

SUPPLY OF INVESTMENT CREDIT TO CULTIVATORS

IN TASGAON TALUKA:

All sample borrowers in Tasgaon Taluka received long-term credit for different purposes such as construction of wells, for purchase of motors, pump-sets and pipe-line for grape crop, for purchase of crow and poultry, etc.

ANALYSIS OF INVESTMENT CREDIT

All sample cultivators (65) in Tasgaon taluka received the total amount of long-term credit to the extent of Rs.17.89 lakhs from three branches of Land Development Bank, Sangli (Table 5.1). Of this total amount of long-term credit, Rs.2.59 lakhs or 14.49% went to 17 Small farmers which formed 26.15% of total sample borrowers.

26 medium farmers or 40% of total sample borrowers obtained long-term credit of Rs.3.82 lakhs. That is, medium farmers secured 21.38% of total long-term credit. Amount of long-term credit received by large farmers' group amounted to Rs.11.47 lakhs or 64.12% of total long-term credit. Large farmers obtained largest amount of long-term credit as compared to small and medium farmers owing to the fact that as many as 7 large farmers received loans for purchase of tractors and loans for tractors were nil in the case of small and medium farmers.

Average long-term loan per cultivator was largest in the case of large farmers' group amounting to Rs.52,145 and lowest in the case of medium farmers' group amounting

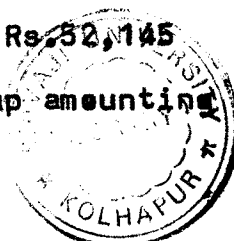


TABLE 5.1
DISTRIBUTION OF LONG-TERM LOANS ACCORDING TO
SIZE OF LAND-HOLDINGS (ALL BORROWERS):

Category of Cultivators	'No. of cultiva ters in the Gro up	'Average Land ho- ldings Hectares	'Total Long- Term Loa ns in Rs.	'% to Total loans	'Average Long-term loan per- cultivator
1	2	3	4	5	6
Small farmers	17 (26.15)	1.52	259,300	14.48	15,253
Medium Farmers	26 (40.00)	4.74	382,500	21.38	14,711
Large Farmers	22 (33.85)	8.73	1147,200	64.12	52,145
TOTAL:	65 (100.00)		1789,000	100.00	

Figures shown in the parentheses are the
percentages to total sample borrowers.

to Rs.14,711(Table 5.1). In the case of small farmers, average long-term loan amounted to Rs.15,253.

Average long-term loan per-cultivator was higher in the case of large and small farmers' groups as compared to medium farmers' group owing to following factors:

- 1) As many as 7 large farmers received loans for purchase of tractors. Scale of finance for tractor is generally largest than any other purpose for which long-term loan is given. Therefore this caused average loan to increase in the case of large farmers' group.
- 2) Small farmers' group received 39% of its total loans for purchase of crews and poultry. Each loan for cows and poultry contained an amount above Rs.18,000. Such loans resulted in increasing average loan per-cultivator in the case of small farmers' group.
- 3) Medium farmers' group did not receive any amount of long-term credit for purchase of tractors. Moreover, amount of loans for purchase of cows and poultry was small as compared to small farmers' group.

INDEX OF INEQUALITY FOR LONG-TERM LOANS:

In order to find out the degree of favourable (or unfavourable) position of different categories of sample cultivators, the concepts of indices of inequality have been employed.

TABLE 5.2
INDEX OF INEQUALITY FOR LONG-TERM LOANS
 (BASED ON NO.OF CULTIVATORS)

Category of Farmers	Index of inequality
Small	55.41
Medium	53.45
Large	189.42

TABLE 5.3
INDEX OF INEQUALITY FOR LONG-TERM LOANS
 (BASED ON SIZE OF LAND-HOLDINGS)

Category of Farmers	Index of inequality
Small	193.72
Medium	59.13
Large	113.78

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Index of inequality based on number of cultivators for small and medium farmers remained below 100% (Table 5.2). Indices of inequality for small and medium farmers accounted for respectively 55% and 53%. Therefore small and medium farmers received lesser investment credit than their shares in total number of sample cultivators.

