

**ALL-INDIA  
RURAL CREDIT SURVEY**

**DISTRICT MONOGRAPH  
BHATINDA**



**BOMBAY - 1959**

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**Price: Rs 5.50**

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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 are being selected for revision and publication.

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

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

## FOREWORD

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

4. A draft monograph on Bhatinda district was prepared by Shri A. N. Vij of the Reserve Bank of India, who was the Regional Controller in charge of the field investigations in this district. The monograph was edited for publication by Shri J. B. Gupta of the Department of Statistics. The responsibility for the views expressed is that of the author and not of the Reserve Bank of India.

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Principal Adviser  
to the Reserve Bank of India.

Reserve Bank of India,  
Central Office,  
BOMBAY.  
May 13, 1959.

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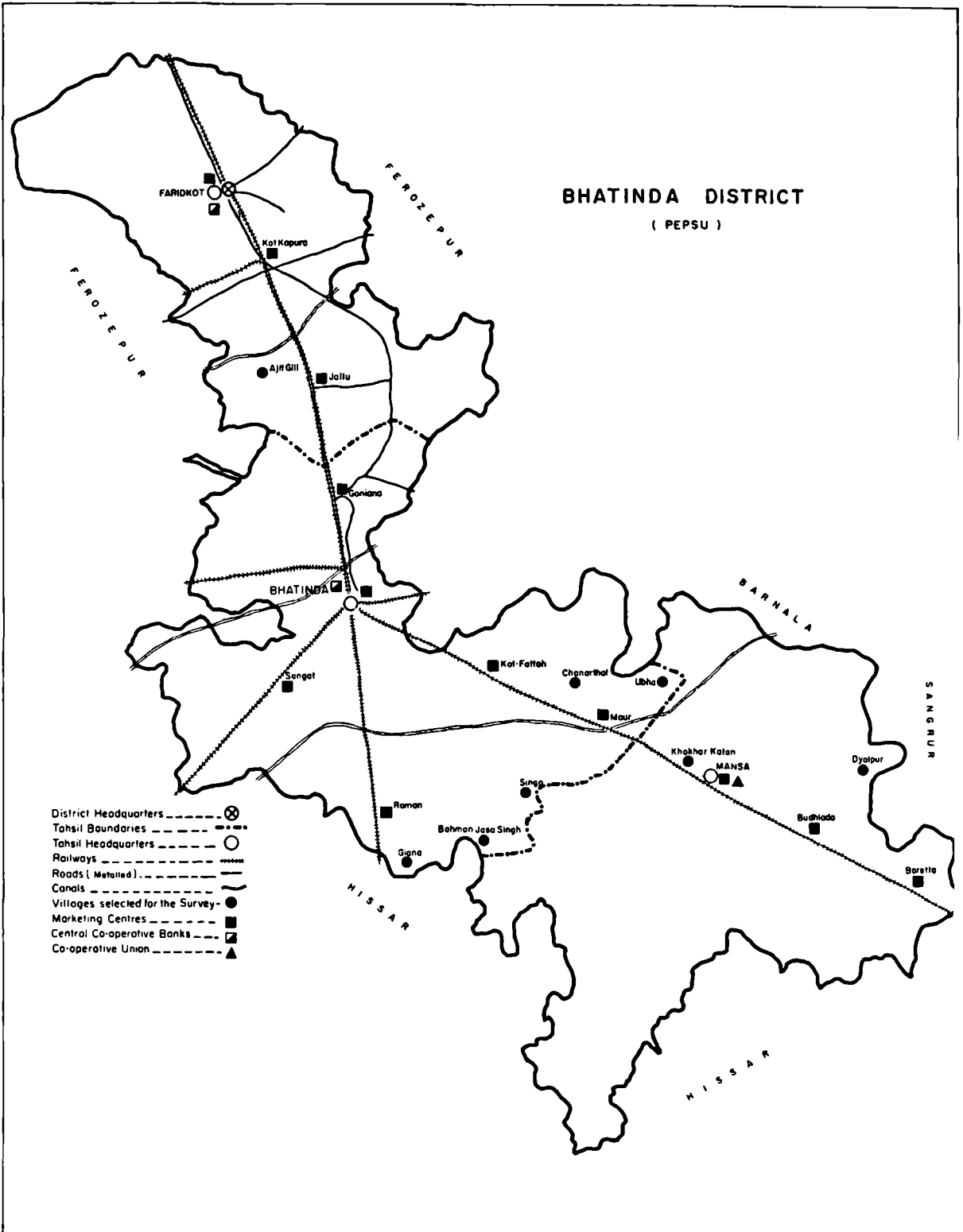
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The following symbols have been used in the tables :

- to represent 'nil' or a negligible figure.
- .. to indicate that the figure is not available.

# **BHATINDA DISTRICT** ( P E P S U )

- District Headquarters ———— ⊗ ————
- Tahsil Boundaries ———— - - - - -
- Tahsil Headquarters ———— ○ ————
- Railways ———— = = = = =
- Roads ( Metalled ) ———— ————
- Canals ———— ~ ~ ~ ~ ~
- Villages selected for the Survey ———— ● ————
- Marketing Centres ———— ■ ————
- Central Co-operative Banks ———— □ ————
- Co-operative Union ———— ▲ ————





## CHAPTER I

### GENERAL FEATURES OF THE DISTRICT

#### 1.1 GENERAL

The Patiala and East Punjab States Union (popularly known as PEPSU),\* of which district Bhatinda formed a part, was established on 20 August 1948 through the merger of the territories of eight Indian States, namely, Patiala, Kapurthala, Nabha, Jind, Faridkot, Malerkotla, Nalagarh and Kalsia. Administratively PEPSU comprised the eight districts, viz., Patiala, Sangrur, Fatehgarh, Barnala, Bhatinda, Kandaghat, Kapurthala and Mohindergarh. Geographically PEPSU was not one compact unit but was split up into five distinct blocks. The main block comprised the five districts of Patiala, Sangrur, Fatehgarh, Barnala and Bhatinda. The remaining four blocks, constituting the other three districts, lay completely apart from the main block as also from each other. Bhatinda district was situated on the north-west end of the main block, bounded on the north by Ferozepur district, on the west by Ferozepur and Hissar districts, on the south by Hissar district, i.e., by the East Punjab territory from three sides and on the east by Barnala and Sangrur districts of PEPSU.

The district had its headquarter at Faridkot and consisted of three tahsils, viz., Bhatinda, Faridkot and Mansa. According to the 1951 Census, the total area of the district was 2,272 square miles with a population of 666,809 giving a density of 293 persons per square mile. Eighty-one per cent of the population was residing in rural areas. There were in all 12 towns and 573 villages in the district. The average population of a village was 944. The following table gives the area, the number of villages and towns and the population according to the 1951 Census, in different tahsils of Bhatinda district.

TABLE 1.1—AREA AND POPULATION

Tahsil	Area in sq. miles	Number of villages	Number of towns	Rural population	Total population
	1	2	3	4	5
1. Bhatinda.....	846	182	6	193,440	244,245
2. Faridkot.....	562	153	3	133,339	180,625
3. Mansa.....	864	238	3	214,294	241,939
<b>Total.....</b>	<b>2,272</b>	<b>573</b>	<b>12</b>	<b>541,073</b>	<b>666,809</b>

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

\*PEPSU was merged with the Punjab in November 1956.

## 1.2 PHYSICAL FEATURES

The district is notorious for its scorching heat and sand-storms which generally blow from April to September every year. The winter is cold and dry. In the matter of rainfall, the district is unfavourably situated; the rains are generally insufficient and mostly irregular. The average rainfall between 1940 and 1951 was 14 inches at Bhatinda, 17 inches at Faridkot and 16 inches at Mansa.

The district is an alluvial plain. The soil is partly arid alluvial and partly semi-arid alluvial. It is suited for growing food crops, viz., gram and wheat and the commercial crop cotton.

Tahsil Faridkot can be divided into two homogeneous geographical divisions, viz., *Hathar* and *Utharh*. *Hathar* consists of sandy soil whereas *Utharh* is composed of loam soil with sandy loam. Similarly, the soil of Bhatinda and Mansa tahsils also comprises sand and sandy loam. The district taken as a whole falls into that agricultural zone of the State which is served by perennial canals with great potentialities for the development of agriculture. After the inauguration of Bhakra Dam this agricultural zone will rightly claim to be granary of the State.

## 1.3 LAND USE

### 1.3.1 Land utilization

According to the *Indian Agricultural Statistics*, 1949-50 revenue records existed for 1,480 thousand acres, of which 72·3 per cent was reported to be sown. Fifty-six per cent of the net area sown was under irrigation, which was carried out mostly by canals. The following table gives area sown and area irrigated in Bhatinda district.

TABLE 1.2—AREA SOWN AND AREA IRRIGATED

Total area of the district (acres).....	1,480,000
Total area sown (acres).....	1,218,000
Net area sown (acres).....	1,070,000
Net area sown as percentage of total area.....	72·3
Area sown more than once as percentage of net area sown.....	13·8
Net area under irrigation (acres).....	599,000
Net area under irrigation as percentage of net area sown.....	56·0

(Source : *Indian Agricultural Statistics*, 1949-50.)

### 1.3.2 Source of irrigation and water supply

Of the total net cultivated area of 10·70 lakh acres in the district, an area of 5·99 lakh acres was irrigated and the remaining was unirrigated. Thus, about half the cultivated area in this district depended on rainfall. Of the irrigated area, only a little over 1 per cent was irrigated by wells and the rest was irrigated by canals.

### 1.3.3 Pattern of crop distribution

The area under *rabi* and *kharif* crops in the district for the years 1948-9 to 1950-1 is shown on page 3.

TABLE 1.3—CROP DISTRIBUTION

(Area in acres)

Crop	1948-9	1949-50	1950-1
	1	2	3
<b>Rabi crop</b>			
1. Wheat.....	187,317	232,569	196,344
2. Barley.....	33,836	89,197	60,177
3. Gram.....	330,362	386,245	479,461
4. Rape and mustard.....	32,709	17,191	44,789
5. Rabi pulses.....	431	558	573
<b>Kharif crop</b>			
1. Maize.....	7,428	13,154	5,693
2. Jowar.....	2,790	1,375	4,062
3. Bajra.....	81,196	150,940	165,716
4. Sugar-cane.....	6,625	5,277	5,894
5. Cotton.....	44,055	62,503	57,907
6. Moong and moth.....	11,614	8,715	13,520
7. Other kharif crops.....	13,920	12,334	10,864

(Source : Director of Land Records, PEPSU.)

It is, thus, seen that gram is the most important crop of the district followed by wheat, both of which are *rabi* crops. *Bajra* is an important *kharif* crop. Among commercial crops rape, mustard and cotton are predominant.

#### 1.3.4 Crop seasons

The two principal agricultural seasons of the district are the usual *kharif* and *rabi* seasons. The main crops of the *kharif* season are *bajra*, cotton, sugar-cane, maize, *jowar*, *moong* and *moth*. The *kharif* season extends from May to the middle of October. The principal crops of the *rabi* season which extends from the middle of October to the middle of April are wheat, barley, gram and mustard seed.

The various crop combinations pursued in the district are (1) wheat and gram, (2) barley and gram, (3) wheat and barley, (4) *jowar* and *gowar*, (5) *ehari* and *moth*, (6) sarson and wheat and (7) *til* and cotton. The practice of crop rotation in dry areas differs from that in canal irrigated areas. In the dry areas the most usual systems of crop rotation are (1) gram—*moth*—*bajra*—fallow, (2) gram—wheat—*chhari*—fallow and (3) wheat—fallow—wheat. In the canal irrigated areas the pattern generally takes the form of (1) wheat—*toria*—cotton, (2) wheat—cotton—sugar-cane, (3) wheat—cotton—maize—*senji*—sugar-cane, (4) maize—*senji*—wheat, (5) maize—*barseem*—wheat and (6) sugar-cane—maize as fodder—wheat.

### 1.4 AGRICULTURE AND ANIMAL HUSBANDRY

#### 1.4.1 Occupational distribution

According to the 1951 Census, 77·4 per cent of the total population was agricultural and the remaining 22·6 per cent non-agricultural. In rural areas, however, 90·7 per cent of the population belonged to agricultural class. Persons engaged in production other than cultivation accounted for another 3·8 per cent. Persons

engaged in other activities like commerce, transport and miscellaneous services, formed only 5.5 per cent of the total rural population. The following table gives the number of persons according to livelihood classes in the rural and urban areas of the district.

**TABLE 1.4—POPULATION ACCORDING TO LIVELIHOOD CLASSES**

Livelihood classes	Rural	Per-centage to total	Urban	Per-centage to total	Rural plus urban	Per-centage to total
	1	2	3	4	5	6
<b>Agricultural classes.....</b>	<b>4,90,828</b>	<b>90.7</b>	<b>25,352</b>	<b>20.2</b>	<b>5,16,180</b>	<b>77.4</b>
1. Cultivators of land wholly or mainly owned.....	3,46,799	64.1	15,783	12.6	3,62,582	54.4
2. Cultivators of land wholly or mainly unowned.....	35,835	6.6	3,035	2.4	38,870	5.8
3. Cultivating labourers.....	92,038	17.0	4,458	3.5	96,496	14.5
4. Non-cultivating owners of land....	16,156	3.0	2,076	1.7	18,232	2.7
<b>Non-agricultural classes.....</b>	<b>50,245</b>	<b>9.3</b>	<b>1,00,384</b>	<b>79.8</b>	<b>1,50,629</b>	<b>22.6</b>
1. Production other than cultivation...	20,384	3.8	13,845	11.0	34,229	5.1
2. Commerce.....	13,297	2.5	41,209	32.8	54,506	8.2
3. Transport.....	3,684	0.7	20,755	16.5	24,439	3.7
4. Other services and miscellaneous sources.....	12,880	2.4	24,575	19.5	37,455	5.6
<b>Total.....</b>	<b>5,41,073</b>	<b>100.0</b>	<b>1,25,736</b>	<b>100.0</b>	<b>6,66,809</b>	<b>100.0</b>

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

#### 1.4.2 Demographic conditions

Throughout the district, agriculture is mainly the concern of *jat-sikhs*. The *aggarwals* and *aroras* work as traders. Apart from these two classes, *jat-sikhs*, who have retired from services and settled in the villages are also engaged in the business of advancing loans to the villagers mostly against the security of land. The agricultural community is strong, healthy and virile.

#### 1.4.3 Migration

As in the case of the East Punjab and other districts of PEPSU, a large number of Hindus and Sikhs poured into the district from Pakistan soon after the Partition. A number of Muslims left the district for Pakistan. It is reported that, there being no security of life, some well-to-do persons belonging to the trading class had left the villages to settle in towns. There is no seasonal inter-district or inter-tract migration of population in the district.

#### 1.4.4 Animal husbandry

The number of livestock in Bhatinda district according to the Livestock Census of 1951 is given in the table 1.5 on page 5.



**TABLE 1.5—NUMBER OF LIVESTOCK**

(In thousands)

Cattle.....	225
Buffaloes.....	154
Sheep.....	62
Goats.....	151
Horses and ponies.....	4
Camels.....	24
Donkeys.....	7
Mules.....	1
Pigs.....	1
Poultry.....	56
<b>Total.....</b>	<b>685</b>

(Source : *Livestock Census Report, PEPSU.*)

The number of working bullocks per 1,000 acres of cultivated area in the district was 60. Camels are also used in the district for agricultural operations such as ploughing, irrigation by persian wheels, etc. Their number would work out to about 17 per 1,000 cultivated acres. A camel generally performs the work of two bullocks. This would indicate that a pair of bullocks is available to plough about 21 acres of land in this district. The important breed of bullocks used for ploughing in the district is the Haryana breed which is rapidly replacing the indigenous breed.

Since the district has a number of large sized holdings, cultivation by means of tractors is also on the increase. In 1951, there were 39 and 68 tractors in use in the urban and rural areas respectively in the district.

**1.4.5 Size of holdings**

The distribution of holdings in the district is given in the following table.

**TABLE 1.6—DISTRIBUTION OF HOLDINGS ACCORDING TO SIZE**

Size of holdings	Number of holdings	Percentage to total	Area in acres	Percentage to total
	1	2	3	4
Under 1 acre.....	8,989	13.0	4,425	0.3
1 acre and above but under 3 acres	7,979	11.5	19,550	1.4
3 acres and above but under 5 acres	6,367	9.2	28,292	2.0
5 acres and above but under 10 acres	10,321	14.9	99,823	7.0
10 acres and above but under 15 acres	7,471	10.8	105,917	7.4
15 acres and above but under 20 acres	6,381	9.2	124,107	8.7
20 acres and above but under 25 acres	4,876	7.0	112,726	7.9
25 acres and above but under 50 acres	11,023	15.9	499,861	34.9
50 acres and above.....	5,892	8.5	437,223	30.5
<b>Total.....</b>	<b>69,299</b>	<b>100.0</b>	<b>14,31,924</b>	<b>100.0</b>

(Source : *Report on Agrarian Reforms in PEPSU, June 1952.*)

About 50 per cent of the total number of holdings was less than 10 acres and accounted for about 10 per cent of the total area. Holdings of 25 acres and above which were 24.4 per cent in number accounted for 65.4 per cent of the area. Average size of holdings in the district was about 20 acres. Distribution of

holdings above 50 acres by size (vide table 1.7 below) provides interesting study inasmuch as holdings of 1,000 acres and above accounted for 13.1 per cent of the total area comprised in holdings of more than 50 acres.

**TABLE 1.7—DISTRIBUTION OF HOLDINGS ABOVE FIFTY ACRES**

Size of holdings	Area in acres	Percentage to total area of all holdings	Percentage to total area of holdings above 50 acres
	1	2	3
50 acres and above but below 100 acres..	194,635	13.6	44.5
100 acres and above but below 200 acres..	97,824	6.8	22.4
200 acres and above but below 500 acres..	81,303	5.7	18.6
500 acres and above but below 1,000 acres..	6,329	0.4	1.4
1,000 acres and above.....	57,132	4.0	13.1
<b>Total.....</b>	<b>437,223</b>	<b>30.5</b>	<b>100.0</b>

(Source : *Report on Agrarian Reforms in PEPSU, June 1952.*)

## 1.5 INDUSTRIES AND TRADE

### 1.5.1 Small and large-scale industries

There were very few large industrial units in the district. Small-scale industries such as steel and re-rolling mills, flour mills, engineering works and cotton ginning and pressing factories were, however, spread over a number of towns. A *dal* factory and an ice manufacturing factory were functioning at Mansa. Modi Electric Supply Co., Bhatinda, oil mills at Raman, gram *dal* mill at Kot Kapura were some other industrial establishments of the district employing more than 20 persons. The minor industries like weaving, manufacture of agricultural implements, etc., were to be found in almost every big village and all towns. In smaller villages, however, there were no important cottage industries.

### 1.5.2 Marketing centres

As the district is surplus in agricultural production, a number of flourishing marketing centres have sprung up. The important marketing centres are Faridkot, Kot Kapura, Jaitu, Goniana, Raman, Bhatinda, Mansa, Budhlada, Baretta, Maur, Sangat and Kot-Fattah. According to the 1951 Census all these 12 marketing centres were urban areas.

There were no licensed warehouses in the district. State-owned godowns with a capacity of 40,000 maunds each existed at the marketing centres of Bhatinda and Mansa. Privately owned godowns, however, existed at all the marketing centres. At Maur, Kot Kapura, Bhatinda, Mansa and Faridkot, the number of privately owned godowns was as high as 1,790 with a capacity ranging from 500 maunds to 2,000 maunds. The maximum number of these godowns was reported to be at Kot Kapura, where the number was considered even larger than the requirements. In the case of Bhatinda and Faridkot marketing centres, the privately owned godowns

were reported to be both inadequate and defective resulting in loss in storage. Of the 1,790 godowns at these five marketing centres, more than 50 per cent were *pucca* godowns. Some special types of *kachha* godowns were also popular and preferred to *pucca* ones for purposes of storing.

#### 1.6 TRANSPORT AND COMMUNICATION

The district is well served by railways. Nearly all the important marketing centres are located on rail-heads. Bhatinda itself is a very big railway junction in Northern India, connected in seven different directions by railway. *Pucca* roads serve only a limited area of the district. The roads here are mostly *kachha* roads but are open both for lorry traffic and bullock carts. There are no waterways in the district.

#### 1.7 TENURE

The great majority of agriculturists in the district were owner cultivators. The principal tenure holders were occupancy tenants, special tenants and tenants-at-will. The tenancy problem had been accentuated during the period immediately preceding the Survey due to persistent and organized agitation on the part of special classes of tenants of Faridkot State. In Faridkot State there were special tenants who held 60,969 acres of land under the Ruler.\* They generally paid rent in cash but were not liable to ejectment. This class of tenants presented some special problems and some action had already been taken by the PEPSU Government in resolving those problems. By notification No. 8B dated April 28, 1951, the PEPSU Government announced that these tenants would be deemed to be occupancy tenants under Section 8 of the Punjab Tenancy Act, 1887, thereby entitling them to proprietary rights on the conditions prescribed by law.

The relations between the landlord and the occupancy tenants in PEPSU were very much strained. The tension has a history behind it and causes going back to several generations. An ordinance was passed on 15 August 1949, under which land under *Biswedari* tenure was to be divided between the occupancy tenants and *Biswedars*. Three-fourths of the land was to be given to the occupancy tenants while one-fourth was to remain with *Biswedars*. The occupancy tenants could acquire even the remaining one-fourth share of the landlord by paying a suitable price for it. The magnitude and intensity of the problems of occupancy tenants in Bhatinda district had remained at their worst, because of their long standing bitter disputes with the landlords. Apart from the problem of the occupancy tenants, who were reported to be desirous of acquiring even the landlord's share of land without payment, the problem of tenants-at-will was also required to be looked into. PEPSU, like the Punjab, had been comparatively late in enacting legislation for the protection of tenants-at-will. It could be due to the predominance of owner cultivators and to the influence exercised by the land owning classes. The various reforms for providing security of tenure to tenants-at-will were under way.

\* Source : Report on Agrarian Reforms in PEPSU, June 1952.

Mention may also be made here of the displaced persons from Pakistan who were allotted 74,996 acres of land on a quasi-permanent basis.

### 1.8 METHODS AND COVERAGE OF THE SURVEY

The all-India Rural Credit Survey, which forms the basis of this monograph, was designed to collect data relating to borrowings and debt of rural families and also to know the extent and mode of availability of rural credit both private and institutional. The former aspect of the Survey, i.e., the demand for credit by rural families has been termed as 'demand' aspect and the latter which deals with the working of rural credit agency is called the 'supply' aspect.

Under 'demand' investigation information was collected from the rural families with the help of various schedules and questionnaires designed for the purpose. Eight villages, four with co-operative societies and four without co-operative societies were selected in the district. For this purpose all villages in the district were divided into two groups, one group containing villages where primary co-operative credit societies existed and the second where such societies did not exist. Four villages were then selected at random from each group, with probability proportional to the size of the population of the villages. The idea underlying the selection of villages separately from the two groups was to gauge the impact of co-operative loans on the general economic conditions of the cultivators and to assess the differences in the economies of the two categories of villages selected. Demand investigation was divided into two parts, viz., general enquiry and intensive enquiry and separate designs were adopted for the two. Under general enquiry, all the families in the eight selected villages were investigated with the help of a general schedule. The intensive enquiry was restricted to only 15 cultivating families from each of the eight selected villages in respect of whom information was collected using six schedules and five questionnaires. The selection of 15 cultivating families from each of the eight villages was done on the basis of stratified random sampling. All the cultivating families in the village (investigated with the help of the General Schedule) were arranged in the descending order of magnitude of their size of cultivated holdings and divided into ten equal strata called deciles. Two families from each of the first five deciles and one from each of the last five deciles making in all a total of 15 families were selected at random. A cultivating family in the present context was defined as a family engaged in cultivation of any piece of land owned or leased other than small garden plots.

The General Schedule asked for details like size of holdings, expenditure on important items which are likely to have been the occasions of borrowings during the period of 12 months preceding the date of enquiry, borrowings during the 12 months according to purpose and credit agency, repayments during the period, outstanding debt according to credit agency and outstanding dues as on the date of investigation. Intensive enquiry elicited details like assets, current farm expenditure and receipts, and borrowings and debt according to purpose, security, interest rate and type of mortgage.

On the 'supply' side, societies from four other villages, in addition to societies existing in the four 'demand' side villages were investigated. The method of selecting these villages was the same as that adopted for the selection of villages on the 'demand' side.

Apart from canvassing schedules relating to primary agricultural credit societies schedules for eliciting information relating to Government finance and other institutional credit were also canvassed. A number of questionnaires were utilized with a view to assessing the mode of operations of moneylenders, traders, indigenous bankers, etc.

The General Schedule data have been separately compiled for cultivating and non-cultivating families. Among cultivating families, data have also been compiled and presented, wherever necessary, separately for the first decile and the decile groups, comprising the first 3 deciles, middle 4 deciles and last 3 deciles which have also been referred to as big, large, medium and small cultivators respectively. The intensive enquiry data have been generally presented for two decile groups, viz., the first five deciles and the last five deciles. These two decile groups have been termed as the upper strata and the lower strata respectively.

The field investigations on the 'demand' side of the enquiry were conducted in two rounds; October 1951 to March 1952 and April 1952 to June 1952. First round was utilized for collection of data through the General Schedule and some intensive enquiry schedules. Remaining intensive enquiry schedules were canvassed during the second round. The investigations on the 'supply' side were conducted simultaneously with those on the 'demand' side. The actual period of investigation in the eight villages both for the General Schedule as also for the intensive enquiry is given in the table below.

TABLE 1.8—PERIOD OF THE SURVEY

Village	Period during which the General Schedule was filled in	PERIOD DURING WHICH FILLING IN OF INTENSIVE ENQUIRY SCHEDULES WAS COMPLETED; FORTNIGHT ENDED	
		First round	Second round
	1	2	3
Ajit Gill.....	12 Mar. 1952 to 19 Mar. 1952	..	15 May 1952
Bahman Jasa Singh...	7 Mar. 1952 to 9 Mar. 1952	15 Mar. 1952	15 May 1952
Giana.....	28 Nov. 1951 to 11 Dec. 1951	31 Jan. 1952	15 May 1952
Singo.....	4 Jan. 1952 to 15 Jan. 1952	29 Feb. 1952	15 June 1952
Chanarthal.....	26 Mar. 1952 to 28 Mar. 1952	..	15 June 1952
Dyalpur.....	11 Feb. 1952 to 20 Feb. 1952	29 Feb. 1952	15 May 1952
Khokhar Kalan.....	4 Jan. 1952 to 22 Jan. 1952	15 Feb. 1952	30 April 1952
Ubha.....	19 Mar. 1952 to 27 Mar. 1952	..	30 April 1952

This is a very brief account of the design of the Survey. For full account of the different technical aspects of the Survey, viz., sampling procedures, field organization, actual schedules and questionnaires used, processing and analysis of data and sampling errors, the reader would find it useful to refer to the report of the All-India Rural Credit Survey, Volume III—Technical Report, 1956.

## CHAPTER 2

### SELECTED VILLAGES AND HOUSEHOLDS

This chapter discusses the important features of the agricultural economy of the eight selected villages. The discussion is based on the Survey data.

#### 2.1 SELECTED VILLAGES

The villages investigated in the Survey are Ajit Gill, Bahman Jasa Singh, Giana, Singo, Chanarthal, Dyalpur, Khokhar Kalan and Ubha out of which the first four were with primary agricultural credit societies and the last four were without such societies. Bahman Jasa Singh, Giana, Singo, Chanarthal and Ubha are located in Bhatinda tahsil, Ajit Gill is in Faridkot tahsil and Dyalpur and Khokhar Kalan are in Mansa tahsil.

The selected villages are reported to be fairly representative of the district as regards soil conditions, land utilization, pattern of crop distribution and irrigation facilities. There were very few *pucca* roads connecting these villages with the nearest towns, marketing or industrial centres. Almost all the villages were connected with these centres by *kuchha* roads. The average distance of the villages from such centres is approximately 7 to 8 miles. The industries located in the areas adjoining these villages were cotton ginning and pressing, oil extraction and *dal* milling. These processing industries were mostly controlled by private traders and individuals belonging to urban areas and the important effect of these processing industries on the economic life of the villagers was the exploitation of the cultivators at the time of purchase of raw produce. There were also no cottage industries of importance in the selected villages. The one or two *telis*, *pinjas*, *mochis*, *kumahrs* and *khatis*, who were found, were hardly sufficient even for meeting the routine day-to-day requirements of the villagers. Cultivating classes in their spare time did not engage themselves in any cottage industry or other subsidiary activity.

#### 2.2 CULTIVATED HOLDINGS

##### 2.2.1 Size of cultivated holdings

The number of families covered by the General Schedule was 1,478. Out of this 64.3 per cent were cultivating families, the average holdings per cultivating family being 22 acres. The table 2.1 on page 12 gives the average cultivated holdings in the eight selected villages for different classes of cultivators.

Proportion of cultivating families to all rural families in the different villages varied from 87.2 per cent to 55.5 per cent. The average size of cultivated holdings among big cultivators for individual villages varied from 64.3 acres in the case of Singo to 44.0 acres in the case of Dyalpur as compared to the district average of

55.3 acres. Among the small cultivators, the average varied from 11.4 acres in the case of Bahman Jasa Singh to 3.3 acres in the case of Ubha.

