Dhamaur	+47	135	*38·8*
Jigna	−16	61	*22·8*
Karanj	−16	100	*34·5*
Kasya	+91	129	*47·4*
Barnai Khas	-	90	*44·8*
Momin Dhekulia	+57	70	*26·5*
Sheopur	−53	94	*38·8*
Singhapur	+74	119	*27·8*

* For the purpose of this table net investment or disinvestment is the balance after taking credit for expenditure on construction and repairs of residential houses and other buildings.

It is noticed that Dhamaur, Kasya and Singhapur, where cultivators showed net investment were also the villages showing relatively high proportion of borrowings for farm and non-farm business. At the other end, relatively low average borrowings for these purposes were reported by cultivators in Jigna which reported net disinvestment and Momin Dhekulia which reported net investment. It may be observed that though borrowings constitute the major cause of disinvestment, borrowings for productive purposes may be considered, to some extent at least, as a saving feature of the disinvestment position. Thus considered, it is noticed that borrowings for productive purposes exceeded net disinvestment in the case of medium cultivators in all villages except Dhamaur. In the case of small cultivators, however, net disinvestment was larger than borrowings in all the villages except, Barnai Khas and Singhapur. It is probable that a large part of other borrowings by the small cultivators in the rest of the villages were occasioned by consumption needs under conditions of drought.

CHAPTER 8

CURRENT FARM EXPENDITURE

In this chapter it is proposed to discuss current farm expenditure of the cultivators during the Survey year. These data were collected in the intensive enquiry for the two six-month periods, namely, April to September 1951 and October 1951 to March 1952, but the figures have been added together whenever data are presented for the whole Survey year.

The crop pattern in the district, as noted in Chapter 1, showed that rice, barley, wheat, sugar-cane and *kodon* (a coarse variety of paddy) were the more important crops grown in the district, accounting for 31·5 per cent, 12·8 per cent, 11·0 per cent, 9·6 per cent and 9·1 per cent, respectively, of the total cropped area. Data on area sown under different crops by the selected cultivators showed that area sown under gram, sugar-cane, rice and wheat formed 4·7 per cent, 59·2 per cent, 17·7 per cent and 7·0 per cent, respectively. Pulses other than gram accounted for nearly 0·2 per cent. The proportion of families sowing different crops, however, showed that 55·8 per cent of them reported cultivation of sugar-cane and 20·3 and 8·5 per cent, cultivation of rice and wheat, respectively.

8.1 Items of current farm expenditure

The 'farm expenses' considered here include expenditure both in cash and in kind on seed, manure, wages, remuneration to permanent farm servants, artisans, etc., fodder and other cattle feed. Expenditure in kind was estimated for this purpose on the basis of harvest prices prevailing during the Survey year. It was, however, not possible to evaluate family labour employed in terms of wages for including its value in farm costs. Similarly, no charges for services of owned plough cattle were reckoned nor was any allowance made on that account.

The data also do not include cost of fodder grown on farm. Though such details were necessary for study of farm costs, such study was not proposed nor was considered necessary for the purpose in view.

Table 8.1 gives details regarding total farm expenditure, both in kind and in cash, as reported under the intensive enquiry.

It is observed from table 8·1 that the farm expenditure averaged Rs 387·6 per cultivating family, out of which 49·6 per cent was in cash and 50·9 per cent in kind. The cash expenditure comprised Rs 50·6 or 13·1 per cent of the

TABLE 8.1—CURRENT FARM EXPENDITURE

[Intensive enquiry data. Amount in rupees per family]

Expenditure	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Average expenditure per family	Proportion to current farm expenditure (per cent)	Average expenditure per family	Proportion to current farm expenditure (per cent)	Average expenditure per family	Proportion to current farm expenditure (per cent)
	1	2	3	4	5	6
Cash expenditure on						
(a) Seed	58·5	*9·6*	42·8	*25·3*	50·6	*13·1*
(b) Manure	16·0	*2·6*	3·2	*1·9*	9·6	*2·5*
(c) Fodder	65·2	*10·9*	12·5	*7·4*	38·9	*10·0*
(d) Wages	65·8	*10·8*	13·2	*7·8*	39·5	*10·2*
(e) Other cash expenditure (including cash expenditure on purchase of grains for payment of wages)	75·5	*12·5*	31·4	*18·6*	53·5	*13·8*
(A) Total current cash expenditure on farm	**280·9**	***46·3***	**103·1**	***61·0***	**192·0**	***49·6***
Kind expenditure on						
(a) Seed	116·4	*19·2*	15·8	*9·3*	66·1	*17·1*
(b) Manure	61·4	*10·1*	21·9	*12·9*	41·7	*10·7*
(c) Wages in kind other than at harvest (including cash expenditure on purchase of grains for payment of wages)	36·7	*6·1*	1·2	*0·7*	19·0	*4·9*
(d) Disposals in kind immediately after harvest	113·9	*18·8*	27·7	*16·4*	70·8	*18·2*
(B) Total current kind expenditure on farm	**328·3**	***54·2***	**66·7**	***39·4***	**197·5**	***50·9***
(C) Cash expenditure on purchase of grains for payment of wages	**3·1**	***0·5***	**0·7**	***0·4***	**1·9**	***0·5***
(D) Total current farm expenditure (A + B − C)	**605·9**	***100·0***	**169·2**	***100·0***	**387·6**	***100·0***

total farm expenditure on seed, Rs 39·5 or 10·2 per cent on wages, Rs 38·9 or 10 per cent on fodder, Rs 9·6 or 2·5 per cent on manure and Rs 53·5 or 13·8 per cent on miscellaneous items. In respect of kind farm expenditure, seed accounted for 17·1 per cent of the total farm expenditure, manure for 10·7 per cent, wages in kind other than at harvest time for 4·9 per cent and disposals in kind (*i.e.*, rent share to landlords or co-sharers, wages paid to labourers at harvest time, etc.) for 18·2 per cent of the total farm expenditure.

Thus, it is seen that, taking the cultivators as a whole the farm expenditure was nearly equally divided in cash and in kind. The total expenditure on seed in cash and kind was the highest of all the items and exceeded 30 per cent of the total current farm expenditure. Cash expenditure on wages paid amounted to Rs 39·5 or more than 10 per cent of the total current farm expenditure. It would thus appear that among the major items of farm expenditure, all except wages showed a higher proportion of expenditure in kind than in cash.

As between the two strata of cultivators, it is noteworthy that the total current farm expenditure in the case of the lower strata cultivators amounted to Rs 169·2 per family as against Rs 605·9 per family in the case of the cultivators of the upper strata. The difference, however, was more marked in respect of farm expenditure in kind than that in cash. Expenditure in kind formed 54·2 per cent of the total current farm expenditure among the cultivators of the upper strata while it formed only 39·4 per cent among those of the lower strata. One major item accounting for this difference in respect of kind expenditure is wages. Firstly, the small operational unit itself implies less labour. Secondly, the dependence of the cultivators of the lower strata more on family labour than on hired labour is perhaps, another factor responsible for this. Thus, wages in kind paid other than at harvest averaged Rs 36·7 per family of the upper strata but only Rs 1·2 per family of the lower strata. The same is true of disposals in kind which include rent share to landlord or co-sharer, wages paid at harvest time, etc. As a result, the kind farm expenditure by the cultivators of the lower strata averaged Rs 66·7 per family, while in the case of the cultivators of the upper strata it averaged as much as Rs 328·3 per family.

The gap between the cash farm expenditure of these two strata, however, was less marked than that in respect of expenditure in kind, the respective averages being Rs 280·9 and Rs 103·1 per family. Cash expenditure on seed by the cultivators of the lower strata was 25·3 per cent of the total farm expenditure as against only 9·6 per cent in the case of those of the upper strata. This indicates the relatively larger importance of this 'rigid' cash expenditure item in farm expenditure in the case of the cultivators of the lower strata ; it is also probable that the ability of the smaller cultivators to reserve seed stocks from the farm output is limited owing to more pressing consumption needs as against the small quantities produced on their farms. Thus they are compelled to buy seed. The effects of drought which, naturally, would be felt more by the smaller than the bigger cultivators must have also caused, to some extent, a relatively larger cash expenditure on seed by the cultivators of the lower strata. Cultivation of sugar-cane by a large proportion of small cultivators may be another factor responsible for this high proportion of cash expenditure on seed.

Among the items of kind farm expenditure, disposals in kind made immediately after harvest accounted for a large part, forming 18·2 per cent of the total farm expenditure. The details regarding them are as under.

TABLE 8.2—DISPOSALS IN KIND AT HARVEST FOR ALL CROPS

[Intensive enquiry data. Amount in rupees]

	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Average per family	Percentage to total	Average per family	Percentage to total	Average per family	Percentage to total
	1	2	3	4	5	6
Rent share to landlord or co-sharer	48·6	*42·7*	9·3	*33·7*	28·9	*40·8*
Wages to labour for harvesting	32·5	*28·5*	2·2	*8·0*	17·4	*24·6*
Remuneration to artisans and services	25·2	*22·1*	12·0	*43·5*	18·6	*26·3*
Other payments at harvest time	7·6	*6·6*	4·1	*14·8*	5·8	*8·2*
Total disposals in kind at harvest	**113·9**	***100·0***	**27·7**	***100·0***	**70·8**	***100·0***

Rent payments to the landlord or co-sharer alone accounted for nearly 41 per cent of the total disposals in kind, remuneration to artisans and other services coming next in importance (26·3 per cent), followed by wages to labour at harvest time (24·6 per cent). It is interesting to see here, again, that wages formed 28·5 per cent of the total disposals in kind in the case of the upper strata cultivators while they formed only 8 per cent in the case of the lower strata cultivators. This again shows, as already stated, the comparatively greater dependence of small cultivators on family labour.

8.2 CURRENT FARM EXPENDITURE ACCORDING TO GROSS PRODUCE GROUPS

Table 8.3 shows the current farm expenditure according to gross produce value groups of cultivators. It may be seen that the first three lower value groups include 60·7 per cent of the total families, the middle three groups 34·3 per cent and the highest three forming 5·0 per cent of the total cultivating families. The extremely small proportion (0·2 per cent) of families in Group VIII leads to some very inconsistent relationships. Barring that group, the cash farm expenditure shows a steady increase from Rs 90 per family in Group I to Rs 631·3 in Group IX while total current farm expenditure shows a similar increase from Rs 122·6 in the former to Rs 3,229·3 in the latter group. The proportion of cash to total farm expenditure ranges between 73·4 and 59·9 per cent in the first three groups, between 58·1 and 42·0 per cent in the middle three groups and it was 45·3 per cent and 19·5 per cent in Groups VII and IX respectively. On the other hand disposals in kind, immediately after harvest, showed an almost steady rise with the increase in the value of gross produce, owing to relatively larger dependence of the bigger cultivators on wage-paid labour. The diminishing proportion of cash to total farm expenditure in the higher gross produce value groups, or in other words, the increasing importance of kind expenditure in the higher groups, is thus once again observed here.

TABLE 8.3—CURRENT FARM EXPENDITURE ACCORDING TO VALUE OF GROSS PRODUCE OF FARM

[Intensive enquiry data. Amount in rupees per family]

Gross produce group	Proportion of families (Per cent)	SEED			MANURE		
		Cash expenditure on seed	Total expenditure on seed	Percentage of cash expenditure to total expenditure	Cash expenditure on manure	Total expenditure on manure	Percentage of cash expenditure to total expenditure
	1	2	3	4	5	6	7
I. Less than Rs 200	*11·4*	27·8	34·1	*81·5*	0·6	11·5	*5·2*
II. Rs 200 – Rs 400	*26·9*	43·2	59·4	*72·7*	6·7	24·7	*27·7*
III. Rs 400 – Rs 600	*22·4*	50·5	84·3	*59·9*	2·4	34·6	*6·9*
IV. Rs 600 – Rs 800	*13·2*	76·4	109·1	*70·0*	1·7	53·1	*3·2*
V. Rs 800 – Rs 1,000	*9·1*	56·5	148·0	*38·2*	4·7	58·5	*8·0*
VI. Rs 1,000 – Rs 2,000	*12·0*	55·2	231·7	*23·8*	25·7	104·5	*24·6*
VII. Rs 2,000 – Rs 3,000	*3·3*	67·9	337·6	*20·1*	18·5	154·2	*12·0*
VIII. Rs 3,000 – Rs 4,000	*0·2*	20·0	630·0	*3·2*	10·0	245·0	*4·1*
IX. Rs 4,000 and above	*1·5*	21·3	659·3	*3·2*	187·3	347·3	*53·9*

Gross produce group	WAGES			Cash expenditure on fodder	Other cash expenditure†	Value of total disposals in kind immediately after harvest	**Total current farm expenditure**		
	Cash expenditure on wages	Total expenditure on wages*	Percentage of cash expenditure to total expenditure				**Cash expenditure**	**Total expenditure**	Percentage of cash expenditure to total expenditure
	8	9	10	11	12	13	14	15	16
I. Less than Rs 200	28·1	30·4	*92·4*	17·3	16·2	13·1	**90·0**	**122·6**	*73·4*
II. Rs 200 – Rs 400	21·3	27·5	*77·4*	19·5	22·6	36·1	**113·3**	**189·3**	*59·9*
III. Rs 400 – Rs 600	35·0	39·3	*89·1*	27·0	48·2	32·2	**163·1**	**265·6**	*61·4*
IV. Rs 600 – Rs 800	28·1	40·0	*70·3*	21·5	50·8	32·5	**178·5**	**307·0**	*58·1*
V. Rs 800 – Rs 1,000	28·9	40·3	*71·7*	40·2	90·7	69·7	**221·0**	**447·4**	*49·4*
VI. Rs 1,000 – Rs 2,000	50·7	108·0	*46·9*	69·8	87·2	85·7	**288·6**	**686·9**	*42·0*
VII. Rs 2,000 – Rs 3,000	141·5	283·9	*49·8*	217·6	154·9	177·6	**600·4**	**1,325·8**	*45·3*
VIII. Rs 3,000 – Rs 4,000	1,560·0	1,560·0	*100·0*	660·0	345·0	205·0	**2,595·0**	**3,645·0**	*71·2*
IX. Rs 4,000 and above	168·7	292·7	*57·6*	146·7	107·3	1,676·0	**631·3**	**3,229·3**	*19·5*

* Comprises of wages in kind other than at harvest and cash wages paid to hired labour.

† Excludes cash expenditure on purchase of grain for payment of wages as it is included under wages in kind other than at harvest.

As already seen, purchase of seed is the most important of all the items. Here, again, we notice a marked decline in the proportion of cash expenditure on this item by the last two higher value groups, though the average expenditure per family showed an increase. The total expenditure on seed, per family, ranged between Rs 34·1 and Rs 84·3 in the first three groups, between Rs 109·1 and Rs 231·7 in the middle three groups and between Rs 337·6 and Rs 659·3 in the last two groups. But the proportion of cash expenditure on seed ranged between 81·5 per cent and 59·9 per cent in the first three groups, between 70·0 per cent and 23·8 per cent in the next three groups and between 20·1 per cent and 3·2 per cent in the last two groups. As observed earlier, this indicates the greater ability of higher value groups of cultivators to keep in stock seeds from the output of their farms. The proportion of average expenditure on manure also increased among the higher gross produce groups. In the case of wages, however, the amount of wages paid in cash per family steadily increased in the higher groups, but the proportion of cash wages to total wage payments showed a declining tendency in the higher groups because the increase in the total wage bill in their case was more steep than the increase in cash wage payments.

8.3 SOURCE OF FINANCE FOR CASH FARM EXPENDITURE

Table 8.4 shows the sources of finance for current farm expenditure. Current income was the major source of finance in as much as it contributed 71·2 per cent to the total cash farm expenditure in the case of the cultivators of the upper strata and 61·0 per cent in the case of those of the lower strata. The next important source was borrowings which accounted for 25·1 per cent of the current cash farm expenditure of the cultivators of the upper strata and 38·4 per cent of that of the lower strata cultivators. Past savings accounted for a negligible proportion in the case of the upper strata cultivators while no cultivator of either strata reported sale of assets for this purpose.

It may be noted here that borrowings for current farm expenditure amounted to Rs 70·5 per family in the upper strata and Rs 39·6 per family in the lower strata. This largely bears out the observations made in an earlier chapter on borrowings by cultivators for different purposes. The General Schedule data as also the results of the intensive enquiry pointed out that the average borrowings per family of cultivators for current farm expenditure declined with the size of cultivated holdings although the proportionate importance of borrowings for this purpose was, as in the present case, larger in the case of the cultivators of the lower strata than in the upper strata cultivators.

