ALL-INDIA RURAL CREDIT SURVEY

DISTRICT MONOGRAPH
BARMER

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

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

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

The work of editing and revising the selected monographs is being done in the Division of Rural Economics, Department of Research and Statistics in co-ordination with the Division of Statistics. The monograph on Barmer was prepared by Shri A. N. Choksi of the Division of Rural Economics. The responsibility for the views expressed is that of the author and not of the Reserve Bank of India.

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to the Reserve Bank of India.

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

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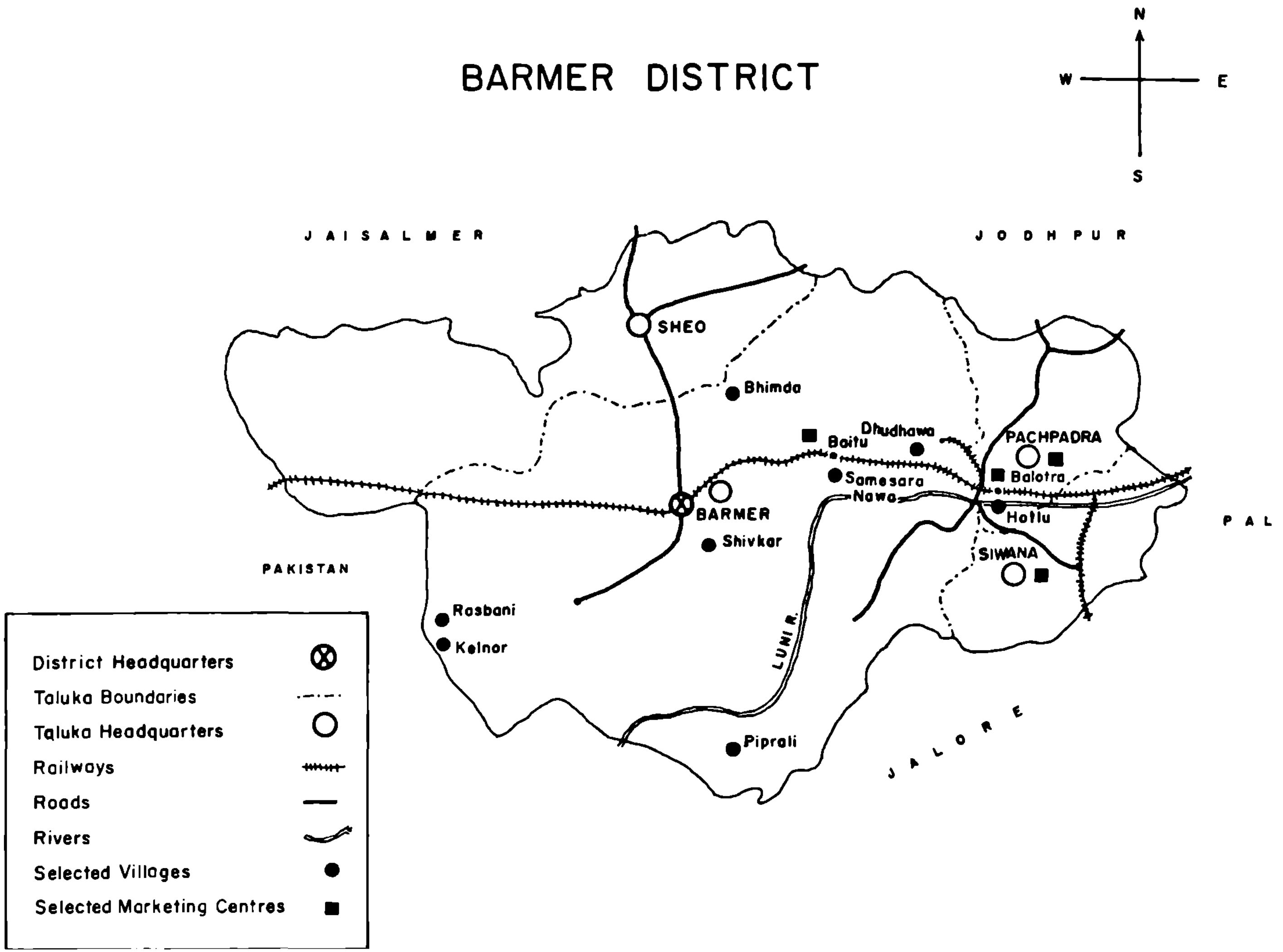
— to represent 'nil' or a negligible figure.

.. to indicate that the figure is not available.

BARMER DISTRICT



CHAPTER I

GENERAL FEATURES

1.1 LOCATION

The Barmer district, which forms a part of the Thar desert, is situated on the Indo-Pakistan border and its western boundary is co-terminous with that of the former Province of Sind. It is bounded on north and north-east by the Jaisalmer and the Jodhpur districts and on south and south-east by the Jalore and the Pali districts, respectively.

The total area of the district is 10,150 square miles. The district, with the total population, according to the 1951 census, of 4,41,368 is very sparsely populated with a density of population of only 43 persons per square mile. There are only three towns in the district whose aggregate population was 32,767 in 1951. The bulk of the population lived in 731 villages. In 1951, the occupied houses in the district numbered 80,240. The district is divided into four tahsils, namely, Barmer, Siwana, Pachpadra and Sheo. Barmer tahsil is by far the largest, occupying over half the district area, followed by Sheo tahsil. Pachpadra and Siwana tahsils, which are relatively smaller in area, occupy the eastern part of the district.

1.2 PHYSICAL FEATURES

The Luni river enters the district in Siwana tahsil, and passing through Pachpadra and Barmer tahsils, turns sharply south-west to enter the Jalore district. The district receives its rainfall mainly during the monsoon, that is, from June to September. The average annual rainfall in the four tahsils of the district is given below.

TABLE 1.1—ANNUAL AVERAGE RAINFALL IN BARMER DISTRICT

Tahsil	Inches
Barmer	13·7
Sheo	7·3
Pachpadra	11·3
Siwana	10·6

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

It will be apparent from the data given above that the district is situated in a low rainfall zone. This is not surprising as the district forms part of the Thar desert.

The climate of the district is dry, and strong, hot winds blow from April to June. Low rainfall, dry climate and sandy soils make this district an arid region.

Famines are frequent and it is reported that in a decade there are only three good years. The district was overtaken by famine in 1951 during which the rainfall in the four tahsils, namely, Barmer, Pachpadra, Siwana and Sheo was reported to be 3.5, 0.7, 9.4 and 3.3 inches, respectively. The rainfall during the year 1950 was also reported to be below average and ill-distributed, as a result of which near famine conditions prevailed. This had its effect on the agricultural economy to which we refer in later chapters.

The soils in the eastern parts of the district have comparatively a little more water retaining capacity than those in the western parts. As we proceed westwards soils become more and more sandy and in the extreme west the level land gives place to sand dunes. The rainfall also tends to decline as we proceed from the eastern to the western parts of the district.

1.3 LAND UTILIZATION

The table below indicates land utilization in the district in 1950–1.

TABLE 1.2—LAND UTILIZATION IN BARMER DISTRICT (1950-1)

	Area* (In acres)
Gross cropped area	29,94,214
Double cropped area	1,534
Net area sown	29,92,680
Current fallows	3,18,819
Permanent pastures	2,344
Culturable waste land	2,02,312
Forests	-
Barren land and land put to non-agricultural uses	14,38,477
Other fallows	12,75,128
Total	**62,29,760**

* Estimates include both reporting and non-reporting areas.
(Source : *Agricultural Statistics*, 1950–1, *Rajasthan*)

It may be seen that out of a total area of over 6·2 million acres, the total cultivated area including current fallows was 3·3 million acres or 53 per cent. The gross cropped area was about 3 million acres. As can be expected in an area liable to frequent droughts, the double cropped area was very small, being 1,534 acres. Barren land, land put to non-agricultural uses and other fallows accounted for 2·7 million acres.

1.4 CROP PATTERN

The statistics of area under crops for the district are subject to certain limitations. As a large part of the district was under the *Jagirdari* system where the survey and settlement operations were not carried out, the records were not as properly maintained as in the *Khalsa* area. With due regard to the limitations arising on account of the quality of data, we give below the estimated area under different crops in the district during 1950–1.

TABLE 1.3—CROP PATTERN IN BARMER DISTRICT

Crop	Area* (In acres)
Wheat	18,165
Jowar	11,277
Bajra	24,15,418
Barley	46
Other cereals	3,65,531
TOTAL CEREALS	28,10,437
Moong	1,401
Other pulses	3,929
TOTAL PULSES	5,330
Oilseeds (Sesamum)	25,502
Cotton	842
Fodder and other crops	1,52,103
Gross cropped area	**29,94,214**

* Estimates include both reporting and non-reporting areas.
(Source : *Agricultural Statistics*, 1950–1, *Rajasthan*)

Food crops accounted for 94 per cent of the gross cropped area. It may be seen that *Bajra* accounted for 24,15,418 acres or about 86 per cent of the area under food crops. About 13 per cent was reported under other cereals, mostly of the coarse variety. Wheat and *jowar* were grown over an extremely limited area. The only other important crop in the district is *gowar*, grown as a fodder crop which accounted for 1,52,103 acres or over 5 per cent of gross cropped area. Sesamum and cotton, the two non-food crops grown, accounted for less than 1 per cent of the gross cropped area.

1.5 IRRIGATION AND WATER SUPPLY

There were altogether 2,627 wells in the district which constituted the only source of irrigation and water supply. The following table gives details of wells and the estimated area irrigated by them :

TABLE 1.4—SOURCE OF IRRIGATION

Tahsil	NUMBER OF WELLS		Total	Area irrigated (In acres)
	Khalsa	*Jagir*		
	1	2	3	4
Barmer	..	..	**750**	2,400
Siwana	186	1,314	**1,500**	14,400
Pachpadra	67	300	**367**	2,905
Sheo	..	..	**10**	4
	253	1,614	**2,627**	19,709

(Source : Office of the Settlement Commissioner, Rajasthan)

It can be seen that over 14,000 acres were under irrigation in Siwana tahsil alone out of the total irrigated area of nearly 20,000 acres. The Luni river, which flows through this tahsil, may account for the relatively larger availability of water supply in it. Barring this small patch of irrigated area, the district suffers from almost complete absence of irrigation facilities.

1.6 AGRICULTURAL SEASON AND CROP ROTATION

The *Kharif* season is the only important season in the district. On account of the poor quality of the soils the same plot of land is not cropped year after year but usually after an interval of one or two years.

1.7 LIVESTOCK POPULATION

The number of livestock of different categories in the district during the year 1951 is given below.

TABLE 1.5—LIVESTOCK AND POULTRY (1951)

Type	Number
Bullocks	128,982
He-buffaloes	6,987
Cows and heifers	238,333
She-buffaloes and heifers	21,756
Sheep	433,238
Goats	420,600
Horses	4,264
Donkeys	14,854
Mules	724
Camels	22,152
Pigs	323

(Source : *Indian Livestock Census*, Volume II, 1951)

The livestock population shows a relatively large number of cows, bullocks, sheep and goats. It may be mentioned that production of *ghee* is an important subsidiary occupation in this district. Besides, a large number of cultivators depend for their livelihood mainly on wool production. During famine years, sale of livestock and livestock products assumes greater importance. Goats are maintained for milk production. Sheep and goats are exported for mutton in large numbers to western and northern India. In the western areas, camels are used for agricultural operations as also as a means of transport, as many inaccessible parts can be approached by camels alone.

1.8 OTHER FEATURES

The district suffers from inadequacy of drinking water supply due to scarcity of sub-soil water and brackishness of water. In some of the villages it is reported that the villagers have to cover a distance of a few miles every day for getting drinking water during summer. Lack of frequent intercourse with the outside world owing to the general inaccessibility of this region in the desert and the century old traditions of feudalism have made the people very conservative in outlook.

1.9 LAND TENURE SYSTEM

The *Jagirdari* tenure was prevalent in large areas of the district. Out of a total of 771 villages, according to the tahsil records, as many as 730 were *Jagir* villages and only 41 were *Khalsa* villages.

In the *Khalsa* villages, there were three types of tenure holders recognised by law at the time of the Survey, namely, (1) a *bapidar* or a *khatedar* who is a lessee holding a permanent *patta* for a piece of land, with rights of inheritance and transfer, which, however, cannot be foreclosed in execution of a decree, (2) a *ghairbapidar* or *ghairkhatedar*—also holding land directly under the Government, but temporarily for a specific period without any rights of transfer, his *patta* being periodically renewed and, finally, (3) a sub-tenant or *shikmi kashtkar* holding land under a tenant.

Under the *Jagirdari* tenure, land was held by the *Jagirdars* by means of grants or assignments recognised by the rulers of the Covenanting States before the formation of Rajasthan. A few *jagirs* were rent-free while rent—called *Rekh* or *Chakri* —had to be paid for others. Under the Rajasthan Land Reforms and Resumption of *Jagirs* Act, 1952, the *Jagirdari* system was abolished.

From the revenue standpoint, *Khalsa* and *Jagirdari* villages fall into two categories, surveyed and unsurveyed. The revenue is fixed in the surveyed area with due regard to various factors, such as production, rainfall, soil fertility and the rates prevailing in the adjoining areas. Collection of revenue is effected in cash. The unsurveyed areas under the *Khalsa* system are generally assessed on the basis of the rates prevailing in the adjoining areas ; revenue here is collected in kind or cash or both.

The *Jagirdar* in the unsurveyed villages generally collected his dues in kind, ranging usually between one-sixth to one-eighth of the produce. The poor fertility of the soils and the extremely low yields account for the low share of the *Jagirdar*.

1.10 DEMOGRAPHIC FEATURES

The distribution of population according to livelihood classes reveals that 83 per cent of the population depended on agriculture in 1951. It has been mentioned above that almost the entire district was under the *Jagirdari* system of tenure ; as a result, nearly 86 per cent of the agricultural population belonged to the class of cultivators of land wholly or mainly unowned and their dependents. Cultivators of land wholly or mainly owned and their dependents formed about 12 per cent and cultivating labourers and their dependents only 1 per cent of the agricultural population. This indicates that the use of hired labour in agricultural operations and allied activities is not a common feature of the district rural economy. Among the non-agricultural classes in the urban areas, 35·9 per cent were engaged in 'commerce'. 'Production other than cultivation' was the second most important livelihood class both in the urban and the rural areas.

Although no statistical data are available pertaining to castes and communities of people engaged in different occupations, it is reported that the *Jats* are the most predominant of all communities among farmers. Next to the *Jats* are the *Rajputs*, who are either farmers or *jagirdars*. The muslims are found engaged mostly in handicrafts.

1.11 INDUSTRIES

There is no large manufacturing industry in the district. However, processing of hides and skins is an important industry in Barmer town itself. In Pachpadra tahsil, there is a salt area, extending over nine square miles.

The number of employers, employees and independent workers in the rural areas and in the urban areas totalled 19,980 and 10,162, respectively, according to the 1951 census. A large majority of those engaged in industries were self-employed, independent workers. In the rural areas the number of independent workers was fairly large in stock raising and the processing and manufacture of textiles, leather and leather products and commerce. In the urban areas a large number of independent workers were engaged in processing and manufacture of textiles and other products and commerce. Other services were also important from the employment standpoint, both in the urban as well as the rural areas.

1.12 MARKETING

Besides the district headquarters, four tahsil (or sub-divisional) headquarters or marketing centres, namely, Pachpadra, Siwana, Balotra and Baitu were selected for the investigation of the agencies supplying credit. Pachpadra and Siwana are tahsil headquarters, whereas Barmer is both a tahsil and the district headquarters. Balotra and Baitu are important marketing centres in the Pachpadra and the Barmer tahsils, respectively. Balotra, Baitu and Barmer are located on the railway line which traverses the district in an east-west direction. Pachpadra is connected to Balotra by a branch line. Siwana is not connected by railway line.

When the Survey was conducted, there was no legislation enacted for the establishment of regulated markets or warehouses in Rajasthan State. Thus, there were no regulated markets or licensed warehouses at any of these selected centres. Wool and foodgrains are the main agricultural commodities traded in at these centres. The trade is carried on mainly by wholesalers, commission agents and retailers with the help of *arhatiyas*. Village traders and moneylenders or the village agents of wholesalers who collect wool, foodgrains, etc., in the villages, bring them to these centres and sell them through *arhatiyas* to the wholesalers at market price. Cultivators also bring their produce to these centres for sale. The seller has to pay a small commission to the *arhatiyas*, charges for weighing the commodity (*tulai*), *octroi* charges if any and a small amount as *Dharmada*, *Goshala*, etc. Even in good years, wheat, pulses and other foodgrains are imported on a substantial scale in the district.

Important among commodities other than foodgrains traded in the district are wool, hides and skins and *ghee*. Wool is exported either to Beawar, near Ajmer, or to Bikaner. Hides and skins are exported to towns such as Jodhpur which have tanneries for processing and colouring. *Ghee* is exported, mainly, to the consuming areas of Rajasthan. There is a large trade in salt carried on by the Government which owns and operates the salt deposits at Pachpadra. The export of gypsum from the district is also increasing in importance. As already mentioned, livestock is exported in large numbers from the district. The exports during 1950–1 included over 8,000 bullocks, 30,000 sheep, 33,000 goats and 400 camels.

Barmer is by far the most important marketing centre in the district. It was reported that there were about 200 private godowns with a storage capacity of about 80,000 bags. The rent for a godown with a capacity of 100 bags was about Rs 3 per month. There was no co-operative marketing society in the district handling trade in agricultural commodities in 1951–2. There were two branches of scheduled banks at Barmer. Next in importance as a marketing centre is Balotra, situated in the easternmost part of the district in the Pachpadra tahsil. The commodities commonly traded in at this centre are *bajra*, *ghee* and also wheat which is grown on a limited area. There were about 10 large and 50 small godowns in the town. A branch of a scheduled bank operates at this centre also. In Baitu the main commodities traded in are *bajra*, *ghee* and wool, although in much smaller quantities than at Barmer or Balotra. The other two centres selected were Pachpadra and Siwana. *Bajra*, *ghee* and wool came for marketing at Pachpadra, which are mainly purchased by the local population. Considerable quantities of salt produced in the adjoining deposits are sent out from this centre through the branch line connecting the main railway line at Balotra. The traders at Pachpadra are able to obtain financial accommodation from the branch of the Bank of Bikaner Ltd. at Balotra. There is very little wholesale trade at Siwana. A large proportion of wheat and *bajra* which come for marketing here is generally sold direct to the retailers or the consumers themselves.

1.13 TRANSPORT AND COMMUNICATIONS

A railway line (Western Railway) runs across the entire length of the district in an east-west direction. There is one branch line from Balotra to Pachpadra. Another branch line starts from Samdari and runs southwards to the Jalore district.

There is a motorable road between Jodhpur, Sheo and Jaisalmer which also branches off towards Barmer. Another road connects Barmer to Chohtan in the west. It can be said that roads are very inadequate and in some parts for miles together no roads exist. People usually travel either on camels or on foot.

CHAPTER 2

SELECTED VILLAGES

According to the general plan and design of the enquiry, eight villages were selected for investigation in each of the selected districts. It was decided to select four villages from out of those with co-operative societies and four from out of those without co-operative societies as it was proposed to study the effects of co-operative societies on rural credit. At the time of the Survey only two agricultural credit societies were registered in two villages of the district. Thus, in this district only two selected villages were with society and six, without societies. The General Schedule was canvassed for all families in each of the selected villages, eliciting information, among other things, regarding the ownership and cultivation of land. All families who cultivated land, whether owned or leased were called 'cultivators' and listed in a descending order according to the size of holding cultivated by them. They were then divided into ten equal groups called 'deciles' and two cultivators from each of the first five deciles and one from each of the last five deciles were selected for intensive enquiry.

2.1 LOCATION

The following table gives names of the eight villages selected for investigation in Barmer district and some other particulars about them.

TABLE 2.1—SELECTED VILLAGES IN BARMER DISTRICT

Village	Tahsil	Population*	NUMBER OF FAMILIES ENUMERATED IN THE GENERAL SCHEDULE		
			Cultivators	Non-cultivators	All families
		1	2	3	4
Hotlu..................	Pachpadra	122	14	6	20
Samesara Nawa..........	Barmer	512	80	–	80
Dhudhawa..............	Barmer	955	115	4	119
Shivkar.................	Barmer	1,750	201	6	207
Bhimda..................	Barmer	1,114	115	1	116
Piprali..................	Barmer	1,102	164	17	181
Kelnor..................	Barmer	710	90	5	95
Rasbani.................	Barmer	329	33	–	33
Total........		**6,594**	**812**	**39**	**851**

(* *Census*, 1951, *District Census Handbook, Barmer*)

Seven out of the eight selected villages were located in Barmer tahsil whereas one village was located in Pachpadra tahsil. The village Hotlu in Pachpadra tahsil is located very near the bed of river Luni. It is also very near Balotra which is an important marketing centre situated on the railway line. Samesara Nawa and Dhudhawa are located within a distance of about ten miles from the railway station Baitu. Shivkar and Bhimda are situated near Barmer within a distance of about twelve miles. Piprali, which is situated at a distance of about 30 miles from Barmer is accessible only by camels. Kelnor and Rasbani are located at a distance of over 60 miles from Barmer. A motorable road exists only upto a distance of about 30 miles, whereafter camels are the only means of transport for approaching these villages.

The total population in three of the selected villages was between 1,000 and 2,000 ; in three others, it ranged between 500 and 1,000 and it was less than 500 in two villages. The number of families exceeded 200 in one village. In four villages the number ranged between 100 and 200 and in the remaining three it was less than 100. The response from the families interviewed was satisfactory.

2.2 AREA IRRIGATED

The available data on land utilization and crop pattern in the selected villages are set out below.

TABLE 2.2—AREA UNDER CROPS

Village	Cultivated area (In acres)	Irrigated area	Number of wells	Rainfall (In inches)	Crops grown in order of importance
	1	2	3	4	5
Bhimda	1,400	–	3	½	*Bajra & Gowar*
Dhudhawa	1,600	–	3	2	*Bajra & Gowar*
Kelnor	4,800	–	4	1½	*Bajra & Gowar*
Piprali	2,000	240	5	3	*Bajra, Gowar &* Wheat
Rasbani	1,200	–	2	2	*Bajra & Gowar*
Shivkar	2,800	20	30*	5	*Bajra, Gowar, Til &* vegetable
Samesara Nawa	1,400	–	4	3	*Bajra & Gowar*
Hotlu	800	–	3	1	*Bajra & Gowar*

* These are in the form of water collected in pits.

Among the selected villages, as can be seen from the above table, the cultivated area was highest at 4,800 acres in Kelnor and lowest at 800 acres in Hotlu. Rainfall was extremely scanty in all the villages and the irrigation facilities were practically non-existent except in Piprali on a very small scale. The number of wells was very small, and they were used for drinking water. *Bajra* and *gowar* were the main crops grown in all the villages. In Piprali wheat and in Shivkar sesamum and vegetables were grown to a small extent.

2.3 DISTRIBUTION OF CULTIVATED HOLDINGS

For the purpose of the Survey the term 'cultivated holding' was defined so as to include land owned and land taken on lease which was cultivated during the year. It also included current or rotational fallow but did not include permanent fallow land. The cultivating families of each village, which were divided into ten equal groups or 'deciles' after arranging them in the descending order of the size of cultivated holding, have further been classified into four groups for convenience of presentation, the first 10 per cent of the cultivating families comprising the big cultivators' group, the first 30 per cent the large cultivators' group, the next 40 per cent the medium cultivators' group and the last 30 per cent the small cultivators' group. The average size of cultivated holding in the district was 53·4 acres per cultivating family. In the big and the large cultivators' groups it was 198·8 and 112·6 acres, respectively. In the medium and the small cultivators' groups it worked out at 35·1 and 18·6 acres, respectively. The data indicated that there was heavy concentration of land among cultivators of the first three deciles as the big and the large cultivators claimed 39·0 per cent and 63·6 per cent, respectively, of the total area of cultivated holdings of all cultivators.

The ranking of the villages in the descending order of the average size of cultivated holding per cultivating family was as under :

Village	Average size of cultivated holding per cultivating family (In acres)
Hotlu	109
Samesara Nawa	90
Dhudhawa	81
Shivkar	64
Kelnor	44
Bhimda	38
Piprali	27
Rasbani	26

The two villages Hotlu and Samesara Nawa, which are nearest to the centres of trade, have the largest average size of cultivated holding per family, whereas the three villages, namely, Kelnor, Piprali and Rasbani, which are situated in the interior of the district and are accessible with considerable difficulty, are among the last four having the lowest size of cultivated holding per family.

2.4 OWNERSHIP OF PLOUGH CATTLE

Over 93 per cent of the cultivating families of the district owned plough cattle. The proportion owning plough cattle was high among all classes of cultivators exceeding 90 per cent in the case of the first nine deciles ; it was 75 per cent in the case of the tenth decile. Even among the tenth decile the proportion of cultivators owning plough cattle exceeded 90 per cent in four villages and in two villages, namely, Kelnor and Piprali it varied from 70 to 80 per cent. However, in Hotlu and Samesara Nawa the proportion was 29 per cent and 62 per cent, respectively.

2.5 CULTIVATED AREA PER PAIR OF PLOUGH CATTLE

The area of cultivated holding per pair of plough cattle generally declined from 86 acres in the first decile to 22 acres in the tenth decile. In Hotlu, however, the area of cultivated holding per pair of plough cattle in the case of the tenth decile cultivators was very high as the proportion of cultivators who reported ownership of plough cattle in that decile was small. The fact that the area of cultivated holding per pair of plough cattle in the district should be generally as high as that recorded in the survey is not surprising in view of the light, sandy nature of the soils.

2.6 VALUE OF GROSS PRODUCE AND CASH RECEIPTS

In the intensive enquiry, all the cultivating families were divided into two broad groups, namely, the upper strata comprising the first 50 per cent and the lower strata comprising the last 50 per cent of the families arranged according to the descending order of the size of cultivated holding.

Data were collected regarding the value of gross produce from cultivated holdings of the selected cultivators. Data were also collected on cash receipts from sale of agricultural produce and from other sources. These data are set out below in a summary form.

TABLE 2.3—VALUE OF GROSS PRODUCE AND CASH RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

Strata	Value of gross produce	Cash receipts
Upper strata	382·3	262·4
Lower strata	119·3	230·9
All cultivators	**250·8**	**246·7**

It will be observed that the average value of gross produce amounted to only Rs 251 per cultivating family. The average of cash receipts amounted to Rs 247 per cultivating family, of which Rs 239 were 'other' cash receipts, comprising cash receipts from sources other than the sale of crops and fodder. Although the items of income specified in the schedule did not exhaust all the possible sources of income to a cultivator, they did cover a wide ground. Cash proceeds from the sale of crops and fodder amounted only to Rs 8 per cultivating family whereas the average size of area sown was 28 acres per cultivating family. These figures reflect the effects of famine conditions prevailing during the Survey year. Sources other than the sale of crops and fodder provided most of the total cash receipts of the selected cultivators. The value of gross produce of the upper strata cultivators was more than three times as large as that of the lower strata cultivators but their total cash receipts did not show a marked difference.

CHAPTER 3

OUTSTANDING DEBT

In this chapter, we propose to discuss the extent of indebtedness, size and incidence of debt, purposes of incurring debt, rate of interest paid and other aspects of rural indebtedness.

The debt of the respondent outstanding on the date of interview was recorded in the General Schedule which was canvassed from 22 December, 1951 to 28 February, 1952. In the intensive enquiry, data related to debt outstanding at the end of the Survey year covering the period 1 April, 1951 to 31 March, 1952. The General Schedule elicited information relating to cash loans only, whereas in the intensive enquiry, information on both cash and kind loans was collected.

3.1 EXTENT OF INDEBTEDNESS

The proportion of families who reported indebtedness among the four groups of cultivating families, the non-cultivating families and all cultivating and rural families is given below.

