

CHAPTER III

PRIMARY AGRICULTURAL CREDIT SOCIETIES  
IN BARSHI TALUKA

1. Agro-economic Profile of Barshi Taluka.
2. Past and Present of PACS in Barshi Taluka.
3. Some Operational Indicators of PACS.
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## CHAPTER III

PRIMARY AGRICULTURAL CREDIT SOCIETIES  
IN BARSHI TALUKA1. Agro-economic Profile of Barshi Taluka :

Barshi taluka has no significant cultivable land under irrigation. The entire taluka falls under rain-shadow zone and receives only 59 cm. of rainfall which is an average rainfall of Solapur district. The whole taluka has been declared as draught-prone area. "Bhogawati" is the principal river which provides lift-irrigation facilities to some villages. One hundred and thirty-four villages come under the jurisdiction of this taluka. The following statistical data throws light on the agro-economic status of Barshi taluka.

1) Families depending on agriculture ...	35,700
2) No. of small farmers (holding less than 2.5 hectares of dry-land or 1.5 hectore of irrigated land) ...	8,249
3) Landless labourers ...	7,336
4) Total cultivable land ...	1,36,702 Hectors
5) Land irrigated under wells ...	8,685 "
6) Land irrigated under canals ...	2,107 "
7) Land irrigated under tanks ...	219 "

There are a few percolation tanks and lift irrigation projects in the taluka. Besides, there are a few lift-irrigation schemes in the co-operative sector but still less than

one-tenth of the net sown area is under irrigation. The principal source of irrigation is wells. The important crops are Jowar, Bajra, Wheat, Gram, Tur, Sugarcane, Onions and grapes. But the yields of these crops are relatively poor. Processing on agricultural produce is done by some private organisations. There are three textile mills, five oil mills eleven dal-mills, and one cooperative sugar factory in Barshi taluka. Dal manufacturi-ng business of Barshi is leading and famous all over Maharashtra. But agricultural productivity of this taluka is entirely depending upon rainfall which is very irregular and uncertain. Except big farmers, majority of the farmers produce food crops particularly in rabbi season, which gives them low yield due to number of external and internal factors like, inadequate rainfall, traditional cropping pattern and lack of irrigation etc. Agricultural produce are marketed through private commission agents in the Agricultural Produce Market, therefore farmers are exploited in various ways by such agents. The agro-economic situation in Barshi taluka is not satisfactory.

## 2. Past and Present of PACS in Barshi Taluka.

Co-operative Credit movement in Barshi taluka is as old as co-operative movement in India. The contribution of "Barshi Central Urban Cooperative Bank" towards the disbursement of agricultural credit in the initial period (from 1906 to 1966) is very noteable. Before the establishment of

Solapur District Central Cooperative Bank PACS in Barshi taluka were affiliated to the Barshi Central Urban Cooperative Bank. Out of 848 PACS in eleven talukas of Solapur district 121 PACS are in Barshi taluka. Barshi taluka is leading in respect of the number of PACS in Solapur district but it is unfortunate that this taluka is lagging behind in respect of irrigation facilities because Solapur itself is a district with very few irrigated land and is always facing with draught and failure of crops. Ten percent of the Primary Agricultural Credit Societies (PACS) in Barshi taluka were registered in the period from 1904 to 1925, 45% are registered in the period from 1925 to 1950 and remaining 45 percent are registered in the period from 1951 to 1965. At present there are 121 PACS in Barshi taluka and all of them are 'multipurpose' besides giving agricultural credit they supply agricultural inputs, distribute essential consumer goods and provide warehousing facilities to the members in their jurisdiction, cover in 135 villages and 2.3 lakhs population large sized societies' external their jurisdiction to more than one village while the small sized societies essentially confine their operations to one village. All the PACS are affiliated to Solapur District Central Co-operative Bank.

### 3. Some Operational Indicators of PACS.

In order to know the trend of cooperative credit in Barshi taluka the researcher has taken the reference of last

five (from 1979-80 to 1983-84) years' operations of the PACS. Table No.3.1 indicates the number of cultivating households brought into the fold of the cooperative credit sector and their percentage to total households in taluka. Membership of the PACS increased from 26,801 in 1979-80 to 28,332 in 1983-84. Eighty percent of the cultivating households in taluka have been enrolled as members of the PACS. 19 societies have received Government contribution to their share capital in the year 1979-80 out of these societies two have redeemed the Govt. share capital upto 1983-84. Number of societies in profit increased from 65 in 1979-80 to 100 in 1983-84 and number of societies with excess of assets over liabilities, increased from 55 in 1979-80 to 74 in 1983-84. But all the PACS are suffering from the problem of loan recovery. Percentage of defaulters to borrowing members in 1979-80 was 89.5 though it is decreased upto 83 percent in 1982-84 it is attributed to the payment of overdues of Small and marginal farmers by the State Government in 1983-84 this percentage remained as high as 86.