TABLE 8.4—SOURCE OF FINANCE FOR CASH FARM EXPENDITURE

[Intensive enquiry data. Amount in rupees per family]

Item	Current income		Past savings		Sale of assets		Borrowings		Other sources		Total	
	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata
	1	2	3	4	5	6	7	8	9	10	11	12
Purchase of seed...	11·7	5·8	–	–	–	–	46·5	36·9	0·2	–	**58·5**	**42·8**
	(20·0)	*(13·6)*	–	–	–	–	*(79·6)*	*(86·4)*	*(0·4)*	–	*(100)*	*(100)*
Purchase of manure	5·0	2·0	–	–	–	–	10·9	0·8	0·1	0·4	**16·0**	**3·2**
	(31·3)	*(62·5)*	–	–	–	–	*(68·1)*	*(25·0)*	*(0·6)*	*(12·5)*	*(100)*	*(100)*
Purchase of fodder	56·4	12·4	1·2	–	–	–	3·8	–	3·8	0·1	**65·2**	**12·5**
	(86·5)	*(99·2)*	*(1·8)*	–	–	–	*(5·8)*	–	*(5·8)*	*(0·8)*	*(100)*	*(100)*
Cash wages.......	57·3	11·2	–	–	–	–	7·5	1·9	1·0	0·1	**65·8**	**13·2**
	(87·1)	*(84·8)*	–	–	–	–	*(11·4)*	*(14·4)*	*(1·5)*	*(0·8)*	*(100)*	*(100)*
Other cash expenditure*.........	69·5	31·4	–	–	–	–	1·9	–	4·1	–	**75·5**	**31·4**
	(92·1)	*(100)*	–	–	–	–	*(2·5)*	–	*(5·4)*	–	*(100)*	*(100)*
Total............	**200·0**	**62·9**	**1·2**	–	–	–	**70·5**	**39·6**	**9·3**	**0·6**	**281·0**	**103·1**
	(71·2)	*(61·0)*	*(0·4)*	–	–	–	*(25·1)*	*(38·4)*	*(3·3)*	*(0·6)*	*(100)*	*(100)*

(Figures in brackets indicate percentages to total.)

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

Among the cultivators of the upper strata, purchase of fodder, cash wages and 'other' cash expenditure, were financed mainly from current income. Of the total finance supplied from current income, these three items accounted for 28·2 per cent, 28·7 per cent and 34·8 per cent, respectively, in the upper strata and

19·7 per cent, 17·8 per cent and 49·9 per cent respectively, in the lower strata. Of the amount of borrowings spent on current farm expenditure, the cultivators' purchase of seed alone accounted for 66·0 per cent in the upper strata and 93·2 per cent in the lower strata. Here again we notice the difficulty encountered by the lower strata cultivators with regard to providing seed from their own farm produce for sowing and their dependence on purchased seed for that purpose, relatively to a greater extent than the cultivators of the upper strata. The cultivators of the upper strata also spent 15·5 per cent of the borrowings for farm expenditure on purchase of manure and 10·6 per cent on cash wages.

8.4 CASH RECEIPTS

We may now discuss the relationship between farm expenses and value of gross produce as also between cash expenses and cash receipts. It may be noted here that the figures of gross produce comprise the value of crops grown on farms including fodder but do not include value of produce from any other business allied to farming proper, such as, livestock and poultry farming. The gross produce evaluated here is the value of total produce of crops, whether sold, disposed of in other ways or retained for consumption or use in farm business or sale. It is also to be observed that the accuracy of the reported estimates also depends largely on such factors as quantitative estimate of the total produce and valuation of the unsold part of the produce. From general experience, it appears that the farmers show a greater inclination to under-estimate the total outturn of crops as also the cash returns from crops sold. The data presented here may not be entirely free from such a bias of under-estimation.

Cash receipts as reported in the intensive enquiry include cash proceeds from sale of crops and fodder; these may include besides the output from cultivated holding during the Survey year, some quantities of crops and fodder from the output of the preceding year as also those received by way of rent or crop share from tenants; they also include receipts from sale of milk and milk products, seed, plants, manure, carting, cash remuneration for hired employment on others' farms, cash rent, interest on amount lent to others and remittances received.

Cash receipts as considered here are divided into two groups, viz., (*i*) cash proceeds from sale of crops and fodder and (*ii*) other cash receipts. The cash receipts of the cultivators of the two strata are shown in table 8.5 on page 96.

It will be observed from table 8·5 figures that the total cash receipts amounted to Rs 491·6 per family of cultivators. Cash receipts in the lower strata amounted to Rs 313·6 per family and were slightly less than half of those of Rs 669·7 per family of the upper strata. Cash receipts from sale of crops and fodder were an important source contributing 65·6 per cent in the case of the cultivators of the upper strata as against 38·4 per cent in the case of those of the lower strata. It is noteworthy that the cultivators in the lower strata depended

TABLE 8.5—CASH RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

Cash receipts from	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Amount	Percentage to total	Amount	Percentage to total	Amount	Percentage to total
	1	2	3	4	5	6
Sale of crops and fodder.....	438·9	*65·6*	120·3	*38·4*	279·6	*56·9*
Sale of milk and milk products	5·4	*0·8*	11·1	*3·5*	8·2	*1·7*
Sale of poultry and poultry products................	0·1	–	–	–	–	–
Sale of seed and plants......	0·9	*0·1*	–	–	0·4	*0·1*
Sale of manure............	–	–	–	–	–	–
Wages in cash..............	92·8	*13·9*	113·5	*36·2*	103·2	*21·0*
Remittances received.......	71·2	*10·6*	34·7	*11·1*	52·9	*10·8*
Carting..................	13·6	*2·0*	–	–	6·8	*1·4*
Cash rent.................	0·4	*0·1*	–	–	0·2	–
Interest received...........	15·0	*2·2*	–	–	7·5	*1·5*
Other sources..............	31·6	*4·7*	34·0	*10·8*	32·8	*6·7*
Total....................	**669·7**	***100·0***	**313·6**	***100·0***	**491·6**	***100·0***

to a far more extent on hired employment outside their farms than those in the upper strata and this contributed as much as 36·2 per cent to their total cash receipts as against only 13·9 per cent in the case of the upper strata cultivators. This indicates that a good number of cultivators in the lower strata were holders of uneconomic holdings and had to depend on wage paid employment to supplement their income from farming. The cultivators in both the strata had some members of the family working in industrial and other enterprises outside, from whom they received remittances. They were mostly employed in the sugar factories in the district, though some were also reported to have migrated to distant areas and found employment in the textile and other mills in Kanpur, Bombay and Ahmedabad. Remittances thus received, formed 10·6 per cent of the total cash receipts in the case of the cultivators of the upper strata and 11·1 per cent in the case of those of the lower strata. The cultivators of the lower strata relied to a larger extent on sale of milk and milk products which brought 3·5 per cent of the total cash receipts in their case as against less than 1 per cent in the case of the cultivators of the upper strata. The upper strata cultivators reported some income from interest (2·2 per cent) and cash rent (0·1 per cent) which indicates that the cultivators of this class did draw a subsidiary income by lending money and leasing out land, though the total receipts were not very large.

8.4.1 Cash receipts according to gross produce groups

Table 8.6 shows the average cash receipts per family according to gross produce groups of cultivators as also the proportion of value of gross produce of cash crops to value of total gross produce.

TABLE 8.6—CASH RECEIPTS IN RELATION TO GROSS PRODUCE AND CASH CROPS

[Intensive enquiry data. Amount in rupees per family]

Family Group	Cash receipts from sale of crops and fodder	Other cash receipts	Total
Value of gross produce of farm			
I. Less than Rs 200	39·0	300·2	**339·2**
	(11·5)	*(88·5)*	***(100·0)***
II. Rs 200 – Rs 400	107·5	154·1	**261·6**
	(41·1)	*(58·9)*	***(100·0)***
III. Rs 400 – Rs 600	157·1	165·1	**322·2**
	(48·8)	*(51·2)*	***(100·0)***
IV. Rs 600 – Rs 800	230·4	361·5	**591·9**
	(38·9)	*(61·1)*	***(100·0)***
V. Rs 800 – Rs 1,000	417·9	219·6	**637·4**
	(65·6)	*(34·4)*	***(100·0)***
VI. Rs 1,000 – Rs 2,000	559·3	150·2	**709·5**
	(78·8)	*(21·2)*	***(100·0)***
VII. Rs 2,000 – Rs 3,000	1,141·2	196·7	**1,337·6**
	(85·3)	*(14·7)*	***(100·0)***
VIII. Rs 3,000 – Rs 4,000	1,020·0	1,700·0	**2,720·0**
	(37·5)	*(62·5)*	***(100·0)***
IX. Rs 4,000 and above	2,382·7	252·0	**2,634·7**
	(90·4)	*(9·6)*	***(100·0)***
Proportion of value of gross produce of cash crops to value of total gross produce			
I. Nil	-	415·3	**415·3**
		(100·0)	***(100·0)***
II. Less than 10 per cent	124·6	364·8	**489·4**
	(25·5)	*(74·5)*	***(100·0)***
III. 10 – 20 per cent	150·9	299·6	**450·5**
	(33·5)	*(66·5)*	***(100·0)***
IV. 20 – 30 per cent	168·4	143·9	**312·3**
	(53·9)	*(46·1)*	***(100·0)***
V. 30 – 40 per cent	307·8	239·0	**546·8**
	(56·3)	*(43·7)*	***(100·0)***
VI. 40 – 50 per cent	320·1	146·6	**466·7**
	(68·6)	*(31·4)*	***(100·0)***
VII. 50 – 60 per cent	464·0	190·2	**654·2**
	(70·9)	*(29·1)*	***(100·0)***
VIII. 60 – 70 per cent	227·9	146·7	**374·6**
	(60·8)	*(39·2)*	***(100·0)***
IX. 70 – 80 per cent	547·7	136·8	**684·5**
	(80·0)	*(20·0)*	***(100·0)***
X. 80 per cent and above	1,090·0	72·2	**1,162·2**
	(93·8)	*(6·2)*	***(100·0)***

(Figures in brackets indicate percentages to total)

In the case of the gross produce groups, Group VIII can be left out of consideration for the reason already stated*. Barring that group, it is observed that cash receipts from sale of crops and fodder steadily increased from Rs 39 per family in Group I to Rs 2382·7 in Group IX; other cash receipts, however, did not show such a consistent trend. All the same, the proportion of cash receipts from sale of

* Vide page 92

crops and fodder to total cash receipts ranged between 11·5 per cent and 48·8 per cent in the first three groups ; between 38·9 per cent and 78·8 per cent in the next three groups and 85·3 per cent and 90·4 per cent in the last two groups (excluding Group VIII). The increasing importance of cash receipts from sale of crops and fodder in relation to total cash receipts is, thus, broadly discernible here.

In the case of groups according to the proportion of value of gross produce of cash crops to value of total gross produce, it is also seen that the average cash receipts from sale of crops and fodder per family steadily increased with the rise in the proportion of value of cash crops, from Rs 124·6 per family in Group II to Rs 1,090·0 in group X. Other cash receipts, however, averaged between Rs 299·6 and Rs 415·3 per family in the first three groups, between Rs 143·9 and Rs 239·0 per family in the next three groups and between Rs 72·2 and Rs 190·2 in the last four groups. Thus, other cash receipts showed a broad downtrend, as the proportion of value of cash crops increased in the groups. What is more interesting is that the proportion of cash receipts from sale of crops and fodder to total cash receipts in these groups show a marked and steady increase (except for a small break in Group VIII) from 25·5 per cent in Group II to 70·9 per cent in Group VII and further upto 93·8 per cent in Group X.

It is thus clearly seen that the higher the value of gross produce or the higher the proportion of the value of cash crops to total value of gross produce, the larger the relative importance of cash receipts from sale of crops and fodder to total cash receipts ; in other words, other cash receipts are of a relatively much greater significance to the lower than to the higher gross produce groups of cultivators.

8.5 FARM EXPENSES AND GROSS PRODUCE AND CASH EXPENSES AND CASH RECEIPTS

Table 8.7 shows the comparative position of the two strata of cultivators in respect of the relationship between farm expenditure and gross farm returns on the one hand and cash farm expenditure and cash receipts on the other.

TABLE 8.7—FARM EXPENSES, GROSS PRODUCE AND CASH RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

	Upper strata	Lower strata	All cultivators
	1	2	3
Current cash farm expenditure	280·9	103·1	192·0
Current farm expenditure in kind*	325·0	66·1	195·5
Total current farm expenditure	**605·9**	**169·2**	**387·6**
Value of gross produce	1,028·0	363·1	695·5
Cash receipts from sale of crops and fodder	438·9	120·3	279·6
Other cash receipts	230·8	193·2	212·0
Total cash receipts	**669·7**	**313·6**	**491·6**

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

It will be seen that the total current farm expenditure averaged Rs 605·9 per family and formed about 58·9 per cent of the value of gross produce in the case of the cultivators of the upper strata ; it averaged Rs 169·2 per family and formed 46·6 per cent of the value of gross produce in the case of the cultivators of the lower strata. Actual estimates of net returns on the basis of this statement would not be accurate owing to the several limitations of the data already mentioned. Nevertheless, as broad indicators, they may be relied upon to show the relative position of the two strata.

The proportion of current cash farm expenditure to cash receipts from sale of crops and fodder, on the other hand, was relatively smaller (64·0 per cent) in the case of the cultivators of the upper strata than in the case of the cultivators of the lower strata (85·7 per cent). This is accounted for by two reasons, firstly, the cultivators of the upper strata sell a comparatively larger share of their gross produce than the lower strata cultivators who retain a relatively larger share with themselves for family consumption. Secondly, expenditure on the comparatively 'rigid' items of farm costs does not show proportionate decline in relation to the scale of farm operations. In terms of amounts, average cash receipts from sale of crops and fodder per family exceeded average cash farm expenditure by Rs 158·0 per family in the upper strata as against Rs 17·2 in the lower strata. This unfavourable feature of farm business of the lower strata cultivators accounted also for their greater dependence on wages through employment on others' farms and, to some extent, on sale of milk and milk products.

Total farm expenditure as a proportion of total cash receipts showed that it formed 90·5 per cent in the case of the cultivators of the upper strata and only 54·0 per cent in the case of those of the lower strata. This, again, is due to two main reasons. Firstly, the total farm expenditure of the lower strata cultivators did not include wages in terms of family labour employed on farm, which was considerable ; the omission of this item, among other things, deflated farm expenditure in their case. Secondly, the lower strata cultivators had a larger proportion of 'other' cash receipts to their credit than the cultivators of the upper strata. In fact, 'other' cash receipts in the case of the lower strata cultivators exceeded cash receipts from sale of crops and fodder by more than 60 per cent ; in the case of cultivators of the upper strata, on the contrary, the latter exceeded the former by nearly 90 per cent.

8.6 SEASONALITY OF FARM EXPENDITURE AND FARM INCOME

The seasonality of farm expenditure as also of farm income has an important bearing on the credit requirements and borrowings of the cultivators and is, therefore, discussed here. The relevant figures in this regard are given in table 8.8 on page 100.

The seasonality of farm expenditure and cash receipts from the sale of farm produce is influenced by the nature of crops grown by the cultivators in the district.

TABLE 8.8—SEASONALITY OF FARM EXPENDITURE AND FARM RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

	UPPER STRATA			LOWER STRATA		
	April to September 1951	October 1951 to March 1952	April 1951 to March 1952	April to September 1951	October 1951 to March 1952	April 1951 to March 1952
	1	2	3	4	5	6
Total current cash farm expenditure	**120·5**	**160·5**	**280·9**	**36·9**	**66·3**	**103·1**
Cash receipts from sale of crops and fodder	118·8	320·0	438·9	21·0	99·3	120·3
Other cash receipts	121·0	109·9	230·8	97·6	95·7	193·2

It is seen from the above figures that the larger part of the cash expenditure incurred by the cultivators in both the strata falls during the latter half of the year, i.e., October 1951 to March 1952, being 57·1 per cent of the total in the case of the cultivators of the upper strata and 64·3 per cent of the total in the case of the cultivators of the lower strata. Obviously, this expenditure is accounted for by cash wages which formed 20·6 per cent of the total cash farm expenditure of all cultivators during the year ; a large part of these wage payments in the case of *kharif* crops was for harvesting, threshing and processing and, in the case of *rabi* crops, for sowing operations. It may be noted in this connection that the area sown by the selected families comprised 4·7 per cent under gram, 7·0 per cent under wheat and 59·2 per cent under sugar-cane whose sowing and harvesting operations fall during this period. Another important item of cash farm expenditure was purchase of fodder which generally occurred after the *kharif* harvest. This item accounted for 20·2 per cent of the total current cash farm expenditure, the proportion being 23·2 per cent in the case of the cultivators of the upper strata and 12·1 per cent in the case of those of the lower strata. Purchase of seed, in fact, accounted for the highest proportion of cash farm expenditure (26·4 per cent), but this was as much responsible for raising the level of cash expenditure during October-March as between April and September, for the reason that, barring sugar-cane, the sown area of the selected families was more or less equally divided between *kharif* and *rabi* crops, sugar-cane being normally sown only once in three years in this tract.