Group	Proportion of families reporting debt* (In per cent)
Big cultivators	*58·8*
Large cultivators	*60·6*
Medium cultivators	*63·7*
Small cultivators	*46·8*
All cultivators	*57·6*
Non-cultivators	*52·6*
All families	***57·2***

(* General Schedule data)

It would be observed that the proportion of indebted families increased from the big to the medium cultivators but declined among the small cultivators. Taking all cultivators together, the proportion of indebted families was slightly higher than that among the non-cultivators. Among the cultivating families, the highest proportion of indebted families was found in Hotlu and the lowest in Rasbani. Among the non-cultivating families, no family reported debt in three villages whereas the proportion of indebted families was low in two other villages. The reason for a relatively high proportion of indebted families among the non-cultivators for the district as a whole, despite the trend noted above, was that the district average was affected by the data relating to one village only, namely, Hotlu.

3.2 DEBT PER FAMILY

The debt per family among the four groups of cultivators, all cultivators, the non-cultivators and all rural families is given below.

Group	Average debt per family* (Rs)
Big cultivators	1,294
Large cultivators	869
Medium cultivators	472
Small cultivators	231
All cultivators	518
Non-cultivators	215
All families	**495**

(* General Schedule data)

It will be observed that the average debt per cultivating family was nearly two and a half times as large as that per non-cultivating family and the average debt per family of even the small cultivators exceeded that per non-cultivating family. There was a tendency for the average debt per family to decline from the big to the small cultivators.

The average debt per rural family in the selected villages was as under :

Village	Average debt per family* (Rs)
Hotlu	1,509
Samesara Nawa	677
Dhudhawa	417
Bhimda	267
Shivkar	265
Piprali	224
Kelnor	162
Rasbani	136

(* General Schedule data. All families)

The level of average debt in three villages, namely, Hotlu, Samesara Nawa and Dhudhawa—all of which are situated to the east of the remaining five selected villages—was relatively very high. These villages have also the advantage of being located near the marketing centres, namely, Balotra and Baitu. The next two villages in the descending order of debt, namely, Bhimda and Shivkar, are situated to the west of the three villages notėd above but are in proximity to Barmer, whereas the last three villages, situated in the interior of the desert, are rather inaccessible and remain isolated.

3.3 DEBT PER INDEBTED FAMILY

The average debt per indebted family among the four groups of cultivating families, all cultivating families, the non-cultivating families and all rural families is given below.

Group	Average debt per indebted family* (Rs)
Big cultivators	2,202
Large cultivators	1,434
Medium cultivators	741
Small cultivators	494
All cultivators	900
Non-cultivators	408
All families	**865**

(*General Schedule data)

The data show the same trend as that observed in respect of the size of debt per family. The average debt per indebted rural family among the selected villages also showed a trend similar to that observed in respect of the size of debt per family.

3.4 SHARE OF DEBT AND HOLDINGS

The share of debt as compared to that of cultivated holdings and the debt per acre of cultivated holding for the four main groups of cultivators are given below.

TABLE 3.1—SHARE OF DEBT AND HOLDINGS

Group	Share of debt (Per cent)	Share of holdings (Per cent)	Debt per acre of cultivated holding (Rs)
Big cultivators	*26·2*	*39·0*	7
Large cultivators	*50·6*	*63·6*	8
Medium cultivators	*35·6*	*25·7*	13
Small cultivators	*13·8*	*10·7*	12

The share of debt of the big and the large cultivators was less than their share of cultivated holdings, whereas that of the medium and the small cultivators was more than their share of cultivated holdings. The incidence of debt per acre of cultivated holding did not show a consistent trend but it was higher among the medium and the small cultivators' groups, as compared to that among the big and the large cultivators' groups. Thus, although the volume of debt showed a downward trend with the decline in the size of holding, the burden of debt per acre showed an opposite trend.

3.5 INCIDENCE OF DEBT

A comparison of the outstanding debt of rural families with the value of their assets, size of business, etc., is not possible on the basis of the data collected through the General Schedule. The relevant data are available only in respect of the cultivating families selected for the intensive enquiry. The assets of cultivating families included six major categories, namely, (1) land, (2) buildings, (3) livestock, (4) implements and machinery, (5) outstanding dues, that is, amounts owed by others to the cultivating families and (6) financial investments. The total value of assets amounted to Rs 2,629 per cultivating family. Among the upper strata, it was Rs 3,466 per cultivating family. Comparatively, the value of assets held by the cultivators in the lower strata was smaller, amounting to Rs 1,792 per cultivating family. None of the selected cultivators reported any financial investments. The most important assets of the cultivators were land and livestock which accounted for 52·2 per cent and 29·8 per cent, respectively, of the total value of assets owned by them. Value of owned buildings, outstanding dues and value of owned implements and machinery accounted for 11·5 per cent, 4·6 per cent and 1·9 per cent, respectively, of the total value of assets.

The incidence of outstanding debt in relation to the value of owned assets, the value of owned land, the value of gross produce and the area sown is given below.

TABLE 3.2—INCIDENCE OF DEBT

[Intensive enquiry data]

	Upper strata	Lower strata	**All cultivators**
	1	2	3
1. Outstanding debt per family (Rs).......	688·9	353·4	**521·2**
2. Area sown (In acres)..................	38·1	17·6	**27·8**
2·1 Debt per acre of sown area (Rs)....	18·0	20·0	**19·0**
3. Value of gross produce per family (Rs)...	382·3	119·3	**250·8**
3·1 Debt as percentage of the value of gross produce....................	*180·1*	*296·2*	***207·8***
4. Value of land owned per family (Rs).....	1,828·0	918·0	**1,373·0**
4·1 Debt as percentage of the value of owned land......................	*37·7*	*38·5*	***38·0***
5. Value of total assets owned per family (Rs).............................	3,466·0	1,792·0	**2,629·0**
5·1 Debt as percentage of the value of total assets owned................	*19·9*	*19·7*	***19·8***

The outstanding debt amounted to nearly 20 per cent of the total value of assets of cultivators in both the groups. If debt is expressed as percentage of the value of owned land, it formed 37·7 and 38·5 per cent for the upper and the lower strata cultivators, respectively. The incidence of debt per acre of area sown was Rs 18 and Rs 20 among cultivators of the upper and the lower strata, respectively. The incidence of debt on the value of gross produce was much higher among the cultivators of the lower strata as compared to that in the case of the upper strata. In view of the fact, however, that there was a failure of the season during the Survey year, the incidence of debt in relation to the value of gross produce may not have much significance. The incidence of debt in relation to the value of assets owned, value of land owned and per acre of area sown was, broadly, similar on cultivators of both the strata as seen above. The burden of debt on cultivators of the two strata would thus appear to have been more or less evenly distributed, in relation to their assets or sown area.

3.6 GROWTH OF DEBT

The measure of outstanding debt obtained through the General Schedule relates to the debt at the time of the investigation. Information was also collected in the General Schedule regarding borrowings and repayments during the period of twelve months immediately preceding the month of investigation. All these have reference mainly to the transactions in cash. Net borrowings or net repayments during the year can be obtained as the difference between borrowings and repayments and this gives a measure of the total increase or decrease in debt during the year. Deducting the increase in debt from, or adding the decrease in debt to, the debt outstanding at the end of the year, we get the debt outstanding at the beginning of the year. It is thus possible to obtain the percentage increase or decrease in debt which occurred in the district during the Survey year. During the Survey year the average borrowing amounted to Rs 249 per rural family whereas the repayments were only Rs 12 per rural family, resulting in net borrowings to the extent of Rs 237 per rural family. If the net borrowings are deducted from the outstanding debt, we get the outstanding debt at the beginning of the year, which worked out to Rs 258 per rural family. Thus, the volume of debt increased by 92 per cent during the Survey year. The main reason for the large increase in debt recorded during the Survey year in the district appears to be the failure on the part of the rural families to redeem any significant portion of their liabilities whether contracted during the Survey year or earlier, owing to the succession of bad seasons. The poor repayment performance shows that there might have been defaults even in the payment of interest on the debt outstanding at the beginning of the year, judging from the rates prevailing in the district which usually exceed 12 per cent per annum. At the same time, fresh borrowings could not be avoided owing to the prevalence of famine conditions during the Survey year as well as in the year preceding it.

The data relating to the increase in debt for cultivating and non-cultivating families are presented below separately.

TABLE 3.3—GROWTH OF DEBT DURING 1951-2

[General Schedule data. Amount in rupees per family]

	Cultivators	Non-cultivators
Debt at the end of the year	518	215
Borrowings during the year	268	22
Repayments during the year	13	–
Net borrowings during the year	255	22
Percentage increase in debt during the year	*97*	*11*

The non-cultivators showed an increase of 11 per cent in their outstanding debt during the Survey year as compared to an increase of 97 per cent recorded by the cultivators. The non-cultivators did not report any repayments during the year. The amount borrowed by them, however, was only Rs 22 per family as compared to Rs 268 per family borrowed per cultivating family. The small increase in the debt of non-cultivators was thus mainly due to their small volume of borrowings. The data for the different groups of cultivators are given below.

TABLE 3.4—GROWTH OF DEBT OF DIFFERENT GROUPS OF CULTIVATORS DURING 1951-2

[General Schedule data. Amount in rupees per family]

Group	Debt at the end of the year	Borrowings during the year	Repayments during the year	INCREASE IN DEBT	
				Amount (Rs)	Percentage
	1	2	3	4	5
Big cultivators	1,294	939	26	913	*240*
Large cultivators	869	567	26	541	*166*
Medium cultivators	472	194	6	188	*66*
Small cultivators	231	68	10	58	*34*

It will be observed that growth in debt, in terms of amount as well as percentage, declined as one moved down the decile groups. This trend was again attributable mainly to a declining volume of borrowings from the big to the small cultivators' groups, repayments being small in all cases.

Data on the variation in outstanding debt during the Survey year and debt at the end of the Survey year in the selected villages are given below.

TABLE 3.5—GROWTH OF DEBT IN THE SELECTED VILLAGES

[General Schedule data. All families]

Village	Percentage increase (+) or decrease (−) in debt	Village	Outstanding debt per family at the end of the year (Rs)
Kelnor	+ *159*	Hotlu	1,509
Hotlu	+ *125*	Samesara Nawa	677
Rasbani	+ *84*	Dhudhawa	417
Samesara Nawa	+ *75*	Bhimda	267
Piprali	+ *60*	Shivkar	265
Shivkar	+ *59*	Piprali	224
Bhimda	+ *27*	Kelnor	162
Dhudhawa	− *15*	Rasbani	136

It can be seen that debt increased during the Survey year in all the selected villages except Dhudhawa, where it declined by 15 per cent. The increase in debt varied between 27 and 159 per cent in the remaining villages. It was higher than 100 per cent in Kelnor and Hotlu, between 50 and 100 per cent in Rasbani, Samesara Nawa, Piprali and Shivkar and 27 per cent in Bhimda. It would be observed that two high debt villages, namely, Hotlu and Samesara Nawa are among the villages showing a high proportionate increase in debt. In terms of absolute amount these two villages recorded the highest increase in debt during the Survey year, which is not apparent from the data presented above. Among the villages showing a high proportionate increase in debt are also Kelnor and Rasbani, both of which ranked lowest among the selected villages in respect of debt outstanding at the end of the year. The high increase in debt in high as well as low debt villages is explained by the fact that borrowings were high in most of the villages because of the prevalence of famine conditions during the Survey year, which followed similar conditions in the preceding year.

The characteristic features of the credit transactions of the village Dhudhawa were a fairly high level of debt at the beginning of the year, a relatively small amount of borrowings contracted during the year and a substantial amount of repayments made during the year which exceeded borrowings, resulting in a reduction in the level of debt towards the end of the year. The large amount of repayment recorded in Dhudhawa at Rs 139 per rural family was due, in an important measure, to only two families who accounted for 52·4 per cent of the total repayments made by 30 families. The average borrowings amounted to Rs 64 per rural family in this village.

Apart from the operation of the general factors which may result in a growth of debt during a given period, growth of debt may also sometimes be recorded due to some defect or aberration in the data. The timing of the enquiry at a particular point in the agricultural season would not, as such, necessarily lead to any distortion in the data. Since the Survey enquiry pertained to a full twelve-month period, the effects of any peculiarity of the time of the enquiry on indebtedness would operate equally on the figures of debt, both at the time of the enquiry and at a point of time one year earlier. However, a defect in the data may creep in owing to a failure in the reporting of repayments made far back in the twelve-month period of the enquiry, particularly if they are made out of the sale proceeds of crops of the previous agricultural season. An aberration in the data may also arise if, for some reason, a delay occurred in the period of repayments during the Survey year. Thus, it may happen that repayments out of the sale proceeds of neither the year preceding the Survey year nor the Survey year itself would be reported within the twelve-month period of the Survey year.

Data on the outstanding debt for a period which is, on an average, two months later than the end of the year covered by the General Schedule, are available in respect of the cultivating families selected for intensive investigation. A change in the debt position during these months would reveal any distortion in the data owing to under-reporting of repayments made during the corresponding period of the previous year. The debt at the time of the second round of the intensive enquiry would also account for repayments made late in the season, that is, after the General Schedule was canvassed. Since the sample of selected cultivating families in the intensive enquiry was taken from the families interviewed for the General Schedule, it is possible to indicate changes in the debt position of these particular families between the time the General Schedule was canvassed and at the end of the Survey year.

A comparison of the figures of outstanding debt at the time of the General Schedule investigation and the second round of the intensive enquiry for the sample of selected families is given below.

TABLE 3.6—GROWTH OF DEBT OF SELECTED CULTIVATORS BETWEEN THE GENERAL AND INTENSIVE ENQUIRIES

[Amount in rupees per family]

Village	Outstanding debt at the time of the General Schedule enquiry	Outstanding debt at the end of the Survey year (Intensive enquiry)	Variation in debt
Dhudhawa	344	424	+ 80
Shivkar	153	154	+ 1
Bhimda	310	245	− 65
Hotlu	2,030	1,390	− 640
Kelnor	236	316	+ 80
Piprali	271	225	− 46
Rasbani	133	356	+ 223
Samesara Nawa	728	603	− 125

It would be observed from the above that in as many as four villages, namely, Dhudhawa, Shivkar, Kelnor and Rasbani debt after the completion of the General Schedule investigation registered a further increase. The villages in which debt declined within this period were Hotlu, Samesara Nawa, Bhimda and Piprali. The volume of decline in Samesara Nawa, Bhimda and Piprali was not of a very large order and does not, for the most part, represent anything more than the measure of repayment which, on an average, might be expected during the particular period. On the other hand, the close association of large repayments in Hotlu between the end of the General Schedule year and the second round of intensive enquiry with the heavy increase in debt in the General Schedule year in this village may indicate the existence of some degree of under-reporting of repayments. This may also partly explain the high increase in debt recorded in this village, despite a high level of debt outstanding at the beginning of the year.

An increase in debt during the Survey year among the non-cultivators was reported in two villages only. It may be noted that in three of the eight selected villages the non-cultivators did not report any debt outstanding at the end of the Survey year. In only three of the remaining five villages, the non-cultivators borrowed any amount during the year. Of these three, borrowings of the non-cultivators in Kelnor constituted the entire debt outstanding at the end of the year, as they had no debt outstanding at the beginning of the year and reported no repayments during the year. Hence, growth of debt is measured for only two of the selected villages, namely, Hotlu and Piprali as indicated below.

TABLE 3.7—GROWTH OF DEBT OF NON-CULTIVATORS IN THE SELECTED VILLAGES

[General Schedule data. Amount in rupees per family]

	Hotlu	Piprali
Debt at the end of the year	292	89
Borrowings during the year	25	4
Repayments during the year	–	–
Percentage increase in debt during the year	*9*	*4*

3.7 NATURE OF OUTSTANDING DEBT

We may proceed to discuss the purpose for which debt was contracted, the duration for which it was outstanding and the security given by the debtors. Data on these aspects were collected in respect of the selected cultivators during the intensive enquiry.

The data on the duration of outstanding debt of selected cultivators were collected in respect of each loan outstanding separately, and are given below.

TABLE 3.8—DURATION OF OUTSTANDING DEBT OF SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Strata	**Total** (Rs)	One year or less (Per cent)	One to two years (Per cent)	Two to three years (Per cent)	Three to four years (Per cent)	Four to five years (Per cent)	Five to ten years (Per cent)	Above ten years (Per cent)	Period not specified (Per cent)	**Total** (Per cent)
	1	2	3	4	5	6	7	8	9	10
Upper strata...	**688·9**	*27·7*	*21·9*	*12·8*	*4·5*	*11·2*	*15·4*	*6·5*	–	***100***
Lower strata...	**353·4**	*10·4*	*26·6*	*16·7*	*4·8*	*4·6*	*32·2*	*4·7*	–	***100***
All cultivators	**521·2**	***21·9***	***23·5***	***14·1***	***4·5***	***9·0***	***21·1***	***5·9***	–	***100***

The data indicate that only 21·9 per cent of debt was outstanding for less than one year. At the other end, 27 per cent of debt was outstanding for more than five years. About 51 per cent of the total outstanding debt of the selected cultivators was outstanding from one to five years. These data indicate that loans outstanding for a period of one to five years were the most common, accounting for a little over half of the total outstanding debt. It may be mentioned here that nearly 70 per cent of borrowings during the Survey year were for the purpose of meeting family expenditure. An explanation for the importance of loans from one to five years lies, perhaps, in the annual fluctuations in income which characterize the district economy rather than in the purpose of borrowing. It has already been described that the rainfall in this district situated in the desert region is not only scanty but also uncertain and sometimes unevenly distributed. Under these conditions receipts from agricultural production are bound to fluctuate widely from year to year. These fluctuations in turn would affect the repayment performance of rural families. In view of the fact that there are reported to be only about three good seasons in a decade, it is thus not surprising to find a substantial proportion of loans outstanding for one to five years.

The proportion of loans outstanding for less than one year, between one to five years and for more than five years, in respect of cultivators of the upper and the lower strata is given below.

TABLE 3.9—DISTRIBUTION OF OUTSTANDING DEBT ACCORDING TO DURATION

[Intensive enquiry data. In per cent]

Strata	OUTSTANDING FOR			
	One year or less	One to five years	More than five years	**Total**
	1	2	3	4
Upper strata.....................	*28*	*50*	*22*	***100***
Lower strata.....................	*10*	*53*	*37*	***100***

The proportion of loans outstanding for one to five years is not far different for cultivators of the two strata. It is apparent, however, that loans outstanding for more than five years accounted for a much larger proportion of the total outstanding debt of cultivators of the lower strata as compared to cultivators of the upper strata. The significance of this trend can be evaluated only in the light of detailed information relating to the terms and conditions of repayment of each loan, which is not available.

The relative share of principal and interest in the total outstanding debt of cultivators of the two strata is given below.

TABLE 3.10—DEBT OF SELECTED CULTIVATORS CLASSIFIED ACCORDING TO PRINCIPAL AND INTEREST

[Intensive enquiry data. Amount in rupees per family]

Strata	Number of loans outstanding per family	Amount originally borrowed	AMOUNT OUTSTANDING		
			Principal	Interest	**Total**
	1	2	3	4	5
Upper strata................	2·0	651·3	641·2	47·7	**688·9**
Lower strata................	1·5	258·1	258·1	95·3	**353·4**
All cultivators.............	**1·8**	**454·7**	**449·7**	**71·5**	**521·2**

Out of the total outstanding debt of Rs 689 per family reported by the upper strata cultivators, the accumulated interest formed 7·4 per cent of the principal outstanding. Further, the outstanding principal of Rs 641·2 per family was smaller than the amount originally borrowed by Rs 10, showing that there was some repayment of the principal, however small. The cultivators of the lower strata, on the other hand, reported an accumulated interest which formed 37 per cent of the principal outstanding, and there was no repayment of principal as the amount of principal originally borrowed and outstanding was the same in their case. It may be inferred from the larger accumulation of interest reported by cultivators of the lower strata that a larger proportion of their outstanding debt may be of a chronic nature as compared to that of cultivators of the upper strata. The fact that a larger proportion of the outstanding debt of the lower strata cultivators was of more than five years' duration as compared to cultivators of the upper strata, also points to the same conclusion under conditions prevailing in the district.

The purposes for which loans were contracted, were classified, as under: (1) agricultural—short and long-term, (2) non-agricultural (other than consumption) short and long-term and (3) consumption—short and long-term. A purpose-period classification in respect of debt contracted for repayment of old debts and for other miscellaneous purposes was not attempted. Details of the purposes included under short-term and long-term are given in the Survey Report (Vol. I, Part II, pp. 4–5). It may be stated here, however, that long-term agricultural purposes include medium-term agricultural purposes also. The purpose-wise distribution of debt is given below.

TABLE 3.11—DEBT OF SELECTED CULTIVATORS: PURPOSE-WISE

[Intensive enquiry data]

	AGRICULTURAL		NON-AGRICULTURAL		CONSUMPTION		Repayment of old debts	Other purposes
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term		
	1	2	3	4	5	6	7	8
Amount (Rupees per family)	30·7	241·5	–	–	86·1	85·5	–	77·6
Percentage to total	*5·9*	*46·3*	–	–	*16·5*	*16·4*	–	*14·9*

About 22·4 per cent of the outstanding loans were contracted for short-term purposes, which is in accord with the fact that about 22 per cent of the outstanding loans were reported to have been of less than one year's duration. The amount outstanding at the end of the year for short-term consumption purposes was 16·5 per cent and that for short-term agricultural purposes 5·9 per cent. About 62·7 per cent of the outstanding loan amount was for long-term purposes (as defined for the purpose of the above classification). The amount of outstanding loans for agricultural long-term purposes constituted 46·3 per cent of the total outstanding debt whereas that for consumption purposes constituted 16·4 per cent of the total. About 14·9 per cent was for other purposes.

While collecting data on debt of the selected cultivators, information regarding the nature of security furnished against outstanding loans was also collected. These data indicate that all outstanding loans were contracted on the basis of personal security. Not a single loan was reported to have been secured against immovable property, bullion and ornaments, shares, government securities, agricultural produce, guarantee by a third party or any other type of securities other than personal security. As will be seen later, the principal source of finance was the professional moneylender. The lack of alternate credit agencies make the cultivators entirely dependent on the professional moneylender who is, therefore, in a position to recover loans advanced by him without much difficulty.

CHAPTER 4

BORROWINGS

In this chapter, we propose to discuss the extent and magnitude of borrowings of the rural families during the twelve-month period prior to the date of enquiry, as recorded in the General Schedule. Along with the amounts borrowed, information was also collected on the purposes for which borrowings were resorted to separately for each loan transaction. In the General Schedule, information was also collected regarding expenditure on certain specified items which might be presumed to be occasions for borrowing. The sources from which expenditure on these items was financed, were also recorded. The extent to which borrowings were resorted to for financing expenditure on these specified items could, therefore, be ascertained. Actual utilization of borrowed funds would thus be reflected in these data which can be compared with the original purposes of borrowing, as reported separately by the families. The data on borrowings during the year collected through the intensive enquiry indicate, in addition, the extent of prevalence of grain loans about which no separate information was collected through the General Schedule. In this chapter, we also discuss the data collected by us through a special questionnaire which was canvassed during the intensive enquiry only, regarding the credit requirements of cultivators for developmental expenditure as these would indicate the extent and directions in which more credit was needed as compared to that which the existing credit system was able to provide.

As in the case of outstanding debt, the data relating to borrowings in a year are discussed separately in respect of the proportion of borrowers and the amount borrowed per borrower. The percentage of borrowers in a district may tend to vary in a manner different from the amount borrowed per borrowing family. The percentage of borrowers in a community will depend very largely upon the peculiarities of the agricultural economy such as the seasonality in expenditure and receipts, initiation of some new development schemes, etc., as also upon the modes and conventions of family living. Apart from normal considerations, there would arise special features characterizing particular years, the most important of such features being a failure of the agricultural season in which case the percentage of borrowers on current production or consumption account may rise sharply above the general level for the region in normal times. Again, if the impact of adverse seasonal conditions is repeated for more than one year in succession, fresh borrowings, however necessary, may not be feasible under the standards of credit-worthiness adopted by the lending agencies operating in the district. In that event the percentage of borrowing families during the year would be somewhat low although that of indebted families would be high.

4.1 PROPORTION OF BORROWING FAMILIES

The data on the proportion of borrowing and indebted families for the district in the light of the background of seasonal conditions during and preceding the Survey year appear to exemplify a situation similar to that hypothesised above. These show that the cultivators who borrowed during the year formed 37 per cent of the total cultivating families, whereas those who reported debt constituted 58 per cent ; among the non-cultivators, these proportions were 16 per cent and 53 per cent, respectively. Thus, even though there was a failure of crops during the Survey year, only a small proportion of families could borrow during the year as against a fairly large proportion of indebted families. It would appear that the high proportion of indebted families was, perhaps, due to the widespread need for borrowing during the year preceding the Survey year because of famine. Repetition of the failure of rainfall during the Survey year obviously made it difficult to repay the loans borrowed during the year prior to the Survey year for most of the rural families. As a result, the Survey year started with perhaps a very high proportion of indebted families. The proportion of borrowing families among the different groups of cultivators and the non-cultivators, may be observed from the following :

Group	**Proportion of borrowing families during the Survey year*** (In per cent)
Big cultivators	*44·3*
Large cultivators	*47·0*
Medium cultivators	*41·6*
Small cultivators	*20·8*
All cultivators	*36·8*
Non-cultivators	*15·8*
All families	*35·2*

(*General Schedule data)

The data show a declining proportion of borrowing families as one moves down the decile groups and from the cultivating to the non-cultivating class. This trend is to be expected as a curtailment in credit available to the rural families during the Survey year, indicated by the data discussed above, will affect the low income groups, that is, the small cultivators and the non-cultivators, to a greater extent than other groups of rural families.

The proportion of borrowing families in the selected villages is given on page 26.

TABLE 4.1—PROPORTION OF BORROWING FAMILIES

[General Schedule data. In per cent]

Village	Cultivators	Non-cultivators	All families
Dhudhawa	*22·6*	–	***21·8***
Shivkar	*24·9*	–	***24·2***
Bhimda	*20·9*	–	***20·7***
Hotlu	*50·0*	*16·7*	***40·0***
Kelnor	*47·8*	*20·0*	***46·3***
Piprali	*54·9*	*5·9*	***50·3***
Rasbani	*27·3*	–	***27·3***
Samesara Nawa	*26·3*	–	***26·3***

Cultivating families in all the villages reported borrowings during the year in varying proportions. Non-cultivating families, on the other hand, reported borrowings in Kelnor, Hotlu and Piprali only, the proportion of families borrowing varying between 6 per cent and 20 per cent of the total. The proportion of borrowing families among the cultivators was between 48 per cent and 55 per cent in these same three villages, whereas it varied between 20 per cent and 30 per cent in all other villages selected for the Survey. All groups of cultivators except the small cultivators returned a high proportion of borrowing families in the three villages mentioned above ; in Piprali, even the small cultivators returned a high proportion of borrowing families at 50 per cent but in Kelnor and Hotlu the proportion of small cultivators borrowing during the year was 26 per cent and nil, respectively, during the Survey year. The data on borrowings per borrowing family, discussed subsequently, reveal that Hotlu ranked first whereas Kelnor and Piprali last, in the descending order of such borrowings. It would thus be observed that the proportion of borrowing families may vary in a manner different from the borrowings per borrowing family.

4.2 BORROWINGS PER FAMILY

The average amount borrowed per family in the district for the different groups of cultivators and the non-cultivators is given below.

Group	Average borrowing per family* (Rs)
Big cultivators	939
Large cultivators	567
Medium cultivators	194
Small cultivators	68
All cultivators	268
Non-cultivators	22
All families	**249**

(*General Schedule data)

A downward trend in the average borrowing per family, as one moves down the decile groups and from the cultivators to the non-cultivators, is evident from the above.

4.3 BORROWINGS PER BORROWING FAMILY

Attention may now be directed to the other independent series in the data on borrowings, namely, borrowings per borrowing family. The following table gives the average size of borrowing per borrowing family among the different groups of cultivators and the non-cultivators.

