

## CHAPTER - IV

### ANALYSIS AND INTERPRETATION OF DATA

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**:: CHAPTER - IV ::**

**4.1 ANALYSIS AND INTERPRETATION OF DATA :**

**INTRODUCTION :**

**NATURE OF THE PROBLEM :**

**From the discussions of the previous chapters it**

follows that the co-operative banks and the Land Mortgage banks are the only agencies appropriate for financing - agriculture. Firstly because, all other sources of finance for agriculture have no adequate administrative machinery for providing agricultural finance. Secondly, commercial banks whether private or public are still dealing only in self liquidating papers on a large scale. It means that their main emphasis is on short term and medium term credit to industry, commerce and trade. Thirdly, all other sources, including Government agencies, Commercial banks etc. have no direct links with village co-operatives. As such the - co-operative banks with three tier structure are only appropriate for strengthening the agricultural finance. These banks have direct link with the primary co-operative societies at village level which can disburse agricultural loans to farmers on a large scale.<sup>1</sup>

Once the importance of co-operative banks in - agricultural finance has been explained, the next question arises, whether these banks are playing their appropriate role as a major financing agency for agriculture. ~~HERE~~ Here, the attempt has been made to analyse the agricultural loans and advances of the Ratnagiri District Central Co-operative Bank Ltd., Ratnagiri from the year 1981 to 1985. The analysis is based on the study of five selected branches of the bank and five selected primary agricultural societies

of the bank. The base for study is the total sanctioned limits and disbursed amounts in respect of agricultural advances of the bank. The above data for the head office, five selected branches of the bank and five selected primary agricultural societies has been analysed seperately.

Before embarking on the actual analysis and interpretation of the data, it is worthwhile to discuss in detail the general economic conditions in the region. These have been discussed below -

(1) The main crop in the region is that of the paddy and Nagli. These are not the cash-crops at all. NO marketable surplus is left with the agriculturists due to small - landholdings and low <sup>u</sup>production. Even if some marketable surplus is left, the market is limited one and it is always difficult to get remunerative prices for such type of agricultural produce.

(2) The second main crop of the region is horticultural products such as mango, cocounts, cashew - nuts etc. These are in fact cash crops if the production is large enough to cover fixed expenses. An average agriculturst in this region owns at least 5 to 10 trees of mango and coconut. These are the subsidiary income sources for small agriculturists and main income sources for big agriculturists.<sup>2</sup>

(3) Sale of milk is the third main income source of agriculturists in this region. However, this business is only complementary in nature to other activities of the agriculturists.

(4) Attempts were made by the bank and the agriculturists to increase the production of sugarcane and ground-nuts. But these crops failed in this region due to so many reasons. This could not therefore, become the major source of income for agriculturists in general<sup>3</sup>.

(5) In the last few years, the uncertain climatic conditions has become a regular feature affecting the agricultural production to a very great extent.

(6) Absence of adequate transport and communication services has made it difficult to widen the markets for agricultural products of this region.

(7) Agricultural marketing societies are on a small scale. Neglect of marketing of agricultural produce has reduced the earning capacity of the agriculturists<sup>4</sup>.

(8) Lack of proper leadership in co-operation is one more drawback of this region leading to underdevelopment of agriculture.

(9) Industrial development of the region is at a very low level. Turfery activities such as schools, hospitals, provision stores, carpentry, tailors, black-smiths, gold-

-smiths, shoe-maker etc. are also at a very low level in villages which in effect reduces the local demand for agricultural produce.

Our main hypothesis is that the co-operative banks have to play an important role in financing of agriculture due to their peculiar organizational structure and adequate administrative machinery at its disposal. On this background, it is interesting to note that the agricultural loans and advances of the R.D.C.C. Bank Ltd., Ratnagiri are very low as compared with its total resources. This can be proved from the following data available.<sup>5</sup> (Table No. 4.1 and 4.2 on page No. 94 and 95) If the total resources of the bank and their employment in abovementioned five years is compared, it becomes clear that nearly 60% of the bank funds have been invested in the form of deposit with the MSC Bank. 20% of the total funds have been used to grant - personal loans against gold, silver, fixed deposits of the bank and other personal securities. In the remaining 20% funds 10% have been used to finance non-agricultural - activities. It, therefore, means that only 10% of the total resources of the bank are used to finance agricultural activities. It clearly proves the fact that the agricultural loans and advances of the bank are very low as compared to its total financing power.

The real implication of the above analysis is that the bank is working mainly as the centre of collection of

TABLE NO. 4.1

Total paid-up Capital, Reserve Fund and Deposits of the BankFrom the year 1980-81 to 1984-85

| Years   | Paid-up Capital<br>Rs. | Reserve Fund<br>Rs. | Deposits<br>Rs. | Total Resources<br>Rs. |
|---------|------------------------|---------------------|-----------------|------------------------|
| 1980-81 | 81.75                  | 122.98              | 1,547.32        | 1,752.05               |
| 1981-82 | 86.52                  | 125.67              | 1,852.87        | 2,065.06               |
| 1982-83 | 55.20                  | 127.16              | 1,387.65        | 1,570.01               |
| 1983-84 | 58.76                  | 140.61              | 1,661.65        | 1,861.02               |
| 1984-85 | 63.25                  | 171.15              | 2,009.39        | 2,243.79               |

Source - Compiled from bank records

Rs. in Lakhs.

TABLE NO. 4.2.

Employment of funds by the bank from the year 1980-81 to 1984-85.

| Years   | Deposits with<br>MSC Bank.<br>Rs. | Gold Loans<br>Rs. | Agricultural<br>Loan - Rs. | Non-agricultural<br>Loan - Rs. | Deposits with<br>other Banks<br>Rs. |
|---------|-----------------------------------|-------------------|----------------------------|--------------------------------|-------------------------------------|
| 1980-81 | 373                               | 285               | 180                        | 152                            | 10                                  |
| 1981-82 | 535                               | 310               | 167                        | 157                            | 10                                  |
| 1982-83 | 353                               | 360               | 136                        | 634                            | 16                                  |
| 1983-84 | 1073                              | 353               | 154                        | 143                            | 26                                  |
| 1984-85 | 1328                              | 422               | 160                        | 162                            | 16                                  |

Source - Compiled from bank records

Rs. in Lakhs.



funds for the apex bank. Major portion of the collected funds - ( i.e. nearly 60% ) in the form of deposits etc. are transferred to the state co-operative bank. It means that funds collected from the people of this region are not used for the development of this region. At the same time, it is interesting to note that the bank is anxious for the last so many years about the low quantum of the agricultural advances of the bank. It means that the bank is desirous of increasing this quantum of agricultural advances.

From the discussions with the office bearess of the bank, it has become clear that the scope for increasing non-agricultural finance is limited in this district. This is due to the inadequate infrastructural facilities in the region. In the bank's opinion, agricultural finance in the region can be increased if some production and marketing problems as regards the agriculture are solved. Only the agricultural development of the region is the solution for economic development of this region. Agricultural finance for agricultural development has a two fold objectives -

- (1) The resources raised in this region can be used for the development of the region itself. Agricultural development will raise the incomes of the masses of this region and the increased incomes will boost up the resources of the bank also. Therefore, development of agriculture will imply development of both, the bank and the region.

(ii) Increament in the agricultural finance of the bank will certainly improve it's earning capacity. At present, the bank keeps deposits with the MSC Bank at 11% rate of interest. If these funds are diverted towards horticultural crop loans etc. bank can earn 14% rate of interest. Therefore, this is certainly beneficial for the bank. Therefore, the second objective of increasing the agricultural advances is to augment the earning capacity of the bank and thereby to achieve it's development.

Above discussion establishes the following facts -

(i) The bank has idle funds on a large scale which are kept deposited with MSC Bank.

(ii) Bank desires to divert these funds towards the development of agriculture in the region.

(iii) According to the opinion of the bank, the primary agricultural societies and the agriculturists there is a wide scope for increasing the finance to the horticulture. But still these finances are not increasing at a desired level.

This problem of increasing the agricultural finances has two dimensions.

(i) There are some production and marketing problems in respect of agricultural development of this region. These

are responsible for the low level of agricultural advances of this region. These problems have been analysed in the second part of this chapter. (

ii) There are some organizational and procedural deficiencies of the co-operative structure which are responsible for underutilization of sanctioned limits. These have been analysed in the third, fourth and fifth part of this chapter. (

The financial resources at the disposal of the bank are very large. There is a wide scope for increasing the agricultural advances of the bank for the development of this region. In spite of this these advances have remained at a very low level. Not only this but the - utilization of these low advances has also remained at a low level for long number of years. This is the nature of the problem. Analysis on the above lines will help in finding out the factors which are responsible for such low - agricultural advances and their underutilization. These factors have been analysed in the following parts of this chapter.

4.2 PRODUCTION AND MARKETING PROBLEMS IN RESPECT OF SHORT  
OF  
TERM AGRICULTURAL ADVANCES/THE BANK :

(I) CLASSIFICATION OF ADVANCES :

Following is the break-up of advances for each period and for each year in terms of percentages.<sup>6</sup>

| Sr. No.       | Item-wise break-up          | 1980-81           |                     | 1981-82          |                     | 1982-83          |                     | 1983-84          |                     | 1984-85          |                      |
|---------------|-----------------------------|-------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|----------------------|
|               |                             | Sanctioned Limits | % in Total Advances | Sanctioned Limit | % in total Advances | Sanctioned Limit | % in total Advances | Sanctioned Limit | % in total Advances | Sanctioned Limit | % in total Advances. |
| 1)            | Paddy                       | 142               | 70%                 | 147              | 66%                 | 160              | 65%                 | 105              | 65%                 | 120              | 65%                  |
| 2)            | Horticultural Crop Loans    | 12                | 6%                  | 14               | 6%                  | 25               | 10%                 | 15               | 9%                  | 10               | 5%                   |
| 3)            | Sugar Cane                  | 3                 | 1%                  | 5                | 3%                  | 5                | 2%                  | 5                | 3%                  | 3                | 2%                   |
| 4)            | Gobar-Gas                   | 3                 | 1%                  | 3                | 1%                  | 3                | 1%                  | 4                | 3%                  | 6                | 3%                   |
| 5)            | Milch-Cattle                | 25                | 11%                 | 26               | 11%                 | 14               | 6%                  | 18               | 11%                 | 22               | 11%                  |
| 6)            | Other Agricultural Advances | 27                | 11%                 | 28               | 13%                 | 40               | 16%                 | 15               | 9%                  | 25               | 14%                  |
| Total . . . . |                             | 212               | 100%                | 223              | 100%                | 247              | 100%                | 162              | 100%                | 186              | 100%                 |

On an average, product-wise distribution of advances for agricultural purposes in the five years has remained more or less as follows - (in percentage terms )

Table No.4.4 : AVERAGE AMOUNT OF LOANS GRANTED FOR EACH PURPOSE ( IN TERMS OF PERCENTAGES )

|     |                              |       |
|-----|------------------------------|-------|
| (1) | Paddy crop.                  | - 65% |
| (2) | Other Agricultural Advances. | - 15% |
| (3) | Milch Cattle Advances.       | - 10% |
| (4) | Horticultural crop Loans.    | - 5%  |
| (5) | Gobar-Gas plants.            | - 3%  |
| (6) | Sugarcane Advances.          | - 2%  |
|     |                              | ----- |
|     |                              | 100%  |
|     |                              | ===== |

Source - Calculated and compiled from bank records.