Cash receipts from sale of crops and fodder showed that the cultivators of the upper strata received 72·9 per cent and those of the lower strata 82·5 per cent of the respective total cash receipts from this source during the latter half of the year. 'Other' cash receipts, received between October-March, however, formed 47·6 per cent of the total during the year in the case of the upper strata cultivators and 49·5 per cent in the case of the cultivators of the lower strata.

On the other hand, the larger part of cash wages earned by the cultivators as also that of the remittances received by them fell during the former half of the year.

8.6.1 Seasonality of borrowings in relation to farm expenditure

Against the above analysis of seasonality of farm income and expenditure, the following figures of seasonality of borrowings are revealing.

TABLE 8.9—CURRENT CASH FARM EXPENDITURE ACCORDING TO SOURCE OF FINANCE

[Intensive enquiry data. Amount in rupees per family]

	UPPER STRATA					LOWER STRATA				
	CURRENT INCOME		BORROWINGS		Total (All sources)	CURRENT INCOME		BORROWINGS		Total (All sources)
	April to September 1951	October 1951 to March 1952	April to September 1951	October 1951 to March 1952	April 1951 to March 1952	April to September 1951	October 1951 to March 1952	April to September 1951	October 1951 to March 1952	April 1951 to March 1952
	1	2	3	4	5	6	7	8	9	10
Purchase of seed.....	4·3	7·5	14·5	32·0	**58·5**	0·6	5·2	12·8	24·2	**42·8**
	(7·4)	*(12·8)*	*(24·8)*	*(54·7)*	*(100·0)*	*(1·4)*	*(12·1)*	*(29·9)*	*(56·5)*	*(100·0)*
Purchase of manure...	2·9	2·1	6·2	4·7	**16·0**	1·2	0·9	0·7	–	**3·2**
	(18·1)	*(13·1)*	*(38·8)*	*(29·4)*	*(100·0)*	*(37·5)*	*(28·1)*	*(21·9)*		*(100·0)*
Purchase of fodder....	27·2	29·3	1·5	2·2	**65·2**	6·2	6·3	–	–	**12·5**
	(41·7)	*(44·9)*	*(2·3)*	*(3·4)*	*(100·0)*	*(49·6)*	*(50·4)*			*(100·0)*
Payment of cash wages	30·2	27·1	3·0	4·5	**65·8**	7·2	4·0	0·6	1·4	**13·2**
	(45·9)	*(41·2)*	*(4·6)*	*(6·8)*	*(100·0)*	*(54·5)*	*(30·3)*	*(4·5)*	*(10·6)*	*(100·0)*
Other cash expenditure*............	24·3	45·2	1·4	0·5	**75·5**	7·7	23·8	–	–	**31·4**
	(32·2)	*(59·9)*	*(1·9)*	*(0·7)*	*(100·0)*	*(24·4)*	*(75·6)*			*(100·0)*
Total	**88·8**	**111·1**	**26·6**	**43·9**	**280·9**	**22·8**	**40·1**	**14·1**	**25·5**	**103·1**
	(31·6)	*(39·6)*	*(9·5)*	*(15·6)*	*(100·0)*	*(22·1)*	*(38·9)*	*(13·7)*	*(24·7)*	*(100·0)*

(Figures in brackets indicate percentages to total)

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

It is observed from these figures that the upper strata as also the lower strata resorted to the larger part of the borrowings for farm expenditure during the latter half of the year, *i.e.*, October to March, these accounting for Rs 43·9 per family or 15·6 per cent of the total cash farm expenditure in the case of the upper strata and Rs 25·5 per family or 24·7 per cent of that of the lower strata. Of the borrowings for farm expenditure during this half of the year, the cultivators of the upper strata spent 72·9 per cent and those of the lower strata nearly 94·5 per cent on purchasing seed only ; the former spent 10·7 per cent of the borrowings on purchase of manure and 10·2 per cent on payment of cash wages. The cultivators of the lower strata spent all the remaining 5·5 per cent on payment of cash wages only. The borrowings for farm expenditure during the first half of the year, *i.e.*, April to September 1951 which formed 9·5 per cent of the total cash farm expenditure of the upper strata cultivators and 13·7 per cent of that of the lower strata cultivators also showed the same relative importance of items of farm expenditure during that half of the year as well, the only difference being that the proportionate expenditure from this source on manure was more and that on seed was less in the case of both the strata.

8.7 FARM BUSINESS ACCORDING TO VALUE OF CASH CROPS

In the foregoing sections, we analysed farm expenditure and cash expenditure. We may now consider the results of farm operations. Table 8.10 shows the level of cash receipts from sale of crops and fodder as also total cash receipts of cultivating families according to the proportion of value of gross produce of cash crops to value of total gross produce.

TABLE 8.10—CURRENT FARM EXPENDITURE

[Intensive enquiry data. Amount in rupees per family]

Proportion of value of gross produce of cash crops to value of total gross produce	Proportion of families (Per cent)	Proportion of area sown (Per cent)	Area sown per family (Acres)	Cash receipts from sale of crops and fodder	**Total cash receipts**	Proportion of cash receipts from sale of crops and fodder to total cash receipts (Per cent)
	1	2	3	4	5	6
I. Nil.................	*4·7*	*3·1*	2·8	–	**415·3**	–
II. Less than 10 per cent.	*5·2*	*2·7*	2·2	124·6	**489·4**	*25·5*
III. 10 – 20 per cent......	*6·8*	*6·8*	4·2	150·9	**450·5**	*33·5*
IV. 20 – 30 per cent......	*15·0*	*13·9*	3·9	168·4	**312·3**	*53·9*
V. 30 – 40 per cent......	*30·2*	*30·8*	4·3	307·8	**546·8**	*56·3*
VI. 40 – 50 per cent......	*20·5*	*21·9*	4·5	320·1	**466·7**	*68·6*
VII. 50 – 60 per cent......	*10·2*	*10·9*	4·5	464·0	**654·2**	*70·9*
VIII. 60 – 70 per cent......	*4·3*	*3·8*	3·7	227·9	**374·6**	*60·8*
IX. 70 – 80 per cent......	*2·2*	*3·8*	7·3	547·7	**684·5**	*80·0*
X. 80 per cent and above	*0·9*	*2·3*	10·6	1,090·0	**1,162·2**	*93·8*

It may be seen from these figures that average cash receipts from sale of crops and fodder showed a tendency to increase with an increase in the proportion of value of gross produce of cash crops to total gross produce. But since 'other' cash receipts averaged lower in the higher groups, total cash receipts did not show a marked or steady increase of this nature. This is also reflected in the proportion of cash receipts from sale of crops and fodder to total cash receipts, which ranged between 25·5 per cent and 53·9 per cent in the second, third and fourth groups, between 56·3 per cent and 70·9 per cent in the next three groups and between 60·8 per cent and 93·8 per cent in the last three groups.

8.8 INTER-VILLAGE VARIATIONS

Table 8.11 below gives data relating to current farm expenditure and cash receipts reported by the cultivators in the selected villages.

It will be seen from these figures that Jigna which reported the highest cash farm expenditure also reported the highest total cash receipts; similarly, Sheopur reported the lowest cash farm expenditure as also the lowest total cash receipts.

TABLE 8.11—FARM EXPENDITURE AND CASH RECEIPTS AMONG THE SELECTED VILLAGES

[Intensive enquiry data. Amount in rupees per family]

Village	Value of gross produce	Current cash farm expenditure	**Total current farm expenditure**	Percentage of cash expenditure to total expenditure	Cash receipts from sale of crops and fodder	**Total cash receipts**	Percentage of cash receipts from sale of crops and fodder to total cash receipts	**Total disposals in kind at harvest time**
	1	2	3	4	5	6	7	8
Dhamaur	832·1	271·2	**502·7**	*53·9*	403·3	**519·1**	*77·7*	**46·8**
Jigna	379·8	396·8	**519·0**	*76·5*	47·7	**679·1**	*7·0*	**56·4**
Karanj	765·6	153·3	**355·5**	*43·1*	383·7	**501·7**	*76·5*	**26·8**
Kasya	403·6	225·6	**335·5**	*67·2*	94·7	**536·2**	*17·7*	**20·5**
Barnai Khas	903·7	165·3	**495·4**	*33·4*	334·9	**554·9**	*60·4*	**158·6**
Momin Dhekulia	567·9	154·0	**302·5**	*50·9*	184·8	**389·4**	*47·5*	**44·7**
Sheopur	649·9	153·2	**291·4**	*52·6*	191·3	**308·8**	*61·9*	**71·5**
Singhapur	749·9	233·4	**424·6**	*55·0*	449·3	**653·7**	*68·7*	**36·9**

It is true that this relation between cash expenditure and cash receipts, however, is not so consistently shown by all the villages. Nor could such a consistent relationship be expected in every village as the different crops and varying range in the size of holdings and allied factors intervene.

All the same, the villages, when placed in the order of importance of cash expenditure on the one hand and cash receipts on the other, show a broad correspondence to each other. In a similar way, the villages also show a broad correspondence between value of gross produce on the one hand and cash receipts from sale of crops and fodder on the other.

CHAPTER 9

CREDIT AGENCIES

In this Chapter, we discuss the role of the different credit agencies in financing the credit needs of the rural population in this district. We begin with a discussion of the relative importance of the various credit agencies. In the chapters that follow, we shall discuss the role and working of Government, co-operative institutions and private credit agencies.

The rural credit supply agencies were classified under nine categories for the purpose of the Rural Credit Survey as under: (*i*) Government, (*ii*) co-operatives, (*iii*) relatives, (*iv*) landlords, (*v*) agriculturist moneylenders, (*vi*) professional money-lenders, (*vii*) traders and commission agents, (*viii*) commercial banks and (*ix*) 'others'. Borrowings from Government included loans advanced by the various Departments and under various schemes such as the Grow More Food Campaign, Rehabilitation of displaced persons, *taccavi* loans under the Land Improvement Loans Act, 1883 and the Agriculturists' Loans Act, 1884, etc. Borrowings from co-operatives included loans from different types of co-operative institutions such as the primary credit societies, agricultural marketing societies, central co-operative banks and land mortgage banks. Borrowings from relatives comprised only such loans from them as were interest-free, those bearing interest being treated under the other relevant private credit agencies. Loans were treated as borrowed from a landlord only where the borrower was his tenant; otherwise, the former was treated as an agriculturist moneylender or a professional moneylender as the case might be. An agriculturist moneylender was defined as one whose main profession was agriculture and whose moneylending business was of comparatively small importance. Professional moneylenders included only those whose earnings from moneylending formed a substantial part of their total income, whether they lived in urban or rural areas. Traders and commission agents are too clearcut a category to need any definition as such. Commercial banks, included both scheduled and non-scheduled banks as also the then Imperial Bank of India. Borrowings from agencies other than the nine agencies mentioned above were defined as those from 'other' agencies.

Table 9.1 on page 105 gives the distribution of borrowings according to the credit agencies on the basis of data collected in the General Schedule.

Total borrowings during the year amounted to Rs 273 per rural family. Professional moneylenders constituted the principal source of finance as they accounted for 62·6 per cent of the total borrowings. The agriculturist moneylenders provided about 26·0 per cent of the total borrowings. Borrowings from co-operative agencies were very small, being only 5·5 per cent of the total. Borrowings from landlords, relatives and other agencies including Government, commercial banks and traders

TABLE 9.1—BORROWINGS FROM DIFFERENT CREDIT AGENCIES

[General schedule data. Amount in rupees per family]

Agency	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	**All cultivators**	Non-cultivators	**All Families**
	1	2	3	4	5	6	7
Government	1	–	–	–	–	1	–
Co-operatives	46	31	10	6	**15**	12	**15**
Relatives	23	12	3	3	**6**	6	**6**
Landlords	5	4	5	3	**4**	–	**4**
Agriculturist money-lenders	54	56	101	65	**76**	9	**71**
Professional money-lenders	448	309	143	97	**181**	46	**171**
Traders and commission agents	–	–	–	–	–	–	–
Commercial banks	–	–	–	1	–	1	–
Others	2	8	7	3	**6**	9	**6**
Total	**579**	**420**	**269**	**178**	**288**	**83**	**273**

and commission agents were negligible or nil. The relative importance of credit agencies as between cultivators and non-cultivators was much the same, except for a slight difference due to the fact that, non-cultivators, for obvious reasons, had no borrowings to report from landlords. As the class of non-cultivators included traders, artisans, etc., a very small amount of loan was reported from commercial banks.

Among the cultivators, the borrowings averaged Rs 288 per family of which 62·7 per cent was from professional moneylenders and 26·3 per cent from agriculturist moneylenders. Co-operatives accounted for hardly 5·3 per cent, relatives for 2·1 per cent and others for 2·0 per cent. Borrowings from Government and commercial banks were negligible.

The relative importance of credit agencies was broadly similar in the four groups of cultivators, though the proportion of borrowings from each agency to total borrowings differed from group to group. Thus, in the case of borrowings by big cultivators, professional moneylenders accounted for 77·5 per cent, agriculturist moneylenders for 9·3 per cent and co-operatives for 8·0 per cent. Of the total borrowings of large cultivators, 73·6 per cent was raised from professional moneylenders, 13·3 per cent from agriculturist moneylenders, 2·8 per cent from relatives and 7·5 per cent from co-operatives. In the case of medium cultivators, 53·1 per cent of the borrowings were from professional moneylenders, 37·6 per cent from agriculturist moneylenders, 1·3 per cent from relatives and 3·6 per cent from co-operatives. Finally, 54·7 per cent of the borrowings of small cultivators were from professional moneylenders, 36·7 per cent from agriculturist moneylenders, 1·8 per cent from relatives and 3·5 per cent from co-operatives. It is thus seen that professional moneylenders supplied about three-fourths of the total funds borrowed by the big and the large cultivators. Funds supplied by this agency were a little more than one-half of the total borrowings of medium and small cultivators in whose case agriculturist moneylenders supplied more than one-third of the borrowed funds. Co-operative credit accounted for a decreasing proportion of the borrowed funds among the smaller cultivators. Borrowings from Government were negligible and were reported by the big cultivators only. This is partly because *taccavi* advances were confined to credit-worthy cultivators and partly because of the cultivator's preference for other credit agencies which advance loans at a much shorter notice and are relatively less strict or exacting with regard to regularity of payments, though the interest charged by them is considerably high. Borrowings from commercial banks were also negligible but confined only to small cultivators, presumably for financing marketing of *gur* or trading in agricultural commodities which necessitated borrowings on their part owing to lack of owned funds.

Table 9·2 below shows the corresponding position of the several credit agencies, in respect of debt owed to them.

TABLE 9.2—DEBT OWED TO CREDIT AGENCIES

[General schedule data. Amount in rupees per family]

Agency	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	**All cultivators**	Non-cultivators	**All Families**
	1	2	3	4	5	6	7
Government	1	2	–	–	**1**	5	**1**
Co-operatives and commercial banks*	40	30	11	9	**16**	8	**16**
Relatives	24	16	4	4	**8**	3	**7**
Landlords	1	2	5	2	**3**	–	**3**
Agriculturist moneylenders	88	72	116	64	**86**	13	**81**
Professional moneylenders	602	684	371	140	**398**	77	**374**
Traders and commission agents	–	–	1	–	**1**	–	–
Others	1	4	2	2	**2**	15	**3**
Total	**757**	**811**	**510**	**222**	**515**	**121**	**486**

* Separate data on debt owed to co-operatives and commercial banks are not available.

According to these figures, again, we notice that professional moneylenders occupied the first place of importance among the credit agencies and accounted for 77·0 per cent of the debt owed by rural families. Agriculturist moneylenders came next in order of importance accounting for 16·6 per cent of the total debt, co-operatives together with commercial banks and relatives accounted for 3·2 per cent and 1·5 per cent, respectively, of the total debt. The relative importance of these agencies was thus generally similar to that noticed in respect of borrowings.

9.1 OVERALL PICTURE OF CREDIT AGENCIES

The following table gives an overall picture of the relative position of the credit agencies both in respect of borrowings and debt.