Group	Average borrowing per borrowing family* (Rs)
Big cultivators	2,119
Large cultivators	1,208
Medium cultivators	466
Small cultivators	329
All cultivators	728
Non-cultivators	137
All families	**708**

(*General Schedule data)

The average size of borrowing per borrowing family shows a downward trend as we move from the big cultivators to the small cultivators and the non-cultivators, a trend similar to that observed in respect of the proportion of borrowing families and borrowings per family. The ranking of villages according to the descending order of borrowings per borrowing family is given below.

Village	Average borrowing per borrowing family* (Rs)
Hotlu	2,094
Samesara Nawa	1,240
Shivkar	443
Dhudhawa	292
Bhimda	288
Rasbani	228
Piprali	226
Kelnor	221

(*General Schedule data. All families)

Hotlu and Samesara Nawa, located near the important marketing centres, namely, Balotra and Baitu, show a markedly higher level of borrowing per borrowing family. They are followed by Shivkar, Dhudhawa and Bhimda—all situated near the railway line and further to the west of Hotlu. The three villages lying in the interior, namely, Rasbani, Piprali and Kelnor show the lowest level of borrowings per borrowing family.

4.4 SHARE OF BORROWINGS

The share of the different groups of cultivating families in the total borrowings followed closely their corresponding share in the total cultivated holdings. As a result, the incidence of borrowings per acre of cultivated holding on the different groups of cultivating families did not show large differences, as the following table will show :

TABLE 4.2—SHARE OF DIFFERENT GROUPS IN CULTIVATORS' BORROWINGS

Group	Share of holdings (Per cent)	Share of borrowings (Per cent)	Borrowings per acre of cultivated holding (Rs)
Big cultivators	*39·0*	*36·8*	5
Large cultivators	*63·6*	*63·9*	5
Medium cultivators	*25·7*	*28·3*	6
Small cultivators	*10·7*	*7·8*	4

4.5 PURPOSES OF BORROWING

An important aspect of the data relating to credit transactions of rural families during the Survey year is the purposes for which the need for credit was felt. The purposes of borrowing were ascertained and classified into five main groups, namely, capital expenditure on farm, current expenditure on farm, non-farm business expenditure, family expenditure and 'other' expenditure. The distribution of borrowings according to purpose is given below.

Purpose of borrowing	**Proportion borrowed for this purpose to total borrowings*** (In per cent)
Capital expenditure in agriculture	*26·1*
Current farm expenditure	*3·4*
Non-farm business expenditure	–
Family expenditure	*69·7*
'Other' expenditure	*0·8*
More than one purpose	–

(*General Schedule data. All families)

The preponderance of borrowings for family expenditure is evident from these data. Capital expenditure in agriculture was the only other important purpose of borrowing.

The position of the different groups of cultivators was as under:

TABLE 4.3—PROPORTION OF BORROWINGS FOR DIFFERENT PURPOSES TO TOTAL BORROWINGS

[General Schedule data. All families. In per cent]

Purpose	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4
1. Capital expenditure in agriculture.......	*35·4*	*28·8*	*18·3*	*34·8*
2. Current farm expenditure..............	–	*5·2*	*0·2*	*0·4*
3. Non-farm business expenditure........	–	–	–	–
4. Family expenditure....................	*64·0*	*65·5*	*80·8*	*60·8*
5. 'Other' expenditure....................	*0·6*	*0·5*	*0·7*	*4·0*
6. More than one purpose.................	–	–	–	–

The proportion accounting for family expenditure in the medium cultivators' group was 80·8 per cent, as against 60 per cent to 66 per cent in other groups. As the proportion of borrowings for family expenditure was relatively high, the proportion for capital expenditure was relatively low in the medium cultivators' group. It is also observed that the proportion of borrowings for capital expenditure in the small cultivators' group was higher than in the large and the medium cultivators' groups. This has, however, to be viewed in the light of the fact that the borrowings of small cultivators during the Survey year were extremely small, amounting to only Rs 68 per family as against the average borrowings of Rs 268 per cultivating family. The total amount borrowed by the non-cultivators was entirely for family expenditure.

The importance of different items comprising the major purposes of borrowing may be noted. In the total borrowings of Rs 249 per rural family, capital expenditure in agriculture accounted for 26·1 per cent or Rs. 65 per rural family; of this, Rs 58 were for purchase of livestock alone, and the balance of Rs 7 was for digging and repair of wells. Borrowings for family expenditure amounted to Rs 176 per rural family or 69·7 per cent of the total borrowings. As much as Rs 98 per rural family or 55·7 per cent of the total borrowings was for marriage and other ceremonies. 'Other' family expenditure, which would include expenditure on current consumption goods such as food articles and supplies, was the next important purpose of borrowing in connection with family expenditure, accounting for 27·2 per cent of the total borrowings for family expenditure. Thus, the two items mentioned above between them accounted for 82·9 per cent of the total borrowings for family expenditure. A further 13 per cent of the total was borrowed for construction and repair of residential houses and other buildings. The rest was for purchase of clothing, shoes, bedding, etc., (accounting for 2·6 per cent of the total), death ceremonies (accounting for 0·5 per cent of the total) and litigation charges (accounting for 0·9 per cent of the total borrowings). Borrowings for financing current farm expenditure accounted for hardly 3·4 per cent of the total borrowings. 'Other' expenditure comprises repayment of old debts and any other item not covered in the major purposes listed above. Borrowings for 'other' expenditure (including repayments of old debts) amounted to Rs 2 per rural family which was the same as that for litigation charges. No borrowings were recorded for more than one purpose.

While presenting the village data borrowings are given under two groups of purposes, the first comprising borrowings for capital expenditure in agriculture, current farm expenditure and non-farm business expenditure and the other for family expenditure and expenditure on other purposes. The proportion of borrowings by rural families for these two main groups of purposes in each village is given below, arranged in the descending order of the proportion borrowed for family and other purposes.

TABLE 4.4—RANKING OF VILLAGES ACCORDING TO PROPORTION OF BORROWINGS FOR FAMILY AND OTHER EXPENSES TO TOTAL BORROWINGS

[General Schedule data. All families. In per cent]

Village	PROPORTION OF BORROWING FOR THIS PURPOSE TO TOTAL BORROWINGS	
	Family and other purposes	Farm and non-farm business
Samesara Nawa	*76·1*	*23·9*
Hotlu	*74·3*	*25·7*
Piprali	*71·9*	*28·1*
Dhudhawa	*64·1*	*35·9*
Kelnor	*63·7*	*36·3*
Rasbani	*48·4*	*51·6*
Shivkar	*35·5*	*64·5*
Bhimda	*20·0*	*80·0*

The data show that in Hotlu and Samesara Nawa, where borrowings by rural families were the highest, the proportion borrowed for family and other purposes was also the highest. In five villages borrowings for family and other purposes exceeded the borrowings for business purposes.

The data on the purposes of borrowings collected through the intensive investigation of selected cultivators were broadly divided into two categories. Loans which were borrowed and fully repaid during the year were studied separately from those which were outstanding at the end of the year. The main purpose for this division of loan transactions of the cultivators during the Survey year was to find out whether or not borrowings for short-term purposes predominated in loans, borrowed and fully repaid during the year as compared to those which were borrowed during the year but not fully repaid. It may be pointed out in the first instance that out of the total borrowings of Rs 207·5 per family reported by the upper strata cultivators and Rs 39·8 per family reported by the lower strata cultivators, only Rs 10 and Rs 3 per family, respectively, were borrowed and fully repaid during the year. It was found that 78 per cent and 100 per cent of the total of the loan amounts borrowed and fully repaid by the upper and the lower strata cultivators, respectively, were for family expenditure. The remaining amount borrowed by cultivators of the upper strata was for capital expenditure in agriculture. In the case of borrowings not fully repaid during the year 56 per cent and 54 per cent was borrowed by the upper and the lower strata cultivators, respectively, for family expenditure and the rest was for capital expenditure in agriculture. It will be observed that there were no borrowings for current farm or non-farm business expenditure in either case.

An attempt can be made to ascertain the extent to which the data on borrowing purposes discussed above correspond with the financing of actual expenditure out of borrowings. According to borrowing-purpose classification it was found that Rs 65 per rural family were borrowed for capital expenditure in agriculture. As against this, out of a total capital expenditure in agriculture of the order of Rs 156 per rural family, Rs 79 were reported to have been financed from borrowings. As regards family expenditure, the borrowing-purpose data reveal that Rs 175 were borrowed under this head, including Rs 48 for 'other' family expenditure, comprising items not recorded in the expenditure data. Thus, borrowings for family expenditure, excluding those items for which expenditure incurred was not recorded, amounted to Rs 127 per rural family (Rs 175–Rs 48). As against this, the amount of family expenditure on the recorded items financed out of borrowings was Rs 123 per rural family, in a total family expenditure of Rs 352 per rural family. As regards capital expenditure on non-farm business amounting to Rs 12 per rural family, Rs 8 were reported to have been financed by borrowings ; however, data on borrowing purposes reveal no borrowings for this purpose. It would be observed that the differences between the amounts involved in the reported purposes of borrowing and the actual expenditure financed from borrowing were not of a large order.

The individual items comprising capital expenditure in agriculture for which borrowings were reported and expenditure on which was reported to have been financed from borrowings were only three. These were digging and repair of wells, purchase of livestock and 'other' capital expenditure in agriculture. According to the borrowing purpose data, only Rs 7 were reported to have been borrowed for digging and repair of wells ; on the other hand, of the total expenditure incurred on the item, Rs 32 were reported to have been financed from borrowings. It may also be noted that Rs 58 per rural family were reported to have been borrowed for the purchase of livestock whereas in the actual expenditure incurred on the purchase of livestock, borrowings accounted for Rs 46 per rural family. Finally, no borrowings were reported for 'other' capital expenditure in agriculture whereas of the total expenditure incurred in this connection Rs 2 were reported to have been financed from borrowings. It would thus appear that the proportion of borrowings utilized for digging and repair of wells was larger than the amount borrowed for this purpose and the proportion of borrowings utilized for the purchase of livestock was smaller than the extent of borrowings for the purpose. The divergence between the two is, perhaps, due to the fact that deepening of wells became an urgent necessity over large parts of the district as a result of famine. As regards family expenditure, Rs 98 were reported to have been borrowed for marriage and other ceremonies and Rs 97 of the total expenditure in that connection were reported to have been financed from borrowings. The amount borrowed for clothing, shoes, etc., was Rs 5 per family which also represented the amount of expenditure in this connection financed from borrowings. The amount borrowed for the construction and repair of residential houses and other buildings and the extent of expenditure in the same connection financed from borrowings stood, respectively, at Rs 23 and Rs 12 per rural family ; in the case of death ceremonies these amounts were Re 1 and Rs 8, respectively. In conclusion, it may be observed that the broad totals of borrowings for major purposes and the amounts of expenditure financed out of borrowings for the same purposes were not far different. As regards different items comprising these major heads, a noticeable divergence between the reported purpose of borrowings and the actual utilization of borrowings appears to have occurred in the case of digging and repair of wells and purchase of livestock, for reasons already indicated.

4.6 GRAIN LOANS

Information regarding grain and other commodity loans, borrowed and fully repaid during the twelve-month period April 1951 to March 1952, and those outstanding as at the end of the Survey year was collected in the intensive enquiry. Data were collected separately for all commodities that entered into these transactions. The tabulation was done separately for grain loans and other loans in kind. It was observed that the proportion of families who borrowed grain loans was 35·8 per cent as compared to 45·8 per cent of those who borrowed cash loans. The value of grain loans borrowed amounted to Rs 34 per cultivating family and formed 27·4 per cent of the amount of cash loans borrowed during the year. If we take the value of grain loans per borrowing family, it amounted to Rs 95 or about 35 per cent of the cash loans borrowed per borrowing family. The value of outstanding grain loans was Rs 59 per family which was about 11 per cent of the outstanding cash loans.

The proportion of families who reported borrowing of grain loans was 38·2 per cent and 33·3 per cent among the upper and the lower strata cultivators, respectively. The quantity of grain loans borrowed per family by the upper strata cultivators, however, was much higher at 96·9 seers as compared to 43·4 seers by the lower strata cultivators. Similarly, the quantity borrowed per borrowing family was 253·7 seers among the upper strata cultivators as compared to 130·0 seers among the lower strata cultivators. The number of loans borrowed was 1·5 and 1·2 per borrowing family among the cultivators of the upper and the lower strata, respectively.

As could be expected, 97·9 per cent and 89·3 per cent of the grain loans borrowed by cultivators of the upper and the lower strata, respectively, were for family expenditure. The rest were borrowed mainly for agricultural purposes.

As grain loans were predominantly for family consumption, it was observed that *bajra*, which is the staple food of the people in the district, was mainly borrowed. Out of 96·9 and 43·4 seers borrowed per family by cultivators of the upper and the lower strata, *bajra* accounted for 87·6 and 38·7 seers, respectively. The remaining quantity borrowed was generally in the form of pulses other than gram.

The total quantity of grain loans borrowed, as stated in the preceding paragraph, included the quantity borrowed and fully repaid during the year. The quantity borrowed and fully repaid was very small, amounting to 3·4 seers and 2·7 seers per family in the case of cultivators of the upper and the lower strata, respectively. The quantity of grain loans borrowed but not fully repaid during the year and the quantity outstanding at the end of the year per family as well as per borrowing family are given below.

TABLE 4.5—GRAIN LOANS

[Intensive enquiry data. Quantity in seers]

Strata	PER FAMILY		PER BORROWING FAMILY	
	Quantity borrowed but not fully repaid	Quantity outstanding	Quantity borrowed but not fully repaid	Quantity outstanding
	1	2	3	4
Upper strata.............	93·5	103·0	244·8	269·5
Lower strata.............	40·6	52·8	121·9	158·7
All cultivators.........	**67·0**	**77·9**	**187·1**	**217·6**

It may be observed that the quantity of grain loans outstanding per family was 10·2 per cent and 30·0 per cent more than the quantity borrowed but not fully repaid by cultivators of the upper and the lower strata, respectively. For all cultivators the quantity outstanding was 16·3 per cent above the quantity borrowed but not fully repaid during the year.

Grain loans are mainly borrowed for short-term purposes and are usually repaid immediately after harvest. The quantity of grain loans outstanding for more than one year, however, constituted 35·0 per cent of the total quantity outstanding and the number of loans outstanding for more than one year constituted 20·7 per cent of the total number of loans outstanding. The proportion of the quantity of grain loans outstanding for more than one year to the total among cultivators of the upper and the lower strata was 35·1 per cent and 34·6 per cent, respectively.

Loans in kind, it appears from the foregoing, supplemented in an important way cash borrowings of the cultivators during the year. The number of those who resorted to such loans constituted more than three-fourths of those who borrowed in cash. The value of the quantity borrowed exceeded one-third of the amount borrowed in cash, even at farm prices. In relation to outstanding debt the value of grain loans borrowed and/or outstanding was small. This indicates that either grain loans borrowed in earlier years were promptly repaid or more probably, that grain loans acquired particular importance during the Survey year on account of famine.

4.7 CREDIT REQUIREMENTS

In the intensive enquiry, the selected cultivating families were asked through a questionnaire whether or not they required credit for certain specified items of capital investment in agriculture including purchase of land and livestock. The specific items included in the questionnaire were (1) purchase of bullocks, (2) purchase of implements and machinery, (3) bunding, land improvements and land reclamation, (4) increasing the size of holding by tenancy, (5) increasing the size of holding by purchase of land, (6) digging of wells, (7) making use of other irrigation resources and (8) undertaking cultivation of more remunerative but costly crops like cash crops or garden crops.

It is proposed to discuss here the replies to these questions under the various headings specified above. The replies are examined mainly in the light of the data regarding actual expenditure, reported by cultivators of the same decile groups, on the same items. It is expected that such an examination will bring out both the extent to which the concept of requirements was formulated in relation to actual experience of the cultivators and the extent to which the requirements in particular directions were put at a high or a low level in relation to actual expenditure incurred.

Information on the actual expenditure incurred by the cultivators on most of these items was collected by us through the General Schedule used for all resident families of the selected villages as well as through the intensive enquiry schedules used for the fifteen selected cultivating families in each of the selected villages. Data were not collected regarding the actual expenditure incurred for increasing holding by tenancy, though, as stated above, information about credit requirements in respect of this item was sought through the questionnaire. Also, data regarding actual expenditure on cultivation of more remunerative but costly crops were not separately collected ; it is expected that these would have been reported partly in other capital investment expenditure in agriculture excluding purchase of land and livestock and partly in current farm expenditure. The coverage in the case of purchase of land would be identical in both ; expenditure incurred on livestock is juxtaposed with reported requirements for bullocks, whereas the expenditure on other capital investments in agriculture is juxtaposed with the total requirements for purchase of implements and machinery, bunding and other land improvements and reclamation, digging of wells and making use of other irrigation resources.

A study of the data reveals some interesting features. The total credit requirements of cultivators of the upper and the lower strata for development purposes were Rs 353 and Rs 291 per family, respectively, which were about one and a half times and five and a half times larger than their corresponding actual expenditure on capital investment in agriculture. The proportionate importance of different items in the actual expenditure and credit requirements reported by cultivators of the upper strata can be observed from the following table :

TABLE 4.6—CAPITAL EXPENDITURE IN AGRICULTURE AND REPORTED CREDIT REQUIREMENTS : CULTIVATORS OF THE UPPER STRATA

[Intensive enquiry data. Amount in rupees per family]

	Purchase of land	Increasing holding by tenancy	Cultivation of costly crops	Purchase of livestock	'Other' capital expenditure in agriculture	**Total**
	1	2	3	4	5	6
1. Expenditure............	2	..	..	136	69	**207**
2. Credit needs............	–	4	1	232	116	**353**
3. Expenditure expressed as percentage of total capital expenditure in agriculture	*1·0*	..	..	*65·7*	*33·3*	***100·0***
4. Credit needs expressed as percentage of total needs.	–	*1·1*	*0·3*	*65·7*	*32·9*	***100·0***

About two-thirds of the total credit requirements as well as of expenditure of the upper strata cultivators were for the purchase of livestock and roughly one-third for 'other' capital expenditure in agriculture. Acquisition of additional land for cultivation, either by purchase or by tenancy, did not figure as an important item for which credit was required, accounting for only 1 per cent of their total reported credit requirements. Expenditure incurred on the purchase of land also constituted an equally insignificant proportion of the total capital investment expenditure in agriculture of this group. The reported credit requirements for the cultivation of costly but remunerative crops were also negligible. Thus, the data reveal a striking similarity between the pattern of actual capital expenditure in agriculture and the reported requirements of credit for the same. In both cases purchase of livestock dominated.

The data for cultivators of the lower strata are given in the following table :

TABLE 4.7—CAPITAL EXPENDITURE IN AGRICULTURE AND REPORTED CREDIT REQUIREMENTS : CULTIVATORS OF THE LOWER STRATA

[Intensive enquiry data]

	Purchase of land	Increasing holding by tenancy	Cultivation of costly crops	Purchase of livestock	'Other' capital expenditure in agriculture	**Total**
	1	2	3	4	5	6
1. Expenditure (Rupees per family)...............	2	..		52	–	**54**
2. Credit needs (Rupees per family)................	–	4	–	158	129	**291**
3. Expenditure expressed as percentage of total capital expenditure in agriculture	*3·7*	..		*96·3*	–	***100·0***
4. Credit needs expressed as percentage of total needs.	–	*1·4*	–	*54·3*	*44·3*	***100·0***

The reported credit requirements for the cultivation of costly but remunerative crops or for purchase of land or for increasing holding by tenancy were negligible in this group. Their credit requirements, therefore, were mainly for the purchase of bullocks and 'other' capital expenditure in agriculture, which accounted for 54 per cent and 44 per cent of the total requirements, respectively. The cultivators in this group, however, incurred almost the entire capital expenditure in agriculture on the purchase of livestock, as no expenditure on 'other' capital investment in agriculture was reported. Thus, the relatively higher proportion of requirements for 'other' capital expenditure in agriculture on their part, as compared to cultivators of the upper strata, reflects the greater extent to which their needs of expenditure in directions represented by 'other' capital investment had, perhaps, remained unsatisfied. Further, the reported requirements of credit for 'other' capital expenditure in agriculture by the lower strata cultivators, even in terms of amount, were greater than those reported by the upper strata cultivators.

An item-wise breakdown of the reported credit requirements for different purposes is given below.

TABLE 4.8—CREDIT REQUIREMENTS OF SELECTED CULTIVATORS FOR DEVELOPMENT PLANS

[Intensive enquiry data. Amount in rupees per family]

Item	Upper strata	Lower strata
1. Purchase of bullocks	233 *(65·7)*	158 *(53·7)*
2. Purchase of implements and machinery	29 *(8·1)*	13 *(4·5)*
3. Bunding, land improvement and land reclamation	4 *(1·1)*	– (–)
4. Increasing the size of holding by tenancy	4 *(1·1)*	4 *(1·4)*
5. Increasing the size of holding by purchase of land	–	–
6. Digging of wells	82 *(23·2)*	116 *(40·4)*
7. Making use of other irrigation resources	1 *(0·3)*	– (–)
8. Undertaking cultivation of more remunerative but costly crops like cash crops or garden crops	1 *(0·3)*	– (–)
Total	**353** ***(100·0)***	**291** ***(100·0)***

(Figures within brackets indicate percentages to total)

Of the various items comprising 'other' capital expenditure in agriculture, excluding purchase of land and livestock, only two were important from the standpoint of credit requirements, namely, digging of wells and purchase of implements and machinery. Even among these two, the requirements in connection with wells overshadowed those for implements and machinery. The upper strata reported requirements of Rs 82 per family for digging of wells, accounting for 23 per cent of their total requirements for all purposes ; the corresponding amount and percentage for cultivators of the lower strata were Rs 116 and 40 per cent, respectively. The requirements of the upper strata cultivators for the purchase of implements and machinery were Rs 29 per family as against Rs 13 per family reported by the lower strata cultivators. It should be noted that the cultivators of the lower strata incurred no expenditure on 'other' capital investment and, therefore, did not spend anything on digging and repair of wells; on the other hand, cultivators of the upper strata spent Rs 48·1 per family on digging and repair of wells. It is thus clear that apart from purchase of livestock, the only other important purposes for developmental credit required by cultivators of both the strata were digging of wells and purchase of implements and machinery. The overwhelming importance of expenditure on and requirements for livestock also points to the direction in which potentialities for future development exist.

The extent to which total capital investment expenditure was financed from owned resources by cultivators of both the strata during the Survey year is given below.

Strata	Capital expenditure in agriculture per family* (Rs)	Expenditure per family financed from owned resources (Current income and past savings)* (Rs)
Upper strata...........	207	72
Lower strata...........	54	25
All cultivators.......	**130**	**48**

(*Intensive enquiry data)

It is observed that only 34·8 per cent and 45·5 per cent of the capital expenditure in agriculture incurred by cultivators of the upper and the lower strata, respectively, was financed from owned resources. The rest was financed mainly by borrowing.

The extent to which the reported credit needs of the cultivators were realistic in their total magnitude may be indicated by the proportion that these credit requirements constituted of the value of total assets or owned land and buildings of the cultivators. The relative data are given below.

	Amount in rupees per family*
Value of total assets................	2,629
Value of owned land and buildings....	1,676
Credit requirements................	322
Credit requirements as percentage of value of total assets..............	*12·2*
Credit requirements as percentage of value of owned land and buildings..	*19·2*

(*Intensive enquiry data)

It would appear from the above that both in relation to the value of total assets and that of fixed assets in the form of owned land and buildings the reported credit requirements of the cultivators of the district were well within their borrowing capacity.

Besides obtaining information on the credit required by cultivators for development purposes, they were also asked so far as current farm expenditure was concerned, whether or not they experienced difficulty in obtaining credit for financing the same. Sixty-three out of eighty cultivators from the upper strata and twenty-seven out of forty cultivators from the lower strata replied that they did, in fact, experience difficulties in meeting expenses for agricultural operations due to lack of finance. Replies of the cultivators to the question relating to their preference for the use of credit, if made available, for intensive tillage, better manure and seeds indicate that only six cultivators from the upper strata and three from the lower strata required additional credit for better manuring. A large proportion of cultivators indicated the need for credit for intensive tillage and seeds; their replies, however, did not indicate a preference for one over the other as about an equally large number indicated they would use credit, if made available, in both these directions.

Three important points linked with the provision of credit facilities are the rate of interest at which cultivators require credit, the period for which they need it and the security they can offer for it. Indication on these points was, therefore, sought to be obtained through the questionnaire on credit requirements. All cultivators who replied to the question in respect of the rate of interest at which loans were required indicated that they would like to borrow at rates varying from 5 per cent to 7½ per cent, except one cultivator in the lower strata who required credit at 3 per cent or below. The actual interest rates paid by cultivators of the upper strata on loans borrowed, however, exceeded that at which additional credit was required by them. Only 19·9 per cent of the total amount borrowed by them and 40·5 per cent of the total number of loans obtained by them were at an interest rate of less than 10 per cent. In fact a large proportion of the credit obtained at less than 10 per cent was reported to have been free of interest, 17·3 per cent of the amount and 35 per cent of the loans being reported to have been interest-free. Most of the amount borrowed at 10 per cent or above was borrowed at rates varying from 10 to 12½ per cent although, 12·9 per cent of the total amount borrowed was at interest rates varying from 18 per cent to 25 per cent. In the case of cultivators of the lower strata the position was totally different. It was reported that 84·9 per cent of the total amount of loans and 82·2 per cent of the total number of loans borrowed during the year were interest-free. An explanation of this phenomenon is attempted in the latter part of this report dealing with the working of agencies supplying rural credit. Most of the remaining credit was obtained at interest rates varying from 18 per cent to 25 per cent.

Cultivators were asked as to the period for which they required credit for development purposes. Twenty-four and sixteen cultivators from the upper and the lower strata, respectively, did not reply. A majority of those who replied, however, among both the groups of cultivators said that they required credit for a period of two to five years. Some required credit for one to two years whereas those who required it for less than one year or for more than five years were very few.

The security which the cultivators were prepared to offer against additional credit requirements reported by them was in all cases stated to be personal security. However, only forty out of eighty cultivators from the upper strata and thirteen out of forty cultivators from the lower strata replied to this question. It may be pointed out that the entire amount borrowed by cultivators of both the strata in the district was reported to be against personal security.

CHAPTER 5

REPAYMENTS

5.1 PROPORTION OF REPAYING FAMILIES

The proportion of families reporting repayments during the Survey year, which was characterized by a virtual failure of crops for the second year in succession, was negligible, being 4·2 per cent only. All the families reporting repayments were from the cultivating class, constituting 4·6 per cent of the total. This proportion was 9·7 per cent and 7·2 per cent in the case of the big and the large cultivators respectively, and it declined to 3·2 per cent and 3·8 per cent in the case of the medium and the small cultivators, respectively. In Hotlu and Rasbani, none of the cultivating families reported repayments. In Kelnor, a small proportion of the large cultivators reported repayments. The proportion of repaying cultivating families in the selected villages of the district was as under :

Village	All cultivators* (Per cent)
Dhudhawa	*27·0*
Piprali	*15·9*
Samesara Nawa	*6·3*
Bhimda	*3·5*
Shivkar	*2·5*
Kelnor	*1·1*
Hotlu	–
Rasbani	–

(*General Schedule data)

The proportion of repaying families in Dhudhawa, Piprali and Samesara Nawa was higher than that in the other villages in respect of all cultivating groups, with the exception of the medium cultivators of Samesara Nawa, who did not report any repayments at all.

5.2 REPAYMENT PER REPAYING FAMILY

The families who reported repayments repaid, on an average, Rs 287 per family. The amount repaid per repaying family in the case of the big and the large cultivators was Rs 265 and Rs 358, respectively, whereas among the medium and the small cultivators it was Rs 194 and Rs 261, respectively. Dhudhawa, which returned the largest proportion of repaying families, also returned the second largest amount of repayment per repaying family. The average amount of repayment made per repaying family in the selected villages is set out below.

