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CHAPTER - IV
SUPPLY OF PRODUCTION CREDIT
TO CULTIVATORS
IN
TASGAON TALUKA

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SUPPLY OF PRODUCTION CREDIT
TO CULTIVATORS IN TASGAON TALUKA

Both production credit as well as investment credit are sine qua non for cultivators to enhance production. Unless long-term credit is adequately supported by production credit (Short-term credit), the productivity of land can not be increased to the expected level. If there is no co-ordination between investment credit (Long-term credit) on the one hand and the production credit on the other, the level of income of the cultivator is likely to be affected adversely.

The cultivator normally needs production credit to carry out his production plans. Sometimes, it is likely that all the cultivators, obtaining long-term credit from primary Land Development Bank, may not actually in a position to secure short-term credit accommodation from Primary Agricultural Credit Societies owing to simple reason that they may not be the members of PACS at village level or they may not have received any loan from Society on other grounds. In such a situation, cultivators are compelled to resort to financial accommodation from the village money lender. In the light of aforementioned views, it is pertinent to ascertain the extent to which the sample borrowers obtaining long-term credit have been able to secure production credit from Primary Agricultural Credit Societies. Moreover, it is also pertinent to

to ascertain the extent to which production credit is utilised for productive purposes.

ANALYSIS OF PRODUCTION CREDIT

Out of 17 small farmers having land-holding of less than 2 hectares each, only 13 farmers or 76 percent of small farmers could able to obtain production credit from PACS. Total amount of credit obtained was to the extent of Rs.100,500 forming about 15.20% of the total credit (Table 4.1). The proportion of land held by the small farmers' group in the total land-holding accounted for 7.48%. The quantum of credit received by them in relation to the percentage of land they held is, therefore, high. Yet the fact remains that out of total number of 17 farmers receiving investment credit, 4 farmers or 23.53% could not be supported with production credit provided by PACS (Table 4.1). This implies that there is no proper co-ordination between short-term and long-term co-operative credit institutions.

Medium farmers and large farmers' groups have been able to obtain larger amount of production credit than small farmers' group. 84% of medium farmers or 22 out of 26 medium farmers could be able to obtain production credit from PACS. Similarly, 86% of rich farmers or 19 out of 22 large farmers have been able to secure production credit. While medium farmers obtained total production credit of Rs.249,000. Large farmers secured total production credit of Rs. 311,600 (Table 4.1). 15% of medium farmers and 13% of large farmers receiving investment credit could not be supported with production credit. Medium farmers' group is in a better position as compared to large farmers' group in that the share of the farmer in total production credit in relation to its percentage of land-holding is large; whereas the share of the latter in total credit is smaller (47%) in relation to its percentage of land-holding (56.35%). Therefore, Medium farmers' group could be able to obtain short-term credit accommodation approximately equivalent to its percentage in total land. While large farmers' group secured less total amount of credit in relation to its percentage in total land holding (Table 4.1).

On the per-cultivator basis, it was observed that the small, medium and large farmers' group received an average short-term credit respectively to the extent

TABLE 4.1

Supply of Short-Term Credit to Sample Borrowers During 1983-84

TASGAON TALUKA

Category of Farmers	Total No. of cultivators	Total No. of cultivators Receiving Credit (Rs)	Total Amount Received (Rs)	Average Land-Holding (in hectares)	Total Land Held (in hectares)	Average Credit per cultivator (Rs)	Average Credit per hectare (Rs)	No. of cultivators not receiving credit
Upto 2 Hectares (Small)	17	13 (76.47)	100,500 (15.20)	1.52	7.48	7,730.77	5,169.75	4 (23.53)
2 to 6 Hectares (Medium)	26	22 (84.62)	249,000 (37.66)	4.74	36.16	11,318.18	2,385.97	4 (15.38)
Above 6 Hectares (Large)	22	19 (86.36)	311,600 (47.13)	8.73	56.35	16,400	1,877.22	3 (13.64)
TOTAL:	65	54	661,100	100	100	11,877.22	11	11

* Figures in Parentheses indicate percentage to the total in each category.