Above break-up clearly shows that the main emphasis of the bank is on the paddy crop. But this crop is not the cash-crop in this region as the agriculturist doesn't get a sufficient marketable surplus from this crop due to so many limiting factors which are discussed hereinafter. Secondly, even if some agriculturists get a marketable surplus, they can't get best prices for their produce due

SAR. BALASAR KHARDEKAR LIBRARY  
SHIVAJI UNIVERSITY, KOLHAPUR



to lack of organized marketing. Therefore, these loans can't increase the incomes of the farmers and the deposits of the bank to the desired level. This has a very little potentiality to absorb the resources of the bank for - productive purpose.

Other agricultural advances are only indirectly productive as these are mainly for land reclamation, bunding, levelling, purchase of pump sets, oil engines, bullocks, bullock-carts etc. Unless the advances for some cash-crops are made, there is no scope for increasing the advances of above type.

Milch cattle advances are 10% of the total advances. But these advances are not also remunerative from the point of view of the farmers as the prices received for milk are not sufficient to cover the increasing expenditure on milch cattle. Secondly these advances are not also remunerative from the point of view of the bank as these are provided at concessional rate of interest according to the - Government scheme. Considering all these factors, scope for increasing these loans is also limited.

Sugar-cane advances are only 2% of the total advances. This is in fact a cash-crop. But unless the processing industries for sugarcane are developed in this area, these advances can't be increased beyond a certain limit.

Bio-gas plant advances of this bank are increasing for last two three years. These advances are 3% of the total advances of the bank. But these are again indirectly productive and, therefore, can't be increased beyond a certain limit unless the incomes of the farmers are increased through some cash-crops.

Horticultural crop loans are only 5% of the total advances of the bank. These crops include mango, coconut, cashewnuts etc. All these are cash-crops. Bank has a very wide scope for increasing this finance as these crops provide high amount of marketable surplus together with remunerative prices in the local as well as Bombay market. Bank can also get good return on this investment as the rate of interest on such loans is 14%.

If we analyse the advances on the basis of short-term and medium term advances, it becomes clear that the short term advances are around 72% of the total agricultural advances of the bank whereas medium term advances are 28% of the total agricultural advances. These percentages have remained more or less the same for all the five years.

If we analyse the advances on the basis of productivity, we come across one important fact that all short term advances and advances for the purchase of milch cattle are directly productive whereas bio-gas and other



agricultural advances are only indirectly productive. In fact milch cattle, bio-gas and other agricultural advances supplement the main productive activities of the - agriculturists and only the short term advances, which are connected with the direct production of consumption goods are related to the main income sources of the agriculturists.

Naturally the production and marketing problems are related to the main productive advances of the bank - i.e. paddy, horticultural and sugar-cane advances. All these are short term advances. If we add to this the advances for purchase of milch cattle, it will become the fourth category of productive advances. It is in respect of these advances, that we are going to discuss the production and marketing problems. These problems have the bearing on the issue of low agricultural advances of the bank and underutilization of the sanctioned limits.

(II) GENERAL AND SPECIFIC PRODUCTION AND MARKETING PROBLEMS IN RESPECT OF SHORT TERM AGRICULTURAL ADVANCES OF THE BANK :

These can be divided in two categories -

- i) General production and marketing problems and
- ii) Specific production and marketing problems in respect of each product. These have been dealt with -

seperately in following two sections -

(A) GENERAL PRODUCTION AND MARKETING PROBLEMS :

Totally 100 agriculturists from 5 villages were interviewed during the survey. The respective five villages are working under the five primary agricultural credit societies selected for study. Data collected during the survey is presented as follows -

Table No.4.5 : DISTRIBUTION OF AGRICULTURISTS ACCORDING TO SCALE OF OPERATIONS.

| Sr.No. | Total Area           | No.of<br>Agriculturists. | Percentage to<br>total number of<br>agriculturists. |
|--------|----------------------|--------------------------|---|
| (1)    | Upto 1 Hector.       | 55                       | 55%   |
| (2)    | 1 Hector to 2 Hector | 32                       | 32%   |
| (3)    | 3 Hector to 5 Hector | 09                       | 9%  |
| (4)    | 5 Hector and above.  | 04                       | 4%  |
|        |                      | 100                      | 100%  |

Source - Compiled from interview schedules.

The above data indicates and confirms the fact that nearly 96% of the agriculturists in this region are low landholders - i.e. holding land upto 5 hectors only. This limits their production capacities. This in turn limits the earning capacity of the farmers. This gets reflected from the following data -

Table No.4.6 : DISTRIBUTION OF AGRICULTURISTS ACCORDING TO  
INCOME GROUPS :

| Sr.No. | Total Income      | No.of<br>agriculturists. | Percentage to<br>total number<br>of<br>Agriculturists. |
|--------|-------------------|--------------------------|--|
| (1)    | Upto Rs.12000     | 61                       | 61%  |
| (2)    | Rs.12000 to 24000 | 27                       | 27%  |
| (3)    | Rs.24000 to 60000 | 11                       | 11%  |
| (4)    | Above Rs.60000    | 1                        | 1%   |
|        |                   | 100                      | 100%   |

Source - compiled from interview schedules.

The above table clearly shows that nearly 90% of the agricultural population in this region falls within the low and middle income brackets. Therefore, these people can't save more out of their incomes. They can't increase and develop their assets. As such their low earnings put limit on their capacity to take credit from the banks.

Table No.47 : SOURCES OF INCEOMES OF AGRICULTURISTS :

| Sr.No. | Sources of Income                              | Amount of Income<br>Rs. |
|--------|--|-------------------------|
| (1)    | Paddy crop                                     | 2,000                   |
| (2)    | Sale of mangoes                                | 6,000                   |
| (3)    | Sale of milk                                   | 1,000                   |
| (4)    | Sale of coconuts and other<br>allied products. | 3,000                   |
| (5)    | Money-orders from Bombay<br>by relatives.      | 3,000                   |
|        |  | 15,000                  |

Source - Compiled from interview schedule.

100-  
22-  
-3

Break-up of income sources of farmers :  
the lower and middle income group farmers get a  
portion of income from sale of mangoes.

(B) THE SPECIFIC PRODUCTION AND MARKETING PROBLEMS  
IN RESPECT OF EACH TYPE OF PRODUCT AREAS FOLLOWS :

(1) PADDY CROP :

Due to the low landholdings of the farmers,  
production of paddy is limited. Increasing cost of  
fertilizers, increasing payments to labour and uncertain  
climatic conditions are the other causes for low level  
of production of paddy. The average income of farmers from  
the paddy crop is Rs.2000. It means that on an average two  
to three quintals of paddy is produced by the average farmer.  
He , thus doesn't get any marketable surplus from the -  
product. The whole of the produce, he needs for his own  
consumption. Therefore, the income of Rs.2000 shown against  
the paddy crop is in fact in kind and not in cash which is  
fully consumed by the farmer.

Due to the absence of marketable surplus from this  
crop the agriculturist has to repay the loan taken from  
DCC Bank for this purpose from his other income sources.  
As such he withdraws only the kind portion of advance from  
the DCC Bank. This is clear from the following table.

Table No.4.8 : NATURE OF PADDY CROP LOAN WITHDRAWAL FROM BANK:

| Sr.No. | Nature of withdrawals.                   | No. of Agriculturists |
|--------|--|-----------------------|
| (1)    | Withdrawals in kind                      | 80                    |
| (2)    | Withdrawals both in cash<br>and in kind. | 20                    |
|        |  | ---<br>100<br>==      |

Source - Compiled from interview schedules.

Primary societies demand both cash and kind portions of advances for all the farmers in case of paddy crop advances. But in actual practice 80% of the farmers don't withdraw the cash portion of advance due to the absence of marketable surplus from this crop. Therefore, the disbursements for this purpose have always remained low as compared to the sanctioned limits of loans. Borrowers withdraw only the kind portion - i.e. fertilizers. This portion is also withdrawn with a sole cause that the fertilizers are purchased by credit societies from co-operative marketing societies and as such the farmers get the fertilizers at a concessional rate.

Above discussion clarifies one important point that there is no scope for increasing the advances for the paddy crop due to -

- 1) Limited production and
- ii) Absence of marketable surplus.

Second important point clarified by the above discussion is that the disbursements for paddy crop will always remain at a low level as the borrower will withdraw only the kind portion of advance due to low production, absence of marketable surplus and low repaying capacity. Bank gives Rs.1750 per hector for paddy crop in which - Rs.850 are for fertilizers, Rs.100 for seeds and Rs.800 dash. Farmers in general withdraw only Rs.950 - i.e. fertilizers and seeds portion of advance and, therefore, the - disbursements are low as compared to sanctioned limits. (

(2) SUGARCANE :

The production of sugarcane doesn't become - economical from the point of view of the farmers with small landholdings. The land and the climatic conditions in the region are fully favourable for the crop. But two main problems which are restricting the production of this commodity in this region are -

- 1) Absence of irrigation and
- ii) Absence of processing industries.

Uncertain rainfall in the region and absence of irrigation projects has made the regular supply of water to this crop difficult one. Secondly parshuram Sahakari Sakhar Karkhana was the only processing industry available for this product in the region. But due to small - landholdings of the average farmer and uncertainty of water supply, the cost of production for this product has always remained very high and at the same time the Karkhana can't pay anything more to the farmers than the prevailing market rates. As such this production has proved to be non-remunerative in this district. Closure of the processing activity of the Karkhana has led to the stoppage of production of sugarcane and this stoppage of production has in turn affected the processing activity of the Karkhana.

The average landholdings of the farmers are very small. Their incomes are also very low. They can't afford to invest their own funds in this production. Rs.50 per ton is the scale of finance of this bank which is very low as compared to the increasing cost of fertilizers, labour and other amenities required for this production. In such a situation, the production of the average farmer



can't even reach the breakeven point due to the high burden of fixed costs. Due to the low scale of finance of the bank, the inputs are always far less than the expected outputs. In addition to this, the count of the production in this region always lags behind of the count of production in west Maharashtra.

The above discussion shows that the production of this product is costly in this region. Production is uneconomical as compared to the non-remunerative market prices of the product. Processing factories in West Maharashtra always give preference to their local members. As such the farmers in this region can't sell their production profitably to the factories in West Maharashtra also. All these ~~adverse~~ adverse conditions are perfectly reflected in the low sugarcane advances of the bank which have remained around 2 to 3% of the total advances of the bank for all the five years under study.

(3) MILCH CATTLE :

Except the year 1982-83 milch cattle advances have remained around 11% of the total agricultural advances of the bank. These are among the major advances of the bank. However, there are some production and marketing problems in respect of these advances also. These problems are keeping the finance for this purpose stagnant at a particular level.

The main production problems connected with this product are the feeding, water supplies, and weather - problems. In this region, weather is hot. In such climatic conditions, milch cattles can't give more milk, cattles giving milk upto 10 litres in good climatic conditions come down to 2 litres in the hot weather of this district. In hot season, the small rivers in villages become dry and problem of water for milch cattles become more severe. Due to the low incomes of the farmers, they can't afford to spend more on the feeding of these milch cattles. In most of the villages, services of veterenary doctors are not also available. Therefore, mortality rate in case of milch cattles is also very high.

