ORGANIZATIONAL FRAMEWORK FOR THE IMPLEMENTATION OF SOCIAL OBJECTIVES

REPORT OF A STUDY GROUP
OF THE NATIONAL CREDIT COUNCIL

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OCTOBER
1969

Copies can be had from :

THE ADMINISTRATIVE OFFICER,
ECONOMIC DEPARTMENT,
RESERVE BANK OF INDIA,
POST BOX NO. 1036,
BOMBAY-1.

Printed by Rev. Theodore A. Pereira at the Examiner Press, Bombay, India and Published by Shri A. Raman, Director, National Credit Council Unit, Reserve Bank of India, Bombay.

NATIONAL CREDIT COUNCIL

STUDY GROUP ON ORGANIZATIONAL FRAMEWORK FOR THE IMPLEMENTATION OF SOCIAL OBJECTIVES

D. R. GADGIL *Chairman*
Deputy Chairman,
Planning Commission,
New Delhi.

N. M. CHOKSHI,
Bank of Baroda,
Bombay.

P. N. DAMRY,
Deputy Governor,
Reserve Bank of India,
Bombay.

B. K. DUTT,
United Bank of India,
Calcutta.

M. Y. GHORPADE,
Sandur,
Mysore State.

ARVIND N. MAFATLAL,
Mafatlal House,
Bombay.

P. NATESAN,
General Secretary,
Tamil Nadu Co-operative Union Ltd.,
Madras.

T. A. PAI,
Syndicate Bank,
Manipal.

P. C. BOROOAH,
Member,
National Credit Council.

R. R. MORARKA,
Member,
National Credit Council.

MAGANBHAI R. PATEL,
Chairman,
All-India State Co-operative Banks' Federation,
Bombay.

B. N. ADARKAR *Convener*
Deputy Governor,
Reserve Bank of India,
Bombay.

SECRETARIAT

A. RAMAN,
Director of Research,
Reserve Bank of India,
Bombay.

A. HASIB,
Director of Research,
Reserve Bank of India,
Bombay.

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INTRODUCTION

Constitution of the Study Group

In pursuance of a decision of the National Credit Council, at its meeting held on July 24, 1968 the present Study Group was constituted towards the end of October 1968 to go into the question of the building up of an appropriate organizational framework for the implementation of social objectives.

The Group was composed of the following :

D. R. GADGIL,	*Chairman*
N. M. CHOKSHI,	*Member*
P. N. DAMRY,	*Member*
B. K. DUTT,	*Member*
M. Y. GHORPADE,	*Member*
ARVIND N. MAFATLAL,	*Member*
P. NATESAN,	*Member*
T. A. PAI,	*Member*
B. N. ADARKAR,	*Convener*

In addition, the following members of the National Credit Council were also associated with the working of the Group :

P. C. BOROOAH
R. R. MORARKA
MAGANBHAI R. PATEL

Dr. C. D. Datey and Shri C. G. Ramasubbu of the Reserve Bank of India also attended some of the meetings.

The Study Group records with profound sorrow and regret the sudden and sad demise of Shri N. M. Chokshi, on June 25, 1969. With his wide experience and intimate knowledge of the banking industry, Shri Chokshi made invaluable contribution to the work of this Group.

The Group met on the following dates :

First Meeting	— New Delhi	— December 3, 1968
Second Meeting	— New Delhi	— March 22, 1969
Third Meeting	— Bombay	— July 12, 1969
Fourth Meeting	— New Dehli	— October 10, 1969

The Problem Before the Group

The Group addressed itself mainly to the task of identifying major credit gaps and has made suggestions for action to meet the problem. The Indian banking system has made significant progress in the last 20 years by expanding its territorial and functional coverage and yet the unevenness of spread of institutional credit facilities to different areas of the country, the urban-oriented organisation of commercial banks, weaknesses of the co-operative system and the non-availability of institutional credit to the weaker sections of the community, still persist. Also, in view of the planned effort for economic development of the country, it is necessary to have institutions which can subserve the social and economic objectives of planning. Government's accepted policy envisages that the benefits of economic development must accrue more and more to the relatively less-privileged classes of society and that there should be a progressive reduction in the concentration of incomes, wealth and economic power. In this context, the main social objective of banking and credit would appear to be that of more evenly spreading institutional credit over unbanked and under-banked areas and ensuring that neglected sectors and the small borrowers—who have to depend on non-institutional credit—also get adequate credit at reasonable terms from banks. At an early stage of the deliberations of the National Credit Council, Prof. Gadgil suggested that it was necessary to indicate the directions in which the banking system would move so that social purposes were fulfilled through its operations and to study the problem of an appropriate division of labour among existing categories of credit institutions and the need, if any, for creating special types of institutions for fulfilling the socio-economic objectives of planning.

Since the Banking Commission will study several of these questions, we have confined ourselves to a study of major credit gaps and indicated the broad directions in which efforts should be made to fill up these gaps. For instance, we did not examine the working of non-banking financial intermediaries. Nor did we study the question of export credit.

At the third meeting held on July 12, 1969, the Group had completed its deliberations and finalised its approach to the problems of meeting the credit gaps. Subsequently, on July 19, 1969, the Government of India announced the nationalisation of 14 major Indian scheduled commercial banks. This development was also taken into account in the programme of action which was considered by the Group at its final meeting held on October 10, 1969.

The Report is divided into the following parts :

I. Structure of the Banking System

II. Credit Gaps

III. Group's Approach to the Problems of Credit Gaps.

IV. Summary of the Report.

V. Appendices.

Acknowledgements

The Study Group wishes to place on record with great pleasure its gratitude to the Convener Shri B. N. Adarkar for planning and organising the arduous work of the Group, guiding the full and comprehensive studies undertaken for us by the various Departments of the Reserve Bank of India and facilitating the discussions of the Group.

We owe a special debt of gratitude to Shri A. Raman and Shri A. Hasib, Directors of Research of the Reserve Bank of India, who attended all our meetings, assisted the Group in its discussions, made valuable suggestions for our consideration, bore the burden of collecting, processing and co-ordinating the material required by the Group and prepared valuable studies and drafted the Report through its various stages.

Part I

STRUCTURE OF THE BANKING SYSTEM

The structure of the banking system can be examined in proper perspective only against a study of the structure of the economy. The Indian economy

Structure of the Indian Economy

is predominantly agricultural. The importance of the agricultural sector may be seen from the fact that it contributes nearly one-half to the national income (Table 1).

TABLE 1—NATIONAL INCOME BY INDUSTRIAL ORIGIN AT CURRENT PRICES

(In crores of rupees)

	1964-65	1965-66	1966-67	1967-68
Agriculture	10213 *(50·5)*	9846 *(47·5)*	11755 *(49·2)*	14973 *(53·2)*
Mining, Manufacturing and Small Enterprises	4093 *(20·2)*	4434 *(21·4)*	4826 *(20·2)*	5109 *(18·1)*
Commerce, Transport and Communications	2946 *(14·6)*	3187 *(15·3)*	3687 *(15·4)*	4122 *(14·6)*
Other Services	2977 *(14·7)*	3286 *(15·8)*	3634 *(15·2)*	3983 *(14·1)*
Total Net Domestic Product ..	**20229** *(100·0)*	**20753** *(100·0)*	**23902** *(100·0)*	**28187** *(100·0)*

Note : Figures in brackets indicate percentages to total.

Source : Estimates of National Product (Revised Series) by Central Statistical Organisation, Government of India.

Further, according to the Census of 1961, nearly 70 per cent of India's population derives its livelihood from agriculture.

2. Under the impact of planning, the economy is undergoing a process of transformation. The base of the industrial economy is being strengthened and of even greater significance is the diversification of the industrial pattern,

and the emergence of producer goods and ancillary industries. The Index of Industrial Production (1960=100) has more than doubled in the last twelve years or so. One of the most encouraging features of the present economic situation is that the isolation of the agricultural sector is being rapidly broken and in a sense agriculture is being industrialized and commercialized. The first major attempt in this direction was the launching of the Intensive Agricultural District Programme, popularly known as the Package Programme, in seven selected districts in 1960-61. The programme was extended to eight more districts in the next three years. Alongside this programme, another programme known as the Intensive Agricultural Area Programme was taken up in 117 districts in 1964-65. The launching of the High-Yielding Varieties Programme in 1966 envisaged the use of new strains of hybrid seeds along with the application of higher doses of fertilizers, sufficient pesticides, *etc.* The intensive cultivation programmes presently under implementation in various parts of the country under the latest strategy in agriculture are expected to be extended to cover almost all the irrigated areas and correspondingly the demand for credit would go up. It has been estimated by the Working Group on Co-operation for Formulation of Fourth Five-Year Plan proposals that, by 1973-74, about 60 million acres of land would be covered by High-Yielding Varieties Programme as against only 15 million acres in 1967-68 and that the requirements of fertilizers alone would be of the order of 6.6 million tonnes as against 1.8 million tonnes in 1967-68.

3. Another important segment of the Indian economy is the small-scale industry sector which contributes about one-third of the total output of the industrial sector. Besides, this sector provides employment to 40 per cent of the total industrial workers.

4. An important aspect of the change in the economy is the trend towards reduction in the non-monetized portion of economic transactions. The monetized sector which, at the beginning of the planning era, perhaps accounted for a little over two-thirds of the total transactions in the economy, is estimated now to account for about three-fourths.

5. The credit needs of the various sectors of the economy are met by both the unorganised and the organised credit agencies, which is a characteristic of the Indian money market. The unorganised market which itself is not homogeneous is largely made up of money-lenders and indigenous bankers. The organised sector consists of the Reserve Bank of India, commercial and co-operative banks and specialized financial institutions like the Industrial Development Bank of India, the Industrial Finance Corporation, State Financial Corporations, the Agricultural Refinance Corporation, the Industrial Credit & Investment Corporation of India, *etc.* The organised and the unorganised sectors are not water-tight compartments as there are some points of contact between the two.

Structure of Organized Banking

6. Credit needs of different productive sectors of the economy are being increasingly met by institutional agencies. Banks (commercial and co-operative) form the most important constituents of the institutional credit system. The structure of commercial banking is, by and large, of branch banking type, while the co-operative banking structure is a three-tier federal one in character with a State co-operative bank at the apex (State) level, Central co-operative bank at the intermediate (usually district) level and primary co-operative society at the base (village) level.

(a) Commercial Banks

7. The commercial banking system consists of scheduled and non-scheduled banks, the former accounting for an overwhelmingly large proportion of business. Over the last two decades, the Indian banking system has undergone a significant structural reorganisation. A striking feature of the system till the recent past was that it consisted predominantly of a large number of small unit banks, which accounted for a very small part of the banking business. On account of the merger policy followed by the Reserve Bank of India to weed out non-viable units and to consolidate the banking system, the number of small scheduled commercial banks (with deposits of Rs. 10 crores and below) has been reduced drastically. As against 66 such small banks at the end of 1951, the number of small banks in June 1969 was 24. The number of non-scheduled banks also declined during the same period from 481 to a mere 16. In this process, the number of banks has been reduced from 566 in 1951 to 89 in June 1969, although over the same period, the number of offices of banks increased from 4,151 to 8,254.

8. At the end of June 1969, out of 89 commercial banks, 73 were scheduled and sixteen were non-scheduled banks. Of the 73 scheduled commercial banks, fifteen were foreign banks, that is to say, banks which are incorporated outside India ; of these, thirteen are operating. Within the scheduled banking sector, a few big banks account for the bulk of the banking business (Statement I). The geographical distribution of commercial banks in India is given in Statement 40.

9. On July 19, 1969, fourteen Indian scheduled commercial banks, with deposits of Rs. 50 crores and above were nationalised. With this, the public sector banks consist of the State Bank of India and its seven subsidiaries and fourteen nationalised banks. The State Bank of India and its seven subsidiaries accounted for about one-third of the banking business. They had 2,454 offices (30 per cent of the total number of offices of all commercial banks) and accounted for 27 per cent of the deposits and 33 per cent of the credit of all commercial banks. The fourteen major Indian scheduled commercial banks which were nationalised accounted for 56 per cent of aggregate deposits and 51 per cent of credit; they also accounted for 50 per cent of the

COMMERCIAL BANKING SYSTEM

NUMBER OF BANKS	89
NUMBER OF OFFICES..	8,254
DEPOSITS (RS. CRORES)	4,672
CREDIT (RS. CRORES)..	3,614

	STATE SECTOR			PRIVATE SECTOR		
	State Bank of India	Subsidiaries of State Bank of India	Other Indian Scheduled Commercial Banks	Branches of Banks Incorporated outside India	Other Indian Scheduled Commercial Banks	Non-Scheduled Commercial Banks
NUMBER OF BANKS ..	1	7	14*	15@	36	16
NUMBER OF OFFICES	1,566	888	4,130	130	1,324	216
DEPOSITS (RS. CRORES)..	948	291	2,632	478	296	28
CREDIT (RS. CRORES) ..	967	219	1,829	385	197	16

number of offices. Thus, with the nationalisation of fourteen major Indian scheduled commercial banks, about 83 per cent of aggregate deposits and credit and 80 per cent of the number of offices have come in the hands of Government (Statement 2).

10. In the non-nationalised sector of commercial banking, there are 36 Indian scheduled banks, which account for about 6 per cent of the deposits of all commercial banks. Fifteen banks incorporated outside India (thirteen of which are operating) are mostly concentrated in the four metropolitan cities, namely, Bombay, Calcutta, Delhi and Madras and account for about 10 per cent of deposits and credit of all commercial banks.

11. In recent years, commercial banks have opened increasingly large number of offices through their planned branch expansion programmes. As may be seen from Statement 3, during the period 1955-1968, scheduled commercial banks' offices increased by as many as 4,605, of which 1,231 (27 per cent) were in rural centres, 1,649 (36 per cent) in semi-urban centres and 1,725 (37 per cent) in urban centres. This process of opening large number of offices, particularly in rural areas, was assisted by a vigorous branch expansion programme by the State Bank of India which also had the benefit of the Integration and Development Fund. The offices of the State Bank of India and its subsidiaries increased by 1,608, of which 627 were in rural centres, 723 in semi-urban centres and 258 in urban centres. Other Indian scheduled commercial banks' offices increased by 2,939, of which 603 were in rural centres, 927 in semi-urban centres and 1,409 in urban centres. Of the newly-opened offices during the period 1961-1968, as many as 1,232 offices were in centres which were previously devoid of commercial banking facility (unbanked centres). As a result of this vigorous branch expansion programme in recent years, made possible by a purposive branch expansion policy, 2,083 towns out of 2,700 are being served by banks and the population served by each bank office has declined from 98,000 in 1956 to 73,000 in 1967, in spite of a phenomenal increase in population. In 1968, commercial banks opened as many as 678 new offices—the largest in any year so far. Of these, 489 were in semi-urban and rural centres and as many as 365 in hitherto unbanked centres. Even so, there were 617 towns (as of April 16, 1969) which were not covered by commercial banks (Statement 4). Of the 617 unbanked towns, 173 had co-operative banking facility, while the remaining 444 towns were not served by any bank.

12. Among the States, Tamil Nadu had the largest number of towns (91) without any office of a commercial bank, followed by Madhya Pradesh (79), West Bengal (64) and Uttar Pradesh (59). At the other extreme, almost all the towns (except five) in Gujarat enjoyed modern banking facilities. The distribution of towns without any banking facility (commercial or co-operative) showed that Tamil Nadu (85), West Bengal (58), Bihar (48) and Uttar Pradesh (45), had the largest number of unbanked towns.

13. It is estimated that only about 5,000 villages are being served by commercial banks in one form or the other, taking into account the proximity of the village to an office of a commercial bank. Thus, not even one per cent of the total number of villages (5,64,000) is served by commercial banks.

14. The magnitude of the under-development of banking in India can be gauged from the fact that the average population served by a commercial bank office in India was as high as 73,000 as against 4,000 in the United Kingdom, 7,000 in the United States of America, 15,000 in Japan and 11,000 in Iran. Commercial bank deposits and credit as proportion of national income form hardly 14 per cent and 10 per cent, respectively, in India, as compared to 84 per cent and 79 per cent in Japan, 56 per cent and 36 per cent in the United States of America, and 49 per cent and 25 per cent in Canada. In the country league of banking facilities in different countries, India, along with countries like Pakistan, Ceylon and United Arab Republic is almost at the bottom (Statement 6).

15. There is an uneven spread of bank offices and banking business as between different States and population groups. Out of a total of 6,985 offices at the end of 1967, Tamil Nadu had the largest number of offices (967), followed by Maharashtra (928), Mysore (633), Uttar Pradesh (625) and Gujarat (601) ; these five States among them accounted for 54 per cent of the total number of bank offices (Statement 7). Judged by the population served by one commercial bank office in various States, Kerala was the most developed (37,000), followed by Tamil Nadu (39,000) and Gujarat (41,000). Maharashtra, Mysore and the Punjab were the other States which were relatively more developed in this regard. At the other end of the scale were Orissa (227,000), Bihar (218,000), Nagaland (205,000) and Assam (199,000).

16. The unevenness was all the more glaring in respect of distribution of bank credit. The lion's share of bank credit went to two States, *viz.*, Maharashtra (32.3 per cent) and West Bengal (22.5 per cent). Tamil Nadu, which had the largest number of offices, claimed 10.2 per cent of bank credit. What is more interesting is the fact that within the States of Maharashtra and West Bengal, bank credit was concentrated in the two capital cities of the respective States, *viz.*, Bombay and Calcutta. Excluding Bombay and Calcutta from Maharashtra and West Bengal, respectively, the share of these States in total bank credit shows a steep decline from 32.3 per cent to 3.1 per cent for Maharashtra and from 22.5 per cent to 0.6 per cent for West Bengal. The position in the case of deposits was similar to that of bank credit. In measuring the unevenness of credit distribution, particularly with reference to cities like Bombay, Calcutta, Madras and Ahmedabad, it may be mentioned that a portion of credit classified for statistical purposes as having been given in these cities may be utilised elsewhere, including the areas which may appear to have been neglected on the basis of such statistical distribution. We do not have data relating to

all banks in respect of the place of actual utilisation of credit. For a meaningful understanding of the regional distribution of credit, such data are absolutely essential. We hope that the Reserve Bank will collect the necessary data. The Group had the benefit of the figures provided by the United Bank of India. While the advances-deposits ratio of this Bank in West Bengal is 60 per cent, when adjusted for utilisation elsewhere, the ratio comes down to 44 per cent. Similarly, its advances-deposits ratio in Assam is 33 per cent, but when account is taken of the actual utilisation of advances in Assam, although granted elsewhere, the ratio amounts to 64 per cent. Similarly, in Bihar, the respective ratios are 31 per cent and 95 per cent. If account is also taken of the banks' investments in State Government and State-Government-approved securities, the effective ratios will be still higher. Not withstanding this qualification for interpreting statistical data, the fact remains that there is an uneven distribution of credit as between different regions.

17. The urban-orientation of the banking system will be further evident from the fact that the five major cities, *viz.*, Bombay, Calcutta, Delhi, Madras and Ahmedabad accounted for as much as 46 per cent of total deposits and 65 per cent of total bank credit at the end of 1967 (Statement 8). In fact, the two important cities, Bombay and Calcutta accounted for 32 per cent of deposits and 51 per cent of bank credit indicating thereby the large inflow of funds into these two cities from other banked centres. The unevenness of development of banking has been, however, reduced to some extent over the last few years. This is shown by the fact that the share of Bombay and Calcutta in total deposits declined from 45 per cent in 1951 to 32 per cent in 1967 and their share in credit came down from 59 per cent to 51 per cent over the same period. In spite of the increasing number of bank offices in rural and semi-urban areas in recent years, the banking structure has remained, by and large, urban in character.

18. At the end of 1967, per capita deposits and bank credit were the highest in Maharashtra at Rs. 209 and Rs. 191, respectively (Statement 9). Next in order was West Bengal with per capita deposits of Rs. 138 and per capita bank credit of Rs. 149, followed by Gujarat (Rs. 134 and Rs. 67, respectively). Per capita bank credit was more in West Bengal (Rs. 149) and Tamil Nadu (Rs. 75) than the per capita deposits of Rs. 138 and Rs. 66, respectively. Average per capita deposits for the country worked out to Rs. 78. States which had per capita deposits of more than Rs. 100 were Maharashtra (Rs. 209), West Bengal (Rs. 138), Gujarat (Rs. 134) and Punjab (including Haryana and Chandigarh) (Rs. 110). Average per capita bank credit for the country was Rs. 54 ; it was higher than this average in four States, *viz.*, Maharashtra (Rs. 191), West Bengal (Rs. 149), Tamil Nadu (Rs.75) and Gujarat (Rs. 67).

19. On the basis of a few important indicators of commercial banking development, *viz.*, population per office, per capita deposits, per capita advances,

credit-deposit ratio and ratio of deposits and advances to State income, it is observed that banking facilities were generally more developed in States which were economically and socially advanced and less developed in States which were relatively backward. Thus, banking is fairly well developed in Maharashtra, West Bengal, Gujarat and Tamil Nadu. Kerala, Mysore, Andhra Pradesh, Punjab, Haryana, Madhya Pradesh, Uttar Pradesh, Rajasthan and Jammu and Kashmir occupied mid-position, while the banking system is least developed in the relatively less-developed States of Assam, Bihar, Orissa and Nagaland. It should, however, be noted that even within States like Maharashtra, Gujarat, Tamil Nadu and West Bengal, where commercial banking may be said to have been well-developed, there were pockets where commercial bank offices were sparsely located. For instance, in Maharashtra, in the four districts of the Vidarbha region, *viz.*, Buldhana, Yeotmal, Bhandara and Chanda and in the five districts of Marathwada region, *viz.*, Aurangabad, Parbhani, Bhir, Nanded and Osmanabad, population served by one bank office ranged between 1 lakh and 2 lakhs as against 50,000 per office for the State as a whole, and as low as 13,000 per office in Greater Bombay and 32,000 per office in Poona district. Likewise, in the three districts of Gujarat, *viz*, Banaskantha, Sabarkantha and Panchmahals, population per office was between 1 lakh and 1.5 lakhs as compared to 41,000 for the State as a whole, and as low as 21,000 for Ahmedabad district. It is interesting to note that both Vidarbha and Marathwada in Maharashtra and the three districts in Gujarat are economically less-developed and less-industrialised regions, which is suggestive of the fact that commercial banking is generally concentrated in industrialised and commercialised areas. On the other hand, in States where the banking system is less-developed, there are districts/pockets which had fairly well-developed banking facilities. Instances in point are: Dhanbad (Bihar), Sundargarh (Orissa), Kota (Rajasthan), Dehra Dun (Uttar Pradesh) and South Kanara (Mysore).

20 Another aspect of the unevenness of the spread of banking facilities is that commercial bank offices are concentrated in centres of large population. At the end of 1967, out of a total of 2,483 banked centres, 105 (4.2 per cent) with population over 1 lakh had, as many as 2,716 or 39 per cent of the total number of offices (6,985) (Statement 10).

21 Also, there was a flow of resources from the smaller to the larger population centres and from the rural to the urban centres. As at the end of 1966 (latest available data) centres with population of 10 lakhs and over accounted for 47 per cent of total deposits and as much as 60 per cent of the credit of all scheduled commercial banks, while in the case of all the remaining smaller population groups, the share in bank credit was less than that in deposits (Statement 11). The credit-deposit ratio was as high as 88.9 per cent in centres with population above 10 lakhs and showed a declining trend in smaller population groups with only 41.0 per cent for centres in the population group of less than 10,000 (Statement 12). In this connection,

account should be taken of the fact that some centres which are now considered to be urban and banked might have been rural and unbanked at the time when branches were initially opened there.

22. A break-up of the data on deposits and advances into rural (centres with population of less than 10,000), semi-urban (centres with population between 10,000 and 50,000) and urban areas (centres with population above 50,000) over the period 1960-66 shows that in all the three areas, both deposits and bank credit recorded substantial increases (Statement 14). In absolute terms, the increase in deposits over the period 1960-66 was the highest (Rs. 1237 crores) in urban centres, followed by semi-urban centres (Rs. 274 crores) and rural centres (Rs. 60 crores). The increase in bank credit over the same period was also much higher in the urban centres (Rs. 915 crores) than in semi-urban centres (Rs. 104 crores) and rural centres (Rs. 22 crores).

23. A full picture of the uneven development of the banking system can be had by looking at the district-wise spread of banking facilities. While population served by a banking office is not the only criterion to judge the degree of banking development, we have adopted this limited criterion because it was susceptible to statistical analysis. Statement 35 shows district-wise particulars about commercial and co-operative bank offices and population served by a commercial/co-operative bank office. Out of the 336 districts in the Indian Union, commercial bank offices did not exist in thirteen districts upto the end of 1967; moreover, population data are not available in respect of five districts. Hence, the population served by a commercial bank office has been worked out for the remaining 318 districts. These data show that in thirteen districts, banking facilities were relatively well-developed and the population per office worked out to less than 25,000 as compared to the national average of 73,000 (Statement 15). Another 44 districts had population per office between 25,000 and 50,000. Thus only 57 districts (17 per cent of the total number of districts) can be said to have relatively better commercial banking facilities. The average population served by a bank office ranged between 1 lakh and 2 lakhs in as many as 89 districts ; it was above 2 lakhs in almost equally large number of districts (88). Statement 36 shows districts arranged in ascending order of population per office of commercial banks. Chandigarh occupies the first rank with only 8,000 population per office, followed by Madras (Corporation limit) (12,000) and Greater Bombay (13,000). Calcutta, Goa, Daman and Diu, and Delhi had each 15,000 population per office. At the other extreme, in Sultanpur (Uttar Pradesh), average population per office worked out to 807,000.

24. District-wise details of per capita deposit, per capita credit and credit-deposit ratio are given in Statements 38 and 39. Per capita credit was the highest at Rs. 1,730 in Calcutta district, while per capita deposits were the highest in Chandigarh (Rs. 2,069). There were considerably wide

variations in the levels of per capita bank deposits as between different districts. There were as many as 63 districts in which per capita credit was less than Re. 1. In thirteen districts, credit was not extended although there were deposits ; the deposits in these thirteen districts amounted to Rs. 230 lakhs. They were mostly backward districts like Gandhinagar (Gujarat), Doda (Jammu and Kashmir), Jhabua (Madhya Pradesh), Jaisalmer (Rajasthan) and Garo Hills (Assam). On the other hand, there were 23 districts in which credit disbursed was more than deposits mobilised. They included industrially and commercially developed districts like Bombay, Calcutta, Madras, Ahmedabad and some of the less well-known districts like Mahasu (Himachal Pradesh), Kota (Rajasthan) and Chanda (Maharashtra).

25. The national average for credit-deposit ratio was 69.3 in December 1967. In 23 districts, the credit-deposit ratio was above 100. It ranged between 90 and 100 for nine districts and between 70 and 90 for fourteen districts. There were 48 districts in which the ratio was above the national average. On the other hand, there were 61 districts in which the ratio was less than 10; it was less than 5 in 31 districts ; in another 65 districts, the ratio ranged between 10 and 20.

26. Another noteworthy development may be discussed at this stage. Although the credit outstanding of scheduled commercial banks has increased from Rs. 1,258 crores in 1962 to Rs. 2,065 crores in 1966, deposits from Rs. 1,623 crores to Rs. 2,982 crores and the number of offices of banks from 4,608 to 6,382, the number of accounts of bank credit declined from 12.41 lakhs to 11.71 lakhs over the same period.*

27. In interpreting these figures, it is essential to keep in mind the fact that the number of accounts cannot be equated with the number of borrowers because the same borrower may have more than one account. Assuming however, that the average number of accounts per borrower has remained the same, we can infer that the number of borrowers of commercial banks has declined over the last few years.

28. The causes for this phenomenon can be traced in the statistics relating to State-wise and purpose-wise classification of advances. The decline in the number of advances accounts was largely due to a fall in the number of accounts in Tamil Nadu (77,530), Andhra Pradesh (65,155) and West Bengal (13,367) (Statement 16). On the other hand, there was an increase in the number of accounts in Rajasthan (31,370), Kerala (25,240) and Maharashtra (18,298).

29. The sector-wise data based on the Survey of Bank Advances show that over the period April 1961 to March 1967, the number of accounts declined by 22,000. The decline was particularly marked under personal accounts,

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* 1962 was the earliest year for which the State-wise figures are available in respect of number of accounts.

commerce and agriculture. The number of accounts in the case of industry has gone up by 27,000 (Statement 17).