** Figures in parentheses indicate percentage to total.

of Rs.7,731, Rs.11,318 and Rs.16,400 (Table 4.1). But considering the supply of average short-term credit on per-hectare basis, it was found that the small farmers' group received Rs.5,169 per-hectare; while medium and large farmers' groups received short-term credit respectively to the extent of Rs.2,386 and Rs.1,877 (Table 4.1).

In order to ascertain the degree of favourable (or unfavourable) position of different categories of sample cultivators, The concepts of indices of inequality¹ based on number of sample cultivators and SBC of land holding have been made use of

INDICES OF INEQUALITY BASED ON NO.OF CULTIVATORS:-

Index of inequality based on no.of

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cultivators for small farmers remained below 100 (Table 4.2). Therefore, small farmers obtained lesser production credit than their share in total number of cultivators. Similarly, index of inequality based on number of cultivators for medium farmers was slightly less than 100 accounting for 92.44% (Table 4.2). Therefore, medium farmers also obtained lesser production credit than their share in total number of cultivators.

Indices of inequality for small as well as medium farmers indicate their weak positions in getting lesser loans than their share in total number of cultivators.

On the contrary, index of inequality based on number of cultivators for large farmers exceeded 100% accounting for 134% (Table 4.2), which indicates their strong position in getting more and more loans than their share in total cultivators.

SIZE

Indices of inequality based on SBC of Land-
holding:

When this type of index of inequality is taken into consideration, exactly opposite picture is witnessed. Index of inequality based on land-holding for small farmers remained far more above 100% i.e. to the extent of 203.20% (Table 4.3). It implies strong position of small farmers in obtaining more production credit than their share in total land-holding. Similarly

TABLE 4.2

Indices of Inequality* of Production
Loan distribution for Different
Categories of Sample Borrowers.
(Based on No. of cultivators)

Category of Farmers	Index of ineuqlity*
1	2
Small	63.15
Medium	92.44
Large	133.97

* Indices of inequality have been worked out
for production loans as follows:-

Index of Inequality =

$$\frac{\text{Percentage share of } i \text{ th Category in total loan} \times 100}{\text{Percentage share of } i \text{ th category in total No. of Cultivators receiving production Loan.}}$$

If distribution is perfectly equal, each category will have index equal to 100. Deviation from 100 indicates its degree of favourable (or unfavourable) position.

TABLE NO.4.3

Indices of Inequality* of production
 Loan Distribution for Different
 Categories of Sample Borrowers.
 (Based on size of Land-holding)

Category of Farmers	Index of Inequality*
1	2
Small	203.20
Medium	104.15
Large	83.64

* Indices of Inequality have been worked out
 for production loans as follows:

$$\text{Index of Inequality} = \frac{\% \text{ Share of } i \text{ th category in total loan}}{\% \text{ Share of } i \text{ th category in Total land-holding}} \times 100$$

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index of inequality for medium farmers remained slightly more than 100% which indicates their better position in getting more loans than their share in total land-holding.

On the contrary, index of inequality for large farmers accounted for merely 83.64% which indicates their weak position in getting lesser loans than their share in total land-holding.

Analysis of distribution of production credit among small, medium and large₂ farmers' groups reveals following results:

- 1) On per-cultivator basis, distribution of production credit was favourable to large farmers and unfavourable to small farmers in as much as average credit per-cultivator in the case of large farmers stood at Rs.16,400; while average credit per-cultivator in the case of small farmers stood at Rs.7.331. Consequently, index of inequality based on number of cultivators for large farmers remained above 100% indicating their strong position in getting more and more loans than their share in total number of cultivators.

On the contrary, index of inequality for small farmers remained below 100% indicating their weak position in distribution of production credit.