Village	Amount repaid per repaying family* (Rs)
Samesara Nawa	560
Dhudhawa	534
Shivkar	340
Kelnor	260
Piprali	207
Bhimda	105
Hotlu	–
Rasbani	–

(*General Schedule data)

Samesara Nawa, which occupied a third rank according to the proportion of repaying families, stands first in the present case and Shivkar has similarly moved up from the fifth place in the earlier case to the third place.

5.3 REPAYMENT PER FAMILY

The average amount repaid, in view of the extremely small proportion of repaying families, was only Rs 12 per rural family and Rs 13 per cultivating family. The average amount repaid by both the big and the large cultivators was Rs 26 per family and that repaid by the medium and the small cultivators was Rs 6 and Rs 10 per family, respectively. The ranking of villages according to the average amount repaid per family was as under :

Village	Average repayment per family* (Rs)
Dhudhawa	139
Samesara Nawa	35
Piprali	30
Shivkar	8
Bhimda	4
Kelnor	3
Hotlu	–
Rasbani	–

(*General Schedule data. All families)

It will thus be observed that in Dhudhawa, Samesara Nawa and Piprali alone substantial amounts of repayments were recorded during the Survey year. In Dhudhawa and Piprali, the proportion of repaying families exceeded 10 per cent of the total number of families in the village. Dhudhawa, Piprali and Samesara Nawa ranked among the first three in respect of repayment made by each group of cultivating families in different villages, with two exceptions. These were the small cultivators of Piprali who ranked fourth among the selected villages in respect of repayment per family made by this class and secondly, the medium cultivators of Samesara Nawa who did not report any repayment at all.

The data collected in the intensive enquiry reveal that repayments by all cultivators amounted to Rs 13·9 per family and those by cultivators of the upper and the lower strata to Rs 11 and Rs 17 per family, respectively. Information regarding the sources of finance for the repayments made was collected both in the General Schedule and the intensive enquiry. The General Schedule data, which are for all rural families, show that current income was the principal source of financing the small volume of repayments reported, accounting for 91·1 per cent of the total; borrowings and sale of assets accounted for 6·4 per cent of the repayments, whereas the rest were accounted for by other sources and past savings. The data from the intensive enquiry, which were tabulated separately for cultivators of the two strata, show that repayments of cultivators in both the strata were almost entirely financed from current income, accounting for 99·2 per cent and 100 per cent of the total in the case of cultivators of the upper and the lower strata, respectively.

5.4 REPAYMENTS IN RELATION TO BORROWING AND DEBT

The repaying activity of the rural families during the Survey year would necessarily be confined to those who had some outstanding liabilities at the beginning of the Survey year, or who contracted fresh liabilities during the year or both. It would, therefore, be of interest to compare the proportion of repaying families and the amount repaid to the proportion of borrowing and indebted families and the amounts borrowed or outstanding. The proportion of repaying to borrowing families for all families and for cultivating families was 12 per cent and 12·5 per cent, respectively. The proportion of repaying to borrowing families was the lowest among the medium cultivators of the district, at 7·7 per cent; it was 21·9 per cent and 15·3 per cent among the big and the large cultivators, respectively, and 18·1 per cent among the small cultivators. The higher proportion of repaying to borrowing families in the small cultivators' group reflects, in the main, the very low proportion of borrowing families in this group.

In relation to the number of rural families who were in debt at the time of the Survey, those who made any repayments during the Survey year appeared to be even smaller than in relation to families borrowing during the year. The proportion of repaying to indebted rural families was only 7·4 per cent, whereas it was 8 per cent in the case of cultivating families. The proportion among the medium cultivators was again the lowest at 5 per cent. It was 16·5 per cent and 11·8 per cent among the big and the large cultivators, respectively, and 8 per cent among the small cultivators.

Repayments made by the rural families of the district constituted 4·9 per cent of their borrowings during the year. The proportion in the case of the cultivating families was 4·9 per cent whereas for the big, the large, the medium and the small cultivators, it was 2·7 per cent, 4·5 per cent, 3·2 per cent and 14·4 per cent, respectively. It may be noted here that the higher proportion of repayments to borrowings reported by the small cultivators' group was due mainly to the small volume of their borrowing, amounting to Rs 68 per family, as compared to Rs 268 per family for all cultivating families. The repayments of small cultivators were Rs 10 per family as compared to Rs 13 per family for all cultivators.

Repayments made towards outstanding debt may relate not only to the amounts borrowed during the year but also to the outstanding debt at the beginning of the year. Borrowings during the year and the debt outstanding at the beginning of the year together are equal to the total outstanding debt at the time of the Survey plus the repayments made during the Survey year. The proportion of repayments to debt plus repayments for the district as a whole, for all families, was 2·4 per cent. For the cultivating families alone, it was 2·5 per cent, and for the four classes of cultivators it was 1·9, 2·9, 1·3 and 4·1 per cent, respectively, from the big to the small cultivators.

It is clear from the foregoing that, viewed from any angle, the repayment performance of rural families during the Survey year was very poor, which is, of course, understandable in the light of the fact that the district suffered two successive bad seasons.

CHAPTER 6

FAMILY EXPENDITURE

The business account of the large bulk of the small producers in India, especially cultivators, cannot be easily separated from their expenditure on family consumption account. As is apparent from the data relating to purposes of borrowing, borrowing for investment or current production purposes is many times overshadowed by borrowing for short-term or long-term family expenditure. Strictly speaking it is necessary, therefore, to take account of the total operations of the cultivator in relation both to farm business and family living for arriving at an understanding of the operations of the credit system. However, in the context of the limited scope of our Survey, only details of farm operation were studied in relation to a sample of cultivating families and these data are discussed separately. It was expected that the bulk of the borrowing would take place in most districts and in most strata of cultivators for expenditure on investment account and for expenditure on durable consumption goods or special occasions of family expenditure such as death, marriage and other ceremonies, sickness and litigation. Accordingly, information relating to these items was collected in the General Schedule. In relation to family expenditure, the main gap left in the General Schedule was that relating to expenditure on current consumption account; this was not attempted to be filled even for the sample of cultivating families. Family expenditure accounts for a very important share of the total borrowings undertaken by families, and it would be useful to have some idea regarding the broad sizes of the main categories of that part of this expenditure for which we obtained information. The extent to which borrowings could be attributed to expenditure not itemized in the General Schedule has already been discussed in Chapter 4.

Before proceeding to deal with the data, it needs to be emphasized that information on family expenditure was obtained through the General Schedule chiefly for the purpose of ensuring that the respondents remembered all the important occasions of borrowing. The General Schedule was not intended directly to constitute an enquiry into family expenditure. Despite this limitation the data are valuable in themselves and show, in the main, broad divergences of real importance. The close consistency of these data with other data of the Survey such as those relating to levels of borrowing clearly demonstrates their value in giving a comparative picture of the different strata and villages.

6.1 RECORDED ITEMS OF FAMILY EXPENDITURE

We have divided, for the purpose of general comparison, all the items for which information was obtained into four broad classes as under: (1) expenditure on construction and repair of residential houses and other buildings, (2) expenditure on the purchase of durable consumer goods such as utensils, furniture, clothing, shoes, etc., (3) expenditure in connection with death, marriage and other ceremonies and (4) medical and educational expenses and litigation charges. All these categories were considered by us to form part of family expenditure and to give rise to occasions for borrowing. It was also considered that expenditure in relation to these items would ordinarily be undertaken on a limited number of occasions and in comparatively large sums and that, therefore, the reporting of expenditure in relation to these items for a twelve-month period may be fairly reliable.

6.2 TOTAL FAMILY EXPENDITURE

Data on the important items of family expenditure incurred during the twelve months preceding the month of investigation were collected from all families in the selected villages. In view of the limitations pointed out above, in the following discussion the term total family expenditure should be clearly understood as indicating merely the total of recorded items.

The total of family expenditure on recorded items amounted to Rs 352 per rural family. This was by far the largest expenditure on any single group of items recorded during the Survey year. The average amount of family expenditure incurred by the non-cultivating families was Rs 182 per family which was nearly one-half of Rs 366 per cultivating family. The level of family expenditure declined from the big to the small cultivators' group amounting to Rs 960, Rs 556, Rs 323 and Rs 232 per family, respectively.

In the selected villages, the total family expenditure per rural family varied widely from Rs 143 in Rasbani to Rs 728 in Hotlu, as may be observed from the following :

Village	Total expenditure per rural family on recorded items of family expenditure* (Rs)
Hotlu	728·0
Samesara Nawa	567·5
Dhudhawa	393·8
Bhimda	319·3
Shivkar	318·9
Piprali	191·5
Kelnor	160·6
Rasbani	143·3

(*General Schedule data)

Three groups of villages with markedly different levels of average family expenditure per rural family are discernible from the above. In Hotlu and Samesara

Nawa the expenditure exceeded Rs 500 per rural family. The other group which comprises Dhudhawa, Shivkar and Bhimda shows an average expenditure which varies between Rs 300 to Rs 400 per rural family. Finally, in Kelnor, Piprali and Rasbani the level of family expenditure was below Rs 200 but above Rs 100 per rural family.

In the preceding chapters it has been seen that the ranking of villages in the descending order of the proportion of borrowing and indebted families, the amounts borrowed and outstanding, the growth of debt during the Survey year and even the average size of cultivated holding followed generally the same pattern as that observed above in the ranking according to the descending order of family expenditure per family. The village data on various items of capital investment expenditure, which are discussed in the following chapter, reveal the same pattern. In this connection, it is of interest to note that the villages Hotlu and Samesara Nawa, which usually rank first according to the size of debt, borrowings, expenditure, etc., are situated in the eastern part of the district, where the rainfall is usually higher and soils have a little more water retaining capacity, as compared to the western part of the district. Both these villages are very near to the marketing centres and railheads Balotra and Baitu, respectively. It is found that Dhudhawa, along with Samesara Nawa is situated near Baitu but it is situated at a greater distance from this centre. The villages Shivkar and Bhimda are both farther to the west of the three villages mentioned above. They are both situated near Barmer, the district headquarters, and from the standpoint of soil and climatic conditions are situated less favourably than the villages in the eastern part of the district. Finally, the villages Piprali, Kelnor and Rasbani are all situated in the interior of the desert at greater distances from marketing centres or railheads and are accessible with difficulty. It would thus appear that the ranking of villages is not entirely unrelated to factors such as soil and climatic conditions, accessibility to means of transport and communications, etc.

In Rasbani and Samesara Nawa, there were no non-cultivating families. In three villages, namely, Shivkar, Bhimda and Kelnor the level of family expenditure per non-cultivating family was higher than that per cultivating family. The average for the district, however, was higher for the cultivators.

We may consider the relative proportions of the expenditure on each item to the total incurred by the different classes of cultivators, by all cultivators and by the non-cultivators as the starting point of the discussion on individual items of family expenditure.

Taking all cultivating families together, the item of family expenditure termed durable consumer goods showed the highest average level of expenditure accounting for 54·5 per cent of the total; next in importance was the expenditure on death, marriage and other ceremonies which accounted for 35·1 per cent of the recorded expenditure on family living. It was followed by medical and educational expenditure and litigation charges. Construction and repair of residential houses and other buildings recorded the lowest level of expenditure. Purchase of durable consumer goods accounted for 82·7 per cent of the total family expenditure of non-cultivators. The data for the different groups of cultivating families reveal that the relative importance of expenditure on marriage and other ceremonies declined and that of expenditure on durable consumer goods increased with the decline in the size-class of the cultivating groups. Among the big cultivators' group, the expenditure on marriage and other ceremonies exceeded that on durable consumer goods.

TABLE 6.1—EXPENDITURE ON RECORDED ITEMS OF FAMILY EXPENDITURE

[General Schedule data. In per cent]

Group	Total	Construction and repair of residential houses and other buildings	Purchase of durable consumer goods	Death, marriage and other ceremonies	Medical, educational and litigation charges
	1	2	3	4	5
Big cultivators	100 (960)	11·5	36·0	47·4	5·1
Large cultivators	100 (556)	7·7	45·3	42·7	4·3
Medium cultivators	100 (323)	3·8	57·6	36·6	2·0
Small cultivators	100 (232)	0·8	70·5	14·6	14·1
All cultivators	100 (366)	5·0	54·5	35·1	5·4
Non-cultivators	100 (182)	3·0	82·7	6·3	8·0

(Figures within brackets represent average expenditure per family in rupees)

The relative shares of the different classes of cultivators in the total family expenditure along with their shares of cultivated holdings and capital investment expenditure in agriculture are set out below.

TABLE 6.2—SHARE OF DIFFERENT GROUPS OF CULTIVATORS IN TOTAL OF RECORDED ITEMS OF FAMILY EXPENDITURE, SIZE OF HOLDINGS AND CAPITAL EXPENDITURE IN AGRICULTURE

[General Schedule data. In per cent]

Group	Share of total family expenditure	Share of cultivated holdings	Share of capital expenditure in agriculture
Big cultivators	27·6	39·0	45·8
Large cultivators	45·9	63·6	72·9
Medium cultivators	34·6	25·7	18·2
Small cultivators	19·5	10·7	8·9
All cultivators	96·1	–	99·4
Non-cultivators	3·9	–	0·6

The share of the big and the large cultivators in the total family expenditure was much less than their share in the cultivated holding and it was even lower, as compared to their share of total capital expenditure in agriculture indicating that the disparities in the levels of family expenditure as between the different classes of cultivators were smaller as compared to these in the size of cultivated holding or the levels of capital investment expenditure.

6.3 PROPORTION OF FAMILIES REPORTING FAMILY EXPENDITURE

The proportion of families reporting expenditure on the recorded items of family living among cultivators, non-cultivators and all families is given below.

TABLE 6.3—PROPORTION OF FAMILIES REPORTING EXPENDITURE ON RECORDED ITEMS OF FAMILY EXPENDITURE

[General Schedule data. In per cent]

Group	Construction and repair of residential houses and other buildings	Purchase of household utensils, furniture, etc.	Purchase of clothing, shoes, bedding, etc.	Death ceremonies	Marriage and other ceremonies	Medical expenses	Educational expenses	Litigation charges
	1	2	3	4	5	6	7	8
Cultivators............	*6·4*	*7·3*	*100·0*	*2·0*	*10·6*	*4·4*	*1·7*	*3·1*
Non-cultivators........	*10·9*	*13·3*	*99·5*	*2·6*	*2·6*	*2·6*	*5·9*	-
All families..........	*6·7*	*7·8*	*100·0*	*2·1*	*9·9*	*4·2*	*2·0*	*2·8*

Expenditure on purchase of clothing, shoes, bedding, etc., was incurred by almost all families, the proportion of reporting families to total being 100 per cent in the case of cultivators and 99·5 per cent in the case of non-cultivators. On the other hand, the proportion of rural families reporting expenditure on all other items of family living did not exceed 10 per cent in any case. The proportion of non-cultivating families incurring expenditure on residential houses, purchase of utensils, etc., death ceremonies and education was slightly higher than that of the cultivators.

It was noted that death and marriage ceremonies claimed a substantial proportion of family expenditure on recorded items. Although about 9·9 per cent and 2·1 per cent of the rural families incurred expenditure on marriage and other ceremonies and death ceremonies, respectively, the expenditure on these items per reporting rural family was very high, being Rs 1,115 and Rs 453, respectively. Among other recorded items of family living, the expenditure per reporting rural family was high in connection with litigation charges, residential house construction and repair and education at Rs 329, Rs 256 and Rs 232, respectively. The non-cultivators generally reported a much smaller expenditure per reporting family than the cultivators except in the case of medical expenses. The smaller size of expenditure per reporting family incurred by the non-cultivators on items such as education and residential house construction resulted in a smaller average expenditure per family although the proportion of non-cultivators incurring expenditure was larger than that of the cultivators.

6.4 IMPORTANCE OF DIFFERENT ITEMS OF EXPENDITURE IN THE SELECTED VILLAGES

In the following paragraphs, important features of individual items of family expenditure are discussed in relation to the selected villages and the different groups of cultivators.

6.4·1 Construction and repair of residential houses and other buildings

It was observed that a larger proportion of the non-cultivators reported expenditure on construction and repair of residential houses and other buildings than that of the cultivators. The actual position was that non-cultivators in only one village, namely, Hotlu were reported to have incurred expenditure in this connection. This village, however, reported the largest proportion of non-cultivating population among those selected for the Survey at 30 per cent of the total; in all other villages the proportion of non-cultivating families was usually less than 5 per cent of the total. About 17 per cent of the non-cultivators in this village incurred expenditure on residential house construction. The proportion for the district as a whole, after weighting, was 10·9 per cent. In the case of the cultivating families the proportion incurring expenditure for the district as a whole was only 6·4 per cent. Data for the village where the non-cultivators reported expenditure in this connection actually reveal that a larger proportion of cultivators in it, that is, 42·9 per cent of the total, incurred expenditure on residential house construction. However, the village had only fourteen cultivating families and not more than 5 per cent of the cultivating population of other villages incurred expenditure in this connection. As a result, the proportion of cultivating families having incurred expenditure on residential house construction for the district as a whole was smaller than that of the non-cultivators. The proportion of rural families incurring expenditure on residential house construction in the different villages was as under:

Village	Proportion of all families incurring expenditure on residential house construction* (In per cent)
Hotlu	*35.0*
Kelnor	*4.2*
Shivkar	*3.4*
Bhimda	*0.9*
Dhudhawa	*0.8*
Piprali	*0.6*
Rasbani	–
Samesara Nawa	–

(*General Schedule data. All families)

The frequency distribution of cultivators according to the size of expenditure on residential house construction indicates that only the cultivators of Hotlu incurred substantial expenditure. Most of the cultivators incurring expenditure in this connection spent less than Rs 200 each and a few reported expenditure varying between Rs 200 to Rs 600 per family.

6.4.2 Purchase of durable consumer goods

The second item of family expenditure comprising, what we have termed, durable consumer goods such as utensils, furniture, clothing, shoes, etc., comes nearest in our data to being representative of the general consumption account. In some ways, therefore, it may be regarded as a truer index of varying standards of current consumption from group to group than other types of expenditure.

The proportion of rural families incurring expenditure on the purchase of utensils, furniture, etc., was 7·8 per cent. In respect of the non-cultivating families the proportion was larger than that in the case of cultivators. Here again, the expenditure reported in Hotlu was very high as compared to that in other villages. The size of expenditure shows a downward trend with a decline in the size of cultivated holding. Almost all cultivating and non-cultivating families reported expenditure on purchase of clothing, shoes, bedding, etc. The ranking of villages according to the average level of expenditure per rural family on these two items reveals that in one set of villages the expenditure ranged from Rs 243 to Rs 277 per rural family, comprising five villages; in another, comprising the remaining three, the variation was from Rs 128 to Rs 138 per rural family. As might be expected, the three villages showing a lower range of expenditure were those situated in the interior of the district which are accessible with great difficulty, namely, Kelnor, Piprali and Rasbani. The data thus bring out the variations in the standards of current consumption in villages in the interior and those situated near the railway line.

6.4.3 Marriage and other ceremonies

The level of expenditure on death, marriage and other ceremonies is likely, much more largely, to be determined by social conventions and patterns of behaviour than by any other considerations. Expenditure on marriage and other ceremonies was reported by 9·9 per cent of the rural families, the proportion among the cultivating and the non-cultivating families being 10·6 per cent and 2·6 per cent, respectively. Although the proportion of families incurring expenditure on these items was small, the average expenditure per reporting family was high; thus, the expenditure on these items accounted for 31·3 per cent of the total family expenditure incurred by the rural families. The data for different villages indicate that the non-cultivators in only two villages, namely, Bhimda and Shivkar, reported expenditure on marriage and other ceremonies whereas the cultivators in all the selected villages reported expenditure on these items. The average amount of expenditure per reporting cultivating family in the selected villages was as under:

Village	Expenditure per reporting cultivating family on marriage and other ceremonies* (Rs)
Hotlu	3,000
Samesara Nawa	1,254
Shivkar	501
Kelnor	500
Rasbani	500
Dhudhawa	435
Bhimda	405
Piprali	241

(*General Schedule data)

It would be observed that with the exception of three villages, namely, Hotlu and Samesara Nawa at one end and Piprali at the other, the average expenditure on this item varied roughly between Rs 400 to Rs 500 per reporting family. Among the non-cultivators, the expenditure per reporting family was Rs 500 and Rs 100 in Bhimda and Shivkar, respectively.

6.4.4 Death ceremonies

Only 2·1 per cent of the rural families incurred expenditure on death ceremonies. The cultivating families reported expenditure in this connection in seven out of the eight selected villages and the non-cultivators in only two villages. The size of expenditure incurred, per reporting family, in different villages or groups of villages was not marked by a close similarity, as in the case of expenditure in connection with marriage ceremonies. The highest amount of expenditure, however, was incurred in Hotlu.

6.4.5 Professional Services

The last group of items of family expenditure recorded during the Survey year included medical, legal and educational expenditure. Expenditure on professional services in connection with education, medicine and litigation was incurred by less than 5 per cent of the rural families. The non-cultivators did not report any expenditure on litigation. Even in connection with education and medicine they reported expenditure in only two out of the eight villages selected for the Survey. The cultivators reported expenditure in connection with professional services in all except one village. Expenditure on litigation and education was reported in five villages and that on medicine in six. The litigation charges were particularly large among the small cultivators of Samesara Nawa and Piprali. Substantial expenditure on education and medicine were incurred only in Hotlu. The average expenditure per rural family on all the three types of professional services was as under :

Village	Expenditure per family on education and medical and litigation charges* (Rs)
Hotlu	45
Samesara Nawa	33
Piprali	22
Shivkar	13
Bhimda	9
Dhudhawa	8
Kelnor	8
Rasbani	–

(*General Schedule data. All families)

6.5 SOURCE OF FINANCE

Consideration may now be given to the sources from which family expenditure was financed. The data regarding source of finance were tabulated for all the families in the selected villages ; no tabulation was done separately for cultivators or non-cultivators or for any of the different classes of cultivators. The data used for this purpose are those recorded in the General Schedule. The data from the intensive enquiry regarding source of finance are available for the upper and the lower strata of cultivators. They are useful, in the main, to the extent that they bring out any important variations in the manner in which family expenditure of the upper and the lower strata of cultivators was financed. At first, the sources of financing family expenditure for all families according to the General Schedule data may be considered. Adding up the constituent items of family expenditure, the manner of financing them was observed as under :

TABLE 6.4—SOURCE OF FINANCE FOR FAMILY EXPENDITURE

[General Schedule data. All families. Amount in rupees per family]

Source	Amount financed from this source	Percentage of amount financed from this source to total
1. Current income	217	*61·8*
2. Past savings	10	*2·8*
3. Sale of assets	1	*0·3*
4. Borrowings	123	*35·0*
5. Other sources	–	–
Total	**352**	***100·0***

It will be clear from the foregoing that owned resources, namely, current income and past savings provided a little less than two-thirds of the finance required for family expenditure whereas borrowings accounted for a little over one-third of the total. The pattern of financing expenditure on individual items was characterised by a greater reliance on borrowings in the case of items on which average expenditure per reporting family was high. Thus, the expenditure on death, marriage and other ceremonies and construction and repair of residential houses, which was relatively high per reporting family, was financed to a greater extent by borrowings than by other sources. The ceremonial expenditure, besides being larger, has also to be incurred in a lump sum or over a very short period of time. Expenditure on education and medical treatment as well as on durable household consumer goods was financed to a greater extent from current income. In the case of litigation charges it is found that about one-fourth of the total expenditure was financed from borrowings and sale of assets. Out of the total family expenditure of Rs 352 per rural family, Rs 123 were financed from borrowings and of these, Rs 105 were utilized for financing expenditure on marriage and death ceremonies alone.

The data from the intensive investigation of selected cultivators reveal that nearly one-half of the total family expenditure was financed from borrowings and the other half from current income and past savings. The greater importance of borrowings as a source of finance for family expenditure according to the intensive investigation was due, in the main, to a greater resort to borrowings in this connection by cultivators of the upper strata. They financed 55·6 per cent of their total family expenditure from borrowings, as compared to 38·4 per cent by cultivators of the lower strata. The proportion of expenditure on durable consumer goods financed from borrowings by cultivators of the upper strata was lower than that of cultivators of the lower strata. It has to be noted, however, that the expenditure on death, marriage and other ceremonies in the case of cultivators of the upper strata accounted for a higher proportion of their total family expenditure than was the case with cultivators of the lower strata. This expenditure was almost entirely financed out of borrowings in the case of both the strata of cultivators with the result that the proportionate importance of borrowings as a source of finance among cultivators of the upper strata was greater than that in the case of cultivators of the lower strata.

The importance of marriage and other ceremonies as an occasion of borrowing in the family expenditure of the rural families of the district is emphasised by the data discussed above. Two points which emerge are that (1) both the upper and the lower strata cultivators financed almost the entire amount of expenditure in connection with marriage and other ceremonies from borrowings and (2) that these borrowings accounted for a major portion of the total borrowings of rural families for family expenditure purposes.

CHAPTER 7

CAPITAL EXPENDITURE IN AGRICULTURE

In this chapter we propose to discuss the data on capital expenditure collected in the General Schedule. The data on capital expenditure have significance from two points of view. In the first instance, capital expenditure, like other large occasional expenditure, may often be an occasion for borrowing, and in this respect it stands on a footing similar to that of certain items of family living, expenditure on which was recorded by us. Significance also attaches to the direction and size of capital expenditure inasmuch as it reflects the investment by the rural families in capital assets, which may add to their productive capacity.

Data on capital expenditure have been classified for detailed examination into a number of groups. There are, firstly, the data relating to financial investment expenditure by the rural families. The data in relation to financial investment expenditure of the rural families taken together with information collected through the intensive enquiry regarding financial assets of the sample of cultivating families and their preferences in relation to channels in which savings could be directed, present a total picture of financial savings and investments of the rural families, which is of importance for the purpose of our enquiry. Secondly, there is the item which we have termed non-farm business investment expenditure. This is an omnibus class about which we have not much detailed information but the total dimension of which may be of significance for our enquiry. Capital expenditure other than that on financial investment or non-farm business has been termed capital expenditure in agriculture; in this group, capital expenditure on purchase of land and livestock has been treated apart from other capital expenditure in agriculture. The reasons for this separate treatment are set down at the appropriate place. As far as possible we use in all these discussions the term capital expenditure rather than the term investment. However, the term investment has had to be used in many instances and its connotation has been made clear in the Survey Report (Part I, Volume I, p. 531).

7.1 FINANCIAL INVESTMENT EXPENDITURE

Data were collected in the General Schedule on financial investment expenditure consisting of (1) purchase of shares of co-operative societies, banks, etc., (2) additions to deposits in co-operative societies, postal savings and other banks, etc., and (3) purchase of National Savings Certificates, Treasury Bonds, etc. It was found that the rural families in the selected villages did not report any financial investment expenditure during the year covered by the Survey.

The data collected through the intensive enquiry regarding details of financial assets held by the cultivators also revealed that none of the cultivating families held such assets.

The uncertainties of agricultural production and the accompanying insecurity of livelihood, poor savings capacity, the isolation of villages owing to undeveloped means of transport and communications and the general backwardness of the tract would, perhaps, tend to encourage holding of such cash resources as are available in a liquid form (or in the form of bullion, etc.) and thus account for the absence of financial investment in the forms noted above to a large extent.

7.2 CAPITAL EXPENDITURE IN NON-FARM BUSINESS

Capital expenditure by the rural families in non-farm business was relatively small. It was reported in three villages only, namely, Shivkar, Bhimda and Hotlu. The proportion of families reporting such expenditure was larger among cultivators than among non-cultivators, as may be observed from the following. Among the three villages mentioned above, in one only the non-cultivators reported expenditure on this item.

TABLE 7.1—CAPITAL EXPENDITURE IN NON-FARM BUSINESS

[General Schedule data]

Group	Proportion of families reporting expenditure (In per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
All cultivators	*2·5*	13	499
Non-cultivators	*0·1*	–	123
All families	***2·4***	**12**	**498**

In the rural areas of the district there is scarcely any non-farm business activity, other than pastoral occupations, which provide wholetime employment to the families engaged in them. There are, of course, the village craftsmen such as blacksmiths, carpenters, etc. However, almost all persons residing in the rural areas of the district own land, as 92 per cent of the population consisted of cultivators in the selected villages. It is, therefore, not surprising that non-farm business capital expenditure was mostly incurred by the cultivators. The data for the different groups of cultivators are given below.