**TABLE 2.1—SIZE OF CULTIVATED HOLDINGS**

[ General Schedule data ]

Village	Number of rural families covered by the General Schedule	Proportion of cultivating families (Per cent)	Average size of cultivated holdings (In acres)	AVERAGE SIZE OF CULTIVATED HOLDINGS (IN ACRES) IN CASE OF			
				Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4	5	6	7
Ajit Gill.....	135	61.5	19.4	47.9	35.4	17.0	6.8
Bahman Jasa Singh.....	86	77.9	30.9	58.7	50.2	31.0	11.4
Giana.....	231	82.3	20.2	49.7	38.0	18.2	4.9
Singo.....	180	87.2	26.6	64.3	48.3	23.5	7.5
Chanarthal.....	145	64.1	20.6	54.6	39.3	17.3	5.5
Dyalpur.....	174	58.0	17.4	44.0	30.8	15.6	6.1
Khokhar Kalan.....	201	56.7	21.2	58.0	40.4	17.9	6.2
Ubha.....	326	55.5	22.8	63.2	46.1	20.3	3.3
<b>District.....</b>	<b>1,478</b>	<b>64.3</b>	<b>22.0</b>	<b>55.3</b>	<b>40.7</b>	<b>19.6</b>	<b>6.2</b>

The pattern of average size of cultivated holdings as revealed by the intensive enquiry data largely conformed to that obtained from the General Schedule data. This would be clear from the following table.

**TABLE 2.2—TWO PATTERNS OF SIZE OF CULTIVATED HOLDINGS**

[ Holdings in acres ]

Village	Average size of cultivated holdings according to General Schedule data	HOLDINGS OF SELECTED CULTIVATORS ACCORDING TO INTENSIVE ENQUIRY DATA	
		Average size of holdings per family	Average area sown per family
	1	2	3
Ajit Gill.....	19.4	18.8	19.6
Bahman Jasa Singh.....	30.9	31.0	32.0
Giana.....	20.2	19.9	20.5
Singo.....	26.6	26.6	25.8
Chanarthal.....	20.6	19.9	20.0
Dyalpur.....	17.4	15.9	17.1
Khokhar Kalan.....	21.2	19.7	14.8
Ubha.....	22.8	22.9	18.4
<b>District.....</b>	<b>22.0</b>	<b>21.0</b>	<b>19.7</b>

### 2.2.2 Pattern of distribution of cultivated holdings

Inter-village variation in the share of cultivated holdings of the different classes of cultivators is given in the table 2.3 on page 13.



**TABLE 2.3—SHARE OF CULTIVATED HOLDINGS**

[ General Schedule data. Share in per cent ]

Village	Average size of cultivated holdings (Acres)	SHARE OF CULTIVATED HOLDINGS			
		Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4	5
Ajit Gill.....	19.4	26.8	55.1	33.8	11.1
Bahman Jasa Singh.....	30.9	19.9	51.0	37.4	11.6
Giana.....	20.2	24.6	56.6	36.1	7.3
Singo.....	26.6	27.7	57.8	33.8	8.4
Chanarthal.....	20.6	28.5	59.4	32.6	8.0
Dyalpur.....	17.4	27.5	54.2	35.5	10.3
Khokhar Kalan.....	21.2	28.8	58.5	32.6	8.9
Ubha.....	22.8	27.5	60.2	35.4	4.4
<b>District.....</b>	<b>22.0</b>	<b>26.6</b>	<b>56.9</b>	<b>34.6</b>	<b>8.5</b>

Inter-village variation in the percentage share of cultivated holdings in the case of medium cultivators was not considerable and the shares in the different villages ranged only between 37.4 per cent and 32.6 per cent. In the case of small cultivators, however, the share varied from 11.6 per cent in the case of Bahman Jasa Singh to 4.4 per cent in the case of Ubha.

Big cultivators, who formed 10 per cent of the total cultivators, accounted for 26.6 per cent of the total holdings of all cultivators. Similarly large cultivators forming 30 per cent of the total cultivators accounted for as much as 56.9 per cent of total holdings of all cultivators. Small cultivators, however, accounted for only 8.5 per cent of total holdings although they formed 30 per cent of the total cultivators.

Distribution of cultivating families and cultivated holdings according to size of cultivated holdings is presented in the following table.

**TABLE 2.4—DISTRIBUTION OF CULTIVATING FAMILIES AND CULTIVATED HOLDINGS**

[ General Schedule data. In per cent ]

Size of cultivated holdings	Proportion of cultivating families (Per cent)	Proportion of cultivated holdings (Per cent)
Less than one acre.....	0.0	0.0
1 to 2 acres.....	3.3	0.1
2 to 3 acres.....	3.6	0.3
3 to 4 acres.....	2.8	0.4
4 to 5 acres.....	3.1	0.6
5 to 7 acres.....	4.5	1.1
7 to 10 acres.....	7.5	2.7
10 to 15 acres.....	13.1	7.2
15 to 20 acres.....	13.1	9.9
20 acres and above.....	49.1	77.7
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>

This table reveals interesting features. Cultivating families reporting cultivated holdings below 5 acres constituted 12·8 per cent of the total cultivating families but accounted for only 1·4 per cent of the total area. Holdings of 20 acres and above were dominant ; 49·1 per cent of the total families had holdings of 20 acres or above and they held 77·7 per cent of the total cultivated holdings.

### 2.2.3 Cultivators owning plough cattle

Eighty-two per cent of the cultivating families in the selected villages were reported to be owning plough cattle. The proportion of families owning plough cattle varied from 93·1 per cent in Dyalpur to 72·1 per cent in Giana among the different villages. These families had on an average two plough cattle. Cultivated holdings per pair of plough cattle for the district as a whole was 29·2 acres whereas it varied from 43·8 acres in the case of Singo to 21·9 acres in the case of Dyalpur. The following table gives the proportion of families owning plough cattle, average number of plough cattle owned per reporting family and cultivated holdings in acres per pair of plough cattle owned for different classes of cultivators.

**TABLE 2.5—PLOUGH CATTLE**

[ General Schedule data ]

Class of cultivators	Proportion of families owning plough cattle	Average number of plough cattle owned per reporting family	Cultivated holdings per pair of plough cattle owned
	(Per cent)		(Acres)
	1	2	3
Big cultivators.....	100·0	2·8	40·0
Large cultivators.....	100·0	2·3	35·4
Medium cultivators.....	96·0	1·7	24·6
Small cultivators.....	47·2	1·3	20·4
<b>All cultivators .....</b>	<b>82·4</b>	<b>1·8</b>	<b>29·2</b>

All the big and large cultivators were reported to be owning plough cattle, on an average, at the rate of 2·8 and 2·3 respectively. On the other hand, more than half the small cultivators were not in possession of plough cattle and those who had, were having on an average 1·3 plough cattle per reporting family. As regards cultivated holdings per pair of plough cattle owned the small cultivators reported one pair of plough cattle for about every 20 acres of cultivated holdings as compared to medium, large and big cultivators who owned a pair of plough cattle serving every 24·6, 35·4 and 40·0 acres of cultivated holdings respectively.

### 2.3 GROSS PRODUCE AND CASH RECEIPTS

Information relating to gross produce and cash receipts collected from the selected cultivators through the intensive enquiry schedules is given in the table 2.6 on page 15.

**TABLE 2.6—GROSS PRODUCE AND CASH RECEIPTS OF THE SELECTED CULTIVATORS**

[ Intensive enquiry data. In rupees per family ]

Strata	Value of gross produce	CASH RECEIPTS FROM		
		Total	Sale of crops and fodder	Other sources
	1	2	3	4
Upper strata.....	3,187·6	2,030·9	1,902·9	128·0
Lower strata.....	1,483·5	1,172·8	957·4	215·4
<b>All cultivators.....</b>	<b>2,335·5</b>	<b>1,601·9</b>	<b>1,430·2</b>	<b>171·7</b>

Value of gross produce in the case of upper strata cultivators was more than double that in the case of lower strata cultivators. As between villages, variations in gross produce were considerable in both the upper and lower strata cultivators. For the upper strata cultivators the value of gross produce varied from Rs 5,296·8 in the case of Bahman Jasa Singh to Rs 1,958·4 in the case of Khokhar Kalan. Similarly, for lower strata cultivators, the range of gross produce was from Rs 2,628·2 in the case of Ajit Gill to Rs 936·0 in the case of Ubha.

Cash receipts from the sale of crops and fodder, in the case of all cultivators, were reported to be Rs 1,430·2 per family, i.e., 61·2 per cent of the total gross produce. Cash receipts from other sources were to the tune of Rs 171·7 per family. While the value of receipts from sale of crops and fodder in the case of upper strata cultivators was nearly double that of the lower strata cultivators, cash receipts from other sources were much more important relatively to the lower strata cultivators compared to the upper strata cultivators. These receipts for the lower strata cultivators were about 70 per cent more than those for the upper strata cultivators. This was mainly due to receipts from wages which were reported to be Rs 114·5 per family in the case of lower strata cultivators as compared to only Rs 7·1 in the case of upper strata cultivators. The other important constituent of 'other' cash receipts was sale of milk and milk products which was more or less of equal importance for both the upper and lower strata cultivators.

#### 2.4 COMPOSITION OF ASSETS

Like gross produce and cash receipts information relating to assets was also obtained from the selected cultivators through the intensive enquiry schedules. The information regarding the total assets recorded in the intensive enquiry schedules was as furnished by the cultivators during the course of the enquiry and was not based on any systematic and independent evaluation of the total assets position of the cultivators. The information was obtained specifically about certain important categories of assets like land, buildings, livestock, implements and machinery, outstanding dues and financial investments. Land was an important constituent of the assets of the cultivators in Bhatinda district. Buildings and livestock came

next in the order of importance. Financial investments were conspicuous by their absence. Distribution of assets of the upper and lower strata cultivators is given in the following table.

**TABLE 2.7—COMPOSITION OF ASSETS OF THE SELECTED CULTIVATORS**

[ Intensive enquiry data. In rupees per family ]

Strata	Total	Value of owned land	Value of owned buildings	Value of owned livestock	Value of owned imple- ments and machinery	Out- standing dues (receiv- able)
	1	2	3	4	5	6
Upper strata.....	<b>24,446</b>	17,268	3,696	1,690	508	1,284
Lower strata.....	<b>12,810</b>	8,870	2,356	842	180	562
<b>All cultivators.....</b>	<b>18,628</b>	<b>13,069</b>	<b>3,026</b>	<b>1,266</b>	<b>344</b>	<b>923</b>

Upper strata cultivators, on an average, reported Rs 24,446 as total assets per family which was almost double that of the lower strata cultivators who reported the per family assets as Rs 12,810. Similar trend is noticeable in the individual items of assets also.

## CHAPTER 3

### INDEBTEDNESS

A picture of rural indebtedness in the district can be presented on the basis of the data collected through both the General Schedule and the intensive enquiry schedules. Borrowings and repayments over the 12 months preceding the date of enquiry collected through the General Schedule were utilized for assessing the growth of debt over a period of 12 months. In the intensive enquiry schedules, details like amount borrowed, rate of interest, credit agency and nature of security, in respect of each loan were collected. The discussion in this and the following two chapters on borrowings and repayments relates to cash transactions only, and loans in kind, whether outstanding, borrowed or repaid, have not been included, in any measure of either indebtedness, borrowing or repayment. Kind loans, however, have been discussed separately in Chapter 4.

#### 3.1 EXTENT OF INDEBTEDNESS

##### 3.1.1 Frequency distribution according to size of debt

Out of 1,478 families investigated in the eight selected villages, 990 or 67 per cent were reported to be in debt. The distribution of families according to size of debt is as follows.

**TABLE 3.1—DISTRIBUTION OF FAMILIES ACCORDING TO SIZE OF DEBT**  
[ General Schedule data ]

Size of debt (Rs)	Number of families	Proportion of families (Per cent)
	1	2
Nil.....	488	33.0
1 - 49.....	16	1.1
50 - 99.....	33	2.2
100 - 149.....	57	3.9
150 - 199.....	26	1.8
200 - 249.....	58	3.9
250 - 299.....	24	1.6
300 - 399.....	89	6.0
400 - 499.....	75	5.1
500 - 749.....	127	8.6
750 - 999.....	67	4.5
1,000 and above.....	418	28.3
<b>Total.....</b>	<b>1,478</b>	<b>100.0</b>

It can be seen from the above table that a third of the families were free from debt and a third were indebted to the extent of Rs 750 or more per family.

**3.1.2 Proportion of indebted families**

Among cultivators and non-cultivators, the proportions of indebted families were 63·6 per cent and 73·7 per cent respectively. Variation was considerable in the proportions of indebted families among the selected villages. Village Bahman Jasa Singh was found to have as much as 84·9 per cent of the families in debt, while Khokhar Kalan had only 54·7 per cent of indebted families. A table showing proportion of indebted families in the selected villages separately for the different classes of cultivating families and for non-cultivating families is given below.

**TABLE 3.2—PROPORTION OF INDEBTED FAMILIES IN THE SELECTED VILLAGES**  
[ General Schedule data. In per cent ]

Village	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All families
	1	2	3	4	5	6	7
Ajit Gill.....	33·3	56·0	56·3	65·4	59·0	67·3	62·2
Bahman Jasa Singh.....	71·4	85·7	72·0	85·7	80·6	100·0	84·9
Giana.....	68·4	66·7	85·5	78·9	77·9	85·4	79·2
Singo.....	55·6	54·0	53·3	57·4	54·8	69·6	56·7
Chanarthal.....	70·0	72·4	91·7	67·9	78·5	69·2	75·2
Dyalpur.....	36·4	41·9	62·5	63·3	56·4	87·7	69·5
Khokhar Kalan.....	33·3	34·3	54·5	54·3	48·2	63·2	54·7
Ubha.....	50·0	51·9	61·1	65·5	59·7	69·0	63·8
<b>District.....</b>	<b>51·5</b>	<b>56·6</b>	<b>67·2</b>	<b>66·2</b>	<b>63·6</b>	<b>73·7</b>	<b>67·2</b>

Among the different classes, the proportion of indebted families was generally higher among medium and small cultivators than among big and large cultivators in all the villages. It was seen in the previous paragraph that Bahman Jasa Singh and Khokhar Kalan reported the highest and the lowest proportions of indebted families respectively in respect of all families. The same two villages reported the highest and the lowest proportions separately for cultivating and non-cultivating families as also for different classes of cultivating families except medium cultivators in whose case the villages with the highest and the lowest proportions of indebted families were Chanarthal and Singo respectively.

**3.1.3 Debt per family**

Debt per family, for the district as a whole worked out to Rs 1,169. Although the proportion of indebted families in the case of cultivators was less than that in the case of non-cultivators, the debt per family in the case of cultivators was Rs 1,363, i.e., about 66 per cent higher than for non-cultivators who had a debt of Rs 822 per family. Among the villages, Bahman Jasa Singh reported the highest debt per family, i.e., Rs 1,894, Giana coming next with Rs 1,305 followed by Ajit Gill, Khokhar Kalan and Ubha with Rs 1,240, Rs 1,230 and Rs 1,202 respectively. The last three villages according to size of debt were Singo, Chanarthal and Dyalpur with debt per family of Rs 1,048, Rs 949 and Rs 934 respectively. Debt per family among the different classes of cultivators in the selected villages is given in the table 3.3.

**TABLE 3.3—DEBT PER FAMILY IN THE SELECTED VILLAGES**

[ General Schedule data. In rupees ]

Village	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All families
	1	2	3	4	5	6	7
Ajit Gill.....	806	1,353	1,681	1,085	1,395	993	1,240
Bahman Jasa Singh.....	718	2,166	1,092	1,516	1,561	3,066	1,894
Giana.....	1,308	1,350	1,777	1,018	1,421	768	1,305
Singo.....	1,293	933	1,192	1,024	1,059	972	1,048
Chanarthal.....	1,361	965	1,191	682	967	916	949
Dyalpur.....	348	706	1,474	948	1,082	731	934
Khokhar Kalan.....	2,786	1,741	2,271	1,195	1,778	513	1,230
Ubha.....	3,978	2,725	1,211	1,378	1,714	563	1,202
<b>District.....</b>	<b>1,673</b>	<b>1,472</b>	<b>1,492</b>	<b>1,086</b>	<b>1,363</b>	<b>822</b>	<b>1,169</b>

In six of the eight selected villages, the debt per family exceeded Rs 1,000. In the case of non-cultivators, there was only one village in which the debt was more than Rs 1,000 whereas, in the case of cultivators, seven villages reported debt exceeding that limit. Among the different classes of cultivators also, the debt reported in the selected villages was generally more than Rs 1,000 except in the case of two villages for small cultivators and three villages each for large and big cultivators. Inter-village variation in the size of debt was very large in the case of big as well as large cultivators. In the case of big cultivators, debt per family ranged from Rs 3,978 in the case of Ubha to Rs 348 in the case of Dyalpur. In the case of large cultivators also, the same two villages reported the highest and the lowest debt per family, viz., Rs 2,725 and Rs 706 respectively. In the case of medium cultivators, however, some variation was noticeable but not as much as in the case of big and large cultivators.

#### 3.1.4 Debt per indebted family

Debt per indebted family worked out to Rs 1,740 for the district. As between villages, the size of debt per indebted family varied from Rs 2,248 in the case of Khokhar Kalan to Rs 1,262 in the case of Chanarthal. The debt per indebted family for all cultivators was Rs 2,142 which was almost twice that reported by non-cultivators (Rs 1,115). Another interesting result noticed is that there was some association between the size of debt per indebted family and the size of cultivated holdings as can be seen from the following.

Debt per indebted family					Rs
Big cultivators	..	..	..	..	3,251
Large cultivators	..	..	..	..	2,602
Medium cultivators	..	..	..	..	2,220
Small cultivators	..	..	..	..	1,642

### 3.1.5 Debt in the different family groups in relation to total debt

Cultivating families accounted for about three-fourths of the total debt in the district ; 42·6 per cent of the debt of cultivators was owed by medium cultivators and 24·1 per cent by small cultivators. Thus, medium and small cultivators taken together accounted for about two-thirds of the total debt owed by cultivators. The remaining one-third was owed by large cultivators. Debt owed by big cultivators formed 13 per cent of the total debt owed by all cultivators. The following table gives the proportion of debt owed by different classes of cultivators in each of the selected villages to total debt of the cultivators in the village and also the proportion of total debt owed by cultivators and non-cultivators.

**TABLE 3.4—DEBT OF CULTIVATORS AND NON-CULTIVATORS IN RELATION TO TOTAL DEBT**

[ General Schedule data. In per cent ]

Village	PROPORTION OF DEBT OWED BY EACH CLASS OF CULTIVATORS TO THAT OF ALL CULTIVATORS				PROPORTION OF DEBT OWED BY CULTIVATORS AND NON-CULTIVATORS TO THAT OF ALL RURAL FAMILIES	
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators
	1	2	3	4	5	6
Ajit Gill.....	6·3	29·2	46·5	24·3	69·2	30·8
Bahman Jusa Singh.....	4·8	43·5	26·1	30·4	64·2	35·8
Giana.....	9·2	28·5	50·0	21·5	89·6	10·4
Singo.....	14·0	28·1	43·0	28·9	88·1	11·9
Chanarthal.....	15·1	31·1	47·7	21·2	65·4	34·6
Dyalpur.....	3·5	20·0	54·0	26·0	67·2	32·8
Khokhar Kalan.....	16·5	30·1	49·3	20·6	82·0	18·0
Ubha.....	23·1	47·4	28·1	24·5	79·2	20·8
<b>District.....</b>	<b>13·0</b>	<b>33·3</b>	<b>42·6</b>	<b>24·1</b>	<b>74·9</b>	<b>25·1</b>

## 3.2 INCIDENCE OF DEBT

### 3.2.1 Debt in relation to size of cultivated holdings

In order to find out the manner in which debt is related to the size of cultivated holdings, indebtedness in each decile has been related to the size of cultivated holdings in that decile. The following table gives average debt per acre of cultivated holdings in the ten deciles.

**TABLE 3.5—AVERAGE DEBT PER ACRE OF CULTIVATED HOLDINGS AND AVERAGE DEBT PER FAMILY IN DIFFERENT DECILES**

[ General Schedule data. In rupees ]

	First decile	Second decile	Third decile	Fourth decile	Fifth decile	Sixth decile	Seventh decile	Eighth decile	Ninth decile	Tenth decile
	1	2	3	4	5	6	7	8	9	10
Average debt per acre of cultivated holdings.....	30	43	39	66	82	76	85	141	151	374
Average debt per family...	1,674	1,551	1,175	1,685	1,735	1,348	1,200	1,426	922	918



It is interesting to observe that as we move down the deciles the average debt per acre of cultivated holdings goes on increasing. The burden of debt per acre is least in the first decile and maximum in the last decile. The extent of average debt per family in different deciles can also be seen from the same table.

The coefficient of concentration of debt was low being only 0.38 indicating that the divergence of incidence of debt per family as between different deciles is small. It is this fact, taken together with the normal decline in the size of cultivated holdings successively from decile to decile, that has resulted in the debt burden being comparatively heavy in the case of cultivators of the lower deciles.

### 3.2.2 Debt in relation to assets, gross produce and cash receipts

Information relating to assets, gross produce and cash receipts collected in the intensive enquiry schedules was also utilized for calculating incidence of debt. The following table brings out the incidence of debt separately for upper and lower strata cultivators.

**TABLE 3.6—INCIDENCE OF DEBT IN THE UPPER AND LOWER STRATA CULTIVATORS**

[ Intensive enquiry data. In rupees ]

Strata	AVERAGE DEBT				
	Per family	Per Rs 100 of value of owned land	Per Rs 100 of value of total assets	Per Rs 100 of gross produce	Per Rs 100 of cash receipts
	1	2	3	4	5
Upper strata.....	1,712.5	9.9	7.0	53.7	84.3
Lower strata.....	776.5	8.7	6.0	52.3	66.2
<b>All cultivators.....</b>	<b>1,244.5</b>	<b>9.5</b>	<b>6.7</b>	<b>53.3</b>	<b>77.7</b>

The above table indicates that debt per family was higher in the case of cultivators belonging to the upper strata. Burden of debt in relation to value of owned land, value of total assets, value of gross produce and cash receipts was slightly higher in the case of upper strata than in the lower strata. Incidence of debt on the assets of the cultivators was small as indicated by the debt-assets ratio which was less than 10 per cent in the case of both strata of cultivators. Land being a more stable element among the various assets of cultivators, value of owned land is considered as an index of credit worthiness of cultivators by the credit agencies. Study of the average debt per Rs 100 of the value of owned land, thus, assumes great importance. It is interesting to observe that in the case of both the upper and lower strata cultivators, this ratio was also less than 10 per cent which again shows that the incidence of debt on owned holdings was also small. In the absence of data on net income of the cultivators, value of gross produce and cash receipts are other two measures with which the burden of debt could be related. Incidence of debt in relation to gross produce was slightly higher than 50 per cent, being 53.7 per

cent in the case of upper strata cultivators and 52·3 per cent in the case of lower strata cultivators. Incidence of debt per Rs 100 of cash receipts in the case of upper strata cultivators was as high as Rs 84·3 as against Rs 66·2 in the case of lower strata cultivators.

### 3.3 GROWTH OF DEBT

Outstanding debt discussed in the preceding paragraphs is an indicator of the extent of indebtedness relating to a particular point of time. The data available from the General Schedule enable us to study the growth of debt during the 12 months-period preceding the date of enquiry.

#### 3.3.1 Absolute growth of debt

This district has reported a very high growth of debt, both among cultivators and non-cultivators. Some of the expenditure incurred in the settlement of persons who migrated at the time of the Partition might figure significantly in the borrowing and indebtedness aspects of cultivators as well as non-cultivators of this district. Moreover a significant part of such borrowings could not be repaid mainly because of the very situation which had arisen after the Partition. It is, perhaps, this factor that has added to the debt burden in the district.

Total borrowings and repayments per family during the 12 months-period preceding the date of the enquiry were reported as Rs 363 and Rs 123 respectively, bringing the net borrowings during the year to Rs 240. Net borrowings per family in the case of cultivators was Rs 275 which was higher by Rs 97 than that of non-cultivators who reported average net borrowings of Rs 178. Among the cultivating classes, big and large cultivators reported higher net borrowings followed by medium and small classes of cultivators as would be seen from the following table.

**TABLE 3.7—ABSOLUTE GROWTH OF DEBT IN THE SELECTED VILLAGES**

[ General Schedule data. In rupees per family ]

Village	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All families
	1	2	3	4	5	6	7
Ajit Gill.....	656	479	187	220	286	100	214
Bahman Jasa Singh.....	545	219	3	105	103	351	158
Giana.....	520	358	446	257	363	412	372
Singo.....	355	310	140	59	169	78	158
Chanarthal.....	526	404	377	308	364	137	282
Dyalpur.....	169	473	541	265	438	282	373
Khokhar Kalan.....	707	323	31	3	110	100	106
Ubha.....	504	329	328	161	278	155	223
<b>District.....</b>	<b>485</b>	<b>365</b>	<b>279</b>	<b>175</b>	<b>275</b>	<b>178</b>	<b>240</b>

Considerable variation is noticeable among different villages. In the case of small cultivators, net borrowings were seen to vary from Rs 308 in the case of Chanarthal to net repayment of Rs 3 in the case of Khokhar Kalan. In the case of

medium cultivators also the inter-village variation was considerable as net borrowings ranged from Rs 541 in the case of Dyalpur to Rs 3 in the case of Bahman Jasa Singh. Among the different decile groups the size of absolute growth of debt was increasing with the size of cultivated holdings.

### 3.3.2 Percentage growth of debt

For all families in the selected villages, percentage growth of debt during the year preceding the date of enquiry worked out at 26. In the case of cultivating families it was 25 and for non-cultivating families, 28. Among the individual classes of cultivating families, percentage growth of debt was the highest in the case of big cultivators, viz., 41 followed by large cultivators (33), medium cultivators (23) and small cultivators (19). Absolute growth as already mentioned in the last para, also followed a similar pattern. It is, therefore, noteworthy that there is a positive and consistent relationship between the size of cultivated holdings and the growth of debt. Villages arranged according to the size of percentage growth of debt for cultivating and non-cultivating families and for all families are given below.

**TABLE 3.8—PERCENTAGE GROWTH OF DEBT IN THE SELECTED VILLAGES**

[ General Schedule data ]

CULTIVATORS		NON-CULTIVATORS		ALL FAMILIES	
Village	Percentage growth of debt	Village	Percentage growth of debt	Village	Percentage growth of debt
Dyalpur.....	68	Giana.....	116	Dyalpur.....	66
Chanarthal.....	61	Dyalpur.....	63	Chanarthal.....	43
Giana.....	34	Ubha.....	38	Giana.....	40
Ajit Gill.....	26	Khokhar Kalan...	24	Ubha.....	23
Ubha.....	19	Chanarthal.....	18	Ajit Gill.....	21
Singo.....	19	Bahman Jasa Singh	13	Singo.....	18
Khokhar Kalan...	7	Ajit Gill.....	11	Khokhar Kalan...	9
Bahman Jasa Singh	7	Singo.....	9	Bahman Jasa Singh	9

Position regarding indebtedness is also available from the intensive enquiry schedules which were canvassed among the selected cultivating families in the eight villages. A comparative study of indebtedness of the selected cultivators at the time of filling in the General Schedule with that obtained later on at the time of the intensive enquiry has been made in the table 3.9 on page 24.

The information relating to outstanding debt reported in the intensive enquiry was obtained in the second round of the enquiry which was normally 2 to 5 months after the General Schedule was filled in. There was no significant change in the average outstanding debt reported in the two schedules except in the case of Singo and Dyalpur which might possibly be due to the fact that the intervening period of 2 to 5 months between the enquiries coincided mostly with the *rabi* season which was generally the period for the repayment of outstanding loans rather than that of contracting new debt.

**TABLE 3.9—INDEBTEDNESS ACCORDING TO THE GENERAL SCHEDULE AND THE INTENSIVE ENQUIRY SCHEDULE**

[ In rupees per family ]

Village	Average outstanding debt of selected cultivators reported in the General Schedule	Average outstanding debt of selected cultivators reported in the intensive enquiry schedule
Ajit Gill.....	1,289	1,117
Bahman Jasa Singh.....	1,465	1,543
Giana.....	1,511	1,492
Singo.....	871	769
Chanarthal.....	641	657
Dyalpur.....	778	596
Khokhar Kalan.....	2,375	2,469
Ubha.....	1,321	1,280

**3.4 NATURE AND COMPOSITION OF DEBT**

Information relating to the nature and composition of outstanding debt was collected in the second round of the intensive enquiry. Various details like the purpose, credit agency, security offered and the duration of outstanding loans were obtained in respect of each loan outstanding.

**3.4.1 Purpose of debt**

Average outstanding debt per selected cultivator was reported as Rs 1,244.5 as on the date of enquiry. The following table gives outstanding debt per family according to the purpose, separately for upper and lower strata cultivators.

**TABLE 3.10—OUTSTANDING DEBT PER FAMILY CLASSIFIED ACCORDING TO PURPOSE**

[ Intensive enquiry data. Amount in rupees ]

Strata	Total	AGRICULTURAL		NON- AGRI- CUL- TURAL	CONSUMPTION		Repay- ment of old debts	Other purposes
		Short- term	Long- term		Short- term	Long- term		
	1	2	3	4	5	6	7	8
Upper strata.....	1,712.5	5.3	95.3	—	253.1	435.9	480.7	442.2
Lower strata.....	776.5	—	83.1	3.9	16.7	368.0	199.4	105.4
<b>All cultivators.....</b>	<b>1,244.5</b> (100.0)	<b>2.6</b> (0.2)	<b>89.2</b> (7.2)	<b>2.0</b> (0.2)	<b>134.9</b> (10.8)	<b>401.9</b> (32.3)	<b>340.1</b> (27.3)	<b>273.7</b> (22.0)

Figures in brackets denote percentages to total.

In the case of both the upper and lower strata cultivators, the outstanding debt was reported to be incurred mostly for unproductive purposes. Thus, out of an outstanding debt of Rs 1,244.5 per family, Rs 536.8 or 43.1 per cent was reported to be incurred towards consumption purposes alone. Debt for agricultural purposes

was reported as Rs 91·8 per family and accounted for only 7·4 per cent of the total debt. Repayment of old debts accounted for 27·3 per cent of the outstanding debt.

### 3.4.2 Debt according to security

The following table gives the average outstanding debt of the selected cultivating families according to security and duration of debt separately for the upper and lower strata cultivators.