Table 3.2 indicates the number of economically viable PACS. The number of increased from 10 in 1979-80 to 37 in 1983-84. The criteria for classifying the PACS as viable and non-viable are laid by the Assistant Registrar of this taluka. Such criteria are, (1) Continuity in earning profit, (2) Outstanding loans more than Rs.5 lakhs, (3) More than 2500 hectores

of land under cultivation in the jurisdiction of the society. Number of borrowing members every year from 1979-80 to 1983-84 shows downward trend. Medium and big cultivating members are showing unwillingness to borrow funds from the PACS. They prefer to borrow from commercial banks as such banks are also lending money against any crops. They are also advancing medium term loans to farmers for purchasing agricultural implements, pipe-lines for irrigation, and for purchasing bullocks buttalos and cows.

Table 3.3 reveals that 15 societies are having membership of less than 100 and 50 percent PACS are having membership ranging between 100 to 300 and membership strength of 38 percent PACS is more than 3000.

Table No.3.4 shows that 58 PACS are working with working capital less than Rs. 1 lakh, 47 PACS with Rs.1 to 3 lakhs 12 PACS with Rs.3 to 5 lakhs and only 4 PACS with working capital of Rs.5 to 7 lakhs.

Table No.3.5 gives the classification of the PACS according to disbursement of short term loans. It shows that 50 percent PACS (62) have advanced short-term loans ranging upto Rs.50,000 to their members.

#### 4. Financial Resources :

Finances of the credit cooperatives comprise internal resources, share capital, deposits, reserves and borrowings from DCC bank and the Government. The composition of financial resources, owned funds, and working capital of the PACS in Barshi taluka for the years from 1979-80 to 1983-84 are summed up in Table No.3.6. The major source of owned funds is the share capital, it accounts for more than 70 percent of the total. The State Government has contributed to the share capital of 17 PACS; it ranges from Rs.3,000 to 10,000. The State contribution is a insignificant portion of the share capital. State has contributed Rs.1,47,000 to the share capital of 17 PACS; it is about 2 percent of the total owned funds in the cooperative year 1983-84.

Reserve funds constitute about 28 percent of the owned funds in 1983-84 as against 17 percent in 1979-80. The statutory reserves alone account for more than 18 percent of the total owned funds in 1983-84 as against 16 percent in 1979-80. The contribution from the deposits of members to the owned funds is very significant, it is less than 1 per cent of total owned funds throughout the last five years.

The major source of working capital of all the PACS is borrowings from the SDCC Bank. The percentage of owned funds

to working capital ranges between 26.5 percent and 35.5 percent throughout the last five years. Owned funds and working capital per member and percentage of owned funds to working capital in the last five years is as under:

Year	Owned Funds per member Rs.	Working Capital Per Member Rs.	%age of owned funds to work- ing capital
1979-80	184.65	683.60	26.5
1980-81	201.28	624.80	32.2
1981-82	210.00	618.50	34.8
1982-83	228.25	633.60	36.0
1983-84	240.85	676.90	35.5

The working capital per member has declined from Rs.683.6 in 1980 to Rs.618.5 in 1981-82 and thereafter it goes up steadily upto Rs.676.9 in 1983-84. The reason for decline in the amount of working capital can be attributed to the continuous fall in the amount of borrowings from SDCC Banks throughout the last five years in which borrowings shows upward trend. (Table No. ).



##### 5. Composition of Membership:

PACS advances short and medium term loans to only cultivating household members. Though the village artisans and landless labourers are members of the PACS; they cannot get credit from the PACS because there are special agencies viz. Block level village Artisans' Credit Societies and Regional Rural Banks for such community. Table 3.7 gives the details of composition of membership of PACS. There seems slow growth in the total membership of the PACS because the membership has increased only by 1531 within a period of five years from 26801 in 1979-80 to 28332 in 1983-84. Small and marginal farmers, having less than 3 hectares of land holdings constitute an average 25 percent of the total cultivating household members throughout the last five years. Percentage of borrowing members in each of the last five years is very low; it ranges between 5 percent and 10 percent of the total membership in the last five years. Another matter which needs special consideration is the percentage of defaulters to total indebted members which shows upward trend from 84 percent in 1979-80 to 93 percent in 1981-82 and thereafter it comes down upto 67 percent in 1983-84. Such defaulting members affect the borrowing capacity of the PACS.