2. On per-hectare basis, distribution of production credit was far more favourable to small farmers and unfavourable to large farmers' group owing to the fact that per-hectare average credit in the case of small farmers amounted to Rs.5,170 and in the case of large farmers it amounted to merely Rs.1,877. Consequently, index of inequality based on size of land holding for small farmers' group remained for more above 100% indicating their strong position in getting more and more loans than their share in total land-holding. On the contrary, index of inequality, for large farmers' group remained below 100% indicating their weak position in obtaining lesser loans than their share in total land-holding.
3. Medium farmers' group was neither better off nor worse off in getting production credit either on per-hectare basis or on per-cultivator basis. Both types of indices of inequality for medium farmers remained around 100%.

CROP-WISE DISTRIBUTION OF PRODUCTION CREDIT:

Crop-wise distribution of loans reveals that all categories of sample borrowers received larger

amounts of short-term credit for grape crops. The proportion of loans for grape received by small farmer in their total loans was largest accounting for 63% (Table 4.4). Similarly proportion of loans for grape crop stood at significant level in the case of medium and large farmers accounting for respectively 59% and 50%.

All types of cultivators in Tasgaon taluka have been producing different varieties of grape crops such as Tas-A-Chaman, Tas-A-Ganesh, Selection-7, Seedless Thomsan etc.

Tasgaon taluka of Sangli district is very famous for grape. Consumers in Maharashtra in general and consumers in Kolhapur Sangli and Satara Districts in particular, by and large, strongly prefer grape produced in Tasgaon taluka owing to peculiar taste of the latter.

Proportion of loans for grape (in) higher in the case of all categories of farmers (Small, medium and large) particularly in eastern part of Tasgaon Taluka in as much as weather conditions and nature of soil are more suited for production of grape in eastern part of Tasgaon Taluka³. Moreover, grape crop requires less irrigation facilities in terms of quantity and frequency as compared to other

TABLE 4.4

Crop-wise Distribution of short-term credit in Different Categories of sample Borrowers During 1983-84:

TASGAON TALUKA

Category of Farmers	Total No. of Cultivators	'Grade (Rs)	'Sugarcane (Rs)	'Jawar (Rs)	'Wheat (Rs)	'Rice (Rs)	'Others* (Rs)	Total (Rs)
1	2	3	4	5	6	7	8	9
Small	13	63,500 (63.18)	30,000 (29.85)	2,000 (1.99)	-	-	5,000 (4.98)	100,500 (100.00)
Medium	22	148,000 (59.44)	95,500 (38.35)	3,000 (1.20)	2,000 (0.80)	-	500 (0.21)	249,000 (100.00)
Large	19	155,000 (49.74)	139,000 (44.61)	9,600 (3.08)	4,000 (1.28)	-	4,000 (1.28)	311,600 (100.00)
All	54	366,500 (55.44)	264,500 (40.01)	14,600 (2.21)	6,000 (0.91)	-	9,500 (1.44)	661,100 (100.00)

* Others include mainly Turmeric and Chilli Crops.

cash crop Sugarcane.

As compared to medium and large farmers, the proportion of loans for grape crop in the case of small farmers is largest. Small farmers prefer grape crop to sugarcane crop on following grounds.

During production process of grape crop, family labours rather than hired labours are more useful to carefully look-after various operations of grape crop- Since small farmers can utilise more amount of family labours, grape crop is found to be more suitable for small farmers as compared to other categories of farmers.

The proportion of Sugarcane crop loan in total loans is higher in the case of medium and large farmers in that it accounted for respectively 38% and 45% (Table 4.4); while in the case of small farmers, it accounted for merely 30%.

Small farmers also secured perceptible amount of loans for other crops such as Turmeric and Chilli. Loans for these two crops formed 5% in their total loans. However, loans for Chilli and Turmeric crops are insignificant in the case of medium and large farmers.

Proportion of loans for Jawar and Wheat in total loans is large in the case of large farmers as compared to medium farmers and small farmers. This may be due to the fact that owing to large size of land-holding they

can be able to diversify their cropping pattern. Loans for rice in the case of all sample borrowers are nil.