30. We thus see that the number of accounts has declined largely in some of the southern States and that the decline has taken place in non-industrial borrowing accounts. Taking these two factors together, it would appear that two sets of factors have been at work contributing to this phenomenon. First, a decline in the number of small banks, which took place particularly in the Southern region, might have been responsible for a decline in the number of small accounts. Secondly, the economic and credit policy also might, to some extent, have been responsible for a fall in the number of accounts. The sharp decline in personal accounts from 701,000 in April 1961 to 599,000 in March 1967 may perhaps be partly attributed to restrictions by the Reserve Bank on unsecured advances during the period end-June 1966 to September 9, 1966. Again, in March 1967, banks were advised to exercise control over clean advances. The decline in the number of accounts in the commerce sector could be attributed to control over distribution of foodgrains by the Government. The setting up of the Food Corporation of India and the intensification of its operations covering storage and sale of foodgrains, groundnut and groundnut oil and manufacture of processed foods and their distribution also affected the number of accounts of the traders. The decline in the number of accounts for agricultural production loans from 77,000 in April 1961 to 47,000 in March 1967 may perhaps have been partly due to general discouragement of advances against gold, following the Gold Control which probably led to a denial of credit to a large number of small agriculturist borrowers.

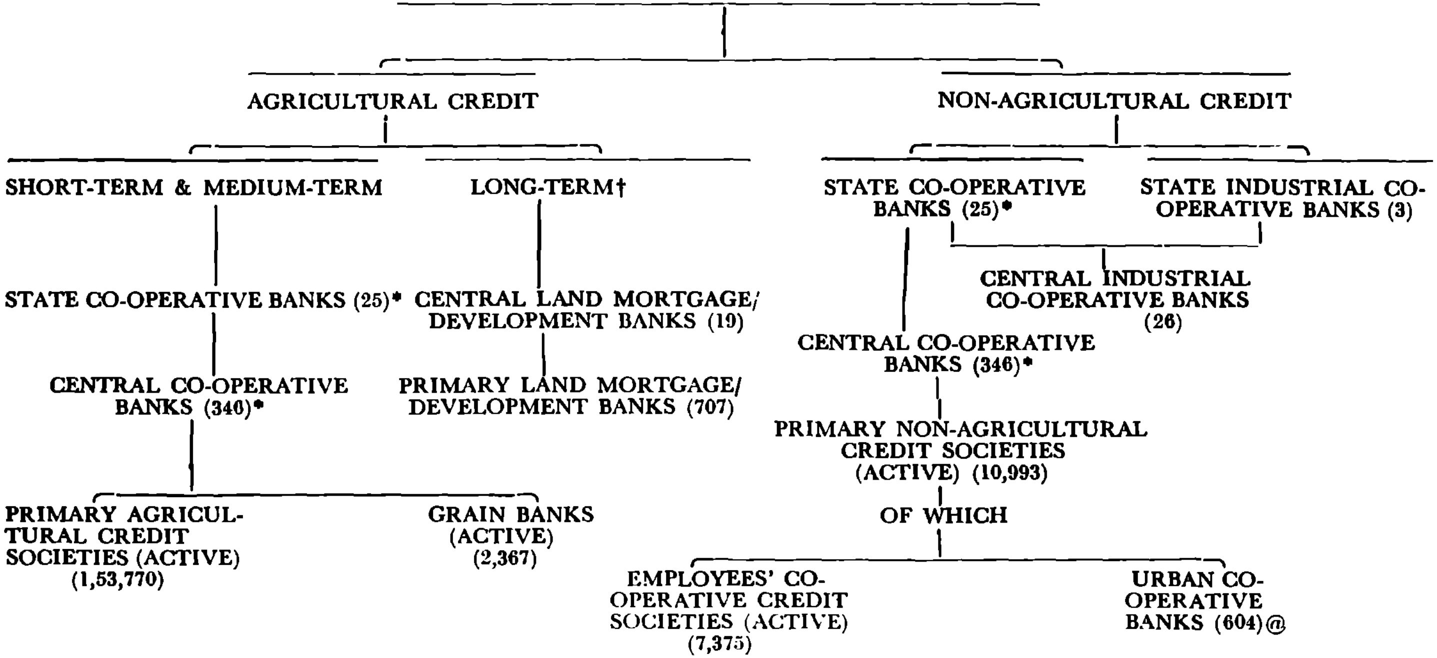
31. Although the decline in the number of accounts can be explained in terms of the factors mentioned above, the fact remains that banks in spite of considerable increase in their resources have not succeeded in making credit facilities available to a wider section of the population even though the needs of the economy demanded wider dispersal of credit.

32. In contrast to the trend noticed in the case of commercial banks, the number of members of the primary co-operative credit societies borrowing during the year increased from 115 lakhs in 1960-61 to 147 lakhs in 1966-67, a rise of 28 per cent. The average amount borrowed during the same period has increased from Rs. 290 to Rs. 436, *i.e.*, a rise of 50 per cent (Statement 18).

(b) Co-operative Banks

33. As compared to the commercial banking system which is mainly urban-oriented, co-operative banking has penetrated into the rural areas mainly as a result of official initiative and encouragement. Statement 19 gives the overall picture of the co-operative credit structure in India and the chart on next page brings out the structure of the co-operative credit system. The co-operative credit structure for short-term and medium-term

CO-OPERATIVE CREDIT STRUCTURE



credit is a three-tier federal one, with a State co-operative bank at the apex level in each State, the central co-operative bank at the district level and the primary credit societies at the base—agricultural credit societies in the villages and urban banks and other non-agricultural credit societies mainly in towns and cities. In the nine States of Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Mysore, Orissa, Rajasthan and West Bengal, there were 2,367 active grain banks at the end of June 1967 which functioned as primary societies. The number of active grain banks has been declining over recent years. Their relative importance in the co-operative credit structure is insignificant. The amount of loans outstanding at the end of June 1967 was less than Rs. 4 crores. For long-term credit, there is a central land development bank in each State operating through branches in some States (Bihar, Gujarat, Jammu and Kashmir and Uttar Pradesh) or through primary land development banks at *Taluka* level (as in Tamil Nadu, Mysore and Andhra Pradesh) or at district level (as in Maharashtra). There are, in addition, a few industrial co-operative banks operating at the State or district levels.

34. The centres at which co-operatives provide credit facilities are not only numerous, but well dispersed. Though 141 offices of the 25 state co-operative banks are mostly at State headquarters, 346 central co-operative banks have 2,648 offices at district/*taluka* level at which they offer various banking facilities. The urban banks numbering 604 (as on June 30, 1968) which are under the purview of the Banking Regulation Act, 1949, also provide banking services to cities and towns. At the end of June 1967, there were 3,662 offices of co-operative banks,* situated in 2,710 centres. The contribution of co-operative banks in taking banking facilities to the smaller places can be seen from the fact that these banks accounted for as many as 791 out of the 1,135 bank offices in places with a population of less than 5,000 (Statement 10). In as many as 1,113 centres, there were offices of state or central co-operative banks, but none of the commercial or urban co-operative banks ; of these, 1,064 centres had a population of less than 10,000 (Statement 20).

Agricultural Credit Societies

35. The primary agricultural credit societies which operate at the village level catering to the credit needs of the multitudes of villagers, numbered 1,78,735 at the end of June 1967 ; of these, 1,53,771 were active and the rest were dormant. The number of villages covered by active societies as on June 30,1967, was 4,61,397 *i.e.*, 82 per cent of all the 5,64,474 villages in the country (Statement 21). More than 90 per cent of the villages were covered by the active primary agricultural credit societies in four States, *viz.*, Maharashtra (98 per cent), Madhya Pradesh (94 per cent), Haryana (93 per cent) and Gujarat (92 per cent.)

* Offices of state co-operative banks, central co-operative banks, urban co-operative banks, industrial co-operative banks and land mortgage banks.

36. By the end of the year 1966-67, the membership of the active primary agricultural credit societies was 24.1 million. The population in all villages has been estimated at about 401 million (mid-1967 estimate). Assuming that the average size of a family is five, the number of rural families (cultivating and non-cultivating) roughly works out to 80 million. On this basis, about 30 per cent of the 80 million rural families are covered by membership of active societies. The proportion of borrowing members to total number of members is only 40 per cent.

37. It would thus be seen that in terms of geographical coverage and population served, the co-operative credit system is today an important institutional credit agency. Although the coverage of the system is substantial, the progress of the movement is highly uneven as between different States. During the year 1966-67, loans issued by primary agricultural credit societies amounted to Rs. 365 crores. Of this, more than 55 per cent was accounted for by only four States, *viz.*, Maharashtra (20.9 per cent), Gujarat (12.7 per cent), Uttar Pradesh (11.7 per cent) and Madhya Pradesh (10.0 per cent). Details are given in Statement 21. The ceiling on borrowing power of an individual member varies from State to State. The average loan issued per borrowing member amounted to Rs. 344 during 1966-67. The average loan per borrowing member was the highest in Gujarat (Rs. 748) followed by Maharashtra (Rs. 497), Tamil Nadu (Rs. 427), Mysore (Rs. 352), Madhya Pradesh (Rs. 321) and Punjab (Rs. 308). In all the remaining States, the average loan issued per borrowing member was less than Rs. 300.

38. The average loan issued per member was around Rs. 400 in Gujarat and around Rs. 300 in Maharashtra, while it was around Rs. 200 in Madhya Pradesh and Punjab. In Tamil Nadu, though the average loan per borrowing member was high (Rs. 427), the average per member was low (Rs. 97), indicating that the proportion of borrowing members to the total membership was very low (23 per cent) and that a large number of members did not borrow from the societies.

39. Statement 22 gives classification of loans issued by primary agricultural credit societies during 1966-67—by amount, that is, according to the size of the loans advanced. It will be seen that, out of Rs. 365 crores advanced by the societies, only Rs. 32.8 crores or 9 per cent were in the form of small loans not exceeding Rs. 100 and Rs. 71.6 crores or 20 per cent were in amounts ranging from Rs. 101 to Rs. 300. Thus, loans upto Rs. 300 accounted for about 29 per cent of the total credit disbursed by agricultural credit societies. On the other hand, loans exceeding Rs. 500 formed a fairly large proportion, namely, 46 per cent of the total loans issued.

40. Statement 23 gives selected indicators of the status of co-operative movement in States. In assessing the overall progress of co-operative movement in various States, we should not go by individual indicators but take

into account the totality of the picture. It will be found that the overall progress made by Gujarat, Maharashtra, Punjab and Mysore is generally more satisfactory as compared to the position in other States. The progress in Assam, Bihar, Rajasthan, Orissa, and Jammu and Kashmir is relatively unsatisfactory. Some States like Andhra Pradesh, Haryana, Kerala and Madhya Pradesh may be considered as coming under an intermediate group.

41. The main shortcomings of the co-operative system, which vary from State to State, are the problems of overdues, indifferent management, domination of co-operatives by vested interests, shortage of resources, lack of effort to mobilise deposits, untrained staff, certain policies and procedures followed which are not suitable to local environment and the weak arrangements for linking credit with marketing. The All-India Rural Credit Review Committee has dealt with these and other shortcomings in its recent Report. We may, however, discuss the problem of stagnation of co-operatives and their record in mobilising deposits with reference to two States, *viz.*, Tamil Nadu and West Bengal, as illustrative cases. Tamil Nadu comes fairly high insofar as the percentage of population covered by active societies and the average loan issued per borrowing member are concerned, but its position in order of the proportion of the borrowing members to total membership of societies is fairly low. A preliminary study of the problem of stagnation of primary structure in Tamil Nadu was made recently by the Agricultural Credit Department of the Reserve Bank of India with reference to two societies in the State. On the basis of this very limited study, it is not possible to generalise the causes of stagnation but factors concerned seem to be common to a large number of societies in Tamil Nadu. The relevant extract is reproduced below :

> "It will be seen that, in more than one aspect, the practice of co-operative agricultural credit in these societies is characterised by restrictive features in the removal of which little progress has been made. Though some features of the crop loan system have ostensibly been introduced, *viz.*, the fixation of scales of finance for each crop, due dates based on principles of seasonality and so on, the impact of this is not yet felt in actual practice because the managements of the societies are still, apparently reluctant to put them into practice. Thus, there is no enthusiastic effort to bring into the society all sections of cultivators. Nor are the loans sanctioned to members upto the amounts justified by the acreage and scale of finance. Surety loans are low, and the individual maximum borrowing power, in effect, has remained at much lower levels than those at which they are supposed to have been fixed in pursuance of the adoption of the crop loan system. These seemed to be the main reasons why the disbursement of co-operative agricultural credit in parts of the State has failed to reach satisfactory levels of performance."

In regard to West Bengal where the co-operative credit structure is weak, the following points may be mentioned:

(*i*) Lack of concerted steps to enlarge the coverage of co-operatives.

(*ii*) Presence of certain fundamental deficiencies in the policies and procedures followed by the credit institutions which result in delays in disbursement of credit.

(*iii*) Existence of a large number of dormant societies which are unable to borrow from the central financing agencies.

(*iv*) Rising overdues both in the primary credit societies and central banks.

(*v*) Very weak arrangements for linking credit with marketing.

42. The performance of the co-operatives is poor in attracting deposits. Deposits accounted for only 6 per cent of the working capital of primary agricultural co-operative credit socities at the end of June 1967 and average deposits per society were only Rs. 2,187 (Statement 24). There are, however, certain States and co-operative societies within States which have done quite well in attracting deposits. In this connection, the record and experience of Punjab are worth examining.

43. At the end of June 1967, the deposits of primary agricultural co-operative credit societies in Punjab stood at Rs. 9 crores and as a percentage of working capital formed 25.3 per cent against the all-India average of 6.3 per cent; the average amount of deposits per society was Rs. 8,517—a figure nearly 4 times the all-India average—which was exceeded only by Kerala where the per society deposit was of the order of Rs. 22,625. Average deposit per member of primary society as on June 30, 1968 at Rs. 83 in Punjab was the highest for any State in the country, the all-India average being around Rs. 17. It may, however, be pointed out that the record of deposit mobilisation was more satisfactory in some districts than in others. Further, as compared to the role of commercial banks, the performance of co-operatives in the mobilisation of deposits was not outstanding even in Punjab. At the end of December 1967, deposits mobilised by 273 offices of commercial banks in Punjab amounted to Rs. 168 crores, *i.e.*, Rs. 62 lakhs per office.

44. The progress of deposit mobilisation by the co-operative credit institutions in Punjab can be meaningfully examined in the context of an analysis of the strong and weak points of the co-operative movement in that State. Punjab has certain advantages in the agricultural field like fertility of soil, availability of irrigation facilities and relatively large size of holdings. More important still, the farmers are progressive, hard-working and responsive to modern agricultural practices. The per acre consumption of fertilizers in Punjab was 7.48 kgs. which was almost twice the all-India average of

4.06 kgs. in 1967-68. According to the All-India Rural Debt & Investment Survey (AIRDIS) (1961-62), the proportion of cultivating households reporting capital expenditure was higher (71.4 per cent) in the composite State of Punjab than in any other State and the average amount per reporting household was also the highest except for Andhra Pradesh. The level of borrowings of cultivators was also higher than in most other States. Thus, during 1961-62, borrowing per reporting cultivating household was Rs. 574 which was the highest for any State except Gujarat. The results of the AIRDIS also indicated that the size of marketable surplus in agriculture in the composite State of Punjab was quite large; thus the cash receipts from the sale of crops per cultivating household were Rs. 757, the highest for any State except Gujarat.

45. It is against this background of favourable agricultural conditions—relating both to natural and human factors—that the record of the co-operative movement in Punjab should be seen. Punjab today stands ahead of many States in regard to co-operative credit structure. At the end of June 1968, the short-term co-operative credit structure in the State comprised the Punjab State Co-operative Bank at the apex level, seventeen central co-operative banks and 10,954 primary agricultural credit societies. The Punjab State Co-operative Bank has made notable progress during the last decade. On the completion of the scheme of rationalisation of central banks, the present position is that seventeen banks serve eleven districts of the State; six banks serve one district each, four of the remaining five districts have two banks each, while one has three banks. According to the accepted norms, fifteen of these banks are viable. The primary societies covered 80 per cent of the villages as on June 30, 1967. The percentage of population covered by active societies was 63 as against the all-India average of 30. The percentage of borrowing members at 64 was also the highest among all the States in India.

46. On the other hand, the co-operative movement in Punjab suffers from certain weaknesses. The unlimited liability societies formed around 84 per cent of the total. Also, many societies are uneconomic units; thus, more than 48 per cent of the societies have a membership of less than 100. The average share capital per society is also relatively low. Punjab also shares with most States in India other weaknesses such as domination by powerful vested groups in the management committees and the poor quality of management.

47. The above analysis throws in bold relief the fact that despite the abovementioned weaknesses of the co-operative movement, the record of deposit mobilisation by primary co-operative credit societies in Punjab has been relatively satisfactory. It would have been more satisfactory if all societies could be made viable units and if other weaknesses, referred to above, were rectified. The analysis also shows that

favourable agricultural conditions, particularly the responsiveness of the farmer to modern techniques of cultivation and the consequent increase in incomes play an important part in the mobilisation of deposits by co-operative societies. Another probable factor may be mentioned in this connection. Since most rural families in Punjab get regular cash remittances from their members in armed forces, their regular cash incomes increase. Part of this income finds its way as deposits to the co-operative credit societies.

48. The Punjab experience indicates that with the spread of agricultural revolution throughout the country and consequent increase in rural incomes coupled with the growing opportunities of ancillary economic activities, the scope for mobilisation of deposits by co-operative societies is large. So far it was mostly at the level of the Central co-operative banks and State co-operative banks that deposits as a proportion of total working capital were of any significance. Part of the reason for poor deposit mobilisation by co-operative credit societies was that their transactions were seasonal and for a large part of the year, the accounts were mostly inoperative. If the societies begin to offer most of other banking facilities and do not confine themselves to loan transactions it is probable that deposits would accrue to them, provided of course, that the well-known weaknesses mentioned in the paragraphs above are rectified. We may refer in this connection to the Mutual Arrangement Scheme for Co-operative Banks in Maharashtra which has enabled the co-operative banks to offer better customer services to the members of co-operative institutions. (An outline of this Scheme is given in Annexure I). The practice followed by many societies in Maharashtra of disbursing loans to their members by means of cheques has also led to the spread of banking habit and the consequent increase in deposits.

Long-term Agricultural Credit Structure—Land Development Banks

49. The long-term credit needs of the agricultural sector are met by land development banks. The land development banking structure, as observed earlier, is a two-tier one with central land development bank at the State level and primary banks at *Taluka* level (as in Tamil Nadu and Andhra Pradesh) or district level (as in Maharashtra and Mysore). In the States of Bihar, Gujarat, Jammu and Kashmir and Uttar Pradesh, the structure is unitary, the apex land development bank operating directly through it branches.

50. The central land development banks raise their resources by floating debentures. With the interim finance (short-term accommodation) from the State Government or the State Bank of India and other commercial banks or the State co-operative banks, they grant loans to cultivators against the security of mortgage of immovable property. After sufficient mortgages are accumulated, they float debentures which are secured by mortgages. The debentures also carry State Government guarantee for the payment of principal

and interest and are declared as trustee securities. The amount of debentures sold by all the land development banks was Rs. 58 crores during 1966-67 and Rs. 50 crores during 1965-66.

51. As on June 30, 1967, there were central land development banks in sixteen States and three Union Territories. The number of primary banks affiliated to them was 690. Individual membership (excluding nominal members) of these banks was 4,66,176 and that of the primary banks was 12,54,590, *i.e.*, a total individual membership of 17,20,766.

52. Until recently institutional arrangements for long-term agricultural credit were less developed than for short-term credit. It is only in the last few years—particularly since the commencement of the Third Plan—that the land development banks have attained significant levels of operation. Between 1960-61 and 1967-68, the loans advanced by these banks to agriculturists increased from Rs. 12 crores to Rs. 83 crores and loans outstanding to them from individual members, from Rs. 38 crores to Rs. 270 crores. The targets which these institutions have provisionally set for themselves for the Fourth Plan are also impressive. As against their total loans issued at Rs. 170 crores during the Third Plan period, it has been indicated in the Fourth Plan that the land development banks will advance Rs. 700 crores during this five-year period (1969-74) under their normal lending programmes and Rs. 200 crores under special development schemes financed with assistance from the Agricultural Refinance Corporation.

53. The progress made by the land development banks in the country has been uneven. While the movement has, in terms of volume of credit registered significant progress in Andhra Pradesh, Maharashtra, Gujarat, Mysore, Tamil Nadu and Uttar Pradesh, in the Eastern States of Assam, West Bengal, Bihar and Orissa and in Rajasthan, it is generally weak. Out of the nineteen central land development banks in the country as on June 30, 1967, six banks (Maharashtra, Gujarat, Andhra Pradesh, Tamil Nadu, Mysore and Uttar Pradesh) had outstanding loans of about Rs. 15 crores or more, while as many as ten banks had less than Rs. 5 crores as Statement 25 will show. Out of these nineteen central land development banks, ten are of recent origin, having been formed during and after the Second Five-Year Plan. Hence, it would not be proper to compare the position in States like Assam, Bihar and West Bengal with that existing in Andhra Pradesh, Gujarat, Tamil Nadu, *etc.*, where land development banks have been in existence for a fairly long period. Further, in the newly-formed banks, most of the members might be borrowing and the average loan outstanding per member would be fairly high in relation to that in the older banks like in Andhra Pradesh, Gujarat, Maharashtra, *etc.*, where the number of non-borrowing members would be relatively large and many of them might have repaid their dues in full but allowed their membership to continue.

54. At this stage, we may refer to another agency, *viz.*, Agro-Industries Corporations, which do not belong to the co-operative credit structure but provide finance indirectly for agricultural sector. The technological development that is taking place in agriculture with the adoption of scientific methods of cultivation and increasing use of improved seeds, chemical fertilizers, insecticides and pesticides has thrown into prominence the need to ensure satisfactory arrangements for the supply of agricultural inputs. Farm machinery and improved agricultural implements are equally indispensable to scientific farming. Unlike other inputs, however, their supply is restricted and they are generally expensive. Although some of the State Governments as well as land development banks provide credit to some extent for purchase of agricultural machinery and implements, it is doubtful if these agencies alone would be able to meet the demand which is expected to arise in the coming years. It is in this context that the setting up of the Agro-Industries Corporations was taken up by the Government of India. These Corporations have been established so far in 11 States, *viz.*, Andhra Pradesh, Assam, Bihar, Haryana, Tamil Nadu, Maharashtra, Mysore, Uttar Pradesh, Punjab, Orissa and Kerala. These Corporations will advance loans or sell machinery and equipment to agriculturists on hire-purchase basis. To promote sales, the Corporations will undertake extensive demonstration of modern agricultural implements, particularly power-operated implements and irrigation equipment, through modern farms and demonstration farms. The Corporations will build and maintain cold storage chambers, freezing houses, *etc.*, for preserving agricultural products and will also deal in all machinery and equipment required for poultry farming and dairy farming. So far as the financing arrangements of these Corporations are concerned, the Central and the State Governments hold shares in almost equal proportions. These Corporations are expected to receive refinance facilities from commercial banks for their hire-purchase operations against State Government guarantee.

Agro-Industries Corporations

55. In the non-agricultural credit sector, there were 13,616 societies at the end of June 1967. Their working capital amounted to Rs. 305.4 crores. The deposits held by these societies amounted to Rs. 194 crores, accounting for 63.5 per cent of the working capital as compared to hardly Rs. 39.1 crores forming just 6.3 per cent of the working capital in the case of agricultural credit societies. The loans and advances made by these societies during the year amounted to Rs. 280.2 crores. The non-agricultural credit societies comprise mainly employees' credit societies and urban banks.

Non-Agricultural Credit Societies

56. Employees' co-operative credit societies are formed in private and public sector undertakings, in offices as well as in factories. These societies afford

(i) Employees' Co-operative Credit Societies

a simple and convenient form of organisation for the purpose of raising credit by the employees of these institutions for consumption and other purposes. An employees' credit society can be organised within the institution where persons are employed and members have a fair degree of acquaintance with each other's character, needs and financial position. Repayment of loans is ensured through deductions from pay-bills.

57. The total number of employees' credit societies in the country at the end of June 1967 was 9,704 with a total membership of 45.3 lakhs, the average membership per society working out to 466. The working capital of the employees' credit societies aggregated Rs. 155.5 crores and comprised Rs. 61.2 crores as owned funds (39.4 per cent), Rs. 83.8 crores as deposits (53.9 per cent) and Rs. 10.5 crores as other borrowings (6.7 per cent). Of the total number of societies, 2,329, forming 24 per cent of the total, were dormant.

58. Statement 26 shows the all-India and State-wise details of membership of employees' credit societies. The Statement indicates the uneven distribution of the coverage of these societies as between different States. Four States (Maharashtra, Gujarat, West Bengal and Tamil Nadu) have 52 per cent of the total number of active societies and are responsible for 69 per cent of the total membership of all societies. More than one-fifth of the active societies are concentrated in Maharashtra, accounting for almost one-third of the total membership of all active societies in the country. At the other end of the scale, Nagaland does not have a single employees' credit society and the number of societies in Jammu and Kashmir is only seven with negligible membership.

59. Since the States vary in population and the size of employment, a more meaningful analysis of the distribution of coverage of employees' credit societies can be made in terms of the number of members of these societies as a proportion of the number of persons employed in different States. Statement 27 shows the percentage of the number of members of societies to employment by different zones and States in India. The figures in that Statement, however, are subject to certain limitations. First, statistics of employment and number of members of employees' credit societies are not available for a uniform date; statistics on employment refer to the end of December 1967, while the figures of membership are available as at the end of June of that year. This limitation, however, is not very serious because small changes in absolute figures are not likely to change percentage figures very greatly. Secondly, employment figures are not comprehensive; they cover (*a*) all establishments in the public sector, and (*b*) all non-agricultural establishments in the private sector employing ten or more workers. One of the main exclusions is "defence forces". Thirdly, the figures of the number of members of societies include those of members of dormant societies. It is, therefore, likely that the proportions of the number of members of societies to total employment would be somewhat on the side of over-estimates.

60. Subject to these limitations, we find that only 28 per cent of the number of employed persons are members of employees' credit societies. State-wise, in Maharashtra, almost three out of every five employed persons are members of employees' credit societies and in Mysore, one out of every two is a member. In West Bengal, Haryana, Gujarat and Tamil Nadu, the proportions are 45 per cent, 36 per cent, 31 per cent and 30 per cent, respectively. At the other end of the scale, only three out of every 100 employed persons are members of employees' credit societies in Assam, Tripura and Pondicherry and less than 10 out of every 100 in Himachal Pradesh, Madhya Pradesh, Bihar, Manipur and Orissa. Andhra Pradesh, Kerala, Delhi, Uttar Pradesh, Punjab and Rajasthan come in the intermediate range where more than 10 per cent of the number of persons employed are members of employees' credit societies. Thus, the uneven progress of the co-operative movement as between different States is shown in the case of employees' credit societies also; the movement is more developed in Maharashtra, Mysore, West Bengal, Haryana, Gujarat and Tamil Nadu and less developed in other States.

(ii) Urban Co-operative Banks

61. There is lack of uniformity in regard to the definition of the term 'urban co-operative bank'. In Maharashtra, only those urban credit societies which do banking business, as defined in Section 277(f) of the Indian Companies Act, 1913, or Section 5(i)(b) of the Banking Regulation Act, 1949, with paid-up share capital of not less than Rs. 20,000 are allowed to use the word 'bank' in their nomenclature. In other States, no clear definition of an urban co-operative bank has been laid down. The area of operation of an urban co-operative bank is normally restricted under its bye-laws to the municipal area or a town. Since no clear demarcation of the area of operation is made within the town, more then one urban co-operative bank may function in the same town or area. The membership of urban co-operative bank is normally composed of persons living in urban areas, such as, traders, merchants, salaried and professional classes. Some urban co-operative banks also admit firms and local authorities as members. In the case of some, provision exists only for admitting individuals as members; in practice, these banks cater mainly to the needs of a particular type of members based on community, caste, profession, *etc.*

62. These banks generally accept current, savings and fixed deposits for different periods. As a rule, fixed deposits form the major portion of total deposits collected by them. The borrowings of urban co-operative banks from the higher financing agencies are relatively lower as compared with agricultural credit societies. The loaning operations of urban co-operative banks consist of granting loans or cash credit to their members against surety and adequate security. The bye-laws specify the rate of interest that can be charged per annum and the average lending rate is normally about 9 per cent. The ceiling rates on advances prescribed by the Reserve Bank of India do not apply to these banks.

63. There were 604 urban co-operative banks (as on June 30, 1968) which were under the purview of the Banking Regulation Act, 1949, *i.e.*, they had share capital and reserves of over Rs. 1 lakh each. Urban co-operative banks are not evenly distributed in the country. Three-fourths of the urban banks coming under the purview of the Banking Regulation Act were concentrated in four States, *viz.*, Maharashtra (173), Gujarat (104) Mysore (102) and Tamil Nadu (98). There were no urban banks in Jammu and Kashmir, Nagaland, Uttar Pradesh, Andaman and Nicobar, Chandigarh, Himachal Pradesh and Tripura.