TABLE 9.3—BORROWINGS AND DEBT ACCORDING TO CREDIT AGENCY

[General schedule data. Amount in rupees per family]

Agency	BORROWINGS			DEBT	
	Proportion of families reporting borrowings from this agency (Per cent)	Proportion of borrowings from this agency as percentage of total borrowings from all agencies (Per cent)	Average borrowings per family	Proportion of debt owed to this agency as percentage of debt owed to all agencies (Per cent)	Average debt per family
	1	2	3	4	5
Government	*0·4*	*0·1*	–	*0·2*	1
Co-operatives	*18·2*	*5·3*	15	*3·2*	16
Relatives	*4·1*	*2·1*	6	*1·4*	8
Landlords	*3·4*	*1·4*	4	*0·7*	3
Agriculturist moneylenders	*40·4*	*26·3*	76	*16·8*	86
Professional moneylenders	*53·6*	*62·7*	181	*77·2*	398
Traders and commission agents	*0·4*	*0·1*	–	*0·1*	1
Commercial banks*	*0·2*	*0·1*	–	..	..
Others	*4·3*	*2·0*	6	*0·4*	2
Total	***91·5***	***100·0***	**288**	***100·0***	**515**

* For debt, Commercial Banks have been grouped together with co-operatives as separate data on debt owed to co-operatives and commercial banks are not available.

It is observed that 53·6 per cent of the cultivating families reported borrowings from the professional moneylenders and another 40·4 per cent from agriculturist moneylenders. Nearly 18·2 per cent of families reported borrowings from co-operatives and another 4·1 per cent from relatives. Of the total amount borrowed and debt owed by the cultivators, professional moneylenders accounted for 62·7 per cent of the cultivators' borrowings and 77·2 per cent of the debt owed by them. The respective proportions in the case of agriculturist moneylenders were 26·3 per cent and 16·8 per cent, while in the case of co-operatives (including commercial banks) they were 5·4 per cent and 3·2 per cent and, in the case of relatives 2·1 per cent and 1·4 per cent. Thus, the data relating to borrowings as also those relating to debt point out the same relative importance of the various credit agencies.

On the whole, private credit agencies accounted for 92·6 per cent of the borrowings and 96·2 per cent of the debt owed by cultivators. The role of institutional credit agencies was quite minor.

9.2 PURPOSE OF BORROWINGS

Data relating to purpose of borrowings and debt were collected during the intensive enquiry under the following categories viz., (1) agricultural, (2) non-agricultural, (3) consumption, (4) repayment of old debts and (5) other purposes. Borrowings and debt under the first three purposes were further divided into long-term and short-term according to the actual purpose of borrowing under the respective heads. For the purpose of this classification, items of capital farm expenditure such as purchase of land and livestock, land improvements, etc., were treated as long-term and items of current farm expenditure such as purchase of seed, manure, payment of rent, etc., as short-term agricultural purposes. Similarly, borrowings for non-farm business expenditure on capital account and those for non-farm business expenditure on current account were considered as long term and short term loans for non-agricultural purposes only. In the case of borrowings for consumption purposes, loans for construction and repairs of residential houses and allied purposes constituted long-term borrowings and those for purchase of clothing, for meeting expenditure on ceremonies, etc., were considered as short-term borrowings under this category. It must be noted here that the long-term agricultural purposes, for the purposes of this analysis, included what are generally termed 'medium' purposes as well.

Table 9.4 classifies borrowings and debt according to agencies under different short-term and long-term purposes. As can be found from the table, out of the total amount borrowed by cultivators from the professional moneylenders, 54·5 per cent was for agricultural purposes and 41·5 per cent for consumption purposes; borrowings for long-term agricultural purposes formed 36·9 per cent and those for short-term 52·6 per cent of the total amount borrowed from this agency. Borrowings for short-term consumption purposes, formed 30·3 per cent and those for long-term, 11·2 per cent of the total borrowings from the agriculturist moneylenders, 50·6 per cent of the borrowings from professional moneylenders was for agricultural purposes—40·4 per cent for short-term and 10·2 per cent for long-term—while 49·4 per cent of the borrowings from them was for consumption needs, 24·2 per cent for short-term and 25·2 per cent for long-term consumption purposes. Borrowings from co-operatives showed that 87·5 per cent of them was for agricultural purposes —50·4 per cent for short-term and 37·1 per cent for long-term—and 10·0 per cent for consumption purposes, the latter comprising 6·0 per cent for short-term and 4·0 per cent for long-term purposes. Relatives advanced 82·4 per cent of the total amount for agricultural purposes, 65·9 per cent for long-term and 17·6 per cent for short-term. They advanced loans for consumption purposes, all of which comprised short-term loans. Borrowings from landlords were all long-term, 37·0 per cent for agricultural purposes and 63·0 per cent for consumption.

On the whole, 54·5 per cent of the borrowings were for agricultural purposes, 39·1 per cent for consumption and 5·5 per cent for 'other' purposes. Borrowings for non-agricultural purposes or for repayment of old debt were negligible.

TABLE 9.4—PURPOSE-WISE ANALYSIS OF BORROWINGS AND DEBT OF SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Purpose	BORROWINGS FROM									
	Government	Co-operatives	Relatives	Landlords	Agriculturist money-lenders	Professional money-lenders	Traders and Commission Agents	Commercial banks	Others	**Total**
	1	2	3	4	5	6	7	8	9	10
Agricultural........	–	**11·5** *(16·4)*	**0·7** *(1·0)*	**0·3** *(0·4)*	**13·7** *(19·5)*	**39·5** *(56·3)*	–	–	**4·5** *(6·4)*	**70·1** *(100·0)*
Short-term..........	–	6·6 *(19·7)*	0·1 *(0·4)*	–	10·9 *(32·6)*	12·8 *(38·1)*	–	–	3·1 *(9·1)*	**33·5** *(100·0)*
Long-term...........	–	4·9 *(13·3)*	0·6 *(1·5)*	0·3 *(0·7)*	2·8 *(7·5)*	26·7 *(73·0)*	–	–	1·4 *(3·9)*	**36·6** *(100·0)*
Non-Agricultural	–	–	–	–	–	1·4 *(100·0)*	–	–	–	**1·4** *(100·0)*
Short-term..........	–	–	–	–	–	–	–	–	–	–
Long-term...........	–	–	–	–	–	1·4 *(100·0)*	–	–	–	**1·4** *(100·0)*
Consumption.......	–	**1·3** *(2·6)*	**0·2** *(0·4)*	**0·5** *(1·0)*	**13·3** *(26·3)*	**30·1** *(59·6)*	–	–	**5·1** *(10·1)*	**50·4** *(100·0)*
Short-term..........	–	0·8 *(2·4)*	0·2 *(0·4)*	–	6·5 *(19·5)*	22·0 *(65·3)*	–	–	4·2 *(12·4)*	**33·6** *(100·0)*
Long-term...........	–	0·5 *(3·1)*	–	0·5 *(2·7)*	6·8 *(40·6)*	8·1 *(48·2)*	–	–	0·9 *(5·4)*	**16·8** *(100·0)*
Repayment of old debts............	–	–	–	–	–	–	–	–	–	–
Other purposes.....	–	0·3 *(4·5)*	–	–	–	1·5 *(21·3)*	–	–	5·3 *(74·2)*	**7·1** *(100·0)*
Total	–	**13·1** *(10·2)*	**0·9** *(0·7)*	**0·7** *(0·6)*	**27·0** *(21·0)*	**72·4** *(56·2)*	–	–	**14·8** *(11·5)*	**128·9** *(100·0)*

(Figures in brackets indicate percentages to total).

TABLE 9.4—PURPOSE-WISE ANALYSIS OF BORROWINGS AND DEBT OF SELECTED CULTIVATORS—Concluded

[Intensive enquiry data. Amount in rupees per family]

Purpose	DEBT OWED TO			
	Government	Co-operatives	Other agencies	**Total**
	11	12	13	14
Agricultural..............................	–	**8·1** *(12·3)*	**57·8** *(87·7)*	**65·8** *(100·0)*
Short-term..............................	–	7·0 *(17·2)*	33·5 *(82·8)*	**40·5** *(100·0)*
Long-term..............................	–	1·1 *(4·2)*	24·3 *(95·8)*	**25·3** *(100·0)*
Non-Agricultural	–	–	–	–
Short-term..............................	–	–	–	–
Long-term..............................	–	–	–	–
Consumption	–	–	**4·6** *(100·0)*	**4·6** *(100·0)*
Short-term..............................	–	–	1·5 *(100·0)*	**1·5** *(100·0)*
Long-term..............................	–	–	3·1 *(100·0)*	**3·1** *(100·0)*
Repayments of old debts.................	–	–	–	–
Other purposes.........................	–	0·1 *(0·9)*	8·5 *(99·1)*	**8·5** *(100·0)*
Total..................................	–	**8·1** *(10·3)*	**70·8** *(89·7)*	**78·9** *(100·0)*

(Figures in brackets indicate percentages to total).

Of the total short-term borrowings for agricultural purposes, 38·1 per cent was supplied by professional money-lenders, 32·6 per cent by agriculturist moneylenders and 19·7 per cent by co-operatives; of the long-term borrowings for agricultural purposes, the proportions supplied by these agencies were 73·0 per cent, 7·5 per cent and 13·3 per cent, respectively. Out of the total short-term borrowings for consumption, 65·3 per cent was supplied by professional moneylenders, 19·5 per cent by agriculturist moneylenders and 2·4 per cent by co-operatives; in the case of long-term borrowings for consumption, 48·2 per cent was from professional moneylenders, 40·6 per cent from agriculturist moneylenders and 3·1 per cent from co-operatives.

It is thus observed that out of the total amount advanced by professional and agriculturist moneylenders, more than one-half was for agricultural purposes and the rest largely for consumption purposes. Over four-fifths of the amount advanced by co-operatives was for agricultural purposes only. A little less than one-half of the advances from professional moneylenders was for long-term purposes, the proportion in the case of advances from agriculturist moneylenders and co-operatives being slightly more than two-fifths and one-third, respectively.

Debt owed to the several credit agencies showed that as much as 83·4 per cent was incurred for agricultural purposes, 5·8 per cent for consumption and 10·8 per cent for other purposes. Short-term and long-term debt for agricultural purposes was 51·3 per cent and 32·1 per cent, respectively, of the total debt owed to all agencies. Out of the total short-term debt for agricultural purposes, 17·2 per cent was owed to co-operative societies and 82·8 per cent to other agencies; of the total long-term debt for this purpose, the proportions of debt owed to co-operative societies and other agencies were 4·2 per cent and 95·8 per cent, respectively. No debt was owed to Government. As for debt incurred for consumption purposes, the whole of it was owed to credit agencies other than co-operatives or Government.

On the whole, it would appear from the above that the role of institutional credit is very insignificant in this district. Co-operatives played a very minor role in financing agriculture while Government and commercial banks were practically out of the rural credit picture.

CHAPTER 10

GOVERNMENT FINANCE

10.1 LEGAL BASIS AND ADMINISTRATIVE STRUCTURE

Government finance to agriculturists in Deoria district was supplied in the form of *taccavi* loans under the 'United Provinces Taccavi Rules 1942' which covered the grant of loans under the Land Improvement Loans Act of 1883 and the Agriculturists' Loans Act of 1884.

Loans under the Agriculturists' Loans Act are meant largely to provide relief to the cultivators in times of natural calamities like floods, droughts, etc. All the same, loans under this Act were given by the Department of Animal Husbandry for the purchase of cows of improved variety, by the Department of Agriculture for purchase of improved varieties of seed, and by the Department of Industries for the purchase of better variety of crushers.

Loans under the Land Improvement Loans Act are advanced for such purposes as would effect improvements of a very long duration on the farms, as for example, constructing embankments, masonry wells, installation of power plants for lifting water, purchase of tractors and the like.

Every year a budgetary provision is made by the State Government for this purpose and thereafter the Board of Revenue makes allotments for each district. In the district, the Collector is empowered to grant loans upto Rs 5,000 and the sub-divisional officer upto Rs 1,000 while loans above Rs 5,000 are sanctioned only by the Land Reforms Commission.

Applications for *taccavi* under the Act of 1883 are submitted to the sub-divisional officers, while those for *taccavi* under the Act of 1884 are addressed to the Collector. In the routine course, these applications are verified by the revenue staff as regards the genuineness of the purpose, the solvency of the applicant, etc. After the loan is sanctioned by the authority, disbursement is made usually by the *talukdar* at the Treasury Office. While advancing the loan, the terms of repayment and the date by which the loan is to be fully repaid are entered in the agreement form. The *patwari* and the supervising *kanungo*, the *tahsildar* and the Chief Revenue Accountant to the Collector are responsible for maintenance of records of these loans.

A *taccavi* loan is generally granted only to solvent cultivators who can produce security for its repayment. The securities accepted are landed or other property, Government Promissory notes, Post Office Savings Bank Deposits, Defence Bonds or Defence Savings Certificates and the like.

In the case of large loans, the borrower is paid in instalments ; the second and subsequent instalments are paid after verifying that the previous instalment has been properly utilized for the specified purpose. The *patwari* and the supervising *kanungo* have to report periodically about the proper utilization of the loan.

In order to cause minimum inconvenience to agriculturists, recoveries of loans are made soon after the harvest, when the produce is marketed. The recovery of loans is partly or solely suspended in the event of failure of crops.

10.1.1 Role of Government

The role of Government as an agency financing agriculture can be studied on the basis of three types of data. Firstly, we have obtained data from Government regarding loans advanced for agricultural purposes during 1950–1. Secondly, data were also collected through the General Schedule on borrowings and debt according to agency. Thirdly, we have collected some data during the intensive enquiry about loans borrowed during the year with reference to purpose of borrowing and lending agency.

10.1.2 Government loans

Table 10.1 below shows the scale of financial operations of Government in the sphere of rural credit.

TABLE 10.1—GOVERNMENT FINANCE

[Amount in hundreds of rupees]

	APPLICATIONS RECEIVED		APPLICATIONS SANCTIONED				
	Number	Amount applied for	Number	Amount applied for	Amount sanctioned	(5) as per cent of (4)	(5) as per cent of (2)
	1	2	3	4	5	6	7
1. Land Improvement Loans Act, 1883	402	2,05,1	402	2,05,1	2,05,1	*100·0*	*100·0*
2. Agriculturists' Loans Act, 1884	8,245	3,48,4	7,343	3,26,0	3,04,0	*93·3*	*87·3*
3. Loans under the Grow More Food Campaign	400	2,02,5	400	2,02,5	2,02,5	*100·0*	*100·0*
4. Cash subsidies under the Grow More Food Campaign	484	2,02,9	378	1,49,9	16,1	*10·7*	*7·9*
Total	**9,531**	**9,58,9**	**8,523**	**8,83,5**	**7,27,7**	***82·4***	***75·9***

The above table shows that the number of applications for loans of all types received by Government numbered 9,531 of which 8,523 or nearly 90 per cent were sanctioned. However, the amounts applied for were not sanctioned fully in some cases. Thus the amount actually sanctioned was Rs 7,27,701 and formed 82·4 per cent of that applied for in the sanctioned applications and 75·9 per cent of the total applied for in all applications received.

The largest number of applications received were under the Agriculturists' Loans Act, 1884. These numbered 8,245 or 86·5 per cent of the total (including cash subsidies under Grow More Food Campaign); however, the amount applied for formed 36·3 per cent of the total amount of loans applied for from Government under the various acts and schemes. Of these applications, 7,343 or about 89·1 per cent were sanctioned. The total amount sanctioned was Rs 3,03,960 or 93·3 per cent of that applied for in the sanctioned applications and 87·3 per cent of the total amount applied for under this Act.

Loan applications under the Land Improvement Loans Act, 1883 numbered 402 or 4·2 per cent of the total applications received, while the amount applied for was Rs 2,05,100 or 21·4 per cent of the total amount applied for from Government. All the applications in this case were sanctioned in full.

Third in importance according to amount sanctioned were loans under the Grow More Food Campaign. Applications in this case numbered 400 or 4·2 per cent of the total applications and were for Rs 2,02,500 or 21·1 per cent of the total amount applied for by cultivators. All the applications in this case were sanctioned in full.

Finally came cash subsidies under the Grow More Food Campaign. Applications in this case numbered 484 or 5·1 per cent of the total and the amount applied for was Rs 2,02,900 or 21·2 per cent of the total applied for from Government. In this case, 378 or 78·1 per cent of the applications were sanctioned but the amount granted was Rs 16,141 or 10·7 per cent of the amount applied for in the sanctioned applications and 7·9 per cent of that originally applied for.

On the whole, out of the total applications sanctioned, 86·2 per cent was under the Agriculturists' Loans Act, 1884, 4·7 per cent under the Land Improvement Loans Act, 1883, 4·7 per cent for loans under the Grow More Food Schemes and 4·4 per cent for cash subsidies under the same Grow More Food Campaign. The respective amounts sanctioned formed 41·8 per cent, 28·2 per cent, 27·8 per cent and 2·2 per cent, of the total. It may also be noted that all loans applied for under the Land Improvement Loans Act and under the Grow More Food schemes were fully sanctioned, while in the case of loans under the Agriculturists' Loans Act, 89·1 per cent of the applicants received 87·3 per cent of the total amount applied for under the Act. In respect of cash subsidies under the Grow More Food Campaign, 78·1 per cent of the applicants received financial assistance which, however, formed less than 7·9 per cent of the total amount applied for under this scheme.

