

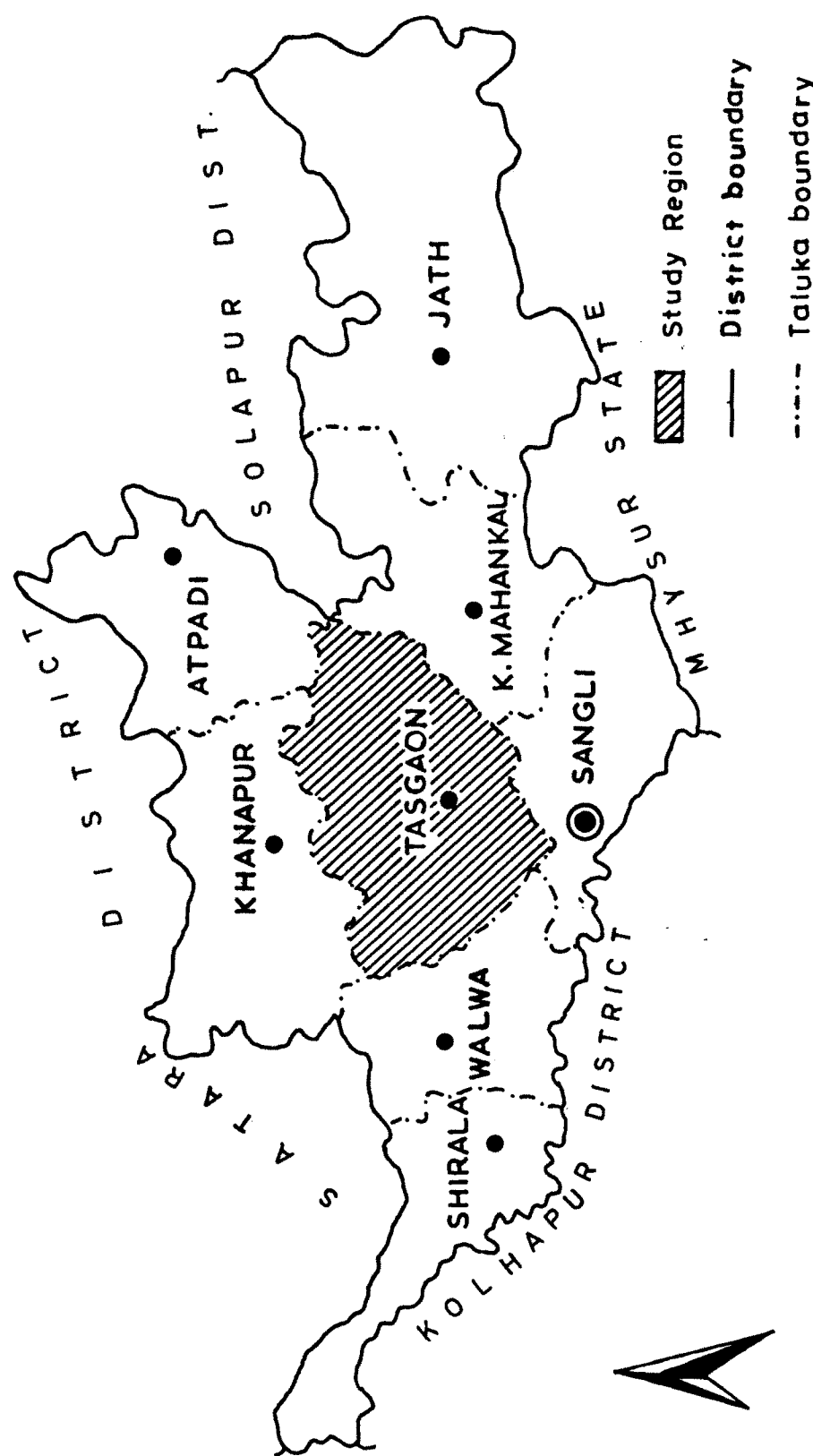
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CHAPTER II