However, the most important problem connected with this product is that of marketing of the product. According to the bank's rule farmers' have to sell their milk - through co-operative milk societies. These milk collecting societies can't pay more than Rs.5/- per litre to the farmers. To make linking recovery, it has been made - obligatory by the bank to sell milk through the societies only. Farmers can't sell their milk privately eventhough they can get better rates privately. The rate given by milk societies is so low that it can't cover the cost of production of the farmers. Due to the increasing prices of the feed, increasing expenditure of veterenary services

and increasing maintenance expenditure, the cost of production of milk has gone up. In addition to this, farmers have to suffer heavy losses due to sudden deaths of milch cattles.

Compared to high cost of production and natural calamities as mentioned above, the production per milch cattle is very low and the rate obtained is also so low that it can't cover the high cost of production and -  
 probable heavy losses. As such this business can't become remunerative from the point of view of small farmers. Big farmers having various types of facilities available can only make this business profitable one. In this region, this business is only supplementary source of income for farmers. It can't increase the earning capacity of the farmers substantially so as to increase their credit capacity.

(4) HORTICULTURAL CROP LOANS :

These advances of the bank have remained around 5 to 6% of the total agricultural advances of the bank throughout the five years. Mango is the main cash crop of the region. Production of mango is also on large scale due to the favourable climatic conditions. As per one survey, it is estimated that yearly production of mango is round about 4200 M.T. to 4500 M.T. In spite of the increasing mango trade, the DCC bank advances to this sector have remained

very low.

The main reasons explaining this situation can be analysed as follows. If we study the history of mango - trade in this region, one important aspect of it becomes clear. Mango growers in this region have emphasized the production aspect in respect of this crop for long number of years. Number of mango orchards has increased substantially in past few years. But these growers have totally neglected the marketing aspect of this crop. Marketing aspect in fact has been kept dependent on merchant middlemen. This becomes clear from the following table -

Table No.4.9 : DISTRIBUTION OF MANGO GROWERS ACCORDING TO  
SYSTEM OF SALE :

| Sr.No. | System of sale                        | No. of growers. | Percentage to total number of growers. |
|--------|---------------------------------------|-----------------|--|
| 1.     | Direct sale to consumers.             | 7               | 7%                                     |
| 2.     | Sale through co-operatives.           | 6               | 6%                                     |
| 3.     | Sale through commission agents.       | 63              | 63%                                    |
| 4.     | Sale through pre-harvest contractors. | 24              | 24%                                    |
|        |                                       | 100             | 100%                                   |

Source - compiled from interview schedules.

It becomes clear from the above table that majority of the mango growers (87%) sell their marketable surplus through wholesalers, commission agents and preharvest - contractors. To get full control on the marketing of mango, these merchant middlemen have kept their control on the finances to the growers for production purposes. This fact becomes clear from the following data -

Table No.4.10 : PRE-HARVEST FINANCE TO MANGO GROWERS :

| Sr.No. | Source of finance           | Nos. of growers | Percentage to total number of growers. |
|--------|-----------------------------|-----------------|--|
| 1.     | From preharvest contractor. | 24              | 24%                                    |
| 2.     | From wholesalers            | 49              | 49%                                    |
| 3.     | From Co-operatives          | 6               | 6%                                     |
| 4.     | From other sources.         | 21              | 21%                                    |
|        |                             | 100             | 100%                                   |

Source - Compiled from the interview schedules.

Other sources of finance include own finances, finances from friends relatives, money lenders, DCC bank and other banks. All these sources account for 21% of the total finances to this trade in which DCC bank contributes at the most 5 to 6% of the total finance. Majority of the finance to this trade - i.e. 73% of the total finance is controlled by pre-harvest contractors and wholesalers. As such their share of profit in the total sales is also big. The per crate marketing costs incurred by the producers and their share in consumer's price in different systems of marketing is given in the following table -

Table No.4.11 : MARKETING COSTS AND PRODUCER'S SHARE PER CRATE OF MANGO UNDER FOUR DIFFERENT METHODS OF SALE :

Table No.4.11.

|        |   | <div style="display: flex; justify-content: space-around; align-items: center;"> <span><i>D.S.</i></span> <span><i>asp</i></span> <span><i>W.S.</i></span> <span><i>Contractor</i></span> </div> |             |              |              |
|--------|---|--|-------------|--------------|--------------|
| Sr.No. | Particulars                                       | I  | II          | III          | IV           |
|        |   | Rs.  | Rs.         | Rs.          | Rs.          |
| 1.     | Net price realized by producers.                  | 68<br>(80%)  | 54<br>(71%) | 71<br>(68%)  | 63<br>(60%)  |
| 2.     | Marketing cost incurred by producer - contractor. | 17<br>(20%)  | 22<br>(29%) | 34<br>(32%)  | 42<br>(40%)  |
| 3.     | Consumer price                                    | 85<br>(100)  | 76<br>(100) | 105<br>(100) | 105<br>(100) |

Channel No. I - Direct sale to consumers.

Channel No.II -Sale through co-operative.

Channel No.III-Sale through wholesalers.

Channel No.IV - Sale through preharvest -  
contractors.

Source - compiled from interview schedules.

Producer's share is low and marketing cost is high in case of sales through wholesalers and pre-harvest contractors. On the other hand, producer's share is high and marketing cost is very low when the sales are through co-operatives or when the sales are directly to the - consumers. According to one estimate, when the sale of mango through co-operatives crosses Rs.75000/-, the ratio of total expenses to sales comes down to 20%. It means that if the sale through co-operatives is big - marketing costs becomes equivalent to direct sales to consumers.<sup>7</sup>

The conclusion from above discussion is that if the middlemen in mango trade are eliminated and if the marketing of mango is undertaken on co-operative basis, the following may be the various advantages -

(a) Consumer will have to pay low prices. From the above data it is clear that consumer has to pay Rs.76 per crate when the sales are through co-operatives. This is

the lowest price if compared with other channels of distribution.

(b) If the sale through co-operatives are kept sufficiently at a high level, the marketing costs remain at 20% of the total sales which are the lowest marketing costs as compared to other channels of distribution. The lowest per crate cost of marketing in the co-operative sale can be attributed to the economy derived in - transportation cost due to the size of consignments despatched by co-operatives. Moreover the direct sales organized by the co-operatives can eliminate the commission agents and their charges.

(c) Producer's share in the total sales is the largest in co-operative sales as compared to other channels of distribution. This will certainly help in increasing the incomes of the farmers. Their capacity to take credit from DCC Bank will increase.

Thus, if the marketing of mango is undertaken by the co-operative marketing societies, the agricultural advances of the DCCbank will surely increase as the marketing societies have to finance their activities with the help of advances from DCC bank. The bank has ample resources which are invested in MSC Bank and bank has ample scope to increase its finance to agriculture by financing the co-operative marketing of mango. Bank can



thus increase it's agricultural advances. The rate of interest on such advances is 14% which is remunerative from the point of view of the bank. It can thus raise the income of the bank.

Not only this but the financing of co-operative mango marketing by the bank will help in increasing the incomes of the farmers in this district as the producer's share in marketed surplus is highest in case of co-operative sales. Increased incomes will raise the credit capacity of the farmers and their demands for other agricultural loans and advances will also increase. From the year 1985 onwards, bank has been permitted to sanction long term loans for horticultural plantations. Increased incomes of the farmers will help them in investing their own funds in new plantations. At the same time, due to increased credit capacity, their demand for long term credit for plantation purposes will also increase. Thus financing this important marketing activity will not only help in increasing the short term advances of the bank but it will also help in increasing the medium and long term agricultural loans and advances of the bank.

At present, there are 364 agricultural credit societies, 8 agricultural marketing societies, 119 milk societies, one processing society for sugarcane and only

one mango marketing co-operative society. The above data shows that as compared to other types of societies, - processing societies and mango marketing societies are very less. Unless the number of mango marketing co-operative societies is increased, the income of agriculturists and agricultural loans and advances of the bank will not increase substantially in the near future.

What is, therefore, needed is to establish sufficient number of co-operative marketing societies to take over this important trade in this region, and to educate the farmers properly to take the benefits of this movement.

In brief, it can be said that there is no scope for increasing the paddy, sugar-cane and milch cattle loans and advances beyond a certain limit due to the production and marketing problems in respect of them discussed as above. But there is the ample scope for increasing horticultural crop loans if the marketing problem in respect of these crops is satisfactorily solved through establishment of co-operative marketing societies.

In case of gobar gas and other agricultural loans and advances, there is no possibility of having any production and marketing problems as these advances

are in the nature of development finance. Administrative problems having the bearing on low agricultural - advances and their underutilization have been discussed separately in section 4.5

#### 4.3 ANALYSIS OF THE ADVANCES OF THE HEAD OFFICE AND FIVE SELECTED BRANCHES OF THE BANK :

The bank gives short term and medium term agricultural loans and advances to agriculturists through primary agricultural credit societies. For the purpose of the study, five year's period from 1st July, 1980 to 30th June , 1985 has been selected. The term agricultural loans and advances include the loans and advances for horticultural purposes also. Purpose-wise classification of short-term loans and advances is as follows -

1. Paddy.
2. Horticultural crop-Loans.
3. Sugar-cane.

Purpose-wise classification of medium term loans and advances is as follows :-

1. Gobar-Gas.
2. Milch Cattle.
3. Other Agricultural Advances.

Total amount of sanctioned limits and disbursements of agricultural advances  
of the R.D.C.C. Bank, Ltd., Ratnagiri (Item-wise) From 1980-81 to 1984-85.

Source - Compiled from bank records

For the purpose of analysis and interpretation of the data, the sanctioned limits of the bank for the above six categories and disbursements for the above six purposes for the abovementioned five years have been taken into account.<sup>8</sup>

Analysis of the above data reveals the following facts -

- (1) Except gohar-gas advances, all other loans and advances have shown a steady increase from 1980-81 upto 1982-83. In the last two years, there is a sharp decrease in all loans and advances. This is particularly because of the split of the bank in two separate banks due to the division of the district in two separate districts - viz Ratnagiri and Sindhudurg, in the year 1983.
- (2) From 1983-84 onwards gohar-gas advances have increased substantially due to the various advantages of such plants to the agriculturists. Secondly, Government and the Khadi Gramodyog Mandal has given active support to the scheme making the whole scheme beneficial to the agriculturists. Through education of the masses, the scheme has been made popular in villages. These are the various reasons at the base of the increasing trend of gohar-gas advances.

(3) Utilization of sanctioned limits :

Only in the case of paddy crop advances, the utilization is somewhat satisfactory. One important - drawback in case of utilization of paddy crop advances is that the agriculturists withdraw mostly the kind position of the advance and cash portion is not withdrawn by majority of the agriculturists. Limited repaying - capacity of the most of the borrowers and absence of marketable surplus from the paddy crops in most of the cases are the two main reasons for non-withdrawal of cash portion of the advance.