10.1.3 Relative importance of Government as credit agency

Data collected in the General Schedule showed that only 0·4 per cent of rural families reported borrowings from Government; the proportion was 0·6 per cent among non-cultivators and 0·4 per cent among cultivators. Data relating to debt owed to Government also showed that 0·4 per cent of the rural families—0·7 per cent of the non-cultivators and 0·4 per cent of the cultivators—were indebted to Government. Table 10.2 on page 114 gives details regarding the borrowings and debt owed to Government by the cultivating families.

TABLE 10.2—BORROWINGS FROM AND DEBT OWED TO GOVERNMENT

[General schedule data]

Group	BORROWINGS			DEBT		
	Proportion of families borrowing from Government (Per cent)	Proportion of borrowings from Government to total borrowings (Per cent)	Proportion of borrowings from Government by this group to total borrowings by cultivators from Government (Per cent)	Proportion of families indebted to Government (Per cent)	Proportion of debt owed to Government to total debt (Per cent)	Proportion of debt owed to Government by this group to total debt owed by cultivators to Government (Per cent)
	1	2	3	4	5	6
Big cultivators	*1·0*	*0·1*	*21·5*	*1·1*	*0·2*	*14·5*
Large cultivators	*0·5*	*0·1*	*34·5*	*0·6*	*0·3*	*80·9*
Medium cultivators	*0·5*	*0·1*	*50·7*	*0·4*	*0·1*	*11·6*
Small cultivators	*0·2*	*0·1*	*14·8*	*0·2*	*0·1*	*7·5*
All cultivators	***0·4***	***0·1***	***100·0***	***0·4***	***0·2***	***100·0***

It will be seen from the above table that the proportion of families borrowing from Government was only 1 per cent in the case of big cultivators, 0·5 per cent each in the next two groups and 0·2 per cent in the case of small cultivators. The proportion of borrowings from Government to total borrowings was only 0·1 per cent in each of the groups. Borrowings per reporting family averaged Rs 60, Rs 71, Rs 74 and Rs 57 respectively, in the four groups. Out of the total borrowings of the cultivators from Government, those of the big, large, medium and small cultivators formed 21·5, 34·5, 50·7 and 14·8 per cent respectively.

Data relating to debt shows that debt owed to Government as a credit agency in rural areas of this district is very meagre. The proportion of families indebted to Government to total cultivating families which was 1·1 per cent in the case of the big cultivators, steadily declined to 0·2 per cent in the case of small cultivators. The debt owed to Government as proportion of total debt ranged between 0·3 per cent in the case of large cultivators and 0·1 per cent each in the case of the last two groups. Debt owed to Government by the four groups of cultivators to total debt owed to Government by cultivators was 14·5 per cent, 80·9 per cent, 11·6 per cent and 7·5 per cent, respectively. The average debt owed to Government per reporting family was Rs 110, Rs 356, Rs 65 and Rs 107 respectively.

On the whole, it would appear that the larger proportion of families availing of Government finance were in the large cultivators' group.

10.2 LOAN OPERATIONS

10.2.1 Purpose of borrowings from Government

The selected families reported very insignificant amounts of borrowings from or debt owed to Government. It is, therefore, not possible to say anything regarding the purpose of borrowings from this credit agency. However, it may be noted from the information supplied by Government, that digging of wells and other irrigation activities were the main purposes. Thus, all the loans advanced under the Land Improvement Loans Act were for well-digging and development of other irrigation resources and land improvements whereas those under the Grow More Food Campaign were only for well-digging and development of other irrigation facilities; over 90 per cent of the cash subsidies under the Grow More Food Campaign were also for this purpose. In the case of the amount advanced under the Agriculturists' Loans Act, 1884, Rs 1,802 or nearly 60 per cent of the total was for purchase of seed, Rs 750 or nearly 25 per cent for digging of wells, etc., and Rs 481 or more than 15 per cent for purchase of draught animals.

Data relating to loan operations of Government were also obtained through a sample of 95 disbursed loan applications involving total advances of Rs 13,970 by Government. These advances, however, present a different picture. According to these selected loans, digging and repair of wells accounted for only 19·0 per cent of the loans and 8·5 per cent of the advances. The most important purpose of borrowing from Government was purchase of livestock, 34·7 per cent of the loans and 44·5 per cent of the amount disbursed being for this purpose. Next in importance was purchase of seed, 31·6 per cent of the loans amounting to 33·2 per cent of the total amount disbursed being for this purpose. Purchase of manure accounted for 2·5 per cent and purchase of implements, machinery and transport equipment, for 3·7 per cent of the total advances by Government.

10.2.2 Duration and size of loans

Data collected from the 95 selected disbursed loans are analysed in table 10.3 on page 116 according to purpose of borrowing and average size of disbursements against each purpose and duration.

It will be seen from the table 10.3 that the disbursements averaged highest (Rs 258) in the case of two loans advanced for purchase of implements, machinery and transport equipment for a period of three to five years. Purchase of livestock was the next important purpose for which there were 33 loans with an average disbursement of Rs 189 each; of the total amount in this case, 96·5 per cent was for a period of one to three years. The third important purpose was purchase of seed; the 30 loans disbursed for this purpose with an average disbursement of Rs 155, were sanctioned for a period of one year or less. Digging and repair of wells came next in order of importance. There were 18 loans, the average disbursement per loan being Rs 66. Of the total amount sanctioned for this purpose, 58·2 per cent was for one year or less and 41·8 per cent for three to five years. In the case of eight loans the purpose was purchase of manure with an average disbursement of

TABLE 10.3—LOANS DISBURSED ACCORDING TO PURPOSE AND DURATION

	Number of loans	Average size of loan disbursed (Rs)	AMOUNT DISBURSED FOR THIS DURATION AS PERCENTAGE OF THE TOTAL AMOUNT DISBURSED			
			One year or less	One to three years	Three to five years	More than five years
	1	2	3	4	5	6
1. Purchase of seed.........	30	155	*100·0*	–	–	–
2. Purchase of manure......	8	43	*100·0*	–	–	–
3. Purchase of livestock.....	33	189	*3·5*	*96·5*	–	–
4. Digging and repair of wells	18	66	*58·2*	–	*41·8*	–
5. Reclamation of land......	–	–	–	–	–	–
6. Purchase of implements and machinery..........	2	258	–	–	*100·0*	–
7. Bunding and other land improvements...........	2	20	*100·0*	–	–	–
8. Other purposes, more than one purpose or unspecified purpose.................	2	508	*1·5*	*98·5*	–	–

Rs 43 and all the advances were for a period of one year or less. There were two loans for bunding and other land improvements, with an average disbursement of Rs 20, all the amount in this case being sanctioned for one year or less.

10.2.3 Security and interest

According to the case study of loans, out of the total loans advanced by Government, 32·6 per cent involving 8·9 per cent of the total amount disbursed were against personal security; loans disbursed against immovable property formed 32·6 per cent and involved 52·6 per cent of the total amount advanced by Government. Similarly, 29·5 per cent of the loans involving 35·2 per cent of the total amount disbursed was against joint bonds. The remaining 5·3 per cent of the loans accounting for 3·3 per cent of the amount disbursed was against movable property.

All the loans carried interest at 5 to 6 per cent per annum.

10.2.4 Time-lag between application and disbursement of loans

The scrutiny of applications, the verification of the applicant's status, solvency, genuineness of the requirements, etc., involve some time. The procedure for sanction of a *taccavi* loan is, therefore, lengthy and tedious from the standpoint of the cultivator. The revenue authorities, on the other hand, feel that the rules framed by Government for this purpose have to be observed, as failure to make careful enquiries in this regard would mean loss of public funds.

To assess the position in this regard, information was collected from sample cases of loans, by ascertaining the time-lag between the date of application and the date of disbursement of the loan. The results, however, are not quite conclusive as applications for different types of loans involve different procedures for consideration, scrutiny, enquiry, etc. All the same, the following table gives some idea about the position in this respect.

TABLE 10.4—TIME-LAG

[Supply schedule 7]

	One month or less	One to three months	Three to five months	Five to eight months	More than eight months
	1	2	3	4	5
Number of loans disbursed	90 *(94·8)*	2 *(2·1)*	1 *(1·0)*	-	2 *(2·1)*
Amount disbursed (Rs)........	12,125 *(86·8)*	950 *(6·8)*	295 *(2·1)*	-	600 *(4·3)*

(Figures in brackets indicate percentages to total)

It is observed that nearly 95 per cent of the loans involving 87 per cent of the amount were disbursed within one month from the date of application. More than 2 per cent of the loans for 6·8 per cent of the total amount were disbursed within one to three months. In respect of 2·1 per cent of loans for 4·3 per cent of the total amount, the time-lag involved was more than eight months.

The above figures do not show as much time-lag between the date of application for loan and its disbursement, as is generally contended. But the information, however, does largely support the complaint that cultivators have to leave their village, often during the busy season to receive the amounts sanctioned. Out of the 95 loans, as many as 92 loans were paid to the borrowers outside their village of residence.

Finally, it is often contended that fear of attachment of property or prosecution in case of default is an important factor discouraging cultivators from resorting to *taccavi* loans. The case study, however, showed that out of the 95 loans disbursed only in the case of three loans, extraordinary steps had to be taken for recovery.

10.2.5 Utilization of loans

There is a complaint frequently heard that the cultivator on his part utilizes the Government loan for purposes other than the one for which it is granted, particularly for unproductive purposes. This point, however, can be examined by us to some extent. Data collected under the General Schedule show purposes of borrowings from several credit agencies. If these data are compared with the purposes for which Government granted loans, the diversion of funds into channels other than those for which loans were sanctioned would be broadly known, though, for obvious reasons, the data are not strictly comparable.

According to information supplied by Government, 67·9 per cent of the amount advanced to rural families for agricultural purposes was for capital expenditure on farm (excluding purchase of livestock) and 6·8 per cent for purchase of livestock;

the remaining 25·3 per cent was for current farm expenditure. Data relating to borrowings from Government collected in the General Schedule, however, showed that capital expenditure in agriculture accounted for only 12·5 per cent and current farm expenditure for 26·4 per cent of the total borrowings from Government. This smaller proportion of capital expenditure can be explained by the fact that 25·4 per cent of the amount was reported for family expenditure. To this extent, there is evidence that Government loans were utilized for consumption purposes though sanctioned for productive purposes. The probability of such diversion of funds to consumption purposes is fairly high owing to the two successive years of drought in the district.

CHAPTER II

CO-OPERATIVE FINANCE

II.I STRUCTURE OF THE CO-OPERATIVE MOVEMENT

In this chapter we give a brief account of the co-operative structure and the working of co-operative institutions in Deoria district so as to assess the role of co-operative movement in the sphere of rural credit.

II.I.I Short-term Credit Structure

A. Primary Societies : The basic unit in the short-term credit structure in Uttar Pradesh is the primary co-operative society at the village level. Till recently, these societies catered only to the credit needs of their members ; but in recent years, attempts are being made to develop them into multi-purpose societies and also to organize new societies on multi-purpose lines. On 30 June 1952, there were 27,293 agricultural credit societies in Uttar Pradesh, out of which 24,302 were multi-purpose societies with limited liability. In fact, the multi-purpose societies in Uttar Pradesh formed about 61 per cent of the multi-purpose societies in the country. This was largely due to the organization of multi-purpose societies in accordance with the Development Co-ordination Plan put into operation in 1947. This plan envisaged organization of development blocks comprising twelve to fifteen villages, with a multi-purpose society in each village and a union for each block to which the societies were affiliated. Though the societies were intended to cover every aspect of rural economic life, they were expected to devote attention primarily to agricultural production. The organization of multi-purpose societies and unions in development blocks commenced in 1947-8. By 1951-2, 1,666 block development and marketing unions covering nearly 21,700 villages and claiming a membership of about 1,60,000 individuals were organized. Credit societies which were functioning in about 5,000 villages were accordingly converted into multi-purpose societies and new societies were organized in the remaining villages.

In Deoria district, there were 998 societies with a membership of 29,910. Of these societies, 677 were societies with limited liability and had a membership of 17,902 while 321 societies were with unlimited liability which had a membership of 12,008 individuals.

B. Intermediary institutions : In Uttar Pradesh, the credit societies are financed by the district co-operative banks or banking unions which serve as central financing agencies for the primary units. As on 30 June 1952, there were 65 central banks and banking unions in Uttar Pradesh with 65 offices (including head offices), and a membership of over 6,600 individuals and nearly 19,500 societies. In Deoria district, the Deoria-Kasya Central Co-operative Bank Ltd., Deoria, with its branch at Kasya was the only central Co-operative Bank to which all the primary credit societies were affiliated. Its financial operations have been discussed in a subsequent section.

C. Apex co-operative bank : The Uttar Pradesh Co-operative Bank is the apex co-operative bank of Uttar Pradesh. As on 30 June 1952, it had ten offices (including head Office). Its working capital exceeded Rs 3·6 crores on that date.

11.1.2 Long-term credit structure

The primary land mortgage banks supply long-term finance for agriculture. On 30 June 1952, there were six primary land mortgage banks in U.P. with a membership of 947. There was no central land mortgage bank in the State. Consequently, the primaries used their owned funds, Government loans, and loans and deposits from individuals, banks and societies to finance agriculturists.

There was no primary land mortgage bank in Deoria district during 1951-2.

11.1.3 Agricultural non-credit societies

As on 30 June 1952, there were in Uttar Pradesh 616 primary marketing societies, 1,848 marketing unions and federations, a State (Provincial) marketing society called the Uttar Pradesh Pradeshik Co-operative Federation, the Uttar Pradesh Co-operative Cane Unions' Federation and the Uttar Pradesh Industrial Co-operative Association. The marketing unions and federations were made up of six milk unions, eleven *ghee* unions, 112 sugar-cane unions, 1,666 development block unions and 53 district co-operative development and marketing federations. The district co-operative development and marketing federations and the development block unions carried on the work of distribution of seed, manure, fertilizers, farm implements and some consumer goods. They also provided assistance to members in digging wells ; some of them ran brick kilns to supply bricks at reasonable rates. About twelve to fifteen multi-purpose societies were affiliated to a development block union which was linked to the district co-operative development and marketing federation. The district federations which guide, supervise and control the non-credit activities and arrange the supply of fertilizers, manures and consumer goods serve as a link between the various co-operative organizations in the district on the one hand and the Uttar Pradesh Pradeshik Co-operative Federation on the other. The Pradeshik Co-operative Federation is the apex co-operative institution in the field of trading, distribution and marketing on which the district federations have to largely depend for their non-credit activities.

The membership of the district co-operative development and marketing federations comprises of consumers' stores and other co-operative organizations. They accepted fixed deposits from societies and individuals and extended trade credit to the affiliated organizations. The district federations were allowed credit by the Pradeshik federation ; some of them had cash credit arrangements with the district central co-operative banks and the State Co-operative Bank. Neither the development block unions nor the district co-operative development and marketing federations were reported to have made any progress for undertaking of marketing of agricultural produce.

The development of the sugar-cane marketing societies which occupy an important place in the field of co-operative marketing in Uttar Pradesh was brought about largely by State action. This was done by the Uttar Pradesh Sugar-cane Factories Control Act, 1938 under which specific areas were reserved for each factory to facilitate the development of sugar-cane cultivation and to organize supply of sugar-cane within the factory area as far as possible. In the reserved area a factory had to purchase sugar-cane direct either from the cane grower or a cane growers' society.

In 1949-50, with a view to promote the common interests of the unions and to secure healthy and effective relationship between sugar-cane unions and sugar factories and to render all possible guidance and assistance to further their activities, the Uttar Pradesh Co-operative Cane Unions' Federation was established. The Federation undertakes preparation of manure mixtures, bulk purchases of manure, fertilizers and improved implements and their regional distribution among the cane unions. The articles are supplied on credit to the unions.

Under the Industries (Development and Regulation) Act, 1951, the regulation of sugar industry became exclusively a Central subject and the State Government was concerned only with the supply of sugar-cane to sugar factories. The Uttar Pradesh Sugar-cane (Regulation of Supply and Purchase) Act, 1953, was therefore passed. This Act provides, among other things, for regulation of the supply and purchase of sugar-cane required for use in sugar factories. It regulates not only the manner of purchase of sugar-cane by factories but it lays down that all purchases of sugar-cane by factories should be made only through a co-operative society of the sugar-cane growers wherever a co-operative society has been organized for the purpose. It provides for machinery at the State level viz., the Sugar Cane Board to advise the State Government on matters pertaining to the supply and purchase of sugar-cane by sugar factories. It also provides for the establishment of a cane development council for each local area to consider and approve the development programme of the zones.

