

CHAPTER II

GROWTH PERFORMANCE OF PRIMARY AGRICUL-
RAL CREDIT SOCIETIES IN WALWA TAHSIL
AND SANGLI DISTRICT

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GROWTH PERFORMANCE OF PACCS IN WALWA
TAHSIL AND SANGLI DISTRICT

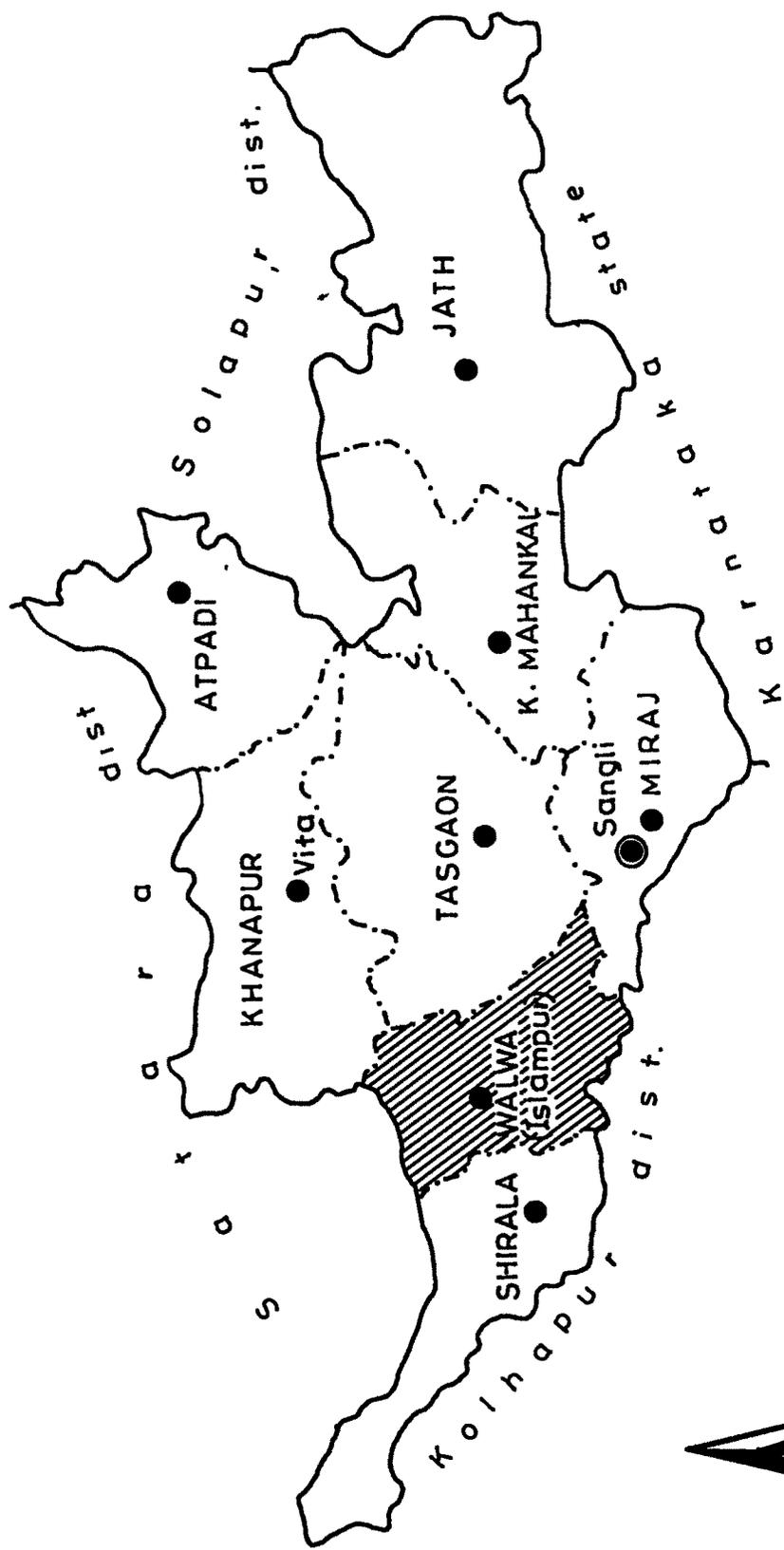
Walwa Tahsil of Sangli district has been selected for present study. The district of Sangli is one of the southern districts of Maharashtra lying between $16^{\circ}45'$ and $16^{\circ}4'$ north latitude and $73^{\circ}41'$ and $75^{\circ}41'$ east longitude. It possess an area of 8,591.3 ^{square} kilo-metres⁽²⁾ 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 Belgaum and Bijapur districts in the centre and west.