On the contrary index of inequality based on number of cultivators for large farmers was far above 100% accounting for 189%. Therefore, large farmers' group has a strong position in getting more and more loans than its share in total number of cultivators.

Index of inequality based on size of land-holdings was below 100% only for medium farmers' group (Table 5.3). Index of inequality to the extent of merely 59% indicates very weak position of medium farmers' group in obtaining lesser loans than its share in total land-holdings of all sample cultivators.

Position of small as well as large farmers was better in as much as indices of inequality in the case of the farmer and the latter respectively accounted for 194% and 114% (Table 5.3). Consequently, small as well as large farmers received more and more loans than their shares in total landholdings of all sample cultivators.

PURPOSE-WISE DISTRIBUTION OF INVESTMENT CREDIT:

Purpose-wise distribution of long-term credit reveals that all sample cultivators (65) received a very small amount of loans for repairing of old wells. Loans for

repairing for wells amounted to Rs.0.25 lakhs. Such loans formed only 1.44% of total long-term loans received by all 65 sample cultivators (Table 5.4).

Loans for gardens mainly grape were significant in the case of all 65 cultivators. Such loans amounted to Rs.3.61 lakhs forming 20% of total long-term loans. Since Tasgaon is grape growing taluka, proportion of loans for grape to total remained perceptible.

The proportion of loans for purchase of tractors was largest accounting for 47%.

The proportions of loans for new wells and loans for pipe-line to total loan were also perceptible accounting for respectively 8.05% and 7.20% (Table 5.4).

Small farmers' group received more loans for purchase of cows and poultry farms. These loans amounted to Rs.1 lakh. The proportion of these loans to total loans received by this group accounted for 39%.

Small farmers group preferred these loans due to two factors:

- 1) Size of land-holding of each small farmer is small. Therefore, in some cases, amount of family labours exceeds that required for agricultural operation. This excess of family labours may be utilised for allied farming activities such as poultry activities and dairy business.

TABLE 5.4

PURPOSE-WISE DISTRIBUTION OF LONG-TERM CREDIT TO SAMPLE BORROWERS
(1980-83): ALL BORROWERS

(Figures in Rs.)

Category of Sample farmers	(Figures in Rs.)								
	1	2	3	4	5	6	7	8	9
'Construction of wells									
'Repair of Wells									
'Electric Motor									
'Pumpsets and Pipeline									
'Gardens mainly Grape									
'Power-till er Tractor									
'Others etc.									
Small	27,500 (10.60)	8,900 (3.43)	16,100 (6.21)	19,000 (7.33)	87,300 (33.67)	-	100,500 (38.76)	259,300 (100.00)	
Medium	36,200 (9.46)	10,000 (2.61)	37,000 (9.67)	63,000 (16.47)	159,800 (41.78)	-	76,500 (20.01)	382,500 (100.00)	
Large	80,400 (7.03)	6,800 (0.60)	46,200 (4.03)	46,800 (4.07)	116,200 (10.13)	841,803 (73.38)	9,000 (0.78)	1147,203 (100.00)	
TOTAL:	144,100 (8.05)	25,700 (1.44)	99,300 (5.55)	128,800 (7.20)	363,300 (20.31)	841,803 (47.05)	186,000 (10.4)	1789,003 (100.00)	

1 * Others include loans for purchase of cows, poultry etc.
2 Figures indicated in parentheses are percentages to total

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- 2) In the case of some small farmers, owing to small size of land-holdings, income generated from agriculture is not sufficient even to meet consumption needs of family. Therefore, in order to earn sufficient income, small farmers prefer additional source of income other than agriculture such as poultry, cows, etc.

Small farmers' group also received a perceptible amount of long-term loans for grape crop. Proportion of loans for grape accounted for 34%. Loans for new wells, electric meter and pipe-line formed respectively 10.60%, 6.21% and 7.33% of the total amount of long-term loans received by this group.