11.1.4 Inter-relationship between co-operative institutions

We have noted in the preceding paragraphs the existence in Uttar Pradesh of three types of co-operative institutions, viz., the credit institutions affiliated to the district co-operative banks which, in turn, are federated into the apex bank; the block development and marketing unions affiliated to the District federations and through them, to the Pradeshik Co-operative Federation for non-credit activities and, thirdly, the sugar-cane unions with their independent apex institution. The inter-relationship between these co-operatives is briefly discussed below.

At the district level, the district co-operative development and marketing federations are affiliated to the central co-operative bank as the credit needs of the federation are met by the bank, though occasionally, when sufficient funds are not available with the bank at the district level, the federations have to borrow either from the apex bank or the Pradeshik Co-operative Federation. The sugar-cane unions, which are primarily engaged in marketing of sugar-cane of the members, are affiliated to the district central banks ; some sugar-cane unions also seek direct affiliation with the apex bank and obtain loans and advances from the latter.

As regards the institutions at the State level, the Pradeshik Co-operative Federation obtains accommodation from the apex bank. The Pradeshik Co-operative Federation also issued loans to the affiliated district federations for carrying out their activities.

11.2 PRIMARY AGRICULTURAL CREDIT SOCIETIES

Out of the 998 primary co-operative societies working in the district, an intensive study of nine primary co-operative societies was made. Of the 9 societies, four were with limited liability, the rest being of unlimited liability type. All the societies were stated to be multi-purpose in character, but they did not render any other service except catering to the credit needs of their members.

The membership of these societies predominantly consisted of cultivators and their administration was in the hands of honorary *panchayatdars* who, in the case of some societies, were assisted by a part-time paid secretary working for other societies as well. Since the societies were not able to meet their credit needs, the members had to resort to borrowings from other sources. The apparent reasons for this may be the following :

(*a*) The maximum borrowing power fixed for each member was low, ranging from Rs 100 to Rs 500 ; moreover, the average amount of loan given to a borrower, viz., Rs 61, was too small to meet the credit requirements of the borrower.

(*b*) Besides inadequacy of owned funds, these societies were not in a position to borrow to the extent necessary to meet the demands of the members because the maximum borrowing limits fixed for them (the societies) were very low.

(*c*) These societies did not make fresh advances to the members unless the outstanding dues were repaid in full. The loan was disbursed in lump sum in one instalment at a time which did not necessarily correspond with the period when finance was needed by a borrower.

11.2.1 Brief history of the selected societies

(a) Society No. 1. This was organized in 1942 in a village which suffers frequently from drought or flood.

The Society which had a membership of 44 was run by an elected *panchayat* which was responsible for admission of members, advancing of loans, etc. The secretary of the society though a paid employee was a part-time worker as he worked for some other societies also. Members' deposits being too small, the only source of finance for this institution was the Deoria-Kasya Central Co-operative Bank, Ltd., from which it could borrow upto Rs 3,400 only.

The owned funds of the society amounted to Rs 822 consisting mostly of paid-up share capital. Deposits amounted to only Rs 14, all of which were on current account. Borrowings from outside amounted to Rs 2,160, all of which were from the Central co-operative bank. It advanced loans at an interest rate of nine per cent per annum.

Its working capital thus amounted to Rs 2,996. It advanced loans to the extent of Rs 2,160. During 1950-1, repayments being Rs 2,625, total outstanding loans (including interest) at the end of the year amounted to Rs 2,704, of which only Rs 251 were overdues (including interest overdue). There were no bad debts. Investment of the Society amounted to Rs 350, all of which was in shares and debentures of co-operative institutions. It endeavoured to develop the institution mainly in the nature of promotion of thrift and increase in share capital.

The maximum borrowing limit of the society was Rs 3,400 and that of members Rs 200. Both were subject to periodical revision.

(b) Society No. 2. This society was liquidated twice, only to be reorganized again. It was first registered nearly forty years back but after working for about five years it became defunct. It was reorganized early in the thirties as a cane society but, after about three years of working, it again became inactive.

The society was revived for the second time in 1948 when, as a result of increased activities of the Government in respect of agricultural development, a seed store was opened in the village. The society catered to the financial needs of both cultivators and traders. Its maximum borrowing power was Rs 12,690. Its owned funds amounted to Rs 1,934 of which Rs 1,840 or 95 per cent constituted paid-up share capital and the rest, reserve fund. No deposits were reported. Borrowings, all of which were from the Central Co-operative Bank amounted to Rs 7,061.

The working capital amounted to Rs 8,995. Loans advanced during the year totalled Rs 9,790, of which repayments were Rs 8,796. Loans outstanding (including interest) amounted to Rs 8,759. There were no overdues or bad debts. Investment amounted to Rs 475, all of which was in shares and debentures of co-operative institutions.

Like other societies, it was managed by an elected *panchayat*. It does not employ any paid staff. Its maximum borrowing power was limited to Rs 12,690 and that of its members to Rs 500. These limits were subject to periodical revision.

(c) Society No. 3. It was originally organized as a cane society in 1934. In 1938, its by-laws were changed so as to make it a thrift and credit society. It was run by an elected *panchayat*. Its secretary, though a paid employee was a part-time worker. The main source of finance for it was the Deoria-Kasya Central Co-operative Bank which advanced to it amounts upto Rs 3,934.

This society had a membership of 52. Its owned funds amounted to Rs 1,461, of which Rs 1,123 or 76·9 per cent was paid-up share capital and Rs 86 or 5·9 per cent 'other' funds. Deposits amounted to Rs 46 only, all of which were on current account. Borrowings amounting to Rs 2,729 were all from the central financing agency.

The working capital amounted to Rs 4,236. Loans advanced during the year totalled Rs 3,880 while repayments by individuals came to Rs 4,289. Total outstandings including interest amounted to Rs 3,949. There were no overdues or bad debts. Investments amounting to Rs 325 were all in debentures and shares of co-operative institutions.

The borrowing power of the society was limited to Rs 3,934 and that of its members to Rs 250 ; both these limits were periodically revised.

(d) Society No. 4. This society was organized in 1938. It was run by an elected *panchayat*. The secretary was a part-time worker though a paid employee.

This society had a membership of 51. Its owned funds amounted to Rs 774, of which only Rs 180 or 23·3 per cent were paid-up share capital, Rs 538 or 69·5 per cent reserve fund and Rs 56 or 7·2 per cent 'other' funds. Deposits amounted to Rs 160, all of which were on savings account. Borrowings from the central financing agency amounted to Rs 1,050 ; there were no other borrowings.

The working capital amounted to Rs 1,984. Loans advanced during the year and repayments totalled Rs 3,140 and Rs 2,975, respectively. Loans outstanding at the end of the year (including interest) amounted to Rs 2,900, all of which were overdue. There were no investments by the society.

(e) Society No. 5. This society operating in the Hata tahsil was started in 1948. It had a membership of 63.

It was run by an elected *panchayat*. It could borrow from the Central Co-operative bank upto Rs 8,000. The society did not report cash deposits as these were utilized by it for arranging supply of some essential commodities such as cloth, salt, sugar, etc., to members.

The secretary of the society was a paid part-time worker who worked for other societies also.

Its owned funds amounting to Rs 1,981 consisted of paid-up share capital of Rs 1,948 or 98·3 per cent, and reserve fund of Rs 33 or 1·7 per cent. Deposits amounting to Rs 986 were all in current account. Borrowings from the Central Co-operative Bank amounted to Rs 1,188 ; there were no other borrowings.

The working capital amounted to Rs 4,155. Loans were advanced to the extent of Rs 2,500 while repayments during the year amounted to Rs 2,377. Loans outstanding, including interest, amounted to Rs 1,019 all of which were overdue.

Investments amounting to Rs 3,040 were all in debentures and shares of co-operative institutions. The maximum borrowing limit was Rs 8,000 for the society and Rs 500 for members ; these limits were revised periodically.

(f) Society No. 6. This society was registered as far back as 1913. The Society's membership was 75 ; about 80 per cent of the families in the village were reported to be its members. There was no paid staff employed by the society. It was managed by an elected *panchayat*. The Society got loan from the Central Co-operative Bank upto Rs 1,437 only.

Its owned funds amounted to Rs 7,489, of which Rs 2,257 or 30·1 per cent was paid-up share capital, Rs 3,047 or 40·7 per cent reserve fund and Rs 2,185 or 29·2 per cent other funds. Deposits amounting to Rs 146 were all on current account. There were no borrowings either from co-operative institutions or from Government.

The working capital amounted to Rs 7,635. Loans advanced by the society during the year amounted to Rs 6,485 and repayments by individuals to Rs 6,712. Loans outstanding at the end of the year with individuals amounted to Rs 6,263, (including interest outstanding) of which only Rs 4 were overdue (including interest overdue). Total investments by the society amounted to Rs 1,599, of which Rs. 850 or 53·2 per cent were shares or debentures of co-operative institutions and Rs 742 or 46·4 per cent other investments.

Its borrowing capacity was limited to Rs 1,437 and that of members to Rs 500, both these limits being subject to periodical revision.

(g) Society No. 7. This society was started in 1921. Its membership was only 19, because there were only 35 families in this village. It was run by an elected *panchayat*. It did not employ any paid staff. It got advances from the Central Co-operative Bank upto about Rs 800 only.

The Society's owned funds amounted to Rs 1,052 of which Rs 402 or 38·2 per cent was paid-up share capital, Rs 438 or 41·6 per cent reserve fund and Rs 212 or 20·2 per cent other funds. It did not have any deposits. Borrowings amounted to Rs 189 only; all of these were from the Central Co-operative Bank.

The working capital amounted to Rs 1,241. Loans advanced during the year amounted to Rs 980, and repayments from individuals to Rs 1,020. Outstandings, including interest, amounted to Rs 980 but there were no overdues, or bad debts. Total investments amounted to Rs 260, of which Rs 200 or 76·9 per cent were in shares and debentures of co-operative institutions and the balance was in postal cash and National Savings Certificates.

The society's borrowing limit was Rs 800 and that of members Rs 200, both these limits being subject to periodical revision.

(h) Society No. 8. This society had 57 members. Its owned funds amounted to Rs 524, of which Rs 469 were paid up share capital and the remaining Rs 55 were reserve fund. There were no deposits with the Society. Borrowings amounted to Rs 1,701 all of which were from the Central Co-operative Bank.

The working capital amounted to Rs 2,225. Loans advanced during the year to individuals amounted to Rs 2,265 and repayments to Rs 1,654. Total outstandings amounted to Rs 1,803 ; there were no overdues or bad debts. Investments amounted to Rs 284 all of which were in shares and debentures of co-operative institutions. The borrowing limit was Rs 4,000 for the society and Rs 200 for members both these limits being revised periodically.

(i) Society No. 9. This society was started in 1935. At the time of inception, it was opposed by some local persons ; however, they subsequently realized its usefulness and joined it. As the village is situated on the border between Bihar and Uttar Pradesh, things which were cheaper and available in sufficient quantities on one side of the border were being purchased and sold to people on the other side.

The society was run by an elected *panchayat*. It had employed a part-time employee to do secretarial work. It could borrow from the central financing agency upto Rs 3,600.

This society had 59 members. Its owned funds amounted to Rs 1,749, consisting of Rs 1,213 or 69·4 per cent of paid-up share capital, Rs 434 or 24·8 per cent of reserve fund and Rs 102 or 5·8 per cent of other funds. Deposits amounted to Rs 3 only which were on current account.

Borrowings from the Central Co-operative Bank amounted to Rs 3,229. There were no other borrowings.

The working capital of the Society amounted to Rs 4,981. Loans advanced during the year amounted to Rs 4,105 and repayments by individuals to Rs 4,256. Loans outstanding (including interest receivable) at the end of the year amounted to Rs 4,488 ; there were no overdues or bad debts. Investments amounted to Rs 550, all of which were in shares and debentures of co-operative institutions. The borrowing limit was Rs 3,600 for the society and Rs 300 for members, both these limits being subject to periodical revision.

On the whole, the membership of these nine societies was 534. The working capital amounted to Rs 38,448, out of which Rs 17,786 or 46·3 per cent was owned funds, Rs 1,355 or 3·5 per cent deposits and Rs 19,307 or 50·2 per cent borrowings. Out of the owned funds, Rs 10,244 or 57·6 per cent was paid-up share capital, Rs 4,901 or 27·6 per cent reserve fund and Rs 2,641 or 14·8 per cent other funds. Deposits consisted of Rs 1,195 or 88·2 per cent of the total on current account and the remaining Rs 160 or 11·8 per cent on savings account ; there were no fixed deposits. All the borrowings were from the Central Co-operative Bank, there being no borrowings from Government.

Loans advanced during the year amounted to Rs 35,305, while repayments totalled Rs 34,704 or 98·3 per cent of the loans advanced. Loans outstanding (including interest) amounted to Rs 32,865, of which overdues amounted to Rs 4,174 or 12·7 per cent. No society reported bad debts. Total investments amounted to Rs 6,883, of which Rs 6,074 or 88·2 per cent were in the form of shares and debentures of co-operative institutions, Rs 67 or 1·0 per cent in Postal Savings or National Savings Certificates and the remaining Rs 742 or 10·8 per cent 'other' investments.

The general observation of the working of the societies showed that only in one village, a society had succeeded in weakening considerably the hold of the money-lenders on the cultivators and reducing the lending rates as well. In six villages, however, the societies were handicapped by lack of funds and the restricted capacity to borrow from the central financing agency ; consequently, a good part of the credit requirements of their members could not be met and they continued to borrow from moneylenders as well. Lack of funds prohibited some societies from employing paid staff. In three societies, members did not evince any interest or enthusiasm to develop their institutions, while in four others, members were endeavouring to develop them in one direction or the other ; one of these was encouraging members to undertake agricultural development. Progress of one society, however, was hampered by the fact that some of its members who were businessmen were unwilling to augment their business on co-operative lines.

11.2.2 Loan operations

The loan operations of these primary agricultural credit societies during 1950-1* showed that the number of loans totalled 484 and disbursements amounted to Rs 34,745. These advances according to the size of loans are shown in the table below.

TABLE 11.1—ADVANCES† CLASSIFIED ACCORDING TO SIZE

[Amount in rupees]

	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 and above
	1	2	3	4	5	6	7
Number of loans................	**484**	390	73	16	4	1	–
	(100)	*(80·6)*	*(15·1)*	*(3·3)*	*(0·8)*	*(0·2)*	–
Amount disbursed..............	**34,745**	20,150	9,335	3,635	1,225	400	–
	(100)	*(58·0)*	*(26·9)*	*(10·5)*	*(3·5)*	*(1·1)*	–

(Figures in brackets indicate percentages to total)

† Data relates to 1950-1 or the latest year for which information was available.

It is observed that 80·6 per cent of the loans were in amounts of less than Rs 100 each ; the total amount so advanced formed 58 per cent of the total amount disbursed ; 15·1 per cent of the loans involving 26·9 per cent of the advances were of size between Rs 100 and Rs 200 each and 3·3 per cent of the loans involving 10·5 per cent of the total advances were in size between Rs 200 to Rs 300 each. Loans of Rs 300 to

* Except for one loan of Rs 40 advanced by one society during 1951-2 against third party guarantee at an interest rate of 9 per cent.

Rs 400 each were 0·8 per cent and those between Rs 400 and Rs 500 each 0·2 per cent of the total number of loans disbursed. The respective proportions of disbursements were 3·5 per cent and 1·1 per cent of total amount disbursed. No loans were advanced in excess of Rs 500. Thus, 95·7 per cent of the loans in amounts of less than Rs 200 each accounted for 84·9 per cent of the total advances by co-operative societies.

11.2.3 Purpose of loans

Nearly 36 per cent of the loans and over 36 per cent of the disbursements were for purchase of livestock. The next important purpose was non-farm business expenditure which accounted for 28·7 per cent of the loans and 28·9 per cent of the disbursements. Third in importance among the purposes of borrowing was current farm expenditure ; 18·2 per cent of the loans and 16·5 per cent of the total advances was for this purpose. Finally, family expenditure accounted for 12·2 per cent of the loans and 13·7 per cent of the disbursements. Obviously, these borrowings were occasioned largely by the drought conditions in the district. Borrowings for other purposes were insignificant.

11.2.4 Rate of interest, security and period

Nearly 85 per cent of the loans accounting for over 81 per cent of the total disbursements were advanced at interest rates between 7 13/16 per cent and 9 3/8 per cent. The remaining disbursements bore interest rates between 6 1/4 and 7 13/16 per cent.

