

-: CHAPTER NO. : VI :-

FINDINGS AND CONCLUSION.

The Co-operative Credit movement in Maharashtra has shown its quantitative development in terms of membership and vast coverage in rural areas. It has created a satisfactory level of infrastructure and organisational set up for mobilisation of financial resources at the door step of the farmers.

Although agricultural credit is a sine qua non of agricultural development, its utilisation and effectiveness depends upon production potential such as agro-climatic conditions, irrigation facilities efficiency of farmers, etc. All these aspects are reflected in the parth of Co-operation movement. Moreover the capital and Credit structure get different trends and dimensions in the context of different conditions of agricultural development.

The present research work was an effort to study the financial aspect of Credit Societies in Miraj Taluka of Sangli District, with particular reference to its capital and Credit structure. We have also undertaken some case studies of primary agricultural Credit Societies in irrigated as well as dry villages. Kasabe Digraj Vivich Keryakari Sahakari Society and The Sangli-

Wadi Sarva Seva Sahakari Society in irrigated belt and Belanki Vividh Karyakati Sahakari Society and Salagare Vividh Karyakari Sahakari Society in dry area were selected for case studies.

The specific objectives of the present study were as follows :-

- (1) To take a general survey of the agricultural credit movement in Maharashtra with particular reference to primary agricultural Co-operative Credit Societies.
- (2) To analyse the capital structure of primary agricultural Credit Societies and to study the different trends therein.
- (3) To study and analyse the allocation and use of capital resources of the selected primary agricultural Credit societies.
- (4) To study the financial structure of some selected primary agricultural Credit Societies in advanced as well as backward regions of the district.

The capital structure of primary agricultural Credit Societies in Miraj Taluka was studied with a view to analysing the changes and behaviour of total turnover, total assets, share capital, owned capital and working capital during the period of one decade of 1971-72 to

1980-81. This decade of eighies was a turning point in the agricultural development during the planned period. This period was characterised by the beginning of 'Green Revolution' and modernisation of agriculture. Moreover there was also serious drought conditions, particularly in the year 1975-76. This is the decade of 'New Strategy' of agricultural development which brought about the technological break through in Indian agriculture. This was also a decade in which at later stage the weaker section of the society (small and marginal farmers, rural population below poverty line) was given top priority in the policy of agricultural credit.

It is expected that the capital structure of primary agricultural Credit Societies in Miraj Taluka should reflect all this development trends at the disaggregated level of Miraj Taluka in Sangli District. Assuming 1971-72 the base year, the changes in the capital structure is given in Table number 8.3. The total turnover of primary agricultural credit societies showed a continuous increasing trends, particularly from 1977-78 on wards.

The working capital, both in absolute and average per Society showed an increasing trend during the period of one decade, under study. The average working capital per Society was Rs.3,97,405 in the year 1971-72, which increased to Rs.5,41,381 in 1975-76 and Rs.8,29,797 in

the year 1980-81. The continuous increase in working capital was remarkable, particularly from the year 1977-78 on wards. (See table number 3.2)

The share capital reserve funds, deposits and loans are the main components of the total working capital of primary Credit organisations. The reserve funds and deposits, although they showed the increasing trend has a very low percentage share of working capital. The percentage share of share capital varies from 20 percent to 23 percent of the total working capital during the period under study. The low percentage share of the deposits and reserve fund in the Societies indicate that the primary agricultural Credit Societies in Maharashtra are not efficient institutions to attract the deposits in rural area. On the other hand these are working as the middle agencies for channelising the government money in the form of the agricultural credit at the door steps of the farmers. Thus the deposits mobilisation function of these primary agricultural Credit Societies is the weakest link of the composition of the working capital of the Credit Societies under study area of Miraj Taluka-

In the Credit structure of primary agricultural Credit Societies in Miraj Taluka, we found very limited scope for medium term finance. The percentage share of

the total amount of the loan went on increasing, with the increase in the size of land holdings.

(4) The performance of the primary agricultural Credit Societies in the supply of the medium term Credit was not quite encouraging. Mainly the large farmers enjoyed the benefits of medium term Credit.

(5) The increasing trend was observed both the amount of loans given and the overdues, which was highest in in the year 1975-76 and 1976-77. The percentage of overdues showed declining trend, particularly from 1977-78 to 1980-81.