In case of horticultural crop loans, utilization is in between 55% to 70%. Here also the borrowers prefer to withdraw only the kind portion in the form of - insecticides etc. Cash portion is rarely withdrawn fully. Utilization in sugar cane crop loans is in between 30% to 60%. Failure of the Parshuram Sahakari Sakhar Karkhana at Chiplun, unfavourable climatic conditions, low landholdings, orthodox methods of cultivation are so many reasons to which the failure of this crop in this region can be attributed. This has been reflected in the lowest utilization of these crop loans in the last year - i.e. only 33%.

(4) Utilization of gohar-gas loans is in between 33% to 50%. Such low utilization can be attributed to two main reasons. Public confidence in this scheme is increasing only in the last few years. Secondly medium term loans sanctioned are disbursed according to the stage of - completion of the gas-plants. As ~~as~~ such the whole of the amounts sanctioned can't get themselves disbursed in the year of sanction itself. Milch cattle loans have shown an increasing trend as this has become an important complimentary business in this region in the last few years. Utilization is around 60% to 75%. Amounts for the feed of the milch cattle are not withdrawn fully. This is mainly the reason for underutilization of these loans. Other agricultural loans and advances include loans for bullocks, bullock-carts, pump-set, oil engines, power-tillers, land reclamation, repairs to wells etc. - Utilization of these loans is around 55% to 65%. The reason is that the amounts are disbursed according to the stage of completion of work - i.e. in instalments and as such the loans seem to be underutilized.

#### ANALYSIS OF THE ADVANCES OF FIVE BRANCHES :

Now we shall proceed to analyse the amounts sanctioned and disbursed by five selected branches of the bank in the abovementioned period of five years for various

purposes. Branches are selected on the criteria of the purposes of loans on which they are emphasizing. Such emphasis on a particular purpose is always on the basis of favourable conditions for such types of loans - prevailing in the particular area of that branch. This will help in making the comparative study of the respective branches in respect of their strengths and weaknesses in particular areas of their operations.

Secondly the branches are selected on the basis of the quantum of their agricultural loans and advances. Branches with high amounts of agricultural loans and advances are -

- a) Khed.
- b) Guhagar.
- c) Deorukh.

branches with a low quantum of agricultural advances are -

- a) Dapoli.
- b) Lanja.

This base for selection of branches will certainly help in finding out the probable reasons for low - agricultural advances and the underutilization of sanctioned limits.



Total amount of sanctioned limits and disbursements of Agricultural advances  
of the R.D.C.C. Bank Ltd., Ratnagiri, Khed branch ( Item - wise ) -  
From 1980-81 to 1984-85.

| Sr. Item-wise<br>No. break-up       | 1980-81                   |                         |                       | 1981-82                   |                         |                       | 1982-83                   |                         |                       | 1983-84                   |                         |                       | 1984-85                   |                         |                       |
|-------------------------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|
|                                     | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utili-<br>zation<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utili-<br>zation<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utili-<br>zation<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% |
| 1) Paddy                            | 900                       | 400                     | 50%                   | 1000                      | 400                     | 40%                   | 1100                      | 600                     | 55%                   | 1200                      | 600                     | 50%                   | 1200                      | 700                     | 56%                   |
| 2) Horticultural<br>crop loans      | 70                        | 32                      | 45%                   | 120                       | 57                      | 48%                   | 100                       | 46                      | 46%                   | 100                       | 45                      | 45%                   | 100                       | Nil                     | 0%                    |
| 3) Sugar Cane.                      | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | 30                        | 18                      | 60%                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   |
| 4) Gobar-Gas                        | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | 100                       | 44                      | 44%                   | 10                        | 1                       | 10%                   |
| 5) Milch-Cattle                     | 550                       | 275                     | 50%                   | 450                       | 232                     | 50%                   | 450                       | 267                     | 60%                   | 460                       | 261                     | 56%                   | 825                       | 532                     | 65%                   |
| 6) Other Agricul-<br>tural Advances | 200                       | 154                     | 77%                   | 168                       | 83                      | 50%                   | 250                       | 162                     | 66%                   | 250                       | 143                     | 56%                   | 300                       | 186                     | 62%                   |

of the R.D.C.C. Bank Ltd., Ratnagiri, Dapoli Branch (Item - wise)

From 1980-81 to 1984-85.

| Sr. Item-wise<br>No. break-up     | 1980-81                   |                         |                       | 1981-82                   |                         |                       | 1982-83                   |                         |                       | 1983-84                   |                         |                       | 1984-85                   |                         |                       |
|-----------------------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|
|                                   | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% |
| 1) Paddy                          | 1180                      | 316                     | 27%                   | 751                       | 280                     | 36%                   | 816                       | 332                     | 44%                   | 886                       | 450                     | 51%                   | 1149                      | 460                     | 40%                   |
| 2) Horticultural<br>crop loans    | 46                        | 20                      | 43%                   | 46                        | 15                      | 32%                   | 46                        | 42                      | 92%                   | 61                        | 52                      | 85%                   | 61                        | 37                      | 60%                   |
| 3) Sugar Cane                     | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   |
| 4) Gobar-Gas                      | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | 108                       | 65                      | 60%                   |
| 5) Milch-cattle                   | 38                        | 1                       | 3%                    | 22                        | 14                      | 64%                   | 54                        | 22                      | 40%                   | 64                        | 30                      | 48%                   | 80                        | 59                      | 75%                   |
| 6) Other-Agricultural<br>Advances | 86                        | 66                      | 75%                   | 76                        | 13                      | 16%                   | 115                       | 80                      | 70%                   | 105                       | 96                      | 91%                   | 131                       | 124                     | 95%                   |

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## Total amount of sanctioned limits and disbursements of agricultural advances

of the R.D.C.C. Bank Ltd., Ratnagiri, Guhagar Branch ( Item - wise )

From 1980-81 to 1984-85.

| Sr. Item-wise<br>No. break-up       | 1980-81                   |                         |                       |                          | 1981-82                 |                       |                           |                         | 1982-83                   |                         |                       |                           | 1983-84                 |                       |                           |                         | 1984-85.              |                           |                         |                       |
|-------------------------------------|---------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|---------------------------|-------------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|
|                                     | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% |
| 1) Paddy                            | 2810                      | 930                     | 33%                   | 2192                     | 919                     | 42%                   | 2025                      | 1063                    | 52%                       | 2011                    | 1032                  | 51%                       | 3300                    | 810                   | 25%                       |                         |                       |                           |                         |                       |
| 2) Horticultural<br>crop loans      | 47                        | 25                      | 53%                   | 40                       | 24                      | 60%                   | 46                        | 22                      | 48%                       | 73                      | 19                    | 26%                       | 100                     | 19                    | 19%                       |                         |                       |                           |                         |                       |
| 3) Sugar Cane                       | Nil                       | Nil                     | Nil                   | Nil                      | Nil                     | Nil                   | 25                        | 20                      | 80%                       | 15                      | 12                    | 80%                       | 5                       | 2                     | 40%                       |                         |                       |                           |                         |                       |
| 4) Gobar-Gas                        | Nil                       | Nil                     | Nil                   | Nil                      | Nil                     | Nil                   | Nil                       | Nil                     | Nil                       | 10                      | 7                     | 70%                       | 8                       | 4                     | 50%                       |                         |                       |                           |                         |                       |
| 5) Milch-cattle                     | 12                        | 8                       | 67%                   | 5                        | 3                       | 60%                   | 200                       | 126                     | 63%                       | 180                     | 111                   | 61%                       | 150                     | 75                    | 50%                       |                         |                       |                           |                         |                       |
| 6) Other Agricul-<br>tural Advances | 125                       | 50                      | 40%                   | 90                       | 37                      | 41%                   | 180                       | 120                     | 67%                       | 200                     | 117                   | 58%                       | 110                     | 61                    | 56%                       |                         |                       |                           |                         |                       |

Source - Compiled from bank records.

Total amount of sanctioned limits and disbursements of agricultural advances  
of the R.D.C.C. Bank Ltd., Ratnaoiri - Lanja Branch ( Item-wise )

From 1980-81 to 1984-85.

| Sr. Item-wise<br>No. break-up       | 1980-81                  |                         |                        |                           | 1981-82                 |                       |                           |                         | 1982-83               |                           |                         |                       | 1983-84                   |                         |                        |                           | 1984-85                 |                        |  |  |
|-------------------------------------|--------------------------|-------------------------|------------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------------|------------------------|---------------------------|-------------------------|------------------------|--|--|
|                                     | Sancti-<br>oned<br>Limit | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion.<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion.<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. | Utiliza-<br>tion.<br>% |  |  |
| 1) Paddy                            | 764                      | 216                     | 28%                    | 1138                      | 366                     | 32%                   | 568                       | 240                     | 42%                   | 1942                      | 404                     | 21%                   | 2181                      | 430                     | 20%                    |                           |                         |                        |  |  |
| 2) Horticultural<br>crop loans      | Nil                      | Nil                     | Nil                    | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                    |                           |                         |                        |  |  |
| 3) Sugar Cane                       | Nil                      | Nil                     | Nil                    | Nil                       | Nil                     | Nil                   | 22                        | 22                      | 100%                  | 18                        | 18                      | 100%                  | 22                        | 22                      | 100%                   |                           |                         |                        |  |  |
| 4) Gobar-Gas                        | Nil                      | Nil                     | Nil                    | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | Nil                       | Nil                     | Nil                   | 30                        | 27                      | 90%                    |                           |                         |                        |  |  |
| 5) Milch-Cattle                     | 80                       | 57                      | 71%                    | 200                       | 70                      | 35%                   | 246                       | 44                      | 18%                   | 96                        | 46                      | 48%                   | 132                       | 68                      | 51%                    |                           |                         |                        |  |  |
| 6) Other agricul-<br>tural Advances | 82                       | 41                      | 50%                    | 195                       | 122                     | 66%                   | 497                       | 233                     | 46%                   | 370                       | 157                     | 43%                   | 435                       | 211                     | 49%                    |                           |                         |                        |  |  |

Source - Compiled from bank records.

Rs. in Thousands.

TABLE NO. 4.17

Total amount of sanctioned limits and disbursements of agricultural advances  
of the R.D.C.C. Bank Ltd., Ratnagiri - Deorukh Branch ( Item - Wise )  
From 1980-81 to 1984-85.

U

| Sr. Item-wise<br>No. break-up       | 1980-81                   |                              | 1981-82                   |                           | 1982-83                   |                           | 1983-84                   |                           | 1984-85                   |                           |
|-------------------------------------|---------------------------|------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                     | Sancti-<br>oned<br>Limit. | Disbur-<br>sement.<br>tion % | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. % | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. % | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. % | Sancti-<br>oned<br>Limit. | Disbu-<br>rseme-<br>nt. % |
| 1) Paddy                            | 725                       | 368                          | 51%                       | 725                       | 1146                      | 450                       | 40%                       | 942                       | 298                       | 31%                       |
| 2) Horticultural<br>Crop loans      | Nil                       | Nil                          | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       |
| 3) Sugar Cane                       | Nil                       | Nil                          | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       |
| 4) Bobar-Gas                        | Nil                       | Nil                          | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       |
| 5) Milch-cattle                     | 221                       | 132                          | 59%                       | 221                       | 30                        | 15                        | 50%                       | 111                       | 57                        | 52%                       |
| 6) Other Agricul-<br>tural Advances | 28                        | 16                           | 57%                       | 28                        | 25                        | 17                        | 68%                       | 132                       | 72                        | 55%                       |

Source - Compiled from bank records.