COMPONENT-WISE PRODUCTION CREDIT

Production credit received by sample borrowers consisted of two components A and B—A component for meeting the cash outlay for payment of wages, rent, taxes, etc. and the B component for meeting the cost of fertilizers, pesticides etc. A Component exceeded the B component in the case of all categories of sample borrowers during 1983-84. Cash component formed 69%, 55% and 65% of the total loans respectively in the case of small, medium and large farmers. Whereas kind component formed 31%, 45% and 35% respectively in the case of small, medium and large farmers. Many studies⁴ have pointed out that the proportion of kind component to total short-term loans has been continuously increasing during recent period. The highest proportion of credit in kind was availed by medium farmers being 45% followed by large farmers being 35% and small farmers being 31%. The perceptible proportion of credit in kind is justified on the ground that it can hardly be misutilized. On the contrary, misutilization is much more in cash than in kind credit in as much as farmers are rather free to utilize cash credit even for unproductive purposes.

UTILIZATION OF SHORT-TERM CREDIT BY SAMPLE BORROWERS DURING 1983-84

TABLE 4.5

CASH AND KIND COMPONENTS OF SHORT-TERM CREDIT
TO SAMPLE BORROWERS DURING 1983-84

TASGAON TALUKA

Category of farmers'	Cash (Amount in Rs)	Kind (in Rs.)	Total	' 2 as% of 4	' 3 as% of 4	' Average credit in kind per hectare
1	2	3	4	5	6	7
						8
Upto 2 hectares (Small)	69,500	31,000	100,500	69.15	30.85	2,384.61
2 to 6 hectares (Medium)	137,850	111,150	249,000	55.36	44.64	5,052.27
Above 6 hectares (Large)	202,300	109,300	311,600	64.92	35.08	5,752.63
						1,065.06
						658.47

UTILIZATION OF SHORT-TERM CREDIT BY
SAMPLE BORROWERS DURING 1983-84:

Doubts are often expressed regarding the judicious utilization of credit by farming community. It is, thus pertinent to ascertain the amount of loan utilized for productive purposes after borrowing from Primary Agricultural Credit Societies. The productive and un-productive Utilization of Production credit in different categories of farmers is presented in table No.4.6. The table 4.6 shows that about 91.69% of the total amount received by all small farmers was utilised for productive purposes. Similarly, medium and large farmers utilised respectively 77.49% and 75.61% of their total amount of loan for productive purposes. Moreover, the table 4.6 indicates that diversion of loans for unproductive purposes was found in all categories of sample farmers. The proportion of production credit diverted to unproductive uses 8% in the case of small farmers, 22.5% in the case of medium farmers and 24.4% in the case of large farmers. Thus, the proportion of credit diverted to unproductive uses was higher in the case of medium and large farmers as compared to small farmers.

All sample borrowers of three categories utilised approximately one fifth part of production credit for

credit for unproductive uses and four fifth part for productive uses.

The item-wise utilization of productive ₹ credit in the case of all categories of sample borrowers is presented in table 4.7. In all categories of farmers, the highest amount of productive loan was made use of for purchase of fertilizers. On an average, about 48% productive loan was used for purchase of fertilizers. It was followed by payment of wages being 30% and payment for pesticides being 9.5%, Water charges being 7%. Proportion of productive loans used for purchase of seeds was very low accounting for 5%.

The proportion of productive loan utilised for fertilizer was higher in case of all categories of farmers in that it accounted for 33.64%, 57.61% and 46.39% respectively in the case of small, medium and large farmers. This high proportion was the resultant

, of various factors. .

- 1) Majority of sample borrowers produced either cash crops such as grape and sugarcane or high yielding varieties such as hybride etc. These crops required large quantities of fertilizers for their production.
- 2) Many sample borrowers possessed assured irrigation facilities from wells. Consequently, they resorted to large fertilizer intake to enhance productivity to maximum possible extent.

The proportion of productive loans used for payment of wages to total productive loans was higher in the case of small farmers (37%) as compared to medium farmers (21%) and large farmers (35%). The high proportion of loans for grape to total loans in the case of small farmers implies that majority of small farmers went in for grape production which, in turn, required more quantity of hired labours to carry out certain operations of grape crop. Naturally, small farmers utilised large part of productive loans for payment of wages.