All the loans advanced were against guarantee by third party.

Nearly 87 per cent of the loans accounting for about 88 per cent of the amount advanced were for a period of one year or less ; the balance was for periods varying between one and three years.

As for repayments, all the societies except two reported that loans were repaid by members soon after the produce was sold and that no legal proceedings had to be resorted to against members for recovery of loans.

11.3 CENTRAL FINANCING AGENCIES

As pointed out earlier, at the head of the primary credit societies was the Deoria-Kasya Central Co-operative Bank Ltd., Deoria. It advanced loans to the member societies and also accepted deposits from them. Its financial position in 1950-1 was as follows.

The membership of the Bank consisted of 104 individuals and 700 societies. Its working capital amounted to Rs 14,81,814 comprising of Rs 3,57,110 or 24·1 per cent as owned funds, Rs 11,16,416 or 75·3 per cent as deposits and Rs 8,288 or 0·6 per cent as borrowings. Owned funds consisted of Rs 2,20,231 or 61·7 per cent as paid-up share capital and Rs 1,36,879 or 38·3 per cent as reserve and other funds. The small loan of Rs 8,288 was from co-operative banks ; there were no borrowings from Government or any other source. The cost of management was Rs 36,145 or 2·4 per cent of the working capital.

Fresh loans advanced during the year amounted to Rs 11,23,388. Outstandings (including interest) at the end of the year amounted to Rs 9,83,031 of which Rs 36,859 or 3·7 per cent were overdue.

Loan operations during 1951-2, according to information supplied by the Bank showed that in all, Rs 12,26,284 were advanced during the year, out of which Rs 12,00,184 or 97·9 per cent were loans to agricultural credit societies and the rest to non-agricultural societies.

On the whole, the financial position of the Deoria-Kasya Central Co-operative Bank Ltd. appeared to be quite sound. Patronage from non-members was also reported to be fairly encouraging ; deposits by them in 1950-1 amounted to Rs 86,643 in current account, Rs 1,16,286 in savings account and Rs 4,12,569 in fixed deposits, these totalling Rs 6,15,498 or 55 per cent of the total deposits. However, more liberal financial assistance from the apex bank is considered desirable for further development of the Bank.

11.4 CO-OPERATIVE MARKETING SOCIETIES

As will be seen in the next chapter, co-operatives were more important than any other single agency through which cultivators in the Deoria district marketed their produce. The proportions of value of produce sold through co-operatives to the total value of produce sold by the cultivators of the upper strata was 28·1 per cent and that by the cultivators of the lower strata 36·4 per cent.

To study the working of these co-operatives, four marketing societies from this district were selected during the Survey. All these four societies were co-operative development unions primarily engaged in the purchase and sale of sugar-cane. These unions together served 927 villages. The following table gives the financial position of these four societies, as on 30 June 1951.

TABLE 11.2—FINANCIAL POSITION OF DEVELOPMENT UNIONS

[Amount in hundreds of rupees]

Union	Commodity dealt with	NUMBER OF MEMBERS		Owned funds	Loans from banks, societies and other sources
		Individuals	Societies		
1	2	3	4	5	6
1. Co-operative Development Union, Padrauna	Sugar-cane	16,005	1	84,4	3,01,0
2. Co-operative Cane Development Union, Bhatpur Rani........	Sugar-cane	8,508	32	81,2	-
3. Co-operative Development Union, Deoria..	Sugar-cane	39,599	47	2,56,9	73,2
4. Co-operative Development Union, Salempur	Sugar-cane	3,299	1	26,1	17,5

The Co-operative Development Union at Deoria had the largest membership of individuals (39,599) as also of societies (47). Its owned funds were also the highest among the four societies. It marketed sugar-cane only on behalf of the members. Next in importance came the Co-operative Development Union at Padrauna with 16,005 individuals and one society as its members. It also marketed sugar-cane only. Its owned funds amounted to Rs 84,400 but loans held at the end of the year amounted to Rs 3,01,000. Third in importance was the Co-operative Cane Development Union at Bhatpur Rani which also dealt in sugar-cane only. It had a membership of 8,508 individuals and 32 societies. Its owned funds amounted to Rs 81,200 ; it reported no borrowed funds. Finally the Development Union at Salempur had a membership of 3,299 individuals and one society. Its owned funds amounted to Rs 26,100 and borrowed funds to Rs 17,500. The establishment expenditure of these four institutions was Rs 55,800, Rs 53,300, Rs 10,100 and Rs 3,500, respectively.

11.4.1 Loan Operations

Table 11.3 below shows the scale of loan operations of these unions, during the year 1950-1.

TABLE 11.3—LOAN OPERATIONS OF CO-OPERATIVE DEVELOPMENT UNIONS

[Amount in hundreds of rupees]

Union	Advances on commodities to members during the year	Repayments during the year	Oustandings from members at the end of the year	
			Total	Overdues
1. Co-operative Development Union, Padrauna.............	2,61,1	2,92,1	**2,60,0**	24,0
2. Co-operative Cane Development Union, Bhatpur Rani.....	26,6*	27,8	**32,7**	4,5
3. Co-operative Development Union, Deoria................	2,28,8*	1,21,0	**2,21,1**	59,2
4. Co-operative Development Union, Salempur.............	14,9†	9,9	**13,7**	1,7

* Including advances for processing of produce and other types of advances.
† Other types of advances.

Advances on commodities by the Development Union at Padrauna amounted to Rs 2,61,100 and those by the union at Deoria to Rs 2,28,800. These advances amounted to Rs 26,600 and Rs 14,900 in the case of the union at Bhatpur Rani and the union at Salempur, respectively. These four institutions reported repayments during the year amounting to Rs 2,92,100, Rs 1,21,000, Rs 27,800 and Rs 9,900, respectively.

Outstandings from members were nearly equal to the advances to members made during the year by the union at Padrauna while they were slightly less than the advances in the case of the union at Deoria as also that at Salempur ; the union at Bhatpur Rani reported outstandings slightly larger than its advances to members.

Overdues amounted to 9·2 per cent of the total outstandings in the case of the union at Padrauna and 12·4 per cent in the case of the union at Salempur; the union at Bhatpur Rani reported overdues which formed 13·8 per cent of its total outstandings, while they formed as much as 26·8 per cent in the case of the union at Deoria.

11.4.2 Marketing Operations

Table 11.4 below shows the scale of marketing operations of these four unions, as on 30 June 1951.

TABLE 11.4—MARKETING OPERATIONS OF CO-OPERATIVE DEVELOPMENT UNIONS

[Amount in hundreds of rupees]

Union	VALUE OF COMMODITIES		Value of sales during the year	Commission earned on sales during the year	Value of seeds, manure, implements, etc., supplied	Value of consumption goods supplied to members and non-members	Net profit (+) or loss (—)	Subsidies received during the year
	Purchased outright	Collected on commission basis						
	1	2	3	4	5	6	7	8
1. Co-operative Development Union, Padrauna..........	3,28,4	28,34,4	31,20,0	75,6	2,52,7	82,3	+23,6	16,3
2. Co-operative Cane Development Union, Bhatpur Rani	4,60,3	3,78,8	4,45,7	10,1	47,1	-	+2,6	6
3. Co-operative Development Union, Deoria.............	-	24,77,2	24,77,2	61,4	1,25,1	-	+10,2	6,6
4. Co-operative Development Union, Salempur..........	-	41,0	41,0	1,1	14,9	-	+1,5	4

The marketing operations of these unions were carried out on a fairly large scale. The union at Padrauna reported having purchased or collected commodities worth Rs 31,62,800 of which goods worth Rs 28,34,400 or 89·6 per cent were collected from members on commission basis and the remaining 10·4 per cent was purchased outright from members. The value of its sales during the year amounted to Rs 31,20,000 or 98·6 per cent of that of the commodities collected and purchased; the commission earned by it thereby amounted to Rs 75,600 or 2·4 per cent of the value of sales. As a part of its development activities, it supplied to members seeds, manure, implements, etc., worth Rs 2,52,700 and consumption goods to members and non-members valued at Rs 82,300. Its net profit amounted to Rs 23,600 during the year. It also received subsidies amounting to Rs 16,300.

The union at Deoria reported collection of commodities from members on a commission basis, which were valued at Rs 24,77,200; it did not make outright purchases of commodities. All the commodities collected were sold during the year, whereby the union earned commission of Rs 61,400 or 2·5 per cent of the value of sales. It supplied seeds, manure and implements valued at Rs 1,25,100. Its net profit was Rs 10,200 while it received subsidies amounting to Rs 6,600.

The union at Bhatpur Rani purchased, outright, commodities valued at Rs 4,60,300 and collected on commission basis, commodities valued at Rs 3,78,800. Total sales during the year amounted to Rs 4,45,700 or 53·1 per cent of the value of commodities purchased and collected for sale. The commission earned amounted to Rs 10,100 or 2·3 per cent of the value of sales. The union also supplied seeds, manure and implements valued at Rs 47,100. Its net profit was Rs 2,600 and it received subsidies amounting to Rs 600 during the year.

Finally, the union at Salempur collected, on commission basis, commodities valued at Rs 41,000, all of which were sold during the year, earning a commission of Rs 1,100 or 2·7 per cent of the value of sales. Its sale of seeds, manure and implements was valued at Rs 14,900. Its net profit amounted to Rs 1,500 while it received subsidies amounting to Rs 400.

In general, the marketing societies were functioning satisfactorily, though the development by way of building up godowns, owning motor trucks and weighing scales, etc., had further scope. They were rendering very valuable services to the cultivators who had to depend on sugar-cane to a considerable extent in order to subsist on small holdings.

CHAPTER 12

PRIVATE CREDIT AGENCIES

12.1 LEGAL STRUCTURE

In an earlier chapter, it was noticed that the professional moneylender still dominated the rural credit system, as he financed about 62·7 per cent of the total borrowings of the cultivating families according to General Schedule data. Agriculturist moneylenders also occupied an important position in the rural credit structure.

The main enactments which have influenced the operations of moneylenders in this district are (1) The Uttar Pradesh Usurious Loans Act, 1934, (2) The Uttar Pradesh Regulation of Agricultural Credit Act, 1940, and (3) The Uttar Pradesh Debt Redemption Act, 1940.

The Usurious Loans Act is mainly intended to empower law courts to reopen debt transactions in which excessive interest rates are charged, with a view to preventing usurious practices. It restricted the rate of interest on secured loans to 12 per cent and on unsecured debts to 24 per cent. Charging of compound interest was altogether prohibited. The Uttar Pradesh Regulation of Agricultural Credit Act, 1940 seeks to prevent excessive borrowings by agriculturists and, for that purpose, limited the amount that could be obtained by execution of decrees against agricultural produce and land, and also imposed restrictions on the voluntary alienation of land. Under the Act (*a*) no proprietor can mortgage or lease or make a permanent alienation of his 'protected' land or create a charge on the produce of such land except in certain specified ways mentioned in the Act, (*b*) no mortgage can be executed for a term exceeding 20 years, (*c*) decree against 'protected' land can be executed only where such execution is not adverse to the interests of the judgment-debtor and the latter has sufficient means of livelihood apart from such land, (*d*) not more than one-third of the agricultural produce of the judgment-debtor is liable to attachment in execution of any decree under certain conditions, and (*e*) there should be an interval of five years between two mortgages.

The Uttar Pradesh Debt Redemption Act, 1940 provides for scaling down of interest by law courts. The debtor is authorized to sue the creditor for amendment of decree passed before the passing of this Act, so as to obtain relief as provided for in this Act. The debtor is entitled to relief to the extent that his debt does not exceed an amount that would be due if the rate of interest had been, in the case of secured loan, 4½ per cent and in the case of unsecured loan 6 per cent simple interest per annum. Similarly, the amount due by way of interest is not to exceed the amount of the principal outstanding. Not more than one-third of the agricultural produce of the debtor can be attached for execution of decree. The Act also protects certain categories of lands from sale and transfer.

On the 'supply' side of the Survey, an attempt was made to study in some detail credit operations of the major rural credit agencies. A part of this enquiry attempted to cover private moneylenders in the selected villages and in the selected marketing centres and the district headquarters, traders in agricultural commodities in the selected marketing centres and offices of commercial banks in the district. The information collected from these agencies forms the basis of discussion that follows. Use has also been made of data from the General Schedule and from the intensive enquiry, wherever possible, to throw more light on this point.

12.2 RELATIVES

As has been noticed earlier, relatives accounted for only 2·1 per cent of the total borrowings of rural families, the proportion being 2·1 per cent in the case of cultivators and 7·1 per cent in the case of non-cultivators. The General Schedule data further showed that families reporting borrowings from this agency formed 4·1 per cent among cultivators and 5·7 per cent among non-cultivators. The amount borrowed averaged Rs 145 per family reporting borrowings from this agency in the case of the former group and Rs 103 in the case of the latter group.

Among the decile-groups, the proportion of families reporting borrowings from this agency was 6·4 per cent among the big cultivators, 5·1 per cent among the large cultivators, 4·3 per cent among the medium cultivators and 2·9 per cent among the small cultivators. The average amount borrowed from relatives per family borrowing from this agency was Rs 357, Rs 230, Rs 80 and Rs 112, respectively, in these groups. The proportion of debt owed to this agency to total debt varied between 3·2 per cent and 0·8 per cent and the average debt per family varied between Rs 24 and Rs 4 between the two extreme groups of cultivators.

Data relating to borrowings of the selected cultivators according to purpose and period, collected during the intensive enquiry showed that the amount borrowed from relatives was less than one per cent of the total borrowings of this class from all credit agencies. Though free of interest nearly 70 per cent of the total amount advanced by this agency was for long-term agricultural purposes, 17·6 per cent for short-term consumption purposes and 16·5 per cent for short-term agricultural purposes.

12.3 LANDLORDS

The General Schedule data showed that landlords were actually less important as a credit agency than relatives, as borrowings from them formed only 1·4 per cent of the total in the case of cultivators and 0·2 per cent in the case of non-cultivators. Borrowings from this source averaged Rs 116 per family reporting borrowings from this agency in the case of the former and Rs 50 in the case of the latter. The proportion of families reporting borrowings from the agency was 3·4 per cent and 0·3 per cent of the total families constituting the two classes, respectively.

Among the decile-groups of cultivators, the proportion of families reporting borrowings from this source was 2·8 per cent among the big cultivators, 2·6 per cent among the large cultivators, 4·1 per cent among the medium cultivators and 3·4 per cent among the small cultivators. The amount borrowed per family reporting borrowings from this agency averaged Rs 193, Rs 145, Rs 121 and Rs 88, respectively. The proportion of these borrowings to total borrowings from this agency was 0·9 per cent in the case of the big as also large cultivators, 1·9 per cent in the case of the medium cultivators and 1·7 per cent in the case of the small cultivators.

The intensive enquiry data showed that borrowings by the selected cultivating families from landlords were all for long-term purposes but formed only 0·6 per cent of their total borrowings. Of the total amount borrowed from this agency 37 per cent was for agricultural purposes and the remaining 63 per cent for consumption purposes. Similarly, debt owed by selected cultivators to landlords formed less than 0·8 per cent of the total debt; all of it was outstanding against personal security and was borrowed at interest rates ranging between 25 and 35 per cent.

12.4 MONEYLENDERS

As already observed, the private moneylender is the most important credit agency in rural areas, accounting for nearly 89 per cent of the total borrowings of the cultivators. Of the two types of moneylenders, *i.e.* the agriculturist moneylender and the professional moneylender, the latter was more important in Deoria district. As shown by the General Schedule data, 38 per cent of the rural families reported borrowings from agriculturist moneylenders and over 62 per cent from professional moneylenders, the average amount borrowed per borrowing rural family being Rs 185 and Rs 330 from these agencies respectively.

The position of the cultivating families in this regard showed that the borrowings from agriculturist moneylenders averaged Rs 188 and those from professional moneylenders Rs 337 per borrowing family. Among the four groups of cultivators the position in this regard was as shown in table 12·1.

It may be noted that the proportion of borrowings from agriculturist moneylenders to total borrowings as also the proportion of families borrowing from that agency showed a tendency to increase in the lower groups, though the average amount borrowed per family tended to decline except in the medium cultivators' group. In the case of professional moneylenders, however, the proportion of families borrowing from that agency as also the average amount borrowed per family borrowing from the agency consistently declined in the lower groups of cultivators. This indicates that the size of farm operation is relatively a less important consideration in the former case owing to a closer personal contact and, sometimes, the landlord-tenant relationship between the lender and the borrower, while the advance by professional moneylenders are influenced comparatively to a larger extent by purely business considerations such as size of operation, creditworthiness etc. of the borrower.