64. Financial and other particulars relating to 116 selectedurban co-operative banks were collected by the Working Group on Industrial Financing through Co-operative Banks set up by the Reserve Bank. As on June 30, 1966, the membership of 108 of the 116 reporting urban co-operative banks furnishing this information stood at 3,46,419 (an average of 3,207 members per bank), of which 1,36,006 members or 39 per cent of the total had borrowed from these banks. The owned funds and working capital of these banks aggregated Rs. 4.5 crores and Rs. 29.9 crores, giving an average of Rs. 4.1 lakhs and Rs. 27.7 lakhs per bank, respectively. As on June 30, 1966, deposits of 107 of the reporting banks amounted to Rs. 24.6 crores or an average of Rs. 23.3 lakhs per reporting bank. Deposits payable after one year stood at Rs. 6.6 crores and formed 27 per cent of the total. Total borrowings of 108 of the reporting banks aggregated Rs. 84.3 lakhs, of which Rs. 58.0 lakhs were provided by the central financing agencies, Rs. 1.3 lakhs by the Government and Rs. 23.0 lakhs by others. The borrowings constituted a mere 2.8 per cent of the working capital.

65. The outstanding advances of 108 of the reporting urban co-operative banks amounted to Rs. 17.9 crores as on June 30, 1966, of which Rs. 9.1 crores had been granted on a short-term basis, Rs. 6.3 crores on a medium-term basis and Rs. 2 crores on a long-term basis. The overdue loans stood at Rs. 1.6 crores and formed 9.2 per cent of the outstandings.

66. Of the 116 reporting urban co-operative banks, only eighteen banks spread over five States, had financed industrial units. Urban co-operative banks ordinarily finance small scale industrial units, which are not organised into co-operative societies. The State-wise distribution of these advances, according to the period, the number of financing banks and the number of units financed, are given in Statement 28. The outstanding advances of the 18 banks against industrial units at Rs. 1.2 crores formed 18.2 per cent of the total advances of these banks. Further, five of these 18 banks had advanced medium-term/long-term loans to industrial units amounting to Rs. 7.4 lakhs. The outstanding medium-term/long-term advances granted to industrial units constituted 6.3 per cent of the total advances outstanding against such units as on June 30, 1966.

67. The difficulties expressed by 101 urban banks in financing small-scale industrial units out of total of 116 reporting banks are summarised below :

Nature of difficulty	No. of banks reporting the difficulty
Paucity of overall resources	63
Lack of or restrictive provision in the bye-laws regarding membership, ceiling on loans, *etc.*	60
Inadequate medium-term and long-term resources	53
Lack of demand from industrial units	26
Risks involved in financing	18
Limited area of operation	1

The urban co-operative banks surveyed indicated that an increased flow of finance to small-scale industrial units would be possible if these difficulties are overcome in a suitable manner.

68. With a view to extending the spheres of influence of urban co-operative banks, the Working Group on Industrial Financing through Co-operative Banks felt that it was necessary to chalk out urgently a dynamic programme and in this regard recommended that:

(i) High priority should be given to the organisation of urban co-operative banks in areas where there is a sufficient concentration of cottage and small-scale industries carried on by individual units. The share capital of these banks could be strengthened by government contribution.

(ii) Existing urban co-operative banks may be allowed to extend their area of operation so as to make it possible for them to have dealings with individual units which are not too far away from an office of the bank to render supervision both costly and difficult.

(iii) The banks should be permitted to open a branch office anywhere in the district or the State, where there are good prospects for business with industrial units and these are not being served by local urban co-operative banks.

69. There are certain restrictions in the rules and regulations governing the business of these banks which retard the possible expansion of banking facilities by them. For instance, certain state co-operative societies' Acts have provisions which do not permit membership of firms and joint-stock companies in co-operative societies. In a few States, even though there is such a provision in the Act, the bye-laws of urban banks preclude admission of partnership firms and joint stock companies as their members. Other restrictions in the bye-laws of these banks include the restriction on the size of loans which can be given to a single borrower. Taking note of the restrictive features, the Working Group on Industrial Financing through Co-operative Banks recommended that the State Governments should ensure that :

> "........the co-operative societies' Acts and the bye-laws of the urban co-operative banks are suitably amended to remove such of these provisions, if any, which restrict the financing of small-scale industrial units regardless of whether they are individuals or partnership firms or joint-stock companies. In addition to these amendments, a change is necessary in the attitude brought to bear by urban co-operative banks on their financing operations. Their loaning must now adopt a strong bias in favour of economically productive activities rather than the financing of mere consumption and other non-productive items".

Industrial Co-operative Banks

70. It was the Co-operative Planning Committee set up by the Government of India in 1945 which, for the first time recommended that at places where provincial and central co-operative banks do not exist or do not possess sufficient resources, or it was considered desirable for any other reason, separate co-operative industrial banks may be established exclusively to look after the financing of industrial co-operatives. The First Working Group on Industrial Co-operatives set up by the Government of India in 1958 recommended that industrial co-operative banks may be organised in places where the credit needs of industrial co-operatives are not or cannot be met adequately by the existing financing agencies and where favourable conditions such as potential for adequate business from industrial co-operatives and scope for attracting deposits exist for their successful working. Later, in 1963, the Second Working Group on Industrial Co-operatives reiterated the recommendation of the First Working Group. Based on the above recommendations, some State Governments set up separate credit organisations for financing industrial co-operatives.

71. Industrial co-operative banks exist both at the State and district level. As at the end of June 1967, there were 26* central industrial co-operative banks in the country spread over five States, *viz.*, Gujarat, Haryana, Maharashtra, Mysore and Punjab. In almost all industrial co-operative banks, the number of individual members exceeded the number of societies and formed

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* Excluding Nagar District Urban Central Co-operative Bank.

86.2 per cent of the total. The average working capital per bank ranged from Rs. 12.1 lakhs in Mysore to Rs. 165.1 lakhs in Maharashtra. The average working capital per bank was Rs. 67.7 lakhs in Gujarat. The aggregate outstanding advances of these banks were Rs. 584.3 lakhs as at the end of June 1967. The total owned funds of the central industrial co-operative banks aggregated Rs. 150.8 lakhs, while the working capital amounted to Rs. 617.4 lakhs as at the end of June 1967. The borrowings amounted to Rs. 255.1 lakhs and formed 41.3 per cent of the working capital. These banks have not been able to collect sizeable amounts of deposits, their deposits amounting to Rs. 221.6 lakhs only. It is only the Nagar District Urban Central Co-operative Bank which was able to mobilise deposits aggregating Rs. 1.5 crores as at the end of June 1967.

72. As most of the industrial co-operative banks have come into existence after 1963-64, they have not been able to assist industrial co-operative societies to any large extent. In fact, the owned funds of a number of banks are quite meagre and this comes in the way of their borrowing adequately from higher financing agencies to enable them to lend to industrial co-operative societies.

73. There were three State level industrial co-operative banks in Tamil Nadu, Mysore and Rajasthan in the country as at the end of June 1967. The U.P. Industrial Co-operative Bank is in the process of amalgamation with the U.P. State Co-operative Bank. The owned funds of these three State level banks aggregated Rs. 1.4 crores, while the working capital amounted to Rs. 3.3 crores as at the end of June 1967. The overdues of the banks amounted to Rs. 64.2 lakhs, forming 20.2 per cent of the loans outstanding at Rs. 3.2 crores at the end of June 1967.

74. The Working Group on Industrial Financing through Co-operative Banks set up by the Reserve Bank has examined the role of industrial co-operative banks. The Group observed that there was no scope for an industrial co-operative bank at State level. In regard to the recognition of the district industrial co-operative bank, the Working Group made the following recommendations, which have been accepted by the Reserve Bank. The Reserve Bank should give the facilities which the central co-operative banks are entitled from it to such of the existing central industrial co-operative banks, which are viable or potentially viable. Such of the existing banks which have no prospects of becoming viable should be either merged with central co-operative banks or, if having large membership of individuals, re-organised into primary co-operative banks or taken into liquidation.

75. District-wise details about the functioning of co-operative credit societies are not available. District-wise classification of offices of the co-operative banks (*i.e.*, state co-operative banks, central co-operative banks, urban co-operative banks, industrial co-operative banks and land mortgage banks) is given in Statement 35 in the Appendix. In Statement 37 districts have

been arranged in the ascending order of population served per office of commercial and co-operative banks. These data show that in six districts, there were neither offices of commercial nor of co-operative banks. There were 38 districts in which population served by one office was 25,000 or less. In 103 districts, the population per office ranged between 25,000 and 50,000 and in another 94 districts between 50,000 and 1 lakh, while in the remaining 90 districts, it was above 1 lakh. These data indicate the inadequacy of institutional credit facilities in a large number of districts.

76. It is interesting to see that the States in which commercial banking has developed are also the States where co-operative banking has made headway as may be seen from the following :

States where both commercial and co-operative banking is developed	States where neither commercial nor co-operative banking is developed
Maharashtra	Rajasthan
Gujarat	Assam
Punjab	Bihar
Mysore	Orissa
Tamil Nadu	Jammu & Kashmir

Per capita commercial bank credit worked out to Rs. 54 at the end of December 1967 and the per capita co-operative credit amounted to Rs. 19 at the end of June 1967 (Statement 9). Per capita commercial bank credit and co-operative credit were the highest at Rs. 191 and Rs. 51, respectively, in Maharashtra. The other States in which both commercial and co-operative credit (per capita) were high were Gujarat, Tamil Nadu, Punjab and Mysore. In West Bengal, per capita commercial bank credit was high at Rs. 149, while per capita co-operative credit was low at Rs. 17. Both commercial and co-operative per capita credit was low in Assam, Bihar, Jammu and Kashmir, Orissa, Rajasthan and Uttar Pradesh.

77. Thus, it is observed that the areas in which banking—both commercial and co-operative—has recorded some progress are common, except West Bengal. Even in West Bengal, excluding Calcutta, both commercial and co-operative banking have made little headway.

A Study in Contrast: Maharashtra-Gujarat Vs. Bihar-Orissa

78. The imbalance in the development of commercial and co-operative banking among different States may be studied in greater detail with reference to four selected States, *viz.*, Maharashtra and Gujarat on the one hand, representing the developed States and Bihar and Orissa on the other, representing under-developed States. The glaring contrast in development between these two sets of States has been brought out in Statement 29. As may be seen from this Statement, per capita income at current prices was higher in Maharashtra (Rs. 524) and Gujarat (Rs. 424) as compared to Bihar

(Rs. 279) and Orissa (Rs. 252). Both per capita agricultural income and per capita industrial income were larger in the case of Maharashtra and Gujarat as compared to the other two States. It is noteworthy that per capita agricultural income in Orissa at Rs. 162 was about the same as that of Gujarat (Rs. 167) which is indicative of the predominantly agricultural basis of the Orissa economy. The low level of per capita industrial income in Orissa at Rs. 27 suggests a low level of industrialisation although it may be pointed out that there are some big public sector projects in Orissa, including the Rourkela Steel Plant. The working force engaged in manufacturing industry as a proportion of total population also showed that the percentage was higher in Maharashtra and Gujarat at 5.1 and 4.0, respectively, than Bihar (2.7) and Orissa (2.9).

79. The pattern of general economic development was reflected in the development of banking—both commercial and co-operative ; 31 per cent of the towns in Bihar and 19 per cent of the towns in Orissa did not have any office of either a commercial or a co-operative bank as on April 16, 1969, the corresponding percentages being only 2.2 in Gujarat and 7.2 in Maharashtra. There was one bank office for every 227,000 persons in Orissa and for every 218,000 in Bihar ; in contrast, there was a bank office in Gujarat for every 41,000 persons and in Maharashtra for every 50,000. Per capita commercial bank deposits and credit were Rs. 11 and Rs. 6, respectively, in Orissa and Rs. 26 and Rs. 7, respectively, in Bihar ; as against this, per capita deposit and credit were Rs. 209 and Rs. 191 in Maharashtra and Rs. 134 and Rs. 67 in Gujarat. Credit-deposit ratio was only 28.0 per cent in Bihar as against 91.2 per cent in Maharashtra and 49.6 per cent in Gujarat. The comparatively higher credit-deposit ratio at 51.8 per cent in Orissa may presumably be due to the existence of a number of developmental projects such as the multi-purpose Hirakud Dam in Sambalpur district—one of the largest of its kind in Asia—the Rourkela Steel Plant in Sundergarh district, the Paradip port project in Cuttack district, *etc.*

80. Within the two sets of States, there was a yawning gap between the levels of per capita deposit and per capita credit of co-operative institutions. In Maharashtra and Gujarat, per capita deposits were Rs. 27 and Rs. 22, respectively, while in Bihar and Orissa, they were as low as Rs. 2 and Rs. 3; similarly, per capita credit was Rs. 51 in Maharashtra and Rs. 49 in Gujarat, while it was only Rs. 3 in Bihar and Rs. 11 in Orissa.

81. Judged by the various criteria such as percentage of villages covered by active societies, population served by active societies, percentage of borrowing members to total membership and average loans issued per borrowing member, the performance of agricultural credit societies was far better in Maharashtra and Gujarat as compared to that in Bihar and Orissa. It is, however, interesting to note that small loans (*i.e.*, loans upto Rs. 300) formed as high as 60 per cent in Bihar and 36 per cent in Orissa ; the corresponding percentages were 21 in Maharashtra and 16 in Gujarat. The high percentage of small loans in Bihar is due to the loan policy in this State. According to

the existing practice, a member can borrow upto Rs. 200 with one surety and upto Rs. 500 with two sureties in non-package areas and upto Rs. 750 in package areas. Any loan in excess of these limits is to be secured by mortgage of land. It is reported that members do not usually exceed this mortgage-free limit in view of the difficulties in executing a mortgage. The low percentage of small loans in co-operatively well-developed States of Maharashtra and Gujarat may be explained by the fact that in Gujarat, short-term loans irrespective of amount, and medium-term loans upto Rs 500, are issued against two sureties. In Maharashtra, the scales of finance under the Crop Loan System are being continuously raised, often as a result of the pressures exercised at the field workers' conferences. In view of this, loans of small size are decreasing.

82. As regards employees' credit societies, 58.6 per cent of the employees were members of these societies in Maharashtra and 31.3 per cent in Gujarat ; the percentage of employees who were members of such societies was only 7.2 in Bihar and 4.6 in Orissa. Loans issued by the land development banks amounted to Rs. 14 crores during 1966-67 in Maharashtra and Rs. 9 crores in Gujarat, while they were about Rs. 1 crore each in Bihar and Orissa.

83. Per capita financial assistance outstanding at the end of June 1968 provided by the term-financing agencies such as the Industrial Development Bank of India, the Industrial Finance Corporation, the Industrial Credit & Investment Corporation of India and the State Financial Corporations was Rs. 48 in Maharashtra and Rs. 35 in Gujarat, while it was as low as Rs. 7 in Bihar and Rs. 8 in Orissa.

84. The wide disparity in the development of commercial banking in Maharashtra and Gujarat on the one hand, and Bihar and Orissa on the other, is attributable to the fact that until recently, commercial banks concentrated their offices in areas which were economically well-developed and offered good business prospects. The outstanding performance of co-operatives in Maharashtra is due to a number of factors noted below :

(*i*) The State Government has taken a positive, sympathetic and active interest in the co-operatives in every sphere of state policy—in providing share capital to the State and Central co-operative banks, obtaining Zilla Parishad deposits for co-operative banks.*, and entrusting to the co-opera-

* The growth of deposits of the Zilla Parishads and the Local Bodies with district co-operative banks is shown by the following figues :

(Amount in lakhs of rupees)

As on	Total Deposits	Deposits of Zilla Parishads	Deposits of Local Bodies	Deposits of Total of (3) & (4)	Percentage of Col. (3) to Col. (2)	Percentage of Col. (4) to Col. (2)	Percentage of Col. (5) to Col. (2)
1	2	3	4	5	6	7	8
End-June 1966	7019·1	864·0	714·1	1578·1	12·3	10·2	22·5
End-June 1968	8519·6	1154·7	821·7	1976·4	13·6	9·6	23·2

tives various important activities connected with the State Government's economic policies and generally encouraging the co-operative credit structure to liberalise the restrictive features of its lending. The implementation of satisfactory land reform legislation and investing many tenants with permanent occupancy rights have also helped the co-operatives by enabling the average cultivator to come into his own in a progressive peasant economy and build up rural institutions to serve his interests in different directions.

(*ii*) A well-knit system of branch banking has been developed over a number of years which enabled co-operative banks to take banking to centres which had no such facilities. Maharashtra has the largest number of offices of central co-operative banks for any single State. The 25 central co-operative banks have 693 offices (including head offices), the average number of offices per central bank being 28 against the all-India average of 8. The growth of branches of central co-operative banks, their deposits and the branch expansion programme in Maharashtra are given in Statements 30, 31 and 32. Branch banking in Maharashtra was facilitated by the scheme under which the Government subsidised uneconomic branches by meeting the loss incurred by them subject to a maximum, ranging from Rs. 2,500 to Rs. 5,000 for six years in under-developed areas and for three years in other areas. Also, the practice followed by many of the societies of disbursing loans to their members by means of cheques led to demand from societies for the opening of more branches and helped the banks substantially in building up deposits.

(*iii*) The co-operative movement in Maharashtra had the good fortune to secure far-sighted leadership of the highest calibre, consisting of persons who were knowledgeable, competent and devoted to the cause of common man, carried weight with the rank and file of co-operators as well as with the State Government and could, therefore, push through programmes of far-reaching reform in credit policies. The role of promotional and wise leadership played by the State co-operative bank, backed by its large financial resources, helped to set in motion many desirable trends of development in the co-operative sector.

(*iv*) The initial impressive gains in the sugarcane growing areas helped to provide a strong basis for further growth and extension to other areas.

85. Though the co-operative credit structure of Maharashtra has shown noteworthy progress, there is reason to fear that with its increasing scale of operations, the quality of its functioning has begun to suffer. The most alarming signal is the rising level of overdues which formed 37 per cent of outstandings at the end of June 1967. Other signs of weaknesses are ghost acreages, unseasonal loans and recourse to transactions suggestive of book adjustments. Further, the movement is well-developed in Western Maharashtra but not so in Konkan, Marathwada and Vidharbha regions. In

the Konkan area, factors such as the generally low economic potential, predominance of tribal population and want of adequate communications are responsible for the slow growth of co-operative credit. Marathwada and Vidarbha formed parts of other States prior to the reorganisation of States and efforts to develop the movement in these areas, have begun to show results.

86. Important among the factors which explain the creditable performance of co-operative movement in Gujarat are, firstly, the shrewd sense of business among cultivators in selecting crops to be grown and in recognising the advantages of co-operative credit, secondly, the relatively large holdings in the State and thirdly, the existence of favourable conditions in some districts for the development of animal husbandry and ancillary activities. Further, the programme of community development and *Panchayat Raj* has evoked public enthusiasm and provided support to the related effort in the co-operative sector. Lastly, the abolition of the *girasdari* system in the Saurashtra area of the State assisted by the provision of co-operative long-term credit to finance the purchase of proprietary rights by the cultivators has helped to provide a large number of cultivators with the incentive to step up their outlays on agricultural production and investment.

87. The explanation for the relative backwardness of Bihar in regard to co-operative agricultural credit has to be sought in the following factors :

(*i*) The pressure of population on land and the prevalent land tenure system have made Bihar a state with a large number of farmers who have small holdings and uncertain rights in land.

(*ii*) Agriculture in large parts of the State has remained traditional in operation and, to this extent, the demand for institutional credit for production is not likely to have increased at the same pace as in some other parts of the country.

(*iii*) Bihar accounts for a substantial proportion of the population of scheduled tribes and castes in the country who together formed about a quarter of the population of the State.

(*iv*) Lastly, agriculture in Bihar is also characterised by susceptibility to natural calamities such as floods and lack of adequate and timely rains, resulting in widespread crop failure as was tragically the case in 1966-67.

88. All these factors have tended to keep down the demand for agricultural production credit. On the supply side, the primary societies are mostly non-viable and organisationally weak. Though the programme of rationalisation has been completed, most of the central banks continue to be uneconomic units and have not proved effective in either supervising the affiliated societies

or attracting deposits from the public. Overdues are heavy at all levels of the structure. Halting progress in the adoption of crop loan system, failure to educate the expanding membership and build up popular leadership, excessive domination of officials in every aspect of the working of co-operative credit institutions, lack of independent, adequate and competent staff, are some of the serious drawbacks of the co-operative movement in Bihar. Apathy of the State Government in matters such as preference for co-operative banks in the depositing of funds of quasi-government institutions has considerably affected the resources position of the co-operatives.

89. The inadequate progress of the co-operative movement in Orissa is attributable to subsistence type of agriculture, non-monetisation of large parts of the rural economy (which incidentally provided scope for the emergence of grain-golas), poor communications facilities, frequent floods and a predominant tribal population. Another factor relevant from the point of view of the development of agriculture as well as the growth of co-operative and other rural institutions is the impact which years of princely rule have left on the land tenure system in particular and socio-economic structure generally, in some parts of the State. This picture of Orissa, however, is slowly changing with the launching of a number of developmental projects and the economic opportunities thrown up by them. Consequently, co-operative credit in Orissa has recorded some progress in recent years. Apart from the operations of a wide net-work of grain-golas, the agricultural credit societies have succeeded in increasing their coverage and expanding their loan operations. Many weaknesses, however, remain. A major and widespread weakness relates to the inadequacy noticed in the quality of management of co-operative institutions. This has resulted, in part, from the lack of trained and qualified staff devoted to their institutions and, in part, from the lack of appreciation of the principles of sound credit by members as well as the elected office-bearers. Government officers placed on deputation do not seem to have sufficient stake or continuing interest in the progress of the banks and societies to which they are attached. Hence, the institutions including the majority of the central banks are yet to grow to the levels of operation required from the point of view of viability and working efficiency.

90. The above analysis brings out clearly the close correlation between the level of economic activity and the growth of banking facilities. It also shows how institutional and extra-institutional factors favour or retard banking facilities even under the existing conditions. The policy implications of these findings are discussed in Part III.

Part II CREDIT GAPS

91. The preceding section brought out the uneven area-wise distribution of credit facilities in different regions and within parts of the same region as well as the concentration of commercial banking business in major urban centres. By and large, commercial banking is under-developed in States which are backward in co-operative banking also. In addition, there is uneven distribution of institutional credit to different economic sectors and virtual non-availability to certain types of borrowers, particularly small borrowers and weaker sections of the community.

An Assessment of Institutional Credit Facilities to Major Economic Sectors

92. The Group made a rough assessment of the credit requirements of major sectors of the economy, namely, agriculture, industry and trading companies and the extent to which they are met by institutional agencies, *i.e.*, commercial banks, co-operatives and other financial institutions (IDBI, IFC, ICICI, SFCs, SIDCs, *etc.*) and the State Governments' aid to small-scale industry. The assessment is made on the basis of available statistical data and is subject to certain assumptions and limitations explained in Statement 41. We would like to emphasize that the schematic picture presented in Statement 41 is very rough and is intended only to be illustrative. Some of the assumptions made for estimating credit requirements are admittedly arbitrary. The figures in the statement should not be read in isolation and without keeping the limitations of data in mind. Further, the schematic picture is partial and does not cover the entire economy. Only sectors for which reasonable data are obtainable have been covered. Further, credit gaps have to be judged not statistically alone but qualitatively and in relation to the credit absorption capacity of various sectors. Despite all these limitations, the data indicate the broad magnitude of the credit gaps of the major sectors of the economy and to this extent are useful in emphasizing the task ahead.

Agriculture

93. The credit requirements of cultivators for agricultural purposes are met by institutional as well as non-institutional agencies. The latter include agriculturist money-lenders, professional money-lenders, merchants, traders and commission agents, landlords, friends, relatives and others. The institutional agencies that lend to cultivators are co-operatives, Government and commercial banks.

94. According to the All-India Rural Credit Survey1951-52, the total borrowings of rural cultivator households amounted to Rs. 750 crores. Of this the institutional agencies referred to above, accounted for 7.3 per cent of the borrowings of cultivators. Subsequently, the All-India Rural Debt and Investment Survey 1961-62 placed the borrowings of rural cultivator households during July 1961—June 1962 at Rs. 1034 crores, which was about 38 per cent higher than the corresponding estimate of AIRCS. During 1961-62, co-operatives are estimated to have provided 15.5 per cent of the borrowings of cultivator households. Based on various estimates explained in Statement 41 credit requirements for current farm expenses in 1967-68 can roughly be placed at Rs. 1,200 crores. In regard to medium-term credit, the current requirements may be placed at Rs. 100 crores per year and long-term requirements at about Rs. 160 crores per year.

95. As against the credit requirements, a broad order of magnitude of which is given above, the co-operative sector is estimated to have provided Rs. 358 crores by way of short-term and Rs. 46 crores by way of medium-term loans during 1967-68. Long-term loans provided during 1967-68 are put at Rs. 83 crores. Judged against the estimates given above, it would appear that co-operatives met about 30 per cent of the requirements of short-term credit in 1967-68; the corresponding proportions in regard to medium-term and long-term credit, on the basis of the estimates of credit requirements given above, work out to 46 per cent and 52 per cent, respectively. In the net result, co-operatives provided 33 per cent of the estimated credit requirements of the agricultural sector. Commercial banks met 5.3 per cent of the total production credit requirements of agriculturists; they met about 3.7 per cent of the short-term credit, 13.0 per cent of the medium-term credit and 12.5 per cent of the long-term credit requirements of agriculturists. Thus 39 per cent of the total credit requirements of agriculture are estimated to have been met by institutional credit agencies. Medium and long-term credit requirements were met to a larger extent than short-term needs.

96. In the above estimates, credit requirements have been indicated as of 1967-68. Credit requirements are bound to be considerably higher than the figures indicated above in the context of the High Yielding Varieties Programmes. The All-India Rural Credit Review Committee made an exercise in this behalf, taking into account the cash and kind components of credit and made an estimate of total production credit requirements of agriculturists in 1973-74 at Rs. 2,000 crores. In addition, they estimated the long-term and medium-term credit requirements during the Fourth Five-Year Plan (1969-70 to 1973-74) at Rs. 1,500 crores and Rs. 500 crores, respectively.

97. The industrial sector depends for its credit needs on the capital market, commercial and co-operative banks, other financial institutions such as the Industrial Development Bank of India, the Industrial Finance Corporation, the Industrial Credit & Investment Corporation of India, the State Financial Corporations, *etc.* In addition, they accept deposits from the public, float debentures and borrow from other companies.

Industry (Large and Medium)

98. It would be seen from Statement 41 that institutional agencies met about 56.3 per cent of the total credit requirements of the large and medium industries. Among the institutional agencies, commercial banks provided 40 per cent of the credit needs and co-operative banks accounted for a mere 6.4 per cent. Other financial institutions, *viz.*, IDBI, IFC, ICICI, SFCs, *etc.*, provided a little over 10 per cent of the total credit requirements of this sector. The balance of the financial requirements was met out of paid-up capital, reserves and surplus and depreciation and other provisions.

99. The estimates of credit requirements attempted above refer to annual averages for the period 1961-62 to 1965-66. The Draft Fourth Plan envisages an investment of approximately Rs. 5,200 crores in organised industry and mining. In the context of this order of investment, the pressure on institutional agencies is bound to grow.

100. According to official statistics, the number of registered small-scale industrial units has risen from about 32,000 at the end of 1962 to about 1,43,000 by the end of March 1969. In addition, it is estimated that there are over 1,00,000 units which are not registered. Thus, the total number of small-scale industrial units is estimated at over 2,50,000. As of June 1969, scheduled commercial banks provided assistance to about 50,000 units. For purposes of our estimates, we have assumed that even on a minimal basis, 50,000 more units could be immediately brought under the purview of the banking system. Thus, taking into account only 1,00,000 units, commercial banks are estimated to have met only 48 per cent of the total credit requirements of small-scale industries; co-operatives and other financial institutions together met about 17 per cent of these requirements.

Small-scale Industries

101. The gamut of small industries is wide enough to cover at one end units with investment in plant and machinery of, say about, Rs. 5,000, and at the other, those with an investment not exceeding Rs. 7.5 lakhs. The credit requirements as well as the ability to attract institutional credit depend, to a large extent, on the size of the unit. There is reason to believe that in respect of quite a large number of very small units, the reliance on institutional

finance is marginal. A recent Survey of Small-Scale Industrial Units in Gujarat State conducted by the State Bank of India revealed that, out of 7,830 units surveyed, as many as 3,800 units were self-financed. Further, many of the smaller units may not be inclined to make use of institutional facilities, because in that case they would be subjecting themselves to the discipline expected of them and inviting tax problems.

102. It may be mentioned that the credit requirements of small-scale industries are likely to grow if there is an improvement in the supply of raw materials, market conditions and the resultant better utilization of capacity. In this process, many of the units which are at present non-bankable, can be brought under the purview of the organised financial agencies. The Draft Fourth Five-Year Plan envisages an investment outlay of Rs. 500 crores for village and small industries from private sources including financial and banking institutions as against Rs. 275 crores in the Third Five-Year Plan.