PERFORMANCE OF PRIMARY  
AGRICULTURAL CREDIT SOCIETIES  
AND PRIMARY LAND DEVELOPMENT  
BANK IN  
TASGAON TALUKA

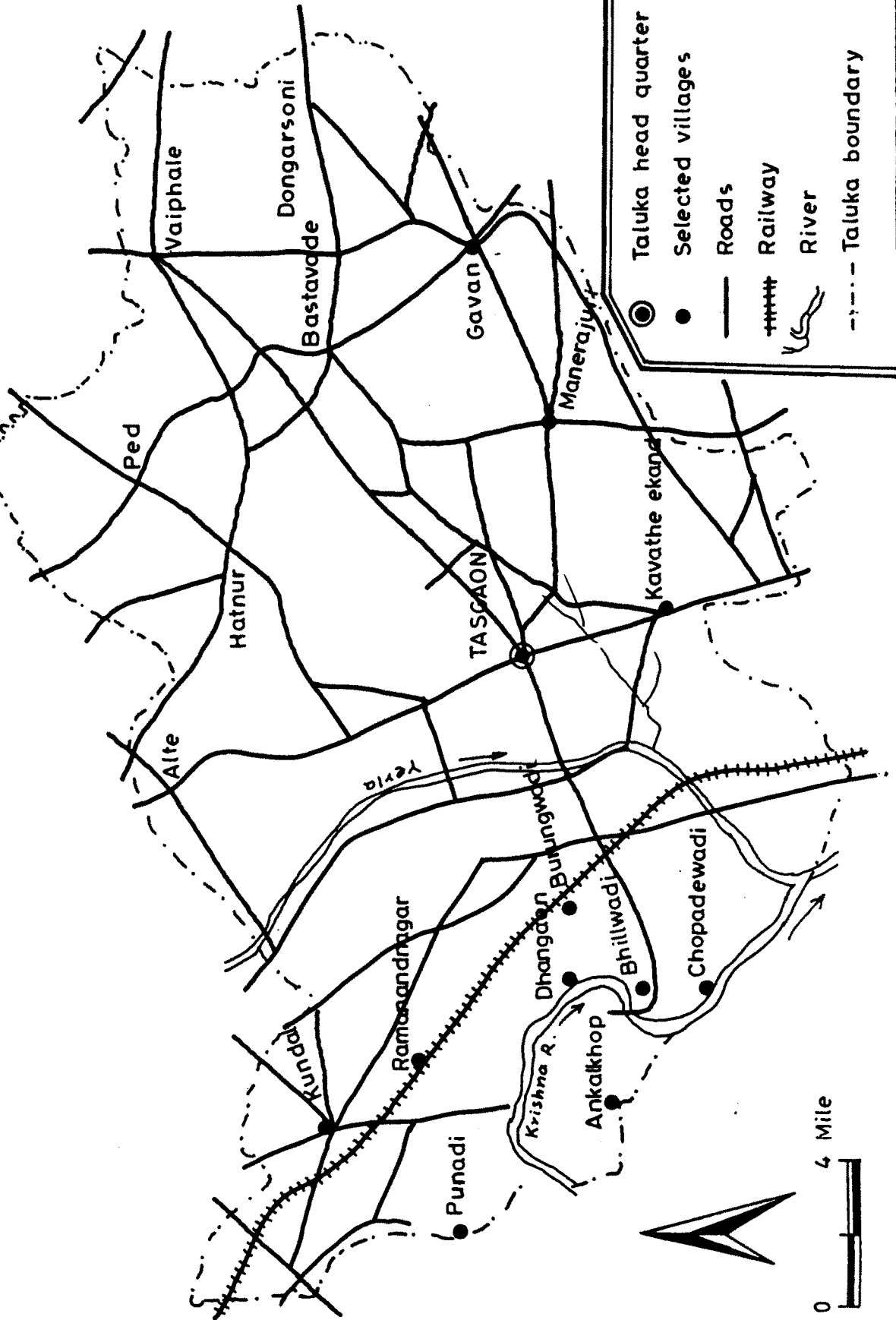
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# SANGLI DISTRICT



# TASGAON TALUKA

## Location of Selected villages



PERFORMANCE OF PRIMARY AGRICULTURAL CREDIT  
SOCIETIES AND PRIMARY LAND DEVELOPMENT BANK  
IN TASGAON TALUKA :

Tasgaon Taluka of Sangli District has been selected for present study. The District of Sangli is one of the Southern Districts of Maharashtra State lying between  $16^{\circ}45'$  and  $16^{\circ}4'$  north latitude and  $73^{\circ}41'$  and  $75^{\circ}41'$  east longitude. It possesses an area of 8,591.3 Kilo-meters and a population of 18.31 lakhs. On the northern side, the district is bounded by the Satara District in the West and Solapur District in the east. On the Southern side, it is bordered by the Kolhapur District in the West and Belgaon and Bijapur Districts in the Centre and east.

Tasgaon Taluka is one of the (8) eight talukas of Sangli District. It is progressive Taluka from the point of view of co-operative movement. It has an area of 1122.5 Sq.K.M. which is bounded by Khanapur Taluka in the north, Miraj Taluka in the South, Walwa Taluka in the West and K.Mahankal Taluka in the east. Krishna and Yerla are the main rivers in the taluka Krishna river flows on Western border of Tasgaon Taluka.

General features of Tasgaon Taluka are given below:

- 1) Total area of Tasgaon Taluka amounts to 111200 hectares accounting for 13.95% of the total area of Sangli District.
- 2) A large part of the total area is under cultivation in as much as proportion of cultivable area to

total area accounts for as much as 89.66%.

3) Total irrigated area in Tasgaon Taluka is about 12,215 hectares. It forms 12.15% of total cultivable area. The proportion of irrigated area to total area is slightly higher in Sangli District as a whole accounting for 13.17%.

4) In Tasgaon Taluka average annual rainfall amounts to 598 Millimetres.

5) Tasgaon Taluka is famous for different varieties of grape such as Tas-A-Chaman, Tas-A-Ganesh etc. Grape and Sugarcane are the main cash crops in Tasgaon Taluka. Moreover, various crops such as Millets, Wheat, Chilli, Turmeric are also produced in this Taluka.

6) There are 102 villages in Tasgaon Taluka which have been covered by 87 Primary agricultural credit societies. These 87 PACS form 16.8% of total number of PACS in Sangli District.

Taluka-wise position of PACS in Sangli Dist. is as follows:

<u>NAME OF THE TALUKA</u>	<u>NO. OF PACS</u>
1) Jath ..	56
2) Walwa ..	95
3) Atapadi ..	35
4) Miraj ..	56
5) Tasgaon ..	87
6) Kavathe Mahankal ..	36
7) Khanapur ..	93
8) Shirala ..	55
<b>TOTAL: ..</b>	<b>518</b>

7) Land Development Bank, Sangli is functioning through its three branches in Tasgaon Taluka. Only Tasgaon Taluka and Walwa Taluka have respectively 3 and 2 branches of Land Development Bank, Sangli. In the case of remaining Talukas, each has one branch of L D B, Sangli. 23% of total branches of L D B, Sangli are located in Tasgaon Taluka. These branches are as follows:-

- 1) Tasgaon East
- 2) Tasgaon & West
- 3) Ramanandnagar.

8) Tasgaon Taluka has a population of 3 lakhs which forms about 16.38% of total population of Sangli District.

In this Chapter, Performance of PACS is evaluated on the basis of some selected indicators, Financing of Weaker Sections and trends of overdues; while performance of LDB is judged on the basis of growth in long-term loans.