For the intensive study of the nature of moneylending business in the district on the "Supply" side of the Survey, 33 moneylenders representing the rural as well as the urban moneylending classes were sought to be examined. But due to their extreme reluctance to co-operate, information could be collected in respect of only three moneylenders from the selected villages and eight moneylenders from the marketing centres or from the district headquarters. From these moneylenders, only such information was collected as could indicate in qualitative terms the nature and scale of their operations. Again, an attempt was also made to study 10 sample cases of loans advanced by each of these moneylenders ; but, as the moneylenders were reluctant to furnish this information, only 10 loan cases could be studied.

TABLE 12.1 BORROWINGS FROM AGRICULTURIST MONEYLENDERS AND PROFESSIONAL MONEYLENDERS

[General Schedule data. Amounts in rupees per family]

	BIG CULTIVATORS		LARGE CULTIVATORS		MEDIUM CULTIVATORS		SMALL CULTIVATORS		ALL CULTIVATORS	
	Agriculturist money-lenders	Professional money-lenders	Agriculturist money-lenders	Professional money-lenders	Agriculturist money-lenders	Professional money-lenders	Agriculturist money-lenders	Professional money-lenders	Agriculturist money-lenders	Professional money-lenders
	1	2	3	4	5	6	7	8	9	10
1. Proportion of borrowings from this agency to total borrowings from all agencies (per cent).......	9·3	77·5	13·3	73·6	37·6	53·1	36·7	54·7	**26·3**	**62·7**
2. Proportion of families reporting borrowings from this agency (per cent)...	27·9	59·4	30·1	60·8	45·1	57·1	45·1	42·1	**40·4**	**53·6**
3. Average amount borrowed from this agency per family borrowing from it.....	192	755	185	508	224	250	145	231	**188**	**337**

In view of the small size of sample in the case of moneylenders as also the loans advanced by them, the information gathered appeared inadequate to be considered quite representative of the business of moneylenders. However, a few observations based on this information which appear generally consistent may be noted.

All the three village moneylenders who responded to the enquiry were also cultivators, though they were engaged in moneylending business for the last one decade and more. Of the remaining eight moneylenders from the marketing centres or the district headquarters, two were cultivators, three were non-cultivating land-owners and another three were brokers and commission agents ; trading in agricultural commodities was also reported as an additional occupation by five of these moneylenders.

All the village and urban moneylenders said that they do enquire the purpose for which they advance loans. All the village moneylenders said that they also watched the utilisation of loan while the urban moneylenders said that they did not. All the village moneylenders and seven of the urban moneylenders said that they stipulated a definite period of repayment of loan.

All the village moneylenders said that upto 25 per cent of the loans were repaid after the expiry of stipulated period while, among the urban moneylenders such delayed repayments were reported to be comparatively larger. No village moneylender reported any part of his advances to agriculturists having involved him into litigation for recovery, though three urban moneylenders reported upto 10 per cent and four more between 10 and 25 per cent of the total advances of this category. Four of the urban moneylenders said that they did accept deposits ; the rest did not.

Of the average amount borrowed from agriculturist moneylenders, 75·1 per cent was at interest rates between 25 and 35 per cent, 10·5 per cent at interest rates between 18 and 25 per cent, 5·1 per cent at interest rates between 7 and 10 per cent. In the case of professional moneylenders 41·9 per cent of the borrowings were at interest rates between 18 and 25 per cent, 33·5 per cent between 25 and 35 per cent while 2·1 per cent of the borrowings were at interest rates exceeding 50 per cent.

Over 67 per cent of the amount advanced by agriculturist moneylenders was without mortgage as against over 95 per cent in the case of professional moneylenders. Only 2·8 per cent of the amount advanced by the professional moneylenders and 33 per cent of the amount advanced by agriculturist moneylenders was against simple mortgage. The remaining proportion of the amount advanced by professional moneylenders was against usufructuary mortgage.

Debt owed to moneylenders by the selected families showed that 65·1 per cent of the amount owed to agriculturist moneylenders and 85 per cent of that to professional moneylenders was against personal security. Immovable property was the security for 32·9 per cent of the amount owed to agriculturist moneylenders and 4·9 per cent in the case of professional moneylenders.

12.5 TRADERS AND COMMISSION AGENTS

The General Schedule data showed that only 0·4 per cent of the cultivators reported having borrowed from this agency, the amount averaging Rs 28 per family borrowing from this agency. Among the decile-groups, only the medium and small cultivators reported borrowings from this agency ; their borrowings averaged Rs 31 and Rs 11 per family, respectively. Table 12·2 shows the comparative importance of traders.

TABLE 12.2 VALUE OF CROPS AND FODDER SOLD

[Intensive enquiry data. Amounts in rupees per family]

Strata	VALUE OF CROPS AND FODDER SOLD TO				Value of total produce sold	Value of crops and fodder sold to traders and commission agents as percentage of value of total produce sold	Value of total produce sold as percentage of value of gross produce
	Traders and commission agents	Factories	Co-operatives	Other agencies (including Government)	Rs	(Per cent)	(Per cent)
	1	2	3	4	5	6	7
Upper Strata....	89	109	123	118	439	*20·4*	*42·7*
Lower Strata....	7	25	44	45	120	*5·6*	*33·1*
All cultivators.	**48**	**67**	**83**	**81**	**280**	***17·2***	***40·2***

The value of produce sold to traders and commission agents averaged Rs 48 per family or 17·2 per cent of the total produce sold; it was Rs 89 per family in the case of the cultivators of the upper strata and only Rs 7 in the case of the lower strata cultivators or 20·4 per cent and 5·6 per cent respectively, of the value of total produce sold by them.

The most important among the agencies through which cultivators marketed their produce were co-operatives; next in importance were the factories. The value of crops and fodder sold through co-operatives was Rs 83 per cultivating family, Rs 123 in the case of the cultivators of the upper strata and Rs 44 in the case of those of the lower strata, their respective proportions to total value of produce sold being 30 per cent, 28 per cent and 37 per cent. Cultivators also sold a good part of the produce to factories, these sales forming 24 per cent of the total value of produce sold by all cultivators, 25 per cent in the case of the upper strata cultivators and 21 per cent in the case of the lower strata cultivators. These two agencies which together purchased 53 per cent of the total value of produce sold by the upper strata cultivators and 58 per cent by the lower strata cultivators, obviously indicate the role played by them in the marketing of sugar-cane which was the chief cash crop grown in the district. Other marketing agencies, including Government, accounted for 27 per cent of the total value of produce sold by the cultivators of the upper strata and 38 per cent in the case of those of the lower strata.

Information collected during the intensive enquiry about the sales effected by cultivators with traders was available with regard to only nineteen transactions by the upper strata cultivators, while the lower strata cultivators did not report having entered into any sale transaction with traders and commission agents. In respect of one out of the nineteen transactions, however, the information provided was inadequate. Delivery in nine cases was made at the market place and in the other nine cases in the village itself. In thirteen of these cases, the price was settled at the time of delivery. No advance by traders before delivery of goods either against standing crops or harvested produce was reported by cultivators.

This indicates that the cultivators in the district were largely independent of either traders or moneylenders so far as marketing of their produce was concerned.

12.6 COMMERCIAL BANKS

Only 0·2 per cent of the cultivators and 0·1 per cent of the non-cultivators, reported borrowings from commercial banks. There were five offices of the commercial banks in the district. The information collected in the General Schedule showed that the amount borrowed from them averaged Rs 400 in the case of non-cultivators and Rs 109 in the case of cultivators. The information furnished by the banks in the 'supply' side showed that their advances for agriculture as on 30 September 1951 amounted to Rs 9,200 and were all against bullion and other collateral securities.

12.7 SUPERSTRUCTURE OF RURAL CREDIT AGENCIES

An attempt was also made to find out the extent of interdependence of the rural credit agencies for business finance. The information collected in this regard showed that the three village moneylenders, three of the eight urban moneylenders and 24 of the 35 traders interviewed could not meet the demand for funds from their own resources and had to borrow on that account. The village moneylenders borrowed funds from other moneylenders. As for the proportion of borrowed funds to total business resources, one of the three village moneylenders reported it to be 25 to 50 per cent, another 50 to 75 per cent and the third 75 to 100 per cent. Among the urban moneylenders, this proportion was 10 per cent or less in the case of one and 10 to 25 per cent in the case of the other two. The urban moneylenders who had to borrow said that they generally obtained funds from commercial banks and to a lesser extent from other moneylenders. As for traders, most of those who felt insufficiency of funds borrowed from commercial banks and some of them from moneylenders, though a few also borrowed from wholesalers and export firms.

CHAPTER 13

CONCLUDING REMARKS

13.1 THE ECONOMY OF THE DISTRICT

Economic conditions in Deoria indicate that it is one of the relatively more backward and under-developed districts covered by the Survey. In 1951, the density of population was 1,005 per square mile. Nearly 94 per cent of the population in the district depended on agriculture. The average size of cultivated holding, according to the General Schedule data, was only 3·8 acres. Land was very inequitably distributed, with the result that the average holding varied in size between 16·7 acres in the case of big cultivators at one end and 0·9 acres in the case of small cultivators at the other end. Nearly 92 per cent of the cultivating families were indebted, the average debt per indebted family amounting to Rs 561. Over 91 per cent of the cultivating families reported borrowings during the year, the amount borrowed averaging Rs 315 per borrowing cultivating family. The Survey data further reflect the economic effects of drought conditions that prevailed during the year preceding the year of Survey.

For assessing the demand and supply of credit, we may analyse briefly the pattern of cultivators' expenditure with special reference to the source from which it is met. The main heads of expenditure studied so far are (*a*) capital expenditure, (*b*) current farm expenditure and (*c*) family expenditure. These three types of expenditure are briefly discussed below with a view to assessing the extent of borrowing occasioned by them.

13.2 EXPENDITURE AND SOURCE OF FINANCE

Capital expenditure comprised items relating to addition or replacement of assets or improvements to land as also financial investment expenditure and reduction of liabilities through repayment of debt. It was seen that capital expenditure in agriculture and repayment of old debts constituted the two major items of expenditure under this major head in the case of both the strata. Owned funds supplied the larger part of the expenditure, 51·3 per cent in respect of capital expenditure in agriculture and as much as 95 per cent in respect of repayment of old debt in the case of the upper strata. Borrowings supplied 34·6 per cent of capital expenditure in agriculture and a little less than 5 per cent of the repayment of old debt in their case. In the case of the lower strata, on the other hand, owned funds supplied only 18·9 per cent of capital expenditure in agriculture while borrowings supplied 39·3 per cent and sale of assets nearly 42 per cent.

The total current cash farm expenditure came to Rs 281 per family of the upper strata of cultivators and Rs 103·1 per family of the lower strata of cultivators.

The major items of cash farm expenditure are cash wages, payments to labourers, purchase of fodder and purchase of seed. Except for purchase of seed in respect of which borrowings contributed nearly 80 per cent of the expenditure in the case of upper strata and 86 per cent in the case of lower strata, owned funds supplied the larger part of the finance.

We may now consider the place of borrowings in the family expenditure of cultivators. As already explained, the family expenditure as considered for the purposes of the Survey excluded some important items such as expenditure on food, drink, tobacco, etc. The major items of family expenditure considered above show that reliance on borrowings for these purposes was proportionately greater in the case of the lower strata than in the case of the upper strata ; the latter depended largely on owned funds and past savings for these items of expenditure and drew upon borrowed funds to the extent of about one-third of the expenditure while the lower strata depended on borrowings for over 55 per cent of this expenditure.

The most important source of finance for each of the three major heads of expenditure was as noticed earlier, owned funds. Taking the expenditure on the three items together, it is found that owned funds financed 65·7 per cent of the expenditure in the case of the upper strata and 60·2 per cent in the case of the lower strata. Borrowings came next, its contribution being 25·4 per cent in the case of the upper strata and 35·8 per cent in the case of the lower strata. The third important source of finance was past savings in the case of the upper strata and sale of assets in the case of the lower strata.

It must be noted that these borrowings do not fully indicate the gap between the income and expenditure of cultivators, in as much as, the practice of raising grain loans is fairly widespread in the district. In fact, as many as 82·2 per cent of the families reported raising grain loans as against 74·5 per cent reporting cash loans ; the value of these grain loans averaged Rs 51 per family as against Rs 129 per family in the case of cash loans. These loans were largely for purposes of seed and payment of wages in kind to labourers as also for consumption.

13.3 NATURE OF INDEBTEDNESS

We may now briefly discuss the nature or extent of the cultivators' indebtedness. As was seen before, 92 per cent of the cultivators in the district reported indebtedness, the average debt per cultivating family being Rs 515. Similarly nearly 92 per cent of the cultivating families reported borrowings during the year, these borrowings averaging Rs 288 per family of this class. During the intensive enquiry, that is, even after the close of the *rabi* season during which a good part of the borrowings was repaid, the borrowings averaged Rs 199 in the case of the upper strata and Rs 58·8 in the case of the lower strata. Of the total borrowings of the upper strata, 57·5 per cent were for agricultural purposes, 37·1 per cent for consumption purposes and 1·4 per cent for non-agricultural purposes. In the case of the lower strata, 43·5 per cent was for agricultural purposes, and 46 per cent for consumption purposes. In other words, the lower strata borrowed a larger proportion for consumption purposes, though the amount borrowed was much smaller. The upper strata repaid 64·1 per cent and the lower strata repaid 57·8 per cent of the loans borrowed during the year. The incidence of debt as well as borrowings was heavier in the case of small cultivators.

As much as 82 per cent of the amount borrowed by the upper strata and 94·8 per cent of that borrowed by the lower strata was without any security or on personal security alone. Guarantee by third party was the security for 11·4 per cent of the borrowings of the upper strata and 3·1 per cent of those of the lower strata.

Of the total borrowings the upper strata spent 37·1 per cent towards family expenditure, 32·9 per cent on capital expenditure in agriculture, and 24·6 per cent on current farm expenditure; similarly, the lower strata spent 46 per cent of the total borrowings towards family expenditure, 12·9 per cent on capital expenditure in agriculture and 30·6 per cent on current farm expenditure. In other words, the lower strata spent a relatively larger proportion of the borrowings on family expenditure and current farm expenditure and less on capital expenditure than the upper strata.

This comparatively weaker feature of the smaller cultivators is also reflected in their net financial position assessed on the basis of their investment and disinvestment position. The General Schedule data revealed that the net investment (*i.e.* capital expenditure in agriculture together with other business expenditure and financial investment expenditure, repayment of old debt and expenditure on construction and repairs of residential houses and other buildings on the one hand compared with borrowings, and sale of assets on the other) by the four decile groups is generally much weaker in the lower groups.

TABLE 13.1—INVESTMENT AND DISINVESTMENT

[General Schedule data. Amount in rupees per family]

Group	Investment*	Disinvestment	Net investment (+) or net disinvestment (−)
Big cultivators	1,078	606	+ 472
Large cultivators	612	448	+ 164
Medium cultivators	266	293	− 27
Small cultivators	133	201	− 68

* Including expenditure on construction and repairs of residential houses and other buildings.

The unsatisfactory level of investment expenditure would be more evident when it is remembered that the medium and small cultivators together formed 70 per cent of the total cultivating families covered by the General Schedule.

13.4 SUPPLY OF CREDIT

Of the total families reporting borrowings during the year, 53·6 per cent had borrowed from professional moneylenders, 40·4 per cent from agriculturist moneylenders, 18·2 per cent from co-operatives and 4·1 per cent from relatives. Again, professional moneylenders accounted for 62·7 per cent of the total loans advanced to cultivators during the year and 77·2 per cent of the total debt owed by the cultivators. The respective averages in the case of agriculturist moneylenders were 26·3 per cent and 16·8 per cent. Borrowings from co-operatives were only 5·3 per cent while the debt owed to co-operatives and commercial banks was 3·2 per cent of the total debt of the cultivators. Only 0·4 per cent of the cultivating families reported borrowings from Government during the year while the families indebted to Government were only 0·2 per cent. Borrowings from Government during the year were negligible. Borrowings from the co-operatives averaged Rs 15 while those from professional moneylenders and agriculturist moneylenders averaged Rs 181 and Rs 76 respectively per family.

Though only about 18·2 per cent of the cultivating families reported borrowings from co-operatives and though only 5·3 per cent of the borrowings of cultivators was from this agency, the most encouraging feature revealed by the Survey data was the increasing importance of marketing co-operatives, namely, sugar-cane unions in the district. Under active State assistance and the legal safeguards, the sugar-cane unions have made remarkable progress. However, it may be noted that co-operative marketing in this instance came to be independently established and not as a link to or as a necessary counterpart of the functioning of co-operative credit organizations. Nor were efforts made to strengthen the co-operative credit organizations after the firm establishment of co-operative marketing. To some extent the marketing structure itself finances cultivator members. The credit structure, therefore, continues to be weak.

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