Rs. in Thousands.

The following is the analysis of the agricultural advances of the five selected branches of the bank.<sup>9</sup>

The item-wise analysis of the above data reveals the following facts -

(1) PADDY :

The average utilization of the paddy crop loans is around 40 to 50% of the sanctioned limits in case of all the five branches. In absolute terms, the loans and advances for this purpose have shown an increasing trend in the concerned years. The data clearly reveals that sanctions for each year are increasing in respect of all the branches but actual disbursements are not increasing proportionately in relation to sanctions. Therefore, though the disbursements have increased in absolute terms, they have not increased in terms of the percentages of sanctioned limits.

(2) HORTICULTURAL CROP LOANS :

These advances have decreased in absolute as well as percentage terms. Two out of the five branches - viz Lanja and Deorukh Branch are not at all extending credit for this purpose in above five years. In remaining three branches, advances have shown steady decline in both terms - i.e. absolute term and as a percentage to total sanctions.

(3) SUGARCANE :

Three out of the five branches have extended credit for the above purpose and that too also for the last three years. The branches are Lanja, Guhagar and Khed. The - sanctions have not increased or decreased much and in case of Lanja branch, utilization is 100% for all the three years. Utilization in case of Guhagar branch has shown a drastic fall of 50% in the last year. Khed branch has advanced loan for the year 1982-83 only and the - utilization is only 60%.

(4) GOBAR-GAS :

These advances have made a headway in the last two years only. Deorukh branch has advanced nothing for this purpose. Remaining four branches have extended credit for this purpose in the last two years. Utilization is ranging from 50% to 90% of the sanctioned limits. This new scheme is getting good public response in the last few years.

(5) MILCH CATTLE :

These advances have shown an increasing trend both in terms of absolute figures and in terms of utilization of sanctioned limits. All the branches have advanced for this purpose for all the five years. Especially in the case of Khed, Dapoli and Guhagar branch, the response to the

scheme is very good. In the case of Lanja and Guhagar however, utilization percentages have shown a <sup>de</sup>creasing trend in the later years due to some specific reasons.

(6) OTHER AGRICULTURAL ADVANCES :

These advances have shown an increasing trend both in respect of absolute figures and as percentages of sanctioned limits. In the case of Khed, Dapoli and Deorukh branches, these type of advances have shown utilization percentages upto 95% . In case of Lanja and Guhagar branches however, utilization ranges from 40 to 70% only.

COMPARATIVE STUDY OF THE ADVANCES OF FIVE  
BRANCHES OF THE BANK :

Average rate of utilization of paddy and horticultural crop loans in respect of all the five branches has been compared below -

Table No.4.18. : AVERAGE RATE OF UTILIZATION IN RESPECT  
OF PADDY AND HORTICULTURAL CROP LOANS :

| Name of branches | Paddy crop loans<br>utilization Rate. | Horticultural crop<br>loans utilization<br>Rate. |
|------------------|---------------------------------------|--|
| Khed.            | 50%                                   | 45%  |
| Dapoli           | 40%                                   | 50%  |
| Guhagar          | 40%                                   | 40%  |
| Lanja            | 30%                                   | 0%   |
| Deorukh          | 28%                                   | 0%   |

Source - Calculated and compiled from bank records.



As has been seen in section 2 of this chapter, farmers withdraw only the kind portion of their paddy crop loans. As such average utilization rate in case of paddy loans is 40 to 50%. Which has been maintained by Khed, Dapoli and Guhagar branch. Utilization rates in respect of Lanja and Deorukh branches are 30% and 28% respectively. Sanctioned limits of these two branches have increased more than proportionate to it's withdrawals. This is mainly because of the fact that the group secretaries themselves prepare the demands of the farmers which has been shown in section 5 of this chapter. These demands on paper are always far more than the actual demands of the farmers.

Farmers don't get any marketable surplus from paddy crop as has been shown in section 2 of this chapter. - Therefore eventhough the sanctioned limits and disbursements for paddy crop have increased continuously as has been shown in table No.12 to 16, the increase in no way contributes to the agricultural development of the region. Secondly these advances are 5 to 6% of the total resources of the bank. From this point of view also, these advances have not shown any progress. Increase in absolute figures of - sanctioned limits and disbursements in respect of all the five branches may be partly attributed to the inflationary rise in the prices of fertilizers , insecticides etc. Considering all these factors, these finances of the

bank and their utilizations can't be said to have contributed to the agricultural development of the region.

Average utilization rate for horticultural crop loans is in between 40% to 50% in respect of Khed, Dapdi and Guhagar branches. This is so because of the withdrawal of Kind portion of advances by the farmers. Lanja and Deorakh branches have not at all sanctioned any - horticultural crop loans in these five years. Main reason is that the horticultural production in these two areas is limited and whatever the production is, it is financed by the commission agents, wholesalers and preharvest contractors as has been shown in section 2 of this chapter.

Sanctions and disbursements in absolute terms have increased in respect of these advances over the period of five years. But the total sanctions have remained upto Rs.10 to 15 lakhs. It means that only 1% of the total resources of the bank have been invested in this sector. As compared to the turnover of mango which is in crores of rupees, the abovementioned quantum of horticultural advances of the bank can't be said to have contributed any thing to the agricultural development of the region. Considering the figures of sanctions and disbursements in respect of horticultural crop loans of five branches, it can be concluded that in the immediate future there is good scope

for increasing the quantum of these advances in Khed, Guhagar and Dapoli.

Average rate of utilization of milch cattle and other agricultural advances in respect of all the five branches has been compared below :-

Table No.4.19 : AVERAGE RATE OF UTILIZATION IN RESPECT OF MILCH CATTLE AND OTHER AGRICULTURAL ADVANCES :

| Name of Branch | Milch-cattle<br>Loans | Other Agricultural<br>Advances. |
|----------------|-----------------------|---------------------------------|
| Khed           | 56%                   | 62%                             |
| Dapoli         | 46%                   | 70%                             |
| Guhagar        | 60%                   | 52%                             |
| Lanja          | 44%                   | 51%                             |
| Deorukh        | 54%                   | 67%                             |

Source - Calculated and compiled from bank records.

Utilization rates in respect of Deorukh, Guhagar and Khed are the topmost, in case of milch cattle loans. Opinions of the agriculturists in this regard reveal the fact that the good climatic conditions, good maintenance of the milch cattles and good working of marketing co-operatives are the factors leading to topmost utilization rates in these regions.

In absolute terms, the sanctions and disbursements of the Khed branch are the highest. Out of the total advances of the bank for this purpose in 1984-85 (which are Rs. 14 lakhs), Khed branch has recorded total - disbursements of Rs. 6 lakhs i.e. 42% of the total advances for this purpose. As compared to this branch, the advances of other branches for this purpose are very low. But if the figures of sanctions and disbursements for this purpose are compared from Table No. 12 to 16, it becomes clear that even after the split of the bank in 1982-83, these advances are continuously increasing at a fast rate in case of every branch. Main reason for such increasing trend of advances is that these loans are available to low landholders and scheduled castes at a conventional rate of interest of 4½%.

There is a very good scope for increasing these advances in Khed, Guhagar and Deorukh, as is clear from

their utilization rates in these three areas. But these advances will not in any way contribute to the development of the region as this is only a supplementary source of incomes of agriculturist in this region. Secondly the production of this item will remain always low due to climatic conditions, maintenance problems and absence of remunerative prices for this product.

In case of other agricultural advances of the bank, utilization rates in respect of Khed, Dapoli and Deorukh branches are the best. Utilization in Guhagar and Lanja branch are only 52% and 57%. respectively. Reason for this is the lengthy inspection procedure of the bank at each stage of completion of work and delay in release of - instalments.

In absolute terms however, the figures of sanctions and disbursements of Khed, Dapoli and Lanja branch are biggest. These three branches account for 35% of the total advances of the bank for this purpose. ( Rs. 5 lakhs out of Rs.14 lakh total disbursements in 1984-85 ). One common feature in respect of all the branches is that they have shown a continuous increasing trend in respect of these loans even after the split of the bank.

These advances of the bank are in the nature of development loans which account for 15% of the total - agricultural advances of the bank. These are not directly

productive. These will increase only when the incomes of farmers through productive advances are increased. Comparative study of five branches reveals one important fact that in the immediate future, these advances have a good scope in Khed, Dapoli and Lanja branch.

Sugarcane advances are only 2% of the total advances of the bank. Only Khed, Guhagar and Lanja branch have advanced for this purpose, and that too upto Rs.25000. Khed branch has sanctioned this loan only in the year 1982-83 and thereafter has stopped this finance. Guhagar and Lanja branch have - financed for this purpose from 1982-83 to 1984-85. Utilization rate in case of Guhagar branch is 80% whereas in case of Lanja branch, it is 100%. In absolute terms, the figures of - sanctions and disbursements are very low. In fact there are no chances for increasing these advances due to the problem of water supplies for this crop and absence of processing - industries in this region.

Gobar-gas advances are only 3% of the total advances of the bank. From 1982-83, the bank has started advancing for this purpose. Except Deorukh branch, all other branches have advanced for this purpose. In absolute terms the advances of Dapoli Branch are the highest. Average utilization rate of Lanja branch is 90% which is biggest one. These are also development loans and not directly productive. Comparatively these advances have a good scope in Dapoli and Lanja.

4.4 ANALYSIS OF THE ADVANCES OF FIVE PRIMARY  
AGRICULTURE CREDIT SOCIETIES.<sup>10</sup>

Now we shall proceed to analyse the agricultural advances of the five selected agricultural credit societies. These again have been selected on the basis of purposes of loans on which they are emphasizing. Secondly, the primary societies are selected on the basis of the quantum of their agricultural loans and advances. Societies with high amounts of loans and advances are -

a) Pure Panchakroshi Vividha Karyakari Seva Society, Pure, Tal-Khed.

b) Hedvi Panchakroshi Vividha Karyakari Seva Sahakari Society Ltd., Tal-Ghatagar.

c) Kosum Panchakroshi Vividha Karyakari Seva Sahakari Society Ltd., Tal-Sangmeshwar.

Societies with a low quantum of agricultural advances are -

a) Mahalunge Panchakroshi Vividha Karyakari Seva Sahakari Society Ltd., Mahalunge, Tal-Dapli.

b) Lanje Panchakroshi Vividha Karyakari Seva Sahakari Society Ltd., Lanja - Tal, -Lanja.