**TABLE 3.11—OUTSTANDING DEBT PER FAMILY CLASSIFIED ACCORDING TO SECURITY AND DURATION**

[ Intensive enquiry data. Amount in rupees ]

	Total debt	SECURITY		Percentage of debt with immovable property as security to total debt
		Personal security	Immovable property	
	1	2	3	4
<b>Upper strata</b>				
Loans outstanding for one year or less . . . . .	712·8	558·4	154·4	21·7
Loans outstanding for more than one year . . .	999·6	91·6	908·0	90·8
<b>Lower strata</b>				
Loans outstanding for one year or less . . . . .	422·5	225·6	196·9	46·6
Loans outstanding for more than one year . . .	354·0	55·4	298·6	84·4
<b>All cultivators</b>				
Loans outstanding for one year or less . . . . .	567·6	392·0	175·6	30·9
Loans outstanding for more than one year . . .	676·8	73·5	603·3	89·1

Immovable property and personal security were the only forms of security against which debt was reported to be outstanding. In the case of debt outstanding for one year or less, the security offered was mainly personal and it accounted for 69·1 per cent of the outstanding debt for all cultivators and 78·3 per cent and 53·4 per cent of the loans outstanding in the case of upper strata and lower strata cultivators respectively. Debt outstanding for more than one year was largely against immovable property. Of the total debt outstanding for more than one year, 89·1 per cent in the case of all cultivators and 90·8 per cent and 84·4 per cent in the case of upper and lower strata cultivators respectively were seen to be outstanding against immovable property. It is also seen that out of Rs 676·8 which was the outstanding debt for over one year, more than 66 per cent was outstanding for over ten years for which the security generally offered was immovable property.

### 3.4.3 Duration of debt

Thirty-six per cent of the total debt was outstanding for over ten years. In the case of upper strata cultivators, 39·2 per cent and in the case of lower strata cultivators, 29·1 per cent of the debt was outstanding for over ten years. The table 3.12 gives the duration of outstanding debt of the selected cultivators.

**TABLE 3.12—DURATION OF OUTSTANDING DEBT OF THE SELECTED CULTIVATORS**

[ Intensive enquiry data. Amount in rupees per family ]

Strata	Total	DURATION						
		One year or less	One to two years	Two to three years	Three to four years	Four to five years	Five to ten years	Above ten years
		1	2	3	4	5	6	7
Upper strata.....	<b>1,712.5</b>	712.8 (41.6)	72.6 (4.2)	22.5 (1.3)	79.4 (4.7)	20.8 (1.2)	133.1 (7.8)	671.3 (39.2)
Lower strata.....	<b>776.5</b>	422.5 (54.4)	38.9 (5.0)	— (—)	— (—)	— (—)	89.4 (11.5)	225.7 (29.1)
<b>All cultivators .....</b>	<b>1,244.5</b>	<b>567.6</b> (45.6)	<b>55.8</b> (4.5)	<b>11.3</b> (0.9)	<b>39.7</b> (3.2)	<b>10.4</b> (0.9)	<b>111.2</b> (8.9)	<b>448.5</b> (36.0)

Figures in brackets denote percentages to total.

Most of the debt reported at the time of the intensive enquiry was outstanding either for one year or less or for over ten years. For upper and lower strata cultivators taken together 45.6 per cent of the reported debt was outstanding for only one year or less and 36 per cent for more than ten years. Similar trend was noticeable for upper and lower strata cultivators also. In the case of lower strata cultivators, there was absolutely no debt which was outstanding for two to five years. In the case of upper strata cultivators, debt per family outstanding for above ten years was Rs 671.3 as compared to Rs 225.7 reported in case of lower strata cultivators. The proportion of debt outstanding for one year or above and for above ten years in the case of upper strata cultivators was 58.4 per cent and 39.2 per cent respectively as against 45.6 per cent and 29.1 per cent in case of lower strata cultivators.

**3.4.5 Debt in relation to principal and interest**

Out of the average debt per family of Rs 1,244.5 reported by the selected cultivating families during the second round of the intensive enquiry, the outstanding principal was Rs 1,213.2 and outstanding interest was Rs 31.3. Accrued interest formed 4.6 per cent of the outstanding principal in the case of lower strata cultivators as compared to 1.7 per cent in the case of upper strata cultivators. The following table gives the outstanding debt in relation to principal and interest.

**TABLE 3.13—OUTSTANDING DEBT IN RELATION TO PRINCIPAL AND INTEREST**

[ Intensive enquiry data. In rupees per family ]

Strata	Number of loans outstanding per family	Amount originally borrowed	AMOUNT OUTSTANDING		
			Total	Principal	Interest
	1	2	3	4	5
Upper strata.....	1.2	1,768.4	<b>1,712.5</b>	1,684.4	28.1
Lower strata.....	1.2	763.1	<b>776.5</b>	742.0	34.5
<b>All cultivators.....</b>	<b>1.2</b>	<b>1,265.8</b>	<b>1,244.5</b>	<b>1,213.2</b>	<b>31.3</b>

On an average there were 1·2 loans outstanding per family. Amount originally borrowed was reported as Rs 1,265·8 per cultivating family against which the average debt of Rs 1,244·5 (consisting of Rs 1,213·2 as principal and Rs 31·3 as interest) was outstanding. In view of the very little difference in the original amount borrowed and the amount outstanding, it could be inferred that the repayment of loans, whether towards loans borrowed during the year or loans outstanding at the beginning of the year, was small among the selected cultivators.

## CHAPTER 4

### BORROWINGS

We may now proceed to a discussion on borrowings of the rural families. The General Schedule provided for the collection of data on amounts borrowed during the 12 months-period preceding the date of enquiry. Information like month of borrowing, purpose of borrowing and the creditor from whom borrowed was also obtained through this schedule. In the intensive enquiry, the details of each loan borrowed and fully repaid during the period April 1951 to March 1952 were obtained. As has already been indicated in Chapter 3, the entire discussion on borrowings in the present chapter except Section 4.6 relates to cash borrowings only. In Section 4.6 some discussion of kind loans is given.

#### 4.1 EXTENT OF BORROWINGS

##### 4.1.1 Proportion of borrowing families

The proportion of borrowing families for the district as a whole was 51 per cent. The proportion was higher at 55.5 per cent in the case of non-cultivating families as compared to 48.5 per cent in the case of cultivating families. Among the four classes of cultivators, proportion of borrowing families in the case of medium cultivators was 53.2 per cent followed by 46.5 per cent in the case of large and 44.6 per cent in the case of small cultivators. The proportion in the case of big cultivators at 44.1 per cent was the least among the four classes of cultivators. The table showing the proportion of borrowing families separately for different classes of cultivators, all cultivators and non-cultivators in the eight selected villages is given below.

**TABLE 4.1—PROPORTION OF BORROWING FAMILIES**

[ General Schedule data. In per cent ]

Village	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All families
	1	2	3	4	5	6	7
Ajit Gill.....	22.2	40.0	46.9	38.5	42.2	42.3	42.2
Bahman Jasa Singh.....	85.7	90.5	60.0	66.7	71.6	84.2	74.4
Giana.....	68.4	66.7	81.6	64.9	72.1	73.2	72.3
Singo.....	44.4	52.0	48.3	42.6	47.8	56.5	48.9
Chanarthal.....	50.0	55.2	69.4	32.1	53.8	40.4	49.0
Dyalpur.....	18.2	29.0	57.5	46.7	45.5	74.0	57.5
Khokhar Kalan.....	33.3	22.9	27.3	34.3	28.1	47.1	36.3
Ubha.....	38.9	38.9	38.9	43.6	40.3	53.8	46.3
<b>District.....</b>	<b>44.1</b>	<b>46.5</b>	<b>53.2</b>	<b>44.6</b>	<b>48.5</b>	<b>55.5</b>	<b>51.0</b>



There was considerable inter-village variation in the proportion of borrowing families. For all families taken together, Bahman Jasa Singh reported the highest proportion, i.e., 74.4 per cent and Khokhar Kalan reported the least proportion, i.e., 36.3 per cent. In the case of cultivating families, Giana with proportion at 72.1 per cent and Khokhar Kalan with proportion at 28.1 per cent reported the highest and the lowest proportions respectively. The range of variation of the proportion was quite high in the case of big cultivators; the proportion varied from 85.7 per cent in the case of Bahman Jasa Singh to 18.2 per cent in the case of Dyalpur. The range was comparatively low in the case of small cultivators; the variation in the proportion being from 66.7 per cent in Bahman Jasa Singh to 32.1 per cent in Chanarthal.

#### 4.1.2 Borrowings per family

Unlike the proportion of borrowing families which was higher in the case of non-cultivators as compared to cultivators, borrowings per family was higher in the case of cultivating families. For cultivating families, average borrowings per family was Rs 436 as compared to Rs 233 in the case of non-cultivating families. Among the different classes of cultivators, big cultivators reported the highest average borrowings per family, viz., Rs 661 followed by large cultivators (Rs 575), medium cultivators (Rs 432) and small cultivators (Rs 298). Distribution of borrowings appear to follow the pattern of distribution of holdings. Borrowings per family for the selected villages separately for different classes of cultivators, all cultivators and non-cultivators are given in the following table.

**TABLE 4.2—BORROWINGS PER FAMILY**

[ General Schedule data. In rupees ]

Village	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All families
	1	2	3	4	5	6	7
Ajit Gill.....	656	479	335	528	439	228	<b>358</b>
Bahman Jasa Singh.....	734	1,246	537	517	753	457	<b>688</b>
Giana.....	1,013	782	777	458	683	475	<b>646</b>
Singo.....	781	615	339	224	392	146	<b>361</b>
Chanarthal.....	526	420	466	315	406	143	<b>311</b>
Dyalpur.....	205	525	574	272	469	381	<b>432</b>
Khokhar Kalan.....	1,015	472	137	103	229	107	<b>176</b>
Ubha.....	587	373	356	193	312	209	<b>266</b>
<b>District.....</b>	<b>661</b>	<b>575</b>	<b>432</b>	<b>298</b>	<b>436</b>	<b>233</b>	<b>363</b>

The same two villages, i.e., Bahman Jasa Singh and Khokhar Kalan, which reported the highest and the lowest proportion of borrowing families also reported the highest and the lowest borrowings per family, i.e., Rs 688 and Rs 176 respectively among the eight selected villages. Khokhar Kalan, which reported the least average borrowings per family for the district as a whole, reported the maximum borrowings per family, i.e., Rs 1,015, in the case of big cultivators. For the district as a whole

as well as for villages Giana, Singo, Khokhar Kalan and Ubha there was a decline in average borrowings per family with decrease in size of holdings.

#### 4.1.3 Borrowings per borrowing family

The borrowings per borrowing family for all families taken together was Rs 712. For cultivators and non-cultivators it was Rs 897 and Rs 420 respectively. As regards the four classes of cultivators, the average per borrowing family was the highest at Rs 1,499 in the case of big cultivators followed by large cultivators (Rs 1,237), medium cultivators (Rs 813) and small cultivators (Rs 667). Thus the average borrowings per borrowing family declined with the size of cultivated holdings. Inter-village variation in the case of different classes of cultivators and all cultivating and non-cultivating families can be studied from the following table.

**TABLE 4.3—BORROWINGS PER BORROWING FAMILY**

[ General Schedule data. In rupees ]

Village	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All families
	1	2	3	4	5	6	7
Ajit Gill.....	2,950	1,198	714	1,374	1,041	539	<b>847</b>
Bahman Jasa Singh.....	857	1,377	895	776	1,051	543	<b>924</b>
Giana.....	1,481	1,173	953	706	947	649	<b>894</b>
Singo.....	1,756	1,183	701	526	821	258	<b>738</b>
Chanarthal.....	1,052	762	670	980	755	354	<b>637</b>
Dyalpur.....	1,130	1,807	998	583	1,030	514	<b>752</b>
Khokhar Kalan.....	3,045	2,066	501	299	817	226	<b>485</b>
Ubha.....	1,509	960	916	443	773	388	<b>574</b>
<b>District.....</b>	<b>1,499</b>	<b>1,237</b>	<b>813</b>	<b>667</b>	<b>897</b>	<b>420</b>	<b>712</b>

In the case of all families, borrowings per borrowing family ranged from Rs 924 in Bahman Jasa Singh to Rs 485 in Khokhar Kalan. In the case of big cultivators, the range was comparatively wide as it varied from Rs 3,045 to Rs 857. It is interesting to note that Bahman Jasa Singh and Khokhar Kalan which reported respectively the highest and the lowest borrowings per borrowing family in the case of all families reported just the opposite in the case of big cultivators, i.e., Bahman Jasa Singh reported the lowest borrowings per borrowing family of Rs 857 and Khokhar Kalan reported the highest borrowings per borrowing family of Rs 3,045.

#### 4.1.4 Share in the total borrowings

Cultivators accounted for 77.1 per cent of total borrowings of rural families as against 22.9 per cent borrowed by non-cultivators. Big and large cultivators accounted for 16.1 per cent and 40.7 per cent respectively of the total borrowings of all cultivators. The share of the small cultivators was only 20.7 per cent of the total borrowings while medium cultivators accounted for 38.6 per cent. Share of borrowings of different classes of cultivators in total borrowings of cultivators for the eight selected villages is given in the table 4.4 on page 31.

**TABLE 4.4—SHARE OF DIFFERENT CLASSES OF CULTIVATORS IN THE TOTAL BORROWINGS**

[ General Schedule data. In per cent ]

Village	BORROWINGS OF THE CLASS AS PERCENTAGE OF TOTAL BORROWINGS OF CULTIVATORS				BORROWINGS OF THE CLASS AS PERCENTAGE OF THE TOTAL BORROWINGS OF ALL FAMILIES	
	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators	Non-cultivators
	1	2	3	4	5	6
Ajit Gill.....	16.2	32.9	29.4	37.7	75.5	24.5
Bahman Jasa Singh.....	10.2	51.9	26.6	21.5	85.3	14.7
Giana.....	14.8	34.4	45.5	20.1	86.9	13.1
Singo.....	22.8	49.9	33.0	17.1	94.8	5.2
Chanarthal.....	13.9	32.3	44.4	23.3	83.6	16.4
Dyalpur.....	4.8	34.3	48.5	17.2	63.0	37.0
Khokhar Kalan.....	46.6	63.3	23.0	13.7	73.8	26.2
Ubha.....	18.7	35.7	45.5	18.8	65.1	34.9
<b>District.....</b>	<b>16.1</b>	<b>40.7</b>	<b>38.6</b>	<b>20.7</b>	<b>77.1</b>	<b>22.9</b>

It is seen that cultivators share in the total borrowings ranged from 94.8 per cent in Singo to 63.0 per cent in Dyalpur. The share of different classes of cultivators in the total borrowings of all cultivators showed considerable inter-village variation. Big cultivators share in the total borrowings of all cultivators varied from 46.6 per cent in Khokhar Kalan to 4.8 per cent in Dyalpur. Small cultivators comprising the last 30 per cent of the total cultivators accounted for 37.7 per cent of total borrowings of all cultivators in village Ajit Gill on the one hand and 13.7 per cent in village Khokhar Kalan on the other.

#### 4.2 BORROWINGS IN RELATION TO INCOME AND EXPENDITURE

##### 4.2.1 Size of borrowings according to the intensive enquiry

Information relating to borrowings was collected in the intensive enquiry also. In Demand Schedules, No. 6, used in the intensive enquiry, details of loans borrowed and fully repaid during the Survey year (April 1951 to March 1952) were obtained, whereas in Demand Schedule, No. 7, details of all outstanding loans as on the date of enquiry were obtained. Loans of duration of one year or less obtained from the latter schedule when combined with the loans borrowed and fully repaid, reported in the former schedule, give the total borrowings during the Survey year according to the intensive enquiry. The table 4.5 on page 32 gives the average borrowings per family of the selected cultivators separately for upper and lower strata cultivators.

The amount borrowed by the upper strata cultivators was about 80 per cent higher than that of lower strata cultivators. As compared to the total amount borrowed during the year, the amount borrowed and fully repaid was quite insignificant and comprised only 6 per cent. This small proportion of amount borrowed

**TABLE 4.5—SIZE OF BORROWINGS**  
[ Intensive enquiry data. In rupees per family ]

Strata	Total amount borrowed	Amount borrowed and fully repaid	Amount borrowed during the year but not fully repaid
	1	2	3
Upper strata.....	813·1	41·8	771·4
Lower strata.....	452·8	32·3	420·5
<b>All cultivators.....</b>	<b>633·0</b>	<b>37·0</b>	<b>595·9</b>

and fully repaid was, perhaps, due to the inherent limitation in the data and could not be construed to mean poor repayment performance. Demand Schedule No. 6 happened to be such as not to cover fully the loan operations connected with the *rabi* crops which are the major crops of the district. Loans borrowed prior to April 1951 which were fully repaid any time during the year of the Survey (April 1951–March 1952) and also borrowed during the Survey year in respect of which repayments were made after March 1952 were not covered by this schedule. The schedule did not also collect data on loans repaid within 12 months of their borrowings. The cases in which loans were borrowed towards the close of the Survey year and fully repaid just one or two months thereafter were not covered by this schedule as all such loans were not the cases of “loans borrowed and fully repaid during the Survey year”. All such loans were classified as those borrowed but not fully repaid during the year although they were current for a very short period, sometimes even one or two months. Such loans happened to be more connected with *rabi* rather than the *kharif* crops. Of the recorded loans borrowed and fully repaid, those repaid within first six months of their borrowings were comparatively more as can be seen from the following table.

**TABLE 4.6—LOANS BORROWED AND FULLY REPAID**  
[ Intensive enquiry data. In rupees per family ]

Strata	Total	Repaid within first six months of borrowings	Repaid within 7-12 months of borrowings
	1	2	3
Upper strata.....	41·8	27·9	13·9
Lower strata.....	32·3	30·7	1·6
<b>All cultivators.....</b>	<b>37·0</b>	<b>29·2</b>	<b>7·8</b>

#### 4.2.2 Borrowings in relation to level of expenditure

The table 4.7 on page 33 gives total expenditure on items of capital investment and major consumption purposes and borrowings per borrowing family separately for different classes of cultivators.

**TABLE 4.7—TOTAL EXPENDITURE ON ITEMS OF CAPITAL INVESTMENT AND ON MAJOR CONSUMPTION PURPOSES AND AVERAGE BORROWINGS PER BORROWING FAMILY**

[ General Schedule data. In rupees per family ]

Group	Capital expenditure in agriculture	Capital expenditure in non-farm business	Family expenditure (including litigation charges)	Total of columns 1 to 3	Borrowings per borrowing family
	1	2	3	4	5
Big cultivators.....	546	4	1,704	2,254	1,499
Large cultivators.....	476	11	1,333	1,820	1,237
Medium cultivators.....	319	8	661	988	813
Small cultivators.....	152	57	502	711	667
All cultivators.....	317	24	820	1,161	897
Non-cultivators.....	34	32	367	433	420
<b>All families .....</b>	<b>216</b>	<b>27</b>	<b>658</b>	<b>901</b>	<b>712</b>

The two sets of data, i.e., one relating to expenditure and the other relating to borrowings, cannot be strictly related to each other. Loans borrowed during the Survey year may not have been completely utilized during the year and may have been partially carried over to the next year. Likewise the expenditure incurred may have been partially met from the borrowings of the past year. Expenditure as well as borrowings were the highest in the case of big cultivators followed by large, medium, small cultivators and non-cultivators. This shows that as the size of cultivated holdings decreases, the level of expenditure as well as the extent of borrowings also decrease.

#### 4.2.3 Incidence of borrowings

We may now consider borrowings in relation to average area sown, average gross produce and average cash receipts, all collected through the intensive enquiry schedules. The following table gives the average borrowings per family, per acre of sown area, per rupees 100 of value of gross produce and per rupees 100 of total cash receipts separately for upper and lower strata cultivators.

**TABLE 4.8—INCIDENCE OF BORROWINGS**

[ Intensive enquiry data. In rupees ]

Strata	Per family	Per acre of sown area	Per Rs 100 of value of gross produce	Per Rs 100 of cash receipts from sale of crops and fodder and other cash receipts
	1	2	3	4
Upper strata.....	813.1	29.0	25.5	40.0
Lower strata.....	452.8	39.7	30.5	38.6
<b>All cultivators .....</b>	<b>633.0</b>	<b>32.1</b>	<b>27.1</b>	<b>39.5</b>

The incidence of borrowing per acre of sown area was Rs 32.1 in the case of selected cultivators. However, in the case of lower strata cultivators the incidence per acre was Rs 10.7 more as compared to upper strata cultivators. Incidence of borrowing per rupees 100 of value of gross produce was also more in the case of lower strata cultivators by Rs 5. Incidence per rupees 100 of cash receipts was, however, slightly less in the case of lower strata cultivators and the difference was as little as Rs 1.4 per family.

#### 4.3 PURPOSE OF BORROWINGS

The General Schedule provided for the collection of information relating to purposes of borrowings in two different ways. One was to record the purposes for which borrowing was resorted to and the other was to record the expenditure on various items financed out of borrowings. The purposes appearing in respect of the former could be termed as declared purposes of borrowing and those in the case of latter, the utilized purposes of borrowings. The two sets of data relating to purposes are not strictly comparable since the amount borrowed during the year of reference may not have been completely utilized during the year for the purposes for which borrowing was resorted to and the amount spent out of borrowings may not necessarily be out of borrowings during the same year. Differences between the two sets of data on purpose of borrowings due to these factors would normally be small and the degree of correspondence or otherwise between them would reflect the extent of agreement or otherwise between the declared purposes and the purposes of utilization. The following table gives the two sets of information collected in the General Schedule.

**TABLE 4.9—BORROWINGS FOR DIFFERENT PURPOSES—DECLARED AND UTILIZED—ALL FAMILIES**

[ General Schedule data. In rupees per family ]

Item of expenditure	Borrowings for different purposes	Expenditure financed out of borrowings
	1	2
1. Capital expenditure in agriculture.....	69	70
2. Current farm expenditure.....	4	*
3. Expenditure in non-farm business.....	4	4
4. Family expenditure.....	198	182
5. Litigation charges.....	17	20
6. Other expenditure (inclusive of repayment of old debts).....	71	62
<b>Total .....</b>	<b>363</b>	<b>338</b>

\* The General Schedule did not collect information for this item.

Borrowings for different purposes and the expenditure incurred out of borrowings for the respective purposes show a good deal of agreement. In the case of capital expenditure in agriculture and expenditure in non-farm business, the two sets of data show close agreement. In the case of other items also there was very little difference between the two sets of data. The close correspondence indicates that

loans were generally utilized for the purposes for which they were originally borrowed or that the same purposes tended to be reported in both parts of the schedule.

Table 4.9 reveals that out of the total borrowings of Rs 363 per family, only about 20 per cent was borrowed for capital expenditure in agriculture. Borrowings for family expenditure were reported to be the highest, viz., Rs 198 which formed 54.5 per cent of the total borrowings. The following table provides purpose-wise details of borrowings made during the year separately for cultivators and non-cultivators and also for different classes of cultivators.

**TABLE 4.10—BORROWINGS FOR VARIOUS PURPOSES**

[ General Schedule data. Amount in rupees per family ]

Group	Total	Capital expenditure in agriculture	Current farm expenditure	Non-farm business expenditure	Family expenditure	Other expenditure
	1	2	3	4	5	6
Big cultivators.....	<b>661</b>	157 (23.7)	3 (0.4)	— (—)	379 (57.3)	123 (18.6)
Large cultivators.....	<b>575</b>	134 (23.4)	6 (1.0)	— (—)	297 (51.7)	138 (23.9)
Medium cultivators.....	<b>432</b>	95 (22.0)	11 (2.5)	— (—)	221 (51.2)	105 (24.3)
Small cultivators.....	<b>298</b>	75 (25.2)	1 (0.3)	5 (1.6)	144 (48.2)	73 (24.7)
All cultivators.....	<b>436</b>	101 (23.2)	6 (1.4)	1 (0.3)	221 (50.8)	106 (24.3)
Non-cultivators.....	<b>233</b>	11 (4.9)	— (0.1)	9 (3.6)	156 (67.1)	56 (24.3)
<b>All families.....</b>	<b>363</b>	<b>69</b> (19.0)	<b>4</b> (1.1)	<b>4</b> (1.1)	<b>198</b> (54.5)	<b>88</b> (24.3)

Figures in brackets denote percentages to total.

Study of the purpose-wise details of borrowings reveals that the borrowings of different groups were mostly for family expenditure and capital expenditure in agriculture. "Other" expenditure, which comprises expenditure incurred on repayment of old debts and financial investments, was another item which was also equally important for all the four classes of cultivators. Current farm expenditure and non-farm business expenditure as purposes of borrowings were of minor importance in all the classes of cultivators.

Information relating to borrowings for different purposes was collected through the intensive enquiry schedules also. It has been indicated earlier that the information relating to total borrowings, based on intensive enquiry data, comprised the loans borrowed and fully repaid during the year and also the loans outstanding for less than one year. The table 4.11 on page 36 gives the purpose-wise classification of borrowings of selected cultivators.

**TABLE 4.11—PURPOSE-WISE CLASSIFICATION OF TOTAL BORROWINGS OF THE SELECTED CULTIVATORS**

[ Intensive enquiry data. Amount in rupees per family ]

Strata	Total	Capital expenditure on farm	Current farm expenditure	Non-farm business expenditure	Family expenditure	Other expenditure	More than one purpose and unspecified purpose
	1	2	3	4	5	6	7
Upper strata.....	813.1	100.6 (12.4)	6.9 (0.8)	— (—)	489.5 (60.2)	46.5 (5.7)	169.7 (20.9)
Lower strata.....	452.8	35.3 (7.8)	— (—)	3.8 (0.8)	164.7 (36.4)	159.3 (35.2)	89.7 (19.8)
<b>All cultivators .....</b>	<b>633.0</b>	<b>68.0</b> (10.7)	<b>3.4</b> (0.5)	<b>1.9</b> (0.3)	<b>327.1</b> (51.7)	<b>102.9</b> (16.3)	<b>129.7</b> (20.5)

Figures in the brackets denote percentages.

Like the General Schedule data, the intensive enquiry data also reveal that family expenditure was the major purpose of borrowings. In the case of upper strata cultivators, 60.2 per cent of borrowings were for family expenditure. Borrowings for capital expenditure in agriculture formed 12.4 per cent of the total borrowings in the case of upper strata whereas they formed only 7.8 per cent of the total borrowings of lower strata cultivators.

#### 4.4 CREDIT REQUIREMENTS

Information relating to the credit needs in respect of certain items of capital expenditure of the cultivators, selected for the intensive enquiry, was collected through a special questionnaire designed for the purpose. The questionnaire provided for the collection of details like purpose for which credit was required, its extent and nature and the terms governing its repayment. A comparison of this data with the actual amount spent on items of capital expenditure in agriculture during the year April 1951–March 1952 would provide an indication whether the credit obtained is on the whole adequate or not. The table 4.12 on page 37 provides a comparative study of the credit needs and capital expenditure of the selected cultivators.

The information regarding credit requirements is based on the replies of 100 cultivators. Out of 120 selected cultivators (on the basis of 15 cultivators per village) 20 cultivators did not reply to the questionnaire and 15 reported that they did not experience any difficulty in meeting expenses for current agricultural operations. Proportion of cultivators experiencing difficulty was higher in the case of lower strata cultivators as compared to the upper strata cultivators. In the case of lower strata cultivators 34 out of 40 or 85 per cent reported having experienced difficulties whereas in the case of upper strata cultivators 51 out of 80 or 64 per cent experienced difficulties. Credit requirements appearing in table 4.12 on page 37 are, however, averages per family and not the average per family reporting credit requirements.



**TABLE 4.12—REPORTED CREDIT NEEDS AND CAPITAL EXPENDITURE INCURRED IN AGRICULTURE**

[ Intensive enquiry data. Amount in rupees per family ]

	Total	Purchase of bullocks*	Purchase of implements and machinery**	Bundling, land improvement and land reclamation	Increasing the size of holdings by tenancy†	Increasing the size of holdings by purchase of land	Digging of wells††	Use of irrigation resources	Other items
	1	2	3	4	5	6	7	8	9
<b>A. Credit needs</b>									
Upper strata.....	2,192	240 (10.9)	237 (10.8)	44 (2.0)	105 (4.8)	1,056 (48.2)	510 (23.3)	— (—)	— (—)
Lower strata.....	1,502	264 (17.6)	25 (1.7)	75 (5.0)	140 (9.3)	780 (51.9)	218 (14.5)	— (—)	— (—)
<b>All cultivators.....</b>	<b>1,847</b>	<b>252</b> (13.6)	<b>131</b> (7.1)	<b>59</b> (3.2)	<b>123</b> (6.7)	<b>918</b> (49.7)	<b>364</b> (19.7)	— (—)	— (—)
<b>B. Capital expenditure</b>									
Upper strata.....	366	224 (61.2)	98 (26.8)	2 (0.5)	— (—)	— (—)	14 (3.8)	3 (0.8)	25 (6.8)
Lower strata.....	157	108 (68.8)	31 (19.7)	3 (1.9)	— (—)	2 (1.3)	— (—)	4 (2.5)	9 (5.7)
<b>All cultivators.....</b>	<b>261</b>	<b>166</b> (63.6)	<b>65</b> (24.9)	<b>2</b> (0.8)	— (—)	<b>1</b> (0.4)	<b>7</b> (2.7)	<b>3</b> (1.1)	<b>17</b> (6.5)

\* Livestock in case of capital expenditure. \*\* Also includes transport equipment in the case of capital expenditure. † Not reported as an item of capital expenditure. †† Also includes repair of wells in case of capital expenditure. Figures in brackets denote percentages to total.