## 6. Disbursement of Loans:

PACS make available to agriculturists both short-term as well as medium term loans. Short-term loans to be repaid by the loanees in a period of 12 months is meant to help the cultivators to raise crops. Hence it is also called "Crop Loan". Medium term loans are to be repaid in a period of two to five years depending upon the purpose for which the loan is taken. Disbursement of such loans according to size of land holdings of members is shown in Table No.3.8.

Proportion of medium term loans as compared to short-term loans is very low throughout all the five years. In 1983-84 it is very negligible, i.e. Rs.73705 only advanced to only 6 members. Marginal farmers having land holding below one hecter, small farmers having land holding between 1 and 2 hectors; have also been financed by the PACS.

Table No.3.9 discloses the recovery and overdues position of PACS. Recovery performance shows improvement since 1979-80 because percentage of S.T. and M.T. loans overdues shows declining trend<sup>d</sup> from 81.8 in 1979-80 to 59 in 1982-83; in respect of S.T. loans and from 100 in 1979-80 to 83.7 in 1982-83 in respect of M.T. loans. But in 1983-84 this percentage again shows upward trend. Thus the PACS in Barshi taluka are struggling with the problem of overdues since 1979-80. Thus, this chapter gives us the necessary details of the PACS in Barshi Taluka and their operational details.

TABLE 3.1.  
VITAL STATISTICS OF PACS. IN BARSHI TALUKA

Sr. No.	Particulars	1979-80	1980-81	1981-82	1982-83	1983-84
1.	No. of cultivating households in taluka	34621	34621	34621	35280	35280
2.	No. of households enrolled as members of PACS.	26801	27239	28128	28227	28332
3.	Percentage of households enrolled as members of PACS.	77.50	78.50	81.30	80.00	80.30
4.	No. of PACS with Govt. contribution to Share Capital	19	18	19	19	17
5.	No. of PACS having its own office	26	26	26	26	26
6.	No. of PACS having defaulters	119	119	110	120	121
7.	No. of PACS IN Profit	65	77	93	71	100
8.	No. of PACS in Loss	54	42	25	46	21
9.	No. of PACS with no Profit no Loss	-	-	2	3	-
10.	No. of PACS with excess of assets over liabilities	55	49	77	67	74
11.	No. of PACS with excess of liabilities over assets	64	70	43	43	47

SOURCE:-Records of the Office of Assistant Registrar for Cooperatives, Barshi Taluka.

TABLE 3.2.

PARTICULARS OF PACS IN BARSHI TALUKA  
FOR THE LAST FIVE YEARS.

Year	No. of PACS	No. of viable PACS	No. of dormant PACS	PACS with Govt. Capital.	No. of Members	No. of Borrowers at the year end	No. of defaulters at the year end	Percentage of borrowers to total members.
1979-80	119	10	18	18	26801 (225)	12422 (104)	10469 (88)	46.34
1980-81	119	12	18	19	27239 (229)	10665 (90)	8449 (71)	39.15
1981-82	120	13	12	19	28128 (234)	8613 (72)	8023 (67)	30.62
1982-83	120	20	6	19	28227 (235)	8428 (70)	7041 (59)	29.85
1983-84	121	37	9	17	28332 (236)	8530 (71)	7511 (63)	30.10

## NOTE

FIGURES IN BRACKET INDICATE AVERAGE PER PACS.

## SOURCE

Records of the office of Assistant Registrar for Cooperatives Barshi Taluka.

TABLE 3.3.

CLASSIFICATION OF SOCIETIES ACCORDING TO STRENGTH  
OF MEMBERS AS ON 30TH JUNE, 1984

Sr. No.	Particulars of members' strength	No. of Societies	No. of Members
1.	Less than 100 .. ..	15	635
2.	101 to 150 .. ..	17	3,230
3.	151 to 200 .. ..	19	4,250
4.	201 to 300 .. ..	25	5,320
5.	301 to 400 .. ..	13	2,423
6.	401 to 500 .. ..	14	6,548
7.	More than 500 .. ..	18	5,926
	TOTAL .. ..	121	28,332

SOURCE:-RECORDS OF THE OFFICE OF ASSISTANT REGISTRAR FOR  
COOPERATIVES, BARSHI TALUKA.

TABLE 3.4.