Moreover, a significant part of productive loans was utilised for purchase of pesticides in the case of all categories of sample farmers as many sample borrowers went in for grape production during 1983-84.

Table 4.6
 UTILIZATION OF SHORT-TERM
 CREDIT (CO-OPERATIVE) IN DIFFERENT
 CATEGORIES OF SAMPLE BORROWERS DURING
 1983-84:TASGAON TALUKA

Category of Farmers	Total No of Cultivators	Productive Utilization (Rs)	'Unproduction' utilisation (Rs)	Total (Rs)
1	2	3	4	5
Small	13	92,150 (91.69)	8,350 (8.31)	100,500 (100.00)
Medium	22	192,950 (77.49)	56,050 (22.51)	249,000 (100.00)
Large	19	235,600 (75.61)	76,000 (24.39)	311,600 (100.00)
TOTAL:	54	520,700 (78.76)	140,400 (21.24)	661,100 (100.00)

Figures in bracket indicate percentage to total.

TABLE 4.7
ITEMWISE UTILIZATION OF PRODUCTIVE CREDIT IN DIFFERENT CATEGORIES
OF SAMPLE BORROWERS DURING 1983-84
TASGAON TALUKA

Category of Farmers	1	2	3	4	5	6	7	8
		Total No. of Cultivators	Purchases of seed	Purchases of Fertilizer	Wage payment	Water charges	Payment for pesticides	Total
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Small	13	5,350 (5.81)	31,000 (33.64)	34,050 (36.95)	9,050 (9.82)	12,700 (13.78)	92,150 (100.00)	
Medium	22	16,500 (8.55)	111,150 (57.61)	40,900 (21.20)	13,000 (6.74)	11,400 (5.91)	192,950 (100.00)	
Large	19	3,600 (1.53)	109,300 (46.39)	83,500 (35.44)	13,600 (5.77)	25,600 (10.86)	235,600 (100.00)	
TOTAL:	54	25,450 (4.89)	251,450 (48.29)	158,450 (30.43)	35,650 (6.85)	49,700 (9.54)	520,700 (100.00)	

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DISTRIBUTION OF SHORT-TERM CREDIT RECEIVED
FROM MONEY-LENDERS AND RELATIVES.

Though the importance of moneylenders and relatives has been gradually declining⁵ with rapid expansion of banking facilities, the credit provided by the former forms a significant proportion of total credit provided by all agencies in rural areas.⁶ Moreover, the former were exploiting the weaker sections.⁷

In this present study, only 10 sample cultivators out of 65 (15% of total sample borrowers) received short-term credit from unlicensed moneylenders and relatives. Moreover, 1 sample cultivator (Or 1.5% of total cultivators) was not able to get any amount of short-term credit from either moneylenders and relatives or Primary Agricultural Credit Societies. Table 4.8 indicates that of the total short-term loans received from money-lenders and relatives, about 49% were availed of by medium farmers' group, while about 30% of the loans were obtained by large farmers' group. The share of small farmers' group was relatively smaller forming about 21%. Table 4.8 further exhibits that of the total number of sample cultivators in land-holding class, the proportion of large farmers receiving loans from moneylenders and relatives was lowest accounting for 20%. The proportions of small farmers as well as medium farmers obtaining loans from moneylenders and relatives were at the same level of 40%.

TABLE 4.8

SHORT-TERM LOANS BORROWED BY THE SAMPLE
CULTIVATORS FROM UNLICENSED VILLAGE MONEY-
LENDERS AND RELATIVES DURING 1983-84
(ACCORDING TO SIZE OF LAND-HOLDING):

TASGAON TALUKA

Category of Cultivators	Total No. of Cultivators	No. of cultivators Borrowing ()	Total Amount Borrowed	% to Total Borrowing	No. of cultivators not borrowing from either PACS or Any private Agency
Small	17	4 (40)	4,315	21.47	-
Medium	26	4 (40)	9,780	48.67	-
Large	22	2 (20)	6,000	29.86	1
TOTAL:	65	10 (100)	20,095	100.00	1

Figures in Parentheses indicate percentage to total Borrowers in the respective Category of Cultivators.