TABLE 7.2—CAPITAL EXPENDITURE IN NON-FARM BUSINESS

[General Schedule data]

Group	Proportion of families reporting expenditure (In per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
Big cultivators	*3·7*	35	932
Large cultivators	*3·3*	30	925
Medium cultivators	*0·7*	1	69
Small cultivators	*4·2*	11	264

The proportion of medium cultivators reporting expenditure on this item and the amount spent per reporting family were comparatively very small. The proportion of small cultivators reporting expenditure on this item was slightly higher than that of the big and the large cultivators. However, the amount spent by them per reporting family was only about one-fourth of that reported by the big and the large cultivators. Of the total expenditure on non-farm business, 70·8 per cent was financed from borrowings and 29·2 per cent from current income.

7.3 CAPITAL EXPENDITURE IN AGRICULTURE

Capital investment in agriculture included purchase of land, purchase of livestock, reclamation of land, bunding and other land improvements, digging and repair of wells, development of other sources of irrigation, purchase of implements, machinery and transport equipment, laying of new orchards and plantations, and other miscellaneous items of capital expenditure. We may proceed to discuss expenditure on purchase of land.

It has been pointed out already that a large proportion of the district area was under the *Jagir* system of tenure at the time of the Survey. The cultivators enjoyed only occupancy rights in land under this system. The data collected through the Survey reveal that purchase of land was reported in only two of the eight villages selected for the Survey. These were Kelnor and Rasbani ; the proportion of cultivating families reporting expenditure on purchase of land in these two villages was 3·3 per cent and 6·1 per cent, respectively, and the average expenditure amounted to Rs 340 and Rs 85 per reporting family, respectively. The non-cultivators did not report any expenditure on purchase of land in these two villages. The purchase transactions were reported by the medium and the small cultivators only. In Rasbani only the small cultivators reported purchase of land. In Kelnor the medium and the small cultivators reported purchase of land. 93·4 per cent of the total expenditure on purchase of land was financed from current income and the rest from sale of assets. No sale of land was reported by the rural families investigated through the General Schedule. It will be apparent that transactions involving purchase and sale of land are few in this district. This is mainly due to the very poor fertility of the land and its relative abundance, which renders purchase of land an unattractive proposition.

7.4 PURCHASE OF LIVESTOCK

Livestock transactions involving both purchase and sale were reported on a considerably larger scale than transactions in land. Before proceeding with the examination of the data some observations on the characteristics and significance of livestock transactions may be offered. The circumstances under which purchase of livestock takes place and the purposes served by it differ considerably from purchase to purchase. Firstly, there would be some cases in which purchase of livestock may represent a clear addition to assets. Secondly, there may be many others in which the purchase of livestock is undertaken to replace cattle which are lost by death or incapacitated by sickness or old age. In such cases purchase of livestock represents replacement rather than addition to assets. Thirdly, the practice is reported among some strata of cultivators, of cattle being sold soon after the completion of the cultivation season and purchased again just before the next cultivation season. Fourthly, livestock transactions may represent merely the products of current business operations and not a change in the assets position. This may be particularly true of certain areas, and of certain class of people, engaged primarily in rearing livestock for the purpose of sale. Data on purchase and sale of livestock have to be viewed in the light of these considerations.

Twenty-four per cent of the rural families in the selected villages reported purchase of livestock. The proportion of cultivating and non-cultivating families reporting purchase of livestock was 24·9 per cent and 5·9 per cent, respectively. Among the big and the large cultivators, this proportion was 31·6 per cent and 30·8 per cent, respectively. The proportion showed a decline to 25·0 per cent among the medium cultivators and further to 19·0 per cent among the small cultivators. Non-cultivators reported purchase of livestock in only three villages, namely, Dhudhawa, Kelnor and Piprali.

Among the selected villages the proportion of families reporting purchase of livestock in Rasbani and Kelnor was extremely small at 3 per cent and 13 per cent, respectively. In Samesara Nawa, Piprali, Shivkar and Bhimda, it varied between 26 per cent and 30 per cent; in Hotlu, it was 40 per cent whereas in Dhudhawa it was as high as 55 per cent.

The size of expenditure incurred per reporting family on the purchase of livestock by the cultivating groups and the non-cultivators is given below.

Group	Expenditure on purchase of livestock per reporting family* (Rs)
Big cultivators	1,214
Large cultivators	749
Medium cultivators	251
Small cultivators	215
All cultivators	428
Non-cultivators	209
All families	**424**

(*General Schedule data)

It is clear that the amount spent on purchase of livestock by the big and the large cultivators on the one hand and the medium and the small cultivators on the other, per reporting family, were of different orders of magnitude. The size of expenditure per reporting non-cultivating family was of the same order as that reported by the small cultivators.

The average size of expenditure on the purchase of livestock per rural family amounted exactly to Rs 100. The ranking of villages according to the average size of expenditure on the purchase of livestock per rural family is given below.

Village	Expenditure per rural family on purchase of livestock* (Rs)
Hotlu	331
Dhudhawa	131
Samesara Nawa	98
Shivkar	92
Bhimda	76
Piprali	54
Kelnor	34
Rasbani	5

(* General Schedule data. All families)

A decline in the average expenditure from villages situated more advantageously nearer the centres of transport and communication and in the eastern part of the district, to those situated in the interior and in the western part of the district, is evident from the above.

The average expenditure on the purchase of livestock among the cultivating groups and the non-cultivators is given below.

Group	Expenditure on purchase of livestock per family* (Rs)
Big cultivators	385
Large cultivators	231
Medium cultivators	63
Small cultivators	41
All cultivators	107
Non-cultivators	12
All families	**100**

(* General Schedule data)

It was observed that 53·4 per cent of the total expenditure on the purchase of livestock was financed out of current income and another 45·9 per cent by borrowings.

7.5 NET PURCHASE OR SALE OF LIVESTOCK

A large proportion of the rural families of the district reported sale of livestock. It is not easy to infer from the data available, the motivations which governed these sale transactions. The only evidence on the basis of which certain conclusions may be drawn comes from the proportion of families who either only purchased or only sold livestock and that of those who reported both purchase and sale. It may be observed that transactions in livestock of those families which reported both purchase and sale during the Survey year, may be invested with seasonal significance as discussed earlier. It is clear, however, that those families who reported either *only* purchase or *only* sale of livestock during the Survey year, cannot be necessarily said to have been buying or selling livestock as a seasonal feature. Obviously, those who reported only purchase of livestock were either replacing their dead or incapacitated livestock or adding to their livestock assets and those who were only selling livestock were doing so because animals sold were the product of their current business or because of economic compulsion. In the case of purchase transactions, whether the purchase is by way of replacement of or addition to the existing assets, it definitely reveals a certain capacity on the part of those purchasing livestock to undertake the needed replacement or addition to stock. On the other hand, whether the sale of livestock is the result of economic hardship or is the product of current business makes all the difference to the economic position of those selling livestock. If the sales are undertaken with a view to obtaining ready cash owing to conditions of distress prevailing in the district for current consumption purposes, the act of sale would amount to the liquidation of an existing asset. On the other hand, when the sale transactions merely pertain to livestock which is usually the product of current business, they show an additional source of income for the cultivators, which they can fall back upon without a deterioration in their economic position.

In view of these possibilities of interpreting the data it would be worthwhile at first to set out the proportion of families among cultivators of the upper and the lower strata involved in different types of livestock transactions, as these data have been processed only for the sample of cultivators selected for the intensive enquiry.

TABLE 7.3—CAPITAL EXPENDITURE IN AGRICULTURE: PROPORTION OF FAMILIES REPORTING PURCHASE AND SALE OF LIVESTOCK

[Intensive enquiry data. In per cent]

Strata	PROPORTION OF FAMILIES REPORTING			
	Only purchase of livestock	Only sale of livestock	Both purchase and sale of livestock	Neither purchase nor sale of livestock
	1	2	3	4
Upper strata	*21·6*	*21·6*	*10·1*	*46·6*
Lower strata	*16·7*	*26·5*	*3·4*	*53·4*
All cultivators	***19·1***	***24·0***	***6·8***	***50·0***

Considering all cultivators, it is observed that half of them did not report any livestock transactions. The proportion of those reporting both purchase and sale was less than 7 per cent. Nearly one-fourth reported only sale, whereas less than one-fifth of the cultivating families reported only purchase of livestock. Among the upper strata cultivators, the proportion of families not reporting livestock transactions was a little less than half. Ten per cent reported both purchase and sale whereas an equal proportion, namely 21·6 per cent, reported only purchase and only sale of livestock. Among cultivators of the lower strata, a little over half did not report livestock transactions. The proportion of those reporting both purchase and sale was only 3·4 per cent. Significantly, as many as 26·5 per cent reported only sale whereas the proportion of those reporting only purchase was 16·7 per cent. It can be argued that if the sale transactions represented products of current business, then the proportion of those only selling livestock should not be higher among cultivators of the lower strata than that in the case of cultivators of the upper strata, unless the livestock business of cultivators of the lower strata was more developed. As the livestock economy in the district is important for all cultivators, such an assumption may not be tenable. The other alternative explanation for a larger proportion of cultivators of the lower strata only selling livestock would be that they were doing so as a result of economic hardship caused by the failure of the agricultural season for the second year in succession in the district.

The proportion of families reporting both purchase and sale of livestock according to the General Schedule is not available and, therefore, the data cannot be subjected to the type of analysis attempted for the intensive enquiry data. It may be observed that the proportion of families purchasing livestock was generally larger than that of those selling livestock, and there was a net purchase of livestock on the part of all groups except the non-cultivators.

TABLE 7.4—PROPORTION OF FAMILIES REPORTING PURCHASE AND SALE OF LIVESTOCK AND NET PURCHASE OR SALE OF LIVESTOCK

[General Schedule data]

Group	PROPORTION OF FAMILIES REPORTING		Net purchase (+) or sale (—) of livestock (Rupees per family)
	Purchase of livestock (In per cent)	Sale of livestock (In per cent)	
Big cultivators	*31·6*	*35·1*	+ 139
Large cultivators	*30·8*	*23·9*	+ 125
Medium cultivators	*25·0*	*13·6*	+ 39
Small cultivators	*19·0*	*9·0*	+ 21
All cultivators	*24·9*	*15·3*	+ 60
Non-cultivators	*5·9*	*39·7*	— 84
All families	***23·5***	***17·2***	**+ 49**

The value of livestock purchased and sold per rural family in the selected villages was as under :

TABLE 7.5—VALUE OF LIVESTOCK PURCHASED AND SOLD PER FAMILY

[General Schedule data. All families. Amount in rupees per family]

Village	VALUE OF LIVESTOCK		Net purchase (+) or sale (−) of livestock
	Purchased	Sold	
Hotlu	331	162	+ 169
Dhudhawa	131	137	− 6
Kelnor	34	55	− 21
Samesara Nawa	98	31	+ 67
Bhimda	76	24	+ 52
Shivkar	92	19	+ 73
Piprali	54	17	+ 37
Rasbani	5	15	− 10

In three villages, namely, Dhudhawa, Kelnor and Rasbani, the value of livestock sold exceeded that of livestock purchased, whereas in the remaining five the value of livestock purchased was greater.

The data regarding purchase and sale of livestock, according to the intensive enquiry of selected cultivators, revealed a net purchase of livestock on the part of cultivators of the upper as well as the lower strata.

TABLE 7.6—NET PURCHASE OR SALE OF LIVESTOCK PER FAMILY

[Intensive enquiry data. Amount in rupees per family]

Strata	VALUE OF LIVESTOCK		Net purchase (+) or sale (−) of livestock
	Purchased	Sold	
Upper strata	135·5	109·2	+ 26·3
Lower strata	51·4	49·7	+ 1·7
All cultivators	**93·5**	**79·4**	**+ 14·1**

The relatively smaller amount of net purchase of livestock according to the intensive enquiry may be due, in part, to the fact that with the progress of the season, owing to the prevalence of scarcity and famine conditions, further sales of livestock took place by the cultivators after the completion of the General enquiry.

7.6 CAPITAL EXPENDITURE IN AGRICULTURE OTHER THAN ON LAND AND LIVESTOCK

Having considered so far the expenditure on purchase of land and livestock, there remain to be considered the types of capital expenditure undertaken in relation to land and other fixed assets of farm or in relation to farm equipment other than livestock ; all these put together may be called 'other' capital expenditure in agriculture. Data about the amount of expenditure incurred by each family during the period of twelve months preceding the month of investigation and the sources from which the expenditure was financed were specifically obtained with regard to (1) reclamation of land, (2) bunding and other land improvements, (3) digging and repair of wells, (4) development of other irrigation resources, (5) laying of new orchards and plantations, (6) purchase of implements, machinery and transport equipment and (7) construction of farm houses, cattle sheds, etc. While the first five items refer to the improvement of land surface or the availability of water, the remaining two are related to farm equipment and farm buildings. Provision was made for entering expenditure on any item of capital expenditure other than those mentioned above under 'other' capital investments in agriculture. To avoid confusion, this item is being termed miscellaneous capital expenditure in agriculture in the discussion below.

The following table gives expenditure per family on purchase of land, livestock and 'other' capital expenditure in agriculture for the different classes of cultivators.

TABLE 7.7—'OTHER' CAPITAL EXPENDITURE IN AGRICULTURE

[General Schedule data. Amount in rupees per family]

Group	'Other' capital expenditure in agriculture	Expenditure on purchase of livestock	Expenditure on purchase of land
Big cultivators	346	385	-
Large cultivators	173	231	-
Medium cultivators	12	63	3
Small cultivators	2	41	6
All cultivators	**57**	**107**	**3**

It may be observed that the amount of 'other' capital expenditure in agriculture was consistently lower than the expenditure on purchase of livestock. The difference, however, between these two amounts was narrow among the big cultivators' group, but it showed a widening tendency as one moved down the decile groups. The share of different groups of cultivators in the total expenditure on the two items is given below.

TABLE 7.8—SHARE OF DIFFERENT GROUPS IN PURCHASE OF LIVESTOCK AND IN 'OTHER' CAPITAL EXPENDITURE IN AGRICULTURE

[In per cent]

Group	SHARE OF		
	Holdings	Expenditure on purchase of livestock	'Other' capital expenditure
Big cultivators	*39·0*	*37·8*	*62·9*
Large cultivators	*63·6*	*65·2*	*90·6*
Medium cultivators	*25·7*	*23·0*	*8·5*
Small cultivators	*10·7*	*11·8*	*0·9*

It is clear from the foregoing that 'other' capital expenditure in agriculture was confined mainly to the large cultivators' group and the medium and the small cultivators who constituted almost 70 per cent of the total cultivating population accounted for less than 10 per cent of the total expenditure incurred under this head by all cultivators.

The per acre 'other' expenditure in agriculture of the big, the large, the medium and the small cultivators was Rs 1·8, Rs 1·7, Re 0·2 and Re 0·1, respectively. Adding up expenditure on purchase of livestock and 'other' capital expenditure, the disparity in the per acre outlay between the larger and the smaller cultivators diminishes. The per acre expenditure on the two items together amounted to Rs 3·7, Rs 3·7, Rs 2·0 and Rs 2·3 among the big, the large, the medium and the small cultivators, respectively.

The proportion of expenditure on each of the items to the total 'other' capital expenditure in agriculture for all cultivating families taken together is given below.

TABLE 7.9—'OTHER' CAPITAL EXPENDITURE IN AGRICULTURE

[General Schedule data]

Item	Expenditure per cultivating family (Rs)	Proportion of expenditure on this item to total (In per cent)
1. Digging and repair of wells	41	*70·2*
2. Development of other irrigation resources	6	*11·1*
3. Reclamation of land	3	*5·4*
4. Purchase of implements, machinery and transport equipment	2	*4·2*
5. Construction of farm houses, cattle sheds, etc.	2	*3·6*
6. Other (miscellaneous) capital expenditure in agriculture	2	*3·9*
7. Bunding and other land improvements	1	*1·6*
8. Laying of new orchards and plantations	–	–
Total	**57**	***100·0***

It may be observed that seven-tenths of 'other' capital expenditure in agriculture was incurred in connection with digging and repair of wells. No expenditure was incurred on laying of orchards and plantations. The average expenditure per family on digging and repair of wells among different groups of cultivators was as under:

Group	**Expenditure on digging and repair of wells per family* Rs**
Big cultivators	295
Large cultivators	123
Medium cultivators	8
Small cultivators	1
All cultivators	**41**

(* General Schedule data)

It will be seen that expenditure on digging and repair of wells to any significant extent was confined, mainly, to the big and the large cultivators' groups.

The proportion of families incurring expenditure on different items comprising 'other' capital expenditure in agriculture in different groups is given below.

TABLE 7.10—PROPORTION OF FAMILIES REPORTING ITEMS OF 'OTHER' CAPITAL EXPENDITURE IN AGRICULTURE

[General Schedule data. In per cent]

Group	Reclamation of land	Bunding and other land improvements	Digging and repair of wells	Development of other irrigation resources	Laying of new orchards and plantations	Purchase of new implements and machinery	Construction of farm houses, cattle sheds, etc.	Other expenditure
	1	2	3	4	5	6	7	8
Big cultivators.........	*3·4*	*3·4*	*18·2*	*8·6*	–	*3·4*	–	*0·1*
Large cultivators.......	*3·0*	*3·0*	*12·5*	*5·9*	–	*5·9*	*3·0*	*3·1*
Medium cultivators.....	*2·3*	–	*4·4*	*1·0*	–	*6·9*	*4·6*	*2·0*
Small cultivators.......	*0·1*	–	*2·1*	*0·4*	–	*0·5*	–	*0·5*
All cultivators.........	*1·8*	*0·9*	*6·2*	*2·3*	–	*4·6*	*2·7*	*1·8*
Non-cultivators........	–	–	–	–	–	–	–	–
All families..........	***1·7***	***0·8***	***5·7***	***2·1***	–	***4·3***	***2·5***	***1·7***

It will be seen that the non-cultivators did not report any expenditure on items comprising 'other' capital investment in agriculture.

The proportion of families reporting expenditure on different items comprising 'other' capital expenditure in agriculture was rather small. Taking all families together, the largest proportion of families reporting expenditure on any one item was only 5·7 per cent in connection with digging and repair of wells. Apart from the fact that no expenditure was reported on laying new orchards, the proportion reporting expenditure on reclamation of land, bunding and other land improvement and miscellaneous items was comparatively very small. More than 2 per cent of the rural families reported expenditure on digging and repair of wells, purchase of new implements and machinery, construction of farm houses, cattle sheds, etc., and development of other irrigation resources.

The most important item of 'other' capital expenditure in agriculture, namely, digging and repair of wells was financed from borrowings to the extent of 84·8 per cent; the other important item, namely, development of other irrigation resources was, however, financed to the extent of about 56 per cent from other sources. It is likely that this may mean subsidies given by government for constructing tanks called 'bunds', etc., during the Survey year. It is also likely that a part of it may relate to help obtained from charitable institutions and individuals who were working in the district to alleviate the suffering created by the failure of two successive agricultural seasons. Expenditure on miscellaneous items of other investment was financed by borrowings to the extent of about 83 per cent. All other items of 'other' capital expenditure were financed entirely from current income. Borrowings, however, financed a major proportion of 'other' capital expenditure in agriculture, as may be observed from the following :

Source	'Other' capital expenditure in agriculture financed from this source (Rupees per family)	(Percentage to total)
1. Current income..........	16	*30*
2. Past savings............	–	–
3. Sale of assets............	–	–
4. Borrowings.............	34	*64*
5. Other sources...........	3	*6*

The data from the intensive enquiry reveal a position similar to that indicated by the General Schedule data. Eighty-one per cent of 'other' capital expenditure incurred by cultivators of the upper strata was in connection with the development of water resources. Cultivators of the lower strata did not report 'other' capital expenditure in agriculture. The data from the intensive enquiry also reveal that out of the total expenditure of Rs 34·6 per cultivating family, on 'other' capital investment in agriculture only Rs 11·3 was financed from owned resources, that is, from current income or past savings. The rest was financed from borrowings or sale of assets.

The main conclusions emerging from the data presented above are (1) that over four-fifths of the expenditure on 'other' capital investment in agriculture was incurred in connection with digging and repair of wells and development of other irrigation resources, (2) over 90 per cent of 'other' capital investment expenditure in agriculture was incurred by the big and the large cultivators, (3) the non-cultivators did not incur any expenditure on items comprising 'other' capital investment in agriculture whereas among cultivators, the largest proportion of families reporting expenditure on any one item was only 6·2 per cent, the item being digging and repair of wells and finally, (4) about two-thirds of the expenditure incurred in connection with 'other' capital investment in agriculture was financed from borrowings.

For the purpose of considering the level of expenditure on 'other' capital investment in agriculture in the selected villages the various items have been grouped under two heads. In one group are included items connected directly with land improvements, namely, reclamation of land and bunding and other land improvements.

The total of all expenditure under this group is classified as expenditure on land improvements. The remaining items of 'other' capital expenditure in agriculture, namely, digging and repair of wells, development of other irrigation resources, laying of new orchards and plantations, purchase of implements and machinery and transport equipment, construction of farm houses, cattle sheds, etc., and miscellaneous capital expenditure in agriculture are grouped under the head 'other' items. The data are presented below.

TABLE 7.11—EXPENDITURE PER CULTIVATING FAMILY ON LAND IMPROVEMENTS AND OTHERS

[General Schedule data. Amount in rupees per family]

Village	Expenditure on land improvements	Expenditure on Other items
Hotlu	296	50
Kelnor	48	–
Rasbani	27	–
Shivkar	13	28
Piprali	5	–
Dhudhawa	–	–
Bhimda	–	2
Samesara Nawa	–	–

It would be observed that 'other' capital expenditure in agriculture, whether on land improvements or other items was incurred largely in Hotlu. In two villages, namely, Dhudhawa and Samesara Nawa no expenditure on 'other' capital investment in agriculture was reported. In Kelnor, Rasbani and Piprali no expenditure was reported on other items of 'other' capital investment in agriculture, indicating that in these villages in the interior of the desert expenditure on land improvements was more important.

7.7 INVESTMENT—DISINVESTMENT

7.7.1 Measurement of deficits or surpluses in the rural economy

In the preceding sections, those transactions of the rural family which led either directly to capital formation or to an investment of savings were considered. One important direction in which capital transactions connected with family living may take place, namely, construction and repair of residential houses and buildings, was considered earlier in Chapter 6. All these transactions, as noted at the outset, have a significance beyond being important occasions of borrowing by the rural families. They have been termed capital transactions, because, it is assumed, they have a certain investment effect. In view of this, they would reflect in an important measure the savings effort of rural families during the Survey year.

Consideration may be given here to the possibilities of utilizing these data for indicating deficits in the economy. The measurement of surpluses and deficits, from the accounting standpoint, involves either (1) a complete enumeration of total assets and liabilities at the beginning and at the end of a period and comparing the two, or (2) a full enumeration of all transactions during the period *on the current account*, that is, excluding transactions involving transfer of capital assets or changes in liabilities. The latter approach would not prove fruitful as the Rural Credit Survey could not undertake a full enumeration of all current transactions even in respect of the sample of selected cultivators. An attempt to construct balance sheets on the basis of such transactions as were recorded would leave gaps, as for example, in respect of day to day expenditure on food, tobacco, etc., or in respect of receipts from non-farm business activity which would be unpredictable. The results, therefore, could not be made to yield a picture of surpluses and deficits in the economy. On the other hand, the former approach, involving a measurement of changes in assets and liabilities, although subject to certain limitations, gets over some of the major difficulties involved in casting the balances on the current account. For example, the underestimation or under-reporting of crops or stocks or the under-reporting of prices would not affect the balance cast on the capital account. Before proceeding to examine the data, some of the important limitations involved in the approach followed here may be mentioned in passing. They are discussed in their fuller significance in Part I, Volume I of the Survey Report.

On the credit side of the balance on capital account, investment in bullion and jewellery and lendings of the rural families to others could not be ascertained as direct questions on these matters were likely to arouse the suspicion of the respondents. In the light of the conditions prevailing during the Survey year, however, investment in bullion, etc., could not have been of a magnitude which would materially change the position as obtained from the recorded transactions. The limitation arising out of the non-availability of data on lendings of rural families is, perhaps, likely to be more serious. Data were, however, collected on the total outstanding dues of these families.

In the recorded transactions on capital account, certain limitations arise out of the assumption of the investment effect of these transactions. It was practically impossible for a survey with the limited objectives of the Rural Credit Survey to distinguish, for example, between net capital investment and gross capital investment. The former would have to take into account the amount to be set apart in lieu of replacement, depreciation, damage, obsolescence, etc. Thus, there would be a certain amount of overestimation in the investment effect of recorded transactions. It may, however, be noted that in one particular instance, namely, in the purchase of livestock, where replacement element is likely to loom large, omission of all livestock transactions, from the balance sheet on capital account, would reduce the extent of overestimation likely to be introduced. An overestimation may also occur, it should be noted, on account of the inclusion of maintenance and repair elements in the recorded transactions, as distinct from the pure investment element, which could not be avoided.

Finally, no data were obtained in relation either to inventories in kind or resources in cash of the families investigated, either at the beginning or at the end of the period for which information was collected. The improvement or deterioration in the general economic position which came about as a change in inventories, that is, a change in the stocks of various kinds of commodities held by the rural family during the year, or because of depletion of, or increase in, its cash resources would not be apparent in the enquiry. The stocks and inventories position for most rural families in most years, however, does not change in a significant way.

It is obvious that the gaps indicated above would introduce an element of error in our calculations, which according to particular circumstances might be large or small. Clearly, in an unfavourable year, individuals may allow their resources in kind and cash to run down or their other assets to depreciate. On the contrary, those who are in a prosperous condition may be building up both cash and kind resources and may also be in a position to lend to others or to purchase bullion. It may, therefore, well happen that the results yielded by our data underestimate the position at both the ends of the scale, that is, they show the position, perhaps, of those who are prosperous as being in fact less so than what it actually was, and also, though not necessarily to an equal extent, underestimate the deterioration in the position of those who did not do well during the year.

The transactions on capital investment account of which we have taken note are capital expenditure in agriculture as recorded in the General Schedule and the non-farm business expenditure in the nature of capital investment. The repayment of old debts and the acquisition of various financial assets have also been considered capital transactions on investment account. On the side of disinvestment, we have taken into account all borrowings made for whatever purpose during the year and all sales of assets during the year. Thus, the position is judged by us in terms only of definite changes in 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 of either types of capital assets or certain financial obligations.

The data obtained from the General Schedule have been used in the manner indicated above to calculate a balance of investment or disinvestment position for the given class or group and the results are given below. It may be noted that the General Schedule figures used in the following discussion are average figures per family arrived at by dividing the total surplus or deficit for a group or class by the total number of families in the group or class. The data do not necessarily indicate the net position of individual families within a group or class. The net investment or disinvestment for individual families was worked only in respect of the families selected for intensive enquiry, the results of which are discussed subsequently.