In order judge growth performance of PACS in Tasgaon Taluka, following selected indicators have been made use of:

- 1) Membership per-society
- 2) Share capital per-society
- 3) Share capital per-member
- 4) Reserve funds per-society
- 5) Working Capital per-society
- 6) Average level of advance per-society
- 7) Average recovery per-society
- 8) Average outstandings per-society
- 9) Average level of overdues per-society

1) MEMBERSHIP PER-SOCIETY:-

Membership per-society reflects the degree of coverage. A large Membership per-society adds to its strength of activities. Because, larger the membership, larger will be the quantum of its owned funds, which in turn enhances the economic and financial strength to function effectively by extending increased service.

TABLE 2.1

SOME SELECTED INDICATORS OF THE GROWTH OF PACS

IN TASGAON TALUKA

YEAR	'Member- ship per Society	'Share Capital Per-Soc- ciety	'Reserve Funds Per Society	'Working Capital per- Society	'Average Level of Advances Per-Soc- iety	'Average Recovery Per- Society	'Average Outsta- nding of loans Per-Soci- ety	Average Level of Overdues per-soc- iety	
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	
1	2	3	4	5	6	7	8	9	10
1977-78	387 (100.00)	1,23139 (100.00)	318.14 (100.0)	25029 (100.00)	477233 (100.00)	215218 (100.00)	191471 (100.00)	339299 (100.00)	154080 (100.00)
1978-79	399 (103.10)	129757 (105.37)	324.78 (102.09)	27589 (110.03)	478152 (100.19)	217471 (101.05)	226310 (118.19)	330425 (97.38)	148954 (96.67)
1979-80	403 (104.13)	138478 (112.45)	343.68 (108.03)	30449 (121.65)	-	289965 (134.73)	314160 (164.08)	352184 (103.80)	130379 (84.62)
1980-81	423 (109.30)	156531 (127.12)	370.18 (116.36)	32762 (130.90)	-	518954 (241.13)	367471 (191.92)	503666 (148.44)	91241 (59.22)
1981-82	440 (113.69)	179181 (145.51)	407.06 (127.95)	38958 (155.65)	-	681011 (316.43)	507620 (265.11)	677046 (199.54)	86459 (56.11)
1982-83	458 (118.35)	201334 (163.50)	439.76 (138.23)	42794 (170.98)	919599 (192.69)	619253 (287.73)	611115 (319.17)	685172 (201.94)	128482 (83.38)



TABLE 2.2  
SIMPLE AVERAGE AND (POINT) COMPOUND  
GROWTH RATES OF SELECTED INDICATORS

Indicator	Average Growth Rate	(Point) * Compound Growth Rate
1	2	3
Membership per-society	+ 3.06%	+ 2.8%
Share Capital per-society	+ 10.58%	+ 8.4%
Share Capital Per-member	+ 6.34%	+ 5.5%
Reserve Funds per-society	+ 11.83%	+ 9.3%
Working Capital per-society	+ 15.45%	+ 11.5%
Average level of advances per society	+ 31.29%	+ 19.2%
Average Recovery Per- Society	+ 36.53%	+ 21.3%
Outstandings per-society	+ 16.99%	+ 12.4%
Overdues per-society	(-) 2.77%	(-) 3%

\* Compound growth rate formula is  
explained in Chapter III.

\* \* \*

PACS in Tasgaon Taluka have showed a satisfactory performance in extending coverage. Membership per-society exhibited a upward trend in that it persistently increased from 387 in 1977-78 to 458 in 1982-83 (Table 2.1). Membership per-society in Tasgaon Taluka increased at annual average growth rate of 3.06% (Table 2.2).

## 2) SHARE CAPITAL:

Share capital forms an important part of Working Capital. Share Capital per-society as well as per-member continuously went on increasing during the period of reference in that the former increased from Rs.1.23 lakhs to Rs.2.01 lakhs and the latter increased from Rs.318 to Rs.440 (Table 2.1). Consequently growth index of Share Capital per-society increased from 100 to 163.50 at the average growth rate of 10.58% per annum. Similarly, growth index of Share Capital per-member stepped up continuously at average growth rate of 6.34 from 100 to 138.23 (Table 2.1 and 2.2).

The annual average growth rate of Share Capital per-society exceeded that of membership per-society owing to the fact that share capital is not only linked to membership but also to amount of loans. Therefore, membership and magnitude of total loans are the main determinants of the Share-Capital.

### 3) RESERVE FUNDS:

The owned funds of a society consists of reserves and Share Capital of which the former form an important component of the owned funds. Because reserve funds can not be claimed by members; while share capital contributed by members can be withdrawn with prior intimation. These reserve funds are generally deposited with District Central Co-operative Bank.

As reserve funds are derived from the profits of PACS, the latter is indispensable to build up the former. Moreover, a certain amount of profits is necessary to payout dividends to share-holders.

PACS in Tasgaon Taluka showed a better performance in building up a sound financial base in the rural milieu. Reserve funds per-society exhibited a continuous upward trend during the period under review. The growth index of reserve funds persistently stepped up from 100 to 171 at annual average growth rate of 11.83% (Table 2.2).

### 4) WORKING CAPITAL:

Working Capital of a Society comprises share capital, reserves, deposits and borrowings. Working Capital position of PACS in Tasgaon Taluka has also substantially improved during the period under review. Working Capital

per-society rose at annual growth rate of 15.45% from Rs.4.77 lakhs to Rs.9.19 lakhs during the same period.

Working Capital per-society increased rapidly owing to two reasons:

First, Share Capital as well as reserves increased respectively at the growth rates of 10.58% and 11.83% during the same period.

Second, Average level of overdues per-society declined at an annual growth rate of 2.77% during the same period which, in turn, resulted in increasing borrowing capacity of PACS. Increase in borrowing, naturally caused Working Capital to increase at a rapid rate.