PERIOD OF LOAN AND RATE OF INTEREST

All loans advanced by unlicensed moneylenders and relatives to the sample cultivators were short-term loans. The period of loan varied from a minimum of one month to the maximum of 3 months. Moreover, there was not uniformity in the rates of interest charged on these loans. The interest rate ranged from 2% per month to 3.3% per month (Table 4.9). Large part of total loans made by moneylenders and relatives to sample cultivators were for a period of 1 month only. Such loans formed 57% of total loans. Loans for a period of 3 months accounted for 15.55% of total loans. Loans for a period of 2 months formed 27.15% of total loans. Interest rate charged by moneylenders and relatives ranged from 24% per annum to 40% per annum.

Moneylenders and relatives have a monopoly position arising from the urgency of the needs of the borrowers. This monopoly position enables them to charge high interest rate. Moreover, Funds of Moneylenders remain idle or unemployed for about 6 months every year, hence he may ask for higher compensation for the use of his funds. Furthermore, high risk premium causes high level of interest rate. Therefore, interest rates charged by moneylenders were higher as compared to those charged by co-operatives banks on their crop loans.

TABLE 4.9

SHORT-TERM LOANS BORROWED FROM THE
UNLICENSED MONEYLENDERS AND RELATIVES
BY SAMPLE CULTIVATORS DURING 1983-84
ACCORDING TO RATE OF INTEREST AND PERIOD
OF LOANS (TASGAON TALUKA)

Sr. No.	Amount Borrowed	Period of Loans	Rate of Interest	Total No. of Borrowers
1.	3,125 (15.55)	3 months	10% every three months	2
2.	5,456 (27.15)	2 months	6% every two months	3
3.	8,750 (43.54)	1 month	2.5% P.M.	4
4.	2,764 (13.75)	1 month	2% P.M.	1
TOTAL:				
	20,095 (100.00)			10

Figures in parenthesis indicate percentage to total.

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IMPACT OF PRODUCTION CREDIT OR SHORT-TERM
(CO-OPERATIVE) CREDIT ON FERTILIZER CONSUMPTION
OF SAMPLE CULTIVATORS IN TASGAON TALUKA:

In order to ascertain impact of co-operative credit, various indicators have been made use of.

1. Per-hectare fertilizer Intake
2. Per-cultivator fertilizer Intake
3. Per-hectare utilization of Credit.
4. Per-cultivator utilization of Credit.

With given assured irrigation facilities and favourable weather conditions, the level of aforesaid factors can cause production to increase. These factors have been estimated in the case of cultivators receiving short-term credit from PACS and the cultivators receiving credit from moneylenders and relatives. Considering all categories of Sample Cultivators obtaining credit from PACS, it is observed from table 4.10 that Per-hectare fertilizer intake as well as per-hectare utilization of credit were largest in the case of small farmers as compared to medium and large farmers. In the case of small farmers, per-hectare intake and per-hectare utilization amounted to respectively Rs.1,594 and Rs.4,770; while in the case of medium farmers these amounted to respectively Rs.1,065 and Rs.1,851(Table 4.10). In the case of large farmers' group, per-hectare fertilizer intake and per-hectare utilization of credit were lowest at the level of respectively Rs.658 and Rs.1,419.

On the contrary, per-cultivator fertilizer and per-cultivator utilization credit were found to be largest in the case of large farmers' group as compared to small and medium farmers' groups.

Afore-mentioned four indicators behaved in a similar fashion in the case of all categories of sample cultivators receiving short-term credit from moneylenders and relatives in that per-hectare fertilizer intake and per-hectare utilisation of credit were largest in the case of small farmers; while per-cultivator fertilizer intake and per-cultivator utilization of credit were found to be largest in the case of large farmers.