Items in respect of which information relating to credit needs and capital expenditure were collected also slightly differ. Information relating to capital expenditure for increasing the size of holdings by tenancy was not collected in the intensive enquiry. Similarly, data on the credit needs of cultivators for the purchase of livestock (other than bullocks), purchase of transport equipment and repair of wells were also not obtained. Credit needs of the cultivators for items of expenditure of capital nature, as appearing in the table 4.12 above, were on a considerably higher level as compared to their capital expenditure during the Survey year. This was true both for upper and lower strata cultivators. The credit needs required were reported as Rs 1,847 per family whereas capital capital expenditure incurred was only Rs 261 per family. This very large difference was due to reporting of large credit requirements in the case of items relating to increasing the size of holdings, digging of wells and land reclamation. As regards other items, viz., purchase of bullocks and purchase of implements and machinery there is not much difference in the credit required and capital expenditure incurred.

It would, of course, be interesting to study the terms and conditions on which the credit was required. Of the 58 upper strata cultivators, who replied the question regarding the rate of interest which the cultivators would be willing to pay, only 17 reported to be willing to pay rate of interest above 5 per cent ; 39 cultivators could

pay only 3 per cent or less. In the case of lower strata cultivators, 32 out of 40 cultivators replied the same question. As many as 18 out of 32 were willing to pay a rate of interest above 5 per cent whereas only 13 cultivators wanted loans at 3 per cent or less. If this is studied in relation to the actual operation of various loans during the Survey year according to different rates of interest, it provides an interesting contrast as 51.4 per cent of loans in the case of upper strata cultivators and 61.0 per cent in the case of lower strata cultivators were borrowed at a rate of interest which was 10 per cent or more. Most of the cultivators required medium-term and long-term loans. Out of 58 cultivators of the upper strata, who supplied information relating to the period for which loans were required, 33 reported as requiring loans for 2 to 5 years and 14 reported as requiring loans for a period beyond 5 years. Only 4 cultivators were desirous of taking loans of less than one year duration. Sixteen out of 32 lower strata cultivators were seeking loans for the duration of 2 to 5 years. Only one cultivator wanted a loan for the duration of one year or less. It is, however, interesting to note that 55 out of the 58 upper strata cultivators and 31 out of the 32 lower strata cultivators were prepared to offer immovable property as security against the required credit.

#### 4.5 NATURE OF BORROWINGS

In the light of the credit requirements of the selected cultivators discussed in the preceding section it would be interesting to study the nature of their actual borrowings according to security, type of mortgage, purpose, duration and rate of interest.

##### 4.5.1 Borrowings according to security offered

The security which the selected cultivators offered while obtaining loans was either personal security or immovable property. Out of Rs 633, the average amount borrowed per family, Rs 202.5 or 32 per cent was borrowed against immovable property while the remaining 68 per cent was against personal security. In the case of upper strata cultivators, only 25.6 per cent of the borrowings were against immovable property while in the case of lower strata cultivators the corresponding proportion was 43.5 per cent. Usufructuary mortgage was the most commonly reported system of mortgage of the immovable property which secured the loans. Simple or any other type of mortgage of immovable property was reported only in respect of 3.3 per cent of borrowings of the selected cultivators. In the upper strata, all immovable property securing the loans was made over to the creditors through usufructuary mortgage; no other type of mortgage was reported.

##### 4.5.2 Borrowings according to purpose-duration

The table 4.13 gives the borrowings of the selected cultivators classified according to purpose-duration.

It is significant to note that the borrowings of the selected cultivators for short-term agricultural purposes formed only half a per cent of their total borrowings and that too were reported only by upper strata cultivators. Lower strata cultivators

**TABLE 4.13—BORROWINGS ACCORDING TO PURPOSE-DURATION**

[ Intensive enquiry data. Amount in rupees per family ]

Strata	Total	AGRICULTURAL		Non-agricultural short-term	CONSUMPTION		Repayment of old debts	Other purposes
		Short-term	Long-term		Short-term	Long-term		
	1	2	3	4	5	6	7	8
Upper strata.....	813.1	6.9 (0.9)	100.6 (12.4)	— (—)	48.9 (6.0)	410.8 (50.5)	25.6 (3.1)	220.3 (27.1)
Lower strata.....	452.8	— (—)	35.3 (7.8)	3.8 (0.8)	10.3 (2.3)	154.5 (34.1)	157.0 (34.7)	92.0 (20.3)
All cultivators .....	633.0	3.4 (0.5)	68.0 (10.7)	1.9 (0.3)	29.6 (4.7)	282.7 (44.7)	91.3 (14.4)	156.2 (24.7)

Figures in brackets denote percentages to total.

did not report any borrowings for short-term agricultural purposes. Borrowings for long-term agricultural purposes accounted for 12.4 per cent and 7.8 per cent of the total borrowings of the upper and lower strata cultivators respectively. About 50 per cent of the borrowings in the case of upper strata cultivators and about 34 per cent of the borrowings in the case of lower strata cultivators were for long-term consumption purposes. In the case of lower strata cultivators, borrowings for repayment of old debts accounted for another 34.7 per cent.

**4.5.3 Borrowings according to rate of interest**

An amount of Rs 330.6 per cultivating family, which formed 52.2 per cent of total borrowings was reported to have been borrowed interest-free. In the case of 36.4 per cent of borrowings, the rate of interest ranged from 18 to 25 per cent. Only 3.3 per cent of borrowings were reported to be in the interest range from  $3\frac{1}{2}$  to 7 per cent. The following table gives the borrowings of the selected cultivators classified according to rate of interest separately for upper and lower strata cultivators.

**TABLE 4.14—BORROWINGS OF THE SELECTED CULTIVATORS CLASSIFIED ACCORDING TO RATE OF INTEREST**

[ Intensive enquiry data. Amount in rupees per family ]

Strata	Total	RATE OF INTEREST								Unspecified
		Nil	Less than $3\frac{1}{2}$ per cent	$3\frac{1}{2}$ to 7 per cent	7 to 10 per cent	10 to $12\frac{1}{2}$ per cent	$12\frac{1}{2}$ to 18 per cent	18 to 25 per cent	25 per cent and above	
	1	2	3	4	5	6	7	8	9	10
Upper strata...	813.1	408.3 (50.2)	26.0 (3.2)	17.3 (2.1)	17.3 (2.1)	41.2 (5.1)	— (—)	301.5 (37.1)	— (—)	1.5 (0.2)
Lower strata...	452.8	253.0 (55.9)	— (—)	24.3 (5.4)	— (—)	16.4 (3.6)	— (—)	159.2 (35.1)	— (—)	— (—)
All cultivators.....	633.0	330.6 (52.2)	13.0 (2.1)	20.8 (3.3)	8.7 (1.4)	28.8 (4.5)	— (—)	230.4 (36.4)	— (—)	0.8 (0.1)

Figures in brackets denote percentages to total.

Out of Rs 452·8, the average borrowings of the lower strata cultivators, Rs 253·0 or 55·9 per cent were without interest. Most of the amount borrowed was at the rate of interest varying from 18 to 25 per cent. Only Rs 24·3 or 5·4 per cent were reported to have been borrowed at a rate of interest ranging from  $3\frac{1}{2}$  to 7 per cent. As regards upper strata cultivators, borrowings at the rate of interest ranging between  $3\frac{1}{2}$  to  $12\frac{1}{2}$  per cent formed only 9·3 per cent of the total borrowings of the class. Rest of their borrowings were either interest-free accounting for 50·2 per cent of the total borrowings or at a rate of interest ranging between 18 to 25 per cent accounting for 37·1 per cent of the total borrowings.

#### 4.6 GRAIN LOANS BORROWED DURING THE YEAR

Very few grain loans were reported to have been borrowed in this district. This is perhaps due to the practice of borrowing cash loans only. Of the selected families, only 7·7 per cent were reported to have borrowed grain loans. In the case of upper strata cultivators, the proportion of families borrowing grain loans was as small as 1·5 per cent while in the case of lower strata cultivators 13·9 per cent of the cultivating families reported as having borrowed grain loans.

Quantity borrowed per family was higher in the case of lower strata cultivators who reported 49·2 seers as compared to 5·8 seers reported by the upper strata cultivators. The borrowings were reported to be almost entirely for family expenditure. Grains borrowed were wheat and millets. In the case of upper strata cultivators, the entire quantity, viz., 5·8 seers and in the case of lower strata cultivators, 38·1 seers out of 49·2 seers were in the form of wheat. The remaining 11·1 seers in the case of lower strata cultivators were in the form of millets.

## CHAPTER 5

### REPAYMENTS

This chapter deals with the repayment performance of rural families as revealed by the data obtained through the General Schedule as well as through the intensive enquiry schedules. In the General Schedule, particulars like month of repayment and the source of finance for repayment were collected in respect of each of the repayments effected during the 12 months preceding the date of enquiry.

#### 5.1 PROPORTION OF REPAYING FAMILIES

The following table gives the proportion of families who made repayments to total number of families enumerated as also to total number of families who reported borrowings during the year and to total number of indebted families separately for the different groups.

**TABLE 5.1—PROPORTION OF REPAYING FAMILIES AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data. In per cent ]

Group	PROPORTION OF REPAYING FAMILIES TO		
	Total families	Borrowing families	Indebted families
	1	2	3
Big cultivators.....	17.4	39.3	33.7
Large cultivators.....	18.0	38.8	31.9
Medium cultivators.....	18.2	34.3	27.1
Small cultivators.....	17.4	39.0	26.3
All cultivators.....	17.9	36.9	28.2
Non-cultivators.....	17.1	30.9	23.3
<b>All families.....</b>	<b>17.6</b>	<b>34.6</b>	<b>26.3</b>

The proportion of repaying families to total families as well as to borrowings and indebted families was higher in the case of cultivating families as compared to non-cultivating families. There was also not much inter-decile group variation except that proportion of repaying families to indebted families was slightly higher in the case of big and large cultivators as compared to medium and small cultivators. There was, however, considerable inter-village variation as would appear from the table 5.2.

Bahman Jasa Singh reported the highest proportion of repaying families to total as well as borrowing and indebted families. Village reporting the least proportions in all the three cases was Chanarthal.

**TABLE 5.2—PROPORTION OF REPAYING FAMILIES AMONG DIFFERENT VILLAGES — ALL FAMILIES**

[ General Schedule data. In per cent ]

Village	PROPORTION OF REPAYING FAMILIES TO		
	Total families	Borrowing families	Indebted families
	1	2	3
Ajit Gill.....	14.8	35.1	23.8
Bahman Jasa Singh.....	44.2	59.4	52.1
Giana.....	37.2	51.5	47.0
Singo.....	28.3	58.0	50.0
Chanarthal.....	6.2	12.7	8.3
Dyalpur.....	15.5	27.0	22.3
Khokhar Kalan.....	9.5	26.0	17.3
Ubha.....	15.3	33.1	24.0
<b>District.....</b>	<b>17.6</b>	<b>34.6</b>	<b>26.3</b>

**5.2 EXTENT OF REPAYMENTS****5.2.1 Repayments per family and per reporting family**

Average repayments per family and per reporting family were Rs 123 and Rs 699 respectively. Cultivating families reported higher average repayments than the non-cultivating families as would be seen from the following table.

**TABLE 5.3—EXTENT OF REPAYMENTS AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data. In rupees ]

Group	Repayments per family	Repayments per reporting family
	1	2
Big cultivators.....	176	1,013
Large cultivators.....	210	1,166
Medium cultivators.....	153	839
Small cultivators.....	123	706
All cultivators.....	161	901
Non-cultivators.....	55	317
<b>All families.....</b>	<b>123</b>	<b>699</b>

The above table reveals that repayments per family and per reporting family in the case of cultivators were Rs 161 and Rs 901 respectively as against Rs 55 and Rs 317 reported in the case of non-cultivators. Among the different classes of cultivators, large cultivators reported the highest average repayments followed by medium and small cultivators. There was considerable inter-village variation in the case of average repayments as would be seen from the table 5.4 on page 43.

Repayments per family varied from Rs 530 in Bahman Jasa Singh to Rs 29 in Chanarthal. Repayments per reporting family were at the highest level in Bahman Jasa Singh while the lowest were noticed in village Ubha.

**TABLE 5.4—EXTENT OF REPAYMENTS AMONG DIFFERENT VILLAGES — ALL FAMILIES**

[ General Schedule data. In rupees ]

Village	Repayments per family	Repayments per reporting family
	1	2
Ajit Gill.....	144	970
Bahman Jasa Singh.....	530	1,200
Giana.....	274	736
Singo.....	203	716
Chanarthal.....	29	462
Dyalpur.....	59	383
Khokhar Kalan.....	70	745
Ubha.....	43	280
<b>District.....</b>	<b>123</b>	<b>699</b>

**5.2.2 Repayments in relation to borrowings**

Repayments made during the year formed 33·9 per cent of the total borrowings in respect of all families. In the case of cultivators and non-cultivators the proportion was 37·1 per cent and 23·3 per cent respectively. Among the different classes of cultivators, the small cultivators reported the highest proportion, i.e., 41·2 per cent followed by large and medium cultivators with 36·6 per cent and 35·4 per cent respectively. The big cultivators reported the least proportion of repayments to borrowings, viz., 26·6 per cent.

**5.2.3 Repayments in relation to debt plus repayments**

Repayments studied in relation to debt plus repayments do not provide an encouraging reading. The proportion was only 9·5 per cent for the district as a whole. As compared to cultivators, who reported the proportion as 10·6 per cent, the non-cultivators reported a lower proportion at 6·2 per cent. Among the different classes of cultivators, the repayment performance of small, medium and big cultivators was more or less similar. The large cultivators reported somewhat higher proportion at 12·5 per cent as compared to other classes of cultivators.

**5.3 SOURCE OF FINANCE FOR REPAYMENTS**

Of the total repayments of Rs 123·2 per family in respect of all families, Rs 62·4 or 50·7 per cent were reported to have been met out of borrowings. Another Rs 38·6 or 31·3 per cent were met out of current income. Sale of assets accounted for Rs 15·2 or 12·3 per cent of the repayments. Past savings accounted for a meagre sum of Rs 3·4 which formed only 2·7 per cent of the repayments. The remaining 3 per cent were reported to have been met out of other sources.

While collecting the information relating to the repayment of old debts of the selected cultivators in the intensive enquiry, details regarding source of finance were also obtained. For the selected cultivators also, borrowing was reported as the main source of finance for repaying old debts. The other sources in the descending order of their importance were current income and past savings and sale of assets.

The following table gives the repayment of debts according to source of finance for the upper and lower strata cultivators.

**TABLE 5.5—SOURCE OF FINANCE FOR REPAYMENT OF OLD DEBTS**

[ Intensive enquiry data. Amount in rupees per family ]

Strata	Total	SOURCE OF FINANCE				
		Current income	Past savings	Sale of assets	Borrowings	Other sources
	1	2	3	4	5	6
Upper Strata.....	<b>193·9</b>	61·8 (31·9)	16·7 (8·6)	26·6 (13·7)	75·4 (38·9)	13·4 (6·9)
Lower Strata.....	<b>262·4</b>	34·8 (13·3)	18·4 (7·0)	20·3 (7·7)	188·9 (72·0)	— (—)
<b>All cultivators.....</b>	<b>228·2</b>	<b>48·3</b> (21·2)	<b>17·6</b> (7·7)	<b>23·5</b> (10·3)	<b>132·1</b> (57·9)	<b>6·7</b> (2·9)

Figures in brackets denote percentages to total.

It would be seen that lower strata cultivators made higher average repayments as compared to upper strata cultivators. However, the most important source of finance in the case of both upper and lower strata cultivators was borrowings, which, in the case of upper strata cultivators, accounted for only 38·9 per cent of repayments as against 72·0 per cent in the case of lower strata cultivators. Thus repayments, by and large, in the case of lower strata cultivators, were book adjustments or change of creditors. Current income and past savings as sources of finance for repayments were comparatively more important in the case of upper strata cultivators, accounting for 40·5 per cent of the repayments, as against only 20·3 per cent in the case of lower strata cultivators. Sale of assets also accounted for a slightly higher proportion of repayments in the case of upper strata cultivators who reported 13·7 per cent of repayments as having been met out of this source as against 7·7 per cent in case of lower strata cultivators.



## CHAPTER 6

### FAMILY EXPENDITURE

In the last three chapters we have discussed the indebtedness, borrowings and repayments of rural families. The present chapter is devoted to a discussion on the data on family expenditure collected through the General Schedule. The data, however, are not exhaustive. The General Schedule was not intended to constitute an enquiry into the pattern of family budgets. Only those items of expenditure on which a lump sum was spent and which could be recollected by the respondent without much difficulty were recorded in the General Schedule. The day-to-day expenses on current needs such as food, drink, tobacco and other items were not included. The items of family expenditure on which information was obtained in the General Schedule were, (1) construction and repairs of residential houses and other buildings, (2) purchase of household utensils, furniture, etc., (3) death ceremonies, (4) marriage and other ceremonies, (5) medical expenses, (6) educational expenses, (7) clothing, shoes, bedding, etc. and (8) litigation charges. Total expenditure on all these items has been referred as 'total family expenditure' though it would indicate merely the total expenditure of the recorded items. The data relate to a period of twelve months preceding the date of enquiry.

#### 6.1 EXTENT OF FAMILY EXPENDITURE ON RECORDED ITEMS

The following table gives the average expenditure on each of the specified items of family expenditure separately for cultivators and non-cultivators and for different classes of cultivators.

**TABLE 6.1—EXPENDITURE ON SPECIFIED ITEMS OF FAMILY EXPENDITURE AMONG DIFFERENT GROUPS OF CULTIVATORS**  
[ General Schedule data. In rupees per family ]

Item of family expenditure	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All fami- lies
	1	2	3	4	5	6	7
Construction and repairs of resi- dential houses and other build- ings.....	134	98	44	22	54	26	<b>44</b>
Purchase of household utensils, furniture, etc.....	85	73	36	27	45	29	<b>39</b>
Purchase of clothing, shoes, bed- ding, etc.....	434	333	224	152	236	109	<b>190</b>
Death ceremonies.....	49	30	17	5	17	6	<b>13</b>
Marriage and other ceremonies...	800	659	249	241	373	148	<b>293</b>
Medical expenses.....	67	51	32	25	36	20	<b>30</b>
Educational expenses.....	82	42	12	12	21	11	<b>17</b>
Litigation charges.....	53	46	46	18	37	18	<b>31</b>
<b>Total.....</b>	<b>1,704</b>	<b>1,333</b>	<b>661</b>	<b>502</b>	<b>820</b>	<b>367</b>	<b>658</b>

The average expenditure per cultivating family was Rs 820 whereas in the case of non-cultivating families it was Rs 367. Among the different classes of cultivators, the big cultivators reported the highest expenditure per family, viz., Rs 1,704 followed by large cultivators (Rs 1,333), medium cultivators (Rs 661) and small cultivators (Rs 502). This gradual decrease in expenditure as one moves down the different classes of cultivators was noticed in respect of the individual items also.

It is fairly clear from the data that purchase of clothing, shoes, bedding, etc., and marriage and other ceremonies constituted the most important items of expenditure for all classes of cultivators. For rural families as a whole, these two items taken together accounted for Rs 483 per family out of total per family expenditure of Rs 658. Educational expenses and expenses on death ceremonies at Rs 17 and Rs 13 per family respectively were the least important among all the items of family expenditure.

The proportion of families reporting expenditure and expenditure per reporting family in respect of specified items of family expenditure separately for cultivating and non-cultivating families are given in the following table.

**TABLE 6.2—PROPORTION OF FAMILIES REPORTING EXPENDITURE AND EXPENDITURE PER REPORTING FAMILY**

[ General Schedule data ]

Item of family expenditure	PROPORTION OF FAMILIES REPORTING EXPENDITURE (PER CENT)			EXPENDITURE PER REPORTING FAMILY (Rs)		
	Culti- vators	Non- culti- vators	All families	Culti- vators	Non- culti- vators	All families
	1	2	3	4	5	6
Construction and repairs of residential houses and other buildings.....	13·7	6·8	11·2	396	384	393
Purchase of household uten- sils, furniture, etc.....	69·4	72·6	70·5	65	40	56
Purchase of clothing, shoes, bedding, etc.....	100·0	99·0	99·7	236	110	191
Death ceremonies.....	8·6	5·3	7·5	201	112	178
Marriage and other ceremon- ies.....	42·4	33·9	39·3	882	436	744
Medical expenses.....	32·1	29·5	31·2	112	69	97
Educational expenses.....	19·4	5·9	14·6	109	180	119
Litigation charges.....	8·8	5·2	7·5	423	344	407

It is interesting to note that expenditure on education and death ceremonies which was very low per family was considerably high per reporting family. This shows that those who reported this expenditure had to spend considerable amount. Expenditure per reporting family was the highest in the case of marriage and other ceremonies, i.e., Rs 744 followed by litigation charges (Rs 407) and construction and repairs of residential houses and other buildings (Rs 393). Among the other

five items, expenditure per reporting family ranged from Rs 191 in the case of purchase of clothing, shoes, bedding, etc., to Rs 56 in the case of purchase of household utensils, furniture, etc.

In order to study inter-village variation in the expenditure, the different recorded items of family expenditure have been grouped into four groups as follows :

1. Construction and repairs of residential houses and other buildings,
2. expenditure on durable consumer goods (purchase of household utensils, furniture, etc. and clothing, shoes, bedding, etc.),
3. expenditure on death, marriage and other ceremonies and
4. expenditure on education, medicine and litigation.

The following table gives the expenditure per family on each of the above four items in the selected villages.

**TABLE 6.3—FAMILY EXPENDITURE IN THE SELECTED VILLAGES—ALL FAMILIES**  
[ General Schedule data. In rupees per family ]

Village	Total	Construction and repairs of residential houses and other buildings	Expenditure on durable consumer goods	Expenditure on death, marriage and other ceremonies	Expenditure on education, medicine and litigation
	1	2	3	4	5
Ajit Gill.....	775	131	208	326	110
Bahman Jasa Singh.....	819	105	266	334	114
Giana.....	709	47	329	218	116
Singo.....	476	28	222	156	70
Chanarthal.....	764	57	260	355	92
Dyalpur.....	796	19	211	503	63
Khokhar Kalan.....	389	17	162	152	58
Ubha.....	617	24	238	297	58
<b>District.....</b>	<b>658</b>	<b>44</b>	<b>229</b>	<b>306</b>	<b>78</b>

Among the various groups of items, the group consisting of expenditure on death, marriage and other ceremonies was the most important in all the selected villages except Giana, Singo and Khokhar Kalan in which case durable consumer goods was the most important group. The expenditure on construction and repairs of residential houses and other buildings was the lowest in all the villages except Ajit Gill in which case expenditure on education, medicine and litigation was the lowest.

There was considerable inter-village variation in the expenditure per family on construction and repairs of residential houses and other buildings and expenditure on death, marriage and other ceremonies ; the expenditure varied from Rs 131 to Rs 17 in the case of the former item and from Rs 503 to Rs 152 in the case of the latter. There was not much variation in the case of the other two items

of expenditure; the highest and the lowest expenditure recorded were Rs 329 and Rs 162 respectively per family in the case of durable consumer goods and Rs 116 and Rs 58 respectively per family in the case of education, medicine and litigation.

### 6.2 SOURCE OF FINANCE

The following table gives the source of finance for different items of family expenditure in the case of all families.

**TABLE 6.4—SOURCE OF FINANCE FOR SPECIFIED ITEMS OF FAMILY EXPENDITURE**

[ General Schedule data. Amount in rupees per family ]

Item of family expenditure	Total	Current income	Past savings	Sale of assets	Borrowings	Other sources
	1	2	3	4	5	6
Construction and repairs of residential houses and other buildings.....	44.2	21.5 (48.6)	7.6 (17.2)	2.2 (4.9)	12.9 (29.3)	— (—)
Purchase of household utensils, furniture, etc.....	39.3	31.2 (79.5)	0.4 (1.1)	1.1 (2.9)	6.5 (16.5)	— (—)
Purchase of clothing, shoes, bedding, etc.....	190.5	162.9 (85.6)	6.1 (3.2)	1.8 (0.9)	18.6 (9.7)	1.1 (0.6)
Death ceremonies.....	13.3	7.2 (54.1)	1.2 (8.6)	0.2 (1.8)	4.7 (35.3)	— (0.2)
Marriage and other ceremonies.....	292.6	99.6 (34.0)	51.6 (17.6)	7.3 (2.5)	130.3 (44.6)	3.8 (1.3)
Medical expenses.....	30.3	17.9 (59.1)	2.2 (7.2)	1.6 (5.3)	8.2 (26.9)	0.5 (1.5)
Educational expenses.....	17.4	15.9 (91.3)	— (—)	— (—)	1.5 (8.7)	— (—)
Litigation charges.....	30.5	9.3 (30.6)	0.8 (2.6)	0.6 (2.1)	19.7 (64.7)	— (—)

Figures in brackets denote percentages to the total.

The table reveals that current income and past savings were the most important sources of finance. The proportion of expenditure financed out of these two sources was the highest in the case of all items of family expenditure except litigation charges. In the case of educational expenses, 91.3 per cent and in the case of purchase of clothing, shoes, bedding, etc., 88.8 per cent of the total expenditure was reported to be financed out of current income and past savings alone. The second source of finance in the order of importance was borrowings and the proportion of expenditure financed out of borrowings ranged from 64.7 per cent in the case of litigation charges to 8.7 per cent in the case of educational expenses. Sale of assets as a source of finance was not important, the proportion of expenditure financed through the source being less than 6 per cent for any single item of expenditure.

### 6.3 BORROWINGS FOR DIFFERENT ITEMS OF FAMILY EXPENDITURE

A comparison has been instituted between the two sets of data, viz., borrowings as a source of finance for different items of family expenditure and the borrowings

made for different items of family expenditure in the table 6.5. The borrowings made for different items of family expenditure cover the borrowings on items of day-to-day current family expenditure also and are thus more exhaustive than the former.

**TABLE 6.5—BORROWINGS AND FAMILY EXPENDITURE—DECLARED PURPOSES AND UTILIZED PURPOSES—ALL FAMILIES**

[ General Schedule data. In rupees per family ]

Item of family expenditure	Borrowings as a source of finance for different items of family expenditure	Borrowings made for different items of family expenditure
	1	2
Construction and repairs of residential houses and other buildings .....	12·9	12·8
Purchase of household utensils, furniture, etc.....	6·5	6·8
Purchase of clothing, shoes, bedding, etc.....	18·6	21·0
Death ceremonies .....	4·7	4·8
Marriage and other ceremonies .....	130·3	127·7
Medical expenses .....	8·2	10·4
Educational expenses .....	1·5	1·5
Litigation charges .....	19·7	17·1
Other family expenditure .....	*	12·9
<b>Total .....</b>	<b>202·4</b>	<b>214·9</b>

\* Information about actual amount spent on this item was not collected.

The two sets of data presented in the table are not strictly comparable. The source of finance data give details of the borrowed funds actually utilized on meeting different items of expenditure during the twelve-month period preceding the date of enquiry, whereas the other set of data give details of the borrowings contracted during the twelve-month period for incurring family expenditure. The data may not also be comparable in so far as the borrowings made during a year are not utilized during the same year and that expenditure incurred during the year might have been financed from the borrowings of the previous year. In spite of these limitations there is close agreement between the two sets of data. This may indicate that there was no significant divergence between the utilized purposes and the declared purposes of borrowings or that the same purposes tended to be reported in the two parts of the schedule.

## CHAPTER 7

### CAPITAL EXPENDITURE

The data on capital expenditure, discussed in this chapter, have significance from two points of view. Firstly, the expenditure may be an occasion for borrowings by the cultivator and secondly, it may result in an increase in the capital assets and improve his productive capacity. As regards the first aspect, capital expenditure stands on a footing similar to that of family expenditure. The second aspect has, however, further significance in relation to the objective of the Survey as it throws considerable light on the extent of development expenditure and its source of finance.

The data on capital expenditure for the purpose of this Survey comprise 'financial investment expenditure', 'capital expenditure in non-farm business' and 'capital expenditure in agriculture'. Information relating to 'financial investment expenditure' is available from three sources. The first source is the General Schedule data which give the expenditure on financial investment incurred during the twelve-month period preceding the date of enquiry in respect of all the families in the selected villages. Secondly, information relating to ownership of financial assets was collected through the intensive enquiry schedule in respect of the selected cultivators. Thirdly, a demand questionnaire was utilized for obtaining data on savings possibilities and savings behaviour. 'Capital expenditure in non-farm business' is an omnibus class about which detailed information was not obtained and only total dimensions were considered sufficient for the purpose of the enquiry. Data on capital expenditure in agriculture were collected under nine specified items and a miscellaneous item called 'other capital investment in agriculture'.

#### 7.1 FINANCIAL INVESTMENT EXPENDITURE

The constituent items of financial investment on which information was collected in the General Schedule are, (1) purchase of shares in 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.

In this district, expenditure on financial investment was reported only for purchase of shares in co-operative societies, banks, etc. The proportion of rural families reporting this expenditure was only 0.3 per cent. The average expenditure per family was only Rs 2 but that for per reporting family was fairly high at Rs 801. Only cultivating families reported expenditure on this item. Among different classes of cultivators, the proportion of families reporting expenditure was 1.3 per cent in the case of big cultivators, 1.2 per cent in the case of large cultivators and 0.2 per cent in the case of medium cultivators. No family among small cultivators

reported having purchased shares in co-operative societies, banks, etc. The expenditure per family and per reporting family incurred on this item of financial investment by different classes of cultivating families was as follows.

**TABLE 7.1—PURCHASE OF SHARES IN CO-OPERATIVE SOCIETIES, BANKS, ETC.**  
[ General Schedule data. In rupees ]

Class of cultivators	Expenditure per family	Expenditure per reporting family
Big cultivators.....	17	1,264
Large cultivators.....	11	923
Medium cultivators.....	1	443
Small cultivators.....	—	—
<b>All cultivators.....</b>	<b>4</b>	<b>801</b>

The above expenditure on financial investment was reported by cultivating families in only three of the eight villages ; the proportion of cultivating families reporting expenditure was 1·2 per cent in the case of Ajit Gill, 2·1 per cent in the case of Giana and 1·1 per cent in the case of Chanarthal and the expenditure per reporting family amounted to Rs 2,000, Rs 203 and Rs 900 respectively. On the whole, only a very small segment of rural population incurred financial investment expenditure. The average investment per family was small although the average per reporting family was considerable.