103. On the basis of rough estimates, it is found that the institutional agencies meet a larger proportion of term credit requirements as compared to short-term needs.

Trading Companies

104. Our estimates indicate that credit requirements of the selected trading companies are met to the extent of 35 per cent by institutional credit agencies. Most of the credit requirements of this sector are short-term in nature, which are met largely by commercial banks.

105. To sum up, our estimates indicate that commercial banks meet a larger proportion of the credit requirements of industry than of agriculture and trade. Co-operatives cater mostly to the credit requirements of agriculture and meet about one-third of the credit requirements of this sector. The following section deals with the sectoral distribution of credit extended by commercial banks.

Sectoral Distribution of Credit

106. The sectoral distribution of credit by commercial banks is weighted in favour of large-scale industry, wholesale trade and commerce, rather than agriculture, small-scale industries, retail trade and small borrowers. Table 2 gives the break-down of scheduled commercial banks' credit to different sectors.

More than four-fifths of the scheduled commercial banks' credit goes to industry and commerce. The importance of advances to industry has been rising over the last 16 years, from 34 per cent of the total bank credit in 1951 to 64 per cent in 1967. The share of commerce which was the largest (about 36 per cent in 1951) declined to 19 per cent in 1967. Under 'Commerce', advances to wholesale trade accounted for the bulk and the share of the retail

TABLE 2—SCHEDULED COMMERCIAL BANKS' CREDIT TO DIFFERENT SECTORS

Sector	Percentage Distribution	
	End of March 1951	End of March 1967
1. Industry	34·0	64·3
2. Commerce	36·0	19·4
3. Financial	12·7	3·6
4. Personal	6·8	4·2
5. Agriculture	2·1	2·1
6. Others	8·4	6·4
TOTAL	100·0	100·0

(*Source:* Purpose-wise Survey of Bank Advances, Reserve Bank of India Bulletin, December 1968).

trade was only around 2 per cent. In respect of wholesale trade, advances to traders dealing in agricultural commodities showed, over the years, only a modest increase, while advances to dealers in non-agricultural commodities comprising, to a large extent, export commodities such as textiles, engineering goods, chemicals, *etc.*, showed sizeable increases in terms of outstanding loans.

107. Lending to agriculture which constitutes about 2 per cent of bank credit includes advances to plantations. If plantations are excluded, the advances would be less than 1 per cent of total bank credit. Banks have also been indirectly assisting the agrarian economy through extending credit for processing and marketing of agricultural produce and through subscribing to debentures of land development banks. Such indirect assistance, however, is not large. Investments by banks in the debentures of land development banks are currently of the order of Rs. 30-35 crores. The quantum of commercial bank advances to all co-operative institutions (excluding subscriptions to debentures of land development banks) was only Rs. 36 crores at the end of March 1967; of this, the State Bank of India and its subsidiaries accounted for as much as 85 per cent (Statement 33).

108. The insignificant involvement of commercial banks in the financing of production needs of agriculture has to be viewed in the context of the fact that agriculture has been subject to the vicissitudes of weather conditions. Organizationally also, commercial banks were not particularly suited to enter this field. Modern commercial banking owed its origin to the development of trade and commerce and later to organised industry. The doyens of commerce and industry were, until recently, in substantial control

of the management and policies of banks and hence commercial banks had a pronounced urban orientation in their development and did not encompass the rural areas to any significant extent. Against this background, banks evolved procedures and practices primarily suited to cater to the industrial and commercial clientele on conventional basis. Banking norms established under such procedures and practices were not suited to meeting the needs of the rural sector and other non-conventional borrowers. Nor did they feel any urge to modify these procedures because there was no motivation on their part to spread to the rural areas and under take non-conventional business.

109. Agricultural co-operative credit societies which are meant primarily to cater to the credit needs of cultivators have made significant progress during the last few years. Nevertheless, the coverage and development of agricultural co-operative societies is uneven and what is more important, the proportion of cultivators who obtain credit from the co-operatives is lower in the case of small cultivators than for other groups. The question of credit problems of small farmers is discussed in greater length in paragraphs 132 to 138.

Non-Availability of Institutional Credit to Small Borrowers—Findings of Case Studies

110. Apart from the uneven distribution of credit to the major sectors of the economy, some data collected and case studies undertaken by the Reserve Bank also showed credit gaps in the case of small borrowers. In the case of scheduled commercial banks, for instance, 81 per cent of the total borrowing accounts are currently for amounts upto Rs. 10,000, but they account for only 3.7 per cent of the total bank credit. On the other hand, only 437 accounts out of more than a million, account for as much as 23.4 per cent of total bank credit (Statement 34). Alternatively expressed, 19 per cent of the borrowing accounts claim 96 per cent of the total bank credit.

111. It would appear that because of certain considerations such as cost of operations of smaller accounts and connections with bigger industries, the bigness of a bank in a way imparts a bias in favour of the bigness of the size of the loan. A comparison of the distribution of the number of accounts by size of the first five banks in India (excluding the State Bank of India) with selected small regional banks shows that in the case of the former, the percentage of the number of accounts of borrowers of Rs. 10,000 and below ranged from 53 per cent to 63 per cent, whereas in the case of the latter, the range was between 72 per cent and 99 per cent. For the State Bank of India, the relative proportion was 83 per cent. Moreover, there were hardly any accounts of borrowers of more than Rs. 50 lakhs in the case of the small regional banks, whereas the large all-India banks had advanced a considerable proportion of their total credit to such borrowers. Thus, it seems that the small banks cater to the needs of small borrowers to a larger extent than the bigger banks do.

112. In this connection we may refer to one of the facilities which the small banks offered to small borrowers, namely, giving advances against gold.

Case of Gold Loans

Data relating to gold loans of different categories of banks bring out that the small regional banks accounted for nearly one-half of both the total amount of gold loans as well as total number of accounts as the following figures show.

TABLE 3.—NUMBER OF ACCOUNTS AND ADVANCES OUTSTANDING AGAINST "GOLD AND SILVER ORNAMENTS" AS ON JANUARY 25, 1968, ACCORDING TO DIFFERENT CATEGORIES OF BANKS

Group	Total Bank Credit (Rs. lakhs)	GOLD AND SILVER ORNAMENTS		
		No. of accounts	Amount (Rs. lakhs)	Average amount per account (Rs.)
	1	2	3	4
I. All-India Banks	1870,35 (*68·7*)	65,623 (*13·6*)	5,51 (*21·1*)	840
II. Large Regional Banks	437,90 (*16·1*)	177,715 (*36·8*)	8,43 (*32·2*)	474
III. Small Regional Banks	84,39 (*3·1*)	239,682 (*49·6*)	12,22 (*46·7*)	510
IV. Foreign Banks ..	329,01 (*12·1*)	4 (—)	—	—
TOTAL (Groups I to IV) ..	**2721,65**	**483,024**	**26,16**	**542**

Note: Figures in brackets relate to percentages to total.
Definitions adopted for the above table:—
1. All-India Banks are those with deposits of Rs. 50 crores and above and having offices in 10 States with at least 5 offices in 4 States.
2. Large Regional Banks are those with deposits of Rs. 10 crores—Rs. 50 crores.
3. Small Regional Banks are those with deposits less than Rs. 10 crores.
Source: Fortnightly Survey of Scheduled Commercial Banks' Advances.

113. Advances against gold and gold ornaments have gone down in recent years as seen from Table 4.

TABLE 4.—SCHEDULED COMMERCIAL BANKS' ADVANCES AGAINST GOLD AND SILVER BULLION AND ORNAMENTS

(Rs. lakhs)

End-December	Gold and Silver Advances	Total Bank Credit	(1) as percentage of (2)
	1	2	3
1961	40,73	12,85,76	*3·2*
1962	30,24	14,20,44	*2·1*
1963	18,48	15,77,63	*1·2*
1964	21,36	18,13,89	*1·2*
1965	20,86	21,01,79	*1·0*
1966	25,06	24,29,84	*1·0*
1967	27,90	27,19,74	*1·0*
1968	32,72	30,72,70	*1·1*

It will be seen from the above Table that gold advances declined from about Rs. 41 crores in 1961 to about Rs. 19 crores in 1963 following the imposition of Gold Control; they have tended to rise again from 1966 onwards in response to the removal of purity restrictions on the manufacture of gold ornaments. Thus at the end of 1968, the amount of gold advances stood at Rs. 33 crores. As a proportion of total bank credit, gold advances constituted only 1.1 per cent at the end of 1968 as against 3.2 per cent at the end of 1961. Although it is true that the decline in gold advances was not solely due to bank mergers but also to the imposition of Gold Control and, to an extent, the official long-term policy of discouraging such advances, it has to be pointed out that the gold advances were serving a very useful purpose of meeting the seasonal agricultural credit requirements of small borrowers. Advances against gold ornaments in the case of small banks were an integral part of the scheme of helping the small farmer. The experience of Canara Bank, for instance, was that loans against gold ornaments ranged from sums as low as Rs. 5 to Rs. 500 and, in rare cases, upto Rs. 10,000, the average size of the loan being Rs. 100.

114. In the years following Gold Control, banks had to curtail their advances against gold and gold ornaments partly because, in terms of the Gold Control Act, they have to satisfy themselves whether the borrower has declared his gold holdings in excess of the limits specified under the law. Declaration of small holdings would entail enormous volume of work particularly since there would be frequent pledging and frequent releases and banks would have to declare the holdings periodically. Hence, banks were not enthusiastic in giving loans against gold and gold ornaments. In fact, following the Gold Control order, some of the smaller banks merged with the bigger banks as the former found it difficult to continue as viable units because of the Gold Control measures. As a result, the farmer and the small borrower have been increasingly driven to the money-lender. Gold loans have certain advantages in so far as they are unexceptionable from the point of view of security and easy to assess. Even assuming that gold advances are meant for consumption purposes, they still play an important role in farm finance by reducing the diversion of production credit to consumption credit.

115. In view of this and recognizing at the same time the official long-term policy to discourage gold hoarding habit, we recommend that banks should be exempted from declaring their gold holdings which they hold as security in respect of each advance not exceeding Rs. 1,000. This would, in effect, mean that the small borrower would be able to satisfy his credit requirements by borrowing against gold ornaments from the commercial banks. Also, the administrative burden on banks of making a large number of declarations will be reduced. In view of the low ceiling recommended by us, we think that the danger of encouraging hoarding through banks is not large. We are also of the view that there are certain advantages in the co-operative banks and the agricultural co-operative societies making gold loans in so far as commercial banks can refinance them, if necessary, and the resources of these co-operative institutions would not be tied down to such advances.

116. A number of case studies were undertaken by the Reserve Bank of India at the instance of the Study Group, in order: (*a*) to examine the extent to which the credit gaps in particular cases could be attributed to the non-availability of credit as distinct from other conditions bearing on the repayment capacity of the borrower, and (*b*) to study the adequacy of various credit agencies in meeting the requirements of consumers/small producers.

117. These case studies were by no means exhaustive but rather illustrative of the nature and the extent of the problem with which we were concerned. The Group also made use of certain surveys made by the State Bank of India.

Small Artisans

118. The case studies confirmed that there was potential genuine demand for credit by small borrowers, but the non-existence of institutional facilities resulted in their approaching the money-lender. The case studies relating to small artisans showed that the involvement of banks in giving credit to them was negligible. The Surveys of Small-Scale Industries in Sangli, Varanasi, Rajkot and Ranchi conducted by the State Bank of India clearly show that a large number of these industries were in need of credit and wanted to borrow from banks. The Survey relating to textile units in Sangli Centre revealed that 95 per cent of the units surveyed felt that borrowing from commercial banks would lead to a reduction in the cost of production because of better utilisation of capacity. The case studies undertaken by the Reserve Bank established that, in a large number of cases, credit needs of small artisans were generally small, but they were either met by traders or money-lenders/indigenous bankers. It was found that even in places where major banks were operating and the scope for extending credit to cultivators or small artisans was fairly large, institutional credit was not extended. A District-wise Survey of Banking Potential undertaken by the Reserve Bank of India showed that in a number of centres, lack of banking facility was retarding the growth of trade and small-scale industries. All such centres have been brought to the notice of the commercial banks likely to be interested and action has been initiated by them with respect to many such centres. The Reserve Bank of India is also taking action so far as the performance of the co-operatives in these centres is concerned.

119. We may mention a few illustrative cases emerging from the banking potential survey. In Tanda (Uttar Pradesh) which is one of the biggest handloom cloth centres in the State, though three bank offices are working (including two of the major scheduled banks), the weavers are not getting the benefit of institutional finance for working capital at reasonable rates of interest. It is reported that the handloom industry is presently being financed by the *Mahajans* who charge interest at the rate of 35 per cent per annum. Bhimadol in West Godavari district of Andhra Pradesh has three ceramic factories and three rice mills, but no banks. Sonamukhi town in Bankura district of West Bengal is an important silk weaving centre. Besides, there are

two oil mills and a number of light engineering units. But there is no bank. Pauni and Adyar in Bhandara District of Maharashtra are important handloom centres. At both these places, handloom cloth production is being financed by master weavers from Nagpur ; the weavers are paid wages at the rate of Rs. 2 per loom per day. If arrangements can be made for providing cheap credit, the weavers can be freed from the exploitative hands of master weavers. These illustrations show that the absence of banking facilities in certain centres and certain procedures and practices of banks in places where they have offices—both are responsible for the non-availability of credit facilities for the weaker sections of the community.

120. Non-availability of institutional credit resulted in small artisans approaching the trader who, in a way, is his rival in business or the money-lender (Aligarh Lock-Makers)*. The Survey of Credit Needs of Tanners and Leather Workers in Dharavi (a suburb of Bombay) showed that the purchase of raw materials on credit, though free of interest, led to a good deal of exploitation of leather workers by traders as they had to accept the material even if it was of sub-standard quality and sell the finished goods to the creditor/trader only at a pre-settled price which was lower than that warranted by market conditions, the discount being large enough to cover interest at the rate at which money-lender advances loans, *i.e.*, 24 to 36 per cent per annum.

121. One of the important reasons for lack of extension of credit by institutional agencies to the small artisan was his lack of ability to provide collateral to the satisfaction of the bank. The vicious circle created by low income leading to low or no surplus of income over expenditure resulted in low repaying capacity of the small artisan and hence the reluctance of banks and other institutional agencies to make advances. If the vicious circle is broken at some point, by making advances of small amounts to the small artisan, improvement in his repaying capacity would be out of proportion to the amount of loan so made.

122. Apart from the inability to provide security acceptable to banks, there are other factors which are responsible for a negligible flow of credit from the organised lending agencies to small artisans. One of them is the lack of contact between the small artisan and the institutional agencies. Many of the artisans are uneducated and ignorant of the facilities which can be available to them. Two case studies (Aligarh Lock-makers and the Printing Industry in Madras) showed that wherever there were contacts between the small artisans and the banks, procedural difficulties were easily overcome. One of the procedural difficulties which comes in the way of extension of credit by banks to the small artisan is the insistence by banks on certain types of securities and his inability to give such eligible security. Certain established practices of banks regarding the eligibility of security complicates the sanction

* References within brackets are to Case Studies given in the Appendix.

of loans. For example, paper is not acceptable as security for loans to the Printing Industry in Madras, and as a matter of fact, none of the raw materials used by the industry is acceptable to the banks as security. This complicates matters, particularly when the machines are already pledged for medium-term loans. Several of the printers interviewed in the course of conducting case studies felt that it was unreasonable on the part of banks not to accept 'types' as security, if not at the value of the types, at least at their metal value.

123. Another procedural difficulty related to the time taken in sanctioning of loans. Some of the borrowers selected for case studies were quite ambitious, had the necessary technical skill and were prepared to approach the banks, but the paper work involved and the time-consuming nature of the sanctioning of loans prevented them from making applications. Some of them were suspicious of the officials who assess the value of their assets in case an application is made to one of the official agencies. In one case, credit was granted by a commercial bank for six months only and the repayment of loan was to begin in the first month itself, although the minimum period of turnover was three months (Aligarh Lock-Makers).

124. In many cases, it was found that banking hours did not suit small borrowers. In the case of Aligarh Lock-Makers, for instance, the Railway Receipts and Truck Receipts were usually ready only by the afternoon when the trader would need money to pay the artisan, but by that time, the banks would have closed for business. Hence, advances were taken against R/Rs and T/Rs from the indigenous bankers.

125. It appeared from the case studies that branches of some of the major banks considered the small artisans as outside their field of operations because they thought that the State Bank of India would take care of such borrowers. Another important reason for the reluctance of banks to extend credit to small artisans is that they do not have any motivation to approach small artisans because the time and effort involved in this business is out of proportion to the expected returns. Moreover, in many cases, they did not have the necessary technical personnel for processing the loan applications from the small artisans and appraising the proposal.

126. We would like to point out at this stage that while the Credit Guarantee Scheme of the Government of India encourages licensed banks to extend assistance to small-scale industries, some of our case studies showed that banks thought that the paper work involved in complying with the formalities of the Scheme was heavy. Also, the Credit Guarantee Organization ordinarily insists on participation arrangements in cases where the lending institution is not eligible to be covered by the Scheme because it is a non-licensed bank. We suggest that the Organisation should consider the removal of this restriction and simplify its forms relating to information on the borrower.

127. The contribution of co-operative credit institutions towards meeting the credit needs of small producers in cities and towns has also so far remained negligible. Of the 116 urban banks from which The Working Group on Industrial Financing Through Co-operative Banks had collected data only 18 had financed industrial units. The number of such units was 444 and the amount outstanding against them was Rs. 1.2 crores as on June 30, 1966. In some cases, the bye-laws of urban co-operative banks permit them to admit firms, local authorities, *etc.*, as members. In other cases, membership is confined only to individuals. Our case studies showed that, in practice, some of these banks catered mainly to the needs of particular types of members based on community, caste, profession, *etc.* The lending policies of these banks are security and surety-oriented, which make it difficult for small borrowers to make use of the facilities. Nevertheless, recent experience of a few urban banks in certain towns and the fact that, compared to agricultural credit societies, these institutions are better endowed with deposits, suggest that they can play an active role in financing small industries in urban areas if their policies are re-oriented and they are assisted in the matter of staff for technical appraisal and refinance facilities, *etc.*

128. So far as the rural artisans are concerned, they are expected to receive credit from the village credit societies but experience in this regard has not been encouraging. Both for such artisans and for certain sections of urban handicraftsmen, co-operative organisation is most appropriate for the channelling of extension services, supplies and credit. In financing industrial co-operatives, again, the role of co-operative banks has not been found to be adequate and the sense of dissatisfaction has, in fact, led to the establishment of industrial co-operative banks in a few areas. Lack of responsiveness and insufficient resources are two of the factors accounting for this situation but in the case of co-operative banks, the limiting factor is that there are not many industrial co-operatives which function as economically viable units. This, in turn, reflects firstly the basic weakness of some of the schemes connected with village industries and the failure, in some instances, to examine the economics of industrial co-operatives before organising them.

Fishermen

129. The credit problems of small producers other than small artisans were not generally different, *viz.*, lack of contact between the borrowers and the institutional lender, lack of ability of such borrowers to provide collateral acceptable to banks and diffidence and fear on the part of borrowers. There were, however, some special problems which emerged from our case studies. Fisheries provide an instance where organisational deficiencies are hindering development. Sufficient finance is not available to the industry from the Government or co-operative bodies which are the main sources for the present. The programmes of mechanising and commercialising have been hampered by lack of funds. To finance such a huge industry, there is mainly one agency, *i.e.*, the Government. More recently, financial facilities

have been made available for this purpose by the Agricultural Refinance Corporation, which has so far sanctioned loans to five schemes involving a total financial outlay of Rs. 1.77 crores. In some advanced marine States, the co-operative banks have recently come forward to provide finance but their role is negligible. There is also a general feeling that Government grants are inadequate and untimely and the procedure is very lengthy and time-consuming. On a case study of the procedure of sanctioning loans in Maharashtra, it was noticed that fishermen are not directly given any loan and that all loans to fishermen are routed through co-operatives.

130. It is obligatory on members to sell their produce to co-operatives in case they avail themselves of Government finance. The members feel that prices of their produce through co-operatives are not attractive as compared to those paid by merchants. Hence a large section of fishermen does not join the co-operatives and thus remains debarred from Governmental assistance. The membership of the fishermen's co-operatives is nearly one-third of the working fishermen in the country. However, the volume of fish handled by co-operatives is only about 5 per cent of the total catches. Although the co-operative movement has spread among fishermen, the middleman is still maintaining a dominant position. Another interesting feature is that at present, non-fishermen entrepreneurs who desire to undertake fishing as business, as also fishermen who are not willing to join co-operative societies, are not eligible for any loan from any government or co-operative agencies. They have to depend on finance from private agencies. The case study relating to State Bank of India and Fishing Industry showed that there is a good demand for loans from fishermen. The general tendency at present is that non-fishermen entrepreneurs avail themselves of the facility of loans from commercial banks and employ fishermen as wage-earners.

131. A special problem which hinders institutionalisation of credit facilities to small fishermen is a rigid and time-honoured organisation which comes in the way of making banks interested in these borrowers. The fishermen of Tuticorin are mostly wage-earners who are indebted to their employers (boat-owners) both for production and consumption loans. These loans bind fishermen to the service of the lender. The boat-owners (*Sammatiyars*), in their turn, are indebted to the financiers (*Vattakarars*) for their credit requirements. Thus, the *Sammatiyars* are bound to serve the *Vattakarars* even as the fishermen are bound to serve the *Sammatiyars*. This peculiar organisation results in a low price for the catch being available to fishermen. There is thus a barrier between the fishing industry as at present organised and the commercial banks. In addition, fishing is not a perennial occupation to ensure a permanent source of income to the borrower. Also, boats and nets which are the chief assets of the fishermen are not acceptable to the banks as security.

132. The credit problems of small farmers need special emphasis. If the cultivating households are divided according to the size of land into the following categories, namely, (1) medium to large (7.5 acres and above), (2) small to medium (2.5 to 7.49 acres), and (3) very small to small (upto 2.49 acres), it would be noticed that the proportion of farmers in the last category is 34.5 per cent for the country as a whole, while that of farmers in categories (1) and (2) is 28.4 and 37.1 per cent, respectively. About 11 per cent of the cultivating households have holdings of less than one acre. The proportion of holders of category (2) is the largest in Kerala at 81 per cent, followed by Bihar, Tamil Nadu and West Bengal, where nearly half of the households belong to this group. The other States in which this proportion is significant are Jammu & Kashmir, Uttar Pradesh, Orissa, Andhra Pradesh and Assam. The number of small farmers is quite large for the country as a whole, but they account for only a small proportion of the total area. They are in large numbers particularly in those States where the pressure of population on land is heavy.

Small Farmers

133. Apart from the fact that large numbers of cultivators are involved, the problems of small farmers require urgent solution because there is apprehension that new agricultural improvements may aggravate the economic disparity which already exists between the different parts of the country and different sections of cultivators. It is, therefore, necessary that the problems of less-affluent cultivators are treated on a special footing.

134. The basic problem of the small farmer is that his land holdings are very small and the productivity of his land is very low which results in low income. In consequence, he is not able to apply fertilizers and other inputs, nor is he able to sink a well or install a pump-set which requires a relatively large amount. Since the small farmer is not in a position to offer a sufficiently large size of land as security, he cannot borrow required amounts from the banks for applying modern techniques of cultivation. The problem is worse still in the case of oral lessees. In order to circumvent tenancy laws, landowners get into informal arrangements with tenants; hence land registers cannot be filled in for some members of co-operative societies with reference to the entries in land revenue records of the villages. This particular problem is pronounced in certain districts of Tamil Nadu, Bihar and Orissa.

135. It appeared from case studies undertaken for us that even co-operative societies do not meet the credit needs of small farmers and land development banks do not seem to have, except in very few cases, a specific policy aiming at according priority to small cultivators. A large part of co-operative agricultural credit has gone to large and medium cultivators who account for a much larger part of the cultivated area. The proportion of produce sold

through co-operatives is greater in the case of large than in the case of small cultivators. According to the findings of the AIRDIS, as at the end of June 1962, 30 per cent of rural households were in the asset-group of less than Rs. 1,000 and among them, they accounted for only 3.5 per cent of the total borrowings from co-operatives. At the other end of the scale, only 5 per cent of rural households were in the asset-group of Rs. 20,000 and above, but they accounted for 33 per cent of the total borrowings from co-operatives. Available data show that out of Rs. 365 crores advanced by co-operative societies in 1966-67, Rs. 32.8 crores or 9 per cent were in the form of small loans not exceeding Rs. 100 and Rs. 71.6 crores were in amounts ranging from Rs. 101 to Rs. 300. The loans upto Rs. 300 accounted for about 29 per cent of the total credit disbursed by agricultural credit societies. On the other hand, loans exceeding Rs. 500 formed 46 per cent of the total loans issued. More importantly, the proportion of cultivators who obtained credit from co-operatives was lower in the case of small cultivators than for the other group. In fact, there were instances where discrimination was shown in financing tenants and landowners. In one case, the tenant obtained credit at Rs. 150 per acre, and the landowner obtained Rs. 250 per acre (Field Study of Small Farmers in Mehsana District of Gujarat State). The problem, therefore, is one of meeting credit requirements of disadvantaged cultivators of various categories: those whose holdings are small, those who carry on their farming under difficult conditions (area of frequent crop failures) and those whose tenurial status is unsatisfactory or uncertain (share-croppers and oral lessees).

136. Thus, available data show that a large part of co-operative agricultural credit has gone to the large and medium cultivators. Several creditworthy but less influential farmers find it difficult to get production finance from co-operatives while the more powerful get away with the bulk of loanable resources because of their local influence with the managements of the primary credit societies at the village level. It is this kind of farmer who needs assistance in respect of production finance, because the alternative is borrowing from the moneylender at very high rates of interest. An attempt to meet the credit needs of small farmers may have to form part of a larger programme of rehabilitation which seeks to augment their incomes and institutionalise such receipts. However, where denial of credit is the result of bias or prejudice and not related to the lack of repaying capacity or where improved techniques can enable the subsistence farmer to produce marketable surplus if inputs such as water, fertilisers and high-yielding variety seeds can be secured and employed, all that is required for rectifying the present neglect of these sections of farmers is modification of operational policies and procedures of the credit institutions. Despite various types of efforts no significant get-through in this direction has occurred in the country as a whole, although limited areas have benefited from some schemes.

137. The problems of small farmers have received the attention of the All-India Rural Credit Review Committee which has, *inter alia*, recommended

the establishment of a Small Farmers Development Agency. The Agency will be set up by way of pilot experiment in about 30 selected districts.

138. While we recognise that agriculture is a new field for most banks and hence they tend to be cautious in the beginning, we suggest that the criterion of viability of a small farmer should not be judged merely by the land he owns or cultivates, but by his character and his progressiveness as indicated by his responsiveness to scientific inputs in agriculture. According to the findings of certain studies, the responsivenesss of the small cultivator to improved practices as measured by the proportion of those who use chemical fertilizers, *etc.*, is as much as that of the large cultivators. We would also suggest that in view of the fact that an individual small farmer would not be able to borrow adequate amounts to enable him to sink a well or buy a pump-set, banks should encourage group loans. The State Bank of India, in its "Liberalised Scheme of Agricultural Finance for Assistance to Small Farmers" has decided that group loans will be granted to individual farmers but will be secured by, besides the hypothecation of crop, the guarantee of other farmers in the group. Where formation of such groups is not feasible and the loan amount does not exceed Rs. 1,000, loans may be granted against demand promissory notes of the individual borrowers and hypothecation of their crops. Loans beyond Rs. 1,000 may also be granted in deserving cases where it is not possible to form groups, against hypothecation of crops with or without collateral securities including individual sureties. Loans for purchase of agricultural implements will be granted against hypothecation of implements with or without collateral security. Some other banks have also introduced similar schemes. Since the main problem in the extension of loans to the small farmer is the lack of adequate security that he can offer, we suggest that individual banks should evolve their own schemes to help the small farmer depending on the circumstances prevailing in the particular areas where they would be operating. The success of these schemes would depend on the adequacy of organization and appropriate staff attitude.