Walwa Tahsil is one of the 8 talukas of Sangli district. It is politically, socially and economically progressive taluka. It has an area of 778.0 sq.k.m. which lies between Warana and Krishna rivers. General features of Walwa tahsil are given below :

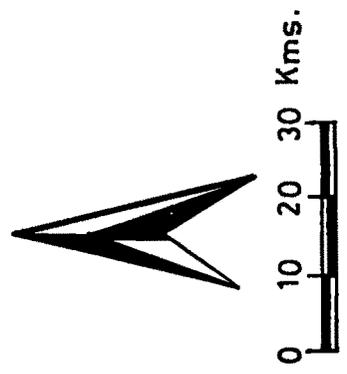
- 1) Total area of Walwa Tahsil amounts to 78,670 hectares accounting for 9.87% of the total area of Sangli district.
- 2) A large part of the total area is under cultivation in Walwa Tahsil in as much

- proportion of cultivable area to total area accounts for as much as 81.79%.
- 3) The proportion of irrigated area to total cultivable area is also perceptibly higher than that in Sangli district because of the fact that in the case of the former it accounts for 23.66% and in the case of the latter, it accounts for only 13.17%.
 - 4) In Walwa Tahsil, ^{the} average annual rainfall amounts to 538 millimetres.
 - 5) Owing to a large area of irrigated land in Walwa block, Sugarcane, Pulses, Oil Seeds and Vegetables have become main crops in addition to such traditional crops as millets, Paddy and Wheat.
 - 6) Owing to availability of adequate electricity in about 89 villages, a large proportion of irrigated land and variations in cropping pattern, total fertilizer requirement of Walwa Tahsil is estimated to be 8,000 tonnes.³ As a large proportion of total fertilizer is distributed through Primary Agricultural

SANGLI DISTRICT



- District Place (H.Q.)
- Taluk Place (H.Q.)
- District boundary
- - - - Taluka boundary
- ▨ STUDY REGION



Co-operative Credit Societies, it becomes pertinent to study working of these PACCS in Walwa Tahsil.

There are about 95 PACCS in Walwa Tahsil which form more than 18% of total number of PACCS in Sangli District.

The following Table No. 2.1 gives information about taluka-wise position of PACCS in Sangli District.

Table No. 2.1

Taluka-wise Position of PACCS in Sangli District at the End of 1982-83

Sr. No.	Name of the Taluka	No. of PACCS
1.	Jath	58
2.	Walwa	95
3.	Atapadi	36
4.	Miraj	56
5.	Tasgaon	87
6.	Kavathe Mahankal	38
7.	Khanapur	93
8.	Shirala	55
Total :		518

Source : Small Booklet on "Sangli District Co-operative Movement - 1982-83"
Published by Sangli District Co-operative Board Ltd., Sangli.

An attempt is made to compare growth performance of PACCS in Walwa Tahsil with growth performance of PACCS in Sangli district as a whole. In order to depict a comparative picture, ^{the} following selected indicators have been made use of :

- 1) Membership per society.
- 2) Share capital per society.
- 3) Reserve and other funds per society.
- 4) Working capital per society.
- 5) Average level of advances per society.
- 6) Loans outstanding per society.
- 7) Overdues per society.

Though Number of PACCS in Sangli district has slightly gone down from 519 to 518 during the period from 1970-71 to 1980-81, the number of PACCS in Walwa Tahsil has remained stagnant at 95 during the same period. The aforesaid selected indicators in both Walwa Tahsil as well as Sangli district exhibited aⁿ upward trend during the period of reference.