7.7.2 Balance of total investment and disinvestment

The balance of total investment and total disinvestment shows, on average, net disinvestment of Rs 129 per rural family, as indicated by the following :

Item	Amount in rupees per family
1. **Investment**............	**180**
1·1 Capital expenditure in agriculture......	156
1·2 Capital expenditure in non-farm business..............	12
1·3 Financial investment expenditure..	-
1·4 Repayment of old debts............	12
2. **Disinvestment**.........	**309**
2·1 Borrowings.......	249
2·2 Sale of assets......	60
3. **Net investment** (+) OR **disinvestment**(—)......	— **129**

The net disinvestment position revealed by the above data is not surprising in view of the famine conditions prevailing in the district during the Survey year. The borrowing activity of the rural families during the Survey year led to an addition to their liabilities which exceeded their savings effort in terms of acquisition of assets, either physical or financial, or repayment of debts. Nearly half of the total expenditure on the purchase of livestock and two-thirds of that on 'other' capital investment in agriculture were financed from borrowings. Borrowings were also resorted to for financing family expenditure. Nearly one-third of the total of expenditure on only the recorded items of family living was financed from borrowings. A substantial amount, moreover, was borrowed for other items of family living, expenditure on which was not recorded in the Survey as revealed by the data on purpose of borrowings. Apart from the borrowing activity, there was a substantial amount of sale of assets. For the large part this meant sale of livestock. The deterioration in the economic position of the rural families of the district, as revealed by the data presented above, might have come on top of a similar unfavourable year, preceding the year of the Survey which was also characterised by near-famine conditions. In the calculations presented above, expenditure on the construction and repair of residential houses and other buildings was not added on the investment side. This expenditure amounted to Rs 17 per rural family, and the net disinvestment after its addition amounted to Rs 112 per rural family. The net disinvestment among the cultivating families who constituted 92·4 per cent of the rural families was Rs 127 per cultivating family and, after adding expenditure in connection with residential house construction and repair, it amounted to Rs 109 per cultivating family. The position of non-cultivators was definitely more adverse than that of all rural families, as they incurred practically no expenditure of an investment type and repaid no debts. Correspondingly, their borrowings too were comparatively small. A considerable amount of disinvestment, however, was reported by them in the form of sale of assets, which, besides livestock, also included sale of financial and other assets. The net disinvestment on the part of non-cultivators amounted to Rs 166 per family. Their expenditure on construction and repair of residential houses and other buildings was only Rs 5 per family.

All the groups of cultivating families recorded net disinvestment which declined from the big to the small cultivators, as shown below.

Group	Net investment (+) or disinvestment (—)* (In rupees per family)
Big cultivators	— 397
Large cultivators	— 217
Medium cultivators	— 133
Small cultivators	— 30

(*General Schedule data)

The borrowing activity of the big, the large and the medium cultivators' groups was in itself sufficient to offset all transactions on the investment side. The total of the items of investment by the small cultivators exceeded their borrowings by Rs 2 per family. There was a large amount of sale of assets on the part of all groups of cultivators including the small cultivators. The result, therefore, was net disinvestment on the part of all groups. The position was not changed fundamentally by the addition of expenditure on construction and repair of residential houses and other buildings to the total of items on the investment side of the capital account. The amount of expenditure incurred on this item by the medium and the small cultivators was much too small in relation to their other transactions on the capital account. The expenditure incurred by the big and the large cultivators on residential house construction was fairly large. Addition of this expenditure on the investment side of the capital account reduced their negative balance to a proportionately greater extent than was the case with the medium and the small cultivators. It is noteworthy, however, that even after the addition of expenditure on construction and repair of residential houses and other buildings on the investment side, the borrowings alone of the cultivators of all groups except the small cultivators continued to exceed the total investment. With the addition of sale of assets on the disinvestment side, therefore, the net disinvestment of all groups remained fairly large.

7.7.3 Village data

The net investment or disinvestment of the cultivating, non-cultivating and rural families in the selected villages is given in the table 7.12 on page 71.

It will be observed that the rural families recorded net investment in three villages and net disinvestment in five villages. The amount of net investment was

TABLE 7.12—INVESTMENT-DISINVESTMENT

[General Schedule data. All families. Amount in rupees per family]

Village	All families	ALL CULTIVATORS	NON-CULTIVATORS
	Net investment (+), disinvestment (−)	Net investment (+), disinvestment (−)	Net investment (+), disinvestment (−)
	1	2	3
Dhudhawa	+ 8	+ 7	+ 43
Shivkar	+ 115	+ 114	+ 123
Bhimda	+ 1	+ 1	-
Hotlu	− 398	− 468	− 233
Kelnor	− 65	− 63	− 118
Piprali	− 58	− 64	+ 5
Rasbani	− 40	− 40	-
Samesara Nawa	− 225	− 225	-

as high at Rs 115 per family in Shivkar but, in Dhudhawa and Bhimda, it was only Rs 8 and Re 1 per family. The villages showing net disinvestment included Hotlu and Samesara Nawa at one end where it ranged between Rs 200 to Rs 400 per family whereas in Kelnor, Piprali and Rasbani, it ranged between Rs 40 to Rs 65 per family. The data for the cultivating families showed the same trends as those for all families. The non-cultivators did not report any transactions on capital amount in three villages. They returned a positive balance on capital amount in Dhudhawa, Shivkar and Piprali and negative balances in Hotlu and Kelnor. It is observed that in Hotlu and Samesara Nawa where the net disinvestment was the highest, the level of family expenditure as well as the proportion borrowed for family expenditure to total borrowings were the highest among the selected villages.

7.7.4 Intensive enquiry data

The data from the sample of selected cultivators collected through the intensive enquiry regarding the net position on capital amount are set out below for cultivators of the upper and the lower strata.

TABLE 7.13—INVESTMENT-DISINVESTMENT : SELECTED CULTIVATORS

[Intensive enquiry data. Amount in rupees per family]

Item	STRATA		
	Upper strata	Lower strata	**All cultivators**
Investment	**274**	**76**	**+ 175**
Capital expenditure in agriculture	207	54	**+ 130**
Non-farm business expenditure	56	5	**+ 31**
Financial investment expenditure	-	−	-
Repayment of old debt	11	17	**+ 14**
Disinvestment	**337**	**107**	**+ 222**
Borrowings	208	40	**+ 124**
Sale of assets	129	67	**+ 98**
Net investment (+) or disinvestment (−)	**− 63**	**− 31**	**− 47**
Construction and repair of residential houses and other buildings	61	5	**+ 33**

They reveal that cultivators of both the strata showed net disinvestment on capital account. The amount of negative balance was larger for cultivators of the upper strata than that for cultivators of the lower strata. The addition of expenditure on construction and repair of residential houses and other buildings does not alter the negative position of both the groups of cultivators. However, cultivators of the upper strata showed a smaller negative balance than those of the lower strata after the addition of this expenditure.

The more important aspect of the data collected from the intensive enquiry of the sample of selected cultivators relates to the position of individual families revealed by them. The General Schedule data were tabulated so as to yield only the aggregates of items on the investment side for a particular group or class and the corresponding aggregates of items on the disinvestment side, indicating a positive or a negative balance for the group or the class as a whole. Various transactions of the selected families, however, were tabulated separately for each family selected for the intensive enquiry. It was possible, therefore, to arrive at balances on the capital account for all such families individually. On the basis of the results of these calculations it is possible to indicate the proportion of families, among cultivators of the upper and the lower strata, who reported either (1) net disinvestment, (2) net investment, (3) an equal investment and disinvestment or (4) neither investment nor disinvestment. The relative data are set out below.

TABLE 7.14—FREQUENCY DISTRIBUTION OF SELECTED CULTIVATORS ACCORDING TO BALANCE ON CAPITAL ACCOUNT

[Intensive enquiry data]

Strata	Net disinvestment	Net investment	Investment disinvestment equal	Neither investment nor disinvestment	**Total**
	1	2	3	4	5
Upper strata	40 *(50·0)*	25 *(31·3)*	2 *(2·5)*	13 *(16·3)*	**80**
Lower strata	19 *(47·5)*	12 *(30·0)*	1 *(2·5)*	8 *(20·0)*	**40**
All cultivators	**59** ***(49·2)***	**37** ***(30·8)***	**3** ***(2·5)***	**21** ***(17·5)***	**120**

(Figures within brackets indicate percentages to the total number of families.)

The data indicate that only 31 per cent and 30 per cent of the cultivating families of the upper and the lower strata, respectively, reported net investment on capital account. Those reporting net disinvestment, on the other hand, accounted for 50 per cent and 48 per cent of the total number of families of the upper and the lower strata of cultivators, respectively. The rest either reported no transactions at all on the capital account or, in a small number of cases (2·5 per cent of the total) their transactions on this account exactly balanced. These data do not reveal a more adverse position for any one group of cultivators as compared to that of the other.

They, however, emphasize the fact that for a large number of families, belonging either to the upper or the lower strata, the net result of the economic activity during the Survey year was likely to have been unfavourable.

7.8 REFINEMENTS IN THE CALCULATIONS OF NET BALANCE

It was pointed out earlier that the omission of sums lent to others by the rural families may, perhaps, constitute an important limitation on the calculations of net balance attempted by us. Data were collected during the Survey year regarding the outstanding dues of rural families. Their lendings during the Survey year, to the extent that they were not repaid during the year itself, would necessarily form a part of the outstanding dues. The other important limitation of the data arose out of the inclusion of maintenance, repair and replacement elements in the physical capital investment expenditure. Owing to the various possible interpretations which can be attached to the livestock transactions the extent to which they represent transactions on capital amount is not clear. Among other items of capital investment in agriculture, it was observed that over 80 per cent of the 'other' capital expenditure in agriculture incurred by the cultivating families of the district was in connexion with digging and repair of wells or development of other irrigation resources. Both these are items which do not entail any large element of maintenance, repair or replacement expenditure, under the conditions prevailing in the district as such expenditure involves, mainly, either digging a new well or a tank or the deepening of an existing well or tank. In view of the above, it would suffice if only the effects of livestock transactions are eliminated from the capital account in order to overcome the limitation arising out of the inclusion of maintenance, repair and replacement elements in physical capital investment expenditure.

It is not proposed to revise the calculations of the net balance on the basis of considerations set out above, mainly because the estimation of lendings from the data on outstanding dues for so small a sample as that of a district would not be justified. In the following table, however, the net position on capital account revealed earlier for the different groups of cultivating families as well as for the cultivating, the non-cultivating and the rural families is juxtaposed with the net purchase or sale of livestock and the outstanding dues reported.

A striking feature of the data is the large amount of outstanding dues reported by all groups of families, and particularly by the non-cultivating families. Lending during the year would constitute a certain proportion of these dues which would tend to offset their corresponding borrowings on the negative side of the balance on capital account.

It may be observed that the outstanding dues of the big and the large cultivators are less than the amounts of their net disinvestment originally arrived at. Elimination of livestock transactions in their case, which amounted to a net purchase, would result in an increase in the net disinvestment originally arrived at. There is, therefore, clearly no possibility that the net balance of these two groups would change from a negative to a positive one after taking into account lendings and

TABLE 7.15—EXPENDITURE AND CREDIT TRANSACTIONS

[General Schedule data. Amount in rupees per family]

Group	Net investment (+) or dis-investment(−)	Outstanding dues	Net purchase (+) or sale (−) of live-stock	Proportion of families reporting dues (In per cent)
	1	2	3	4
Big cultivators..................	− 397	266	+ 139	*29·2*
Large cultivators................	− 217	121	+ 125	*18·9*
Medium cultivators...............	− 133	159	+ 39	*12·5*
Small cultivators................	− 30	113	+ 21	*7·5*
All cultivators..................	− 127	133	+ 60	*12·9*
Non-cultivators..................	− 166	588	− 84	*12·9*
All families....................	**− 129**	**168**	**+ 49**	***12·9***

eliminating the effects of the livestock transactions. The outstanding dues of the medium cultivators only slightly exceeded their net disinvestment. Lendings, which would be a certain proportion of these dues, therefore, do not appear likely to bring about a change in the net balance on capital account from a negative to a positive one. Further, the medium cultivators have also reported a net purchase of livestock, which, if eliminated from transactions on the capital account would add to the amount of net disinvestment originally arrived at. The position of the small cultivators appears to be somewhat different than that of the other three groups of cultivators. The outstanding dues in their case are more than double the original amount of net disinvestment plus the net purchase of livestock reported by them. It is possible that the lendings of the small cultivators' group may lead to a change in their net position from a negative to a positive one for the group as a whole. It is noteworthy, however, that only 7·5 per cent of the small cultivators reported outstanding dues. The position of the large bulk of families in this group individually is, therefore, unlikely to be affected by their dues from others. The position of all cultivating families considered together reveals that the outstanding dues only slightly exceeded the amount of net disinvestment originally recorded. The cultivating families have also reported a net purchase of livestock. Their net position, therefore, after taking into account lendings and eliminating the net purchase of livestock is not likely to show a change from a negative balance to a positive balance.

A change in the net position by consideration of the two factors mentioned above is indicated in the data for non-cultivators. They show a large amount of outstanding dues which are more than three times the net disinvestment originally arrived at in their case. They have, however, reported a net sale of livestock which, if eliminated from the capital transactions, would further reduce the net disinvestment originally arrived at in their case. It can, therefore, be said that the net position of non-cultivators would show a definite change for the better after taking into consideration lendings and eliminating the effects of livestock transactions in the calculations of net balance. The proportion of non-cultivators reporting outstanding dues was 12·9 per cent. The position revealed by all rural families is not far different from that of all cultivating families. There might, however, be a certain reduction in the net disinvestment originally arrived at for all rural families after taking into account considerations set forth above.

Some observations may be offered here regarding the data on outstanding dues. The number of rural families reporting outstanding dues was 88, who constituted 12·9 per cent of the total of 851 rural families investigated, after weighting in a particular manner. The proportion of families reporting outstanding dues among both the cultivating and the non-cultivating families was also 12·9 per cent, and it was 29·2, 18·9, 12·5 and 7·5 per cent, respectively, from the big to the large cultivators. A further analysis of the 88 families who reported outstanding dues reveals some interesting features. It is observed, for instance, that only 24 of these families accounted for 87·5 per cent of the total outstanding dues. These 24 families comprised 8 non-cultivating and 16 cultivating families. All the eight non-cultivating families were traders. Among the cultivating families, nine, three, two and two were from the big, the large, the medium and the small cultivators' groups. There were four *jagirdars* among the nine big cultivators, one of the two medium cultivators was a trader whereas the principal occupation of both the small cultivators was moneylending. It will thus be seen that out of the 24 families who accounted for an overwhelming proportion of the total outstanding dues reported by the rural families, there were nine traders, four *jagirdars* and two moneylenders. The remaining nine were cultivators, comprising five big, three large and one medium cultivator. It is evident that the families who were mainly responsible for the large outstanding dues reported in the district, belonged to the upper section of rural hierarchy comprising traders, moneylenders and big landlords. The data illustrate that there was a concentration of wealth among these elements whose interest is usually identified with and linked to that of the higher tiers in the superstructure of rural finance, that is, with the urban centres of trade and finance, rather than with that of the bulk of the rural population. In view of the strategic position in which these elements are placed in the rural socio-economic hierarchy, it is not surprising that they should be able to amass some wealth, even in an economically underdeveloped district such as this. It is also clear from the foregoing that the outstanding dues of different groups of cultivators and of non-cultivators would not affect the net disinvestment position of the bulk of the families in different groups or classes, as an overwhelming proportion of these dues pertained only to a few families.

CHAPTER 8

CURRENT FARM OPERATIONS

During the course of the intensive enquiry data were collected on the current farm business operations of the selected cultivators with a view to studying some aspects of the credit problem and certain relationships in detail. This information was collected separately for two six-month periods, namely, April to September 1951 and October 1951 to March 1952. The main items on which detailed data were collected included current farm expenditure, in cash and in kind, value of gross produce, which pertained to all kinds of crops including fodder, but not including livestock products such as milk, *ghee*, eggs, etc., sources of finance for current farm expenditure and cash receipts from the sale of crops and fodder as well as from various other sources during the period. Information relating to the marketing practices followed by the cultivators was also collected. The data obtained from all these sources constitute the basis for the ensuing discussion. For the purpose of analysis, data for the two six-month periods have been added and presented for the full year April 1951 to March 1952.

The main crops grown in the district are *bajra* and *jowar*, the latter being grown as a fodder crop. The total area sown by the selected cultivators was 27·8 acres per family, of which 20·2 acres were under *bajra* and 6·8 acres under *jowar*. Other cereals and wheat accounted for 0·5 acre and oilseeds for 0·4 acre. The methods of crop cultivation in the district differ to some extent from those found in many other areas. Owing to the extremely light and sandy nature of the soil, ploughing of land is done in a superficial manner, with which the sowing of seeds is usually combined. If the seeds sprout and the plants come up, no further care of the crop is regarded necessary. The only farm operation generally required after ploughing and sowing is harvesting and later winnowing the grain. Owing to the extremely low fertility of the soil, every plot is usually given rest once in three years.

8.1 DISTRIBUTION OF CULTIVATORS ACCORDING TO VALUE OF GROSS PRODUCE

As stated above, data were collected on the value of gross produce of the selected cultivators. On an average, the value of gross produce amounted to Rs 250·8 per cultivating family in the district. The average value of gross produce for cultivators of the upper and the lower strata was Rs 382·3 and Rs 119·3 per cultivating family, respectively. The value of gross produce worked out to Rs 9 per acre of sown area for all selected cultivators and Rs 10 and about Rs 7 per acre of sown area, for cultivators of the upper and the lower strata, respectively.

The frequency distribution of the cultivating families according to the size-class of the value of their gross produce is given on page 77.

TABLE 8.1 GROSS PRODUCE GROUPS

[Intensive enquiry data]

Value of gross produce on farm	Average value of gross produce per family (Rs)	Proportion of families in this group to the total number of cultivating families (In per cent)	Cumulative proportion of cultivating families in each succeeding group (In per cent)
Nil	–	*1·6*	*1·6*
Less than Rs 200	58·2	*72·4*	*74·0*
Rs 200 – Rs 400	279·9	*12·6*	*86·6*
Rs 400 – Rs 600	490·0	*4·2*	*90·8*
Rs 600 – Rs 800	664·8	*2·5*	*93·3*
Rs 800 – Rs 1,000	890·0	*2·5*	*95·8*
Rs 1,000 – Rs 2,000	1,482·9	*1·7*	*97·5*
Rs 2,000 – Rs 3,000	2,541·8	*1·7*	*99·2*
Rs 3,000 – Rs 4,000	–	–	–
Rs 4,000 – Rs 5,000	–	–	–
Rs 5,000 and above	5,693·8	*0·8*	*100·0*

Nearly three-fourths of the cultivating families of the district produced crops and fodder valued at less than Rs 200 per family and another 12·6 per cent between Rs 200 to Rs 400. The very poor returns from land were due to famine, to which a reference has already been made. In view of the above, no correspondence can be expected between the division of cultivators according to the size of their cultivated holding into the upper and the lower strata and their grouping according to the value of gross produce.

8.2 CURRENT FARM EXPENDITURE

The total farm expenditure, in cash and in kind, of selected cultivators amounted to Rs 207·6 per family; it was Rs 363·0 and Rs 52·3 per family among cultivators of the upper and the lower strata, respectively. Due to the failure of crops during the year, the return from land was very poor and thus the farm expenditure formed a large proportion of the value of gross produce. The total farm expenses of the cultivators comprised 82·8 per cent of the value of their gross produce. Expenditure on current farm operations formed as much as 95 per cent of the value of the gross produce of the upper strata cultivators; this proportion was, however, lower among cultivators of the lower strata at 43·8 per cent.

The relative importance of different items of total farm expenditure is given in table 8.2 on page 78.

These data reveal that the largest single item of expenditure for all cultivators was manure, accounting for one-fourth of the total current farm expenditure. A more detailed crop-wise examination of this expenditure, however, reveals that it was incurred almost entirely in connection with the cultivation of wheat, which accounted for an insignificant proportion of the area sown by the selected cultivators, and was confined to cultivators of the upper strata. It is evident that a few cultivators who might have used manure on a substantial scale for the cultivation of wheat, have been responsible for this trend. The data, therefore, do not appear to reflect the general position regarding the use of manure or their importance in the current farm expenditure in the district. Barring expenditure on manure, the other most important items of expenditure for cultivators of both the strata were purchase of fodder and the expenditure on seed. Wages came next in order for the upper strata cultivators, but among cultivators of the lower strata, other kind expenditure such as payment of rent in kind, was next in importance to the expenditure on fodder and seeds.

TABLE 8.2—CURRENT FARM EXPENDITURE

[Intensive enquiry data. In per cent]

Item	Upper strata	Lower strata	All cultivators
1. Expenditure on manure	29·0	–	25·4
2. Expenditure on fodder	21·8	38·8	23·9
3. Expenditure on seed	17·1	30·0	18·7
4. Wages	15·2	7·5	14·2
5. Other kind expenditure	12·3	23·7	13·8
6. Storage and other marketing costs	2·3	–	2·0
7. Salaries paid to annual or permanent farm servants	2·3	–	2·0
Total	100·0 (363·0)	100·0 (52·3)	100·0 (207·6)

(Figures within brackets represent expenditure in rupees per family)

8.3 CURRENT CASH FARM EXPENDITURE

The current cash farm expenditure of the upper and the lower strata cultivators amounted to Rs 185·1 and Rs 27·1 per family, respectively. On the basis of area sown, it amounted to Rs 4·9 and Rs 1·5 per acre, respectively. A breakdown of the cash farm expenditure is given in table 8.3 on page 79.

Purchase of fodder was the most important single item of current cash farm expenditure for both the strata of cultivators followed by expenditure on cash wages and seed. The upper strata cultivators incurred some expenditure on the purchase of manure and other cash expenditure, whereas the lower strata cultivators incurred no expenditure on these items. There are altogether twelve large and small items of expenditure included in the category other cash expenditure. Expenditure, however, was reported on only three of them, namely, (1) storage and other marketing costs, (2) salaries paid to permanent farm servants and (3) other cash expenditure. The proportion of cash to total expenditure on seed among cultivators of the upper strata was 49 per cent whereas it was only 19·1 per cent among

TABLE 8.3—CURRENT CASH FARM EXPENSES

[Intensive enquiry data. In per cent]

Strata	Purchase of seed	Purchase of manure	Purchase of fodder	Cash wages	Other cash expenditure	**Total**	Proportion of cash expenditure on seed to total expenditure on seed	Proportion of cash expenditure on manure to total expenditure on manure
	1	2	3	4	5	6	7	8
Upper strata..........	*16·4*	*12·3*	*42·6*	*19·6*	*9·1*	*100·0* **(185·1)**	*49·0*	*21·5*
Lower strata..........	*10·7*	–	*75·9*	*13·5*	–	*100·0* **(27·1)**	*19·1*	–
All cultivators	***15·6***	***10·8***	***46·7***	***18·9***	***8·0***	***100·0*** **(106·1)**	***43·3***	***21·6***

(Figures within brackets represent expenditure in rupees per family)

cultivators of the lower strata. The cultivators of the lower strata, therefore, relied upon owned seeds, perhaps, to a greater extent than those of the upper strata, indicating a lower degree of monetisation of their farm business. The cash expenditure on manure, which was incurred only by cultivators of the upper strata, constituted 21·5 per cent of the total expenditure on manure. It may be presumed, therefore, that the use of farm yard manure was predominant. The value of fodder grown on the farm and used on the farm itself was not ascertained. It is not possible, therefore, to indicate the proportion of cash expenditure on fodder, to the total expenditure on fodder. It is also difficult to indicate the proportion of cash expenditure on wages to total expenditure on wages because a part of wages in kind was paid in the form of disposals at the time of harvest which included, among others, an item called other payments details about which are not available. It appears, however, that cash wages constituted a major proportion of total wages paid in connection with the farm business. The expenditure incurred in kind by cultivators of the upper and the lower strata is discussed below.

Cultivators of the upper and the lower strata incurred expenditure in kind during the year, which was only slightly lower than that incurred by them in cash, amounting to Rs 177·9 and Rs 25·2 for the upper and the lower strata of cultivators, respectively. The items on which expenditure in kind was reported were (1) purchase of seed, (2) purchase of manure and (3) disposals in kind at the time of harvest. In the upper strata kind expenditure on manure, disposals in kind and in seed accounted for 46 per cent, 36 per cent and 18 per cent, respectively. The large expenditure on manure in connection with the cultivation of wheat which was not an important crop, was responsible for the fact that a major proportion of expenditure in kind was attributable to manure. In the lower strata, outlay in kind was reported only on purchase of seed and disposals in kind at harvest, and was almost equally divided between them.

The items which make up the total disposals in kind are (1) rent share to landlord or co-sharer, (2) wages to labour for harvesting, (3) remuneration to artisans and services and (4) other payments at harvest time. The major share of disposals in kind at harvest was claimed by rent share to landlord or co-sharer. It would be recalled that the sample of cultivator selected in the district for the intensive enquiry reported no payment of rent in cash, information regarding which was sought under 'other' cash expenditure. It is, therefore, not surprising that 55 per cent and 64 per cent of the total disposals in kind at harvest, valued at Rs 35 and Rs 8 per family, respectively, were in the form of rent paid in kind by cultivators of the upper and the lower strata, respectively. Wages to labour for harvesting constituted an insignificant proportion of the disposals in kind at harvest, which is understandable in the context of failure of crops. Remuneration to artisans and services constituted the other most important item of disposals in kind at harvest for the cultivators of the lower strata, accounting for 34 per cent of their total disposals ; it accounted for only 15 per cent of the total disposals of cultivators of the upper strata. The second most important direction in which payments in kind were made at harvest by cultivators of the upper strata was the residual item other payments at harvest time, accounting for 29 per cent of their total disposals as compared to 2 per cent of the total disposals in kind made for this purpose by cultivators of the lower strata.

The discussion of the various types of current farm expenditure and their breakdown into kind and cash expenses has revealed certain characteristic features of the district agricultural economy which may be noted here. The expenditure on manure, it was found for example, was confined entirely to cultivators of the upper strata. Under the conditions prevailing in the district, the use of manure, other than those produced on the farm, presents a problem. The uncertainty of rainfall involves the risk that the manure used on the fields may be wasted. It was, moreover, observed that even among cultivators of the upper strata, cash expenditure on manure constituted only 22 per cent of the total outlay on manure. A very high proportion of cash farm expenditure was reported to have been incurred in connection with the purchase of fodder by cultivators of both the strata. This is again characteristic of the district agricultural economy under famine conditions. The livestock, under such circumstances, constitutes the mainstay of the economy owing to the multifarious uses to which it can be put. Apart from constituting a source of milk supply and draught power, livestock products such as wool, milk, *ghee*, etc., provide an important source of cash income. Besides, the livestock can be sold in times of distress to meet the family expenditure, of which there is evidence in the data on livestock transactions discussed earlier. Nearly half of the total expenditure incurred was in cash and the other half in kind. The expenditure in kind was not fully recorded on account of the exclusion of fodder produced on the farm and used on the farm itself. The proportion of cash farm expenditure to the total farm expenditure in the selected villages is given below.

TABLE 8.4—PROPORTION OF CASH FARM EXPENDITURE TO TOTAL CURRENT FARM EXPENDITURE

[Intensive enquiry data. Amount in rupees per family]

Village	Current cash farm expenditure	Total current farm expenditure	Proportion of cash to total farm expenditure (In per cent)
Bhimda	39·0	47·5	*82·1*
Rasbani	36·2	64·2	*56·4*
Kelnor	45·3	80·5	*56·3*
Hotlu	482·0	872·6	*55·2*
Shivkar	98·6	189·7	*52·0*
Dhudhawa	31·2	64·1	*48·7*
Samesara Nawa	32·6	67·8	*48·1*
Piprali	3·5	115·5	*3·0*

It would be observed that, excepting Bhimda and Piprali, the proportion of cash to total farm expenditure varied between 48 per cent to 56 per cent.

8.4 CASH RECEIPTS

The cash receipts of cultivators are divided into two broad groups for the purpose of discussion. These are (1) cash proceeds from the sale of crops and fodder and (2) cash receipts from other sources. The latter group includes cash receipts from sale of milk and milk products, sale of poultry and poultry products, sale of seed and plants, sale of manure, wages, remittances, carting, rent, interest and other sources, but not from the sale of wool or other non-farm business. Data collected for two six-monthly periods have been added and the proportions of cash receipts from different sources to the total which amounted to Rs 262 and Rs 231 per family for cultivators of the upper and the lower strata, respectively, are given in Table 8.5 on page 82.