## 7.2 FINANCIAL ASSETS AND SAVINGS

None of the selected cultivators in the eight villages reported any financial assets. Information regarding the pattern of savings was collected through a questionnaire designed for the purpose. Lack of any margin for savings was the reason given by the respondents for not owning any financial assets. Some of the cultivators, presumably those who had margin for savings, said that they preferred to hold cash rather than invest in financial assets. When asked, in particular, about the reasons for not holding deposits in co-operative societies, postal savings banks and other banks or for not holding National Savings Certificates, Treasury Bonds, etc., majority of the respondents stated that there were no local facilities and that the rate of interest obtainable on such investments was too low.

## 7.3 CAPITAL EXPENDITURE IN NON-FARM BUSINESS

The table 7.2 gives the proportion of families reporting expenditure in non-farm business, expenditure per family and expenditure per reporting family for different groups of cultivators.

As in the case of financial investment expenditure, the proportion of families reporting expenditure in non-farm business was small. For the district as a whole, only 5 per cent of the families were reported to have incurred expenditure in non-farm business. Proportion of families reporting expenditure was smaller in the case of cultivating families (4·4 per cent) as compared to non-cultivating families

**TABLE 7.2—CAPITAL EXPENDITURE IN NON-FARM BUSINESS AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data ]

Group	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3
Big cultivators.....	1.8	4	199
Large cultivators.....	3.5	11	314
Medium cultivators.....	3.1	8	256
Small cultivators.....	6.9	57	829
All cultivators.....	4.4	24	545
Non-cultivators.....	6.1	32	536
<b>All families.....</b>	<b>5.0</b>	<b>27</b>	<b>541</b>

(6.1 per cent). Among the different cultivating classes, big cultivators reported the least proportion, i.e., 1.8 per cent and small cultivators reported the highest, i.e., 6.9 per cent. Expenditure per family and expenditure per reporting family was also the highest at Rs 57 and Rs 829 respectively in the case of small cultivators. It seems that the small cultivators dealt in the non-farm business more than the other classes of cultivators probably to add to their low earnings from their main source of income, i.e., agriculture. Families in three of the eight villages did not report any expenditure in non-farm business as would be seen from the following table.

**TABLE 7.3—CAPITAL EXPENDITURE IN NON-FARM BUSINESS IN THE SELECTED VILLAGES—ALL FAMILIES**

[ General Schedule data ]

Village	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3
Ajit Gill.....	—	—	—
Bahman Jasa Singh.....	5.8	34	588
Giana.....	7.4	140	1,898
Singo.....	5.0	10	204
Chanarthal.....	9.7	31	318
Dyalpur.....	—	—	—
Khokhar Kalan.....	—	—	—
Ubha.....	11.0	43	391
<b>District.....</b>	<b>5.0</b>	<b>27</b>	<b>541</b>

Of the villages reporting expenditure in non-farm business, Giana reported the highest expenditure per reporting family at Rs 1,898 and Singo reported the lowest at Rs 204, the district average being Rs 541.

Among the different sources of finance for meeting capital expenditure in non-farm business, current income was the most important. Out of an average



expenditure of Rs 27 per family for the district as a whole, as much as Rs 23 or 84.5 per cent was met out of current income, Rs 4 or 13.2 per cent being met out of borrowings.

#### 7.4 CAPITAL EXPENDITURE IN AGRICULTURE

Of the ten items comprising capital expenditure in agriculture, purchase of land and purchase of livestock are particularly important and are being discussed separately. The remaining eight items, viz., reclamation of land, bunding and other land improvements, digging and repair of wells, development of other irrigation resources, laying of new orchards and plantations, purchase of implements, machinery and transport equipment, construction of farm houses, cattle sheds, etc., and a residual item 'other (miscellaneous) capital expenditure in agriculture', have been grouped together as 'other' capital expenditure in agriculture.

##### 7.4.1 Purchase of land

This was one of the most important among the items included under capital expenditure in agriculture. The following table gives the data as regards purchase of land among different groups of cultivators.

**TABLE 7.4—PURCHASE OF LAND AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data ]

Group	Proportion of families reporting expenditure	Expenditure per family	Expenditure per reporting family
	(Per cent)	(Rs)	(Rs)
	1	2	3
Big cultivators.....	1.8	22	1,246
Large cultivators.....	1.1	12	1,123
Medium cultivators.....	3.0	55	1,840
Small cultivators.....	1.4	10	749
All cultivators.....	1.9	28	1,490
Non-cultivators.....	—	—	—
<b>All families.....</b>	<b>1.2</b>	<b>18</b>	<b>1,490</b>

For the district as a whole, proportion of families reporting purchase of land was as low as 1.2. None of the non-cultivators reported any purchase of land. 1.9 per cent of cultivating families incurred expenditure on purchase of land. The average expenditure per reporting family and per family in the case of cultivators was Rs 1,490 and Rs 28 respectively. The expenditure per reporting family and per family as also the proportion of families reporting expenditure, were higher in the case of medium class of cultivators than among any other class.

Of the eight villages, Bahaman Jasa Singh, Dyalpur and Ubha did not report any expenditure on purchase of land. Further, in none of the other villages did every class of cultivators report purchase of land. Only big cultivators in Chanarthal, large cultivators in Chanarthal and Khokhar Kalan, medium cultivators in

Giana and Khokhar Kalan and small cultivators in Ajit Gill, Singo and Khokhar Kalan reported this type of expenditure.

Data on the source of finance show that current income and sale of assets accounted for nearly 75 per cent of the total expenditure on purchase of land. The preference of the rural families for purchasing land which they value more than any other type of asset is proved by the fact that out of the total expenditure incurred on purchase of land, 35.3 per cent was financed by selling other types of assets. Borrowing as a source of finance for purchase of land accounted for 17.3 per cent of the total expenditure.

In order to derive a net position of land purchased by rural families during the Survey year it is necessary to study the data relating to sale of land also. One per cent of the rural families reported sale of land, the receipt from this per reporting family being Rs 1,226. This can be studied in conjunction with the data of the table 7.4 which shows that the proportion of families reporting purchase of land was 1.2 per cent and that the expenditure per reporting family for purchase of land was Rs 1,490. Among the different classes of cultivators, the proportion of families reporting sale of land was found to be larger in the case of big cultivators than in any other class. The table below gives purchase and sale of land by cultivating families in the selected villages.

**TABLE 7.5—PURCHASE AND SALE OF LAND OF CULTIVATING FAMILIES IN THE SELECTED VILLAGES**

[General Schedule data]

Village	PURCHASE OF LAND			SALE OF LAND		
	Proportion of families reporting purchase	Expenditure per family	Expenditure per reporting family	Proportion of families reporting sale	Receipts per family	Receipts per reporting family
	(Per cent)	(Rs)	(Rs)	(Per cent)	(Rs)	(Rs)
	1	2	3	4	5	6
Ajit Gill.....	1.2	11	900	—	—	—
Bahman Jasa Singh.....	—	—	—	1.5	45	3,000
Giana.....	2.1	12	580	—	—	—
Singo.....	0.6	3	430	0.6	1	90
Chanarthal.....	1.1	13	1,250	—	—	—
Dyalpur.....	—	—	—	—	—	—
Khokhar Kalan.....	8.8	155	1,764	5.3	78	1,487
Ubha.....	—	—	—	—	—	—
<b>District.....</b>	<b>1.9</b>	<b>28</b>	<b>1,490</b>	<b>1.0</b>	<b>16</b>	<b>1,602</b>

It can be seen from the above table that cultivators in two villages, Dyalpur and Ubha, did not report either purchase or sale of land whereas cultivators in Ajit Gill, Giana and Chanarthal reported only purchase of land. There was one village, Bahman Jasa Singh, which reported sale of land alone. Singo and Khokhar Kalan reported

both purchase and sale. In both these villages expenditure per reporting family for purchase of land was higher as compared to sale receipts.

Only in village, Khokhar Kalan, did all the four classes of cultivators report sale of land. In the remaining seven villages, none of the big, large or medium cultivators reported any sale of land. The table below gives net purchase or sale of land for the different villages among the different classes of cultivators.

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

[ General Schedule data. In rupees per family ]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators
	1	2	3	4	5
Ajit Gill.....	–	–	–	+ 35	+ 11
Bahman Jasa Singh.....	–	–	–	– 143	– 45
Giana.....	–	–	+ 31	–	+ 12
Singo.....	–	–	–	+ 7	+ 2
Chanarthal.....	+ 125	+ 43	–	–	+ 13
Dyalpur.....	–	–	–	–	–
Khokhar Kalan.....	– 92	– 60	+ 245	+ 1	+ 77
Ubha.....	–	–	–	–	–
<b>District.....</b>	<b>+ 8</b>	<b>– 1</b>	<b>+ 40</b>	<b>– 11</b>	<b>+ 12</b>

Out of the six villages reporting either purchase or sale or both, five villages were found to be reporting net purchase of land. Net sale of land was reported only in Bahman Jasa Singh. Kohkhar Kalan reported the highest net purchase of land and the average amount per family was Rs 77.

Non-cultivators did not report any purchase of land. Sale of land was, however, reported by non-cultivating families in two villages, viz., Khokhar Kalan and Ubha. This might indicate transfer of land in favour of cultivators by non-cultivating landlords.

#### 7.4.2. Purchase of livestock

Livestock included plough and milch cattle, goat, sheep and other farm animals. The purchase of livestock does not always mean a net addition to assets. It may indicate replacement of incapacitated or sick cattle or it may even reflect the practice of purchasing plough cattle just before the ploughing season and of selling them after the season. The data obtained through the General Schedule regarding purchase or sale of livestock do not provide means of separating the different elements, such as replacement, seasonal purchase or sale and net addition to assets. The data merely provide the value of livestock purchased and sold and in the case of purchase, the source of finance for the purchase.

The proportion of families reporting purchase of livestock was comparatively more than that on any other item of capital expenditure so far discussed in the preceding paragraphs. For the district as a whole, 33.9 per cent of the families reported

purchase of livestock. Expenditure per family and per reporting family was Rs 131 and Rs 386 respectively. Unlike the expenditure incurred on items of financial investments or on purchase of land which was reported by only certain classes of cultivators in certain villages, expenditure on the purchase of livestock was reported by all classes of cultivators in all the selected villages. The following table gives the proportion of families reporting purchase of livestock, expenditure per family and per reporting family among different classes of cultivators and non-cultivators.

**TABLE 7.7—PURCHASE OF LIVESTOCK AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data ]

Group	Proportion of families reporting purchase (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3
Big cultivators.....	43.5	262	602
Large cultivators.....	51.2	283	553
Medium cultivators.....	45.5	186	410
Small cultivators.....	30.5	92	302
All cultivators.....	42.7	188	439
Non-cultivators.....	18.0	29	158
<b>All families.....</b>	<b>33.9</b>	<b>131</b>	<b>386</b>

Among the four classes of cultivators, small cultivators reported the least expenditure per family as well as per reporting family on purchase of livestock. As one moves up the decile groups expenditure per reporting family goes on increasing from Rs 302 in the case of small cultivators to Rs 602 in the case of big cultivators.

Forty per cent of the total expenditure incurred on purchase of livestock was met out of borrowings. Current income and past savings accounted for as high as 46.7 per cent of the total expenditure and, therefore, could be considered as the major source of finance. Sale of assets was relatively not an important source of finance and accounted for only 13.2 per cent of the total expenditure.

The table 7.8 gives the relevant data relating to sale of livestock.

Nearly 21 per cent of the cultivators and 9 per cent of the non-cultivators reported sale of livestock. Among the different classes of cultivators, the proportion of families reporting sale as also the average amount received per family and per reporting family were found to be higher in the case of large cultivators than any other class of cultivators. If a comparison is instituted between the data on purchase and sale of livestock given in tables 7.7 above, and 7.8 on page 57, it can be observed that for all classes of cultivating families, (1) the proportion of families reporting expenditure on purchase was about twice the proportion of families reporting sale and (2) the average expenditure per family was twice or more than twice the average receipts from sale.

**TABLE 7.8—SALE OF LIVESTOCK AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data ]

Group	Proportion of families reporting sale	Receipts per family	Receipts per reporting family
	(Per cent)	(Rs)	(Rs)
	1	2	3
Big cultivators.....	24.7	100	405
Large cultivators.....	27.5	123	447
Medium cultivators.....	19.5	70	359
Small cultivators.....	16.9	46	269
All cultivators.....	21.2	79	372
Non-cultivators.....	9.4	23	247
All families.....	17.0	59	347

The following table gives the comparative position of purchase and sale of livestock of cultivating families in the selected villages.

**TABLE 7.9—PURCHASE AND SALE OF LIVESTOCK OF CULTIVATING FAMILIES AMONG THE SELECTED VILLAGES**

[ General Schedule data ]

Village	PURCHASE OF LIVESTOCK			SALE OF LIVESTOCK		
	Proportion of families	Expenditure per family	Expenditure per reporting family	Proportion of families	Receipts per family	Receipts per reporting family
	(Per cent)	(Rs)	(Rs)	(Per cent)	(Rs)	(Rs)
	1	2	3	4	5	6
Ajit Gill.....	53.0	297	560	21.7	94	432
Bahman Jasa Singh.....	53.7	265	493	47.8	170	357
Giana.....	42.1	173	410	20.0	85	427
Singo.....	49.7	193	389	31.9	105	328
Chanarthal.....	38.7	178	461	8.6	26	304
Dyalpur.....	28.7	101	351	10.9	41	375
Khokhar Kalan.....	37.7	155	410	12.3	63	511
Ubha.....	50.3	225	448	32.0	109	339
District.....	42.7	188	439	21.2	79	372

The above table reveals that the proportion of families reporting expenditure on purchase of livestock was higher than the proportion of families reporting sale of livestock in all villages. Similarly, the expenditure on purchase of livestock per family was also generally higher than the receipts from sale of livestock in all the villages. For the district as a whole, the amount of expenditure incurred per family on purchase of livestock was about two and a half times the amount of receipts per family from sale of livestock.

The following table gives the net purchase or sale of livestock among the different classes of cultivators.

**TABLE 7.10—NET PURCHASE (+) OR SALE (–) OF LIVESTOCK**

[ General Schedule data. In rupees per family ]

Village	Big cultivators	Large cultivators	Medium cultivators	Small cultivators	All cultivators
	1	2	3	4	5
Ajit Gill.....	– 4	+ 206	+ 330	+ 44	+ 203
Bahman Jasa Singh.....	+ 98	+ 136	+ 87	+ 61	+ 95
Giana.....	+ 168	+ 127	+ 101	+ 30	+ 88
Singo.....	+ 74	+ 115	+ 93	+ 55	+ 88
Chanarthal.....	+ 185	+ 245	+ 138	+ 75	+ 152
Dyalpur.....	+ 64	+ 42	+ 99	+ 28	+ 60
Khokhar Kalan.....	+ 303	+ 207	+ 38	+ 45	+ 92
Ubha.....	+ 287	+ 187	+ 129	+ 31	+ 116
<b>District.....</b>	<b>+ 162</b>	<b>+ 160</b>	<b>+ 117</b>	<b>+ 46</b>	<b>+ 109</b>

Net sale of livestock was reported only by the big cultivators in village Ajit Gill. All other classes of cultivators of this village and every class of cultivators in the remaining villages showed a net purchase of livestock. It was found that the cultivators of this district reported a net purchase of livestock to the extent of Rs 109 per family. Among the different classes, the big cultivators were found to be reporting a higher net purchase at Rs 162 per family followed by large, medium and small classes of cultivators with net purchases at Rs 160, Rs 117 and Rs 46 per family respectively.

#### 7.4.3. 'Other' capital expenditure in agriculture

This pertains to capital expenditure in agriculture on items other than purchase of land and livestock. The following table gives the proportion of families reporting expenditure, expenditure per family and per reporting family on individual items constituting 'other' capital expenditure in agriculture.

**TABLE 7.11—'OTHER' CAPITAL EXPENDITURE IN AGRICULTURE ON INDIVIDUAL ITEMS—ALL FAMILIES**

[ General Schedule data ]

Item	Proportion of families reporting expenditure (Per cent)	Expenditure per family (Rs)	Expenditure per reporting family (Rs)
	1	2	3
Reclamation of land.....	2.4	1	58
Bunding and other land improvements.....	2.6	1	23
Digging and repair of wells.....	0.7	3	412
Development of other irrigation resources.....	2.8	2	57
Purchase of implements, machinery and transport equipment.....	46.6	45	96
Construction of farm houses, cattle sheds, etc.....	3.6	12	338
Other (miscellaneous) capital expenditure in agriculture.....	4.5	4	82

The above table reveals that proportion of families reporting various items of capital expenditure other than purchase of land and livestock was generally very small except in the case of purchase of implements, machinery, and transport equipment. Expenditure per family also followed a similar pattern. Expenditure per reporting family ranged from Rs 412 in the case of digging and repair of wells followed by construction of farm houses, cattle sheds, etc., (Rs 338), to Rs 23 in the case of bunding and other land improvements. Expenditure per reporting family on the various items separately for different classes of cultivators and non-cultivators is given in the following table.

**TABLE 7.12—'OTHER' CAPITAL EXPENDITURE IN AGRICULTURE ON INDIVIDUAL ITEMS AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data. In rupees per reporting family ]

Item	Big culti- vators	Large culti- vators	Medium culti- vators	Small culti- vators	All culti- vators	Non- culti- vators	All fami- lies
	1	2	3	4	5	6	7
Reclamation of land.....	92	79	39	13	60	10	<b>58</b>
Bunding and other land improve- ments.....	16	18	18	30	20	47	<b>23</b>
Digging and repair of wells.....	1,129	1,002	—	—	1,002	29	<b>412</b>
Development of other irrigation resources.....	98	72	48	45	57	—	<b>57</b>
Purchase of implements, machi- nery and transport equipment	180	139	68	84	97	65	<b>96</b>
Construction of farm houses, cattle sheds, etc.....	515	452	320	70	346	183	<b>338</b>
Other (miscellaneous) capital expenditure in agriculture..	95	97	81	64	82	96	<b>82</b>

Average expenditure per reporting family was of the highest order on digging and repair of wells and construction of farm houses, cattle sheds, etc. among the big and large cultivators ; no expenditure was reported on digging and repair of wells by the medium or small cultivators. Construction of farm houses, cattle sheds, etc. and purchase of implements, machinery and transport equipment were items on which the level of expenditure was somewhat higher than on other items for the medium and small cultivators.

Table 7.13 gives the proportion of expenditure incurred by each class of cultivators to the total expenditure incurred by all cultivators.

The entire expenditure on digging and repair of wells was incurred by large cultivators. About three-fourths of the expenditure on reclamation of land and two-thirds of the expenditure on the construction of farm houses, cattle sheds, etc., were incurred by large cultivators although this class comprised only 30 per cent of the total cultivators. The big cultivators accounted for 69.4 per cent, 37.2 per cent and 29.0 per cent of the total expenditure on digging and repair of wells, construction of farm houses, cattle sheds, etc. and reclamation of land respectively. In the case of small cultivators, bunding and other land improvements and

**TABLE 7.13—PROPORTION OF 'OTHER' CAPITAL EXPENDITURE IN AGRICULTURE INCURRED BY EACH CLASS OF CULTIVATORS TO THE TOTAL EXPENDITURE INCURRED BY ALL CULTIVATORS**

[ General Schedule data. In per cent. ]

Item	Big cultivators	Large cultivators	Medium cultivators	Small cultivators
	1	2	3	4
Reclamation of land.....	29·0	74·6	24·1	1·3
Bunding and other land improvements...	11·0	30·4	43·5	26·1
Digging and repair of wells.....	69·4	100·0	—	—
Development of other irrigation resources..	10·5	48·5	41·7	9·8
Purchase of implements, machinery and transport equipment.....	24·2	51·5	29·2	19·3
Construction of farm houses, cattle sheds, etc.....	37·2	67·6	29·1	3·3
Other (miscellaneous) capital expenditure in agriculture.....	13·0	28·9	53·8	17·3

purchase of implements, machinery and transport equipment were fairly important accounting as they did for 26·1 per cent and 19·3 per cent respectively of the total expenditure on the two items.

#### 7.5 INVESTMENT—DISINVESTMENT

Data on borrowings, indebtedness or repayments may not by themselves be sufficient to indicate the deficit or otherwise in the economy of a rural family. Borrowings may be contracted for a number of reasons. Capital expenditure which is incurred for improving the economic condition of the family can be one of the reasons. If this is so, increase in outstanding debt as a result of borrowings would not indicate a deficit in the economy of the family. Similarly a low proportion of repayments may not necessarily be a sign of economic deterioration as this may be indicative of a large and rapid long-term investment.

There are different ways of determining surplus or deficit in the economy of a family over a given period of time. One way is to assess the changes in the net assets position during the period and another way is to strike a net balance of all transactions made on current account during the period. Full details which are necessary for evaluating deficits or surplus by either of the two methods were not obtained in the Survey. The only method which could be followed is to calculate surplus or deficit on the basis of the data regarding capital expenditure, sale of assets, borrowings and repayments obtained through the Survey. The assumption made in this connexion is that the difference between the acquisition of assets and reduction of debt on the one hand and the contraction of debt and the sale of assets on the other, represents adequately the total result of economic activity during the period. There have been certain omissions of transactions relating to acquisition of assets, viz., lendings to others and purchase of bullion and ornaments. There is also an assumption regarding the investment effect of certain expenditure. For getting a full account of these limitations it would be advisable to refer to Part I of Volume I, of the Survey Report.



We have calculated the balance between capital transactions and called this net investment or net disinvestment. The investment items are capital expenditure in farm and non-farm business, financial investment expenditure and repayment of old debts. On the disinvestment side, we have taken borrowings and sale of assets. For the district as a whole, investment and disinvestment per family worked out to Rs 369 and Rs 436 respectively resulting in a net disinvestment of Rs 67. Among the individual items of investment, capital expenditure in agriculture accounted for 58·5 per cent of the total investment followed by repayments (33·3 per cent) and non-farm business expenditure (7·3 per cent). Financial investment expenditure was very small, contributing only 0·5 per cent to the total investment. Disinvestment comprised two items, viz., borrowings and sale of assets accounting for 83·3 per cent and 16·7 per cent respectively of the total disinvestment. Construction and repairs of residential houses and other buildings has not been included in the measure of average investment as it is an investment item of rural families in the non-business sector. Even after taking into account this additional item of investment, which came to Rs 44 per family, the rural families in this district still reported an average net disinvestment of Rs 23. The table 7.14 on page 62 gives the investment-disinvestment for the different classes of cultivators, all cultivators and non-cultivators.

It can be seen from the above table that both cultivating and non-cultivating families reported a net disinvestment of Rs 29 and Rs 140 respectively per family. All the four classes of cultivators also reported net disinvestment, the average net disinvestment per family being the highest among small cultivators (Rs 41) followed by medium cultivators (Rs 36) and big cultivators (Rs 33). Large cultivators, however, reported a small net disinvestment of Rs 5. Average investment and disinvestment presented a pattern which is directly related to the size of cultivated holdings. The individual items of investment and disinvestment in the case of different classes of cultivating families more or less appeared in the same order of importance as in the case of all families. On the investment side small cultivators did not report any expenditure on financial investment and medium cultivators spent only a meagre sum of Re 1 per family.

As far as the business activities of the rural families are concerned, the different classes of cultivators as well as non-cultivators were seen to have shown net disinvestment during the Survey year. However if account is taken of the expenditure on the construction and repairs of residential houses and other buildings which is an investment item in the household sector, the cultivators on the whole showed a net investment of Rs 25 instead of a net disinvestment of Rs 29 without this item. In the case of non-cultivators the level of net disinvestment was reduced from Rs 140 to Rs 114 by the inclusion of this item.

The table 7.15 on page 63 gives the investment-disinvestment position in the selected villages for all cultivating families.

**TABLE 7.14—INVESTMENT—DISINVESTMENT AMONG DIFFERENT GROUPS OF CULTIVATORS**

[ General Schedule data. In rupees per family ]

Group	INVESTMENT				
	Capital expenditure in agriculture	Non-farm business expenditure	Financial investment expenditure	Repayment of old debts	Total
	1	2	3	4	5
Big cultivators.....	546	4	17	176	742
Large cultivators.....	476	11	11	210	709
Medium cultivators.....	319	8	1	153	481
Small cultivators.....	152	57	—	123	332
All cultivators.....	317	24	4	161	506
Non-cultivators.....	34	32	—	55	121
<b>All families .....</b>	<b>216</b>	<b>27</b>	<b>2</b>	<b>123</b>	<b>369</b>

Group	DISINVESTMENT			Net investment (+) or disinvestment (—)	Construction and repairs of residential houses and other buildings	Balance after taking credit of expenditure on construction and repairs of residential houses and other buildings
	Borrowings	Sale of assets	Total			
	6	7	8	9	10	11
Big cultivators.....	661	114	775	— 33	134	+ 101
Large cultivators.....	575	139	714	— 5	98	+ 93
Medium cultivators.....	432	85	517	— 36	44	+ 8
Small cultivators.....	298	75	373	— 41	22	— 19
All cultivators.....	436	99	535	— 29	54	+ 25
Non-cultivators.....	233	28	261	— 140	26	— 114
<b>All families .....</b>	<b>363</b>	<b>73</b>	<b>436</b>	<b>— 67</b>	<b>44</b>	<b>— 23</b>

There was considerable inter-village variation in the net investment (or disinvestment) position. Three of the eight villages reported net investment ranging from Rs 171 to Rs 65 and the remaining five reported net disinvestment from Rs 294 to Rs 26. The village reporting the highest net investment of Rs 171 was Ajit Gill. This village reported the highest capital expenditure in agriculture among the eight selected villages. In the case of Dyalpur, which reported the highest net disinvestment of Rs 294, the expenditures on all items were at the lowest levels.

**TABLE 7.15—INVESTMENT-DISINVESTMENT OF CULTIVATING FAMILIES IN THE SELECTED VILLAGES**

[ General Schedule data. In rupees per family ]

Village	INVESTMENT				
	Capital expenditure in agri-culture	Non-farm business expenditure	Financial investment expenditure	Repayment of old debts	Total
	1	2	3	4	5
Ajit Gill.....	563	—	24	153	740
Bahman Jasa Singh.....	376	7	—	650	1,033
Giana.....	247	127	4	320	698
Singo.....	240	10	—	223	472
Chanarthal.....	284	33	10	42	368
Dyalpur.....	185	—	—	31	216
Khokhar Kalan.....	419	—	—	119	538
Ubha.....	329	27	—	34	390
<b>District.....</b>	<b>317</b>	<b>24</b>	<b>4</b>	<b>161</b>	<b>506</b>

Village	DISINVESTMENT			Net investment (+) or disinvestment (—)	Construction and repairs of residential houses and other buildings	Balance after taking into account the expenditure on construction and repairs of residential houses and other buildings
	Borrowings	Sale of assets	Total			
	6	7	8	9	10	11
Ajit Gill.....	439	130	569	+171	101	+272
Bahman Jasa Singh.....	753	215	968	+ 65	130	+195
Giana.....	683	89	772	— 74	56	— 18
Singo.....	392	105	498	— 26	30	+ 4
Chanarthal.....	406	26	432	— 64	74	+ 10
Dyalpur.....	469	41	510	—294	29	—265
Khokhar Kalan.....	229	145	375	+163	24	+187
Ubha.....	312	109	420	— 30	35	+ 5
<b>District.....</b>	<b>436</b>	<b>99</b>	<b>535</b>	<b>— 29</b>	<b>54</b>	<b>+ 25</b>

Bahman Jasa Singh, which reported the highest investment of Rs 1,033 per family, reported the least net investment of Rs 65 mainly because it also reported the highest disinvestment among the selected villages. In this village borrowings and repayments were the main constituents in the investment-disinvestment table.

If the construction and repairs of residential houses is also taken into consideration, three villages, viz., Singo, Chanarthal and Ubha, which otherwise were showing a position of net disinvestment, would show a net investment position. There are

two villages, viz., Dyalpur and Giana which, even after inclusion of expenditure on construction and repairs of residential houses and other buildings, show a net disinvestment. In Dyalpur, the net disinvestment was of the order of Rs 265 per family and in Giana Rs 18 per family. The remaining six villages showed net investment ranging from Rs 272 in the case of Ajit Gill to Rs 4 in the case of Singo.

Data based on the intensive enquiry were also utilized for calculating investment-disinvestment position of the selected cultivators. The following table gives investment-disinvestment and net investment or disinvestment for upper and lower strata cultivators.

**TABLE 7.16—INVESTMENT-DISINVESTMENT AMONG THE SELECTED CULTIVATORS**

[ Intensive enquiry data. In rupees per family ]

Strata	INVESTMENT				
	Capital expenditure in agriculture	Non-farm business expenditure	Financial investment expenditure	Repayment of old debts	Total
	1	2	3	4	5
Upper strata.....	366	5	—	194	565
Lower strata.....	157	46	—	262	465
<b>All cultivators.....</b>	<b>261</b>	<b>26</b>	<b>—</b>	<b>228</b>	<b>515</b>

Strata	DISINVESTMENT			Net investment (+) or disinvestment (—)	Construction and repairs of residential houses and other buildings	Balance after taking credit of expenditure on construction and repairs of residential houses and other buildings
	Borrowings	Sale of assets	Total			
	6	7	8	9	10	11
Upper strata.....	813	170	983	— 418	129	— 289
Lower strata.....	453	30	483	— 18	47	+ 29
<b>All cultivators.....</b>	<b>633</b>	<b>100</b>	<b>733</b>	<b>— 218</b>	<b>88</b>	<b>— 130</b>

It is interesting to note from the above table that lower strata cultivators show a net investment of Rs 29 per family as against a corresponding net disinvestment of Rs 289 per family for the upper strata cultivators, when the expenditure on construction and repairs of residential houses and other buildings is taken into consideration. Net disinvestment position of upper strata cultivators was as high as Rs 418 per family without taking into account the investment on residential and

other buildings. This was mainly due to a comparatively high average disinvestment among upper strata cultivators which was occasioned by large borrowings. Upper strata cultivators reported Rs 813 as average borrowings compared to Rs 453 reported by lower strata cultivators. An interesting result on the investment side is that lower strata cultivators reported higher expenditure on non-farm business and higher repayments than upper strata cultivators.