1) Membership per society :

Membership per society represents the extent to which coverage is attained. A large membership per society adds to its strength of activities. Because, larger the

number of members, larger will be the quantum of its owned funds to give more financial economic strength to function effectively by extending increased service.

PACCS in Walwa Tahsil as well as in Sangli district have made a remarkable progress in extending coverage (Table 2.2). Membership per society in the case of the former and the latter, by and large exhibited an upward trend in that it persistently increased except in the year 1976-77 in which it slightly declined in the case of former only. Membership per society in Walwa Tahsil and Sangli district continuously increased respectively from 297 to 384 and from 301 to 405 during the period under review (Table 2.2).

Table No. 2.2

Some Selected Indicators of the Growth of PACCS in Walwa Tahsil and Sangli District

Year	Tahsil or District	Membership per Society	Share Capital per society in Rs.	Share capital per member in Rs.	Reserve and other funds per society	Working Capital per Society in Rs.
1.	2.	3.	4.	5.	6.	7.
1971-72	Walwa	297	83,511	281	25,869	363287
	Sangli	301	55,871	186	14,082	246489

Table No. 2.2 (Contd...)

1.	2.	3.	4.	5.	6.	7.
1972-73	Walwa	300	81,799	272	27,219	363625
	Sangli	309	55,269	179	15,083	270483
1973-74	Walwa	307	87,135	283	29,291	362093
	Sangli	319	60,213	188	16,733	311342
1974-75	Walwa	321	95,947	298	33,305	483863
	Sangli	329	65,872	200	18,965	350689
1975-76	Walwa	347	98,610	284	36,494	369884
	Sangli	358	70,888	198	21,495	294181
1976-77	Walwa	340	98,652	290	37,726	392652
	Sangli	364	71,360	196	22,100	292347
1977-78	Walwa	369	101,482	275	42,463	410200
	Sangli	381	74,448	195	26,221	310790
1978-79	Walwa	374	104,810	280	44,831	407557
	Sangli	385	77,996	202	28,548	319932
1979-80	Walwa	382	106,776	279	46,776	438819
	Sangli	395	82,278	208	30,036	344895
1980-81	Walwa	384	119,210	310	51,010	558094
	Sangli	405	91,708	226	35,376	437994

Table No. 2.2 (Contd...)

Year	Tahsil or District	Average level of advances per society	Average Recovery per society	Average Outsta- nding per society	Average Level of Over- dues per society
1.	2.	3.	4.	5.	6.
1971-72	Walwa	337541	337385	249110	46801
	Sangli	206146	193841	177758	44892
1972-73	Walwa	257566	273088	241411	17859
	Sangli	198507	180484	193516	16427
1973-74	Walwa	241906	179739	303322	50718
	Sangli	180451	131829	242328	55046
1974-75	Walwa	292768	256778	342505	66568
	Sangli	193978	180005	256768	74707
1975-76	Walwa	146536	237210	251831	122452
	Sangli	114306	166304	204770	112535
1976-77	Walwa	198473	180378	248389	112010
	Sangli	126435	127539	203672	107912
1977-78	Walwa	187378	180295	255453	94779
	Sangli	135180	123617	214842	99165
1978-79	Walwa	181831	190105	352463	90747
	Sangli	141994	137667	219161	98875

Table No. 2.2 (Contd...)

1.	2.	3.	4.	5.	6.
1979-80	Walwa	207468	188628	268670	80064
	Sangli	167965	151394	237003	92166
1980-81	Walwa	319694	223368	362189	60021
	Sangli	269274	195849	309963	72081

Source : Socio-economic Review of District
Statistical Abstract of Sangli
District - Table-38.

PACCS in Sangli district as a whole showed a slightly better performance in regard to coverage as compared with PACCS in Walwa Tahsil, in as much as average membership per society rose at annual compound growth rate of 2.8% in the case of former, while in the case of latter, it increased at annual compound growth rate of 2.6% (Table 2.3).