##### 5) AVERAGE LEVEL OF ADVANCES PER-SOCIETY:

The indicators such as level of advances per-society, loans outstanding per-society and level of overdues can serve as barometer of evaluating qualitative performance of PACS. The success of PACS depends on the extent of availability of agricultural credit and its proper application. Availability as well as utilization of credit are equally important for effective functioning of PACS. Unproductive use of credit not only arrests the repaying capacity of farmers but also makes them grossly indebted ultimately resulting into discontinuance of the flow of credit to them.

Therefore, timely repayment of loans is a prerequisite for achieving efficiency. This is mainly because of the fact that the PACS preponderantly depend upon district central co-operative bank for support in disbursing loans to their members. When there is a gross failure of repayment on the part of members, entire capital structure becomes functionless and recycling of finance is affected. This, in turn, produces adverse impact on development of agriculture. Therefore, levels of outstandings and overdues are useful indicators of evaluating qualitative progress of PACS.

PACS in Tasgaon Taluka showed an impressive performance in regard to advances. Average level of advances per-society and its growth index continuously increased respectively from Rs.2.15 lakhs to Rs.6.81 lakhs and from 100 to 316 during the period from 1977-78 to 1981-82. However, advances per society slightly declined to Rs.6.19 lakhs during the year 1982-82, mainly due to increase in overdue in the same year (Table 2.1).

Level of advances per-society, by and large, moved up at annual average growth rate of 31.29% due to two factors.

- 1) Recovery per-society continuously improved in as much as it stepped up rapidly at annual average growth rate of 36.53%.
- 2) Level of overdues, by and large, persistently went on declining except in the year 1982-83.
- 6) RECOVERY AND LOANS OUTSTANDINGS PER SOCIETY:

The entire amount left with borrower for realisation on a particular date is called an outstanding. Both recovery as well as outstanding per-society exhibited an upward trend but the former rapidly increased and the latter slowly rose during the period of reference. Owing to substantial improvement in recovery, level of outstandings could not rapidly increase.

Recovery per-society in Tasgaon Taluka increased at an annual growth rate of 36.53% from Rs.1.91 lakhs to Rs.6.11 lakhs during the period from 1977-78 to 1982-83; while outstanding of loans increased at the growth rate of 16.99% from Rs.3.39 lakhs to Rs.6.85 lakhs during the same period.

7) LEVEL OF OVERDUES PER-SOCIETY:

Mounting overdues, generally, incapacitates PACS and make entire co-operative structure functionless. However, picture was quite different in regard to PACS in Tasgaon Taluka.

Level of overdues per-society, by and large, exhibited a downward trend in that it continuously went on decreasing from Rs.1.54 lakhs in 1977-78 to Rs.0.86 lakhs in 1981-82. Only during 1982-83, it rapidly increased to Rs.1.28 lakhs. During the entire period, it declined at an average growth rate of 2.77% per annum (Table 2.2). A continuous downward trend in level of overdues per-society in Tasgaon Taluka produced not only favourable effect on the level of advances but also eliminated wide fluctuations in advances per-society.

SHORT-TERM AND MEDIUM-TERM LOANS IN  
TASGAON TALUKA:

These loans are supplied by PACS. Generally short-term loans are issued for a variety of purposes such as seasonal agricultural operations, purchase of agricultural impliments, Marketing of Crops, processing of agricultural produce, industrial purpose, consumption purpose and other purposes.<sup>1</sup> While medium-term loans are made for minor irrigation works, for purchase of pumsets, for purchase of transport equipment, purchase of Milk Cattle, for poultry, piggery, Sheep rearing, for gobar gas plants etc.<sup>2</sup> Total amount of loans consisting of short-term and medium-term loans exhibited a upward trend during the period from 1977-78 to 1981-82, while it declined only during the year 1982-83. The growth index of total loans increased from 100 to 316.43 in

1981-82 and then declined to 287.73 in 1982-83.

Supply of short-term loans by PACS in Tasgaon Taluka and its growth index slightly declined respectively from Rs.174.90 to Rs.171.12 and from 100 to 98 during 1978-79. However, during the period since 1979-80, both short-term loans and growth index showed an upward trend in that the former and the latter persistently increased respectively from Rs.226.14 lakhs to Rs.487.68 lakhs and from 129.30 to 278.83.

Supply of medium term loans increased more rapidly as compared to short-term loans during the period under review (Table 2.3). Amount of medium-term loans and its growth index persistently went on increasing respectively from Rs.12.34 lakhs to Rs.113.87 lakhs and from 100 to 922.77 during the period from 1977-78 to 1981-82. However, during the year 1982-83, both the former and the latter respectively declined to Rs.51.07 lakhs and to 413.86 (Table 2.3).

The composition of total loans supplied by PACS in Tasgaon Taluka showed following features:-

First, amount of short-term loans continued to form a large part of total supply of loans; while that of medium term loans formed a small part of total loans. The proportion of short-term loans to total loans continued to remain above



TABLE 2.3  
TOTAL LOANS (SHORT-TERM PLUS MEDIUM TERM)  
ISSUED BY ALL P.A.C.S. IN TASGAON TALUKA

YEAR	Short-term Loan		Medium-term Loans		Total amount in Rs.Lakhs
	Amount in Rs.Lakhs	% to total	Amount in Rs.Lakhs	% to total	
1	2	3	4	5	6
1977-78	174.90 (100.00)*	93.41	12.34 (100.00)*	6.59	187.24 (100.00)*
1978-79	171.12 (97.84)*	90.44	18.08 (146.52)*	9.56	189.20 (101.05)*
1979-80	226.14 (129.30)*	89.64	26.13 (211.75)*	10.36	252.27 (134.73)*
1980-81	353.46 (202.09)*	78.29	98.03 (794.41)*	21.71	451.49 (241.13)*
1981-82	478.61 (273.65)*	80.78	113.87 (922.77)*	19.22	592.48 (316.43)*
1982-83	487.68 (278.83)*	90.52	51.07 (413.86)*	9.48	538.75 (287.73)*

\* Figures in Parentheses denote  
growth Index.