Cash receipts from the sale of crops and fodder accounted for less than 5 per cent of the total among cultivators of both the strata and, therefore, were not a principal source of cash income of the selected cultivators. The main sources of cash receipts among both the groups were wages, sale of milk and milk products and rent. The pattern of cash receipts from these sources differed to a certain extent as between the cultivators of the upper and the lower strata. In the upper strata, sale of milk and milk products brought nearly 37·2 per cent of the total cash receipts and those from wages and rent 28·1 and 21·7 per cent, respectively. The cash receipts of the lower strata cultivators were principally derived from wages which accounted for 65·3 per cent of the total. Cash receipts from the sale of milk and milk products and from rent accounted for 21·3 per cent and 11·5 per cent of the total among the lower strata cultivators. Among the other sources of cash receipts, carting may be mentioned, which accounted for 5·0 per cent of the total cash receipts of cultivators of the upper strata. The lower strata cultivators reported practically no cash receipts from any sources other than the three mentioned above and the sale of crops and fodder.

TABLE 8.5—CASH RECEIPTS FROM DIFFERENT SOURCES : SELECTED CULTIVATORS

[Intensive enquiry data. In per cent]

Source	Upper strata	Lower strata	All cultivators
1. Sale of crops and fodder	*4·9*	*1·2*	***3·1***
2. Sale of milk and milk products	*37·2*	*21·3*	***29·7***
3. Sale of poultry and poultry products	-	-	-
4. Sale of seed and plants	*0·3*	-	***0·2***
5. Sale of manure	*0·5*	*0·7*	***0·6***
6. Wages	*28·0*	*65·3*	***45·5***
7. Remittances	*0·9*	-	***0·5***
8. Carting	*5·0*	-	***2·7***
9. Rent	*21·7*	*11·5*	***16·9***
10. Interest	*1·4*	-	***0·8***
11. Other sources	-	-	-
Total	***100·0*** **(262·4)**	***100·0*** **(231·0)**	***100·0*** **(246·7)**

(Figures within brackets represent total cash receipts in rupees per family)

Village data on cash receipts reveal some interesting features which are set out below.

TABLE 8.6—CASH RECEIPTS

[Intensive enquiry data. Amount in rupees per family]

Village	Upper strata	Lower strata	All cultivators
Hotlu	540·6 (0·5)	280·0 (-)	**410·3 (0·3)**
Rasbani	325·0 (40·0)	293·0 (-)	**309·0 (20·0)**
Piprali	217·1 (35·9)	288·2 (16·2)	**252·7 (26·1)**
Kelnor	263·0 (-)	171·0 (-)	**217·0 (-)**
Bhimda	125·1 (-)	220·0 (-)	**172·6 (-)**
Shivkar	189·0 (35·3)	182·0 (18·0)	**185·5 (26·7)**
Samesara Nawa	106·9 (-)	135·2 (-)	**121·1 (-)**
Dhudhawa	129·6 (8·8)	105·8 (-)	**117·7 (4·4)**

(Figures within brackets represent cash receipts from the sale of crops and fodder)

The total cash receipts ranged between Rs 101 and Rs 200 in Dhudhawa, Samesara Nawa, Shivkar and Bhimda, between Rs 201 and Rs 300 in Kelnor and Piprali and above Rs 300 in Rasbani and Hotlu. The cash receipts of the lower strata cultivators were higher than those of the upper strata cultivators in Piprali, Bhimda and Samesara Nawa. In Dhudhawa, Kelnor, Rasbani, Shivkar and Hotlu the cash receipts of the upper strata were higher than those of the lower strata cultivators. Cash receipts from the sale of crops and fodder were reported in five villages and two villages by cultivators of the upper and the lower strata, respectively, whereas 'other' cash receipts were reported in all the villages by both the strata of cultivators.

The very large importance of cash receipts from sources other than the sale of crops and fodder, revealed by the Survey data, was due to the failure of the agricultural season during the Survey year. Such failures, however, are not uncommon in the district. During a successful agricultural season, therefore, there is a considerable amount of stocking of grains by cultivators in the district for seeds and consumption purposes so as to provide for not only that season but also for the future. In view of the above, the average cash receipts from the sale of crops and fodder even over a long period of time, say a decade, may constitute a relatively small proportion of the total cash receipts of cultivators from all sources. A fair proportion of cash receipts from sources other than the sale of crops and fodder would come from the sale of wool, milk and milk products and from the sale of livestock itself. The fact that the sale of livestock during famine periods may be a regular feature of the district economy should not be overlooked. The amount of such sale was Rs 47 per cultivating family according to the General Schedule data. Receipts from the sale of livestock and livestock products, however, were of particularly greater importance to cultivators of the upper strata, both in terms of absolute amount and as proportion of total cash receipts. The main source of cash receipts of the lower strata cultivators was wages, accounting for nearly two-thirds of the total. In this connection the possible avenues for wage-employment may be taken note of. The proportion of cultivating families receiving wages and the amount of wages received by them were greater than the proportion of cultivators who paid wages and the amount of wages paid by them in every selected village. Moreover, the wages paid by cultivators would not be paid only to other cultivators of the same village, but may also be paid to the non-cultivators of the village, or even to non-residents. It is clear, therefore, that the cash receipts of cultivators from wages were likely to have been derived, in only a small part, from other cultivators. The main source of their wage receipts could either be employment with the non-cultivators of the village or employment outside the village. The former of these two possibilities would not be very important, as in none of the selected villages any important economic activity was reported by the non-cultivators who constituted only 7·6 per cent of the total population. It would, therefore, be obvious that the cash receipts of cultivators from wages, which accounted for nearly half the total cash receipts of the cultivating families were likely to have been derived, for the large part, from wage-employment in distant places, most likely in the nearest marketing and trading centres. All in all, therefore, it is a picture of a cultivating economy where the cultivator, particularly the lower strata cultivator, is, at best, only a part-time farmer for whom cultivation is not the principal means of livelihood. He has necessarily to earn his living in part—for the large majority an important part—from wage employment at places far removed from his ordinary place of residence. The extreme dependence of cultivators upon urban or semi-urban employment is an additional indicator of the poverty of the district agricultural economy.

8.5 SEASONALITY OF FARM BUSINESS

We may now consider the aspect of seasonality in the receipts and expenditure of the selected cultivators. From the standpoint of the working of the rural credit system, it has an important bearing as revealing the main period or periods of the year during which a gap in cash resources position is likely to arise which may have to be met, presumably, through borrowings.

The seasonality in cash receipts may be studied first. The total cash receipts during April to September 1951 and October 1951 to March 1952 were Rs 131 and Rs 116 per cultivating family, respectively. Cultivators of both the strata revealed a slightly higher amount of cash receipts during the first than during the second six-month period, the respective amounts being Rs 140·6 and Rs 121·8 per family in the upper strata and Rs 120·4 and Rs 110·6 per family in the lower strata. Some of the main items which comprised the total cash receipts of the two strata of cultivators revealed a greater variation. Receipts from the sale of milk and milk products were clearly larger during the first than during the second six-month period, among cultivators of both the strata, the average amounts for all cultivators being Rs 62·5 and Rs 10·8 per family. Receipts from cash wages and rent, however, were larger during the second than during the first six-month period among both the strata of cultivators; taking all cultivators together they amounted to Rs 48·3 and Rs 9·9 during the earlier period and Rs 63·9 and Rs 31·8 during the latter period, respectively, per cultivating family. The larger cash receipts from wages during the second six-month period is what might be expected in the light of the district agricultural economy and the need, as seen above, to find wage employment outside the village. The main cultivation season being the *kharif* season, broadly coinciding with the first six-month period, cultivators would tend to be tied down to the land during that period. As soon as the season is over and the crop prospects are known, they may secure employment outside agriculture for wages. Receipts from sale of crops and fodder were larger during the period April-September 1951 for the upper strata cultivators and during the period October 1951 to March 1952 for the lower strata cultivators. This is due to the fact that cash receipts from the sale proceeds of the *kharif* crop, namely, *bajra* and *jowar* in this district may be realised either towards the end of the first period or the beginning of the second.

The most important item of cash farm expenditure was the purchase of fodder among both the groups of cultivators. This expenditure among the upper strata was heavily concentrated during the second six-month period. It is not surprising that cultivators of the upper strata had to make a large outlay on fodder during the second six-month period, following the failure of the *kharif* crops. The lower strata cultivators reported expenditure on only this item during the second six-month period, although it was a little lower than their expenditure in this connection during the first six-month period. As a result of the large expenditure on wheat during the second six-month period and the large expenditure on fodder also during the second period, the cash farm expenditure of the upper strata during October 1951 to March 1952 amounted to Rs 116 per family as compared to an expenditure of Rs 69 per family during the period April-September 1951. The lower strata cultivators reported an expenditure of Rs 18 and Rs 9 during the first and the second periods, respectively, per cultivating family.

8.6 SOURCE OF FINANCE FOR FARM EXPENDITURE

The data on the sources from which current cash farm expenditure was financed indicate that during the first six-month period current income was mainly drawn upon by both the strata of cultivators. During the second period, however, nearly half of the total cash farm expenditure of the upper strata cultivators was financed by borrowings. The lower strata cultivators even during the second period relied entirely on current income, as in the first period. Among the different items of farm expenditure, the upper strata revealed a tendency to rely upon borrowings for the purchase of seeds during the second period. During the first period, even though only 5 per cent of the cash farm expenditure was financed from borrowings, 23 per cent of the expenditure on the purchase of seed was financed from this source and during the second period 94 per cent was financed from the same source. Borrowings were not resorted to during either of the two periods for financing expenditure on cash wages ; 53·4 per cent of the expenditure on the purchase of fodder and 45·7 per cent of the expenditure on manure during the second six-month period, incurred by cultivators of the upper strata was financed from borrowings.

The greater reliance placed upon borrowings as a source of financing current farm expenditure during the second six-month period of the Survey year April 1951 to March 1952, by cultivators of the upper strata appears to be related to their large outlays on the purchase of fodder and of seeds and manure for the cultivation of wheat during the second period. The fact that borrowings were resorted to by cultivators of the upper strata and not at all by those of the lower strata may be attributable in part to the relative size of the cash farm expenditure incurred by them, which was Rs 185 and Rs 27 per family, respectively.

CHAPTER 9

CREDIT AGENCIES

In this and the following chapters attention is mainly focussed on the relative importance of agencies supplying credit to the rural families and their modes of operation. Information regarding the type of agency from which loans were borrowed during the year or to which loans were owed at the end of the year was collected for all rural families in the General Schedule and for a sample of cultivating families in the intensive enquiry. Information was also collected from each type of credit agency regarding its transactions and methods of operation. Using these two types of information an attempt is made to assess the role of the various credit agencies which supply credit to the rural sector.

The credit agencies were divided into the following nine classes : (1) Government, (2) Co-operatives, (3) Professional moneylenders, (4) Agricultural moneylenders, (5) Landlords, (6) Traders, (7) Relatives, (8) Commercial banks and (9) Others. All borrowings from the Government through various departments and under various schemes were considered together in one class. Borrowings from different types of co-operative institutions, credit and non-credit, were all treated as borrowings from co-operatives. The professional moneylender was defined as one who derived a substantial part of his income from moneylending. An agriculturist moneylender was defined as one whose major profession was agriculture and whose moneylending business was of a comparatively minor importance. Loans from landlords were to be classified separately as from landlords only when they were made by landlords to their own tenants. Borrowings from persons who are, in the main, traders, commission agents, etc., were put under traders. Interest-free loans given to borrowers by their relatives, etc., were treated as loan from relatives ; interest-bearing loans borrowed from relatives were put in the appropriate class of private agency to which the relative belonged, such as the agriculturist moneylender, the professional moneylender, etc. Borrowings from all joint stock banks, scheduled and non-scheduled, were classified as borrowings from commercial banks. 'Others' included borrowings from agencies other than those mentioned above.

9.1 ROLE OF DIFFERENT CREDIT AGENCIES

Almost the entire amount of interest-bearing credit obtained by the rural families in the district during the Survey year was supplied by the professional moneylenders who accounted for 68·5 per cent of the total borrowings by rural families. No credit was supplied by the co-operatives, landlords, agriculturist moneylenders, traders, commercial banks or 'others'. Interest-free loans taken from relatives accounted for the rest of the borrowings of rural families during the year, except for a very small amount from the Government. The insignificant proportion of credit supplied by the Government to the rural families was, obviously, the result of the small amount allocated to the district. Landlords, even in this predominantly *Jagirdari* area, do not appear to be an important source of credit the reasons for which are not clear. Perhaps, the then impending legislation for the abolition of the *Jagirdari* system may have led to stoppage of lending activity on their part during the Survey year. The recurrence of famine conditions for the second year in succession was also an important factor which might have affected the lending activities of the various private agencies. They would have affected the professional moneylender also to some extent. In order, however, to maintain his clientele, he would be prepared to take certain risks which the non-professional private moneylenders would not consider worth taking. The importance of relatives who constituted the only other important credit agency operating in the district is not quite clear. It has been noted that all loans received free of interest were to be classified as loans from relatives. It is likely, therefore, that relatives as defined by us may constitute an amorphous class about whose composition it is difficult to make any comments. It is well known that many persons in the rural areas lend money with a view to receiving certain non-monetary benefits from the borrowers such as performance of certain services, obtaining advantage in the prices of commodities bought from or sold through them, etc. Besides, some charge interest indirectly by requiring the borrower to sign a loan bond for an amount which is greater than that actually given to him. According to our definition all such loans would be classified as loans from relatives.

9.2 DEBT AND ITS CLASSIFICATION ACCORDING TO CREDIT AGENCY

The total borrowings of the rural families during the Survey year were about half of their outstanding debt at the end of the year. The classification of this debt according to the credit agency to which it was owed reveals that the relative importance of the credit agencies was, broadly, similar to that observed in respect of borrowings during the Survey year. However, a very small proportion of debt was owed to the commercial banks and the landlords amounting to 0·4 and 0·8 per cent, respectively.

The classification of outstanding debt of the non-cultivators according to the credit agencies reveals that a major proportion of their debt was owed to the professional moneylenders. The amount borrowed by them during the Survey year constituted only about 10 per cent of their outstanding debt at the end of the year, and was borrowed mainly from relatives.

The borrowings of cultivators of the different groups are classified in table 9 1 on page 88 according to the agency from which loans were obtained.

The data reveal that the medium and the small cultivators borrowed a much larger proportion from relatives than the big and the large cultivators. In view of the fact that not much is known about the composition of the class-relatives, this trend cannot be easily explained.

TABLE 9.1—BORROWINGS CLASSIFIED ACCORDING TO CREDIT AGENCY

[General Schedule data. In per cent]

Group	Total borrowings per family (Rs)	PERCENTAGE SHARE OF CREDIT AGENCIES		
		Government	Relatives	Professional moneylenders
	(1)	(2)	(3)	(4)
Big cultivators	**939**	-	*5·6*	*94·4*
Large cultivators	**567**	-	*21·3*	*78·7*
Medium cultivators	**194**	*1·0*	*52·8*	*46·2*
Small cultivators	**68**	-	*30·2*	*69·7*
All cultivators	**268**	*0·3*	*30·9*	*68·8*
Non-cultivators	**22**	-	*75·6*	*24·4*
All families	**249**	***0·3***	***31·2***	***68·5***

A classification of outstanding debt of the different groups of cultivators is given below.

TABLE 9.2—DEBT CLASSIFIED ACCORDING TO CREDIT AGENCY

[General Schedule data. In per cent]

Credit agency	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators	**All families**
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Government	*1·5*	*0·8*	-	-	*0·4*	-	***0·4***
2. Co-operatives and commercial banks	-	-	-	*6·5*	*0·9*	-	***0·8***
3. Relatives	*38·1*	*32·3*	*41·3*	*25·1*	*34·6*	*7·7*	***33·7***
4. Landlords (Zamindars)	*1·4*	*1·4*	*0·4*	*0·4*	*0·9*	-	***0·9***
5. Agriculturist moneylenders	-	-	-	-	-	-	-
6. Professional moneylenders	*59·0*	*65·5*	*58·3*	*68·0*	*63·2*	*92·3*	***64·2***
7. Traders and commission agents	-	-	-	-	-	-	-
8. Others	-	-	-	-	-	-	-
Total	***100·0*** **(1,294)**	***100·0*** **(869)**	***100·0*** **(472)**	***100·0*** **(231)**	***100·0*** **(518)**	***100·0*** **(215)**	***100·0*** **(495)**

(Figures within brackets represent amount in rupees per family)

It is significant that loans outstanding to the Government were reported only by the big and the large cultivators.

9.3 DEBT AND ITS CLASSIFICATION ACCORDING TO PURPOSE—DURATION

The foregoing discussion on the relative importance of different credit agencies based on the General Schedule data refers to borrowings and debt for all purposes. The extent to which the two main credit agencies, namely, relatives and professional moneylenders showed a predilection, if any, towards lending for particular purpose-periods, however, cannot be indicated with the help of the General Schedule data.

In the intensive investigation of the selected cultivators, particulars regarding borrowing purposes and the credit agency for each loan were collected. A classification of these loans into short-term and long-term on the basis of reported purpose of borrowing was attempted. A purpose-period classification of loans outstanding for less than one year for each credit agency on the basis of the intensive enquiry data is given below.

TABLE 9.3—PURPOSE-WISE ANALYSIS OF BORROWINGS OF SELECTED CULTIVATORS FROM VARIOUS CREDITORS

[Intensive enquiry data. In per cent]

Credit agency	Total borrowings	Agricultural purposes		Consumption purposes		Other purposes
		Short-term	Long-term	Short-term	Long-term	
	1	2	3	4	5	6
1. Government............	-	-	-	-	-	-
2. Co-operatives...........	-	-	-	-	-	-
3. Relatives..............	*100·0* **(30·0)**	-	*45·2*	*34·6*	*19·3*	*0·9*
4. Landlords (Zamindars)..	-	-	-	-	-	-
5. Agriculturist money-lenders................	*100·0* **(1·3)**	-	-	-	*100·0*	-
6. Professional money-lenders................	*100·0* **(87·9)**	-	*40·6*	*14·6*	*44·5*	*0·3*
7. Traders and Commission agents.................	-	-	-	-	-	-
8. Commercial banks......	-	-	-	-	-	-
9. Others.................	*100·0* **(4·4)**	-	*74·7*	*25·3*	-	-
Total........	***100·0*** **(123·7)**	-	***42·5***	***19·7***	***37·4***	***0·4***

(Figures within brackets represent amount in rupees per family)

The data reveal that over half the amount of loans outstanding for less than one year were for consumption purposes, by both professional moneylenders and relatives. The remaining were reported to be for long-term agricultural purposes. There does not, therefore, appear to be any noticeable difference in the purpose for which loans were obtained from these two agencies.

CHAPTER 10

GOVERNMENT FINANCE

The working of the system of Government finance in the district and its performance during the Survey year are discussed in this chapter. The general framework of financial assistance, by way of loans and subsidies, given by the Government to the agriculturists, the total amount of loans advanced in the district during the year, the purposes for which these loans were granted, the rates of interest charged, the security offered and the distribution of Government finance among different strata of cultivators as well as among the cultivators and the non-cultivators, according to the Survey data, are dealt with in that order in the following discussion.

10.1 LEGAL FRAMEWORK AND ADMINISTRATIVE SET-UP

At the time of the Survey, Government provided finance to the agriculturists in the district, under the *Taccavi* Rules, 1950, and also under the Grow More Food and the Relief and Rehabilitation of displaced persons schemes. The procedure, terms and conditions for the *taccavi* loans appear to be based on the Land Improvement Loans Act, 1883 and the Agriculturists' Loans Act, 1884.

Loans are granted for permanent works of improvement to agricultural holdings, which include construction of *pucca* or *katcha* wells, conversion of *katcha* wells into *pucca*, repair to wells in use or out of use, deepening or boring of wells and construction of or repair to embankments of land. Loans are given also for current farm expenditure, such as purchase of seed, manure, agricultural implements, persian wheels, bullocks and fodder. It may be noted that loans under the latter category, besides including short-term loans for the purchase of seed, manure and fodder, also include loans for the purchase of livestock, implements and machinery, which may be of a medium-term character. Loans for land improvements are granted after ascertaining the feasibility of the work proposed, its probable cost, its estimated value and utility and the right of the applicant to make it. The officer granting loans has also to satisfy himself that the loan is intended to be used for the object for which it is sought. Further, he should be satisfied as to the adequacy of the security for the loan, which has to be at least one-third more than the amount of the loan given. Subject to this proviso, personal security can also be accepted. Loans for larger amounts are ordinarily advanced in two or more instalments. Instalments after the first instalment are advanced only after inspection of the progress of work for which the loan is advanced. Regulation for fixing the instalments of repayment are elaborately laid down in relation to the purpose for which the loan is granted and its size. Ordinarily, loans are repaid in half-yearly instalments on the dates fixed for the payment of land revenue or rents, the number of instalments in each case depending upon the purpose and the size of the loan. The maximum period within which repayments are to be made is five years for loans for current farm expenditure and ten years for land improvement. These limits, however, are not rigid. Annual equated instalments for repayment are prescribed in respect of each loan. When the officer granting the loan satisfies himself on points mentioned above in the manner required, he is required to draw up formal orders in different forms for (1) individual borrowers of loans for current farm expenditure and (2) such persons as undertake joint responsibility for the payment of loans for land improvement, granted to them severally. The order is to be signed by the disbursing officer as well as by the borrower as evidence of his having understood and agreed to the terms and conditions. The amount is then disbursed for which a separate receipt is taken from the borrower, the disbursing officer certifying disbursement of the loan in his presence.

10.2 LOAN OPERATIONS

Information about the loan applications received and sanctioned and the purpose for which the loans were sanctioned under the *Taccavi* Rules during 1950–1 is presented in Table 10.1. It would be observed that the total number and amount of loans sanctioned were very small as compared to the size of the district with a rural population exceeding four lakh persons in 1951. The amount of loans sanctioned was 66 per cent of the amount applied for in the sanctioned applications. The total number of applications received is not available and it is, therefore, not possible to indicate the proportion of applications sanctioned to those received.

Loans were sanctioned for four purposes, namely, purchase of seed, purchase of draught animals, well-digging and other irrigation purposes and land improvement. Purchase of draught animals alone accounted for 79 per cent of the amount sanctioned followed by well-digging and other irrigation purposes which accounted for about 16 per cent of the total amount sanctioned. Loans for the purchase of seed, manure and fodder accounted for 4·5 per cent. A very small proportion of the loans was given for land improvement. The purpose-wise distribution of loans, thus, clearly shows that the purchase of livestock enjoyed a high priority with the agriculturists of the district. This is not inconsistent with the finding that nearly two-thirds of the total capital investment expenditure in agriculture and about the same proportion of the reported credit needs for development purposes were for the purchase of livestock. Next to livestock, well-digging was the most important purpose for which additional credit was needed by the cultivators.

From the loan records available at the selected tahsil (or sub-divisional) centres, an attempt was made to study the different stages before the sanction or rejection of a loan and the special steps taken, if any, for the recovery of loans. The records made available to the field staff did not include details of rejected applications. Thus, our study was confined to 118 applications sanctioned. The amount involved in these loan applications was Rs 23,534, of which about 45·1 per cent was for purchase of livestock and another about 16 per cent for well-digging. The purposes of loans for nearly 36 per cent of the amount, however, were more than one or not clearly stated. A small amount was reported to have been given for purchase of farm equipment. A negligible proportion of loans was secured against immovable property. The most important security was guarantee by third party but a substantial proportion of the amount was given against which no specific security was mentioned. These features of loans disbursed by the Government during the Survey year are, probably, explained by the prevalence of famine conditions during which these loans acquired the character of emergency relief. In any event, the recipients of these loans appear to have treated them as such, as indicated by the fact that all loans borrowed from the Government were reported to have been borrowed for family expenditure purposes by the respondents.

TABLE 10.1 GOVERNMENT FINANCE FOR AGRICULTURAL PURPOSES DURING 1950-1

[Amount in hundreds of rupees]

	APPLICATIONS RECEIVED		APPLICATIONS SANCTIONED		
	Number	Amount applied for	Number	Amount applied for	Amount sanctioned
	1	2	3	4	5
1. Land Improvement Loans Act, 1883....	-	-	-	-	-
2. Agriculturists' Loans Act, 1884@........	369 ..	424 ..	237 70	373 340	265 203
3. Loans under the Grow More Food Campaign..........	-	-	-	-	-
4. Cash subsidies under the Grow More Food Campaign..........	-	-	-	-	-
5. Schemes for rehabilitation of displaced persons***	..	..	..	..	98**

	PURPOSE FOR WHICH AMOUNT WAS SANCTIONED									
	Purchase of seed	Purchase of manure	Purchase of fodder	Purchase of implements	Purchase of draught animals	Well digging and other irrigation sources	Land improvement	Consumption	Other purposes	Purpose not specified
	6	7	8	9	10	11	12	13	14	15
1. Land Improvement Loans Act, 1883....	-	-	-	-	-	-	-	-	-	-
2. Agriculturists' Loans Act, 1884@........	21* *(4·5)*	..	..	-	367 *(78·6)*	75 *(16·1)*	4 *(0·9)*	-	-	-
3. Loans under the Grow More Food Campaign..........	-	-	-	-	-	-	-	-	-	-
4. Cash subsidies under the Grow More Food Campaign..........	-	-	-	-	-	-	-	-	-	-
5. Schemes for rehabilitation of displaced persons***	..	..	..	..	..	..	..	..	..	..

@ Information relates to Class I and Class II loans granted under Rajasthan *Taccavi* Rules, 1950; details are presented under Agriculturists' Loans Act, 1884.
* Includes amount sanctioned for manure and fodder.
** Information relates to one taluka, amount distributed to 26 displaced agriculturists of Sheo Taluka.
*** Data supplied to field staff. In the case of other Acts data were supplied directly by Government.
.. Not available.
(Figures within brackets represent proportion of the amount sanctioned for this purpose to the total amount sanctioned).

It was found that the time-lag between the date of application and the date of disbursement of loans studied was less than one month for nearly 81 per cent of the loans sanctioned and for 72 per cent of the amount sanctioned. In most of the remaining cases the time-lag was between one to three months. In a very small proportion of cases it was somewhat longer. These data are to be judged in the light of the fact that loan applications are generally not entertained until the amount to be disbursed as *taccavi* loans during any particular year is sanctioned by the State Government and actually received. Then, there is usually a rush of applicants mostly from villages near the tahsil or district headquarters, as the word goes round that *taccavi* loans are about to be disbursed. Cultivators from the nearby villages often stay at the tahsil or district headquarters awaiting the sanction of their loan applications. The case studies of loans also reveal that out of 118 loans studied, 94 were reported to have been disbursed outside the applicant's place of residence; the rest were reported to have been disbursed at the applicant's place of residence.

The loan records revealed that no extraordinary steps were taken for the recovery of loans.

The General Schedule data relating to borrowings from the Government by the different groups of rural families show that only the group of medium cultivators borrowed from the Government during the Survey year. These borrowings, however, were insignificant both from the standpoint of the number of loans and the amount involved, which constituted only 1 per cent of the total borrowings of the medium cultivators and only 0·3 per cent of the total borrowings of all cultivators. Debt was reported to have been owed to a larger extent than the borrowings from the Government during the year. Data collected during the Survey year show that about 9 per cent and 3 per cent of the big and the large cultivators, respectively, owed debt to the Government. The amount owed constituted 1·5 per cent of the total debt owed by the big cultivators and 0·8 per cent of that owed by the large cultivators. It is significant that no debt was owed to the Government either by the medium or the small cultivators or the non-cultivators.

10.3 CONCLUDING REMARKS

The main conclusions which emerge from the study of the data discussed above may be stated as follows. Government finance is not available in a large measure to the rural population of the district; also, the available quantum of Government finance is not evenly distributed but tends to gravitate towards the more influential or wealthy sections of the community. Government finance appears to be available chiefly under two sets of conditions. It is available when any emergency makes it necessary for the Government to step in for help, part of which is rendered in the shape of loans. Government lending under such instances becomes part of the programme for relief of distress. Although, perhaps not formally avowed for this purpose, Government finance in the district distinctly acquired this character during the Survey year. In all such cases, Government finance perforce plays a vital role and it is obvious that this role of the Government cannot easily be taken over by any other agency.