Credit Problem of a Backward Class-Adivasis

139. A study of the credit problems of Adivasis* has brought out the interesting point that even when credit was made available at low rates to them in two villages in the Nasik district, they had not utilised the amounts which were placed at their disposal, because (*i*) they were not conversant with improved techniques of cultivation and hence their credit needs were small, and (*ii*) from the psychological point of view, they could not think of borrowing more than a very small amount because they were extremely poor. They were also afraid to spend more, as they were used to face harassment for the

* The Adivasis and Co-operative Agricultural Finance by M. G. Bhagat, Published in *Seminar on Problems of Small Farmers—Seminar Series VII*, Indian Society of Agricultural Economics, Bombay, June 1968.

repayment of loans taken from the local *sowcars*. The case study, however, showed that the experiment made by the Maharashtra State Co-operative Bank was on the way to success. This scheme was introduced to find out as to what extent the co-operative movement can help the sub-marginal cultivators. For the scheme, the Maharashtra State Co-operative Bank selected two village societies, *viz.*, Gadga Co-operative Credit Society and Nagshewadi Co-operative Credit Society, in the *adivasi* area of the Nasik district. These village societies composed of members with small holdings of unirrigated lands dependent on rain water. Backwardness of the tract and the limited needs of the agriculturist were additional considerations for selecting them. The experiment showed that even in backward areas, an imaginative scheme for providing both production and consumption finance can succeed in reducing the dependence of borrowers on the unscrupulous moneylender, although the chances of the success of the experiment would have been greater still if certain overhead facilities, for example, roads and agricultural extension services, were available.

Retail Traders

140. Retail trade offers another sector where commercial bank credit is negligible. Even in urban areas, commercial banks have not extended their operations in this field. In March 1967, advances to retail trade were a little under Rs. 50 crores and accounted for barely 1.8 per cent of total advances ; the corresponding figures for 1961 were Rs. 20 crores and 1.5 per cent. The magnitude of bank finance to retail trade would depend mainly on the organisation of retail trade and the removal of some of the operational difficulties.

141. Retail trade at present is one of the weakest links in the economic system. There is great potential for extending credit to this sector not only in urban areas but also in villages. Two inter-related developments are taking place which are expected to influence the organisation of retail trade. Rural incomes are growing and hence demand is increasing both for the goods with which rural inhabitants have been familiar and for the newer products. These developments are expected to result in the creation of more retail outlets. The structure of retail trade is itself likely to be affected in the process. It may take any of the following forms although no uniform pattern may emerge in all the villages because they vary in size both according to population and income. Some of the big business firms are contemplating extending their sales organisations to the bigger villages. It is, however, unlikely that each industry or big firm will have its own sales organisation in villages. It will be a long time before shops specialising in particular goods are opened in rural areas. What is more likely is that the ubiquitous *bania*, who comes close to operating an all-purpose shop, will extend his operations, some co-operative consumer stores will be opened and/or new shops will be started by new entrants to trade in order to take advantage of the growing opportunities.

142. The *bania*, who is often a money-lender also, does not probably require credit from the commercial banks, although it is possible that, in some cases, he gets credit from the wholesalers in the city.

143. If consumer co-operative stores are opened, it will be necessary to ensure that the activities of banks and co-operative credit institutions which may be financing these stores are duly co-ordinated. It is also not certain how far these stores will be successful in villages because their success would depend on the loyalty of members and honesty of management. There is also a fear that the powerful *bania* may assume control over the affairs of consumer co-operative stores.

144. In this connection, the Group would like to refer to the financing arrangements relating to consumer co-operatives. Consumer co-operative movement remained stagnant till 1961-62, but the Third Five-Year Plan outlined a positive programme for the development of consumer co-operatives. In November 1962, the Government of India formulated a centrally sponsored scheme for the establishment of a net-work of consumer co-operatives in cities and towns with a population exceeding 50,000. During the Fourth Plan period, it is proposed to extend the scheme to cover the towns with a population of 10,000 and above. These stores would aim at handling a sizeable portion of retail trade in essential consumer goods in towns and cities covered by them. The basic objective of this scheme is to enable equitable distribution of consumer goods at fair prices and thus exert a healthy impact on prices. The organisational pattern envisaged under the scheme is the setting up of wholesale co-operative consumer stores with adequate number of primary stores and/or branches. The wholesale stores would arrange for bulk buying of requisite goods for supplying to the branches and affiliated primaries. To co-ordinate the activities of the wholesale stores at the State level and to make bulk purchases on their behalf, State-wide Federations of Wholesale Stores have been set up in many States. At the national level, the National Federation of Consumer Stores has also taken shape. According to the current information available, 247 wholesale stores, covering 238 towns and cities (out of 250 with a population of 50,000 and over) have been set up in 168 districts. These have about 7,668 affiliated primary stores or branches and a membership of about 20 lakhs. Their monthly sales turnover is in the neighbourhood of Rs. 13 crores with a paid-up share and working capital of Rs. 3.87 crores and Rs. 17.08 crores, respectively. With a view to enabling these stores to secure adequate working capital requirements, the Central Government has introduced a scheme under which banks get a limited guarantee for the finance provided to these stores. Central or Wholesale Consumer Co-operatives and Consumer Federations are eligible for financial accommodation from banks against a margin not exceeding 10 per cent. The main provisions of the Guarantee Scheme are given in Annexure II.

145. As a result of these measures, the volume of retail trade handled by consumer co-operatives in the urban areas has vastly increased. The expansion has not been free from some adverse features. Many consumer stores are heavily dependent for their business on distribution of controlled items. Moreover, there are far too many small primary stores which are not viable.

146. Proprietors of new multi-purpose shops in the rural or semi-urban areas may also be in particular need of bank finance. With the increasing use of improved methods of cultivation, spread of education and sophistication of demand for consumer goods, new shops may be opened for selling fertilizers, spare parts for tractors, pump-sets and transistors, *etc.* Since many of these shop-keepers are likely to be new entrants to trade, it is important that they are assured of institutional credit on reasonable terms. If this is not done, they may fall into the orbit of the money-lender.

147. The growing outlets for retail trade in rural areas coupled with the extension of banking facilities in these areas will provide banks with an opportunity to break the vicious circle of inadequate credit demand leading to virtual neglect of this sector of economic activity by banks. It is possible that the banks' willingness to make advances to retail trade may itself accelerate the process of reorganisation of the structure of this sector or the method of the working of small shop-keepers ; for instance, familiarity with banks and banking procedures may result in proper maintenance of accounts by shop-keepers, making it easier for banks to extend loans to them. What is important is to break the vicious circle at some point. This brings us to a discussion of some of the practical problems that banks have to face at present in making credit available to retail trade.

148. At present bank finance for retail trade is limited to book debt advances to finance operations between manufacturing units and wholesalers. Some advances are also made to wholesalers against their inventories but little credit assistance is provided for financing distribution of goods beyond the point of wholesale trade. Nor do retailers get much credit for stock-holding from the banking system. In the case of secured credit, advances to retail trade sector have necessarily to be against hypothecation and not against pledge. The risks of financing such small retail traders on hypothecation basis are, however, many ; it is possible for parties to borrow from more than one bank against hypothecation of the same goods. A system of registering a bank's lien on the hypothecated goods might help, but as law stands at present, such registration is not possible in the case of non-corporate entities. If the borrowers confine themselves to one bank and do not resort to another bank without the knowledge of the first bank, it should be possible for banks to increase their lending to the retail trade sector.

149. So far we have been dealing with credit gaps in the case of small producers, small artisans, small farmers and retail traders. There is also a credit gap so far as consumption needs are concerned. Unfortunately, adequate data are not available about consumption loans. A field study undertaken by the Reserve Bank shows that, with a few exceptions, most of the big banks have not yet entered the field of consumer credit. The only statistical indicator in this respect is the data on personal loans, some of which are for consumption purposes. Such personal loans amounted to about 4 per cent of the total advances of scheduled banks at the end of March 1967. Table 5 shows the distribution of personal loans—number of accounts as well as amounts—among scheduled commercial banks of different sizes.

Consumer Credit

TABLE 5—PERSONAL LOANS OF SCHEDULED COMMERCIAL BANKS—END-MARCH 1967

Category of banks	Personal loan as a proportion of bank credit	No. of personal loan accounts	Amount (Rs. lakhs)	Amount per account (Rs.)
I. All-India Banks ..	3·6%	1,37,559 (*23·0%*)	68,02 (*59·4%*)	4,900
II. Large Regional Banks	6·8%	2,39,344 (*39·9%*)	29,20 (*25·5%*)	1,200
III. Small Regional Banks	13·9%	2,15,171 (*35·9%*)	11,15 (*9·8%*)	500
IV. Foreign Banks	1·9%	7,178 (*1·2%*)	6,10 (*5·3%*)	8,500
V. **TOTAL** ..	**4·2%**	**5,99,252** (*100·0%*)	**114,48** (*100·0%*)	**1,900**

Note: Figures in brackets relate to perce ntages to total.

Definitions adopted for the above table:—

1. All-India Banks are those with deposits of Rs. 50 crores and above and having offices in 10 States with at least 5 offices in 4 States.
2. Large Regional Banks are those with deposits of Rs. 10 crores—Rs. 50 crores.
3. Small Regional Banks are those with deposits less than Rs. 10 crores.

(*Source:* Reserve Bank of India).

It is interesting that regional banks have a higher proportion of personal loans to total credit as compared to the all-India banks. Personal loans of small regional banks accounted for 14 per cent of their outstanding credit; the corresponding proportion in the case of large regional banks was 6.8

per cent. On the other hand, the all-India banks and the foreign banks accounted for only 3.6 per cent and 1.9 per cent, respectively, of the total credit extended by them. The small regional banks and the large regional banks together accounted for about three-fourths of the total number of personal loan accounts ; in the case of small banks, the average amount per account was Rs. 500, while in the case of large regional banks it was Rs. 1,200. Personal loans of small regional banks in the Southern region account for a large proportion of their total credit—in some cases as high as 50—54 per cent. The all-India banks, which accounted for about 60 per cent of the total personal loans, had only 23 per cent of the number of accounts and the average amount per account was quite close to Rs. 5,000. Similarly, in the case of foreign banks which accounted for 5.3 per cent of the total personal loans and 1.2 per cent of the number of accounts, the average amount per account was as high as Rs. 8,500. Thus the data establish that smaller banks give quite a large proportion of their total credit as consumer loans and more importantly they cater to the consumption credit requirements of the very small borrowers. This probably is due to the fact that structurally they are more suited to have a large number of small accounts, since such loans involve a personalised service. More recently, some of the bigger banks have started giving loans for purchase of durable consumer goods but loans for social purposes like treatment of illness in the family, with a few exceptions, are still uncommon. While financing consumer credit, banks should be cautious and not encourage ostentatious and wasteful consumption.

150. In the course of the field study undertaken for us by the Reserve Bank, the major banks expressed the following difficulties in granting consumer loans and in assisting retail trade: (*a*) norms for clean credit prescribed by the Reserve Bank of India, (*b*) cost and effort involved in managing a large number of small loans and following them up. As regards the norm for clean credit, the Reserve Bank has advised the banks to limit their commitments in such a manner that 20 per cent of a bank's outstanding unsecured guarantees plus the total of its outstanding unsecured advances did not exceed 15 per cent of its total outstanding advances. The norm (which is not a rigid limit but is meant only for guidance) has been prescribed because Reserve Bank inspections have shown that banks have granted many clean loans, particularly to large parties without sufficient justification and that some of these loans have become sticky. From time to time the Reserve Bank had indicated the types of advances which could be excluded in applying the norm prescribed above, so that genuine credit requirements are not inhibited. The Reserve Bank is also prepared to consider relaxations in deserving cases which a bank may bring to its notice, but no such representations have been received from any bank with respect to any schemes adopted by it for grant of consumer loans or with respect to any such loan which it is unable to grant because of the norm. This shows that the banks' real difficulties are elsewhere. At the same time, the banks are also generally of the view that no change in the above norm was called for.

151. Banks seem to be of the view that the ceiling on interest rate as prescribed at present does not give them sufficient incentive to enter into this business. Apparently, they consider it necessary to levy service charges, over and above the ceiling rate of 9½ per cent, in view of the additional risk and effort involved in this type of business. Banks, it is pointed out, have to handle a large number of accounts for small amounts involving considerable volume of work in the matter of processing and follow-up. The Group feels that the levy of a once-and-for-all service charge for consumption loans is justified. In this connection we note that the National Credit Council has already endorsed the principle of levying such service charges when they considered the question of credit facilities from the banking system to road transport operators.

152. The credit gap in the case of credit needs of the consumer is, however, to a small extent, met by the employees' co-operative credit societies. The operations of these societies are confined to those in regular salaried employment. Their coverage, however, is limited (roughly estimated to be 28 per cent for the whole country) and is unevenly spread. The movement is more developed in Maharashtra, Mysore, West Bengal, Gujarat, Haryana and Tamil Nadu and less developed in other areas. In some cases, membership is not open to all employees but is restricted to a class of employees. The utilisation is not watched although the recovery of loans is easy since it is usually arranged through deductions from salaries. Some case studies were undertaken by the Reserve Bank to study the working of the urban co-operative banks. Most of the banks covered by these case studies gave consumption loans also against ornaments, jewellery and fixed deposits.

153. It is clear from the foregoing analysis that while the credit requirements of organised sectors of the economy and large borrowers are generally met by commercial banks and co-operative institutions, institutional credit facilities are virtually non-existent so far as the small borrowers and the weaker sections of the community are concerned. This results not only in the vicious circle of poverty of small borrowers, but has also been responsible for the encouragement of money-lenders. It was brought to the notice of the Group, for instance, that small hawkers borrowed money from the money-lender on a day-to-day basis at fantastic rates of interest. For instance, Rs. 20 borrowed in the morning were repaid in the evening with an interest of Rs. 2. This, on a simple calculation, means a rate of interest of more than 3,600 per cent per annum!

154. So far as the problem of extension of banking facilities to rural areas is concerned, some schemes have been suggested to associate persons having knowledge and expertise of local conditions with the operations of banks in such areas.* One obvious advantage of such schemes is that they will probably save the banks from incurring large expenditure on opening new branches. Pressing into service of local dignitaries who have personal

* A note examining the schemes is given in the Appendix.

knowledge of local production possibilities, the character of individual borrowers and the value of assets that might be offered as security, may go some way in solving some of the problems faced by banks in expanding their operations in rural areas. There are, however, some practical problems involved in associating local persons with the operations of commercial banks. The Reserve Bank can consider such schemes on merit. The Group is, however, of the view that money-lenders should not be associated with the lending business of commercial banks, because such an association may give the money-lenders a status in addition to their virtual monopoly of lending business in rural areas.

Banks' Role in Emergencies

155. The Group also undertook three case studies to see how far the credit system of the country was suited to meet the emergency needs, for example, in the case of earthquakes, floods, *etc.* (Case Studies on Floods in Maharashtra and Gujarat and Earthquake in Koyna Region). The case studies showed clearly that relief measures can be organised on a successful scale provided the following conditions are fulfilled: (*a*) there should be co-operation between commercial and co-operative banks, government agencies and philanthropic individuals or agencies. The magnitude of destruction in each case was so large that no single agency had the resources to finance rehabilitation programmes ; (*b*) there should be some sort of government aid ; Government assistance took various forms; in one case, the State Government gave a guarantee for such loans, while in another case the Government kept deposits with the banks which could be used as guarantee for loans made to sufferers ; (*c*) loans should be provided on easy terms without undue insistence on security.

156. Our case studies showed that resources were generally not a constraint for providing credit facilities for the rehabilitation of victims of natural disasters. The main problem was that of evolving proper and prompt organisational arrangements. The Group is of the view that in case banks face some difficulties on such occasions, concessional refinance should be made available by the Reserve Bank. We are also of the view that, on such occasions, the Reserve Bank, in collaboration with the Government, should take a lead and co-ordinate rehabilitation efforts of financial agencies.

A Brief Resume

157. The problems of credit gaps have to be tackled on a number of fronts simultaneously. The Government should provide overhead facilities like roads, schools, agricultural extension services to improve economic opportunities and absorptive capacity of small borrowers. At the borrowers' angle, it is necessary to improve their organisation so that banks can give them advances. At the lenders' end, there are certain problems inherent in the present organisation and procedures and practices of the banking system which come in the way of extension of banking facilities to the disadvantaged sections of the community. The problem has, therefore, to be tackled on a co-ordinated basis. It is to this aspect that we now turn in the next Section.

Part III — GROUP'S APPROACH TO THE PROBLEMS OF CREDIT GAPS

The Problem of Credit Gaps and the Adequacy of Existing Institutional Agencies—Implications for Evolving New National Credit Policy

158. The foregoing survey of the existing structure of the banking system and the nature of credit gaps shows the strength and the weakness of the two main constituents of the banking system, namely, commercial and co-operative banks. The major commercial banks which are now nationalised have very large resources at their command. They have relatively ample and trained staff for the types of operations which they conduct at present and could extend activities to new areas and places without much strain on their resources. On the other hand, the obligation to apply the Award scales of pay is regarded by some of them as constituting a serious hindrance to the opening of rural branches. Moreover, the whole pattern of their business and procedures has so far been away from smaller locations and is not attuned to dealing with small loans or with special problems of small business and what are called the weaker sections. The staff requirements in the past have also been related to the pattern of the business that has evolved over recent decades and the bulk of their staff is not oriented to rural living nor to small-scale operations which require a great deal of examination of detail and exercise of discrimination. This is accentuated by the practice of the large organisations of moving responsible members of staff from branch to branch within relatively short periods. It is possible that some of the difficulties mentioned above could be got over. However, the scope in this direction will be limited especially as the banks will have to continue to discharge the responsibilities and do the business which they carry out at present.

159. The other category among commercial banks is that of the non-nationalised, largely, local banks. These are confined to either a limited area or sometimes even to a single place. It has been shown that they are in a much better position to dispense small loans and to deal with small business, and in fact are doing so. Their confinement to small areas or a single location also helps members of their staff to acquire local knowledge needed to handle small business and establish local contacts which can help in exercising discrimination. The case studies of eight small banks undertaken for us

showed that they were generally able to attract the savings of small depositors like shop-keepers, salary-earners and small artisans mainly because they were able to make personal contacts and introduce some innovations suited to local environment. Nearly 40 to 50 per cent of the total deposits of these banks fell within the range of Rs. 4,000 — Rs. 6,000 spread over a large number of accounts. In the case of most of the selected banks, the predominant size of advances was also small (in the range of Rs. 5,000 — Rs. 10,000). Although the rate of interest charged by small banks is higher than that charged by bigger banks, the promptness in sanctioning advances and the personalised services rendered to borrowers make it possible for small banks to attract a large number of small borrowers. The small traders, artisans, petty shop-keepers and housewives borrowed from these banks against gold ornaments particularly in the western and the southern regions. These banks did not face the problem of reluctance of staff members to work in villages because most of their staff belonged to the area served by the banks. The case studies showed that small borrowers are able to get credit for consumption as well as for production purposes from small regional banks. This category of banks has shrunk to a large extent since the policy of merger pursued by the Reserve Bank some years ago, and they are now spread very unevenly over the country. The resources of these banks are extremely limited and they do not seem to be making the fullest use of even the limited resources they have. The small banks often placed sizeable deposits with larger banks or kept them in metropolitan money markets. This is partly due to a lack of effort on the part of such banks to explore the possibilities of lending to local agriculturists or businessmen ; moreover, many of them follow the same conservative policies as are followed by bigger banks. If we had evolved through the years a pattern of district or local banks spread over the country, the complementary functioning of the all-India banks and the local banks would have greatly helped the solution of some of the problems that are being faced at present.

160. The first characteristic to be noticed about the co-operative system of credit and banking is that it is an integrated system and the operations of the various tiers in the system have to be looked at before arriving at an understanding of the working of the whole. The main tiers of the co-operative banking and credit structure in most States in India today are an apex State co-operative bank which finances, in the main, the district co-operative banks and other organisations in the co-operative structure at the State level and some marketing and processing societies either at the district or the primary level. The next tier is that of the district co-operative banks. These finance, in the main, the primary credit societies as well as marketing, processing, consumer, *etc.*, societies within the district. Formerly, both the apex and the district banks had considerable share-holding by individuals and did some business with individuals. During the last decade, as a matter of policy, advances to individuals have been almost completely eliminated. The lowest tier in the credit structure is the primary credit society. The

multi-purpose village society is the dominant among these. However, a variety of other types of societies, such as, artisans' societies, milk producers' societies, *etc.*, also extend limited credit to members with resources which they derive, to a large extent, from the district bank.

161. Because of this three-tier structure, the co-operative banking credit system has been enabled to operate all over the country and distribute credit to agriculturists and artisans. The contrast between the operations of the co-operative and commercial banking systems would be clear by the following figures. The total number of borrowing accounts of the scheduled commercial banking system is a little over 1 million and 88 per cent of the advances by the system are made in places with population above 50,000 and more than four-fifths of the individual advances are for amounts of over Rs. 1 lakh. On the other hand, through the co-operative system, credit was given in over 5 lakh villages throughout India including 41,000 villages covered by dormant societies; the number of borrowers from co-operatives is over 10 million and over 70 per cent of the loans were below Rs. 1,000 and about 50 per cent below Rs. 500. This contrast is not to be seen only in terms of rural or agricultural credit but also in terms of industrial artisans' credit or consumption credit made available to salary-earners.

162. It is thus clear that as of today the co-operative banking and credit system is the one that has well-nigh universal coverage in terms of area and that gives to a very large extent credit to agriculturists, artisans and small men in general. The three-tier system allows a rationalised flow of resources from the metropolitan centres to villages and combines this with fairly low costs of operation. Because of the local base of both the district banks and the primary societies, the system has possibilities of dealing with small dispersed agricultural and industrial borrowers and with consumers. Where, as in Maharashtra and Gujarat, the district banks have followed a deliberate policy of opening a large number of branches, co-operative banking reaches down to the smallest towns and works economically in a manner which is difficult of attainment for the all-India commercial banks.

163. However, combined with these obvicus advantages, the co-operative system suffers from a number of drawbacks at present. Firstly, owing to the extremely large variations in the quality of their performance and effectiveness, it would be difficult to implement an all-India policy through the co-operative system alone. External considerations are also apt, in many co-operatives, to make for a differentiation in disbursement of credit among members. Moreover, the voluntary co-operative by its very nature depends for both establishment and satisfactory functioning on some initiative and shouldering of responsibility by local leadership and by the group which is supposed to profit from the effort. The variations in performance and spread of the co-operative structure is related, to a large extent, to this last factor. No doubt external encouragement and appropriate State policies may be

able to fill these gaps in some measure, but the experience of the last 15 years emphasises the need for a change in attitudes if this is to be accomplished rapidly.

164. Another aspect of co-operative operation is that the banking structure proper, *i.e.*, the district and the State banks, ordinarily finance only societies and not individuals, so that any group of individuals that wants to take advantage of co-operative credit has first to form a primary society to be able to receive such credit. While there are obvious reasons to justify this feature of the co-operative structure, it does create, in the present context, a difficulty in using central financing agencies as a channel for supplying credit to individual borrowers where other institutional facilities are not available to them. The resources of the co-operative system in most States are also limited and there is still considerable dependence on Government servants on deputation for the management of the district banks and the larger societies. No special attention has been paid by co-operative banks and particularly by the primary societies to raising local deposit resources, and only in a few States, steps have been taken to build up appropriate management cadres.

165. Regarding the problem of the mutual relations between the commercial and the co-operative banking structure, certain historical trends may be noticed. The Rural Credit Survey Committee of the Reserve Bank of India, while disapproving of the idea of an Agricultural Credit Corporation to be set up by State Governments, recommended that in a number of States, the State Bank of India should help in the financing of individual co-operative marketing and processing societies. This was particularly necessary where the co-operative banking structure in the State lacked resources and experience. Over the years, the State Bank of India has come to play a considerable part in financing large processing and marketing societies. State Bank funds have been made available for the apex banks to finance large operations of marketing societies or sugar factories within the State. The pattern has thus been established of supplying to the co-operative structure funds from the State Bank either at the apex banking level or at the level of the apex marketing society or the district bank and district marketing societies and large primary societies, especially of the processing type. The Informal Group on Institutional Arrangements for Agricultural Credit set up by the Reserve Bank of India in 1964, which reviewed the course of developments in the decade after the Report of the Rural Credit Survey Committee, also recommended a number of special steps to close gaps within the co-operative structure. It recommended the creation of Agricultural Credit Corporations in some States which would look after credit needs of societies and individuals in districts and places where either the district banking structure was weak or primary societies were dormant or non-existent. It also recognised that where the co-operative structure was weak in parts, some steps in the tier may be disregarded and direct relations established. For

example, where a district co-operative bank was weak, the apex could directly finance primary societies in a district. Where a primary society was dormant or non-existent, the district bank, under certain safeguards, could undertake financing even of individual agriculturists. The Working Group also contemplated the possibility of establishment of relations between the Agricultural Credit Corporations and the Food Corporation of India so that there would be an integration of the credit and marketing functions. The Working Group insisted that all these were expected to be transitional measures and that the Agricultural Credit Corporation of a State should look upon itself as filling gaps left by the non-development of the co-operative structure in such a manner as to help the development of the co-operative structure in proper fullness and be able to withdraw from the field eventually.

166. These developments have been noted here as they seem to afford a clue to the manner in which national credit policy in the new context could be evolved. It would be useful in this context also to draw attention to the following paragraph from the Approach Document of the Planning Commission published in May 1968 :

"All of this indicates that the operational plan of agricultural development should not only be district-based, but should have, as its core, the provision of services, inputs and resources—marketing, fertiliser and credit (short-term, medium-term and long-term)—through institutional means. Within a broad pattern, the agencies used for this provision may differ from district to district even within the same State. In the context of a particular district, the appropriate course may be for the Central Co-operative Bank to be strengthened in regard to share capital, *etc.*, beyond the general formula for the State as a whole. It may be necessary to strengthen the District Land Development Bank or to establish a branch of the State Land Development Bank in the district. An appropriate measure may be to establish a "Development Section" (*e.g.*, for special types, for credit to small holders, *etc.*) with earmarked funds, within the Central Co-operative Bank itself. Also, special devices like supervised credit may be experimented with. If the co-operative institutions show no promise of being adequate, it will be necessary to think of other institutions or consider how far the commercial banks can serve the purpose. The main point is that a great deal of agricultural activity—from the point of view of supporting services, such as supply of seed, fertiliser and credit, processing, marketing and storage—can in fact be institutionalised, though not necessarily to a set pattern in each district. In particular, the treatment would have to be different as between a district that is highly developed agriculturally and another which is not. It is, however, important, wherever possible, to develop an institutional form of organisation which gives promise of striking root and surviving. It is by adopting an operational approach, such as the one outlined above, that we may be able to identify and deal with the problem of small farmers, dry farmers, *etc.*, in the specific context of their own environment. There may be need for proceeding by stages. There will also be need for pilot experiments under different conditions".

Adoption of an Area Approach

167. In the light of the survey and the analysis presented above it appears appropriate to make the following recommendations. In view of the large variety of conditions in which commercial and co-operative banks operate all over the country, it appears necessary to make detailed plans for the development of credit and banking in the country on the basis of local conditions. It has been brought out in the survey that the situation in all districts of even advanced States is not similar. Our first recommendation therefore is for the adoption of an area approach to evolve plans and programmes for the development of the banking and credit structure. The area approach is inherent in the co-operative system. So far as commercial banks are concerned, the central idea which the Group has in mind is that, depending upon the area of operations and the location, commercial banks should be assigned particular districts in an area where they should act as pace-setters providing integrated banking facilities and in this way all the districts in the country should be covered. This should be the first step in making institutional finance available to neglected areas and classes. There should be no exclusive operation for any one bank in any area if there is scope for more than one bank to function in an area. It is desirable to maintain an element of competition in the provision of banking services to the community. The Group would, however, like to point out that competition should not be carried to a point where it results in duplication and waste.

Institutional and Functional Co-ordination under Area Approach

168. The area approach would enable the commercial banks to identify and study local problems and evolve an integrated credit plan for supply of inputs and of processing, storage and marketing facilities and other services which may be locally needed, and providing for participation, as may be necessary and feasible in the local conditions, by the Reserve Bank of India, the State Bank, other commercial banks, co-operative banks and national financing and other development agencies. With nationalisation, the difficulties of making the co-operative and nationalised commercial banks function in one system will be greatly minimised and the resources of nationalised commercial banks and the local knowledge of co-operative agencies could be rationally combined. As we have seen earlier, in terms of organisation and staff attitudes, commercial banks have serious drawbacks in reaching the rural areas, but they have resources. On the other hand, co-operatives have difficulties in respect of management and resources. The Group is happy to note that a Committee of bankers appointed by the Reserve Bank of India for rationalising the expansion of branches of nationalised commercial banks has also emphasised the basic principles of an area approach, assigning to each nationalised bank a group of districts where it will function as the lead bank.

169. In existing circumstances, the lowest unit under an area approach has to be necessarily identified with the district. The district is the main administrative unit. It is the unit in relation to which the co-operative structure is at present organised and operative. Most statistical and other data are available at the district level and not usually at lower levels. Finally, the number of districts in the country is not too large to think in terms of an effort being made for evolving plans for each district.