Total amount of Sanctioned limits and disbursements of the agricultural advances  
of the Pure Panchakroshi Vividha Karyakari Seva Sahakari Society Ltd, Pure, -  
Tal : Khed ( Item - wise ) From 1980-81 to 1984-85.

| Sr. Item - wise<br>No. break-up     | 1980-81                  |                         | 1981-82               |                          | 1982-83                 |                       | 1983-84                   |                          | 1984-85                   |                          |
|-------------------------------------|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|---------------------------|--------------------------|---------------------------|--------------------------|
|                                     | Sancti-<br>oned<br>Limit | Disbu-<br>resem-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>resem-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>resem-<br>ent. | Sancti-<br>oned<br>Limit. | Disbu-<br>resem-<br>ent. |
| 1) Paddy                            | 30                       | 20                      | 67%                   | 34                       | 24                      | 72%                   | 40                        | 25                       | 42                        | 30                       |
|                                     |                          |                         |                       |                          |                         | 62%                   |                           |                          | 50                        | 36                       |
|                                     |                          |                         |                       |                          |                         |                       |                           |                          | 70%                       | 72%                      |
| 2) Horticultural<br>Crop loans      | 5                        | 3                       | 60%                   | 9                        | 6                       | 75%                   | 10                        | 5                        | 8                         | 4                        |
|                                     |                          |                         |                       |                          |                         |                       |                           |                          | 50%                       | 67%                      |
| 3) Sugar Cane                       | Nil                      | Nil                     | Nil                   | Nil                      | Nil                     | Nil                   | Nil                       | Nil                      | Nil                       | Nil                      |
|                                     |                          |                         |                       |                          |                         |                       |                           |                          | Nil                       | Nil                      |
| 4) Gobar-Gas                        | Nil                      | Nil                     | Nil                   | Nil                      | Nil                     | Nil                   | Nil                       | 8                        | 5                         | 2                        |
|                                     |                          |                         |                       |                          |                         |                       |                           |                          | 100%                      | 60%                      |
| 5) Milch Cattle                     | Nil                      | Nil                     | Nil                   | 24                       | 18                      | 75%                   | 32                        | 16                       | 35                        | 20                       |
|                                     |                          |                         |                       |                          |                         |                       |                           |                          | 50%                       | 60%                      |
| 6) Other Agricul-<br>tural Advances | 25                       | 15                      | 60%                   | 30                       | 16                      | 53%                   | 32                        | 20                       | 54                        | 40                       |
|                                     |                          |                         |                       |                          |                         | 62%                   |                           |                          | 55                        | 72%                      |

Source - Compiled from the records of the concerned Primary Agricultural Credit Society

Rs. in Thousands.



Total amount of sanctioned limits and disbursements of agricultural advances of the Mahalunge Panchakroshi Vividha Karyakari Seva Sahakari Society Ltd, Mahalunge, Tal : Dapoli ( Item - wise ) From 1980-81 to 1984-85.

Source - Compiled from the records of concerned Primary Agricultural Credit Society,

Rs. in Thousands.

TABLE NO. 4.22

Total amount of sanctioned Limit and disbursements of agricultural advances of the

Hedvi Panchakroshi Vividha Kanyakari Seva Sahakari Society Ltd., Hedvi -

Tal.- Guhagar ( Item-wise ) from 1980-81 to 1984-85.

| Sl. No. | Item-wise break-up                | 1980-81                  |                    |                       | 1981-82                  |                    |                       | 1982-83                  |                    |                       | 1983-84                  |                    |                       | 1984-85                  |                    |                       |
|---------|-----------------------------------|--------------------------|--------------------|-----------------------|--------------------------|--------------------|-----------------------|--------------------------|--------------------|-----------------------|--------------------------|--------------------|-----------------------|--------------------------|--------------------|-----------------------|
|         |                                   | Sancti-<br>oned<br>Limit | Disbu-<br>rsement. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>rsement. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>rsement. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>rsement. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>rsement. | Utiliza-<br>tion<br>% |
| 1)      | Paddy                             | 170                      | 155                | 91%                   | 170                      | 147                | 86%                   | 200                      | 136                | 68%                   | 250                      | 163                | 65%                   | 250                      | 160                | 64%                   |
| 2)      | Horticultural<br>crop-Loans       | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   |
| 3)      | Sugar Cane                        | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   |
| 4)      | Gobar-Gas                         | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   |
| 5)      | Milch Cattle                      | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | Nil                      | Nil                | Nil                   | 17                       | 17                 | 100%                  | 4                        | 4                  | 100%                  |
| 6)      | Other Agricul-<br>-tural Advances | 16                       | 16                 | 100%                  | 18                       | 18                 | 100%                  | 78                       | 78                 | 100%                  | 57                       | 57                 | 100%                  | 48                       | 48                 | 100%                  |

Compiled from the records of concerned P.A.C. (Primary Agricultural Credit) society.

Rs. in Thousands.

TABLE NO. 4.23

## Total amount of Sanctioned Limit and disbursements of agricultural advances of the

Lanja Panchakroshi Vividha Karyakari Seva Sahakari Society, Ltd., Lanja, -

Tal : Lanja . ( Item - wise ) from 1980-81 to 1984 - 85.

| Sr. Item-wise No. break-up     | 1980-81                   |                          |                       |                          | 1981-82                  |                       |                          |                          | 19-82-83                  |                          |                       |                           | 1983-84                  |                       |                           |                          | 1984-85               |                           |                          |                       |
|--------------------------------|---------------------------|--------------------------|-----------------------|--------------------------|--------------------------|-----------------------|--------------------------|--------------------------|---------------------------|--------------------------|-----------------------|---------------------------|--------------------------|-----------------------|---------------------------|--------------------------|-----------------------|---------------------------|--------------------------|-----------------------|
|                                | Sancti-<br>oned<br>Limit. | Disbu-<br>reseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>reseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit | Disbu-<br>reseme-<br>nt. | Sancti-<br>oned<br>Limit. | Disbu-<br>reseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>reseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>reseme-<br>nt. | Utiliza-<br>tion<br>% | Sancti-<br>oned<br>Limit. | Disbu-<br>reseme-<br>nt. | Utiliza-<br>tion<br>% |
| 1) Paddy                       | Nil                       | Nil                      | 0%                    | 50                       | Nil                      | 0%                    | 105                      | Nil                      | 0%                        | Nil                      | 0%                    | 70                        | Nil                      | 0%                    | 157                       | 46                       | 29%                   |                           |                          |                       |
| 2) Horticultural Crop Loans    | Nil                       | Nil                      | Nil                   | Nil                      | Nil                      | Nil                   | Nil                      | Nil                      | Nil                       | Nil                      | Nil                   | Nil                       | Nil                      | Nil                   | Nil                       | Nil                      | Nil                   |                           |                          |                       |
| 3) Sugar Cane                  | Nil                       | Nil                      | Nil                   | Nil                      | Nil                      | Nil                   | 22                       | 22                       | 100%                      | 18                       | 100%                  | 22                        | 18                       | 100%                  | 22                        | 22                       | 100%                  |                           |                          |                       |
| 4) Gobar-Gas                   | Nil                       | Nil                      | Nil                   | Nil                      | Nil                      | Nil                   | Nil                      | Nil                      | Nil                       | Nil                      | Nil                   | Nil                       | Nil                      | Nil                   | 30                        | 27                       | 90%                   |                           |                          |                       |
| 5) Milch Cattle                | Nil                       | Nil                      | Nil                   | Nil                      | Nil                      | Nil                   | Nil                      | Nil                      | Nil                       | Nil                      | Nil                   | 6                         | 4                        | 67%                   | 4                         | 4                        | 100%                  |                           |                          |                       |
| 6) Other Agricultural Advances | 16                        | 9                        | 56%                   | 85                       | 67                       | 79%                   | 54                       | 54                       | 100%                      | 61                       | 100%                  | 38                        | 45                       | 74%                   | 38                        | 27                       | 71%                   |                           |                          |                       |

Source - Compiled from the records of concerned Primary Agricultural Credit Society.

RS. in Thousands.

Total amount of sanctioned Limit and disbursements of agricultural advances  
of the Kosum Panchakroshi Vividha Karyakari Seva Sahakari Society, Ltd, Kosum, &

Tal : Sangmeshwar. ( Item - wise ) From 1980-81 to 1984-85.

| Sr. Item-wise<br>No. branch-up      | 1980-81                   |                           | 1981-82                   |                           | 1982-83                   |                           | 1983-84                   |                            | 1984-85                   |                           |     |      |     |     |      |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|-----|------|-----|-----|------|
|                                     | Sancti-<br>oned<br>Limit. | Disbu-<br>resem-<br>nt. % | Sancti-<br>oned<br>Limit. | Disbu-<br>resem-<br>nt. % | Sancti-<br>oned<br>Limit. | Disbu-<br>resem-<br>nt. % | Sancti-<br>oned<br>Limit. | Disbu-<br>resem-<br>ent. % | Sancti-<br>oned<br>Limit. | Disbu-<br>resem-<br>nt. % |     |      |     |     |      |
| 1) Paddy                            | 176                       | 35                        | 20%                       | 60                        | 47                        | 78%                       | 80                        | 36                         | 45%                       | 210                       | 52  | 25%  | 200 | 43  | 22%  |
| 2) Horticultural<br>crop loans      | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                        | Nil                       | Nil                       | Nil | Nil  | Nil | Nil | Nil  |
| 3) Sugar Cane                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                        | Nil                       | Nil                       | Nil | Nil  | Nil | Nil | Nil  |
| 4) Gobar-Gas                        | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                        | Nil                       | Nil                       | Nil | Nil  | Nil | Nil | Nil  |
| 5) Milch Cattle                     | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                       | Nil                        | Nil                       | Nil                       | Nil | Nil  | 16  | 14  | 88%  |
| 6) Other Agricul-<br>tural Advances | 6                         | 6                         | 100%                      | 8                         | 8                         | 100%                      | 30                        | 30                         | 100%                      | 77                        | 77  | 100% | 31  | 31  | 100% |

Source - compiled from the records of concerned Primary Agricultural Credit Society

Rs.in Thousands.

The item-wise analysis of the above data reveals the following facts -

(1) PADDY :

In all the five primary agricultural credit societies sanctioned limits and disbursements have shown an increasing trend except the Lanja society. However, the disbursements have not increased proportionately with sanctions. In the case of first three societies, viz. Pure, Mahalunge and Hedvi, an average rate of utilization around 80 to 80% has been maintained in all the five years. But in the case of Lanja and Kosum society, utilization is far less than the sanctions. No disbursements have taken place in the case of Lanja Society for the first four years and in the last year, this society has disbursed only 29% of the sanctioned limits. Kosum society has shown a decreasing trend in respect of disbursements in the last three years.

(2) HORTICULTURAL CROP LOANS :

Except Pure and Lanja society no other society has disbursed advances for the above purpose. Lanja society has extended the credit for the above purpose only in the last year but disbursement is 100% of sanctioned limit. Pure society has maintained it's average utilization rate of 60 to 70% throughout the five years.

(3) SUGARCANE :

Only Lanja society has extended credit for this purpose in the last three years Disbursements are 100% of sanctions. But in absolute terms it is evident that these loans have been granted to a selected group of agriculturists in small quantum and there is no increasing or decreasing trend in respect of these advances. These have remained at a particular level.

(4) GOBARGAS ADVANCES :

Only Pure society has granted these advances in the last two years and these have shown increasing trend in absolute terms. Lanja society has sanctioned loan for this purpose in the last year and disbursement is 90% of sanctioned limit.

(5) MILCH CATTLE ADVANCES :

Kosum society has sanctioned and disbursed loans for this purpose only in the last year. Utilization rate is 88% which is quite good. In the case of Pure and Mahalunge society, these advances have shown an increasing trend whereas in case of Hedvi and Lanja societies these advances have shown a decreasing trend in absolute terms. Utilization rate in case of these four societies has remained around 60 to 70% and in the case of Mahalunge, Hedvi and Lanja societies, utilization

has reached the highest limit of 100%.