78% during the entire period under review; while proportion of medium-term loans to total loans remained less than 22% during the same period (Table 2.3).

Second, During the period of four years from 1977-78 to 1980-81, the proportion of short-term loans to total loans continuously declined from 93.41% to 78.29%, while The proportion of medium term loans to total loans continuously increased during the same period. Since 1981-82, proportion of short-term loans increased and that of medium-term loans declined.

Thus proportions of short-term and medium-term loans varied inversely with each other during the period under review.

#### CASH AND KIND COMPONENTS OF SHORT-TERM LOANS:

Short-term loans are issued in two forms:

- a) In cash form to meet expenses of seasonal agricultural operations, and
- b) In kind form such as fertilizers, seeds, pesticides etc.

To the maximum possible extent, the credit is disbursed in kind.<sup>2</sup>

Amount of cash component continuously increased from Rs.102.36 lakhs to Rs.307.72 lakhs during the period

TABLE 2.4

COMPONENTS OF SHORT-TERM LOANS ISSUEDBY ALL PACS IN TASGAON TALUKA(AMOUNTS IN RS.LAKHS)

YEAR	CASH	KIND	TOTAL
1977-78	102.36 (58.52)	72.54 (41.48)	174.90 (100.00)
1978-79	109.08 (63.74)	62.04 (36.26)	171.12 (100.00)
1979-80	142.27 (62.91)	83.87 (37.09)	226.14 (100.00)
1980-81	247.32 (69.97)	106.14 (30.03)	353.46 (100.00)
1981-82	293.30 (61.28)	185.31 (38.72)	478.61 (100.00)
1982-83	307.72 (63.10)	179.97 (36.90)	487.68 (100.00)

\* Figures in Parentheses indicate percentage to total.

\* \* \*

of reference (Table 2.4). Amount of kind component first declined from Rs.72.54 lakhs in 1977-78 to Rs.62.04 lakhs in 1978-79. However, during the period since 1979-80, kind component continuously went on increasing upto Rs.179.97 lakhs.

Table 2.4 reveals that proportion of cash component to total short-term loans continued to range from 58% to 70% while kind component continued to form more than 30% of total short-term loans during entire period under review.

DISTRIBUTION OF SHORT-TERM LOANS ACCORDING  
TO SIZE OF LAND-HOLDINGS:

Consequent upon the recommendations made by the National Commission on Agriculture, a shift in emphasis in respect of distribution of the fruits of the co-operative movement in favour of small and marginal farmers has become a feature of considerable interest in recent period. Therefore, it is intended to ascertain the share of weaker section of farming community in total short-term loans issued by PACS in Tasgaon Taluka.

On the basis of size of land-holdings, borrowing members have been classified in following manner.

- A) Land-holdings upto 2 hectares-- Small and Marginal Farmers.
- B) Land-holdings from 2 hectares-- Medium Farmers.  
to 6 hectares
- C) Land-holdings above 6 hectares--Large Farmers.

TABLE 2.5  
SHORT-TERM LOAN DISBURSEMENT TO DIFFERENT  
CATEGORIES OF FARMERS

( Amount in Rs.lakhs )

Particular	1978-79	1980-81	1981-82	1982-83
1	2	3	4	5
<u>A) SMALL AND MARGINAL FARMERS:</u>				
Amount	55.71	104.20	133.05	163.33
% to total	30.44	36.38	33.82	34.33
<u>B) MEDIUM FARMERS</u>				
Amount	65.68	80.66	218.21	172.39
% to total	35.88	28.16	55.47	36.24
<u>C) LARGE FARMERS:</u>				
Amount	61.65	101.59	42.15	140.01
% To Total	33.68	35.46	10.71	29.43
<u>D) ALL FARMERS( A+B+C )</u>				
Amount	183.04	286.45	393.41	475.73
% to total	(100.00)	(100.00)	(100.00)	(100.00)

\* \* \*

Short-term loans issued by PACS in Tasgaon Taluka to small and marginal farmers continuously increased from Rs.55.71 lakhs to Rs.163.33 lakhs during the period from 1978-79 to 1982-83 (Table 2.5). However, the proportion of loans to small and marginal farmers to total short-term loans exhibited a fluctuating trend in that proportion first increased to 36.38% in 1980-81, then it declined to 33.82% during 1981-82 and again it stepped upto 34.33% during 1982-83. Thus share of small and marginal farmers in short-term loans continued to remain more than 30% during entire period.

Amount of loans issued to medium farmers increased rapidly from Rs.65.68 lakhs in 1978-79 to Rs.218.21 lakhs in 1981-82. However it declined to Rs.172.39 lakhs in 1982-83. The Share of medium farmers in total loans showed wide fluctuations in that share ranged from 28% to 55% during the period under review (Table 2.5).

Amount of loans issued to large farmers in Tasgaon Taluka went on increasing except in the year 1981-82. Amount of loans to large farmers increased from Rs.61.65 lakhs to Rs.140 lakhs during the period. Loans to large farmers continued to form in the range of 10.71% to 35.46% of total short-term loans (Table 2.5).

Thus more than 33% of the short-term loans issued by PACS in Tasgaon Taluka went to weaker sections of

farming community consisting of small and marginal farmers during the period since 1978-79 consequent upon concentration of efforts on the part of PACS to financing of Weaker Sections.

DISBURSEMENT OF MEDIUM-TERM LOANS ACCORDING  
TO SIZE OF LAND-HOLDINGS:

Amount of medium-term loans issued to landless labours continued to remain less than Rs.1 lakhs during the period from 1978-79 to 1982-83 (Table 2.6). Therefore, Share of farm labours in total medium-term loans was not only small but actually declining during the period from 1978-79 to 1981-82. Only during 1982-83, the Share of farm labours slowly increased to 0.86%.