Area Approach —District to be the Basic Unit

170. In formulating and implementing plans of development of credit and banking in each district, it is necessary to bring together all concerned elements. By this are meant the Reserve Bank of India, commercial banks in the nationalised and non-nationalised sectors, the co-operative structure of the district, including land development banks and the purchase, sale, supply, marketing and processing organisations, the State Governments and the financial institutions set up by the State, such as the Agricultural Credit Corporation where it exists, the State Financial Corporation, the Agro-Industries Corporation, the Small-scale Industries Development Corporation and any others. While all these elements and their operations have to be brought together, the leading part in formulating and implementing the Plan will have to be taken by the commercial banks—scheduled and non-scheduled and nationalised and non-nationalised—operating within the district as well as by the co-operative central banks and the co-operative land development banks. Because in a large number of districts, the operation of commercial banks, excluding the State Bank, may be marginal, it will become necessary to arrange specially for inducing some commercial banks to take special interest in banking development within the district. With nationalisation this step should be easy. It could be so arranged that in each district, one or two nationalised commercial banks, in addition to the State Bank of India, take a leading part in banking development. In this connection, we would like to cite an interesting example of a bank becoming pace-setter for economic development. A village—Nanansu in Punjab—was selected by the State Bank of Patiala, a subsidiary of the State Bank of India, for launching a pilot project in farm finance on a package basis. This was a backward barren village with no local resources for its development. Under the project launched by the State Bank of Patiala, full farm finance, based upon production plans, was made available to the entire farming community including the landless *harijans* who had no collateral to offer. As a result of the co-ordinated efforts of the State Bank of Patiala and other agencies like the State Government and the Rotary Club of Patiala, the programme has achieved good results. It has demonstrated that with an intelligent investment plan for providing water, credit and other inputs, the banking potential itself develops. The number of savings bank accounts from the people of Nanansu as well as the neighbouring areas has gone up and the Bank is contemplating opening one-

Integration of Credit Plan with Other Activities in a District

man offices to provide banking facilities in the neighbouring areas also. The moral of this case is that a co-ordinated effort on the part of banks, Government and the public results in success. There is no reason why the success story of Nanansu village cannot be repeated in other places.

Three Aspects of a District Plan—(i) Establishment of Branches or New Units

171. Each district plan to be formulated will have three aspects: (i) that of establishment of branches or new units at particular places, (ii) that of formulating relationships within a structure or as between structures, and (iii) the formulation of proper policies and procedures. The first aspect of the plan would include establishment of new branches by the named nationalised or non-nationalised banks and by the district central co-operative bank and the land development bank. It should be made clear that the planned programme of increase of branches is the minimum and that the establishment of branches by other banks—nationalised or non-nationalised—is not thereby necessarily prevented. Branch banking has been adopted as a policy by co-operative banks in a few States only. It is essential that this is accepted in all States and implemented to the extent that the strength of the particular district central bank will allow. Similarly, if there are any non-nationalised scheduled or non-scheduled banks operating in the district, increase in their branches may also be planned. Apart from the opening of the new branches, the plan will have to give attention to establishment of new banking or co-operative society units. In the commercial banking structure these new units can be small local banks or a district bank. It is expected that in view of the initial weakness of these types, such units could come into existence chiefly through support from the bigger banks in the form of financial, managerial and technical assistance. Thus, the nationalised banks can play a useful role in supplementing the activities of existing small banks and co-operatives and in the establishment of local units where necessary. It is the experience in every branch of economic activity that meeting the needs of the small man is a dispersed, highly localised and small-scale operation which can best be carried out by local institutions which operate on the basis of personal knowledge of local conditions. In this connection, we would like to refer to the present policy of the Reserve Bank which allows the small banks to develop and does not insist on merger on account of the small size of a bank. The policy is not to encourage or bring about amalgamations unless these are considered absolutely necessary in the depositors' interests. In accordance with this policy, the small banks are merged, as far as possible, with other small units in the same area, the object being the formation of viable regional banks. Where such merger is not possible, the Reserve Bank permits, in exceptional cases, the merger of small banks with one of the bigger banks. We emphasise that, till the Banking Commission submits its Report, this policy should continue.

172. In the co-operative sector, the establishment of new primary urban co-operative banks should be deliberately encouraged. As at present

primary banking is confined mainly to urban areas. There is also a case for thinking in terms of establishing a new type of rural primary bank or converting existing multi-purpose credit societies into banks. This may be specially desirable in areas of intensive agricultural development and in fields like horticulture, animal husbandry and such others where receipts and disbursements are largely continuous and not seasonal. Apart from primary co-operative banks, the plan should include a programme for formation of marketing and processing societies. These may be allowed as a transitional measure, to extend credit for production where the primary societies are not strong. The plan will also have to give attention to revitalisation of the existing structure of primary societies of both agriculturists and non-agriculturists. It has been found that proper finance of such diversified groups as, for example, forest labourers or milk producers can be arranged initially through organisation of a multi-purpose co-operative society for the particular local group. The plan of location of branches or establishment of new units at particular places should have the two-fold objective of making institutional credit available at many places throughout the district and establishing agencies capable of distributing such credit to all classes.

—(ii) Dynamic Inter-Relationship Between Different Credit Agencies

173. The second aspect of a district plan is the operational one of spelling out the dynamic inter-relationships. It is necessary to bring the Reserve Bank and the State Governments, especially their co-operative departments, into the picture in order to integrate the development plans of the nationalised commercial banks and the co-operative banks. The State Bank of India's role in future will have to be clearly spelt out. At present, the State Bank operates in practically every district of India and has special responsiblilities in regard to treasury work and remittances. It must be decided whether this special position of the State Bank of India will be retained in the future and whether by virtue of it, it will be expected to play a leading part in the plan of every district. The answer to this question depends on how the future organisational and management structure of the total group of nationalised banks, including the State Bank and its subsidiaries, is determined. It is assumed that even if the State Bank takes a part in every district plan, its position will not be essentially different from that of the other nationalised commercial banks. Within the commercial banking structure an appropriate relationship will be developed between the nationalised banks and the non-nationalised scheduled and non-scheduled banks so as to utilise the services of both the sectors in meeting the credit needs in various districts, the nationalised banks providing the leadership in this matter. In this connection it has been suggested that the bigger banks responsible for operations in the district should establish special relationships with the smaller non-nationalised units in the district. This relationship can be of a variety of types depending on what policies it is decided the particular nationalised banks should pursue and the nature of the old or newly established non-nationalised units.

174. One possible area of co-operation between the bigger banks and the small local units is through the bigger banks making participation arrangements with local banks or co-operatives operating in such areas. In terms of these participation arrangements, which are quite common in the United States, the larger banks share in the loans granted by local banks and also give them the benefit of their own system of credit appraisal. Thus the larger banks are able to utilise the agency of small banks which have greater incentive and opportunities to grant small loans but are hampered by lack of resources.

175. The problem is somewhat more complicated when we consider the relationship as between the co-operative and the commercial structure. In this context, the historical developments to which attention has been drawn would provide some pointers. Where the co-operative banking structure is very strong and needs no more assistance than the additional resources that the apex can draw from the Reserve Bank or the State Bank of India, there may be no need for an organic relationship between the two credit structures in a District plan. However, there would be need for articulating the relationship between the co-operative structure and the non-credit organisations in the public sector, such as the Food Corporation of India, the State Trading Corporation, the Agro-Industries Corporation, the Small-scale Industry Development Corporation, *etc*. Where the co-operative structure is not so strong, its development will have to lean considerably on the commercial banking structure, especially the State Bank and other nationalised banks operating in the district. The general principle in defining the details of these relations would be that the relations within the co-operative structure would be maintained on the normal lines wherever the appropriate units in the structure have enough strength ; where this is not the case, the functions to be performed by the non-existent or weak co-operative institutions would be performed by corresponding commercial banking units in the public or the private sector.

176. In this connection, the Group explored the areas of co-ordination between the commercial banks and the co-operatives :—

(*i*) In some States the maximum borrowing powers of members are prescribed under the bye-laws of the co-operative societies with the result that the credit requirements of certain members with relatively large needs are not fully met. In such cases, the entire requirements of these borrowers should be met by commercial banks because financing by both co-operative and commercial banks might result in over-financing and the consequent default in repayment to one or both the lending agencies. It is important to emphasise that the lending agency should meet all the credit requirements of a borrower. A borrower should not have borrowing accounts both with commercial and co-operative banks.

(*ii*) Co-operative banks and societies are often unable to utilise the available resources because of their administrative failures. Unfortunately, such instances are multiplying. Commercial banks should step in, in such situations also, by providing managerial assistance and training facilities.

(*iii*) Under certain circumstances, the district co-operative bank may be unable to lend directly to individuals. There are 1,113 offices of State and/or Central co-operative banks at places where there are no commercial or urban co-operative banks (Statement 20). In many of these places, the primary co-operative society may be so weak as to justify its being disregarded. The position, therefore, in such places will be that an institutional agency is present but unable to deal with individuals. In such cases, as an interim measure, till such time as a commercial bank or strong primary societies are established, district co-operative banks may be allowed to deal with individuals.

(*iv*) The Group also considered whether commercial banks can assist co-operatives by placing deposits with them. The Group is generally disinclined to view this suggestion with favour. Considering the federal character of the co-operative system, placing of deposits by commercial banks with co-operatives raises a number of problems. If the deposits are placed with state co-operative bank or central co-operative banks, the ultimate cost to the borrower would be high and the full advantage of this suggestion, so far as the ultimate borrower is concerned, would not accrue. Also, in view of the near-dormancy of many of the co-operative institutions, high level of their overdues and the domination of ve. ted interests in their managements, commercial banks may be disinclined to place their deposits with such institutions because this would prejudice the depositors' interests. To overcome such a situation, State Government guarantee for such deposits may have to be thought of. We are totally opposed to the Government guaranteeing such deposits.. If at all any commercial bank should lend any money to a co-operative bank, this will have to be on a business-like basis, depending on the strength of the co-operative bank concerned. There is no point in bringing any guarantee against default, because this will be a retrograde step. There is another difficulty in the implementation of the suggestion that commercial banks should keep their deposits with co-operatives. In the context of the present structure of interest rates, it may not be profitable for banks to place deposits with co-operative institutions. Further, even assuming that commercial banks might be willing to accept somewhat lower deposit rates, this may act as a disincentive for co-operative banks to mobilise deposits from the public.

(*v*) However, commercial banks can enlarge their support to co-operative institutions by giving them loans. For example, they can increase their assistance to processing and marketing societies and subscribe more to land development bank debentures. It may not be economic for agricultural co-operative banks to obtain short-term and medium-term loans from commercial banks for purposes of extending agricultural loans so long as the co-operative banks enjoy concessional credit facilities from the Reserve Bank of India. The cost of short-term credit to a central co-operative bank at present varies between 3¼ per cent and 4 per cent and it will not be possible for any commercial bank to lend at these rates to any co-operative bank. But there are distinct possibilities of the co-operative banks borrowing from commercial banks for financing the procurement of foodgrains and distribution of fertilisers, *etc.*, by marketing societies because these societies can afford to pay a rate of interest which will leave sufficient margin to the co-operative bank even if it borrows from a commercial bank at 7½ to 8 per cent. The co-operative bank uses the line of credit to fall back upon in times of need when the pressure on its funds is heaviest. At other times, it may reduce its borrowings from the commercial bank to the minimum. In fact, Madhya Pradesh, Maharashtra, Madras, Mysore and several other State co-operative banks enjoy large credit facilities from the State Bank of India and its subsidiaries for financing marketing, processing and consumers' stores societies.

177. In recommending that commercial banks should enlarge their quantum of assistance to co-operatives, we take note that ordinarily, the preference of a co-operative society should be to deal with the co-operative bank, in the management of which it has a voice and which can be depended upon to be accommodative and responsive to its various needs. It is only when adequate service is not forthcoming that a co-operative society would, ordinarily, turn to a bank other than the co-operative financing agency. The profit which an apex or central co-operative bank can earn may be adversely affected in certain contexts if the business of financing of non-credit co-operatives is diverted to commercial banks, as there is a period during which its deposit resources cannot be employed in the agricultural credit business. However, in a very large number of cases the resources of the co-operative banking system are not adequate for financing non-credit co-operatives after meeting the needs of agricultural credit. It may be noted in this context that the Reserve Bank of India has informed the commercial banks of its readiness to provide refinance against their loans to urban co-operative banks. There are complaints of neglect by co-operative banks of some aspects of and institutions in particular fields of co-operative activity. Hence, we suggest that commercial banks should finance the co-operative processing and marketing societies where the latter are unable to obtain financial assistance from their own institutional sources.

178. There is yet another sphere in which commercial banks can render assitance, namely, to primary agricultural credit societies. For financing agriculturists directly, the banks have to face several problems, *e.g.*, there are restrictions on the transferability of land, there are heavy stamp duties for registration of mortgage deeds, the facilities for deposit of title deeds are inadequate, *etc.* The co-operatives, however, have been given certain privileges in this behalf under the Co-operative Societies Act. Further,

the Act provides for summary settlement of disputes between a member and a society and also for recovery of co-operative dues by revenue authorities or as arrears of land revenue. All these advantages will be available to a commercial bank if financial accommodation for agricultural production is routed through a primary agricultural credit society. Further, the benefit of local knowledge and local supervision over the use of the loans, will also accrue to the bank if the finance is routed through the credit society in the village. The capacity of a branch of a commercial or co-operative bank to deal directly with several hundred individual agriculturists residing within its jurisdiction is extremely limited. If the branch is really to meet the credit gaps in its area, it can do it better if it enlists the co-operation of the village primary credit society.

179. There is nothing radical in this suggestion. If a commercial bank can establish direct financial dealings with a co-operative marketing, processing or consumers' stores society, there should be no objection to its financing a primary agricultural credit society also. There are many central co-operative banks in the country which are incapable of providing adequate credit facilities to affiliated credit societies as they have failed to develop the necessary financial and administrative competence to take full advantage of even the limited credit facilities from the Reserve Bank. There are thus large credit gaps to be filled in the sphere of agricultural production credit. Mention has been made of the proposed Agricultural Credit Corporations in some States. These Corporations will be financing primary credit societies directly where they are working well and individuals only where a society does not function. On the same basis, in areas where a central co-operative bank has failed to develop the necessary capacity to meet the credit needs of all the societies affiliated to it, there is no reason why some of the societies should not look to a commercial bank for accommodation. Such a relationship will be mutually beneficial.

180. It would be necessary to arrange for appropriate co-ordination between the nationalised and the co-operative banks in the context of particular conditions in each district. In a state in which the apex and the district co-operative banks have the financial and managerial resources to look after every aspect of co-operative business in the State, the relationship established would be that between the State Co-operative Bank and the Reserve Bank and the State Bank or the nationalised banks. However, such States would be exceptional, particularly in view of the large expected increase in co-operative activity of all types at all levels. As a general rule, nationalised banks may take the place of a Unit in the co-operative banking system in any particular region or location in relation to some or all co-operative activities, when or where a recognised gap in co-operative banking service exists. The identification of gaps will ordinarily be done as part of district planning and after the initial preparation of the plan, arrangements may be made for

making continuous adjustments in course of time. Specific consent of the co-operative banking unit whose place is being filled by the nationalised bank will normally be obtained. However, in particular cases where it is felt that consent is being withheld without valid reasons the nationalised bank could act in consultation with the Reserve Bank and after obtaining permission of the Registrar of Co-operative Societies of the State.

181. Most arrangements of the type discussed above would be for a limited period to be replaced by co-operative developments when these take place. The line of action which can help improve and revitalise the role of co-operative credit has already been discussed in the Report of the All-India Rural Credit Review Committee. There is, however, one aspect to which the Group attaches special importance. The failure of the co-operative movement to mobilise deposits adequately arises partly from lack of motivation and partly from lack of confidence. As long as the primary society and the District Bank obtain a secure flow of funds from above and the Apex Co-operative Bank, in turn, depends mainly on the Reserve Bank, motivation for mobilising own resources will always remain weak. It is necessary for the co-operative system to take some remedial action in this behalf. Lack of confidence would be overcome if the proposal of the Deposit Insurance Corporation to extend deposit insurance cover to co-operative banks is implemented. State Governments should initiate expeditious action to pass the necessary enabling legislation for extension of deposit insurance facilities to co-operative banks. Yet another way by which confidence could be strengthened is by co-operative banks improving their standards of management.

182. Apart from defining the inter-relationships between the commercial and co-operative banking and credit structures, the credit plan for a district should pay attention to integration of credit and banking business with other activities. Within the credit structure itself, it is necessary to emphasise the need to bring together more meaningfully the long-term and the short-term institutions of credit. It is only recently and in some States that co-ordination of efforts and exchange of information is being brought about between the co-operative central banks and the land development banks. Such co-operation has not yet been significant between the term lending institutions and commercial banks or co-operative banks especially in the context of small scale business. The nationalisation of commercial banks may make it possible to bring about the necessary co-ordination. To the extent that the long-term financial institutions undertake refinance of commercial or co-operative banks, such co-ordination is to some extent established. But where the long-term finance is not in the nature of refinance, some of the long-term institutions such as the Industrial Development Bank of India give loans in participation with short-term lending institutions such as commercial banks but there has not been much continuous co-ordination in this field between

the activities of institutions giving long-term finance and those affording short-term accommodation. In the small-scale business, especially where the emphasis shifts from security in terms of assets to efficiency and viability of operation, it is extremely necessary to look after all aspects of the business. Not only must the provision for long-term capital and working capital be linked together but also other aspects, such as, sale and supply, equipment and technique, product mix and marketing, must also be fully looked after. This can be done on a regular institutional basis only when the institutions, whether in the private or the nationalised sector or in the co-operative sector, looking after supply of equipment and technical assistance, raw material allocation and marketing, work together with relevant short and long-term credit institutions and are fully kept informed of each other's activities and experience. This becomes all the more necessary when one passes on to the still smaller scale at the level of the artisan, dairyman, fisherman, *etc.* The entire analysis of Parts I and II of this Report points to the fact that credit can be made available to a group of artisans only when they are freed from dependence on middlemen for supply of materials or marketing of the product. As in the case of the agriculturist, the artisan is also under the hold of the money-lender and the trader. In many cases, the dual functions of money-lending and trading are performed by the same individual. Unless this nexus is broken, the worker cannot be freed. In this context, giving institutional credit is only a part of the total action required to rehabilitate the economy of the artisan or any such class. It is from this point of view that the establishment of new institutions in a credit plan has necessarily to make provision for new societies of the combined supply, credit and marketing type.

—(iii) Formulation of Proper Policies and Procedures

183. Even after centres at which institutional credit becomes available are wide-spread throughout the country and proper agencies with appropriate inter-relationships are established, it will still be necessary to refashion the present policies and procedures of banking and credit institutions. The main difficulties experienced by the smaller businesses and weaker sections in securing access to institutional credit, apart from lack of knowledge and subservience to the money-lender/trader, are the inability to offer tangible security and to cope with the relatively complicated procedures, such as, periodic filling of forms, *etc.* It is generally agreed that there must be a shift on the part of all credit institutions in the emphasis from tangible security to operational viability. The considerable advance made in short-term co-operative credit in recent years is related to the change over from security of land to a charge on the crop. It is obvious, however, that such shift is possible only when the credit institution is able to maintain a continuous contact with the borrower's operations. A liberal policy or procedure with regard to loans would prove successful only when it is accompanied by steps to maintain such contacts.

184. In this context we would like to suggest that commercial banks will have to streamline their internal organisation to a considerable extent in order to discharge their new responsibilities adequately. A number of field studies will have to be undertaken to find out the reasons for credit gaps. The task of carrying out district-wise surveys with a view to preparing credit plans will entail considerable work by way of designing the surveys, training the staff, laying down a procedure for consulting other agencies, *etc.*, and it would be economical for banks to make joint or co-operative arrangements for such work. Some measure of centralised direction will not only mean economy of effort but also better co-ordination. It will also be useful to have improved arrangements for exchange of credit information. In order to enable advances to small-scale industries to be handled promptly on a decentralised basis, banks should take steps to prepare credit schemes for individual industries which could be easy to administer at the branch level. For preparing such schemes, the banks will need the services of technicians, economists and other specialised staff, who will utilise the technical and factual material already available with other developmental agencies and adapt and supplement it to meet the special requirements of banks. There would be considerable advantage if a central agency set up by the banks themselves were to undertake the preparation of such credit schemes for individual small-scale industries. Agricultural Finance Corporation Ltd. which presents one such co-operative effort on the part of the commercial banks has proved very useful in processing the loan applications for agricultural projects.

185. Another precaution to be taken in this context is not to mix up an element of subsidy with banking business. Apart from such promotional expenditure as a credit institution can and should undertake, the subsidisation, thought desirable because of national policy in favour of any category, should come from the State or any other proper authority giving the subsidy either directly or through the banking system by making it possible for the banks to lower their normal charges.

186. The particular aspects of changes in policies and procedures required in respect of various categories of institutions, such as, the nationalised banks, the co-operative central banks and land development banks and others will have to be examined in detail. As a general rule, it may be postulated that the greater the financial strength of a bank, the more the burden it should assume of promotional and other expenditure. It would be better to route available finance in promotional and developmental activities than to think of differential rates of interest in order to favour particular types of borrowers. The activities of a number of commercial banks in the recent past have indicated directions in which special effort can be made by them to contact and finance smaller business and weaker sections, to build up a stream of deposit-savings or to undertake promotional activity. These efforts

are more likely to lead to the flow of bank credit to artisans and other weaker sections than offering them loans at low rates of interest. In relation to the co-operative banking structure, the recent report of the All-India Rural Credit Review Committee contains valuable material. In relation to the land development banks, the chief problem is the extent to which they can reduce margins and finance adequately new capital investment by the very small men. Where individual farmers are not able to borrow adequate amounts to enable them to undertake capital investment, group loans should be encouraged.

187. As a matter of general policy, a close examination may be conducted of the present working of credit guarantee schemes and a view may be taken of the extent to which these can be liberalised or applied to new fields so as to provide further assistance to banks and credit institutions in extending credit to small business and weaker sections. We understand that the Reserve Bank of India has already initiated action to consider this question in all its aspects.

Correlating Savings with Lending Operations

188. It is extremely important to emphasise programmes for the encouragement of thrift and savings and for active mobilisation of additional resources in future policy and operations. Without much greater flow of resources the aim of giving full banking service to neglected areas and classes could not be fulfilled. Also, it is necessary to correlate savings with lending operations in some measure. Mobilisation of additional resources is largely a matter of adopting new methods and approaches. To some extent greater mobilisation would come about with the opening of a larger number of offices and branches and the establishment of new banking units and co-operative societies. However, large differences in the actual mobilisation of resources shown by co-operatives underline the importance of basic attitudes and approaches. Recent experience of some commercial banks regarding new ways of organising savings through specialised schemes also points to the need of constant innovation and experimentation. An important aspect of any plan of development of a district has, therefore, to be to make efforts at raising resources. Additional resource raising through new approaches and methods will be closely connected with affording additional and new types of services. In this regard it might prove helpful to arrange for exchange of ideas and experience between different banks and this would be facilitated by some interchange of personnel at different levels. Considerable reliance would still continue to be placed on incentives to and effort of the bank management and staff of individual banking organisations—commercial and co-operative.

189. In the context of procedures, one special problem may be highlighted. With the current emphasis on production, the importance of con-

sumption finance is likely to be ignored. One of the known deficiencies of the crop loan approach in co-operative financing of the agriculturist is that it ignores the very large element of consumption finance in the credit requirements of small agriculturists. The total credit available to the small farmer through calculations of his crop loan entitlement cannot cover, as they do in the case of the large farmer, his proportionately much larger requirements of consumer credit and as, in the present working of co-operative societies, no special arrangement exists for grant of consumer credit, the problem of meeting the full needs of the small farmer appears almost insoluble. This is also why categories such as landless labourers do not profit from or even do not become members of the ordinary multi-purpose village society. The problem is equally difficult in the case of non-consumer credit for categories like hawkers or other small businessmen having no tangible assets. In such cases as well as in those of the small farmers requiring consumer credit, it is necessary to establish some nexus between the saving and loaning operations. It is seen that the salary-earner societies can be highly successful in giving credit for consumption including consumer durables because of a potential secured source of repayment through the regular salary earnings of the borrowers. Where there is no such regular salary earning, the availablility of some asset to the borrower, such as provident fund, insurance, or membership of the savings-deposit schemes has to be utilised. An active effort to mobilise savings must be reckoned to be an important aspect of future development of banking and credit in the country. The co-operative credit structure, especially the primary credit societies, has been specially lacking in this matter. The fact that some of them through periodic deductions for share capital have built up large share capital holdings indicates that a scheme of compulsory deposit deductions may not be unacceptable to many groups of borrowers.

190. The big hurdle in this matter is the initial step. Here we approach a very big problem which is that of providing economic security to large bodies of wage-earners, bringing larger and larger categories under some arrangement of provident funds, making small insurance policies with no administrative complications available to very large number of people and attracting the smallest depositor by special types of savings-deposit schemes to be formulated by the banks and credit societies. The two main pre-conditions required for making finance available on a larger scale and universally to weaker sections are thus : (1) integrating the lending business with sale, production and marketing activities, and (2) making it possible for everybody to

build up some kind of minimum financial asset in the shape of provident fund, insurance, bonus expectations or savings-deposit scheme on which the initial advance could be based.

Programme of Action—District or Zonal Committees

191. In the light of the various suggestions given by the Group, the immediate action that is required is to create an apparatus to evolve an action programme for the next one or two years in respect of a district or a zone consisting of one or more districts. For this purpose District or Zonal Committees should be formed within the next one month or so, preferably at the initiative of the State Governments concerned, and consisting, among others, of representatives of nationalised commercial banks and co-operative banks, concerned State Government departments such as agriculture, co-operation and small industries. The Committee should have appropriate liaison with marketing, processing and other non-financial agencies of the Central and State Governments operating in the area. These Committees should be in a position to evolve a programme of action on the basis of data immediately available without waiting for any further data, and could generally function on the basis of general guidelines given by the Reserve Bank of India.

An all-India Machinery: Standing Advisory Committee on Credit Assistance

192. Simultaneously with immediate action as suggested above for the formation of "District" or "Zonal" Committees, an all-India machinery should be created for the task of co-ordinating the programme of the District or Zonal Committees, making evaluation of the performance and improving the district plans. Further, such an all-India machinery can carry out special investigations for continuously identifying the nature and extent of spatial, functional and territorial credit gaps in the economy within the overall strategy of economic development. The special all-India machinery which may be constituted for this purpose, may be called the Standing Advisory Committee on Credit Assistance (SACCA) which should consist of senior representatives of the Ministry of Finance, Reserve Bank of India, Planning Commission, nationalised commercial banks and co-operative banks and borrowers including small borrowers. The primary responsibility of this all-India Committee would be to draw a master plan which would give guidelines for the formulation of district and zonal plans integrating the development of credit and banking with other activities such as production, marketing and supply. The Reserve Bank of India, as the executive arm of this Committee, should provide the necessary secretarial assistance to this Committee and implement its recommendations and watch their compliance. For this purpose, a specialised Department of Credit Planning should be set up in the Reserve Bank of India.

Setting up of a Credit Planning Department in the Reserve Bank of India

193. In conclusion, we would like to point out that the success of the recommendations made by us will very much depend upon how they are implemented. In this context we would like to stress the importance of attitudes and approaches of individual institutions and the co-operation of all the parties concerned, namely, the staff and management of the credit agencies and the Government and the public.

D. R. Gadgil—*Chairman*

P. N. Damry

B. K. Dutt

M. Y. Ghorpade

Arvind N. Mafatlal

P. Natesan

T. A. Pai

P. C. Borooah,

R. R. Morarka

Maganbhai R. Patel

B. N. Adarkar—*Convener*

New Delhi,

October 10, 1969

Part IV — SUMMARY OF THE REPORT

In accordance with a decision of the National Credit Council, the Study Group was constituted at the end of October 1968 with Prof. D. R. Gadgil as Chairman, to go into the question of the building up of an appropriate organizational framework for the implementation of social objectives. The Group addressed itself mainly to the task of identifying the major territorial and functional credit gaps and making recommendations to fill them up so that adequate institutional credit, at reasonable terms, can be made available to neglected sectors and areas and weaker sections of the community.

Structure of the Banking System

2. The credit needs of the Indian economy are met by both the organised and the unorganised credit agencies. The organised sector consists of the Reserve Bank of India, commercial and co-operative banks and specialised financial institutions. The unorganised market is largely made up of indigenous bankers and money-lenders. (Paragraph 5).