## CHAPTER 8

### CURRENT FARM OPERATIONS

Having discussed family expenditure and capital expenditure in the preceding two chapters we now deal with the current farm expenses of the selected cultivators in relation to their gross produce and cash receipts. We shall also discuss in this chapter the seasonality of farm business operations and disposal and sale of farm produce. The information given in this chapter is based on the intensive enquiry schedule and was collected separately for the two six-month periods, viz., April to September 1951 and October 1951 to March 1952. For the purpose of study, the data for the year April 1951 to March 1952 are presented and the data for the two six-month periods are utilized only for the study of seasonality of farm expenses and receipts.

#### 8.1 FARM EXPENSES AND FARM RECEIPTS

##### 8.1.1. Value of gross produce, cash receipts, total farm and cash farm expenses

Before discussing the farm expenses and farm receipts as revealed by the study of the Survey data, it would be desirable to examine the background in which the data were collected. In years just preceding the Survey there was procurement and control, especially of foodgrains, which may have attributed to the under estimation of data relating to gross produce and cash receipts. This may have arisen in a number of ways. Physical quantities may be underestimated, prices of sales may be reported at less than what they were and the volume of sales also may be under-reported; produce which was in fact sold would be reported as unsold and would be valued at a price much lower than the actual sale price. It is, however, not possible to assess exactly the degree of underestimation.

The following table gives the value of gross produce, value of total farm expenses, cash receipts and total cash farm expenses separately for upper and lower strata cultivators.

**TABLE 8.1—VALUE OF GROSS PRODUCE, TOTAL FARM EXPENSES, CASH RECEIPTS AND TOTAL CASH FARM EXPENSES**

[ Intensive enquiry data. In rupees per family ]

Strata	Value of gross produce	Total farm expenses	Total cash receipts	Total cash farm expenses
	1	2	3	4
Upper strata.....	3,187·6	1,690·0	2,030·9	705·0
Lower strata.....	1,483·5	660·6	1,172·8	279·0
<b>All cultivators.....</b>	<b>2,335·5</b>	<b>1,175·3</b>	<b>1,601·9</b>	<b>492·1</b>

It is apparent from the table that both the value of gross produce and cash receipts were considerably higher in the case of upper strata cultivators as compared to those of the lower strata cultivators. Upper strata cultivators also reported comparatively higher total farm expenses as well as cash farm expenses. Upper strata cultivators who represented a more well-to-do sector of the rural cultivating community could raise a comparatively much higher produce in view of their larger cultivated holdings and were also in a position to incur substantial expenditure for cultivation.

The ratio of farm expenses to total gross produce was slightly higher in the case of upper strata cultivators as compared to lower strata cultivators. Cash farm expenses were, however, about one-third of the total cash receipts in the case of upper strata cultivators and about one-fourth of the total cash receipts in the case of lower strata cultivators.

On the basis of the data given in the table 8.2 below, it would be possible to study the value of gross produce and cash receipts on the one hand and value of total farm expenses and cash farm expenses on the other for different gross produce groups. The table also gives the proportion of families and proportion to total area sown in each gross produce group.

**TABLE 8.2—PROPORTION OF FAMILIES, PROPORTION OF TOTAL AREA SOWN, SIZE OF CULTIVATED HOLDINGS, VALUE OF GROSS PRODUCE, TOTAL FARM EXPENSES, CASH RECEIPTS AND TOTAL CASH FARM EXPENSES FOR DIFFERENT GROSS PRODUCE GROUPS**

[ Intensive enquiry data. Amount in rupees per family ]

Value of gross produce	Proportion of families (Per cent)	Proportion of total area sown (Per cent)	Size of cultivated holdings per family (Acres)	Value of gross produce	Total farm expenses	Cash receipts from sale of crops and fodder	Total cash receipts	Cash farm expenses
	1	2	3	4	5	6	7	8
Nil.....	1.7	0.1	1.2	—	16.5	—	448.2	16.5
Less than Rs 200.....	2.5	0.4	2.4	161.2	79.2	138.0	496.0	68.4
Rs 200 – Rs 400.....	7.7	2.6	7.1	329.4	237.5	317.5	754.0	127.7
Rs 400 – Rs 600.....	2.9	1.9	15.9	502.4	359.7	364.1	462.0	178.3
Rs 600 – Rs 800.....	3.5	1.9	10.0	742.3	550.3	701.1	820.0	335.7
Rs 800 – Rs 1,000.....	6.7	4.5	14.9	881.0	595.8	666.7	753.7	328.7
Rs 1,000 – Rs 2,000.....	28.1	21.7	16.8	1,475.8	686.7	1,008.8	1,179.5	337.8
Rs 2,000 – Rs 3,000.....	17.8	20.2	22.1	2,441.1	1,110.0	1,817.9	2,018.4	522.6
Rs 3,000 – Rs 4,000.....	12.8	16.7	28.5	3,585.8	1,832.1	1,976.3	2,048.3	622.2
Rs 4,000 – Rs 5,000.....	5.7	9.0	32.1	4,474.6	2,325.3	2,324.4	2,531.2	910.5
Rs 5,000 and above....	10.6	21.0	41.5	6,072.3	3,090.4	3,113.0	3,150.8	1,149.2
<b>All cultivators.....</b>	<b>100.0</b>	<b>100.0</b>	<b>21.0</b>	<b>2,335.5</b>	<b>1,175.3</b>	<b>1,430.2</b>	<b>1,601.9</b>	<b>492.1</b>

Nearly three-fourths of the cultivating families were having gross produce of more than Rs 1,000. Also, cultivators having a gross produce of more than Rs 1,000 cultivated about 90 per cent of the total area sown. About a tenth of the total

families reported an average gross produce of Rs 5,000 and above and cultivated a fifth of the total area sown.

Value of gross produce was higher than the value of total farm expenses in the case of all groups, the difference between the two being on the increase with the increase in the value of gross produce. This shows that families in the higher gross produce groups were comparatively better off and had greater margin left over for consumption at home as well as for sale. This is supported by the fact that the cash receipts of families from sale of crops and fodder were much higher in the case of higher gross produce groups, varying from Rs 3,113·0 in the case of the highest group to Rs 138·0 in the case of the lowest but one group, as can be seen from column 6 of the table 8.2. Increase in cash receipts from sale of crops and fodder was consistent with the increase in the size of cultivated holdings. Cash farm expenses also followed the pattern of size of holdings and increased with the increase in the size of holdings.

We may now proceed to discuss inter-village variation in the total receipts and total farm expenses of the cultivating families. The following table gives the value of gross produce, total farm expenses, cash receipts and total cash farm expenses in the selected villages.

**TABLE 8.3—VALUE OF GROSS PRODUCE, TOTAL FARM EXPENSES, TOTAL CASH RECEIPTS AND TOTAL CASH FARM EXPENSES IN THE SELECTED VILLAGES**  
[ Intensive enquiry data. In rupees per family ]

Village	Value of gross produce	Total farm expenses	Total cash receipts	Total cash farm expenses
	1	2	3	4
Ajit Gill.....	3,401·9	1,652·6	2,329·5	656·9
Bahman Jasa Singh.....	3,847·0	2,101·7	2,022·7	738·1
Giana.....	2,489·0	1,617·6	1,380·2	838·2
Singo.....	2,020·7	1,183·8	1,251·3	407·6
Chanarthal.....	2,800·0	1,120·5	2,219·2	463·4
Dyalpur.....	1,879·1	874·7	1,604·0	343·3
Khokhar Kalan.....	1,481·3	697·0	1,111·3	292·6
Ubha.....	2,112·2	1,188·0	1,217·4	571·6
<b>District.....</b>	<b>2,335·5</b>	<b>1,175·3</b>	<b>1,601·9</b>	<b>492·1</b>

Value of gross produce and total farm expenses as well as cash receipts and cash farm expenses were the lowest in Khokhar Kalan. Bahman Jasa Singh reported the highest value of gross produce and total farm expenses. Ajit Gill and Giana reported the highest cash receipts and cash farm expenses respectively. The value of gross produce and cash receipts in the case of all the villages were higher than the total farm expenses and total cash farm expenses respectively, the difference being more in the case of villages reporting higher value of gross produce and higher cash receipts.



**8.1.2 Cash receipts**

The cash receipts of cultivators were divided into two broad groups, viz., cash receipts from sale of crops and fodder and cash receipts from other sources, the latter including such items as receipts from sale of milk and milk products and receipts from cash wages and remittances. No information was asked regarding the receipts from non-farm business. The following table gives the cash receipts from specified sources for upper and lower strata cultivators separately.

**TABLE 8.4—CASH RECEIPTS FROM SPECIFIED SOURCES**

[ Intensive enquiry data. Amount in rupees per family ]

Strata	Total	Sale of crops and fodder	OTHER SOURCES				
			Sale of milk and milk products	Cash wages	Remittances	Carting	Other miscellaneous sources
	1	2	3	4	5	6	7
Upper strata.....	<b>2,030.9</b>	1,902.9 (93.7)	85.1 (4.2)	7.1 (0.3)	10.0 (0.5)	16.5 (0.8)	9.2 (0.5)
Lower strata.....	<b>1,172.8</b>	957.4 (81.6)	72.8 (6.2)	114.5 (9.8)	3.4 (0.3)	19.8 (1.7)	5.0 (0.4)
<b>All cultivators .....</b>	<b>1,601.9</b>	<b>1,430.2</b> (89.3)	<b>78.9</b> (4.9)	<b>60.8</b> (3.8)	<b>6.7</b> (0.4)	<b>18.2</b> (1.1)	<b>7.1</b> (0.5)

Figures in brackets denote percentages to the total.

It can be seen from the above table that sale of crops and fodder is almost the main source of cash receipts of both upper and lower strata cultivators. In the case of upper strata cultivators, receipts from this source formed 93.7 per cent of the total cash receipts as against 81.6 per cent of the total cash receipts in the case of lower strata cultivators. Sale of milk and milk products accounted for about 4 per cent of total cash receipts in the case of upper strata cultivators. All other sources were unimportant for this class of cultivators. Apart from sale of crops and fodder two other important sources of cash receipts were sale of milk and milk products and cash wages in respect of the lower strata cultivators. Remittances, carting and other 'miscellaneous' sources of cash receipts, which included items like sale of poultry and poultry products, sale of seeds and plants, sale of manure and interest on lendings formed an insignificant part in the total cash receipts of both upper and lower strata cultivators.

**8.1.3. Current farm expenses**

A general discussion of total current farm expenses and total current cash farm expenses has already been made in Section 8.1.1 above. We shall now discuss the various items included in current farm expenses both in kind and cash and also the sources through which the expenses were met. The main items included in the current farm expenses were, (1) value of seed and manure both owned and purchased,

(2) cash wages paid and value of payment made in kind to labourers, servants, artisans and others, (3) value of fodder and other cattle feed purchased, payment made for grazing facilities and rent paid for pastures, (4) rent in cash or kind paid to landlord and share in kind paid to co-sharers and (5) other expenses which include items as hire charges of implements, machinery, bullocks, etc., and marketing charges including transport costs and land revenue and other cesses, etc. No attempt was made to evaluate the labour put in by the cultivating families on their own farm.

The following table gives average expenditure per family and proportion to total expenditure on each specified item of current farm expenses separately for upper and lower strata cultivators.

TABLE 8.5—CURRENT FARM EXPENSES ON SPECIFIED ITEMS

[ Intensive enquiry data ]

Item	UPPER STRATA		LOWER STRATA		ALL CULTIVATORS	
	Average expenditure per family	Proportion to total current farm expenditure	Average expenditure per family	Proportion to total current farm expenditure	Average expenditure per family	Proportion to total current farm expenditure
	(Rs)	(Per cent)	(Rs)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5	6
Current cash expenditure on						
1 seed.....	46.2	2.7	23.9	3.6	35.1	3.0
2 manure.....	27.3	1.6	8.5	1.3	17.9	1.5
3 fodder.....	292.4	17.3	130.0	19.7	211.2	18.0
4 wages.....	86.3	5.1	33.9	5.1	60.1	5.1
5 Other cash expenditure.... (including cash expenditure on purchase of grain for payment of wages)	252.8	15.0	82.7	12.5	167.8	14.3
<b>Total current cash expenditure on farm (A).....</b>	<b>705.0</b>	<b>41.7</b>	<b>279.0</b>	<b>42.2</b>	<b>492.1</b>	<b>41.9</b>
Current expenditure in kind on						
1 seed.....	144.0	8.5	51.0	7.7	97.4	8.3
2 manure.....	96.0	5.7	44.6	6.8	70.3	6.0
3 wages in kind (other than at harvest).....	0.7	0.04	0.3	0.05	0.5	0.04
4 disposals in kind immediately after harvest....	745.0	44.1	285.7	43.2	515.4	43.9
<b>Total current expenditure in kind on farm (B)</b>	<b>985.7</b>	<b>58.3</b>	<b>381.6</b>	<b>57.8</b>	<b>683.6</b>	<b>58.1</b>
Current cash expenditure on purchase of grain for payment of wages (C).....	0.7	0.04	—	—	0.4	0.03
<b>Total current farm expenditure (A + B - C)....</b>	<b>1,690.0</b>	<b>100.0</b>	<b>660.6</b>	<b>100.0</b>	<b>1,175.3</b>	<b>100.0</b>

It can be observed from the table that the expenditure incurred in cash and in kind formed 41.9 per cent and 58.1 per cent respectively of the total current farm expenditure. Disposals in kind immediately after harvest accounted for 43.9 per cent of the total farm expenses. A large part of the expenditure spent on purchase of seed and manure was also in kind. The expenditure in kind incurred by the upper strata cultivators on seed and manure at Rs 240.0 per family or 14.2 per cent of total farm expenses of upper strata cultivators was considerably higher than the expenditure incurred in cash which formed only 4.3 per cent of the total. Likewise, lower strata cultivators also reported higher expenditure in kind on seed and manure, the proportion of kind and cash farm expenditure incurred on these items by lower strata cultivators being 14.5 per cent and 4.9 per cent respectively of the total current farm expenditure.

It has been stated in the preceding paragraph that among the items of expenditure in kind on farm, disposals in kind made immediately after harvest were considerable. The following table gives the details of the individual items included under total disposals.

**TABLE 8.6—TOTAL DISPOSALS IN KIND AT HARVEST**

[ Intensive enquiry data. In rupees per family ]

Strata	Total	Rent share to landlord and co-sharer	Wages to labourers for harvesting	Remuneration to artisans and services	Other payments made at harvest
	1	2	3	4	5
Upper strata.....	745.0	676.9	11.8	34.7	21.7
Lower strata.....	285.7	251.2	4.7	19.7	10.0
<b>All cultivators.....</b>	<b>515.4</b>	<b>464.0</b>	<b>8.2</b>	<b>27.2</b>	<b>15.9</b>

Rent payments to landlord and co-sharer formed a major part, i.e., Rs 464 per family out of total disposals of Rs 515.4. The next item in order of importance was remuneration to artisans and services, which accounted for Rs 27.2 per family. Disposals of upper strata cultivators (Rs 745.0) were substantially higher as compared to those of lower strata cultivators (Rs 285.7).

Information was collected regarding the source through which the selected cultivators were able to raise the necessary funds to finance the various items of cash farm expenses. The table 8.7 gives the relative importance of the sources of finance for the upper and lower strata cultivators, separately for each item of cash farm expenditure.

Most of the expenditure incurred by the selected cultivators on current farm operations was financed out of their current income and past savings. In both the upper and the lower strata 95 per cent of the total cash farm expenditure was financed through current income and past savings. For individual items of current cash farm

**TABLE 8.7—SOURCE OF FINANCE FOR CASH FARM EXPENDITURE**

[ Intensive enquiry data. Amount in rupees per family ]

Item	Total		CURRENT INCOME		PAST SAVINGS	
	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata
	1	2	3	4	5	6
Purchase of seed.....	46.3	23.9	35.3 (76.4)	22.5 (94.1)	6.4 (13.9)	0.6 (2.5)
Purchase of manure.....	27.3	8.5	17.2 (63.2)	8.2 (96.5)	9.8 (36.0)	—
Purchase of fodder.....	292.4	130.0	238.2 (81.5)	115.8 (89.1)	32.2 (11.0)	2.9 (2.2)
Cash wages.....	86.3	33.9	71.1 (82.4)	32.9 (97.1)	11.4 (13.2)	—
Other cash expenditure.....	252.9	82.6	208.9 (82.6)	74.7 (90.4)	38.5 (15.2)	7.8 (9.4)
<b>Total.....</b>	<b>705.0</b>	<b>279.0</b>	<b>570.8 (81.0)</b>	<b>254.2 (91.1)</b>	<b>98.4 (13.9)</b>	<b>11.3 (4.0)</b>

Item	SALE OF ASSETS		BORROWINGS		OTHER SOURCES	
	Upper strata	Lower strata	Upper strata	Lower strata	Upper strata	Lower strata
	7	8	9	10	11	12
Purchase of seed.....	3.3 (7.1)	0.8 (3.3)	1.2 (2.6)	—	—	—
Purchase of manure.....	—	—	0.2 (0.7)	—	—	0.3 (3.5)
Purchase of fodder.....	9.9 (3.4)	6.2 (4.8)	6.0 (2.0)	—	6.1 (2.1)	5.1 (3.9)
Cash wages.....	2.0 (2.3)	—	0.9 (1.0)	—	0.9 (1.0)	1.0 (2.9)
Other cash expenditure.....	2.9 (1.1)	—	0.4 (0.2)	—	2.2 (0.9)	0.1 (0.1)
<b>Total.....</b>	<b>18.0 (2.6)</b>	<b>7.1 (2.5)</b>	<b>8.7 (1.2)</b>	<b>—</b>	<b>9.2 (1.3)</b>	<b>6.5 (2.3)</b>

Figures in brackets denote percentages to the total of each strata.

expenditure also, current income and past savings were the main sources of finance. Borrowings as a source of finance accounted for 1.2 per cent of the current farm expenditure with respect to upper strata cultivators. It is noteworthy that lower strata cultivators did not resort to borrowings to finance any operation of the current farm business.

### 8.2 SEASONALITY OF FARM EXPENDITURE AND FARM INCOME

Seasonality of cash farm expenses as also of farm income has an important bearing on the economy of the cultivator as it affects his borrowings and repayments. Seasonality in both cash farm expenses and cash receipts is related to the agricultural

seasons and types of crops grown. The importance of *rabi* and *kharif* crops, the harvesting seasons, as well as, rotation of crops and crop combination practices that are followed in the Bhatinda district have been discussed in Chapter 1. The following table which gives total cash expenses and cash receipts of upper and lower strata cultivators separately for the two six-month periods might give some idea of seasonality of the farm receipts and expenditure.

**TABLE 8.8—SEASONALITY OF FARM EXPENDITURE AND FARM RECEIPTS**

[ Intensive enquiry data. Amount in rupees per family ]

	UPPER STRATA			LOWER STRATA		
	April 1951 to March 1952	April to September 1951	October 1951 to March 1952	April 1951 to March 1952	April to September 1951	October 1951 to March 1952
	1	2	3	4	5	6
Cash receipts from sale of crops and fodder.....	1,902·9	1,054·8 (55·4)	848·0 (44·6)	957·3	448·2 (46·8)	509·1 (53·2)
Other cash receipts.....	128·0	56·2 (43·9)	71·8 (56·1)	215·4	97·4 (45·2)	118·0 (54·8)
Current cash farm expendi- ture.....	705·2	365·8 (51·9)	339·4 (48·1)	279·1	122·9 (44·0)	156·2 (56·0)

Figures in the brackets denote percentages to total.

The above table is not indicative of any noteworthy seasonality in cash farm expenses or cash farm receipts which appear to be more or less equally distributed over the two six-month periods. As would be seen from the pattern of crop distribution in the district during the three years preceding the year of the Survey, as given in table 1·3 of Chapter 2, both *rabi* and *kharif* crops are almost of equal importance. Whereas among *rabi* crops wheat and gram are of considerable importance, *kharif* crops comprise important crops, viz., *bajra* and cotton.

As regards seasonality in the case of individual items of cash farm expenses, expenditure on purchase of seed and purchase of fodder was higher during October 1951 to March 1952 as compared to the earlier six-month period, whereas for the remaining items, viz., purchase of manure, cash wages and other cash expenditure, figures for the first six-month period were more than those for the second period. This was true for both the upper and lower strata cultivators. Cash receipts of upper strata cultivators from sale of crops and fodder were slightly higher in the case of first six months which is the sowing and harvesting season for *kharif* crops. Some portion of *rabi* harvest is also included in this six-month period. In the case of the other items of cash farm receipts, namely, sale of milk and milk products and cash wages, the contributions towards the total receipts during the two six-month periods are not very much different. In the case of sale of milk and milk products receipts, during the first six months was Rs 34·8 per family and during the second six months Rs 44·2. Cash wages during the first and second six months contributed Rs 31·5 and Rs 29·2 respectively.

## 8.3 CULTIVATION EXPENSES OF IMPORTANT CROPS

It has already been stated above that wheat and gram among *rabi* crops and *bajra* and cotton among *kharif* crops are the major crops of the district. The following table gives the area sown per family, value of produce, cultivation expenses and disposals in kind at harvest, for specified crops.

**TABLE 8.9—AREA SOWN PER FAMILY, VALUE OF PRODUCE AND FARM EXPENSES INCLUDING DISPOSALS IN KIND AT HARVEST, FOR SPECIFIED CROPS**

[ Intensive enquiry data. Amount in rupees per family ]

Crop	Area sown per family	Value of produce	Expen- diture on seed	Expen- diture on manure	Cash wages	Value of disposals in kind at harvest time
	(Acres)					
	1	2	3	4	5	6
Wheat.....	3.0	594.8	27.5	30.1	8.6	121.5
Millets.....	2.5	74.6	6.2	13.8	2.8	23.7
Other cereals.....	1.9	45.6	12.7	2.6	4.5	11.1
Gram.....	6.1	898.0	57.4	2.1	11.0	234.6
Mustard seed.....	1.0	106.1	1.2	0.1	0.3	14.7
Cotton.....	2.1	498.8	9.8	31.0	19.5	81.9
Fodder crops.....	2.5	64.3	14.4	7.6	2.1	14.7
Other crops.....	0.6	53.3	3.3	0.9	11.3	13.2
<b>All crops.....</b>	<b>19.7</b>	<b>2,335.5</b>	<b>132.5</b>	<b>88.2</b>	<b>60.1</b>	<b>515.4</b>

Wheat and gram were the two leading food crops both as regards area sown per family and average value of gross produce. Among cash crops, cotton made the highest contribution towards the average value of gross produce contributing as it did Rs 498.8 per family. Millets comprising *bajra* and *jowar* and other cereals comprising barley and maize and certain fodder crops were also fairly important. Among the various items of expenses, value of disposals in kind at harvest was higher as compared to expenditure on seed, manure or cash wages in respect of all the crops or group of crops. Cash wages paid to hired labour and expenditure on manure were stated to be the highest in the case of cotton.

## CHAPTER 9

### CREDIT AGENCIES

We shall discuss in the present chapter the role played by various credit agencies in the supply of credit to cultivators and non-cultivators. Information regarding the extent to which credit was supplied by various types of credit agencies was obtained through the General Schedule for all the rural families and through the intensive enquiry schedules for the selected cultivating families. Provision was made in the General Schedule as well as in the intensive enquiry schedules to note the agency supplying credit both in respect of borrowings and outstanding debt. For this purpose the credit agencies were classified into nine classes, viz., (1) Government, (2) co-operatives, (3) professional moneylenders, (4) agriculturist moneylenders, (5) landlords, (6) traders, (7) relatives, (8) commercial banks and (9) others.

Loans advanced by various Government departments under different Acts or schemes were classified under the head 'Government'. Borrowings from different types of co-operative institutions such as primary credit societies, marketing societies, central co-operative banks and land mortgage banks were treated as derived from 'co-operatives'. Loans advanced by landlords to their own tenants were taken as loans from 'landlords'. If a cultivator received a loan from a landlord of whom he was not a tenant, then the loan was not recorded as from a landlord but from the appropriate agency, taking into account the business of the landlord. 'Agriculturist moneylenders' were those moneylenders whose major occupation was agriculture and for whom moneylending was a subsidiary occupation. 'Professional moneylenders' included those people who earned a substantial portion of their income from the moneylending business. If loans taken from relatives were interest-free then such loans were classified as from 'relatives'. If loans from relatives were with interest then such loans were classified under the appropriate agency depending upon the profession of relatives. Borrowings from persons who were, in the main, traders, commission agents, etc., were treated as borrowings from 'traders and commission agents' referred to hereafter as traders. Borrowings from all banks, scheduled and non-scheduled, including the Imperial Bank of India were classified as borrowings from 'commercial banks'. Borrowings from agencies other than those mentioned above were classified as borrowings from 'others'.

#### 9.1 RELATIVE IMPORTANCE OF VARIOUS CREDIT AGENCIES IN RESPECT OF BORROWINGS

The table 9.1 on page 76 gives borrowings by different groups of cultivators classified according to credit agency.

**TABLE 9.1—BORROWINGS CLASSIFIED ACCORDING TO CREDIT AGENCY**

[ General Schedule data. Amount in rupees per family ]

Group	Total borrowings	CREDIT AGENCY								
		Go-vernment	Co-operatives	Rela-tives	Land-lords	Agri-cultur-ist money-lenders	Profes-sional money-lenders	Tra-ders and com-mission agents	Com-mercial banks	Others
		1	2	3	4	5	6	7	8	10
Big cultivators...	<b>661</b>	4 (0.6)	— (—)	134 (20.3)	— (0.1)	279 (42.1)	223 (33.7)	20 (3.0)	— (—)	2 (0.3)
Large cultivators.	<b>575</b>	5 (0.9)	— (—)	90 (15.6)	24 (4.1)	226 (39.4)	201 (35.0)	17 (3.0)	11 (1.9)	1 (0.2)
Medium culti-vators.....	<b>432</b>	— (—)	— (—)	70 (16.3)	16 (3.6)	220 (50.8)	104 (24.0)	23 (5.3)	— (—)	— (—)
Small cultivators.	<b>298</b>	— (—)	— (—)	24 (8.0)	30 (10.0)	186 (62.4)	42 (14.2)	15 (5.0)	— (—)	1 (0.3)
All cultivators...	<b>436</b>	2 (0.4)	— (—)	62 (14.2)	22 (5.1)	212 (48.6)	115 (26.4)	19 (4.3)	3 (0.8)	1 (0.2)
Non-cultivators..	<b>233</b>	— (0.1)	— (—)	22 (9.5)	33 (14.3)	144 (61.8)	25 (10.6)	6 (2.6)	2 (1.0)	— (0.1)
<b>All families ....</b>	<b>363</b>	<b>1</b> (0.3)	<b>—</b> (—)	<b>48</b> (13.2)	<b>26</b> (7.2)	<b>187</b> (51.6)	<b>83</b> (22.8)	<b>14</b> (3.9)	<b>3</b> (0.8)	<b>1</b> (0.2)

Figures in brackets denote percentages to total.

The above table reveals that out of the average borrowings of Rs 363 per family for the district as a whole, as high an amount as Rs 187 or 51.6 per cent was reported to have been borrowed from agriculturist moneylenders. This shows the predominance of this type of creditor in supplying credit to cultivators and non-cultivators. The creditor next in order of importance was the professional moneylender who supplied Rs 83 per family or 22.8 per cent of the total borrowings. Commercial banks and Government agencies were quite insignificant as both of them taken together accounted for only Rs 4 per family on an average. There were no borrowings from co-operatives. Relatives have, however, played an important part in supplying rural credit and amount borrowed from this agency was Rs 48 per family or 13.2 per cent of the total borrowings. Among cultivating and non-cultivating families as well as among different classes of cultivating families agriculturist moneylenders, professional moneylenders and relatives were the three important agencies supplying credit. These three agencies taken together accounted for 89.2 per cent of total borrowings of all cultivators, 96.1 per cent in the case of big cultivators, 90.0 per cent in the case of large cultivators, 91.1 per cent in the case of medium cultivators and 84.6 per cent in the case of small cultivators.

## 9.2 RELATIVE IMPORTANCE OF VARIOUS CREDIT AGENCIES IN RESPECT OF OUTSTANDING DEBT

The table 9.2 on page 77 gives the debt owed according to credit agency among different groups of cultivators.



**TABLE 9.2—DEBT CLASSIFIED ACCORDING TO CREDIT AGENCY**

[ General Schedule data. Amount in rupees per family ]

Group	Total debt	CREDIT AGENCY							
		Government	Co-operatives and commercial banks	Relatives	Landlords	Agriculturist money-lenders	Professional money-lenders	Traders and commission agents	Others
		1	2	3	4	5	6	7	8
Big cultivators.....	1,673	2 (0.1)	3 (0.2)	200 (12.0)	480 (28.7)	701 (41.9)	267 (16.0)	20 (1.2)	— (—)
Large cultivators.....	1,472	5 (0.3)	18 (1.2)	123 (8.4)	377 (25.6)	654 (44.4)	276 (18.8)	19 (1.3)	— (—)
Medium cultivators....	1,492	— (—)	4 (0.3)	100 (6.7)	319 (21.4)	769 (51.5)	264 (17.7)	19 (1.3)	17 (1.1)
Small cultivators.....	1,086	13 (1.2)	4 (0.4)	90 (8.3)	272 (25.0)	517 (47.6)	176 (16.2)	13 (1.2)	1 (0.1)
All cultivators.....	1,363	5 (0.4)	8 (0.6)	104 (7.6)	323 (23.7)	657 (48.2)	241 (17.7)	17 (1.2)	7 (0.5)
Non-cultivators.....	822	7 (0.8)	2 (0.3)	38 (4.6)	189 (23.0)	433 (52.7)	146 (17.8)	7 (0.8)	— (—)
All families.....	1,169	6 (0.5)	6 (0.5)	80 (6.9)	275 (23.5)	577 (49.4)	207 (17.7)	13 (1.1)	4 (0.4)

Figures in brackets denote percentages to total.