Medium-term loans issued to small and marginal farmers in Tasgaon Taluka continuously increased from Rs.4.79 lakhs to Rs.46.09 lakhs during the period of four years since 1978-79. However, medium term-loans to this category rapidly declined to Rs.25.65 lakhs during the year 1982-83. Amount of medium-term loans issued to small and marginal farmers continued to form more than 40% of total medium-term loans during the period since 1979-80 (Table 2.6).

Amount of loans issued to medium farmers continuously increased from Rs.7.19 lakhs in 1978-79 to Rs.42.57 lakhs in 1981-82. Only during 1982-83, it

TABLE 2.6

MEDIUM-TERM LOAN DISBURSEMENT TO  
DIFFERENT CATEGORIES OF FARMERS

(Amount in Rs.lakhs)

Particular	'1978-79	'1979-80)	1980-81'	1981-82'	1982-83'
1	2	3	4	5	6
<b>A) <u>FARM LABOURS:</u></b>					
1) Disbursed Amount	0.55	0.35	0.55	0.22	0.44
2) % to Total	3.04	1.34	0.56	0.19	0.86
<b>B) <u>SMALL AND MARGINAL FARMERS</u></b>					
1) Amount	4.79	13.71	40.22	46.09	25.65
2) % to Total	26.49	52.47	41.03	40.48	50.22
<b>C) <u>MEDIUM FARMERS</u></b>					
1) Amount	7.19	10.70	41.18	42.57	14.60
2) % to Total	39.77	40.95	42.01	37.38	28.59
<b>D) <u>LARGE FARMERS:</u></b>					
1) Amount	5.55	1.37	16.08	24.99	10.38
2) % to Total	30.70	5.24	16.40	21.95	20.33
<b>F) <u>ALL FARMERS (A+B+C+D)</u></b>					
1) Amount	18.08	26.13	98.03	113.87	51.07
2) % Total	100.00	100.00	100.00	100.00	100.00



rapidly declined to Rs.14.60 lakhs. The Share of medium farmers in total medium-term loans continued to remain in the range from 28% to 42% during entire period under review.

Amount of medium-term loans issued to large farmers exhibited wide fluctuations in that it first declined from Rs.5.55 lakhs in 1978-79 to Rs.1.37 lakhs in 1979-80, then it continuously increased to Rs.25 lakhs during the period of two years., then it again declined to Rs.10.38 lakhs during 1982-83. Consequently, proportion of loans issued to large farmers to total loans ranged from 5.24% to 30.70% during the period under review.

Thus on an average more than 42% of total medium-term loans in Tasgaon Taluka went to weaker sections of farming community. Consisting of small and marginal farmers as well as landless labours. On the contrary, on an average less than 19% of medium-term loans went to large farmers.

It may be, therefore, concluded that weaker sections of farming community in Tasgaon Taluka continued to claim perceptible share in short-term as well as medium-term loans.

#### TRENDS IN OVERDUES

Magnitude of total overdues (in the case of both short-term as well as medium-term loans) showed a

downward trend in that it persistently fell from Rs.134.05 lakhs in 1977-78 to Rs.77.22 lakhs in 1981-82(Table 2.7). However, only during 1982-83, it increased to Rs.111.78 lakhs. As a result, growth index of total overdues, by and large, moved down rapidly from 100 to 56 during the period from 1977-78 to 1981-82 and it moved up to 83.39 in 1982-83. Owing to comfortable recovery position of all PACS in Tasgaon Taluka magnitude of total overdues did not pose serious concern for them.

Amount of overdues in medium-term loans declined more rapidly as compared to amount of overdues in short-term loans in that growth index persistently declined from 100 to 55.39 and from 100 to 56.48 respectively in the case of the farmer and the latter during the period of 5 years since 1977-78 (Table 2.7). However, growth index in short-term loans rapidly increased to 93.69 during 1982-83, while growth index in medium-term loans slowly increased to 62.75 during the same year.

Thus growth index of overdues in the case of medium-term loans rapidly declined and slowly increased in as much as recovery in medium term loans increased more rapidly as compared to that in short-term loans. On the contrary, growth index of overdues in the case of short-term loans slowly declined and

rapidly increased in as much as recovery in short-term loans slowly went on increasing during the period under review (Table 2.7 and 2.9). Table 2.8 reveals that proportion of overdues to total outstandings of short-term loans first increased slightly from 38.50% in 1977-78 to 40.60% in 1978-79. But during subsequent period, proportion of overdues continuously and rapidly declined to a lowest level of 13.21%. However, since then it started rising to 21.25% during 1982-83.

The proportion of overdues in medium-term loans to total outstandings exhibited a continuous downward trend in that it rapidly declined from 71% to a lowest level of 11.96% during the period from 1977-78 to 1981-82. However, only during 1982-83, it slightly increased to 13.87%.

Thus, proportion of overdues to outstandings in the case of short-term loans showed neither a upward trend nor a downward trend. On the contrary, it showed fluctuating trend during the period under review; where as proportion of overdues to outstandings in the case of medium term loans exhibited exclusively a downward trend during the same period with exception of the year 1982-83.

Aforesaid analysis implies that owing to continuous improvement in recovery position of PACS in

TABLE 2.7  
TRENDS IN OVERDUES OF PACS  
IN TASGAON TALUKA

( Amounts in Rs.lakhs )

Year	Amount of Overdues in Short-term Loans	Amount of Overdues in Medium-term Loans	Amount of of Total over- dues (2+3)
1	2	3	4
1977-78	89.40 (100.00)	44.65 (100.00)	134.05 (100.00)
1978-79	89.45 (100.06)	40.14 (89.90)	129.59 (96.67)
1979-80	75.98 (84.99)	37.45 (83.87)	113.43 (84.62)
1980-81	52.27 (58.47)	27.11 (60.72)	79.38 (59.22)
1981-82	50.49 (56.48)	24.73 (55.39)	75.22 (56.11)
1982-83	83.76 (93.69)	28.02 (62.75)	111.78 (83.39)

Figures in Parentheses indicate growth Index.