3. The commercial banking system is largely of the branch banking type. Over the last two decades, the number of small banks has been reduced with the result that the total number of banks fell from 566 in 1951 to 89 in June 1969, but over the same period, the number of offices of commercial banks increased from 4,151 to 8,254. Of the 89 commercial banks, 73 are scheduled and 16 are non-scheduled banks. Of the former, 15 are banks incorporated outside India. With the nationalisation of the 14 major Indian scheduled commercial banks on July 19, 1969, the proportion of banking business in the hands of the various categories of banks is as under :

(*a*)	**State Sector**	**83 per cent**
	State Bank of India, its subsidiaries (7) and the fourteen nationalised major Indian scheduled commercial banks.	
(*b*)	**Private Sector** ..	**17 per cent**
	of which:	
	(*i*) Indian scheduled commercial banks (36) ..	6 per cent
	(*ii*) Banks incorporated outside India (15)	10 per cent
	(*iii*) Non-scheduled commercial banks (16)	1 per cent

(Paragraphs 7 to 10)

4. In recent years, commercial banks have opened increasingly large number of offices, particularly in places with population below 10,000. Even so, as of April 1969, there were 617 towns out of 2,700 in the country which were not covered by commercial banks. Out of 617 unbanked towns, 444 did not have co-operative banking facilities either. Out of about 6 lakh villages in the country, only about 5,000 are estimated to be served by commercial banks in one way or the other. Although the average population served by a commercial bank office has declined from 98,000 in 1956 to 73,000 in 1967, it is still high compared to advanced countries, for instance, 4,000 in the U.K. and 7,000 in the U.S.A. Commercial bank deposits, as proportion of national income, formed hardly 14 per cent in India, as compared to 84 per cent in Japan, 56 per cent in the U.S.A. and 49 per cent in Canada. (Paragraphs 11 to 14).

5. There is an uneven spread of bank offices and banking business as between different States and population groups. There is a pronounced urban-orientation. Even within developed States, bank credit is concentrated in the major cities. For instance, two cities—Bombay and Calcutta—alone account for 32 per cent of deposits and 51 per cent of bank credit. Excluding Bombay and Calcutta from Maharashtra and West Bengal respectively, the share of these States in total bank credit shows a steep decline from 32 per cent to 3 per cent for Maharashtra and from 23 per cent to less than 1 per cent for West Bengal. (Paragraphs 15 to 17).

6. There is also a flow of resources from the smaller to the larger population centres and from the rural to the urban centres. The credit-deposit ratio was as high as 89 per cent in centres with population above 10 lakhs and showed a declining trend in lower population groups with only 41 per cent for centres in the population group of less than 10,000. In this connection it has to be remembered that a portion of credit given in one place may in fact be utilised elsewhere. For a meaningful understanding of the regional distribution of credit, it is necessary to collect the requisite data. The Group suggests that the Reserve Bank should take appropriate steps in this regard. (Paragraph 21).

7. The per capita bank credit for the country as a whole was Rs. 54 and per capita deposits Rs. 78. The per capita deposits are nearly 17 per cent of the per capita income in the country. There are wide disparities in per capita deposits and per capita credit as between different regions. There were as many as 63 districts in which per capita credit was less than Re. 1. The national average for credit-deposit ratio was 69 per cent. In 23 districts, it was more than 100 per cent and in 31 districts less than 5 per cent. Out of 336 districts in the Indian Union, commercial bank offices did not exist in 13 districts upto the end of 1967. The average population served by a bank office ranged between 1 lakh and 2 lakhs in as many as 89 districts; it was above 2 lakhs, in 88 districts. (Paragraphs 19 and 23 to 25).

8. Over the last few years, the number of borrowing accounts of the commercial banks has declined by 22,000 from 10.8 lakhs in April 1961 to 10.6 lakhs in March 1967. Although the decline can be explained in terms of factors like reduction in the number of small banks, the fact remains that banks have not succeeded in making credit facilities available to a wider section of the population despite an increase in their resources and an increase in the quantum of credit extended by them ; moreover, the decline in the number of accounts happened at a time when the needs of the economy demanded a wider dispersal of credit. (Paragraphs 26 to 31).

9. The co-operative credit structure for short and medium-term credit is a three tier system, with a state co-operative bank at the apex level in each state, the central co-operative bank at the district level and the primary credit societies at the base—agricultural credit societies in villages and urban banks and other non-agricultural credit societies mainly in towns and cities. For long-term credit, there is a central land development bank in each state operating through branches in some states or through primary land development bank at *taluka* or district level. There are in addition a few industrial co-operative banks operating at the state or district level. (Paragraph 33).

10. In contrast to the commercial banking system which is mainly urban-oriented, co-operative banking has penetrated into rural areas. The centres at which co-operatives provide credit facilities are not only numerous but well dispersed. The number of villages covered by active primary agricultural credit societies at the end of June 1967 was 82 per cent of all the villages in the country. The membership of these societies was 24 million. It has been estimated that 30 per cent of the total number of rural families were covered by membership of active societies. However, the percentage of borrowing members to total number of members was only 40. (Paragraphs 34 to 36).

11. The classification of loans issued by primary agricultural credit societies according to the size of loan advanced shows that small loans upto Rs. 100 formed only 9 per cent of the total amount, while loans exceeding Rs. 500 formed 46 per cent. (Paragraph 39).

12. As in the case of commercial banks, the effective coverage of the co-operatives is highly uneven as between different states. The overall progress of the co-operative movement is more satisfactory in Gujarat, Maharashtra, Punjab and Mysore and very slow in Assam, Bihar, Orissa, Rajasthan and Jammu and Kashmir. (Paragraph 40).

13. The main short-comings of the co-operative system which vary from state to state are the problems of overdues, indifferent managements, dominance of co-operatives by vested interests, shortage of resources, lack of

efforts to mobilise deposits, untrained staff and weak arrangement for linking credit with marketing. (Paragraphs 41 to 48).

14. Land development banks which meet the long-term credit needs of the agricultural sector have attained significant levels of operations during the last few years particularly since the commencement of the Third Five-Year Plan. Individual membership (excluding nominal members of these banks) was 4,66,176 and that of the primary banks 12,54,590, but there is a wide disparity in the progress of these banks as between different States. They are generally weak in Rajasthan and eastern States of Assam, Bihar and Orissa. (Paragraphs 49 to 53).

15. Non-agricultural credit societies comprise mainly employees' credit societies and urban co-operative banks. The total number of employees' credit societies at the end of June 1967 was 9,704 with a total membership of about 45 lakhs. On the basis of certain assumptions, it is estimated that 28 per cent of the number of employed persons are members of these societies. These societies are, however, unevenly distributed as between different States. Four States (Maharashtra, Gujarat, West Bengal and Tamil Nadu) have 52 per cent of the total number of active societies and are responsible for 69 per cent of the total membership of all societies. (Paragraphs 55 to 60).

16. Urban co-operative banks ordinarily finance small-scale units which are not organised into co-operative societies. The main difficulties faced by these banks are paucity of their overall resources and the restrictive provisions in the bye-laws regarding membership and ceiling on interest rates on loans, *etc.* The coverage of urban banks is also uneven and three-fourths of these banks coming under the purview of the Banking Regulation Act are concentrated in four States, namely, Maharashtra, Gujarat, Mysore and Tamil Nadu. (Paragraphs 61 to 69).

17. There are also industrial co-operative banks which exist at the state and district level. Most of these banks have come into existence after 1963-64 and have not been able to assist industrial co-operative societies to any large extent. The owned funds of a number of these banks are meagre and this comes in the way of their borrowing adequately from higher financing agencies. (Paragraphs 70 to 74).

18. It is interesting to observe that the areas where banking—both commercial and co-operative—has recorded progress are common, except West Bengal. Even in West Bengal, excluding Calcutta, both commercial and co-operative banks have made little headway. The factors behind imbalances in the development of commercial banks and co-operatives in different states were studied in detail with reference to four States, Maharashtra and Gujarat, on the one hand, representing the developed States and

Bihar and Orissa, on the other, representing under-developed States. The analysis brought out the close correlation between the level of economic activity and the growth of banking facilities. It also showed how institutional and extra-institutional factors favoured or retarded banking facilities. (Paragraphs 76 to 90).

Credit Gaps

19. In addition to the uneven distribution of credit as between different States, there is also uneven distribution of credit to different economic sectors and virtual non-availability to certain types of borrowers, particularly small borrowers and weaker sections of the community. The Group made a rough assessment of the credit requirements of the major sectors of the economy, namely, agriculture, industry and trading companies and the extent to which they are met by institutional agencies. It was estimated that about 39 per cent of the total credit requirements of agriculture were met by institutional credit agencies in 1967-68. Even allowing for the fact that all the small-scale industrial units could not immediately be brought under the purview of the banking system, the estimates showed that the gap between the credit requirements of a portion of small-scale units and the credit made available to this sector by institutional agencies was at least 35 per cent. (Paragraphs 91 to 105).

20. The sectoral distribution of credit by commercial banks is weighted in favour of large-scale industries, wholesale trade and commerce rather than agriculture, small-scale industry, retail trade and small borrowers. Agriculture excluding plantations accounted for less than 1 per cent of total bank credit and advances to retail trade accounted for less than 2 per cent. (Paragraphs 106 to 109).

21. Apart from the uneven distribution of credit to the major sectors of the economy, the statistical data and case studies undertaken for the Group showed that credit extended by commercial banks was not widely dispersed and there were credit gaps particularly in the case of small borrowers. In the case of scheduled commercial banks for instance, 81 per cent of the total borrowing accounts are currently for amounts upto Rs. 10,000, but they account for less than 4 per cent of total bank credit. On the other hand, only 437 accounts out of more than a million, claim as much as 23 per cent of total bank credit. It appears that the small banks cater to the needs of the small borrowers to a larger extent than the bigger banks do. (Paragraphs 110 and 111).

22. On examining the small loans it was found that gold loans—which played an important part so far as credit to small borrowers is concerned—have shown a steady decline during the last few years,

mainly on account of the imposition of Gold Control. The Group recommended that banks should be exempted from declaring their gold which they hold as security in respect of each advance not exceeding Rs. 1,000. This would enable them to make small loans and reduce their administrative burden. (Paragraphs 112 to 115).

23. The case studies undertaken for the Group confirmed that there was potential demand for credit by small borrowers, but the non-existence of institutional facilities resulted in their approaching the money-lender. It was brought to the notice of the Group, for instance, that small hawkers borrowed money from the money-lender on a day-to-day basis at fantastic rates of interest—Rs. 20 borrowed in the morning were repaid in the evening with an interest of Rs. 2. This, on a simple calculation, means a rate of interest of more than 3,600 per cent per annum ! The Surveys of Small-scale Industries in Sangli, Varanasi, Rajkot and Ranchi conducted by the State Bank of India clearly showed that a large number of these industries were in need of credit and that the availability of credit from the commercial banks would lead to a reduction in the cost of their production because of better utilisation of capacity. The case studies undertaken by the Reserve Bank of India established that even in places where major banks were operating and the scope for extending credit to cultivators or small artisans was fairly large, institutional credit was not extended. In Tanda (Uttar Pradesh), for instance, which is one of the biggest handloom cloth centres in the State, though three bank offices are working, the weavers are not getting the benefit of adequate institutional finance at reasonable rates of interest. It is reported that the handloom industry is presently being financed by *Mahajans* who charge interest at the rate of 35 per cent per annum. (Paragraphs 118 and 119).

24. The non-availability of institutional credit resulted in the small artisans approaching the trader who is his rival in business or the money-lender (Aligarh Lock Makers). The Survey of Credit Needs of Tanners and Leather Workers in Dharavi showed that the purchase of raw materials on credit, though free of interest, led to a great deal of exploitation of leather workers by traders, as they had to accept the material even if it was of sub-standard quality and sell the finished goods to the creditor/trader only at a pre-settled price which was lower than that warranted by market conditions, the discount being large enough to cover interest at the rate at which money-lender advanced loans, *i.e.*, 24 to 36 per cent per annum. (Paragrah 120).

25. One of the important reasons for lack of extension of credit by institutional agencies to the small artisan was the lack of his ability to provide collateral to the satisfaction of the bank. The vicious circle created by low income leading to low or no surplus of income over expenditure resulted in low repaying capacity of the small artisan and hence the reluctance of banks and other institutional agencies to make advances. If the vicious circle is

broken at some point, by making advances of small amounts to the small artisan, improvement in his repaying capacity would be out of proportion to the amount of loan so made (Aligarh Lock Makers). Certain established practices of banks regarding the eligibility of security complicate the sanction of loans. For example, none of the raw materials used by the printing industry in Madras is acceptable to the banks as security. This complicates matters, particularly when the machines are already pledged for medium-term loans. Several of the printers interviewed in the course of conducting case studies felt that it was unreasonable on the part of the banks not to accept 'types' as security, if not at the value of the types, at least at their metal value. Another factor responsible for a negligible flow of credit from the organised lending agencies to small artisans, is the lack of contact between the small artisan and the institutional agencies. Many of the artisans are uneducated and ignorant of the facilities which can be available to them. Two case studies 'Aligarh Lock Makers' and 'The Printing Industry in Madras', showed that wherever there were contacts between the small artisans and the banks, procedural difficulties were easily overcome. (Paragraphs 121 and 122).

26. Some of the borrowers covered by case studies were quite ambitious, had the necessary technical skill and were prepared to approach the banks, but the paper work involved and the time-consuming nature of the sanctioning of loans prevented them from making applications. Some of them were suspicious of the officials who assessed the value of their assets in case an application was made to one of the official agencies. In one case, credit was granted by a commercial bank for six months only and the repayment of loan was to begin in the first month itself, although the minimum period of turnover was three months (Aligarh Lock Makers). (Paragraph 123).

27. In many cases, it was found that banking hours did not suit small borrowers. In the case of Aligarh Lock Makers, for instance, the Railway Receipts and Truck Receipts were usually ready only by the afternoon when the trader would need money to pay the artisan, but by that time, the banks would have closed for business. Therefore, advances were taken against RRs and TRs from indigenous bankers. (Paragraph 124).

28. Another important reason for the reluctance of banks to extend credit to small artisans is that banks do not have any motivation to approach small artisans because the time and effort involved in this business is out of proportion to the expected returns. It appeared from case studies that branches of some of the major banks considered the small artisans as outside their field of operations because they thought that the State Bank of India would take care of such borrowers. Moreover, in many cases, they did not have the necessary technical personnel for processing the loan applications

from the small artisans and appraising the proposals (Aligarh Lock Makers). (Paragraph 125).

29. So far as the rural artisans are concerned, they are expected to receive credit from the village level credit societies but experience in this regard has not been encouraging. (Paragraph 128).

30. The case studies relating to urban co-operative banks showed that some of these banks assisted the small-scale industries. Some of them cater mainly to the needs of particular types of members based on community, caste, profession, *etc.*; the lending policies of these banks are security and surety-oriented. These banks are also faced with resources-constraint. The Study Group has recommended that the Credit Guarantee Organisation should consider the non-licensed banks (under which category urban co-operative banks will also fall) to be eligible for purposes of credit guarantee under the Scheme. (Paragraphs 126 and 127).

31. Fishermen represent another sector of small borrowers who do not get sufficient institutional credit. A case study of the procedure of sanctioning loans in Maharashtra revealed that fishermen are not directly given any loans by the Government and that all loans to them are routed through co-operatives. Members of the co-operatives feel that the prices of their produce through co-operatives are not attractive as compared to those paid by merchants. Hence, a large section of fishermen does not join the co-operatives and thus remains debarred from Government assistance. Another interesting feature is that at present non-fishermen entrepreneurs who desire to undertake fishing as business as also fishermen who are not willing to join co-operative societies, are not eligible for any loan from the Government or co-operative agencies. They have, therefore, to depend on finance from private agencies. The case study relating to the State Bank of India and Fishing Industry showed that the general tendency at present is that non-fishermen entrepreneurs avail themselves of the facility of loan from commercial banks and employ fishermen as wage-earners. A special problem which hinders institutionalisation of credit facilities to small fishermen is a rigid and time-honoured organisation which comes in the way of making banks interested in these borrowers. The fishermen of Tuticorin are mostly wage-earners who are indebted to their employers (boat-owners) both for production and consumption loans. These loans bind fishermen to the service of the lender. The boat-owners (*Sammatiyars*), in their turn, are indebted to the financiers (*Vattakarars*) for their credit requirements. Thus, the *Sammatiyars* are bound to serve the *Vattakarars* even as the fishermen are bound to serve the *Sammatiyars*. This peculiar organisation results in a low price for the catch being available to fishermen. There is thus a barrier between the fishing industry as at present organised and the commercial banks. (Paragraphs 129 to 131).

32. The credit problems of small farmers require special emphasis and call for urgent solution because apart from the fact that large numbers are involved, there is apprehension that the new agricultural strategy may aggravate the economic disparity which already exists between different parts of the country and different sections of the cultivators. It appeared from case studies undertaken for the Group that even co-operatives do not meet the credit needs of small farmers. In fact, there were instances of discrimination as between tenants and land-owners. In one case, the tenant obtained credit at Rs. 150 per acre and the land-owner at Rs. 250 per acre (Field Study of the Small Farmers in Mehsana District of Gujarat State). The problem, therefore, is one of meeting the credit requirements of disadvantaged cultivators of various categories — those whose holdings are small, those who carry on their farming under difficult conditions (area of frequent crop failures) and those whose tenurial status is unsatisfactory or uncertain (share croppers and oral lessees). The Group suggests that the criterion of viability of a small farmer should not be judged merely by the land he owns or cultivates, but by his character and his progressiveness as indicated by his responsiveness to scientific inputs in agriculture. The Group also suggests that group loans should be encouraged for the small farmers. Since the main problem in extending the loans to the small farmer is the lack of adequate security that he can offer, the Group suggests that individual banks should evolve their own schemes to help the small farmer, depending upon the circumstances prevailing in the particular areas where they would be operating. The success of these schemes would depend on the adequacy of organization and appropriate staff attitudes. (Paragraphs 132 to 138).

33. A Study of the Credit Problems of *Adivasis* showed that an imaginative scheme for providing both production and consumption finance even in a backward region for a backward class can succeed in reducing the dependence of borrowers on the money-lender, although the chances of the success of such schemes would be greater if overhead facilities, *e.g.*, roads and agricultural extension service are made available. (Paragraph 139).

34. Retail trade offers another sector where commercial bank credit is negligible, although the growing rural incomes and the consequent increase in demand for consumer goods are expected to result in creating a potential for commercial bank credit for this sector also. The extension of bank credit to retail trade will depend on the improvement in the structure of retail trade and the removal of certain practical problems faced by commercial banks. (Paragraphs 140 to 148).

35. There is also a credit gap so far as consumption needs are concerned. Available data established that smaller banks gave a relatively larger proportion of their total credit as consumer loans and, more importantly, they catered to the consumption credit requirements of the very small borrowers. This probably is due to the fact that structurally they are more suited to have

a large number of small accounts, since such loans involve a personalised service. More recently, some of the bigger banks have started giving loans for purchase of durable consumer goods but loans for social purposes like treatment of illness, education, *etc.*, are still rather uncommon. The major difficulties which the large banks face in granting consumer loans are the cost and effort involved in managing a large number of small loans and following them up. The banks also seem to be of the view that the ceiling on interest rate, as prescribed at present, does not give them sufficient incentive to enter into this business. The Group feels that the levy of a once-and-for-all service charge is justified. To a limited extent, consumer credit needs are also met by the Employees' Co-operative Credit Societies. The operations of these societies are confined to those in regular salaried employment and their coverage is, therefore, limited and unevenly spread. (Paragraphs 149 to 152).

36. The Group also undertook three case studies to see how far the credit system of the country was suited to meet certain emergency needs, for example, earth-quakes, floods, *etc.* Our case studies showed that resources were not generally a constraint for providing credit facilities for the rehabilitation of victims of natural disasters. The main problem was that of evolving proper and prompt organizational arrangements. The Group is of the view that in case banks face some difficulties on such occasions, concessional refinance should be made available by the Reserve Bank of India and that on such occasions, the Reserve Bank of India should take the lead and co-ordinate rehabilitation efforts of financial agencies. (Paragraphs 155 and 156).

Group's Approach to the Problems of Credit Gaps

37. The analysis of the existing structure of the banking system and the nature of credit gaps shows the strength and the weakness of commercial and co-operative banks. The major nationalised commercial banks have very large resources and trained staff at their command, but their organization and the pattern of their business and procedures are not attuned to dealing with small borrowers. The staff requirements in the past have also been related to the pattern of the business that has evolved over recent decades and the bulk of their staff is not oriented to rural living nor to small-scale operations which require a great deal of examination of detail and exercise of discrimination. Non-nationalised banks, many of which are local banks, are organizationally suited to handle small business and establish local contacts but they are confined to a limited area and their resources are extremely limited. The co-operative banking system is an integrated one and, because of its three-tier structure, has been enabled to extend credit to agriculturists, artisans and small men in general. The three-tier system also allows a rationalised flow of resources from the metropolitan centres to the villages and combines this with fairly low costs of operations. On the other hand, the co-operative system suffers from a number of drawbacks and there

are extremely large variations in the quality of performance and effectiveness of co-operatives. It would, therefore, be difficult to implement an all-India policy through the co-operative system alone. Moreover, the District and the State co-operative banks ordinarily finance only societies and not individuals, which creates a difficulty in using these central financing agencies as a channel for supplying credit to individual borrowers where other institutional facilities are not available. (Paragraphs 158 to 164).

38. It appears necessary to make detailed plans for the development of credit and banking in the country on the basis of local conditions. The first recommendation of the Group, therefore, is for the adoption of an area approach to evolve plans and programmes for the development of banking and credit structure. The area approach is inherent in the co-operative system. So far as commercial banks are concerned, the central idea is that depending upon the area of operations and the location, commercial banks should be assigned particular districts in an area where they should act as pace-setters providing integrated banking facilities and in this way, all the districts in the country should be covered. (Paragraphs 167 and 168).

39. The district should be the lowest unit under an area approach because it is the unit in relation to which the co-operative structure is at present organised and most statistical and other data are available at the district level. Moreover, the number of districts in the country is not too large to think in terms of an effort being made for evolving plans for each district. (Paragraph 169).

40. In formulating and implementing plans of development of credit and banking in each district, it is necessary to bring together all concerned elements. However, the leading part in formulating and implementing the plan will have to be taken by the commercial banks, central co-operative banks and the co-operative land development banks. In each district, one or two nationalised commercial banks, in addition to the State Bank of India, should take a leading part in banking development. (Paragraph 170).

41. Each district plan to be formulated will have three aspects : (i) that of establishment of branches or new units at particular places, (ii) that of formulating relationships within a structure or as between structures, and (iii) the formulation of proper policies and procedures. Apart from the opening of new branches by the named nationalised or non-nationalised banks and by the district central co-operative land development banks, the plan will have to give attention to the establishment of new banking or co-operative society units. In the commercial banking structure, these new units can be a small local bank or a district bank. In view of the initial weakness of new units, it is expected that they could come into existence chiefly through support from the bigger banks in the form of financial, managerial and technical assistance. It is the experience in every branch of

economic activity that meeting the needs of the small man is a dispersed, highly localised and small-scale operation which can best be carried out by local institutions which operate on the basis of personal knowledge of local conditions. The Group, therefore, supported the present policy of the Reserve Bank of India which allows the small banks to develop and does not insist on merger on account of the small size of a bank. In the co-operative sector, the establishment of new urban co-operative banks and a new type of rural primary bank should be deliberately encouraged. There is also a case for establishing a new type of rural primary bank or converting existing multi-purpose credit societies into banks. Apart from primary co-operative societies, the plan should include a programme for formulation of marketing and processing societies which may be allowed as a transitional measure to extend production credit where the primary societies are not strong. (Paragraphs 171 and 172).

42. The second aspect of a district plan is the operational one of formulating dynamic inter-relationships. It is assumed that the position of the State Bank of India in a district plan will not be essentially different from that of the other nationalised commercial banks. Within the commercial banking structure, an appropriate relationship will be developed between the nationalised banks and the non-nationalised banks so as to utilise the services of both in meeting the credit needs in various districts, the nationalised banks providing the leadership in this matter. This relationship can be of a variety of types depending on what policies it is decided the particular nationalised banks should pursue and the nature of the old or the newly established non-nationalised units. One possible area of co-operation is through the bigger banks making participation arrangements with local banks or co-operatives operating in such areas. (Paragraphs 173 and 174).

43. The problem of relationship as between the co-operatives and the commercial banking structure should be decided on the basis of the general principle that the relations within the co-operative structure would be maintained on the normal lines wherever the appropriate units in the structure have enough strength ; where this is not the case, the functions to be performed by the non-existent or weak co-operative institutions would be performed by corresponding commercial banking units. Specific consent of the co-operative banking unit whose place is being filled by a commercial bank will normally be obtained. However, in particular cases where it is felt that consent is being withheld without valid reasons, the nationalised banks could act in consultation with the Reserve Bank of India and after obtaining permission of the Registrar of the Co-operative Societies of the State. In defining this relationship between commercial and co-operative banks, it has to be borne in mind that commercial banks have to continue to discharge the responsibilities and do the business which they carry out at present. The Group explored the areas of co-ordination between the commercial banks and the co-operatives. First, since financing of a borrower both by the co-

operatives and the commercial banks might result in over-financing and the consequent default in repayment, it is important to ensure that one lending agency meets all the credit requirements of a borrower. Secondly, since co-operative banks and societies are often unable to utilise the available resources because of their administrative failures, commercial banks should assist them in such situations by providing managerial assistance and other facilities. Thirdly, in places where it is deemed necessary, a district co-operative bank should be allowed to deal with individuals as an interim measure till such time as a commercial bank or a strong primary society is established. Fourthly, while the Group was generally disinclined to the suggestion that commercial banks should place deposits with co-operatives in order to assist them, it was of the view that they can enlarge their support to co-operative institutions by giving them loans. They can increase their assistance to processing and marketing societies where the latter are unable to obtain financial assistance from their own sources, and subscribe more to land development bank debentures. There should also be no objection to commercial banks directly financing primary agricultural credit societies. There are many central co-operative banks in the country which are incapable of providing adequate credit facilities to affiliated credit societies as they have failed to develop the necessary financial and administrative competence to take full advantage of even the limited credit facilities from the Reserve Bank of India. There are thus large credit gaps to be filled in the sphere of agricultural production credit. At the same time, the capacity of a branch of a commercial or co-operative bank to deal directly with several hundred individual agriculturists residing within its jurisdiction is extremely limited. Moreover, for financing agriculturists directly, commercial banks have to face several problems, for example, there are restrictions on the transferability of land, heavy stamp duties for registration of mortgage deeds, *etc.* Thus, a direct relationship between a commercial bank and a primary co-operative society will solve a number of problems. (Paragraphs 175 to 178).

44. Apart from defining the inter-relationships between the commercial and co-operative banking and credit structures, the credit plan for a district should pay attention to integration of credit and banking business with other activities. Within the credit structure itself, the long and short-term institutions should be brought together more meaningfully. This will make it possible to link together the provision for long-term capital and working capital. Moreover, other aspects such as sale and supply, equipment and technique, product mix and marketing must also be fully looked after. This can be done on a regular institutional basis only when the institutions, whether in the private or in the nationalised sector or in the co-operative sector looking after supply of equipment and technical assistance, raw material allocation and marketing, work together with the relevant short and long-term credit institutions and are fully kept informed of each other's activities and experience. It is necessary to emphasise that the rehabilitation of the economy of the artisans or any such class is possible only if

they are freed from dependence on middle-men for supply of materials or marketing of the produce. It is from this point of view that the establishment of new institutions in the credit plan has necessarily to make provisions for new societies of the combined supply, credit and marketing type. (Paragraph 182).

45. The third aspect of the district plan is related to refashioning the present policies and procedures of the banking and credit institutions. There must be a shift on the part of all credit institutions in the emphasis from tangible security to operational viability. Such shift is possible only when the credit institution is able to maintain a continuous contact with the borrower's operations. In this context, it is necessary that commercial banks streamline their internal organization in order to discharge their new responsibilities adequately. A centralised machinery and a measure of centralised action in regard to the task of carrying out field studies, training the staff, *etc.*, will not only mean economy of effort, but also better co-ordination. The Agricultural Finance Corporation Ltd., which presents one such co-operative effort on the part of the commercial banks has proved very useful in processing the loan applications for agricultural projects. It will also be useful for the commercial banks to have improved arrangements for exchange of credit information. (Paragraphs 183 and 184).

46. The Group was of the view that an element of subsidy should not be mixed up with banking business. Apart from such promotional expenditure as a credit institution can and should undertake, the subsidisation, thought desirable, because of national policy in favour of any category, should come from the State or any other proper authority giving the subsidy either directly or through the banking system, by making it possible for the banks to lower their normal charges. (Paragraph 185).

47. As a matter of general policy, a close examination may be conducted of the present working of credit guarantee schemes and a view may be taken of the extent to which these can be liberalised or applied to new fields so as to provide further assistance to banks and credit institutions in extending credit to small business and weaker sections. As a general rule, it may be postulated that the greater the financial strength of a bank, the more the burden it should assume of promotional and other expenditure. It is extremely important to exmphasise programmes for the encouragement of thrift and savings and for active mobilisation of additional resources in future policy and operations. Also it is necessary to correlate savings with lending operations in some measure. In view of the importance of basic attitudes and approaches in this connection, considerable reliance would continue to be placed on incentives to and effort of the bank management and staff of individual banking organizations—commercial and co-operative. (Paragraphs 186 and 187).