It may be seen that agriculturist moneylenders, landlords and professional moneylenders were the most important agencies to whom the rural families were indebted, accounting for 49.4 per cent, 23.5 per cent and 17.7 per cent respectively of the total debt. Separately for cultivating and non-cultivating families as also for different classes of cultivating families these three agencies were the most important. Debt owed to Government and co-operatives was almost negligible for all groups of cultivators.

### 9.3 RELATIVE IMPORTANCE OF VARIOUS CREDIT AGENCIES IN RESPECT OF BORROWINGS BASED ON THE INTENSIVE ENQUIRY DATA

In the intensive enquiry, data relating to borrowings and debt of the selected cultivators were collected with details like credit agency, purpose of borrowing, etc. The purposes of borrowings were classified into eight broad categories for the analysis. These categories are short-term and long-term under each of agricultural, non-agricultural and consumption purposes and repayment of old debts and a residual class of other purposes. The classification mentioned here is based only on the reported purposes of borrowings and has nothing to do with the actual period for which the loans were contracted. Items like purchase of seed, manure, fodder, payment of wages, etc., connected with current farm expenditure were classified under short-term agricultural purposes and purposes like purchase and reclamation of land, purchase of implements and machinery, purchase of livestock, etc., connected with the development or improvement of farm were classified under long-term

agricultural purposes. Education, medicines, clothing and purchases of utensils, etc., were classified as short-term consumption purposes, while borrowings for death, marriage and litigation, etc., were classified under long-term consumption purposes. Non-farm business expenditure on current account was classified under short-term non-agricultural purposes and similar expenditure on capital account under long-term non-agricultural purposes. The following table gives the purpose-wise borrowings of the selected cultivators from different types of creditors.

**TABLE 9.3—BORROWINGS OF THE SELECTED CULTIVATORS CLASSIFIED ACCORDING TO PURPOSE**

[ Intensive enquiry data. Amount in rupees per family ]

Credit agency	Total borrowings	AGRICULTURAL PURPOSES		Non-agricultural short-term	CONSUMPTION PURPOSES		Repayment of old debts	Other purposes
		Short-term	Long-term		Short-term	Long-term		
	1	2	3	4	5	6	7	8
Government.....	—	—	—	—	—	—	—	—
Co-operatives.....	—	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Relatives.....	78.3	—	12.7	—	—	46.6	9.4	9.6
Landlords.....	35.6	(—)	(16.2)	(—)	(—)	(59.5)	(12.0)	(12.3)
		—	8.1	—	1.5	16.3	—	9.6
		(—)	(22.9)	(—)	(4.3)	(45.9)	(—)	(26.9)
Agriculturist money-lenders.....	384.7	1.2	26.7	—	15.0	168.7	68.5	104.6
		(0.3)	(6.9)	(—)	(3.9)	(43.9)	(17.8)	(27.2)
Professional moneylenders.....	128.4	1.3	18.2	1.9	12.2	49.1	13.4	32.3
		(1.0)	(14.2)	(1.5)	(9.5)	(38.2)	(10.4)	(25.2)
Traders and commission agents.....	3.7	0.9	—	—	0.8	2.0	—	—
		(24.5)	(—)	(—)	(21.3)	(54.2)	(—)	(—)
Commercial banks.....	—	—	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)	(—)
Others.....	2.3	—	2.3	—	—	—	—	—
		(—)	(100.0)	(—)	(—)	(—)	(—)	(—)
<b>Total.....</b>	<b>633.0</b>	<b>3.4</b>	<b>68.0</b>	<b>1.9</b>	<b>29.6</b>	<b>282.7</b>	<b>91.3</b>	<b>156.2</b>
		<b>(0.5)</b>	<b>(10.7)</b>	<b>(0.3)</b>	<b>(4.7)</b>	<b>(44.7)</b>	<b>(14.4)</b>	<b>(24.7)</b>

Figures in brackets give percentages to total.

It is observed from the above table, that out of the average borrowings of Rs 633 per family, an amount of Rs 282.7, or 44.7 per cent, was for long-term consumption purposes. Another 14.4 per cent was reported to have been borrowed for repayment of old debts. Only 11.2 per cent of the total borrowings was reported to have been borrowed for short-term and long-term agricultural purposes. Out of an average amount of Rs 68 per family borrowed for agricultural long-term purposes, Rs 27 or 39.3 per cent was borrowed from agriculturist moneylenders and Rs 18 or 26.5 per cent was borrowed from professional moneylenders. In the case of long-term consumption purposes agriculturist moneylenders and professional moneylenders were the main agencies, both together supplying 77.0 per cent of the total credit.

None of the selected cultivators resorted to borrowings from Government or co-operatives or commercial banks.

#### 9.4 RELATIVE IMPORTANCE OF VARIOUS CREDIT AGENCIES IN RESPECT OF OUTSTANDING DEBT BASED ON THE INTENSIVE ENQUIRY DATA

The following table gives the outstanding debt of the selected cultivators classified according to purpose and credit agency.

**TABLE 9.4—DEBT OF THE SELECTED CULTIVATORS CLASSIFIED ACCORDING TO PURPOSE**

[ Intensive enquiry data. Amount in rupees per family ]

Credit agency	Total debt	AGRICULTURAL PURPOSES		Non-agricultural Short-term	CONSUMPTION PURPOSES		Repayment of old debts	Other purposes
		Short-term	Long-term		Short-term	Long-term		
	1	2	3	4	5	6	7	8
Government.....	0.3	0.3 (100.0)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Co-operatives.....	4.1	0.3 (6.9)	— (—)	— (—)	2.6 (64.6)	1.2 (28.5)	— (—)	— (—)
Other agencies.....	1,240.1	2.1 (0.2)	89.2 (7.2)	2.0 (0.2)	132.3 (10.7)	400.7 (32.3)	340.2 (27.4)	273.7 (22.1)

Figures in brackets denote percentages to total.

Very little debt of the selected cultivators was owed to Government and co-operatives. Whatever little debt was owed to Government it was contracted for short-term agricultural purposes alone. Debt owed to co-operatives, which was as little as Rs 4.1 per family, was mostly for short-term and long-term consumption purposes. Of the total debt of Rs 1,244.5 per family, agencies other than Government and co-operatives accounted for Rs 1,240.1. About 60 per cent of this debt was taken for long-term consumption purposes and repayment of old debts. Only 7.4 per cent of the total debt owed to other agencies was contracted for short-term and long-term agricultural purposes.

## CHAPTER 10

### GOVERNMENT FINANCE

An attempt is made in this and the following two chapters to assess the role played by various agencies supplying credit to cultivators and non-cultivators. The finance available to rural families has been divided into three broad categories, viz., (1) Government finance, (2) co-operative finance and (3) finance made available by private agencies. The Government finance forms the subject matter of this chapter.

#### 10.1 LEGAL BASIS AND ADMINISTRATIVE STRUCTURE

The Government finance was made available in this district under the (1) Land Improvement Loans Act, 1883, (2) Agriculturists' Loans Act, 1884, (3) Grow More Food campaign and (4) the Rehabilitation Schemes for displaced persons. We shall now briefly discuss each of these four schemes for supplying credit.

The provisions relating to the Land Improvement Loans Act, 1883 and the Agriculturists' Loans Act, 1884 are well known. The former Act provides for the advance of long-term loans for effecting improvement in land and the latter Act enables Government to give loans for relief of distress, purchase of seed or cattle or any other purpose not specified in the Land Improvement Loans Act but connected with agricultural objectives. The loans advanced under these two acts are also popularly termed as '*taccavi*' loans.

As regards the Grow More Food schemes, loans were advanced to cultivators for purchase of tractors and boring of tube-wells. Loans upto 50 per cent of the total cost of the machinery were advanced to persons possessing land between 100 and 200 acres and upto 33 per cent of the total cost of machinery to those having between 201 and 300 acres. No loans were advanced to holders of land below 100 acres and above 300 acres. Subsidies to cultivators were granted on the following scale :

- |  |   |
|--|---|
| 1. Sinking of wells.....                 | Rs 875 or 50 per cent of the cost<br>whichever is less.   |
| 2. Repair of old wells.....              | Rs 400 or 50 per cent of the cost<br>whichever is less.   |
| 3. Installation of pumping sets.....     | Rs 1,250 or 25 per cent of the<br>cost whichever is less. |
| 4. Distribution of improved implements.. | $\frac{1}{4}$ th of the total cost.                       |
| 5. Soil erosion.....                     | 50 per cent of the total cost.                            |

Applications for loans and subsidies were required to be made in prescribed forms. The applications for loans had to pass through several official stages for

recommendation, viz., *Patwari*, Agricultural Assistant, Assistant Director of Agriculture, Deputy Commissioner of the district and Director of Agriculture. The loans were finally sanctioned by the Secretary of Agriculture, Government of PEPSU. In the case of subsidies the final authority for sanction was the Director of Agriculture and application was recommended by *Patwari*, Agricultural Assistant and Assistant Director of Agriculture.

The scheme regarding the disbursement of loans to displaced persons for agricultural purposes was being implemented by the Director, Rural Rehabilitation. The Director informed the Deputy Commissioners and Assistant Commissioners about the amounts placed at their disposal who in their turn allocated the sums assigned to them to the tahsils. The Assistant Commissioners did the distribution work under the supervision of the Deputy Commissioners.

Under the Rehabilitation Schemes, loans were advanced to displaced persons for purchase of bullocks, bullock carts, agricultural implements, repair of wells, repair of damaged evacuee houses and for the settlement of displaced village artisans, *mazdoors*, etc. Loans used to be advanced for boring tube-wells, installation of pumping sets and purchase of tractors but were since discontinued and at the time of the Survey, loans for these purposes were being advanced only under the Grow More Food schemes.

The amount of loans under the Rehabilitation Schemes varied with the purpose and was free of interest for the first year. Interest was payable at 4½ per cent for subsequent years. The property of the allottee including the land and house was to be hypothecated till the repayment of the loan. Within the limits of the funds allotted to each district, the following officers could grant loans up to the amount shown against each :

Naib Tahsildar.....	Up to Rs	300
Tahsildar.....	Up to Rs	500
Assistant Commissioner.....	Up to Rs	2,000
Deputy Commissioner.....	Up to Rs	3,000
Director, Rural Rehabilitation.....	Up to Rs	5,000
Financial Commissioner.....	Up to Rs	10,000

The loans were repayable generally in a prescribed number of half-yearly instalments after a period of grace varying between one and two years depending on the category of the loan. For instance, loans for agricultural implements were repayable in four half-yearly instalments, for repair of damaged evacuee houses and construction of new houses in six half-yearly instalments, for repair of wells and purchase of persian wheels in eight half-yearly instalments and for the purchase of bullocks and buffaloes in ten half-yearly instalments.

## 10.2 EXTENT OF GOVERNMENT LOANS

In order to study the extent to which Government provided finance for agricultural purposes, three types of data have been utilized. These are, (1) the data

relating to loans and subsidies advanced by Government under various schemes, (2) the data obtained through the General Schedule on borrowings from and debt owed to Government and (3) the data collected through the intensive enquiry about loans borrowed during the year from Government.

#### 10.2.1 Government loans

No loans were advanced in the district during the Survey year under the Land Improvement Loans Act, 1883 and Agriculturists' Loans Act, 1884. Under the Grow More Food campaign, however, both loans and subsidies were advanced. Out of 26 applications received for loans, 16 were sanctioned and a total amount of Rs 1·17 lakhs for purchase of seed, manure and fodder was sanctioned. For cash subsidies under the Grow More Food campaign, all the 276 applications received during the Survey year were sanctioned. The amount applied for in these applications was Rs 2·56 lakhs and it was sanctioned in full. This amount was sanctioned for well-digging and other irrigation purposes.

Under the Rehabilitation Scheme for displaced persons, 387 applications were received during the year and the amount sanctioned in these applications was Rs 3·05 lakhs, out of which Rs 2·20 lakhs were for the purchase of draught animals and the remaining amount of Rs 0·85 lakh for construction and repairs of houses (Rs 0·69 lakh) and purchase of implements (Rs 0·16 lakh).

#### 10.2.2 Role of Government as a credit agency

The following table gives the borrowings from and debt owed to Government by the different classes of cultivators, non-cultivators and all families.

**TABLE 10.1—BORROWINGS FROM AND DEBT OWED TO GOVERNMENT BY THE DIFFERENT CLASSES OF CULTIVATORS, NON-CULTIVATORS AND ALL FAMILIES**

[ General Schedule data ]

Group	BORROWINGS FROM GOVERNMENT			DEBT OWED TO GOVERNMENT		
	Proportion of families reporting borrowings	Borrowings per reporting family	Borrowings from the agency as percentage of total borrowings	Proportion of indebted families	Debt per indebted family	Debt owed to the agency as percentage of the total debt owed
	(Per cent)	(Rs)	(Per cent)	(Per cent)	(Rs)	(Per cent)
	1	2	3	4	5	6
Big cultivators.....	1·3	289	0·6	1·3	119	0·1
Large cultivators.....	1·3	392	0·9	1·8	265	0·3
Medium cultivators.....	—	—	—	0·1	43	—
Small cultivators.....	—	—	—	0·5	2,806	1·2
All cultivators.....	0·4	392	0·4	0·7	729	0·4
Non-cultivators.....	0·1	100	0·1	0·6	1,035	0·8
<b>All families.....</b>	<b>0·3</b>	<b>345</b>	<b>0·3</b>	<b>0·7</b>	<b>828</b>	<b>0·5</b>

The data presented above reveal, in brief, that the Government as a source of credit played an insignificant part both as regards the number of persons to whom finance was made available as well as the quantum of finance made available. During the 12 months preceding the date of the enquiry, only 0·4 per cent of the cultivators borrowed from Government and the amount borrowed from the agency formed only 0·4 per cent of the total borrowings of the cultivators. Medium and small cultivators did not report any borrowings from Government during the year though some of them reported debt owed to Government. The data on both the borrowings from and debt owed to Government by the cultivators as well as non-cultivators show the insignificant role of Government as a supplier of rural credit. Further, whatever small amount was advanced by Government, was availed of by large cultivators, who as a class were more influential and more credit-worthy than the medium and small cultivators.

Although the quantum of average borrowings from Government was very small, it may be of interest to discuss here the various purposes for which borrowings from Government were resorted to. The information regarding the various purposes for which Government finance was obtained was collected through the General Schedule, but similar information as regards debt owed to Government was studied only in respect of the selected cultivators in the intensive enquiry. The average borrowings from Government for different purposes as well as the proportion of borrowings from Government to the total borrowings from all agencies for the purpose, in respect of all families, are given below.

**TABLE 10.2—BORROWINGS FROM GOVERNMENT CLASSIFIED ACCORDING TO PURPOSE: ALL FAMILIES**  
[ General Schedule data ]

Purpose	Average amount borrowed from Government per family	BORROWINGS FOR EACH PURPOSE AS A PERCENTAGE OF	
		Total borrowings from Government	Total borrowings from all agencies
	(Rs)	(Per cent)	(Per cent)
	1	2	3
Capital expenditure on farm.....	0·6	57·5	0·9
Current expenditure on farm.....	0·2	20·8	5·5
Non-farm expenditure.....	—	—	—
Family expenditure.....	0·2	21·7	0·1
Other expenditure.....	—	—	—
<b>Total.....</b>	<b>1·1</b>	<b>100·0</b>	<b>0·3</b>

Of the total borrowings from Government as much as 57·5 per cent were reported to have been borrowed for capital expenditure on farm, 20·8 per cent for current farm expenditure and 21·7 per cent for family expenditure. Though about 80 per cent of the borrowings from Government were stated to have been resorted to for farm expenditure, the average amount obtained for the purpose per family was

as small as Re 0·8. Borrowings from Government for capital and current expenditure formed 0·9 per cent and 5·5 per cent respectively of the total borrowings from all credit agencies for these purposes.

### 10.3 LOAN OPERATIONS

The discussion in this section is based chiefly on the study of a sample of sanctioned applications for loans from Government. However, none of the rejected applications were studied from this district. No proper record seemed to have been kept of rejected cases.

Sixty-one sanctioned loan applications were studied in detail through a special schedule designed for the purpose. The purpose-wise study of these loans revealed that 18 loans for an amount of Rs 1·27 lakhs which formed 85 per cent of the total amount advanced in respect of these 61 loans were for the purpose of purchase of implements, machinery and transport equipment. Purchase of livestock was the purpose in respect of 12 loans for an amount of Rs 4,200. The remaining number of loans for an amount of about Rs 19,000 were advanced for other purposes. The average size of loans disbursed in the case of purchase of livestock and implements, machinery and transport equipment was Rs 350 and Rs 7,090 respectively.

A study with respect to time-lag between the date of application and the date of disbursement of these loans was also made and the relevant data in that connexion are given in the following table.

**TABLE 10.3—TIME-LAG BETWEEN THE DATE OF APPLICATION AND THE DATE OF DISBURSEMENT OF LOANS**

	TIME-LAG					Time-lag not specified	Disbursement in two or three instalments
	One month or less	One to three months	Three to five months	Five to eight months	More than eight months		
	1	2	3	4	5	6	7
Number of loans disbursed.....	17	3	15	7	2	15	2
Amount disbursed (Rs).....	4,750	17,200	62,238	46,490	9,500	9,100	1,500

Only 17 loans out of 61, for an amount of Rs 4,750, were disbursed within a month from the date of application whereas the time-lag was between one to eight months for as many as 25 loans for an amount of Rs 1,25,928. The rate of interest in respect of all the 61 loans varied between 3 per cent and 5 per cent. The security offered was immovable property in respect of 19 loans for an amount of Rs 10,800. Twenty-three loans for an amount of Rs 11,750 were advanced against personal security.

A common complaint made against Government finance was that cultivators have to travel a long distance to meet the Government authorities in charge of disbursement of loans and the Government usually adopts a lengthy procedure in sanctioning the application. Out of the 61 loans studied in this district, excepting one loan, all the loans were disbursed outside the place of residence of the applicants.



## CHAPTER II

### CO-OPERATIVE FINANCE

In this chapter we shall discuss the legal and administrative structure regarding provision of co-operative finance in the district and the role the co-operative societies have played in supplying credit both to cultivators and non-cultivators in the selected villages of the district. Before discussing various aspects of co-operative finance it is worthwhile to examine, in brief, the development of the Co-operative Movement in PEPSU which would serve as a background for the study.

#### II.1 STRUCTURE OF THE CO-OPERATIVE MOVEMENT IN PEPSU

Before the integration of eight princely states into PEPSU, i.e., up to the year 1948, the development of the Co-operative Movement, as also its structure, varied from State to State. In two states, viz., Faridkot and Nalagarh, the Movement had made some progress whereas in others, the Movement either did not exist or was plodding along in a leisurely manner.

As at the end of June 1951, there were 14 central banks or banking unions and 1,012 primary agricultural credit societies in PEPSU. The Co-operative Societies Act, 1912, provided the legal frame-work for the working of these institutions. There was, however, no apex bank or land mortgage bank in the State. In the absence of an apex bank, the central institutions had no agency to finance them. Absence of land mortgage bank in the whole of PEPSU had deprived the cultivators of the much needed finance for land improvement and redemption of old debts. The financial position of the 14 central banks and banking unions will be revealed from the following table.

**TABLE II.1—FINANCIAL POSITION OF CENTRAL BANKS AND BANKING UNIONS  
IN PEPSU DURING THE YEAR ENDING 30 JUNE 1951**  
[ In lakhs of rupees ]

Item	Amount
<b>I. Owned funds at the end of the year.....</b>	<b>9·3</b>
1. Paid-up share capital.....	3·9
2. Reserve and other funds.....	5·4
<b>II Deposits held at the end of the year.....</b>	<b>18·5</b>
<b>III. Loans held at the end of the year from.....</b>	<b>3·2</b>
1. Co-operative banks.....	0·7
2. Commercial banks.....	0·3
3. Government.....	2·3
<b>IV. Working capital at the end of the year (I+II+III).....</b>	<b>31·0</b>
<b>V Loans advanced during the year to individuals, banks and societies.....</b>	<b>10·7</b>
<b>VI Loans outstanding from individuals, banks and societies as at the end of the year.....</b>	<b>28·9</b>
of which overdue.....	0·8

(Source : *Statistical Statements relating to the Co-operative Movement in India for the year 1950-1*)

The table 11.1 reveals that owned funds and deposits were the important items of working capital of the central financing institutions in the State. Loans from co-operative banks formed only 2 per cent and those from commercial banks formed only 1 per cent of the total working capital which shows that there were almost no institutional sources supplying credit to the central banks functioning in PEPSU. Loans outstanding from individuals, banks and societies were in the neighbourhood of total working capital of the institutions. An interesting feature that is revealed from the above table is that loans overdue were only 3 per cent of the total loans outstanding.

It has been stated above that at the end of June 1951 there were 1,012 primary agricultural credit societies working in PEPSU. The financial position of these societies can be studied from the following table.

**TABLE 11.2—FINANCIAL POSITION OF PRIMARY AGRICULTURAL CREDIT SOCIETIES IN PEPSU DURING THE YEAR ENDING 30 JUNE 1951**

[ In rupees per society ]

Item	Amount
<b>I. Owned funds at the end of the year.....</b>	<b>2,653</b>
1. Paid-up share capital.....	861
2. Reserve fund.....	467
3. Other funds.....	1,326
<b>II. Loans held at the end of the year from.....</b>	<b>1,259</b>
1. Provincial or central banks.....	1,252
2. Government.....	7
<b>III. Deposits held at the end of the year.....</b>	<b>294</b>
1. Members.....	195
2. Non-members.....	88
3. Societies.....	11
<b>IV. Working capital at the end of the year (I+II+III).....</b>	<b>4,207</b>
<b>V Loans advanced to individuals during the year.....</b>	<b>821</b>
<b>VI Loans outstanding at the end of the year.....</b>	<b>3,314</b>
of which overdue.....	452

(Source : *Statistical Statements relating to the Co-operative Movement in India* for the year 1950-1)

## 11.2 STRUCTURE OF CO-OPERATIVE MOVEMENT IN THE DISTRICT

As on 30 June 1951 there were two central banks and one co-operative union working at the district level. The number of other types of institutions in the district at the end of the year 1950-1 is given in the table 11.3 on page 87.

Three central institutions were selected for a detailed study and they have been discussed in Section 11.3. The primary credit societies including thrift and house building societies had a membership of 9,863 at the end of the year with working capital of Rs 17,13,094. The composition of the working capital is given in the table 11.4 on page 87.

**TABLE 11.3—PRIMARY CO-OPERATIVE INSTITUTIONS**

Type of institution	Number
1. Primary Credit Societies.....	427*
2. Thrift Co-operative Credit Societies.....	18*
3. House Building Societies.....	3
4. Co-operative Commission Shop.....	1
5. Co-operative Stores.....	2
6. Multi-purpose Co-operative Societies.....	6
7. Better Living Co-operative Societies.....	2
8. Better Farming Co-operative Societies.....	4
9. Cattle Breeding Co-operative Societies.....	8
10. Collective Farming Co-operative Society.....	1
11. Grain Producers Co-operative Association.....	1
12. Grain Dealers Co-operative Associations.....	12
13. Wholesale Grocers Associations.....	4
14. Retail Sale Grocers Associations.....	5
<b>Total number of institutions.....</b>	<b>494</b>

(Source: *Annual Report of the Assistant Registrar of Co-operative Societies, Bhatinda District for 1950-1*)

\* In addition, there were 35 Muslim Credit Societies and one Muslim Thrift Credit Society which though not functioning had not been wound up.

**TABLE 11.4—FINANCIAL POSITION OF PRIMARY CO-OPERATIVE SOCIETIES**

Item	Amount (Rs)
1. Paid-up share capital.....	6,78,164
2. Reserve fund.....	1,99,419
3. Deposits of members.....	46,808
4. Deposits of non-members.....	39,122
5. Loans held from central co-operative banks.....	2,73,877
6. Loans held from Bank of Patiala.....	45,074
7. Loans held from societies.....	1,161
8. Undistributed profits.....	4,29,469
<b>Total working capital.....</b>	<b>17,13,094</b>

It would be seen that deposits of both members and non-members stood at a very low level. The amount of loans outstanding against members was Rs 13,61,029 which was 79.4 per cent of the total working capital of these societies. With a view to have an idea of the detailed working of such societies, 11 primary credit societies were selected and the data collected from them have been discussed in Section 11.4.

Very few of the societies other than primary co-operative credit societies were working satisfactorily. Most of them existed only in name and did not undertake any business since the time of their registration.

The 12 grain dealers co-operative associations, functioning in the district were organisations of traders and middlemen rather than of producers. It is not fair to call these associations as co-operative associations and to have them registered under the Co-operative Societies Act. Their model bye-laws were stated to be defective. Besides, the state of affairs of nine retail and wholesale grocers' associations was worse as these had no registered bye-laws.

The East Punjab being comparatively better developed in the matter of co-operatives, the rules and regulations adopted in that State were generally adopted in PEPSU also. The inspectors of the PEPSU Co-operative Department were sent to the East Punjab for training in co-operative law and practice. The accounts of the primary agricultural credit societies in the district were maintained by circle or group secretaries. The co-operative societies contributed a small amount towards the expenses of the circle secretaries according to their financial position and the turnover of the business. Some societies had part time secretaries who were paid a meagre remuneration. Though the members, desiring to borrow from societies, orally intimated their intention to borrow to the managing committee much earlier, the application for loan was usually taken on the day of the advance of the loan. It was due to this reason that case studies of loans of co-operative societies based on records of co-operative societies did not reveal any time-lag between the date of application and the date of sanction of the loans. The Survey revealed that the maximum borrowing limit for societies and for individual members was not fixed in a number of cases. Loans were generally advanced on personal security of the borrower and two or three sureties. Instalments for loans were fixed in the bond at the time of advancing loans to members. Actual demand was, however, fixed at the time of each harvest, taking into account not only the condition of the harvest but also the convenience of the members. The loans which were generally advanced for short periods became long-term in practice. The societies were generally reluctant to enforce timely recovery of loans. They were also reported to be not keeping a regular watch over the actual utilization of loans by their members. The peasantry was illiterate and had not imbibed the true spirit of the Co-operative Movement for a variety of reasons including lack of sufficient and well trained co-operative staff. The system of returnable share was prevalent, the shares paid by the members in instalments being returned to them at the end of 10 years and fresh share capital formed out of profits. The total share capital of the societies, therefore, was small. There was too much dependence on Government staff for day to day working. The maximum credit limit fixed for the members was generally low in relation to the requirement. It was stated that maximum credit limit fixation rules were framed during slump period and were, therefore, not applicable during the time of the Survey as the prices of land had gone up by 150 per cent by then. Loans were made in lump sum and generally on a limited number of occasions in a year. The reserve and other funds had been created without making any provision for bad debts. The function of the societies was confined to credit and the societies did not undertake marketing activities or the distribution of controlled commodities.

### **11.3 WORKING OF THE SELECTED CENTRAL INSTITUTIONS IN THE DISTRICT**

Two central banks, one each at Faridkot and Bhatinda were functioning in the district. Besides, there was a co-operative union working at Mansa. Bhatinda Central Co-operative Bank was not functioning satisfactorily and data for the year

1950-1 were not available. The details about the working of other two institutions are given below.

### **11.3.1 Faridkot Central Co-operative Bank**

This bank was registered for financing the co-operative societies in Faridkot State. In Faridkot State, a very large number of villages had co-operative societies and in a few villages there were more than one society. The membership of the bank consisted of 265 societies and 172 individuals. Its paid-up capital as on 30 June 1951 amounted to Rs 94,000, of which Rs 43,000 were contributed by societies and Rs 51,000 by individuals. Reserve and other funds amounted to Rs 85,861 and Rs 22,500 respectively. The working capital was Rs 4,21,756. Loans to the extent of Rs 2,57,794 were outstanding as at the end of the year 1950-1; of these Rs 53,813 were overdue. Some of the overdues were due from societies with muslim members and a large part of these was considered irrecoverable owing to migration of muslims to Pakistan. It was expected that part of the dues from muslim societies would be realized out of the assets left by the members who migrated to Pakistan. The financial position of the bank appeared to be fairly satisfactory.

### **11.3.2 Mansa Co-operative Union**

The Mansa Co-operative Union was registered on 11 February 1947. It had a membership of 24 societies and 1 individual. The working capital of the union was Rs 22,170 which comprised paid-up share capital (Rs 2,500), deposits (Rs 14,145) and loans (Rs 5,525). Of the total loan of Rs 11,385 advanced during 1950-1 to societies, 43.8 per cent was advanced to agricultural credit societies and 56.2 per cent to non-agricultural societies. No loan was advanced to the individual member. The loans outstanding amounted to Rs 11,907 at the end of the year 1950-1. The union was a very small institution and could meet the credit requirements of only a very small segment of the co-operative sector.

## **11.4 WORKING OF THE SELECTED PRIMARY AGRICULTURAL CREDIT SOCIETIES IN THE DISTRICT**

### **11.4.1 Financial position of the selected societies**

Four out of eight villages selected in connexion with demand side investigation were with co-operative societies. In addition to these, four more villages with co-operative societies were selected at random. It was found that the eight villages, thus selected for study, had eleven co-operative societies. All these societies were agricultural credit societies with unlimited liabilities. Five of these 11 societies were in working condition and the remaining six were lying dormant. A dormant society was defined as a society which had not issued any loans in 1949-50 and 1950-1 or reported any other activity at the time of the Survey. It is important to note that all the societies in the demand side villages were dormant. It was due to this that no borrowings from co-operatives were reported in the General Schedule by the rural families in the eight selected villages. Debt owed to co-operatives reported by these families was also insignificant at Rs 6 per family out of a total average debt of Rs 1,169 from all agencies. The financial position and loan operations of working societies are given in the table 11.5 on page 90.