CLASSIFICATION OF SOCIETIES ACCORDING TO WORKING  
CAPITAL

Working Capital	No. of Societies
Upto Rs. 1,00,000 .. ..	58
Rs. 1,00,000 to 3,00,000 .. ..	47
Rs. 3,00,000 to 5,00,000 .. ..	12
Rs. 5,00,000 to 7,00,000 .. ..	4
Rs. 7,00,000 and above .. ..	Nil.
Total .. ..	121

TABLE 3.5.

CLASSIFICATION OF SOCIETIES ACCORDING TO  
DISBURSEMENT OF SHORT-TERM LOANS

Disbursement of Loans	No. of Societies
Upto Rs. 50,000 .. ..	62
Rs. 50,000 to 1,00,000 .. ..	21
Rs. 1,00,000 to 2,00,000 .. ..	20
Rs. 2,00,000 to 3,00,000 .. ..	8
Rs. 3,00,000 to 4,00,000 .. ..	Nil.
Total .. ..	121

TABLE 3.6.

POSITION OF FINANCIAL RESOURCES OF PACS. IN BARSHI TALUKA.

YEAR	No. of PACS	OWNED FUNDS										DEPOSITS			BORROWINGS		WORKING CAPITAL	%age of O.F. to W.C.
		Paid up Share Capital		Reserve Funds.				Total owned Funds	Mem-ber's Depo-sits	Non-mem-ber's Depo-sits	Total Depo-sits	From DCC Bank	From Govt					
		Members' Capital	Govt. Capital	Statu-tory Reser-ves.	Other Reser-ves for Debts	Total Reser-ves.	Rs.							Rs.	Rs.	Rs.		
1979-80	119	3937739	147000	794016	41302	327850	863168	4800907	27601	4229	31830	13547412	3050	18322532	26.2			
1980-81	119	4112887	147000	825673	41302	356017	1222992	5335079	32073	6484	38557	11764576	2000	17081726	31.5			
1981-82	120	4342302	145500	936556	55448	429378	1421382	5763604	34432	20050	54482	10063159	1525	17399525	33.0			
1982-83	120	4629023	145500	1069124	56392	543046	1668562	6297585	33863	21252	55115	10768601	4025	17887145	35.0			
1983-84	121	4829779	136500	1180611	59508	617539	1857658	6687437	29341	17017	46358	10949876	3500	19180253	35.00			

SOURCE

RECORDS OF THE OFFICE OF ASSISTANT REGISTRAR FOR COOPERATIVES, BARSHI TALUKA.

TABLE 3.7.

COMPOSITION OF MEMBERSHIP OF PACS IN BARSHI TALUKA

Year	Non-Cultivating households			Cultivating households holding land								Backward Class members		Total-All types of members 5+12	Total borrowings in the year	Total indebted members	No. of defaulters	% of defaulters to indebted M.
	Landless Labourers	Village Artisans	Others	Total	Upto 1 Hec.	1 to 2 Hectors	2 to 3 Hectors	3 to 4 Hectors	4 to 8 Hectors	Above 8 Hectors	Total of (6 to 11)	S.C. Members	S.T. Members					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1979-80	3811	703	2951	7465	2984	4070	3530	4126	3373	1453	19336	1706	-	26801	1659	12422	10469	84
1980-81	3775	472	2789	5976	3205	3849	4130	4440	3126	1453	21263	3152	-	27239	2201	10653	8749	82
1981-82	3623	483	2283	6389	3534	4428	4686	4440	3126	1525	21739	3162	171	28128	2145	8613	8023	93
1982-83	3637	339	723	4699	2753	4984	2267	3113	4637	5774	23528	3162	171	28227	1991	8428	7041	84
1983-84	3920	220	831	6971	3137	5560	2870	2869	5280	3635	21361	1423	124	28332	2769	8530	5761	67

SOURCE

RECORDS OF THE OFFICE OF ASSISTANT REGISTRAR FOR COOPERATIVE SOCIETIES.



TABLE 3.8.

TOTAL ASSETS AND LIABILITIES  
OF PACS IN BARSHI TALUKA

*(Figures in Rs.)*

YEAR	No. of PACS.	Total Assets	Total Liabilities	DIFFERENCE	
				ASSETS	LIABILITIES
1979-80	119	18322532	19922865	-	1600333
1980-81	119	17081726	18315035	-	1233309
1981-82	120	17399525	17927330	-	527805
1982-83	120	17887145	18410614	-	5234469
1983-84	121	19180253	19126019	54234	-

## SOURCE

RECORDS OF THE OFFICE OF ASSISTANT REGISTRAR  
FOR COOPERATIVES, BARSHI TALUKA.