\* \* \*

TABLE 2.8  
PROPORTION OF OVERDUES TO OUTSTANDINGS--SHORT-TERM AND MEDIUM TERM LOANS

( Figures in Rs.Lakhs )

Particulars	1	2	3	4	5	6	7
	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	
A) Short-term Overdues	89.40	89.45	75.98	52.27	50.49	83.76	
B) Total outstandings of Short-term loans	232.23	220.28	230.01	297.02	382.22	394.16	
C) Medium-term overdues	44.65	40.14	37.45	27.11	24.73	28.02	
D) Total outstandings of Medium-term Loans	62.96	67.19	76.39	141.17	206.81	201.94	
E) Percentage of A to B	38.50	40.60	33.03	17.60	13.21	21.25	
F) Percentage of C to D.	71.08	59.74	49.02	19.20	11.96	13.87	

\* \* \*

TABLE 2.9  
RECOVERY OF SHORT-TERM AND MEDIUM-TERM LOANS  
OF PACS IN TASGAON TALUKA

Year	Short-term loans		Medium-term loans		Total Amount in Rs. Lakhs
	Amount in Rs. Lakhs	% to Total	Amount in Rs. Lakhs	% to Total	
1	2	3	4	5	6
1977-78	155.59 (100.0)*	93.40	10.99 (100)*	6.60	166.58 (100)*
1978-79	183.04 (117.64)*	92.97	13.85 (126.02)*	7.03	196.89 (118.20)*
1979-80	256.40 (164.79)*	93.81	16.92 (153.96)*	6.19	273.32 (164.08)*
1980-81	286.45 (184.11)*	89.60	33.25 (302.55)*	10.40	319.70 (191.92)*
1981-82	393.44 (252.85)*	89.08	48.22 (438.76)*	10.92	441.63 (265.12)*
1982-83	475.73 (305.76)*	89.48	55.94 (509.01)*	10.52	531.67 (319.17)*

\* Figures in Parentheses denote growth index.

\* \* \*

Tasgaon Taluka, (as growth indices of recovery in short-term as well as medium-term loans rapidly increased respectively from 100 to 305 and from 100 to 509) overdues in the case of either short-term loans or medium-term loans did not pose any serious problem (or concern) for Primary Agricultural credit Societies in Tasgaon Taluka during the period under review. Moreover, lower level of overdues and comfortable recovery position were important factors causing level of advance to increase continuously at perceptible rate.

#### LONG-TERM CREDIT FOR AGRICULTURE IN

#### TASGAON TALUKA:

The long-term credit needs of the cultivators are met by Land Development Bank. In the field of agriculture, long-term credit is of fundamental importance. This is so especially in countries like India where methods and techniques of cultivation have been continuously improving. Therefore, in order to bring about rapid increase in agricultural production, following principles<sup>3</sup> assume special significance.

- 1) Introduction of the most modern methods of cultivation.
- 2) Creation of production potential mainly by way of investment in capital assets on land like sinking of new wells, installation of

pumping sets, introduction of mechanized equipments on the farm etc. and

- 3) ensuring maximum yield with the best achievable cost-benefit ratio.

From the point of view of above principles, role of Land development Banks becomes important. The LDBS in fact, have played a important role in agricultural development. They have emerged as specialised institutions for financing various types of developmental activities in agriculture. Moreover, during recent period, they have adopted production oriented system of lending. LDBS provide investment credit for a variety of purposes such as for construction of wells and irrigation schemes, for purchase of motors and oil engines, for purchase of pumpsets and pipe line, for purchase of power-tillers and tractors, for purchase of cows etc. Primary Land Development Bank, Sangli has three sub-branches in Tasgaon Taluka.

These are:

- 1) Tasgaon West
- 2) Tasgaon East
- 3) Ramanandnagar

Total long-term credit supplied by these three banches in Tasgaon Taluka has been presented in Table 2.10. Total long-term credit issued in Tasgaon Taluka exhibited neither increasing trend nor decreasing trend



during the period from 1976-77 to 1983-84. On the contrary, it showed wide fluctuations. During the period of four years from 1976-77 to 1979-80 long-term credit showed an upward trend in that it continuously increased from Rs.9.71 lakhs to 50.13 lakhs. As a result, growth index of long-term loans stepped up persistently from 100 to 516 during the same period.

During the period of two years from 1979-80 to 1981-82, long-term credit in Tasgaon Taluka and its growth index continuously declined respectively from Rs.50.13 lakhs to Rs.34.12 lakhs and from 516 to 355.51 (Table 2.10). During 1982-83 Long-term credit and its growth index rapidly increased respectively from Rs.34.12 lakhs to Rs.51.14 lakhs and from 355.51 to 629.66. Further long-term credit again declined to Rs.44.67 lakhs during the year 1983-84. As a result, growth index moved down from highest level of 629.66 to 460.04. Two reasons could be attributable to set-back in Long-term Loan in some years.

- 1) Emergence of various institutions in the field of agricultural credit like commercial Banks and Regional Rural Banks due to acceptance of Multi-agency approach.
- 2) Discipline imposed by the R.B.I. and regulation of advances in relation to recover performance.

TABLE 2.10  
GROWTH IN LONG-TERM LOANS IN  
TASGAON TALUKA

Year	Total Loans In Rs.Lakhs	Growth Index
1976-77	9.71	100.00
1977-78	9.86	101.23
1978-79	44.60	459.32
1979-80	50.13	516.27
1980-81	44.12	454.38
1981-82	34.52	355.51
1982-83	61.14	629.66
1983-84	44.67	460.04

\* \* \*

PURPOSE-WISE DISTRIBUTION OF LONG-TERM

CREDIT ISSUED IN TASGAON TALUKA:

- 1) Long term credit issued for construction of new/old wells and irrigation formed a perceptible part of total long-term credit (Table 2.11). Loans for wells continuously and rapidly increased from Rs.0.65 lakhs in 1976-77 to Rs.17.49 lakhs in 1982-83. Only during the year 1983-84, loans for wells steeply declined to Rs.4.95 lakhs. The proportion of loans for wells to total long-term loans persistently went on increasing from merely 6.69% to its highest level of 28.61% in 1982-83 owing to top priority accorded to financing of wells by primary land development Bank, Sangli. However, during 1983-84, Loans for wells formed only 11% of total long term credit.
  