Medium farmers' group also obtained more loans for purchase of cows and poultry. Such loans formed 20% of the total loans received by this group. However, such loans and their proportion to total loans were lower as compared to small farmers' group.

Amount of long-term loans for grape received by medium farmers was largest as compared to small and large farmers. Such loans amounted to Rs.1.60 lakhs forming 42% of total loans received by medium farmers.

Amounts of loans received by medium farmers for new wells, meters and pipe-line were significant accounting for respectively 9.46%, 9.67% and 16.47% of total loans obtained by this group (Table 5.4).

Large farmers received more loans for purchase of tractors in as much as proportion of loans for tractors to total was largest accounting for 73%.

Loans for purchase of cows and poultry were insignificant in the case of large farmers. Such loans formed merely less than 1% of the total loans. Moreover loans for repairing of old wells formed less than 1% of total loans received by this group.

IMPACT OF LONG-TERM CREDIT ON IRRIGATED AREA:

Long-term co-operative credit issued by three branches of Land Development Bank, Sangli to sample borrowers of all categories in Tasgaon Taluka produced a positive impact on irrigated area.

In the case of small farmers' group, proportion of irrigated area to total area stepped by 14.28 percentage points from 42.38% to 56.66% due to long-term loans.

Similarly, the proportion of irrigated area to total area of medium farmers' group increased to the extent of 12.84 percentage points from 35.64% to 48.48% owing to utilization of co-operative credit.

Long-term co-operative credit produced slightly strong impact on irrigated area of large farmers' group as compared to aforementioned two groups. The proportion of irrigated area to total area in the case of large farmers' group increased by 17.7 percentage points owing to long-term co-operative credit.

TABLE 5.5

ANALYSIS OF THE IMPACT OF LONG-TERM CREDIT ON
IRRIGATED AREA OF SAMPLE BORROWERS.

Category of farmers	Pre-loan composition of land holding of each category		Post-loan composition (Impact) change in of Land holdings of each category		Percentage of irrigated area (+) or (-)
	Irrigated area as% to total	Dry areas as% to total	Irrigated area as% to total	Dry area as% to total	
	2	3	4	5	6
Small	42.38	57.62	56.66	43.34	(+) 14.28
Medium	35.64	64.36	48.48	51.52	(+) 12.84
Large	37.98	62.02	55.68	44.32	(+) 17.70
Average of all three categories	38.66	61.34	53.60	46.39	(+) 14.94

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TABLE 5.6

ANALYSIS OF THE IMPACT OF LOANS ON
INCOME OF SAMPLE BORROWERS.

(Figures in Rs.)

Category of farmers	pre-loan average Income	'Post-loan' average Income	Impact {+} or {-}
1	2	3	4
Small	3,000	5,294	+ 2,294
Medium	3,846	8,192	+ 4,346
Large	10,023	15,114	+ 5,091

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Long-term co-operative credit undoubtedly produced positive impact on irrigated area of all categories of sample borrowers. But there are slight variations in these impacts. These variations in impacts may be due to different levels of ground water at different places.

IMPACT OF CO-OPERATIVE CREDIT ON INCOME:

Analysis of the impact of co-operative credit on income of sample borrowers reveals that co-operative credit produced as perceptible positive impact on income of all categories of borrowers.

In the case of small farmers' group, average income increased to the extent of Rs.2,294 from Rs.3,000 to 5,294 due to co-operative credit.

Likewise medium farmers' group was in a position to increase average income with the help of co-operative credit. average income of medium farmers stepped up by Rs.4,346 from Rs.3,846 to Rs.8,192.

Co-operative credit produced rather a slightly sharp impact on income of large farmers' group. Average income of large farmers steeply stepped up to the extent of Rs.5,091 from Rs.10,023 to Rs.15,114 (Table 5.6).

However, there are some variations in positive impacts of co-operative credit on different categories of sample borrowers.