Moreover, average membership per society in Sangli district exceeded the membership per society in Walwa Tahsil throughout the entire period (Table No. 2.2).

2) Share Capital per Society :

The share capital constitutes an important component of working capital. In so far as the share capital per society is concerned, there was consistently a upward trend in both Walwa Tahsil as well as Sangli district except in the year 1972-73 in which it slightly declined. Average share capital per society increased from Rs. 83,511 in 1971-72 to Rs. 119210 in 1980-81 at an annual compound growth rate of 3.6% in Walwa Tahsil, while in the case of Sangli district, it more steeply increased at an annual compound growth rate of 5.1% from Rs. 55,871 to Rs.91,708 during the same period (Table Nos. 2.2 and 2.3).

Though the level of share capital per society in the case of Sangli district persistently remained below that in Walwa Tahsil, throughout the entire period, its rate of growth per annum in the case of former was higher than that in the case of latter.

3) Reserves and Other Funds per Society :

The owned funds⁴ of the PACCS comprize reserves and share capital. Of these two, reserve funds form an important component of the owned funds because, reserve funds can not be claimed by members, share capital contributed by members can be withdrawn with prior intimation.

These reserve funds are generally deposited with District Central Co-operative Banks.

As reserve funds are derived from the profits of PACCS, the latter are indispensable to build-up the former. Moreover, a certain amount of profits is sine-qua-non to pay dividends to share holders.

Level of reserve and other funds per society showed a continuous upward trend in Walwa Tahsil and Sangli district in that it continuously went-up from Rs.25,869 to Rs. 51,010 at an annual compound growth rate of 7% in the case of the former and from Rs. 14,082 to Rs. 35,376 at an annual compound growth rate of 9.6% in the case of the latter (Table Nos. 2.2 and 2.3).

Though the level of reserve funds remained larger in Walwa Tahsil as compared to Sangli district throughout the period under review, the difference between the two levels (in terms of %) appeared to be slowly wiped out. The main reason for this was that the level of reserve funds grew rather slowly in Walwa Tahsil, while it rose steeply in Sangli district.

PACCS in both Walwa Tahsil and Sangli district, by and large, showed a better performance in building-up a sound financial base in the rural milieu.

4) Working Capital per Society :

Working capital of a society comprises share capital, reserves, deposits and borrowings. Working capital position of PACCS too has substantially improved during the period under review.

Table No. 2.3Annual Average Growth Rates of Selected Indicators During 1971-72 to 1980-81

Indicator	<u>Walwa Tahsil</u>		<u>Sangli District</u>	
	Annual Average Growth Rate	Annual Compound Growth Rate	Annual Average Growth Rate	Annual Compound Growth Rate
1) Membership per Society	+ 3.6	+ 2.6	+ 3.4	+ 2.8
2) Share Capital per Society	+ 4.3	+ 3.6	+ 6.4	+ 5.1
3) Reserve Funds per Society	+ 9.7	+ 7.0	+15.1	+ 9.6
4) Working Capital per Society	+ 5.36	+ 4.3	+ 7.7	+ 5.9
5) Level of Advances per Society	- 0.5	- 0.6	+ 3.0	+ 2.7
6) Average Recovery per Society	- 3.4	- 4.2	+ 0.1	+ 0.0
7) Average Level of Overdues per Society	+ 2.8	+ 2.5	+ 6.0	+ 4.8
8) Average Outstanding per Society	+ 4.5	+ 3.7	+ 7.4	+ 5.7

Working capital per society exhibited a [^]upward trend in Walwa Tahsil and Sangli district with the exception of year 1975-76. During the year 1975-76, tremendous increase in the level of overdues per society from Rs. 66,578 to Rs. 122452 in Walwa Tahsil might have resulted in reduction of borrowing capacity of PACCS which, in turn, would have produced adverse impact on working capital per society (Table 2.2).

Working capital per society substantially increased in Walwa Tahsil and Sangli district. Average working capital in Walwa rose from Rs. 3.6 lakhs in 1971-72 to Rs. 5.6 lakhs in 1980-81. While in Sangli district, it increased from Rs. 2.5 lakhs in 1971-72 to Rs. 4.4 lakhs in 1980-81 (Table No. 2.2).