**TABLE II.5—FINANCIAL POSITION AND LOAN OPERATIONS OF WORKING SOCIETIES AS ON 30 JUNE 1951**

[ In rupees ]

Society No.	Number of members	OWNED FUNDS			BORROWED FUNDS		
		Total	Paid-up share capital	Reserve and other funds	Total	Borrowings from Provincial or central bank or Government	Deposits
	1	2	3	4	5	6	7
Society No. 1.....	127	13,918	798	13,120	-	-	-
Society No. 2.....	30	2,987	2,161	826	950	-	950
Society No. 3.....	35	3,135	2,256	879	775	-	775
Society No. 4.....	15	3,650	1,920	1,730	1,852	1,852	-
Society No. 5.....	47	10,463	5,010	5,453	7,973	5,706	2,267
<b>Total .....</b>	<b>254</b>	<b>34,153</b>	<b>12,145</b>	<b>22,008</b>	<b>11,550</b>	<b>7,558</b>	<b>3,992</b>

Society No.	Working capital (2 + 5)	Loans advanced during the year to individuals	Repayments by individuals during the year	LOANS OUTSTANDING AT THE END OF THE YEAR WITH INDIVIDUALS			INVESTMENTS		
				Total out-standings	Of which overdue	Of which bad and doubtful	Total investments	Shares and debentures of co-operative institutions	Postal, Cash and National Savings Certificates
	8	9	10	11	12	13	14	15	16
Society No. 1.	13,918	1,545	5,266	10,422	5,288	2,265	100	100	-
Society No. 2.	3,937	400	162	7,022	6,527	-	200	200	-
Society No. 3.	3,910	-	1,018	7,817	-	-	200	200	-
Society No. 4.	5,502	1,480	1,018	7,135	1,951	-	200	200	-
Society No. 5.	18,436	5,995	5,352	18,459	913	-	1,000	500	500
<b>Total .....</b>	<b>45,703</b>	<b>9,420</b>	<b>12,816</b>	<b>50,855</b>	<b>14,679</b>	<b>2,265</b>	<b>1,700</b>	<b>1,200</b>	<b>500</b>

Societies No. 5 and No. 1 were the two important societies as regards both working capital and loan operations. Although the membership of Society No. 1 was higher as compared to that of Society No. 5, Society No. 1 had smaller working capital and smaller loans advanced to and outstanding with its members. This was due to the fact that Society No. 1 did not report any borrowed funds either in the form of deposits or loan from the Provincial or central bank or Government. The maximum borrowing power was not fixed in the case of Society No. 1. Among the other societies the maximum borrowing power fixed was the highest in the case of the Society No. 5 (Rs 6,500), followed by the Society No. 2 and Society No. 4 with Rs 2,000 each. The Society No. 3 reported the lowest figure for maximum borrowing power, namely Rs 1,700.

**11.4.2 Loan operations of the selected societies**

The loan operations of the primary agricultural credit societies during 1950-1 or the latest year for which information was available were studied through a special schedule. A total number of 63 loans amounting to Rs 10,314 were disbursed. Out of these 63 loans, 46 loans comprising about 74 per cent of the amount disbursed were advanced for agricultural purposes. Another 5 per cent of the amount was advanced for non-farm business expenditure. The majority of the loans advanced were of small size. Out of 63 loans, as many as 53 were of the size 'less than Rs 300'. Eight loans belonged to the size group of Rs 300 to Rs 500 and two loans to the group Rs 500 to Rs 1,000. There was no loan of size exceeding Rs 1,000. Rate of interest in respect of all the 63 loans varied in the very narrow margin of 7  $\frac{13}{16}$  per cent to 9  $\frac{3}{8}$  per cent. 'Immovable property' and 'guarantee by third party' were the two main types of securities which were given for loans. The amount disbursed against each of the two types of securities formed 52 per cent and 38 per cent respectively of the total amount disbursed. All the 63 loans were advanced for a period of one year or less.

## CHAPTER 12

### PRIVATE CREDIT AGENCIES

The extent of finance provided in rural areas by Government and the co-operative agency has been discussed in the previous two chapters. It was noticed that the extent of finance provided by them was very small. In this chapter we would consider the finance provided by private sources under four heads : (1) moneylenders, (2) indigenous bankers, (3) commercial banks and (4) traders.

#### 12.1 LEGAL STRUCTURE

##### 12.1.1 Moneylenders

There was no licensing of moneylenders in Bhatinda district or for that matter in the whole of PEPSU. No list of moneylenders could, therefore, be obtained from official sources. Local enquiries were made from knowledgeable persons in the villages, in the selected marketing centres and in the district headquarters to ascertain the names of moneylenders. This task, in the case of village moneylenders, was facilitated by the data collected for all the families in the selected villages.

The term 'moneylender' includes both the agriculturist moneylender and the professional moneylender including the village *bania* who use their funds in money-lending business. It has already been stated in the Chapter on Credit Agencies that moneylender was the most important agency for supply of rural credit. Among moneylenders, the agriculturist moneylender was more important than his professional counterpart.

It has been stated above that there was no licensing of moneylenders and no compulsory keeping of accounts in prescribed form. The only Act in operation affecting moneylending was the Patiala Relief of Indebtedness Act. Its main provisions are given below.

- (1) The Act provides for setting up of Debt Conciliation Boards,
- (2) A person owing Rs 250 or over can apply to be declared insolvent,
- (3) Estates upto Rs 2,000 can be administered without a receiver being appointed,
- (4) Interest is to be deemed excessive if it exceeds  $7\frac{1}{2}$  per cent per annum simple interest in the case of secured loans and  $12\frac{1}{2}$  per cent per annum simple interest in the case of unsecured loans,
- (5) The principle of *Damdapat* is accepted and
- (6) The agricultural debtor may, at any time, deposit in court the money in full or part payment of his debts for payment to his creditors and from that date the interest on that deposit ceases.



A Debt Conciliation Board had been set up in the district. The progress in debt conciliation appeared to be slow.

### 12.1.2 Indigenous bankers

Indigenous bankers are those who either deal in *hundis* or accept deposits or perform both the functions. An attempt was made to ascertain the names of indigenous bankers with a view to studying their working. In this connexion, enquiries were made with the local banks, pleaders, traders and other knowledgeable persons which revealed that indigenous banking had decayed in PEPSU and was no longer in existence possibly as a result of the competition from commercial banks. The commercial banks as is well known are both better lenders and offer greater security for deposits as compared to indigenous bankers.

### 12.1.3 Commercial banks

After the merger, the state banks which were established to give loans to merchants and agriculturists were amalgamated with the Bank of Patiala. The Bank of Patiala had its offices at Mansa, Bhatinda, Raman, Kot Kapura, Faridkot, Goniana, Jaitu, Maur and Baretta which are important marketing centres in the district. The Imperial Bank of India\* had an office at Jaitu and towns of Bhatinda and Faridkot had a branch each of the Punjab National Bank. There were, thus, 12 branches of commercial banks in this district.

The commercial banks in India, as is well known, generally finance trade and industry to a larger extent than agriculture. This feature of the working of commercial banks is revealed by the data collected in the Survey in Bhatinda district.

### 12.1.4 Traders

There were 12 important marketing centres, viz., Faridkot, Jaitu, Goniana, Kot Kapura, Bhatinda, Maur, Mansa, Budhlada, Baretta, Sangat, Kot-Fattah and Raman in the district. Lists of traders and trading agencies at different centres were available with the local marketing committees and in the office of the Central Marketing Board, Nabha, which issues licences to the traders. All these markets are regulated markets under the Patiala Agricultural Produce Markets Act. The traders in these markets have formed themselves into associations called the Grain Dealers Co-operative Associations which have been referred to in the previous chapter on Co-operative Finance.

## 12.2 DATA COLLECTED IN THE SURVEY RELATING TO PRIVATE CREDIT AGENCIES

Though there is no generally accepted classification of private agencies supplying credit, for the purpose of our analysis, loan transactions of the rural families have been classified according to a number of credit agencies. These data threw light on a variety of aspects, such as interest rate charged or security demanded, etc., of the loan operation of the private credit agencies. There is, however, an important limitation in these data. The difficulty of correctly distinguishing between the moneylenders, traders and landlords and among moneylenders themselves as between agriculturist moneylenders, and their professional counterpart, might have been

\* Now the State Bank of India.

considerable for the rural families. It is likely that the classification reported by the rural respondent was not correct in a number of cases.

Apart from the data available on the demand side in respect of some of the credit agencies, we have the data collected in the supply side investigations through questionnaires issued to them. Information about the mode of operations of all traders in agricultural commodities and moneylenders in the selected villages and a sample of these agencies from the selected centres and advances by commercial banks for agricultural purposes, etc., were obtained through these questionnaires. In the case of relatives and landlords no such investigation was made on the 'supply' side and in the assessment we have to depend on the 'demand' side data alone.

### 12.3 RELATIVES

The table below gives an indication of the part played by relatives in providing rural credit.

**TABLE 12.1—BORROWINGS FROM RELATIVES**

[ General Schedule data ]

Group	Proportion of borrowings from relatives to the total borrowings	Proportion of families report- ing borrowings from relatives	Average amount borrowed from relatives per reporting family
	(Per cent)	(Per cent)	(Rs)
	1	2	3
Big cultivators.....	20·3	12·6	1,059
Large cultivators.....	15·6	10·5	853
Medium cultivators.....	16·3	13·2	535
Small cultivators.....	8·0	7·4	321
All cultivators.....	14·2	10·6	587
Non-cultivators.....	9·5	4·8	464
<b>All families.....</b>	<b>13·2</b>	<b>8·5</b>	<b>563</b>

Eleven per cent of the cultivators borrowed from this agency, the amount borrowed being 14·2 per cent of the total borrowings. As amongst different classes of cultivators the percentage of borrowers in the medium class, viz., 13·2 per cent was the higher as compared to other classes. The amount borrowed from relatives formed 16·3 per cent of the total borrowings in the case of medium cultivators. The amount borrowed from relatives by big cultivators formed 20·3 per cent of their total borrowings. The proportion of families borrowing from relatives and the average amount borrowed from relatives per reporting family were lower in the case of non-cultivators than in the case of cultivators. The average amount borrowed per reporting family from relatives, for the district as a whole was Rs 563.

In the intensive enquiry, the amount borrowed by the selected cultivators, was further classified according to various purposes for which the credit agencies

advanced loans. A table showing the different purposes for which the credit was obtained from relatives by the selected cultivators is given below.

**TABLE 12.2—BORROWINGS FROM RELATIVES FOR DIFFERENT PURPOSES**  
[ Intensive enquiry data ]

Purpose	Average borrowings from relatives (Rs)	Amount borrowed for the purpose from the agency as percentage of the total borrowings for all purposes from the agency (Per cent)	Amount borrowed for the purpose from the agency as percentage of the total borrowings from all agencies for the same purpose (Per cent)
	1	2	3
<b>Agricultural</b>			
Short-term.....	—	—	—
Long-term.....	12·7	16·2	18·7
<b>Non-agricultural</b>			
Short-term.....	—	—	—
Long-term.....	—	—	—
<b>Consumption</b>			
Short-term.....	—	—	—
Long-term.....	46·6	59·5	16·5
<b>Repayment of old debts</b> .....	9·4	12·0	10·3
<b>Other purposes</b> .....	9·6	12·3	6·1
<b>All purposes</b> .....	<b>78·3</b>	<b>100·0</b>	<b>12·4</b>

As can be seen from the above, a major portion, i.e., 59·5 per cent of the amount borrowed from relatives was for long-term consumption purposes, like construction and repairs of residential houses, marriage ceremonies, etc. Borrowings from relatives for this purpose formed 16·5 per cent of the total amount borrowed from all agencies for the purpose. Total borrowings from relatives formed 12·4 per cent of the total borrowings from all agencies. The amount borrowed from relatives for long-term agricultural purposes like purchase of land and purchase of livestock formed 16·2 per cent of the total borrowings from them.

#### 12.4 LANDLORDS

The landlord in the district as a credit agency appears to have been relatively more important to the small cultivator than to other classes of cultivators. This can be seen from the table 12.3 on page 96.

Only 2·8 per cent of the cultivators reported borrowings from this agency and the amount borrowed from the agency formed only 5·1 per cent of the total borrowings. The proportion of borrowers in the case of small cultivators was 4·8 per cent, which was higher as compared to other classes. Amount borrowed by small cultivators from landlords formed 10 per cent of their total borrowings. About 46 per cent of the borrowings from landlords were for long-term consumption purposes.

**TABLE 12.3—BORROWINGS FROM LANDLORDS\***

[ General Schedule data ]

Group	Proportion of borrowings from landlords to the total borrowings	Proportion of families reporting borrowings from landlords	Average amount borrowed from landlords per reporting family
	(Per cent)	(Per cent)	(Rs)
	1	2	3
Big cultivators.....	0·1	0·4	100
Large cultivators.....	4·1	2·0	1,173
Medium cultivators.....	3·6	1·8	843
Small cultivators.....	10·0	4·8	615
All cultivators.....	5·1	2·8	798
Non-cultivators.....	14·3	8·7	384
<b>All families.....</b>	<b>7·2</b>	<b>4·9</b>	<b>536</b>

\* To tenants.

Debt owed to landlords by cultivators as reported in the intensive enquiry was classified according to type of security offered. As much as 73 per cent of the debt was outstanding against immovable property and the remaining debt was outstanding against personal security. The entire debt reported to have been outstanding against immovable property was outstanding against usufructuary mortgage.

Interest-rate classification of the borrowings from landlords collected through the intensive enquiry, reveals that as much as 46 per cent of the total borrowings did not bear any interest at all. However, some landlords did charge as high a rate as 18 per cent to 25 per cent. About 34 per cent of the total borrowings from landlords carried interest between 18 per cent and 25 per cent per annum. Whether the amount advanced free of interest by landlords was really 'interest-free' or had 'strings' attached to it cannot be ascertained from the Survey data. It is possible that the landlords might have advanced the loans in view of other considerations than interest in cash.

## **12.5 VILLAGE AND URBAN MONEYLENDERS AND INDIGENOUS BANKERS**

As stated earlier, data were collected directly from moneylenders in addition to the data collected from the rural families through the General Schedule.

The data collected from the selected moneylenders were presented as for the village and urban moneylenders separately. Twenty-six village moneylenders and 61 urban moneylenders responded to a 'supply questionnaire'. Out of 26 village and 61 urban moneylenders, the number of moneylenders who answered the question whether they were having occupations other than moneylending, was as many as 23 in the case of village moneylenders and 54 in the case of urban moneylenders. As many as 50 urban moneylenders were reported to have been brokers and commission agents, whereas 20 village moneylenders could be classified as cultivators.

Only 7 village moneylenders and 24 urban moneylenders advanced loans of more than Rs 1,000. It is interesting to note that there were some moneylenders who were reported to be engaged in moneylending business for more than 25 years.

There was a practice prevalent among the urban moneylenders to advance loans to cultivators against crops. However, the village moneylenders did not advance, during the year of the Survey, any loans against standing crops, or produce already harvested. Out of the 61 urban moneylenders responding to the query, 30 moneylenders reported to have advanced loans against standing crops, and as many as 59 moneylenders reported that they were advancing loans for which they obtained in return the right to market the produce of the borrowers.

The number of moneylenders who advanced grain loans in this district was negligible. In fact, out of the total number of moneylenders investigated, only one replied the relevant query in affirmative. This shows that there was probably no practice in this district of advancing grain loans by moneylenders.

Moneylenders were also asked whether they enquired the purposes for which loans were required and whether they kept a watch over the actual utilization of the loans advanced. All the 26 village moneylenders, and 61 urban moneylenders who were investigated, were curious enough to enquire the purposes for which loans were required, and most of these moneylenders reported that they kept a watch over the actual utilization of the loans borrowed from them. The moneylenders said that most of the borrowers repaid the amount borrowed within the stipulated time, and very few moneylenders had to resort to litigation for the recovery of loans.

A specially designed questionnaire was sent to such of the moneylenders who could be classified as indigenous bankers. For the purpose of the Survey an indigenous banker was defined as a moneylender who accepted deposits or dealt in *hundis*. None of the indigenous bankers responded to this questionnaire.

When a moneylender was particularly co-operative, a study of a sample of loans advanced by him during the preceding one year was to be made. In this district, it was not possible to make case studies of loans advanced by village moneylenders.

#### 12.6 AGRICULTURIST AND PROFESSIONAL MONEYLENDERS

In the preceding paragraphs we have mainly dealt with the information collected through the 'supply questionnaire' issued to village and urban moneylenders. Information was also collected through the General Schedule from the rural families themselves. Though the data suffer from certain limitations indicated elsewhere as regards classification of private credit agencies, they enable us to arrive at broad conclusions.

The table 12.4 on page 98 gives borrowings from agriculturist and professional moneylenders separately for different groups of cultivators.

**TABLE 12.4—BORROWINGS FROM AGRICULTURIST AND PROFESSIONAL MONEYLENDERS**

[ General Schedule data ]

Group	AGRICULTURIST MONEYLENDERS			PROFESSIONAL MONEYLENDERS		
	Proportion of borrowings from this agency to the total borrowings	Proportion of families borrowing from this agency	Average amount borrowed per reporting family	Proportion of borrowings from this agency to the total borrowings	Proportion of families borrowing from this agency	Average amount borrowed per reporting family
	(Per cent)	(Per cent)	(Rs)	(Per cent)	(Per cent)	(Rs)
	1	2	3	4	5	6
Big cultivators.....	42·1	17·1	1,633	33·7	22·6	983
Large cultivators.....	39·4	20·6	1,099	35·0	23·5	854
Medium cultivators.....	50·8	27·0	815	24·0	23·4	445
Small cultivators.....	62·4	28·4	654	14·2	10·3	413
All cultivators.....	48·6	25·4	831	26·4	19·4	592
Non-cultivators.....	61·8	38·5	373	10·6	7·0	351
<b>All families.....</b>	<b>51·6</b>	<b>30·1</b>	<b>622</b>	<b>22·8</b>	<b>15·0</b>	<b>552</b>

These are the only two important agencies, as revealed by the Survey data, providing credit to the rural families. About 25 per cent of the cultivators resorted to borrowings from agriculturist moneylenders. As much as 49 per cent of the amount borrowed by cultivators was from these creditors. The non-cultivators also resorted to borrowings mainly from agriculturist moneylenders ; 39 per cent of the non-cultivators borrowed from this agency and 62 per cent of the total amount borrowed by non-cultivators was from this source. Thus, agriculturist moneylenders as a source of rural credit were predominant in the district. Professional moneylenders supplied 26·4 per cent of the borrowings of cultivating families and 22·8 per cent of the borrowings of all rural families.

We, now, proceed to discuss purpose-wise details of borrowings from agriculturist and professional moneylenders as obtained through the intensive enquiry. The data are contained in the table 12.5 on page 99.

Most of the borrowings from agriculturist and professional moneylenders were for long-term consumption purposes and repayment of old debts. Both these agencies together accounted for 77·1 per cent of the total borrowings from all agencies for long-term consumption purposes and 89·7 per cent for repayment of old debts. Even for obtaining loan for short-term and long-term agricultural purposes the two agencies were quite important as these accounted for 73·2 per cent of total borrowings from all agencies in the case of short-term agricultural purposes and 66·0 per cent in the case of long-term agricultural purposes. The extent of borrowings for these

two purposes was, however, considerably low as compared to total borrowings in the case of both agriculturist and professional moneylenders.

**TABLE 12.5—BORROWINGS FROM AGRICULTURIST AND PROFESSIONAL MONEYLENDERS FOR DIFFERENT PURPOSES**

Purpose	AGRICULTURIST MONEYLENDERS			PROFESSIONAL MONEYLENDERS		
	Average amount borrowed per family	Amount borrowed for the purpose from the agency as percentage of the total borrowings for all purposes from the agency	Amount borrowed for the purpose from the agency as percentage of the total borrowings from all agencies for the purpose	Average amount borrowed per family	Amount borrowed for the purpose from the agency as percentage of the total borrowings for all purposes from the agency	Amount borrowed for the purpose from the agency as percentage of the total borrowings from all agencies for the purpose
	(Rs)			(Rs)		
	1	2	3	4	5	6
<b>Agricultural</b>						
Short-term.....	1.2	0.3	35.9	1.3	1.0	37.3
Long-term.....	26.7	6.9	39.2	18.2	14.2	26.8
<b>Non-agricultural</b>						
Short-term.....	—	—	—	1.9	1.5	100.0
Long-term.....	—	—	—	—	—	—
<b>Consumption</b>						
Short-term.....	15.0	3.9	50.7	12.2	9.5	41.4
Long-term.....	168.7	43.9	59.7	49.1	38.2	17.4
<b>Repayment of old debts..</b>	68.5	17.8	75.1	13.4	10.4	14.6
<b>Other purposes.....</b>	104.6	27.2	67.0	32.3	25.2	20.7
<b>All purposes.....</b>	<b>384.7</b>	<b>100.0</b>	<b>60.8</b>	<b>128.4</b>	<b>100.0</b>	<b>20.3</b>

### 12.7 CULTIVATOR AS A LENDER

There is evidence to show that part of the finance obtained by cultivators was obtained from within the cultivator group itself, i.e., from the richer among the cultivators. The cultivator as a lender would seem to have occupied an important place in the rural credit structure in the district as 20 out of 26 village moneylenders were cultivators themselves.

Further 38.8 per cent of the cultivating families reported dues receivable from others and the average dues receivable per reporting family was Rs 3,019. It is, however, mainly the large cultivators who reported dues; nearly 66 per cent of the dues were reported by the large cultivators. Among them, the big cultivators, who formed the first 10 per cent of the cultivators, accounted for nearly 36 per cent of the dues.

**12.8 TRADERS AND COMMISSION AGENTS**

According to the General Schedule data, the proportion of cultivators who borrowed from traders and commission agents was 6·4 per cent and the amount borrowed from them formed only 4·3 per cent of the total amount borrowed by cultivators. Almost all classes of cultivators reported borrowings from this agency.

**12.9 COMMERCIAL BANKS**

The credit provided by this agency to cultivators and non-cultivators was negligible. Whatever little credit was provided to cultivators was given to large cultivators.



## CHAPTER 13

### CONCLUDING REMARKS

The economy of Bhatinda district is essentially agricultural inasmuch as 77·4 per cent of the population depend on agriculture for their livelihood. Area under cultivation comprised 72 per cent of the total area of the district. The net area under irrigation was about 56 per cent of the net area sown and almost the entire area was under canal irrigation. The average rainfall of the district was very low and even that was mostly irregular and not well distributed over the district. Nearly 74 per cent of the area sown was under food crops, the important food crops of the district being gram, wheat and *bajra*. Cotton and oilseeds were the important cash crops of the district.

There was considerable influx of displaced persons in the district just before the Survey year which had considerably disrupted the economy of the district. The year of the Survey for this district was an year of stresses and strains. To a large extent these are reflected in the various results obtained in the Survey. Average size of borrowings per cultivating family was as high as Rs 436, out of which Rs 328 or 75·4 per cent were taken for non-agricultural purposes. Some of the expenditure incurred in the settlement of persons migrated at the time of the Partition might figure significantly in the borrowings and indebtedness aspects of rural families in the district. A significant part of such borrowings could not be repaid mainly because of the very situation which had arisen after the Partition. This is revealed by a low level of repayment during the year at Rs 161 per cultivating family. It is this higher level of borrowings and lower level of repayment which has further added to the debt burden of the cultivators of this district. Growth of debt during the year was seen to be as high as 25 per cent in the case of cultivators.

#### 13.1 DEBT, BORROWINGS AND REPAYMENTS

Nearly 64 per cent of the cultivators and 74 per cent of the non-cultivators were found to be indebted. The debt per family was Rs 1,363 among cultivators and Rs 822 among non-cultivators. The debt per indebted cultivating family was Rs 2,142. It is thus seen that a large percentage of the families were in debt and that the debt per indebted family was very high. The average growth of debt per family among cultivators was Rs 275 and among non-cultivators Rs 178, the percentage growth being 25·2 and 27·7 respectively. Though the burden of debt on the cultivators was very heavy in absolute terms it was small in relation to their assets. The intensive enquiry data revealed that for upper and lower strata cultivators, the debt assets ratio was 7 per cent and 6 per cent respectively which is low. Nearly 70 per cent of the assets of the cultivators, according to the enquiry, were in the form of owned land. Buildings as assets of cultivator were of the order

of 16 per cent of the total assets. It is important to mention here that nearly 36 per cent of debt of the selected cultivators was outstanding for more than 10 years. Forty-nine per cent of the cultivators were reported to have borrowed during the Survey year, and the average borrowing per family was Rs 436 for cultivators and Rs 233 for non-cultivators. Purpose-wise analysis of borrowings revealed that nearly 51 per cent of the borrowings of cultivators were for family expenditure and only 23 per cent of the borrowings were for capital expenditure in agriculture.

The repayment performance in the district was poor during the year of the Survey ; the average repayments reported per family was of the order of Rs 161 for cultivators and Rs 55 for non-cultivators.

### 13.2 EXPENDITURE AND SOURCE OF FINANCE

Capital expenditure in agriculture was Rs 317 per cultivating family and non-farm business expenditure, Rs 24 per cultivating family. Family expenditure, excluding expenditure on consumption items, was high at Rs 820 per cultivating family. Other expenditure comprising repayment of old debts and financial investment expenditure accounted for Rs 165 per cultivating family. Most of the expenditure was met out of current income and past savings. The source next in the order of importance was borrowing ; the expenditure met out of borrowings was Rs 409 per cultivating family.

Of the various items of capital expenditure in agriculture, purchase of livestock and purchase of implements, machinery and transport equipment, were the two important items. Items which were important in the case of family expenditure were marriage ceremonies (Rs 373 per cultivating family) and purchase of durable consumer goods (Rs 281 per cultivating family).

This district reports a very high rate of farm expenditure, the total expenditure per family being Rs 1,175. The data reveal that cash expenditure incurred on various items of farm operations was Rs 492 per family, whereas the kind expenditure was Rs 684 per family. As regards the cash receipts of the cultivators also this district was found to have reported high cash receipts, the upper strata and the lower strata cultivators reporting Rs 2,031 and Rs 1,173 per family respectively. Sale of crops and fodder contributed nearly 94 per cent and 82 per cent, respectively, towards the cash receipts of the upper and lower strata cultivators.

### 13.3 INVESTMENT - DISINVESTMENT

Average investment and disinvestment of the cultivators in the district were of the order of Rs 506 and Rs 535, respectively, resulting in a net disinvestment of Rs 29 per family. Capital transactions of the year resulted in a net deficit for every group of families. Thus, the borrowings and sale of assets were not compensated by the corresponding investments and repayments. However, if expenditure on construction and repairs of residential houses and other buildings was also taken into account, which was more or less an investment item, there was a change in the picture and there was a net investment of Rs 25 per cultivating family.

### 13.4 CREDIT AGENCIES

Of the rural credit agencies, agriculturist moneylenders played the most significant part and nearly 49 per cent of the total borrowings by cultivators were from this agency alone. The professional moneylenders provided another 26 per cent of the total borrowings. Government as a supplier of credit played a very minor role and the borrowings from Government by the cultivators were only 0.4 per cent of the total borrowings. No borrowings were reported from co-operatives. This may probably be due to the fact that there was not a single co-operative society working satisfactorily in the eight villages selected for the demand side investigation. The four societies existing in four of the eight selected villages were lying dormant. Even with regard to outstanding debt, nearly 48 per cent of the cultivators' debt was owed to agriculturist moneylenders. The proportion of debt of cultivators borrowed from traders and commission agents was 1.2 per cent. This shows relatively high position occupied by the agriculturist moneylenders in providing the credit required by the cultivating families.

### 13.5 GOVERNMENT FINANCE

The Government finance was available in this district under (1) the Land Improvement Loans Act, 1883, (2) the Agriculturists' Loans Act, 1884, (3) the Grow More Food campaign and (4) the Rehabilitation Schemes for displaced persons. No loans were advanced during the Survey year under the first two schemes. Under the Grow More Food campaign loans amounting to Rs 1.17 lakhs were sanctioned to only 16 persons for the purchase of seed, manure and fodder. Under this campaign cash subsidy was granted for well-digging and other irrigational purposes to 276 persons to the extent of Rs 2.56 lakhs. Under the Rehabilitation Schemes Rs 3.05 lakhs were sanctioned for 387 persons out of which Rs 2.20 lakhs were for the purchase of draught animals and the remaining amount of Rs 0.85 lakh for construction and repairs of houses (Rs 0.69 lakh) and purchase of implements (Rs 0.16 lakh).

### 13.6 CO-OPERATIVE FINANCE

In some of the integrated States of PEPSU the Co-operative Movement had made some progress whereas in others the Movement either did not exist or was plodding along in a leisurely manner. There was no apex or land mortgage bank in the State. In the absence of an apex bank, the central institutions had no agency to finance them. Absence of land mortgage banks in the whole of PEPSU had deprived the cultivators of the much needed finance for land improvement and redemption of old debts. There were three central financing institutions in the district, two central banks, one each at Faridkot and Bhatinda and one co-operative union at Mansa. Out of these three institutions those at Faridkot and Mansa were working satisfactorily and had advanced Rs 93,279 and Rs 11,385 respectively to both society and individual members during the year 1950-1.

### 13.7 PRIVATE CREDIT AGENCIES

As regards private credit agencies, moneylenders (both urban and rural), relatives and landlords (in the case of their tenants) were the main agencies available

for supplying rural credit. Indigenous banking had decayed in PEPSU and was no longer in existence possibly as a result of the competition from commercial banks. The traders in the district advanced loans to those producers who brought their produce to them for sale. The commercial banks, as expected, financed trade and industry to a larger extent than agriculture.

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