It can be proved that co-operative credit increases consumption of fertilizer in following way:-

- 1) Per-hectare fertilizer intake of small farmers receiving short-term credit from PACS was 362% higher than that of small farmers obtaining short-term credit from money-lenders and relatives. Similarly, per-hectare fertilizer intake in the case of medium farmers borrowed from PACS was 369% larger than that of medium farmers borrowed from Moneylenders and relatives. Moreover, per-hectare fertilizer intake of large farmers getting short-term credit from PACS was 282% higher than that of large farmers getting credit from moneylenders

and relatives.

- 2) Per-cultivator fertilizer intake of small farmers receiving credit from PACS was also 354% larger than that of small farmers receiving credit from moneylenders and relatives. Per-cultivator fertilizer intake of medium farmers was 370% higher than that of medium farmers getting credit from moneylenders and relative. Likewise, in the case of large farmers obtaining credit from PACS, it was 283% higher than that of large farmers receiving credit from money-lenders.
- 3) Per-hectare utilization of credit of small farmers receiving credit from PACS was 695% higher than that of small farmers receiving credit from Money-lenders and relatives. In the case of medium farmers borrowing from PACS also., it was 301% higher than that of medium farmers borrowing from money-lenders and relatives. Similarly, per-hectare utilization of credit of large farmers receiving credit from PACS was 319% larger than that of large farmers obtaining credit from money-lenders and relatives.
- 4) Levels of per-cultivator utilization of credit in the case of small, medium and large farmers receiving credit from PACS were respectively 677%, 88%

301% and 320% larger than those of corresponding categories of farmers receiving credit from money-lenders and relatives.

Therefore, both per-hectare fertilizer intake as well as per-cultivator fertilizer intake of sample cultivators receiving credit from Primary Agricultural Credit Societies were larger than those in the case of sample cultivators borrowing from moneylenders and relatives owing to following reasons:-

- 1) 54 sample cultivators received short-term credit from PACS in two forms cash and kind. The proportion of kind component was perceptible which, in turn, enabled them to increase the use of fertilizers.

On the contrary, 10 sample cultivator received short-term credit from moneylenders and relatives fully in cash. Since it is observed that loans in cash are more sensitive to misutilization, These might have resulted in reducing the level of consumption of fertilizers in the case of sample cultivators receiving credit from Moneylenders and relatives.

- 2) Majority of sample cultivators received adequate short-term loans in amount in as much as 54% of small farmers (7 out of 13), 77% of medium farmers

(17 out of 22), 82% of large farmers (16 out of 19) were of the opinion that short-term loans advanced by PACS were adequate in amount.

Owing to adequate loans, therefore, sample cultivators were in a position to increase per-hectare fertilizer intake as well as per-hectare utilisation of credit.

On the contrary, owing to higher interest rate on loans, all sample cultivators (i.e.10) borrowed merely small amounts from Moneylenders and relatives. Therefore, inadequate short-term credit, naturally, reduced the levels of per-hectare fertilizers intake and per-hectare utilization of credit.

- 3) Fertilizers supplied by Primary Agricultural Credit Societies were of good quality (as 100% of sample ~~xxx~~ cultivators held this view) which, in turn, induced sample cultivators to make the full use of the former. Naturally this helped to increase per-hectare fertilizer intake.
- 4) All sample cultivators received short-term credit from PACS within 15 days from the date of application. Availability of credit in time also, to some extent, reduced misutilization. It may be concluded that co-operative credit exclusively

TABLE 4.10

LEVEL OF FERTILIZER INTAKE AND UTILIZATION OF LOANS PER-HECTARE AND PER-CULTIVATOR
 IN THE CASE OF A) CULTIVATORS RECEIVING CREDIT FROM PACS AND B) CULTIVATORS RECEIVING
 CREDIT FROM MONEYLENDERS AND RELATIVES DURING 1983-84:
 TASGAON TALUKA