Average working capital per society in Sangli district increased more rapidly than that in Walwa Tahsil in as much as it increased at an annual compound growth rates of 5.9% and 4.3% respectively in the case of former and latter (Table No. 2.3).

5) Average Level of Advances per Society :

The indicators such as level of advances per society, loans outstanding per society and level of overdues have been made use of to judge qualitative performance

of PACCS. The success of PACCS depends on the extent of availability of agricultural credit and its proper utilization. Utilization of credit is as important as its availability. Unproductive use of credit not only arrests the repaying capacity of farmers but also makes them grossly indebted ultimately resulting into discontinuance of flow of credit to them.

Table No. 2.4

Trends in Average Level of Advances and Level of Overdues per Society in Walwa Tahsil and Sangli district

Year	Walwa Tahsil		Sangli District	
	Percentage changes in Level of Advances per Society	Percentage Changes in Overdues per Society	Percentage Change in Level of Advances per Society	Percentage Changes in Overdues per Society
1972-73	(-) 23.7	(-) 61.8	(-) 3.7	(-) 63.4
1973-74	(-) 6.1	(+) 18.4	(-) 9.1	+ 23.5
1974-75	+ 21	+ 31.2	+ 7.5	+ 35.7
1975-76	(-) 49.9	+ 83.9	(-) 41.1	+ 50.6
1976-77	+ 35	(-) 8.5	+ 10.6	(-) 4.1
1977-78	(-) 5.6	(-) 15.4	+ 6.9	(-) 8.1
1978-79	(-) 3	(-) 4.2	+ 5	(-) 0.3
1979-80	+ 14.1	(-) 11.8	+ 18.3	(-) 6.8
1980-81	+ 54	(-) 25	+ 60	(-) 21.8

Thus timely repayment of loans is a ^esin-qua-none for achieving efficiency. This is mainly because of the fact that the PACCS preponderantly depend upon district Central Co-operative Bank (i.e. higher financing agency) for support in disbursing loans to their members when there is a gross failure of repayment on part of members, entire capital structure becomes functionless and recycling of finance is affected. This, in turn, hampers agriculture development. Therefore, levels of outstanding and overdues are of great significance in order to measure qualitative performance of PACCS.

Average level of advances per society in Walwa Tahsil exhibited neither a ⁿupward trend nor a downward trend. On the contrary, it showed wide fluctuations. Whereas, level of advances per society in Sangli district continuously went on increasing particularly since 1976-77. However, during the period from 1971-72 to 1975-76, it showed wide fluctuations (Table No. 2.4).

During the entire period of reference, level of advances per society in Walwa Tahsil slightly declined from Rs. 3.37 lakhs to Rs. 3.19 lakhs, while in the case of Sangli district, it increased from Rs. 2.06 lakhs to Rs. 2.69 lakhs. (Table 2.2). consequently, level of advances per society declined at ^{an}annual compound growth rate of



merely 0.6% in Walwa Tahsil and it increased at annual ^{an} compound growth rate of 2.7% in Sangli district (Table 2.3).

It appeared that steeply mounting overdues per society resulted in large reduction of borrowing capacity of PACCS which, in turn, produced adverse impact on lending capacity of PACCS. This was particularly true during the year 1975-76 in the case of Walwa Tahsil as well as Sangli district. During 1975-76, level of advances varied inversely with the level of overdues per society in both former and latter. While in Walwa Tahsil, owing to mounting overdues to the extent of 84% in 1975-76, level of advances per society steeply declined by 50%. In Sangli district, increase in overdues to the extent of 50.6% caused level of advance to decline by 41.1% during the same year.

Thus, performance of PACCS in regard to advances was far more better in Sangli district as a whole as compared to Walwa Tahsil during the period under review of following grounds :

First, while advances per society in Walwa Tahsil declined at ^{an} annual average rate 0.5% (i.e. growth rate was negative), advance per society in Sangli district rose at ^{an} average annual growth rate of 3% (i.e. growth rate was positive).