(6) OTHER AGRICULTURAL ADVANCES :

Hedvi and Kosum societies have reached the highest utilization rate of 100% in all the five years. But they have recorded an oscillating trend of advances in absolute terms. Mahalunge and Lanja societies have shown an oscillating trend both in respect of absolute term and the utilization rate. Only Pure society has recorded an increasing trend both in respect of the absolute figures and the utilization rate.

Comparative study of the advances of five primary agricultural societies can be made as under -

In case of paddy crop loans, Hedvi society has shown the best performance both in terms of sanctioned limits and disbursements. It's average rate of utilization is around 70 to 75% and it has reached the highest utilization rate of 91% in 1980-81. It seems that this society prepares the credit limit statements in a more realistic way and motivates the farmers to withdraw cash portion of the advances together with the kind portion.

Sanctioned limits and disbursements of Mahalunge and Pure society in respect of paddy crop loans are moderate in absolute terms. Their utilization rate is however, equal to Hedvi society which is around 70 to 75%. It, therefore,

seems that these two societies are administratively strong but from the point of view of the quantum of advances, they have yet to improve. This can be done only through the continued increase in production.

Lanja society has shown no withdrawals upto 1983-84 eventhough the sanctioned amounts are very high. In the year 1984-85, also, they have disbursed only 29% of the sanctioned amounts. Therefore, it seems that this society is lagging behind both in case of production and administration. Kosum society has also demanded very high amounts for this purpose. But their utilization rate is around 25 to 30%. They should either make their demands realistic or shall motivate their farmers to withdraw more to improve their utilization rates.

Out of the five societies, only pure society from Khed taluka has made advances for horticultural crop loans. It's average utilization rate in this respect is around 65 to 70%. Which is above the branch average of 45%. All the remaining four societies have advanced nothing for this purpose. Mahalunge and Hedvi societies have not advanced for this purpose, but their respective branches - i.e Dapoli and Guhagar have advanced for the same. Neither Lanja and Kosum societies nor their respective branches viz Lanja and Deorukh have advanced for this purpose. This clearly shows that there is a good scope for horticultural advances in Khed taluka moderate scope in Dapoli and Guhagar and no scope



at all in Lanja and Deorukh branches. Low quantum of these advances in Khed, Dapoli and Guhagar also clarifies the fact that there are some production, marketing and administrative problems in respect of these advances which have been - explained in section 2 and 5 of this chapter.

Sugarcane advances in case of Khed branch have stopped after 1982-83. These have recorded decreasing trend in - respect of Guhagar branch. Only Lanja branch and Lanja society have a consistently good record of these advances. This shows that Lanja taluka has better scope for increasing these - advances. The main reason is that two or three agriculturists from West Maharashtra with good water supplies at Lanja are taking this crop with their good production techniques and they are supplying their produce to factories in West -- Maharashtra where they receive good payments for their produce.

Comparing the figures of branches and societies as regards gohar-gas advances it becomes clear that these advances have better scope in Khed and Lanja taluka. These advances have been made in the last two to three years only and they are showing increasing trend. Average rate of - utilization is around 60 to 70%. In case of Lanja it is 90% which shows that the speed of implementation in this taluka is very good.



Milch cattle advances have shown a very little scope in case of Hedvi, Lanja and Kosum societies, as these societies have advanced for this purpose in last two to three years only. In absolute term, their figures of sanctioned limits and disbursements are very low. Their average utilization rate is however, very good which is as high as 80 to 85% . In case of Pure and Mahalunge society, average rate of utilization is around 60 to 70%. But in absolute terms, their sanctioned limits and disbursements have recorded increasing demands. This is due to the concessional rate of interest for these advances and good performance of marketing co-operatives in Khed and Dapoli Taluka.

Except Mahalunge society, all other four societies have recorded increasing demands in absolute terms for other agricultural advances. It shows that these advances have better scope in Khed, Dapoli, Guhagar and Sangameshwar taluka. The highest demand and disbursement is in case of Kosum and Hedvi society in 1983-84. In case of Pure, - Mahalunge and Lanja society, the average rate of utilization is 60%, 66% and 80% respectively. In case of Hedvi and Kosum societies average rate of utilization is 100% ~~100%~~ which shows that the speed of implementation of schemes is the best in these two societies. Considering the high quantum of demands and full utilization of sanctioned

amounts, it can be said that there is better scope for increasing these advances in Guhagar and Sangmeshwar talukas. In other three societies, however, the utilization rate is low due to lengthy inspection procedures and delay in disbursements of instalment. Therefore, there is no scope for increasing these advances in these three talukas - viz Khed, Dapoli, and Lanja.

However, if the trend of these advances is analysed, it becomes clear that in the last year - i.e. in 1984-85, there is adrastric fall in these advances in respect of Hedvi, Lanja and Kosum society, whereas Mahalunge society has maintained it's level as regards these advances. Only the Pure society has shown continous increasing trend in respect of these advances in absolute terms. Therefore, it can be said that considering the quantum of these advances in absolute terms, Pure society -i.e. Khed taluka has a better scope for increasing these advances in future.

#### 4.5 ADMINISTRATIVE PROBLEMS OF THE BANK :

In this section, the administrative problems of the bank having a bearing on the problem of low agricultural advances of the bank and their underutilization have been discussed.<sup>11</sup>

##### (1) PROCEDURAL DELAYS :

The sanctioning authority in respect of any type of loans and advances is the Board of directors of the DCC

bank. As such the sanctioning procedure is lengthy. The demands of the farmers are sent by the group secretaries to the concerned branches. Branch inspectors scrutinize the proposals and send them to the head office. Assistant manager - loans and the loan committee make their recommendations on the proposals and then these proposals are put forward in board meeting for due sanction. The whole procedure takes 2 to 3 months for its completion. It was the most important complaint of the farmers that the sanctions and disbursements of loans are so delayed that they prefer to go without loans. The following table clarifies the point more exactly.

Table No.4.25 : TIME CONSUMPTION FOR GETTING THE AGRICULTURAL LOAN AND ADVANCES SANCTIONED FROM THE BANK :

| Sr.No. | Period for which proposals remain pending. | No. of Agriculturists | % of Agriculturists |
|--------|--|-----------------------|---------------------|
| (1)    | For 1 month                                | 5                     | 5%                  |
| (2)    | From 1 to 2 months                         | 25                    | 25%                 |
| (3)    | From 2 to 3 months                         | 50                    | 50%                 |
| (4)    | Above 3 months                             | 20                    | 20%                 |
|        |  | 100                   | 100%                |

Source - Compiled from the interview Schedules.

The proposals remaining pending above 3 months' are 20% out of which some proposals may be rejected. Out of the 80% proposals, nearly 75% require 2 to 3 months period for sanction. This shows that due to the delay in sanctioning of loans, the farmers prefer to go to other banks. Especially in case of medium term loans, farmers prefer to go to other banks. Branches of these other commercial banks are empowered to sanction loans for small amounts directly. Due to such powers, these banks can disburse the loans within 8 days also.

However, for two main reasons DCC banks can't avoid this procedural delay. Firstly, by the very nature of their organization, the loan sanctioning powers are to be centralised. Secondly, their business is restricted to one district only. Therefore, they can't diversify their risks. As such, they have to remain cautious while sanctioning the loans. These banks, therefore, can't delegate the powers for loan sanction to branches. The proposals which reach the head office exactly at the time of board meeting get earlier sanction. But proposals reaching immediately after the meeting remain pending upto the next meeting. Thus centralisation and consequent delays can't be avoided. This fact became clear after discussions with Assistant managers and branch managers of the bank. But an amicable solution can

be found out by the bank to avoid such delays.

Break-up of the farmers according to their source of finance for M.T. loans is as follows :-

Table No.4.26 : SOURCES OF FINANCE USED BY THE FARMERS  
FOR MEDIUM TERM AGRICULTURAL LOANS :

| Sr.No. | Source of finance | No.of farmers. | % to total. |
|--------|-------------------|----------------|-------------|
| (1)    | Commercial banks. | 50             | 50%         |
| (2)    | DCC Bank          | 20             | 20%         |
| (3)    | Other sources     | 30             | 30%         |
|        |                   | 100            | 100%        |

Source - Compiled from the interview schedule.

There are three main reasons for the major M.T. finance by commercial banks -

- genium
- (a) Farmer's can get the loans sanctioned in the concerned branch even in some cases at village level if the branch is situated in the village concerned. Loan can be got sanctioned within 8 to 15 days if it is for small amount.
- (b) Scrutiny of the proposals is not so rigid as in the case of DCC bank and
- (c) Inspection procedures at the time of release of each instalment of loan are not rigid as in the case of DCC bank. Farmers get easy and quick release of instalments from commercial banks.

Due to the concentration of business in one district, DCC bank can't diversify its risk. Agents of the visited branches opined that the bank has to remain cautious while sanctioning loans and releasing the loan instalments. These are the genuine difficulties of the bank. However, it is possible for the bank to evolve new quick procedures to overcome these difficulties.

(2) DEMANDS FOR LOANS PREPARED BY GROUP SECRETARIES AND NOT BY AGRICULTURISTS :

In case of short term paddy loans, it is the procedure of the bank to receive credit limit statements from group secretaries. Normally, it is expected that farmers shall make

their own demands. But in fact illiterate farmers leave the job to be completed by group secretaries. Group secretaries also don't take trouble to go from house to house to collect the demands. Therefore, the demands made by group secretaries in credit limit statements become arbitrary figures estimated on the basis of last year's demand. Therefore, the sanctioned amounts based on these arbitrary figures always remain big but the actual withdrawals by farmer community remain far less than the sanctioned limits. The opinion of the interviewed farmers revealed the following data -

Table No.4.27 : PERSONS PREPARING LOAN PROPOSALS :

| Sr.No. | Type of Agriculturist   | No.of<br>Agriculturists | % to total. |
|--------|---|-------------------------|-------------|
| (1)    | Demands prepared by farmers.                                  | 20                      | 20%         |
| (2)    | Demands prepared by farmers but changed by group secretaries. | 20                      | 20%         |
| (3)    | Demands prepared by Group secretaries.                        | 60                      | 60%         |
|        |   | 100                     | 100%        |

Source - Compiled from the interview schedule.



Above data clearly reveals the fact that why the disbursements in case of paddy crop loan are always low as compared to the sanctioned limits.

(3) LEGAL PROBLEMS :

One important advantage of taking loans from DCC Bank is that farmers get subsidies from government in respect of various types of loans. These subsidies are available to low and very low landholders as well as to scheduled castes. But the researcher came across one important difficulty in the way of getting these subsidies.

Table No.4.28 : NUMBER OF SHARES IN THE JOINT PROPERTY :

| -----  |                               |                                    |
|--------|-------------------------------|------------------------------------|
| Sr.No. | No.of shares in the property. | No.of farmers families. % to total |
| -----  |                               |                                    |
| 1.     | 7 to 8 shares.                | 10 10%                             |
| 2.     | 5 to 6 shares                 | 25 25%                             |
| 3.     | 3 to 4 shares                 | 20 20%                             |
| 4.     | 2 to 3 shares                 | 20 20%                             |
| 5.     | No shares.                    | 10 10%                             |
|        |                               | -----                              |
|        |                               | 100 100%                           |
|        |                               | =====                              |
| -----  |                               |                                    |

Source - Compiled from the interview schedule.