We have undertaken some case studies to study the capital and Credit structure in irrigated belt and dry area of Miraj Taluka. The Kasabe Digraj Vividh Keryakari Sahakari Society was progressive institution in irrigated belt. In the case of Kasabe Digraj and Sangli-Wadi Societies the deposits and other loans contributed as the major components of working capital. The rate of deposits did not give any stable growth rate in any one of the societies, and the amount of deposits showed fluctuation character. This happened both in the case of irrigated belt and dry areas. The percentage of bad-debts and other/<sup>f</sup>unds was comparatively higher in Sangli-wadi and Salagare Societies.

The financial position of Kasabe-Digrāj Society was comparatively good. The reserve funds showed a small increase from 1971-72 to 1975-76 in the case of the reserve fund was slowly increasing in the case of Sangli-Wadi, Salagare and Belanki Society. The scope for reserve fund and deposits was limited in drought prone area, area, because of the low propensity to save of the people.

Regarding Credit structure of primary agricultural Credit Societies in the study area, it was found that :-

(1) Generally all the primary agricultural credit Societies in both irrigated and dry areas could cover hardly 20 percent of the total membership as the borrowers. For instance, in Kasabe-Digrāj 23 percent of the total membership and in Sangli-Wadi 29-71 percent of the total membership were the borrower members. This percentage went on declining marginally in the case of both these societies. But we observed some different trend of the borrowing membership in the case of Belanki and Salagare Societies. Although the percentage share of borrowing members was 15.49 percent in Salagare and hearly 22 percent in Belanki, for year year 1976-77 this went on increasing, particularly in the years of 1977-78, 1979-80 and again declined in 1980-81.

(2) The limited coverage of the borrower membership in progressive Societies of Kasabe-Digraj and Sangli-Wadi can be explained from some different angle. The farmers in Kasabe-Digraj and Sangli-Wadi have some alternative financing agencies of nationalise banks and other Co-operative Banks. So the farmers do not depends on primary agricultural Credit Society only. On the other hand there are not alternative financing agencies in the dry villages of Belanki and Salagare. So the farmers in these dry villages have no other substitutes. In spite of this, the total coverage of the borrowing membership is limited. It implies that the farmers do not want the only Credit for the development of the region. This limited scope for Credit needs is important considerations for the policy makers.

(3) While considering the distributional pattern of the agricultural Credit, it is quite clear that, the farmers in all these villages demanded credit needs of more than 500 rupees, and particularly for irrigated crop like Sugarcane.

The sizewise distribution of agricultural credit by the primary agricultural Credit Societies under study had some important implications. The loaning business in irrigated villages was concentrated in the size group of two hectares only. Moreover the percentage distribution of agricultural credit with the increase in the

size of the holdings. This trend has a few exceptions. In the case of dry villages there was no direct relationship between the size of the land holdings and the number of borrowing members. Moreover more than 60 percent of the agricultural Credit was concentrated in the size group of more than 4 hectares.

Thus it can be said that, in irrigated belt, majority of the small farmers take advantage of the short term Credit in terms of amount of loan also. On the other hand large number of big farmers in dry area command more amount of loan throughout the reference period from 1976-77 to 1980-81.

Recovery and overdues position is not pleasant aspect of credit structure of primary agricultural credit Societies. The ever mounting overdues increased the poverty of the farming community, particularly in dry villages like Belanki and Salagare. The fluctuating nature of the recovery position of primary agricultural Credit societies in study area does not provide any stability to economic viability of primary agricultural Credit Societies.

#### POLICY IMPLICATIONS :

The capital and Credit structure of primary agricultural Credit Societies is an important indicator to measure the viability of these financial



institutions at the village level. In order to strengthen their financial position, these primary agricultural Credit Societies should be re-vitalised in the context of modern agricultural development. Under such conditions the programme of integration of financially weak primary agricultural Credit Societies, with other viable credit societies is a sound proposition, but this would be again inadequate. What is more needed is that the primary agricultural Credit Societies should not have the burden of government share capital. These financial institutions should be financially self-supporting, They should have their own ways and means for mobilisation of financial resources, through deposits and savings.

The supply of agricultural Credit alone cannot solve the problem of the poverty of farming community. There should be a co-ordination between the agricultural Credit and non-agricultural needs of the farmers to develop the agro-based and tiny village industries. In this context the present scope of Crop-loan scheme of primary agricultural Credit Societies is very inadequate and out dated to some extent. It is needed that there should be new Credit Policy, in which crop loan scheme should be linked with non-agricultural Credit Scheme for over all development of the economy of the farming community in rural area of Maharashtra.