Second, average level of advances per society in Sangli district showed a fluctuating trend only during a short period from 1972-73 to 1975-76 (Table No. 2.4). However, since 1976-77 it exclusively exhibited a continuous upward trend. On the contrary, level of advances per society in Walwa Tahsil exhibited a fluctuating trend throughout the entire period under review (Table No.2.4).

Third, fluctuations in advances per society were comparatively larger in magnitude in some years in the case of Walwa Tahsil (Table No. 2.4).

Fourth, advances per society in Walwa Tahsil declined in 55% of total years and increased in only 45% of total years under review. Where as in Sangli district advances per society declined in only 33% of total years and increased in 66% of total years (Table No. 2.4). Therefore, frequency of advances per society to increase was higher in Sangli district and lower in Walwa Tahsil (Table No.2.4).

Fifth, in four years out of nine years, the level of advances varied directly with level of overdues in Walwa Tahsil. However, in remaining five years it varied inversely with level of overdues. Therefore, it implied that the level of overdues was not so dominant factor influencing ^{the} level of advances per society in Walwa Tahsil.

The level of advances is, defacto, determined by such factors as demand for advances, lending capacity of PACCS, lending policy, position of overdues etc.

Whereas in the case of Sangli district, level of advances continuously varied inversely with level of overdues except in the years 1972-73 and 1974-75 (Table 2.4). Therefore, level of overdues appeared to be a dominant factor determining the level of advances per society in sangli district.

6) Loans Outstanding per Society :

The entire amount left with borrower for realisation on a particular data is called as outstanding. Average level of loans outstanding in Walwa Tahsil and Sangli district exhibited substantial fluctuations during the period of reference. While in Walwa Tahsil, amount of loans outstanding per society rose from Rs. 2.49 lakhs in 1971-72 to Rs. 3.62 lakhs in 1980-81 at annual compound growth rate of 3.7%. In Sangli district it increased from Rs. 1.77 lakhs to Rs. 3.1 lakhs at annual compound growth rate of 5.7% during the same period (Table Nos. 2.2 and 2.3).

Amount of loans outstanding in both Walwa Tahsil and Sangli district escalated owing to poor performance of PACCS in regard to recovery. Average recovery per society

infact, declined in the former as annual average growth rate was negative amounting to 3.4% during period from 1971-72 to 1980-81. While in latter, average recovery per society remained more or less stagnant as its growth rate was around zero (Table No.2.3).

7) Overdues per Society :

Overdues position per society exhibited fluctuating trends in Walwa Tahsil and Sangli district. However, trends were quite similar in the former and the latter (Table No.2.4). Firstly, overdues per society steeply declined in 1972-73, then it showed an upward trend during the period from 1973-74 to 1975-76 and after that it persistently went on falling.

During the period of reference, level of overdues per society in Walwa Tahsil increased from Rs. 46,850 to Rs. 60,021 at annual compound growth rate of 2.5%. While, it shot-up at annual compound growth rate of 4.8% from Rs. 44,852 to Rs. 72,081 in Sangli district during the same period.

It is worth noting that during period from 1973-74 to 1975-76, level of overdues in both Walwa Tahsil and Sangli district, persistently escalated. Particularly in 1973-74, it increased by 184% and 235% respectively in

Walwa Tahsil and Sangli district. Consequently mounting overdues produced adverse impact on level of advances (Table No.2.4). Mounting overdues may be due to the misutilization of loans by borrowing members, defective lending policies pursued by PACCS, the apathy of management in taking quick action against recalcitrant members, absence of a favourable climate due to attitude of State Government resulting in wilful default on a large scale and bad monsoon and other natural calamities. It is hardly possible to ascertain dominant factor contributing to mounting overdues.

However, during the period since 1976-77, a continuous downward trend in level of overdues per society produced not only favourable impact on level of advances but also eliminated wide fluctuations in advances per society.

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- 2) Maharashtra State Gazetteers, Sangli District,
1969, p. 195.
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- 4) All India Rural Credit Review Committee Report,
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