The fact is that, if there are 5 or 6 brothers or sharees in the property, majority of them are the servicemen in Bombay and only one or two brothers or sharees look after the property. Now in many cases property has not been divided legally among the sharees. Property is always in the name of the person looking after the agricultural activities. Though, his share in the whole property is small, he seems to be a big landlord due to the undivided property held by him in his single name. As such, he can't get the benefit of government subsidies which are available only to the low and very low landholders.

If the benefit of the subsidy is not receivable due to the above legal problem, most of the farmers prefer to go to the commercial banks or other sources of finance especially for satisfying their needs of M.T. loans. Quick sanctions, disbursements and flexibility in respect of release of instalments etc. are the advantages, they get by approaching to other sources of finance.

From the year 1985 onwards, bank has been permitted to sanction long term loans for horticultural development. A group of farmers from Hedvi approached to the bank with a composite proposal to develop a plot of 20 to 25 hectares collectively. Bank demanded 7/12 statements of all the individual plots which was difficult from the point of view

of the farmers. Ultimately the scheme was kept aside. Unless some via-media to overcome such legal problems and - difficulties is found out, no scheme of horticultural development worth the name can succeed in the region.

(4) PROBLEMS OF GROUP SECRETARIES :

This is an important link in the administrative chain of the DOC bank. All the important works such as preparation of credit limit statements, disbursements of advances in cash as well as in kind, maintenance of the proper books of accounts etc. are done by the group secretaries. The bank, the government and the farmer community expects much more from the group secretaries. These expectations include the publicity of government schemes in the masses, getting more and more responses from masses to such schemes, taking benefit of all these schemes for the lower strata of the farmer community by doing some extra labour etc. However, these group - secretaries are always entrusted with the work of managing 2 or 3 primary credit societies at a time. In fact they are overburdened with the work. The maximum salary drawn by these secretaries is Rs.450/- for all the 2 or 3 societies, they are managing. In fact this is not the salary but such low payments can be described as honorarium to them. Some 3-4 years ago, these secretaries went on strike to get increment in their salaries. But they would not succeed.

On the contrary, government expects that DCC bank shall pay the salaries of these secretaries. But control on them will be exercised by the government. The bank is not ready to accept this hybrid structure. In short a feeling of uncertainty has crept into the minds of these group secretaries in respect of the future of their services. In such a situation, no one can expect more work from these people. The situation created by the government is such that group secretaries are discouraged from taking any initiative or from showing any enthusiasm in their work. Problems of the group secretaries affecting their efficiency adversely, is one of the important factors leading to non-promotion of agricultural finances of the bank.

(5) LACK OF EDUCATION AND TRAINING TO FARMERS IN CO-OPERATIVE PRINCIPLES :

At the village level, it is highly necessary that the farmers shall be educated and trained in co-operative principles. Co-operative farming and marketing societies are the integral parts of the co-operative movement for which propaganda on right lines is highly required. Secondly there are various schemes of the government for the benefit and up lift of the weaker sections. But the knowledge of such schemes doesn't in fact reach the farmers so as to enable them to take the advantages of such schemes. e.g. to solve

the problem of increasing overdues, government sponsored one scheme according to which 50% of the overdue amounts were to be converted in medium term loans for three years and only remaining 50%, were to be recovered. But according to the annual report of the bank only 2 co-operative societies in the district took advantage of this scheme. Similarly there are various schemes sponsored by the government for low and very low landholders, scheduled castes and landless labourers etc. But the benefit of these schemes is not taken in the quantum expected. Main reasons are the lack of leadership, lack of education and training to the masses, publicity of these schemes not made in the degree required, and low efforts of group secretaries at village level to obtain maximum benefits of the schemes for lower strata of the society. Group secretaries however, can't be blamed much in this respect due to their various problems kept unattended by the government and the bank.

(6) DRAWBACKS OF FAMILY SYSTEM :

As has been seen earlier, most of the landed properties in Konkan are joint properties. Most of the co-sharers<sup>es</sup> in the joint property have settled down in Bombay due to their services in Bombay. They don't show any interest in the development of the properties at their respective native places in Konkan. None of them is ready to invest anything for the development. On the contrary,

each one of them demands his share in the existing low incomes of the properties. Therefore, the co-sharers<sup>e</sup> living here and looking after the properties are also least interested in the development of the properties. As such the quantum of development loans and advances of the bank remains very low. The problem will be more clear from the following table :-

Table No.4.29 : NUMBER OF FARMERS GETTING HELP FROM RELATIVES FOR INVESTMENT AND GIVING SHARE OF INCOME TO RELATIVES:

| Sr.No. | Nature of help from relatives.                                 | No. of farmers. | % to total. |
|--------|--|-----------------|-------------|
| 1.     | Relatives investing but not demanding share in income.         | 5               | 5%          |
| 2.     | Relatives investing but demanding share of income.             | 25              | 25%         |
| 3.     | Relatives not investing but demanding share of income.         | 60              | 60%         |
| 4.     | Relatives not investing and not demanding any share in income. | 10              | 10%         |
|        |  | 100             | 100%        |

Source - Compiled from the interview schedule.

Above table clearly shows that only 30% of the farmers get help from relatives. Remaining 70% of the farmers are not getting any help from the relative. On the contrary they have to pay the respective shares of co-sharers. Therefore, the contention of the farmers in general is that if they desire to develop the property in the interest of all the co-sharers, the co-sharers will demand only their shares in increased incomes without contributing anything for the development of the property. For this reason, most of the well-to-do farmers are least interested in the development of their properties. Therefore, this is also one of the important factors leading to very slow growth of the agricultural advances of the DCC bank.

(7) GOLD LOANS TAKEN FOR PRODUCTIVE AS WELL AS FOR  
NON-PRODUCTIVE EXPENDITURE :

Due to the lengthy procedure for sanctioning of the loans, many times, farmers prefer to take gold loans which became available quickly. In most of the cases, the amount received against gold loans is utilized for productive purposes. It means, that though these are gold loans, these are not for consumption purposes but have been taken for productive purposes. Only purpose behind taking loans - against gold is to avoid procedural delays. Therefore in strict sense, these are not at all gold loans but are -

disguised agricultural advances. If the farmers are not having appropriate and adequate security with them in legal terms to be given to the bank, they use gold as a security. If we add to the agricultural advances these gold loans which are in fact disguised agricultural advances, the quantum of these loans and advances increases substantially. These disguised agricultural advances in the form of gold loans is one of the important reasons for low agricultural advances of the bank. Following table gives the idea as regards such advances.

Table No.4.30 : CLASSIFICATION OF GOLD LOANS :

| Sr.No. | Type of loan  | Amount          | No.of farmers | % to total. |
|--------|---|-----------------|---------------|-------------|
| (1)    | Gold loan<br>(Productive)                           | 5000            | 20            | 20%         |
| (2)    | Gold loan<br>(Un-productive)                        | 5000            | 20            | 20%         |
| (3)    | Gold loan<br>(Productive as well as non-productive) | 10000           | 10            | 10%         |
| (4)    | Gold loan not taken at all.                         | - <del>10</del> | 50            | 50%         |
|        |   | -----           |               | -----       |
|        |   | 100             |               | 100%        |
|        |   | =====           |               | =====       |

Source - Compiled from the interview schedule.



50 persons not taking gold loans at all are from lower strata as well as from upper strata. People from - lower strata have no gold with them and the upper strata people are well-to-do- and therefore eventhough they have good amount of gold with them, they are not in need of gold loans. Out of the remaining 50% people, 10% take gold loans for productive as well as non-productive purposes and upto Rs.10000/- . It means that their deposits of gold are - substantial and at the same time they are in need of big amounts for productive as well as anon-productive purposes. Out of remaining 40% people, 20% take gold loans purely for productive purposes while the remaining 20% take gold loans for non-productive purposes. It can thus be said that nearly 25% of the gold loans are for productive purposes which can be regarded as agricultural advances of the bank. Remaining 75% of the gold loans are non-productive in nature. These are taken for the expenditure on marriages, festivals and other religious functions.

Though the earning capacity of the people is low, they are forced to make such unproductive expenditures due to customs. If such expenditures are cut down through social reforms, agricultural productivity and bank finance to agriculture will certainly increase. Thus productive - agricultural loans in the form of gold loans is one more important factor responsible for apparently showing the

agricultural advances of the bank at a low level.

(8) MONEY ORDER ECONOMY (MO) :

The economy of Konkan is rightly described as money order economy. Out of every 5 persons 4 are always employed in Bombay. The person living here is always assisted by these 4 people employed in Bombay. Assistance they get from money orders can be presented as follows :-

Table No. 4.31. : PER MONTH HELP FROM RELATIVES FOR  
CONSUMPTION EXPENDITURE :

| Sr.No. | Amounts received<br>through money-orders | No. of<br>farmers. | % to total. |
|--------|--|--------------------|-------------|
| 1.     | Rs.100 to 200 per month                  | 70                 | 70%         |
| 2.     | Rs.200 to 250 per month                  | 20                 | 20%         |
| 3.     | Rs.250 to 300 per month                  | 5                  | 5%          |
| 4.     | No money orders.                         | 5                  | 5%          |
|        |  | 100                | 100%        |

Source - Compiled from the interview schedule.

Above table clearly shows that nearly 95% of the families in the rural area receive money orders from Bombay. This type of assurance in respect of financial backing and stability has made the local people idle ones. They have a very little desire to develop. They also get extra help in case of religious functions etc. As such they don't feel any urgency as regards self development. This has seriously affected the development of the region and the prospects for bank finances.

(9) RIGIDITY IN THE APPLICATION OF BANK POLICIES :

It is the important rule of the bank that fresh loan will be given only after 10 days of repaying the old loan. Rules and regulations as regards, landholdings, ownership of cattles, registration of agreement-E, membership of farmers etc. are made by the bank. But farmers strongly criticize that all these policies, procedures, rules and regulations are rigidly applied by the bank. Some have also criticised that the bank is more interested in granting gold loans as the interest rate on such loans is high. However, according to bank officials such cautious loaning policy is to be adopted by them to minimize their financial risks. But attempts can be made by the bank to make the policy more liberal and to bring into it the required flexibility. A slightly liberal policy may help in increasing the agricultural finances to a desired level.

(10) OTHER FACTORS :

There are some other factors which are responsible for low agricultural productivity and low agricultural - finances of the bank. These are illiteracy, superstitious feelings, lack of proper education and training of the farmers in respect of various matters. Continued famines in the region is one more important factor. Inadequate transport and communication facilities, infrastructural inadequacies such as supply of water, electricity, are the other factors which are the main stumbling blocks in the way of development. ( Orthodox methods of cultivation shall be changed. These can be changed only if adequate provisions are made for the education and training of farmers. Co-operative farming and co-operative marketing are the two important sections of the co-operative movement which have been totally neglected in this region. These are the two important areas to be immediately attended to. Unless the basic amenities such as transport, - communication, water and power supply, co-operative farming and marketing are provided, agricultural productivity can't be increased and unless it is increased co-operative finance for agriculture has no better prospects in this region. Thus problem of increasing agricultural finances in this region shall be viewed not only from the financial angle but also from the production marketing and administrative aspects of the problem.

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