Category of cultivators	Cultivators Receiving Short-term Credit from PACS*		Cultivators Receiving Short-term Credit from money-lenders and relatives		Per-hectare fertilizer Intake	Per-cultivator fertilizer Intake	Per-hectare fertilizer Intake	Per-cultivator fertilizer Intake	Per-hectare fertilizer Intake	Per-cultivator fertilizer Intake
	(Rs)	(Rs)	(Rs)	(Rs)						
1	2	3	4	5	6	7	8	9		
Small	1,594	2,384	4,770	7,088	345	525	600	912		
Medium	1,065	5,052	1,851	8,770	227	1,075	461	2,187		
Large	658	5,752	1,419	12,400	172	1,500	338	2,950		

* Primary Agricultural Credit Societies.

increases the level of consumption of fertilizer in that availability of adequate short-term co-operative credit with perceptible proportion kind component and good quality of fertilizers supplied by co-operatives induced sample cultivators to increase the levels of per-hectare fertilizer intake and per-hectare utilization of credit which, in turn, enhanced agricultural production under given conditions of assured irrigation facilities and favourable ~~mk~~ weather conditions. On the contrary, availability of inadequate short-term credit fully in cash without in ~~mk~~ kind with high interest rate from moneylenders and relatives did not increase the level of per-hectare fertilizer intake to any notable extent which, in turn, affected agricultural production adversely.

SAMPLE CULTIVATORS' OPINIONS ABOUT CROP LOAN

SYSTEM:

While attempting to elicit the opinions of the member cultivators, two factors have been taken into consideration. These are:-

- a) The level of the education of the cultivators;
and
- b) The caste structure of the sample borrowers.

TABLE 4.11

LEVEL OF EDUCATION OF THE SAMPLE BORROWERS
(1983-84) : TASGAON TALUKA

S.No.	Level of Education	No. of cultivators	% to Total
1	Illiterate	6	9.23
2	4th Standard	14	21.54
3	7th Standard	24	36.92
4	Matriculates	14	21.54
5	Graduates	7	10.77
TOTAL:-		65	100.00

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It is needless to say that the level of education plays important role in decision making in farm management. Moreover, it may have perceptible influence on level of per-hectare fertilizer intake and utilization of loans for productive and unproductive purposes.

9.23% of the sample borrowers are illiterate. Moreover, 21.54% had studied upto 4th standard and 36.92% upto 7th standard. Matriculates and graduates formed respectively 21.54% and 10.17% of the sample borrowers. Taking the account of the fact that majority of sample borrowers had education, an attempt was made to ascertain how many of them really understood the principles of co-operation which are Sine qua non for effective functioning, of co-operative banks. It was found that more than 80% of sample cultivators understood the principles of co-operation owing to following reasons:-

- 1) Tasgaon Taluka is one of the progressive talukas of Sangli District from the point of view of co-operative movement.
- 2) Many Primary Agricultural Credit Societies are oldest as they were set-up before 1940.
- 3) Seminars, discussions and conferences have been frequently arranged at taluka level by co-operative leaders mainly to provide knowledge about co-operation to cultivators.

TABLE 4.12

CASTE-WISE DISTRIBUTION OF SAMPLE
BORROWERS (1983-84) : TASGAON TALUKA

Sr.No.	Caste	No.of Cultivators	% to Total
1	Maratha	39	60.00
2	Mali	0	0.00
3	Jain	4	6.15
4.	Muslims	3	4.62
5.	Lingayats	9	13.85
6	Scheduled Castes	0	0.00
7	Brahmins	0	0.00
8	Others*	10	15.38
	TOTAL:	65	100.00

* Others include Teli, Gurav, Kumbhar
and Dhanagar.

The caste-structure of sample borrowers is presented in Table 4.11 which reveals that the major beneficiaries of crop loans as well as investment credit are the Maratha Cultivators. They formed about 60% of the Sample Cultivators. The Second important caste among the sample borrowers is the Lingayats which formed about 14% of cultivators. Jain and Muslims formed respectively about 6% and 5% of sample cultivators. Mali, Brahmins and Scheduled Castes are negligible. Others (which include Teli, Gurav, Kumbhar and Dhangar) formed about 15% of Sample borrowers.

* * *

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