- 2) Loans for purchase of electric motors and oil engines slowly increased from Rs.3.51 lakhs to Rs.6.46 lakhs during the period from 1976-77 to 1980-81. However, these loans exhibited a fluctuating trend during subsequent period in as much as these loans declined to Rs.5.15 lakhs in 1981-82 and then continuously increased upto Rs.7.24 lakhs in 1983-84. The proportion of such loans to total was higher at the level of 36% during 1976-77. However, this proportion exhibited upward

TABLE 2.11

## PURPOSEWISE CLASSIFICATION OF LONG TERM LOANS

ISSUED BY LAND DEVELOPMENT BANK, SANGLI IN TASEGON TALUKA (Rs. in Lakhs)

Purpose	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
1) For construction of new/ Wells and irrigation.	0.65 ( 6.69 )	0.68 ( 6.90 )	4.77 (10.69)	6.73 (13.42)	7.14 (16.16)	7.91 (22.91)	17.49 (28.61)	4.95 (11.08)
2) For purchase of Electric Motors and Oil Engines.	3.51 (36.15)	3.64 (36.92)	4.04 (9.06)	6.42 (12.81)	6.46 (14.64)	5.15 (14.92)	5.43 (8.88)	7.24 (16.21)
3) For purchase of Pump- sets & Pipe-line	1.91 (19.67)	1.53 (15.52)	9.66 (21.66)	7.33 (14.62)	8.04 (18.31)	9.08 (26.30)	16.43 (26.87)	9.66 (21.62)
4) For purchase of Machinery Power-tillers, Tractors etc	-	-	3.52 (7.89)	15.10 (30.12)	3.84 (8.70)	2.65 (7.68)	2.67 (4.37)	1.79 (4.01)
5) For Fruit gradens (Mainly grape)..	3.45 (35.53)	3.97 (40.26)	8.11 (18.18)	4.37 (8.72)	4.43 (10.04)	4.58 (13.27)	4.64 (7.59)	17.03 (38.12)
6) For Dairy Farming(Mainly for purchase of cows)	-	-	12.69 (28.45)	9.41 (18.77)	6.73 (15.25)	3.25 (9.41)	8.86 (14.49)	0.92 (2.06)
7) Others*	0.19 ( 1.96 )	0.04 (0.41)	1.81 (4.06)	0.77 (1.54)	7.48 (16.45)	1.90 (5.50)	5.62 (9.19)	3.08 (6.89)
TOTAL	9.71 (100.00)	9.86 (100.00)	44.60 (100.00)	50.13 (100.00)	44.12 (100.00)	34.52 (100.00)	61.14 (100.00)	44.67 (100.00)

\* Others include Loans for Poultry farming, Sheep rearing,  
Gobar Gas Plants and construction of Godowns etc.

\*\* Figures in Parentheses indicate Percentage to total

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and downward trends during entire period under review. Thus, proportion these loans to total continued to remain in the range of from 8.88% to 36.92% (Table 2.11).

- 3) Long-term credit for purchase of pumpsets and pipe line was also significant in amount particularly since 1978-79. These loans rapidly increased from merely Rs.1.91 lakhs in 1976-77 to Rs.9.66 lakhs in 1978-79. During subsequent period, the amount of these loans with its ups and downs continued to remain above Rs.7.33 lakhs (Table 2.11). These loans formed a perceptible portion to total long-term loans issued in Tasgaon Taluka in as much as proportion of such loans to total continued to remain in the range of from 14.62% to 26.87% during entire period under review.
- 4) Primary Land Development Bank, Sangli did not issue any amount of loans for purchase of machinery, power-tillers, tractors etc. in Tasgaon Taluka during the period from 1976-77 to 1977-78. Such loans rapidly increased from Rs.3.52 lakhs to Rs.15.10 lakhs in 1979-80. During subsequent period amount of such loans continuously declined from Rs.15.10 lakhs to Rs.1.79 lakhs. Such loans formed a perceptible portion (30%) of total loans only during 1979-80. During subsequent period, proportion of such loan

- to total remained below 8.70%.
- 5) Amount of long-term loans for fruit gardens in Tasgaon Taluka increased from Rs.3.45 lakhs in 1976-77 to Rs.8.11 lakhs in 1978-79. However, it remained around Rs.4 lakhs during the period from 1979-80 to 1982-83. Only during 1983-84, it reached to a highest level of Rs.17.03 lakhs (Table 2.11). The proportion of such loans to total remained above 35% in years 1976-77, 1977-78 and 1983-84. During remaining years it ranged from 7.59% to 18.16% (Table 2.11).
- 6) Branches of L.D.B.Sangli, issued perceptible amount of long-term credit for purchase of cows in Tasgaon Taluka during 1978-79 in as much as loans for purchase of cows amounting to Rs.12.69 lakhs formed about 28.45% of total long-term loans during the same year. During 1983-84, these loans declined to lowest level of Rs.0.92 lakhs accounting for only 2% of total long-term credit.
- 7) Amount of long-term loans for other purposes was higher during the years 1980-81 and 1982-83, during 1980-81, it stood at Rs.7.48 lakhs due to large amount of loan issued for popultary farming and during 1982-83, it amounted to Rs.5.62 lakhs due to large loans issued for construction of godowns. During remaining years, such loans were insignificant.

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