Government finance is also available for agricultural production purposes. The operative agency of Government finance is ordinarily the Revenue Department or other departments of Government. Government finance, therefore, is affected to some extent by the varying character of the initiative or drive of the agency. In recent years, this agency, besides its normal functions of revenue collection and assessment and maintenance of land records, has been entrusted with other developmental responsibilities. The time available at the disposal of the officials of this department for attending to sanction, disbursement, supervision and recovery of Government finance is, therefore, usually inadequate. Further, Government finance appears to be affected also by such considerations as the extent of financial provision made by the Government for particular years. The need, therefore, for proper distribution of finance to the deserving and needy persons becomes imperative. The usual charges of bribery and complaints regarding corruption are also not uncommon.

CHAPTER II

CO-OPERATIVE FINANCE

II.1 LEGAL BASIS

The Barmer district was a part of the Jodhpur State, prior to the integration of princely States and formation of Rajasthan, in 1949. According to the information available, no co-operative institutions were established in the district under the former Jodhpur State. During the Survey year four types of primary societies and one Marketing Federation were reported to have been in existence. The Rajasthan Co-operative Societies Act, 1952, which followed mainly the lines of the corresponding Bombay act, came into effect after the Survey year. No legislation was enacted at the time of the Survey for the establishment of land mortgage banks.

II.2 TYPES OF UNITS FUNCTIONING

The various co-operative institutions in the district at the time of the Survey comprised (1) three primary credit and thrift societies, (2) seventeen weavers' societies, (3) twelve sale and supply societies, (4) one hand dyeing and printing society and (5) one District Central Co-operative Marketing and Industrial Federation.

Two of the three credit and thrift societies were in Dhudhawa and Shivkar and the third society was in Barmer. The weavers' societies, it appears, were established mainly with a view to obtaining quotas of yarn distributed by the Co-operative Department. They were not reported to be performing any other function, such as, the sale of cloth produced by the members. The sale and supply societies also were established, mainly, with a view to procuring certain articles. These societies, it was reported, dealt in such commodities as cement, tin-sheets, etc. Sale of produce of members by any of these societies was not reported.

The hand dyeing and printing society procured cloth for printing and dyeing by its members both through the Government and other sources. As the Government did not make any cloth allotment during the Survey year, the society, it was reported, did not function during that year.

The District Central Co-operative Marketing and Industrial Federation was a federation of the weavers' societies, acting as their agent for procuring yarn from the Government. The taking up of the sale of articles like cement, cloth, etc., which were sold by the other types of primary societies to their members was reported to be under consideration when the investigation was conducted.

It would be observed that with the exception of the credit and thrift societies, none of the co-operative institutions established in the district were engaged in agricultural credit or marketing ; the investigation was, therefore, confined only to the former type of societies. The district had no central financing agency and the Government, that is, the Co-operative Department, was expected to look after the working capital requirements of the primary credit societies. There were no land mortgage banks in the district, nor co-operative marketing institutions dealing in agricultural commodities.

The three primary credit societies were established with a view to meeting the credit needs of the agriculturists. Even these three societies, however, had not started functioning at the time of the Survey. The working capital of these societies was meagre. In the absence of a central financing agency, the Government did not start giving loans to these societies which, in turn, could not make any advances to its members during the Survey year. Each society had between fifteen to twenty members. When the working capital needs of the members could be met, it was believed that the membership would increase. The societies were registered as unlimited liability societies. The societies remained in a dormant state since their inception upto the time of the Survey and many members were reported to be demanding repayment of their share capital contributions, if the then existing state of affairs was to continue.

CHAPTER 12

PRIVATE FINANCE

The investigation of the private non-institutional creditors presented certain problems. Persons engaged in the moneylending business, whether as their principal means of occupation or as traders and commission agents, landlords, agriculturists or as relatives, were not usually willing to provide information regarding their business operations. Our investigation was confined to two types of moneylenders, (1) the professional private moneylenders and (2) traders and commission agents. An attempt was also made to study the business methods of the class of people who have come to be designated as the indigenous bankers. The data collected from these bankers are discussed separately. The only institutional agency among private creditors is the commercial bank. The operation of these banks in the district in relation to agricultural credit was also studied through a questionnaire. In view of the difficulties mentioned above, the investigation of moneylenders and traders emphasized the business practices rather than the volume of transactions. The analysis of replies given by them, therefore, has to be limited to a statement of the practices followed by different proportions of the investigated moneylenders and traders. As in the case of the Government and the co-operatives, case studies of loans made by the moneylenders were made with the help of those who co-operated in this respect.

12.1 MONEYLENDERS

Two categories of moneylenders were selected for the Survey : (1) those residing or doing business in the selected villages and (2) those residing in the larger centres of agricultural trade and finance which were selected for the Survey in the district. In both the categories some moneylenders were also traders.

All the moneylenders residing in the selected villages were interviewed. Their total number in each village was known through the general schedule which was canvassed for all rural families. In the towns, it was difficult at times to ascertain the exact number of moneylenders and their names. However, with the co-operation of tahsil authorities, lawyers and other influential persons residing at these centres, it was usually possible to know most of the individuals engaged in moneylending business.

The total number of moneylenders interviewed in the selected villages was 19 while that in the 4 selected centres and at the district headquarters was 126. Of the nineteen village moneylenders as many as eighteen, of whom one was also a cultivator, reported shop-keeping business in addition to moneylending and the remaining one was a trader. Among the 126 town moneylenders, 55 were also engaged in shop-keeping, 18 in trade in agricultural commodities and 24 in general merchandise. The remaining were engaged in different professions. An indication of the agricultural clientele of the village and the town moneylenders may be obtained from the following :

TABLE 12.1—CLIENTELE OF MONEYLENDERS

NUMBER OF MONEYLENDERS IN WHOSE CASE THE AGRICULTURAL CLIENTS AS PROPORTION OF THE TOTAL CLIENTELE WAS THIS

Proportion	Group I	Group II
Upto 25 per cent	–	14
25 to 50 per cent	–	18
50 to 75 per cent	–	7
75 to 100 per cent	19	73

(Groups I and II refer to village and town moneylenders, respectively.)

As the above figures indicate, a majority of the town moneylenders and almost all the moneylenders in the villages reported that over 75 per cent of their clientele were agriculturists. This shows clearly that the largest proportion of clientele of moneylenders in the district are agriculturists.

More than 75 per cent of the moneylending business of most of the village moneylenders was directed towards financing agriculturists. Moreover, even two-thirds of those who responded to this question in the towns indicated a similar tendency as may be observed from the following :

TABLE 12.2—PROPORTION OF TOTAL MONEYLENDING BUSINESS FINANCING AGRICULTURISTS

NUMBER OF MONEYLENDERS IN WHOSE CASE THIS PROPORTION OF THE TOTAL MONEYLENDING BUSINESS FINANCES AGRICULTURISTS

Proportion	Group I	Group II
Upto 10 per cent	–	9
10 to 25 per cent	1	5
25 to 50 per cent	–	18
50 to 75 per cent	–	7
75 to 100 per cent	18	73

(Groups I and II refer to village and town moneylenders, respectively.)

Relatively, few village moneylenders reported loans above Rs 500 and even those who reported such loans stated that less than 25 per cent of their total loans were for amounts of Rs 500 and above. As many as fifteen out of nineteen said that more than half their loans were for amounts below Rs 100. Thus, the loans advanced by village moneylenders were generally for small amounts though loans for amounts between Rs 100–500 were also occasionally made.

A majority of town moneylenders reported that between 25 to 50 per cent of their loans were for amounts ranging between Rs 100–500. The size of loans by moneylenders in towns might have been larger than those by moneylenders in the villages, as the following data will show.

TABLE 12.3—SIZE DISTRIBUTION OF LOANS TO AGRICULTURISTS

Size of loans	NUMBER OF MONEYLENDERS IN WHOSE CASE NUMBER OF LOANS OF DIFFERENT SIZES ARE THIS PROPORTION OF THE TOTAL NUMBER OF LOANS TO AGRICULTURISTS							
	GROUP I				GROUP II			
	Upto 25%	*25% to 50%*	*50% to 75%*	*75% to 100%*	*Upto 25%*	*25% to 50%*	*50% to 75%*	*75% to 100%*
	1	2	3	4	5	6	7	8
Less than Rs 100.......	1	3	7	8	20	42	29	21
Between Rs 100 and Rs 500..............	8	6	3	1	23	69	16	1
Between Rs 500 and Rs 1,000.............	9	–	–	–	52	11	2	–
More than Rs 1,000.....	1	–	–	–	25	1	1	3

(Groups I and II refer to village and town moneylenders, respectively.)

All the moneylenders interviewed in the selected villages said that the period of repayment of loans was stipulated by them; on the other hand, only 43 out of 122 moneylenders in towns made any stipulation regarding period of loans.

A majority of moneylenders who responded both in the villages and the towns said that over 75 per cent of their loans were for a period of less than one year. Fewer moneylenders reported loans for more than one year and such loans usually constituted less than 25 per cent of their total loans. By and large, therefore, a large proportion of loans made by moneylenders both in towns and in villages are for a period of one year or less. Those few who stipulate a longer period of over one year make only a small proportion of their loans for such longer periods, as the following table will show.

TABLE 12.4—PERIOD OF YEARS FOR WHICH LOANS ARE STIPULATED

Period stipulated for repayment	NUMBER OF MONEYLENDERS WHO SAID THAT THESE PROPORTIONS OF THE LOANS WERE FOR THIS STIPULATED PERIOD									
	Up to 10%		*10-25%*		*25-50%*		*50-75%*		*75-100%*	
	Group I	Group II	Group I	Group II	Group I	Group II	Group I	Group II	Group I	Group II
	1	2	3	4	5	6	7	8	9	10
Less than 1 year...........	–	–	–	–	–	6	2	2	17	29
1 to 3 years.................	4	4	3	11	–	2	–	–	–	–
Above 3 years.............	3	4	–	5	–	–	–	–	–	–

(Groups I and II refer to village and town moneylenders, respectively.)

Loans made by moneylenders interviewed in the villages were wholly unsecured. A large number of moneylenders in the towns also reported loans without any security. However, in this group, 16 and 21 moneylenders, respectively, out of a total of 122, took real estate and livestock and implements as security. Loans against other securities were given by a large number of moneylenders in towns (55 out of 122). This category can ordinarily be expected to include bullion and ornaments. Less than 50 per cent of loans made by these moneylenders were against other securities.

TABLE 12.5—DISTRIBUTION OF LOANS ADVANCED BY MONEYLENDERS ACCORDING TO SECURITIES

Security	NUMBER OF MONEYLENDERS IN WHOSE CASE THE ADVANCES TO AGRICULTURISTS AGAINST THESE SECURITIES WERE IN THESE PROPORTIONS							
	GROUP I				GROUP II			
	Upto 25%	*25% to 50%*	*50% to 75%*	*75% to 100%*	*Upto 25%*	*25% to 50%*	*50% to 75%*	*75% to 100%*
	1	2	3	4	5	6	7	8
1. Unsecured.........	–	1	–	18	5	13	10	77
2. Secured against crops	–	–	–	–	–	–	–	–
3. Secured against real estate.............	–	–	–	–	12	4	–	–
4. Secured against live-stock and implements	–	–	–	–	17	2	2	–
5. Secured against other securities..........	7	1	–	–	36	16	1	2

(Groups I and II refer to village and town moneylenders, respectively.)

In the intensive enquiry of selected cultivators, information, among other things, regarding the security against which each loan was borrowed had been asked for. These data classified according to the credit agency reveal that the entire amount of outstanding loans by the professional as well as the agriculturist moneylenders was against personal security.

Only about one-third of the moneylenders interviewed in each of the two groups said that they needed any external finance. Again, almost all the moneylenders in both the groups who needed external finance said that more than 75 per cent of it came from other moneylenders. There were no other important sources of finance for the moneylenders, either in the towns or in the villages. Only two moneylenders reported commercial bank as a source of finance. In the case of a majority of moneylenders, the borrowed funds constituted less than 25 per cent of their owned resources.

The demand for funds from moneylenders was confined mostly to a period of three months—June, July and August. This reflects to a certain extent the single crop agricultural economy of the district where agricultural operations are confined to the *kharif* season.

TABLE 12.6—SEASONAL CHARACTER OF DEMAND FOR FUNDS

Period	NUMBER OF MONEYLENDERS WHO SAID THAT DURING THIS TIME THEY FACE HEAVY DEMANDS FOR FUNDS FROM AGRICULTURISTS	
	Group I	Group II
1. June and July	11	2
2. June, July and August	2	20
3. July and August	5	60
4. November, December and January	–	1
5. March and April	–	1
6. May, June and July	–	2
7. April, May and June	–	2
8. July, August and September	–	6
9. November and December	–	1

(Groups I and II refer to village and town moneylenders, respectively)

Two-thirds of the moneylenders in the villages and about one-third of those interviewed in towns made grain loans. Generally, the grain loans were given both for seed as well as consumption purposes by both the groups of moneylenders.

From the replies of moneylenders who were interviewed, it appears that very few of them advanced loans against or were interested in trading in the borrowers' crops. None of the village moneylenders indicated any connection between their lending activity and the marketing of the borrowers' crops. Among the urban moneylenders only 5 out of 126, who answered the question, advanced loans against standing or harvested crops or stipulated for the possession of the crop at harvest against their advances or handled the produce of the borrowers for marketing. Four village moneylenders and fifty urban moneylenders replied that less than 10 per cent of the loans given by them involved litigation.

All the moneylenders interviewed in the district said that they enquired into the purpose for which their clients required loans. Some of the village moneylenders also watched over the utilization of loans given by them but a majority did not do so. Urban moneylenders, generally, did not keep a watch over the utilization of loans made by them.

Certain important features of moneylender finance are revealed by case studies of loans advanced by them. Altogether 171 loan transactions by the village moneylenders were studied from their records with a view to studying (1) the size of loans given, (2) the time-lag between the demand for and the supply of credit, (3) the purposes of loans given, (4) the interest rates charged and (5) the security of loans.

It is observed that nearly half of the loans were for amounts below Rs 50. Loans below Rs 200 covered all but 15 per cent out of the total number of loans. The amounts of these loans, as may be expected, did not account for a major proportion of the total which was claimed by loans above Rs 200.

The system of moneylender finance, as is well-known, does not provide in several stages for application, sanction and disbursement of loans. The case studies of loans advanced by moneylenders did not give details as to the time-lag involved between the date on which the borrower put forward his demand, the date on which the demand was sanctioned, the date on which the loan was disbursed, etc. According to most cultivators and other knowledgeable persons in the district, loans by moneylenders are given expeditiously, with the qualification that the more creditworthy the borrower the easier it is for him to obtain a loan. A relatively non-creditworthy borrower may have to contact even the same person more than once before he can get a loan.

The replies of the moneylenders revealed that nearly three-fourths of the amount and an even larger proportion of loans were given for family expenditure purposes. The rest of the loans and amount were mainly for capital expenditure in agriculture which signifies loans mostly for the purchase of livestock.

It would be recalled that according to the intensive investigation of selected cultivators, nearly three-fifths of the borrowings of cultivators from the professional moneylenders were reported to have been taken for consumption purposes and the rest for agricultural purposes.

The case studies further reveal that over three-fourths of the number of loans and the amounts involved were given against personal security and about 1 per cent of the loans and amounts were secured against ornaments and bullion. The security, in other cases, was not specified.

The interest rate charged by the moneylenders, according to the case studies, was either 'nil' or unspecified in as many as one-third of the cases involving about one-sixth of the total amount of loans. 37 per cent of the loans and 42 per cent of the amount were given at interest rates exceeding $12\frac{1}{2}$ per cent and upto 25 per cent. The share of loans at rates between $12\frac{1}{2}$ per cent and $18\frac{3}{4}$ per cent among these was very small. The remaining loans and amounts were given at interest rates varying between $9\frac{3}{8}$ per cent and $12\frac{1}{2}$ per cent. The case studies of loans indicated that in no case was the period or the duration of the loans stipulated by the moneylenders, a practice which is in conformity with the general observations regarding moneylender finance.

The main conclusions emerging from the study of the working of moneylender finance may be stated as under: (1) Agriculturists constituted the main bulk of clientele of moneylenders in towns as well as in villages, (2) a large number of loans were for small amounts under Rs 50 and loans above Rs 200 were less than 15 per cent of the total, (3) the loans were usually for a duration of one year or less, unsecured, and mostly for family expenditure and to a small extent for agricultural purposes, (4) June, July and August were the months in which moneylenders faced heavy demand for funds while the period of heavy repayments was reported to be between November and March and (5) the rates of interest charged varied, mostly, between $12\frac{1}{2}$ per cent and 25 per cent.

As is only too well-known, moneylender finance is characterized by its lack of uniformity in policies. Since the entrepreneurship and management of this type of finance is vested in the hands of the same individual, it is possible for him to suit his terms as the individual and the occasion demands.

12.2 INDIGENOUS BANKERS

An attempt was made to study the role played by indigenous bankers in the agricultural credit system of the district. An indigenous banker was defined as a person who engages in moneylending, accepts deposits and deals in *hundis*. We could get information from about twenty indigenous bankers. Most of them were engaged in trading activity of one kind or another. In a majority of cases, they accepted deposits, the depositors usually being traders, commission agents, etc. They usually offered 3 to 6¼ per cent interest on deposits so collected. They utilized the deposit for trading purposes. Sale of cloth was found to be one of the most important lines of trade followed by these bankers, agricultural commodities occupying a secondary place. They made advances to agriculturists or to persons doing similar business as also to some other traders of the town, but making advances was generally a secondary proposition to them. The data collected show that they made extensive use of *hundis*, although the purposes for which they were drawn or discounted have not been clearly stated. The main source of credit for the indigenous bankers was other moneylenders ; borrowing from the commercial banks was reported by only one of them.

The available data being rather limited, no generalisations can be made. It appears, however, that the banking side of the business of indigenous bankers is not highly developed. Very few of them indicated that deposits constituted any significant proportion of their working capital. Moreover, the high rate of interest offered by them on deposits at 6 per cent per annum as well as their method of obtaining deposits indicate that, by and large, the banking side of their business was supplementary to their trading activities.

12.3 TRADERS

Altogether, 59 traders were interviewed, 4 in the selected villages and 55 in the selected marketing centres. All the traders interviewed in the villages were general merchants, while traders in towns were in about equal numbers, commission agents and wholesalers.

Most traders reported that they obtain credit when needed from the private moneylenders, who may be traders and commission agents, indigenous bankers or professional moneylenders. The rate of interest charged was reported to be under 6¼ per cent. Commercial banks constituted another source of credit. The rate of interest charged by the banks varied between 6 per cent and 9 per cent.

Certain information mainly of a qualitative type, regarding the marketing practices of the cultivators, such as the agencies through whom their produce was marketed, whether the sale took place in or outside the village, what conditions or prior arrangements, if any, were made with the agency through whom the produce was marketed, etc., was elicited through a questionnaire on marketing confined to the sample of selected cultivators.

The upper strata cultivators marketed 48 per cent of the produce sold through traders and commission agents and the rest was sold to the Government. The entire produce sold by the lower strata cultivators, on the other hand, was marketed through traders and commission agents. There was no marketing through the co-operatives. In reply to a question, pertaining to the place of delivery of the commodity marketed, 28 out of 35 upper strata cultivators and 16 out of 17 lower strata cultivators indicated that the commodity was delivered in the village itself. Others replied that it was delivered at the market place. The practice of marketing the crop in the village itself is to be expected under the difficult transport conditions prevailing in the district.

It was found that in 24 out of 38 sale transactions with traders and commission agents by cultivators of the upper strata and 9 out of 16 of the lower strata, money was owed to the traders prior to sale. Three more cultivators of the upper strata had actually borrowed money as advance against, or in anticipation of, their impending sales. It would appear that the traders make advances to the agriculturists against their expected crop which consequently has to be marketed through those very traders. This practice, presumably, gives the traders numerous advantages in the settlement of price, in the determination of the quantity and the quality of the produce, etc.

The questionnaire on marketing also sought to elicit information on difficulties experienced by the selected cultivators in obtaining prompt and adequate finance. A majority of cultivators replied that the most common difficulties were their inability to repay in time and the high rates of interest charged. It is not surprising that these difficulties should be common to a large number of cultivators in the district in view of the low returns from agriculture due to crop failure, making it uneconomic for the cultivators to bear the high interest rates charged. As there was no specific moneylending legislation in the district in operation at the time of the Survey, none of the cultivators indicated legislative or other actions of the Government as the causes of difficulties in obtaining prompt and adequate finance.

12.4 COMMERCIAL BANKS

There were only three branches of commercial banks in the district, all of which responded to the questionnaire sent to them. There were no non-scheduled banks in the district. Of the three branches, two gave advances against agricultural produce. The principal commodities involved were wheat, gram, *jowar*, *mug*, *gur* and sugar. There were altogether only eight accounts on which advances against agricultural produce were made. The advances were all of the cash-credit type. The amount outstanding was Rs 1,61,766 on 30 September, 1951.

One bank reported that the period from 15 October to 31 March was a period of heavy demand for funds. The months of heavy repayments were April, August and September. When asked why borrowers have recourse to creditors other than the commercial banks, they replied that traders were shy of hypothecating commodities with the banks because they considered that their prestige in the market would be lowered by the banks putting their lock and seal on the godowns where their goods were stored. Another reason, not stated by them but generally reported is that the rate of interest charged by banks is not sufficiently attractive. The rate charged by banks during the Survey year varied between 6 to 7½ per cent. It is found that the traders actually pay a little more in the local money market, but then they have not to hypothecate their goods.

Thus, it is observed that the commercial banks were not an important source for financing agricultural trade and marketing. Their main function seems to be provision of the remittance facilities, the lending activities being of secondary importance.

The credit system in the district was virtually confined to the private agencies alone. Some loans were no doubt given by the Government but they were on a very small scale. The co-operative movement was not initiated and thus was yet to grow into an active instrument of credit. Between the Government and the private sector there is little inter-relationship, even of a competitive character, owing to the extremely small volume of credit provided by the Government.

In the private sector itself the general financial structure of the district, including that pertaining to agriculture, is inter-related to the extent that short-term accommodation loans among businessmen and between businessmen and banks are prevalent. Here, the village moneylenders-cum-traders also come into the picture inasmuch as they obtain credit from their counterparts in the town in the form of advances on commodities offered for sale by them. The village moneylenders have to pay the full price of the produce to the cultivators, which they do with the help of advances received by them.

CHAPTER 13

CONCLUDING OBSERVATIONS

The general picture of the district presented by the Survey data, which have been discussed above, is that of a large, sparsely populated arid region in the Thar desert, where cultivation of crops is carried on under a great deal of uncertainty and insecurity owing to the extremely low rainfall and an almost total absence of irrigation facilities. Crop failures are frequent and livestock constitute the mainstay of the rural economy. The means of transport and communications are undeveloped necessitating the use of camels over large parts of the district. These features have naturally restricted intercourse with the outside world.

Over and above the handicaps imposed by natural factors, the Barmer district, having been a part of the former state of Jodhpur, suffered from neglect in regard to state initiative and assistance in furthering economic development of the rural population. In the sphere of land systems, the cultivators of the district were weighed down by the feudal (*jagirdari*) form of tenure, which has subsequently been abolished. Co-operation, in the sphere of credit, had scarcely been initiated in the district at the time of the Survey. There were practically no viable co-operative societies at the base and there was, of course, no central co-operative financing agency in the district. The Government also had not paid much attention to the need for the development of co-operative credit and for channelling any resources for this purpose. The moneylender, therefore, held complete sway over the rural population and was almost the only source of credit, as the data on borrowings and debt owed to different credit agencies by the rural families have shown.

The Survey year itself was a year of calamity for the district population, having been overtaken by a famine, for the second year in succession. Apart from the almost complete failure of crops, there was a scarcity of fodder also. Under these conditions there were hardly any repayments towards debt outstanding at the beginning of the year, whereas fresh borrowings had to be contracted. The Survey year, therefore, witnessed an alarming growth in rural indebtedness, which increased by 92 per cent. Nearly three-fifths of the rural families were in debt, the average debt of these families being as high as Rs 865 per indebted family. A substantial proportion of the outstanding debt was of more than five years' duration, indicating the possibility that many debt accounts had, probably, become immobile burdens, particularly as the proportion of long standing debt among the lower strata cultivators was larger. Nearly half of the outstanding debt was for consumption and other purposes and the other half was for agricultural production purposes. Moreover, nearly 70 per cent of the total amount borrowed by the rural families during the Survey year was for family expenditure purposes. The borrowing activity during the Survey year was largely confined to the cultivating families as only about 16 per cent of the non-cultivators reported borrowings during the year. Even among cultivators, borrowing by the small cultivators was restricted to only 21 per cent of the families in that group. The proportion of borrowing families among the big, the large and the medium cultivators' groups ranged between 42 per cent and 47 per cent of the total number of families in each group. The predominance of borrowings for family expenditure was evident in the data on purposes of borrowing for all groups of cultivators, whereas the entire amount borrowed by the non-cultivators was for family expenditure purposes. A little over one-third of the total number of cultivators also reported borrowing in kind. The quantity of grain loans borrowed during the year constituted nearly 27 per cent in value of the amount borrowed in cash. Only 4·2 per cent of the rural families reported repayments during the year, the repaying families being concentrated among the big and the large cultivators.

An attempt was made to record the expenditure on important items of family expenditure which may constitute occasions for borrowing by the rural families. A very striking feature of these data is that an overwhelming proportion of borrowing by the rural families in connection with family expenditure was intended for financing expenditure on marriage and death ceremonies. Thus, it was found that the rural families borrowed Rs 123 per family for financing family expenditure on only those items which were recorded in the general schedule; of these borrowings, as much as Rs 105 per rural family were utilized for financing expenditure on marriage and death ceremonies alone. It would thus appear that there is considerable scope for acting through social conventions in regard to ceremonial expenditure in mitigating the burden of indebtedness on the rural families in the district.

On the basis of the various aspects of the data, an attempt was also made to study deficits in the economy. These data have revealed that the cultivators in general as well as the non-cultivators and the cultivators in different groups showed a deficit as a result of transactions on capital account during the year. Detailed family-accounts reveal that nearly half of the cultivating families showed deficits, about one-fifth showed neither surplus nor deficit mainly because they did not report any transactions on the capital account and only 31 per cent showed a surplus. This is not surprising as the average cash receipts of cultivators were found to be only Rs 247 per family. About Rs 2 per family or less than 1 per cent were derived from the sale of crops and fodder. Wages, sale of milk and milk products and rent accounted for 45·5 per cent, 29·9 per cent and 16·9 per cent, respectively, of the total cash receipts of the cultivating families. The cash receipts of cultivators of the upper and the lower strata were Rs 262 and Rs 231 per family, respectively. Among the upper strata cultivators receipts from sale of milk and milk products were larger than those from wages whereas for cultivators of the lower strata wages accounted for over two-thirds of the total cash receipts. These wages, it appears, were derived mainly from employment in the urban areas outside the village. It is thus clear that the cultivator in this district is at best only a part-time farmer and he has necessarily to earn his living in part from sources other than sale of crops and fodder. Among these sources, sale of livestock products was the most important for the upper strata cultivators and wages for the lower strata cultivators. These findings are not inconsistent with what might be expected in view of the general district conditions and prevalence of famine during the Survey year.

The future development of the rural economy of this district will depend to a large extent upon the availability of an assured water supply. There is, however, no prospect in the foreseeable future of irrigation facilities reaching this district as the Rajasthan canal, which is to irrigate substantial areas in the Thar desert, is not expected to supply water to this district to any appreciable extent. The sub-soil water is found at great depths and even at a depth of 300 feet or so, it is often brackish. It would appear that, in the immediate future attention will have to be focussed on the existing potentialities for facilitating the development and growth of the rural economy of this under-developed district. These potentialities appear to lie, at present, mainly in the development of livestock industry and arranging for the organized marketing of livestock products. Co-operation adequately backed up with the resources of the State, can play a significant role in exploiting the potentialities in both these directions.

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