Year	RANGE OF FAN D HOLDING												Total Disbursement of S.T. Loans	
	Upto 1 Hector		1 to 2 Hectors		2 to 3 Hectors		3 to 4 Hectors		4 to 8 Hectors		Above 8 Hectors			
	Members	Amount Rs.	Members	Amount Rs.	Members	Amount Rs.	Members	Amount Rs.	Members	Amount Rs.	Members	Amount Rs.		
1979-80	501 (30.38)	114625 (3.54)	460 (27.89)	198500 (6.13)	118 (7.15)	108100 (3.34)	355 (21.52)	324300 (10.02)	115 (6.97)	1440570 (44.51)	100 (6.06)	1446772 (44.70)	1649	32328
1980-81	543 (28.71)	23494 (0.61)	448 (23.69)	225000 (5.85)	264 (13.96)	202100 (5.25)	566 (29.93)	2730000 (70.98)	70 (3.70)	346020 (8.99)	-	-	1891	38370
1981-82	126 (5.87)	27414 (0.56)	402 (18.74)	197248 (4.08)	395 (18.41)	426225 (8.82)	462 (21.53)	987560 (20.44)	396 (18.46)	1420791 (29.43)	364 (16.96)	1763344 (36.50)	2145	48225
1982-83	139 (6.98)	43903 (0.71)	138 (6.93)	219642 (3.58)	375 (18.83)	457843 (7.46)	285 (14.31)	915589 (14.92)	606 (30.43)	2532618 (41.28)	448 (22.50)	1929905 (31.45)	1991	60995
1983-84	723 (26.11)	283325 (4.27)	662 (23.90)	637406 (9.62)	331 (11.95)	865230 (13.06)	403 (14.55)	1020405 (15.40)	331 (11.95)	1462175 (22.07)	319 (11.52)	2349355 (35.47)	2769	66178

MEDIUM TERM LOANS

1979-80	-	-	-	-	-	12 (50.00)	12500 (29.16)	9 (37.49)	18600 (43.39)	3 (12.49)	11765 (27.44)	24	428
1980-81	15 (12.00)	2947 (1.74)	16 (12.80)	6345 (3.75)	43 (34.40)	30303 (17.92)	45 (36.00)	92928 (54.96)	6 (4.80)	36527 (21.60)	-	125	1690
1981-82	23 (7.03)	6919 (2.07)	99 (30.27)	40425 (12.13)	79 (24.15)	53915 (16.19)	47 (14.37)	55304 (16.60)	75 (22.93)	141417 (42.46)	4 (1.22)	327	3329
1982-83	6 (2.40)	1160 (0.54)	53 (21.20)	18601 (8.77)	59 (23.60)	39464 (18.62)	20 (8.00)	26230 (12.38)	38 (15.20)	55263 (26.08)	74 (29.60)	250	2118
1983-84	-	-	-	-	-	-	-	-	5 (83.33)	53560 (73.06)	1 (16.77)	6	733

NOTE : FIGURES IN BRACKET INDICATE PERCENTAGE TO RESPECTIVE TOTAL

SOURCE

RECORDS OF THE OFFICE OF ASSISTANT REGISTRAR FOR COOPERATIVES, BARSHI TALUKA.

Years	S H O R T T E R M L O A N S			M E D I U M T E R M L O A N S			L O A N S			Total % ag ST & MT Loans Advan- ced. Rs.	% ag of M Loan to Tota Loa		
	No. of Borrow- ing Members	Loans Advan- ced Rs.	Loans Recover- ed Rs.	Loans Out- stand- ing Rs.	Loans Over- due Rs.	% of Over- due to out- stand- ing	No. of Borrow- ing Members	Loans Advan- ced Rs.	Loans Recover- ed. Rs.			Loans Out- stand- ing Rs.	% of Over- due to out- stand- ing.
1979-80	1659	3232867	2342059	10014444	8223044	81.80	24	42865	545457	4597478	100.00	3275732	1.4
1980-81	2201	3837014	4099110	9752348	6717303	69.00	125	169050	1305055	3461473	90.50	4006064	4.2
1981-82	2145	4822582	4367028	10207904	6376141	62.00	327	332990	753052	3041411	85.50	5155572	6.5
1982-83	1991	6099500	5552323	10055075	5967069	59.00	250	211838	439704	2813545	83.07	6311338	3.4
1983-84	2769	6617896	5575341	11797634	6373043	63.00	6	73305	493014	2393836	85.00	6691201	1.10

SOURCE

OFFICIAL RECORDS OF ASSISTANT REGISTRAR FOR COOPERATIVES  
BARSHI TALUKA.