48. The two main pre-conditions required for making finance available on a larger scale and universally to weaker sections are : (i) integrating the lending business with sale, production and marketing activities, and (ii) making it possible for everybody to build up some kind of minimum financial asset in the shape of provident fund, insurance, bonus expectation or savings-deposit scheme on which the initial advance could be based. (Paragraphs 188 to 190.).

49. In the light of the various suggestions given by the Group, the immediate action that is required is to create an apparatus to evolve an action programme for the next one or two years in respect of a district or a zone consisting of one or more districts. For this purpose District or Zonal Committees should be formed within the next one month or so, preferably at the initiative of the State Governments concerned, and consisting, among others, of representatives of nationalised commercial banks and co-operative banks, concerned State Government departments such as agriculture, co-operation and small industries. The Committee should have appropriate liaison with marketing, processing and other non-financial agencies of the Central and State Governments operating in the area. These Committees should be in a position to evolve a programme of action on the basis of data immediately available without waiting for any further data, and could generally function on the basis of general guidelines given by the Reserve Bank of India. (Paragraph 191).

50. Simultaneously with immediate action as suggested above for the formation of "District" or "Zonal" Committees, an all-India machinery should be created for the task of co-ordinating the programme of the District or Zonal Committees, making evaluation of the performance and improving the district plans. Further, such an all-India machinery can carry out special investigations for continuously identifying the nature and extent of spatial, functional and territorial credit gaps in the economy within the overall strategy of economic development. The special all-India machinery which may be constituted for this purpose, may be called the Standing Advisory Committee on Credit Assistance (SACCA) which should consist of senior representatives of the Ministry of Finance, Reserve Bank of India, Planning Commission, nationalised commercial banks and co-operative banks and borrowers including small borrowers. The primary responsibility of this all-India Committee would be to draw a master plan which would give guidelines for the formulation of district and zonal plans integrating the development of credit and banking with other activities such as production, marketing and supply. The Reserve Bank of India, as the executive arm of this Committee, should provide the necessary secretarial assistance to this Committee and implement its recommendations and watch their compliance. For this purpose, a specialised Department of Credit Planning should be set up in the Reserve Bank of India. (Paragraph 192.)

ANNEXURE I

THE MUTUAL ARRANGEMENT SCHEME FOR CO-OPERATIVE BANKS IN MAHARASHTRA

The Bombay State Co-operative Bank Ltd., the then apex institution of the co-operative banks in the erstwhile State of Bombay, introduced in the year 1931 the Mutual Arrangement Scheme whereunder co-operative banks mutually agreed to collect bills and cheques of one bank on another and issue drafts. However, the administration of the Scheme was transferred in 1939 to the Bombay State Co-operative Banks' Association. Only member-banks in the area of operation of the association were eligible to become members of the scheme, but consequent on the division of the Bombay State, the area of operation of the association has been restricted since July 1, 1962 to the Maharashtra and Karnatak Division, *viz.*, Belgaum, Bijapur and Dharwar Districts. However, with a view to enabling the co-operative banks outside the area of operation of the association to avail of the facilities, a new class of membership comprising nominal member banks has been introduced with the result that now co-operative banks even from outside the area of operation of the association can become members to avail of the facilities under the scheme. Since the scheme was taken over by the Association in 1939 the co-operative banks have made rapid strides and the Scheme is patronised by a large number of co-operative banks.

Scheme

The Scheme consists of arrangements in respect of (*i*) issue of drafts and (*ii*) issue of mail transfers and (*iii*) collection of bills. The object of the Mutual Arrangement Scheme is to enable member co-operative banks admitted to the Scheme to offer service to their customers for payment of money at a place where the bank issuing a draft has either no business office or agency for doing such business, provided that at such a place there is another member co-operative bank which has been admitted to the Mutual Arrangement Scheme. The Bank can issue a draft directly to other banks at the centres at which the payment is required. The drafts issued under this arrangement should be made payable to the "order" of the payee and not to bearer. It is also intended to enable the member-banks to collect bills and issue mail transfer on each other. The member-banks have to keep either a security deposit of Rs. 10,000 with the Maharashtra State Co-operative Bank or deposit with it Government or trustee securities of such face value as will permit overdraft of Rs. 10,000; the amount of deposit is Rs. 20,000 in the case of banks having ten or more branches. The deposit will be earmarked for the scheme and is meant specifically to reimburse the drawee bank. The apex bank allows interest at 6 per cent on this deposit. In addition, the member-banks have to maintain current account with the apex bank. The member-banks are grouped as "big" and "small" for issue of drafts whose maximum limit is Rs. 3,000 in the case of "small" banks and Rs. 7,000 in the case of "big" banks. The currency of the drafts issued under the Scheme is for six months. The head offices of the urban banks with working capital of Rs. 20 lakhs and all the district central co-operative banks and the Maharashtra State Co-operative Bank are classified as "big" group and in the "small" group will be those falling below the standard. The commission on issue of drafts will be shared equally between the drawer bank and the drawee bank. The rates of commission prescribed under the Mutual Arrangement Scheme are the maximum, but the member banks are, however, free to accept lower rates of commission by mutual negotiation. Under the Scheme different rates of commission are prescribed for different types of documents, *viz.*, bills, cheques, *etc.*

ANNEXURE II

GUARANTEE SCHEME FOR FINANCING WHOLESALE CONSUMER CO-OPERATIVES

The Government of India has introduced a Scheme of guarantees to banks for the finance provided to Wholesale Stores and State and National Federations of Consumer Stores with a view to enabling these Stores to secure adequate finance for their working capital requirements. The following are the main provisions of the Scheme :—

(*i*) The societies will be required to arrange funds only up to ten per cent of the value of goods, by way of margin, to be provided from their own resources. The balance amount required for working capital will be made available by the financing banks.

(*ii*) The Central Government will furnish their guarantee to approved banks in respect of working capital funds provided by them to Wholesale Stores and State and National Federations of Consumer Stores to the extent of:

(*a*) 25 per cent of the amount of all loans and advances actually outstanding on the books of the bank against the society on the date on which the notice of demand is issued by the bank in accordance with the terms of the guarantee :

OR

(*b*) in the case of banks, other than a co-operative bank, the actual increase in the amount of loans or advances over the amount outstanding on June 1, 1966, and in the case of co-operative banks, the difference between the loans and advances actually outstanding on the date on which the notice of demand in accordance with the terms of the agreement is issued and 75 per cent of the market value of the goods pledged or 60 per cent of the market value of the goods hypothecated as at the close of the business on June 1, 1966:

OR

(*c*) Rs. 75 lakhs in the case of State or National Federation, Rs. 25 lakhs in the case of a society having its principal place of business in Greater Bombay, Calcutta, Madras, Delhi, Hyderabad, Bangalore or Ahmedabad and Rs. 15 lakhs in the case of any other society, whichever amount is the least.

(*iii*) The guarantee under the Scheme would be available only in respect of secured loans, *i.e.*, advances against pledge or hypothecation of goods, book debts, *etc.*, made by approved banks to the societies up to December 31, 1971. The State Bank of India and its Subsidiaries are included in the list of banks approved by the Government under the Scheme.

(*iv*) The Central Government guarantee can be enforced at any time before January 1, 1972, notwithstanding that any security that the bank may obtain from the society shall be outstanding or unrealised.

(*v*) The Central Government's guarantee shall not be invoked on more than one occasion by the bank in respect of a particular society.

(*vi*) The Director (Consumer Co-operatives), or the Director (Guarantee), Department of Co-operation, Ministry of Food, Agriculture, Community Development and Co-operation, Government of India, New Delhi, will be the authority who will enter into the prescribed agreements of guarantee with the banks eligible for the Central Government's guarantee.

(*vii*) This Scheme covers only Wholesale Co-operative Consumer Stores, State and National Federations of Consumer Stores, formed or recognised under the Government's centrally sponsored scheme.

STATISTICAL APPENDIX

LIST OF STATEMENTS

The following symbols have been used throughout the Report :

.. = Figure is not available

— = Figure is nil or negligible

STATEMENT 1—NUMBER OF OFFICES, DEPOSITS AND BANK CREDIT (INDIAN BUSINESS) OF DIFFERENT GROUPS OF COMMERCIAL BANKS—END-JUNE 1969

(Amount in crores of rupees)

	No. of Banks	No. of Offices	Total Deposits	Total Credit
	1	2	3	4
1. *State Bank of India and its Subsidiaries*	8	2,454@	1238.5	1185.3
1 as percentage of 5		*30.2*	*29.5*	*36.7*
1 as percentage of 7		*29.7*	*26.5*	*32.8*
2. *Scheduled Commercial Banks—All-India and Large Regional Banks*	26	4,875	2831.6	1966.5
2 as percentage of 5		*60.0*	*67.5*	*60.9*
2 as percentage of 7		*59.1*	*60.6*	*54.4*
2.(*a*) *Banks with deposits of Rs. 50 crores and above*	14	4,130	2631.6	1829.3
2(*a*) as percentage of 5		*50.8*	*62.7*	*56.7*
2(*a*) as percentage of 7		*50.0*	*56.3*	*50.6*
2.(*b*) *Banks with deposits of Rs. 10 crores but below Rs. 50 crores*	12	745	200.0	137.2
2(*b*) as percentage of 5		*9.2*	*4.8*	*4.2*
2(*b*) as percentage of 7		*9.1*	*4.3*	*3.8*
3. *Scheduled Commercial Banks—Small Regional Banks i.e., Banks with Deposits below Rs. 10 crores*	24	579	96.2	60.1
3 as percentage of 5		*7.1*	*2.3*	*1.9*
3 as percentage of 7		*7.0*	*2.1*	*1.7*
4. *Non-scheduled Commercial Banks*	16	216	28.0	16.4
4 as percentage of 5		*2.7*	*0.7*	*0.5*
4 as percentage of 7		*2.6*	*0.6*	*0.4*
5. *All Indian Commercial Banks*	74	8,124	4194.3	3228.3
5 as percentage of 7		*98.4*	*89.8*	*89.3*
6. *Banks Incorporated Outside India*	15	130	477.5	385.3
6 as percentage of 7		*1.6*	*10.2*	*10.7*
7. **All Commercial Banks**	**89**	**8,254**	**4671·8**	**3613.6**

Source : Reserve Bank of India.

@ Out of 1566 offices of the State Bank of India 980 offices do Government business or restricted Government business.

STATEMENT 2—AGGREGATE DEPOSITS, CREDIT AND NUMBER OF OFFICES, OF NATIONALIZED BANKS*

(Amount in crores of rupees)

	As on June 27, 1969		No. of offices as at the end of June 1969
	Aggregate Deposits	Credit	
1. State Bank of India	947·8	966·5	1566
2. State Bank of Bikaner & Jaipur ..	53·2	52·4	230
3. State Bank of Hyderabad	51·2	44·9	173
4. State Bank of Travancore	47·4	21·5	138
5. State Bank of Mysore	43·9	37·9	119
6. State Bank of Patiala	42·7	19·9	85
7. State Bank of Saurashtra	30·6	25·1	90
8. State Bank of Indore	21·8	17·2	53
A. TOTAL OF (1) TO (8) ..	**1238·5** (*26·5*)	**1185·3** (*32·8*)	**2454** (*29·8*)
9. Central Bank of India ..	447·4	322·6	564
10. Bank of India	363·8	243·1	274
11. Punjab National Bank ..	355·1	242·8	570
12. Bank of Baroda	280·1	180·5	372
13. United Commercial Bank	202·6	137·2	348
14. Canara Bank	149·0	108·5	325
15. United Bank of India ..	146·3	107·8	175
16. Dena Bank	124·1	76·1	234
17. Union Bank of India ..	115·4	73·6	240
18. Allahabad Bank	112·2	87·1	153
19. Syndicate Bank	111·1	91·0	307
20. Indian Bank	79·6	60·0	217
21. Bank of Maharashtra ..	77·3	54·4	153
22. Indian Overseas Bank ..	67·6	44·8	198
B. TOTAL OF (9) TO (22) ..	**2631·6** (*56·3*)	**1829·3** (*50·6*)	**4130** (*50·4*)
C. TOTAL OF A + B ..	**3870·1** (*82·8*)	**3014·6** (*83·4*)	**6584** (*79·8*)
D. OTHER INDIAN SCHEDULED COMMERCIAL BANKS (36)	**296·2** (*6.3*)	**197·3** (*5.5*)	**1324** (*16.0*)
E. BANKS INCORPORATED OUTSIDE INDIA (15)	**477·5** (*10·2*)	**385·3** (*10·7*)	**130** (*1·6*)
F. ALL SCHEDULED COMMERCIAL BANKS	**4643·8** (*99.4*)	**3597·2** (*99.5*)	**8038** (*97·4*)
G. NON-SCHEDULED COMMERCIAL BANKS (16)	**28.0** (*0.6*)	**16·4** (*0.5*)	**216** (*2·6*)
H. ALL COMMERCIAL BANKS (89) ..	**4671.8** (*100.0*)	**3613·6** (*100.0*)	**8254** (*100.0*)

Note : (1) Figures in brackets relate to percentages to total of all Commercial Banks.
(2) Constituents may not add up to totals due to rounding off.
*Fourteen major Indian Scheduled Commercial Banks were nationalised on July 19, 1969.

Source : Reserve Bank of India.

Category of banks	Number of Offices as on December 31, 1955				Number of Offices as on December 31, 1968				Net increase in the number of offices during the period 1-1-1956 to 31-12-1968			
	Rural centres	Semi-urban centres	Urban centres	**Total**	Rural centres	Semi-urban centres	Urban centres	**Total**	Rural centres	Semi-urban centres	Urban centres	**Total**
	1	2	3	**4**	5	6	7	**8**	9	10	11	12
State Bank of India ..	61	307	116	**484**	444	804	296	**1544**	383	497	180	**1060**
Subsidiaries of the State Bank of India	66	146	72	**284**	310	372	150	**832**	244	226	78	**548**
Other Indian Scheduled Commercial Banks	149	991	883	**2023**	752	1918	2292	**4962**	603	927	1409	**2939**
Banks Incorporated Outside India	—	3	64	**67**	1	2	122	**125**	1	(—1)	58	**58**
All Scheduled Commercial Banks ..	276	1447	1135	**2858**	1507	3096	2860	**7463**	1231	1649	1725	**4605**

Note : (1) Centres with population upto 10,000 have been treated as rural, those with population over 10,000 and upto 1,00,000 as semi-urban, and with population over 1,00,000 as urban.

(2) The classification of bank offices in 1955 and 1968 is on the basis of population figures as per 1951 and 1961 Census, respectively.

(3) The total number of offices at 284 of the erstwhile Bank of Bikaner Ltd., Bank of Indore Ltd., Bank of Jaipur Ltd., Bank of Mysore Ltd., Bank of Patiala, Hyderabad State Bank, State Bank of Saurashtra and Travancore Bank Ltd., as on December 31, 1955, has been taken into account for the purpose of the comparative study. The figures as on December 31, 1968, relate to the seven Subsidiaries of the State Bank of India (State Bank of Bikaner and State Bank of Jaipur having merged into one unit, *viz.*, the State Bank of Bikaner and Jaipur).

Source : Based on Statistical Tables relating to Banks in India.

STATEMENT 4—UNBANKED TOWNS* IN INDIA AS ON APRIL 16, 1969

State/Union Territory	Total No. of towns	No. of towns not having a commercial bank office	No. of towns not having either a co-operative or a commercial bank	No. of towns having only co-operative banks	2 as per centage of 1	3 as per centage of 1	4 as percentage of 1
	1	2	3	4	5	6	7
Andhra Pradesh ..	223	34	33	1	*15·2*	*14·8*	*0·4*
Assam	60	26	21	5	*43·3*	*35·0*	*8·3*
Bihar	153	52	48	4	*34·0*	*31·4*	*2·6*
Gujarat	181	5	4	1	*2·8*	*2·2*	*0·6*
Jammu & Kashmir ..	43	27	14	13	*62·8*	*32·6*	*30·2*
Kerala	92	19	19	—	*20·6*	*20·6*	—
Madhya Pradesh ..	219	79	23	56	*36·1*	*10·5*	*25·6*
Tamil Nadu	339	91	85	6	*26·8*	*25·1*	*1·8*
Maharashtra ..	266	50	19	31	*18·8*	*7·1*	*11·7*
Mysore	231	37	24	13	*16·0*	*10·4*	*5·6*
Orissa	62	17	12	5	*27·4*	*19·4*	*8·9*
Punjab	189@	14	10	4	*12·2@*	*7·9@*	*4·2@*
Haryana		9	5	4			
Rajasthan	145	21	18	3	*14·5*	*12·4*	*2·1*
Uttar Pradesh ..	267	59	45	14	*22·1*	*16·9*	*5·2*
West Bengal	184	64	58	6	*34·8*	*31·5*	*3·3*
Himachal Pradesh ..	13	9	5	4	*69·2*	*38·5*	*30·8*
Tripura	6	3	1	2	*50·0*	*16·7*	*33·3*
Nagaland	3	1	—	1	*33·3*	—	*33·3*
Pondicherry ..	5	—	—	—	—	—	—
Andaman & Nicobar	1	—	—	—	—	—	—
Manipur	1	—	—	—	—	—	—
Delhi	3	—	—	—	—	—	—
Goa, Daman & Diu	13	—	—	—	—	—	—
Others	1	—	—	—	—	—	—
TOTAL ..	.. **2,700**	**617**	**444**	**173**	*22·9*	*16·4*	*6·4*

*A town as defined in the 1961 Census, i.e., (*a*) a density of not less than 1,000 per square mile; (*b*) a population of 5,000; (*c*) three-fourths of the occupations of the working population should be outside agriculture; and (*d*) the place should have a few pronounced urban characteristics and amenities, such as newly-founded industrial areas, large housing settlements, or places of tourist importance which have been recently served with all civic amenities.

@ Including Haryana.

Source: Reserve Bank of India Bulletin, April 1969.

State/Union Territories	Population less than 500				Population 500 – 1,000				Population 1,000 – 5,000			
	No. of villages	Percentage to total of Col. (21)	Population ('000s)	Percentage to total of Col. (23)	No. of villages	Percentage to total of Col. (23)	Population ('000s)	Percentage to total of Col. (23)	No. of villages	Percentage to total of Col. (21)	Population ('000s)	Percentage to total of Col. (23)
	1	2	3	4	5	6	7	8	9	10	11	12
Andhra Pradesh	10,796	*39·9*	21,88	*7·4*	5,834	*21·5*	42,57	*14·3*	9,968	*36·8*	200,12	*67·4*
Assam	18,345	*71·4*	36,67	*33·5*	4,979	*19·4*	34,89	*31·8*	2,366	*9·2*	37,28	*34·0*
Bihar	42,422	*62·7*	91,94	*21·6*	13,784	*20·4*	96,91	*22·8*	10,974	*16·2*	202,20	*47·5*
Gujarat	8,504	*45·8*	21,82	*14·2*	5,299	*28·5*	37,99	*24·8*	4,633	*24·9*	83,60	*54·6*
Jammu & Kashmir ..	4,592	*70·0*	10,07	*33·9*	1,320	*20·0*	9,20	*31·0*	642	*10·0*	10,07	*33·9*
Kerala	6	*0·4*	1	—	18	*1·1*	15	*0·1*	454	*29·8*	15,70	*10·9*
Madhya Pradesh	52,993	*75·3*	115,92	*41·8*	12,795	*18·2*	87,65	*31·6*	4,598	*6·5*	72,23	*26·0*
Tamil Nadu	2,053	*14·5*	5,31	*2·2*	3,216	*22·8*	24,29	*9·8*	8,310	*58·8*	173,38	*70·2*
Maharashtra	17,109	*47·7*	42,64	*15·0*	10,235	*28·5*	72,99	*25·7*	8,173	*22·8*	144,67	*51·0*
Mysore	14,569	*55·2*	35,23	*19·2*	6,481	*24·6*	45,56	*24·9*	5,155	*19·5*	91,46	*49·9*
Nagaland	581	*71·4*	1,26	*36·1*	157	*19·3*	1,11	*31·7*	76	*9·3*	1,13	*32·2*
Orissa	36,055	*77·6*	68,41	*41·6*	7,430	*16·0*	49,85	*30·3*	2,966	*6·4*	45,30	*27·6*
Punjab	10,867	*51·1*	24,81	*15·3*	5,338	*25·1*	38,07	*23·5*	4,910	*23·1*	88,79	*54·7*
Rajasthan	21,611	*67·0*	48,43	*28·7*	6,596	*20·5*	46,07	*27·3*	3,941	*12·2*	68,39	*40·5*
Uttar Pradesh	69,682	*61·9*	157,03	*24·4*	26,015	*23·1*	182,83	*28·4*	16,596	*14·7*	279,89	*43·6*
West Bengal	22,309	*57·9*	50,84	*19·3*	8,555	*22·2*	60,63	*23·0*	7,405	*19·2*	134,16	*50·8*
Union Territories and Other Areas												
Andaman & Nicobar Islands	377	*94·5*	3,35	*67·3*	20	*5·0*	14	*28·6*	2	*0·5*	2	*4·1*
Himachal Pradesh	10,126	*97·0*	10,52	*81·7*	266	*2·5*	1,74	*13·5*	46	*0·4*	62	*4·8*
Delhi	76	*27·5*	22	*7·4*	99	*35·9*	73	*24·4*	101	*36·6*	2,04	*68·2*
Laccadive, Minicoy & Amindive Islands	1	*10·0*	—	—	1	*10·0*	1	*4·2*	8	*80·0*	23	*95·8*
Tripura	4,393	*89·1*	5,17	*49·8*	366	*7·4*	2,54	*24·5*	173	*3·5*	2,67	*25·7*
Manipur	1,487	*79·7*	2,32	*32·6*	200	*10·7*	1,45	*20·5*	177	*9·5*	3,22	*45·2*
Dadra & Nagar Haveli ..	28	*38·9*	8	*13·8*	23	*31·9*	17	*29·3*	21	*29·2*	33	*56·9*
Goa, Daman & Diu ..	..	—	..	—	..		..		..		..	
N.E.F.A.	..		..		..		..		..		..	
Pondicherry	213	*54·9*	52	*18·6*	89	*22·9*	64	*22·9*	83	*21·4*	1,47	*52·5*
TOTAL	**3,49,195**	*61·9*	**751,44**	*20·9*	**1,19 116**	*21·1*	**838,18**	*23·3*	**91,778**	*16·3*	**1,658,97**	*46·2*

STATEMENT 5—STATE-WISE CLASSIFICATION OF VILLAGES ACCORDING TO POPULATION GROUPS—(*Concld*)

State/Union Territories	Population 5,000 - 10,000				Population 10,000 and above				Total			
	No. of villages	Percentage to total of Col. (21)	Population ('000s)	Percentage to total of Col. (23)	No. of Villages	Percentage to total of Col. (21)	Population ('000s)	Percentage to total of (Col. 23)	No. of villages	Percentage to total of Col. (21)	Population ('000s) ..	Percentage to total of Col. (23)
	13	14	15	16	17	18	19	20	21	22	23	24
Andhra Pradesh	458	*1·7*	29,15	*9·8*	28	*0·1*	3,37	*1·1*	27,084	*4·8*	**297,09**	*8·3*
Assam	12	—	75	*0·7*	—		—		25,702	*4·5*	**109,60**	*3·1*
Bihar	441	*0·7*	28,79	*6·8*	44	*0·1*	5,58	*1·3*	67,685	*12·0*	**425,42**	*11·8*
Gujarat	141	*0·8*	8,89	*5·8*	7	—	86	*0·6*	18,584	*3·0*	**153,17**	*4·3*
Jammu & Kashmir	5	—	34	*1·1*	—		—		6,559	*1·2*	**29,68**	*0·8*
Kerala	586	*37·2*	41,38	*28·8*	510	*32·4*	86,25	*60·1*	1,574	*0·3*	**143,49**	*4·0*
Madhya Pradesh	28	—	1,65	*0·6*	—		—		70,414	*12·5*	**277,45**	*7·7*
Tamil Nadu	449	*3·2*	28,97	*11·7*	96	*0·7*	15,01	*6·1*	14,124	*2·5*	**246,96**	*6·9*
Maharashtra	305	*0·9*	20,00	*7·0*	29	*0·1*	3,62	*1·3*	35,851	*6·4*	**283,91**	*7·9*
Mysore	172	*0·7*	10,96	*6·0*	—		—		26,377	*4·7*	**183,20**	*5·1*
Nagaland	—		—		—		—		814	*0·1*	**3,50**	*0·1*
Orissa	15	—	84	*0·5*	—		—		46,466	*8·2*	**164,39**	*4·6*
Punjab	142	*0·7*	8,90	*5·5*	12	*0·1*	1,60	*1·0*	21,269	*3·8*	**162,18**	*4·5*
Rajasthan	92	*0·3*	5,86	*3·5*	—		—		32,240	*5·7*	**168,74**	*4·7*
Uttar Pradesh	308	*0·3*	20,03	*3·1*	23	—	2,88	*0·4*	1,12,624	*20·0*	**642,66**	*17·9*
West Bengal	237	*0·6*	14,95	*5·7*	24	*0·1*	3,27	*1·2*	38,530	*6·8*	**263,85**	*7·3*
Union Territories and Other Areas												
Andaman & Nicobar Islands	—		—		—		—		399	*0·1*	**49**	—
Himachal Pradesh	—		—		—		—		10,438	*1·8*	**12,87**	*0·4*
Delhi	—		—		|		—		276	—	**2,99**	*0·1*
Laccadive, Minicoy & Amindive Islands	—		—		—		—		10	—	**24**	—
Tripura	—		—		—		—		4,932	*0·9*	**10,39**	*0·3*
Manipur	2	*0·1*	12	*1·7*	—		—		1,866	*0·3*	**7,12**	*0·2*
Dadra & Nagar Haveli ..	—		—		—		—		72	—	**58**	—
Goa, Daman & Diu ..	..		..		..		..		..		..	
N.E.F.A.	..		..		..		..		..		..	
Pondicherry	3	*0·8*	17	*6·1*	—		—		388	*0·1*	**2,80**	*0·1*
TOTAL	**3,396**	*0·6*	**221,75**	*6·2*	**773**	*0·1*	**1,22,45**	*3·4*	**5,64,258**	*100·0*	**35,92,80**	*100·0*

Name of the Country	Year	No. of offices	Population (Million)	Population per office ('000s)	Deposits (Million US $)	Advances (Million US $)	Per Capita Deposits (US $)	Per Capita Advances (US $)	Deposits as percentage of National Income	Advances as percentage of National Income
	1	2	3	4	5	6	7	8	9	10
Burma	1964	71	24	338	157	55	7	2	*11.5*	*4.0*
Ceylon[1] ..	1966	105	11	105	315	194	29	18	*20.8*	*12.8*
Canada ..	1963	5,447	19	4	14,892	7,707	784	406	*49.0*	*25.3*
India[1]	1967	6,983	511	73	5,283	3,663	10	7	*14.2*	*9.8*
Iran	1967	2,275	26	11	975	1,585	38	61	*15.1*	*24.5*
Japan	1965	6,619	98	15	57,353	53,384	585	545	*84.3*	*78.5*
Pakistan	1963	957	99	103	990	771	10	8	*13.1*	*10.2*
United Arab Republic ..	1967	180	31	172	1,385	2,277	45	73	*19.3*	*31.8*
United Kingdom[1] ..	1965	14,000	54	4	24,612	18,015	456	334	*30.7*	*22.5*
United States of America	1965	28,938	194	7	313,002	201,658	1,613	1.039	*55.5*	*35.7*

[1] India devalued the Rupee in June 1966. U.K. devalued the Pound in November 1967 and Ceylon devalued the Rupee in November 1967.

Sources : Population — International Financial Statistics issued by the I.M.F.
Burma — Annual Report, Union Bank of Burma, 1964.
Ceylon — Annual Report, Central Bank of Ceylon, 1966.
Canada — Canada Year Book for the year.
India — Statistical Tables relating to Banks in India, 1967.
Iran — Annual Report of the Central Bank of Iran.
Japan — Annual Report of the Bank of Japan, 1965.
Pakistan — Commonwealth Banking System, Crick — 1965 edition.
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United Kingdom — Annual Report of the British Bankers' Association, 1966.
United States of America — Federal Reserve Bulletin, August 1965.

STATEMENT 7—STATE-WISE DISTRIBUTION OF NUMBER OF OFFICES, DEPOSITS AND CREDIT OF ALL COMMERCIAL BANKS END-DECEMBER 1967—(Contd.)

(Amount in lakhs of rupees)

State/Union Territory	No. of offices	Population per office (In '000s)	Deposits Amount	Deposits Percentage to total	Credit Amount	Credit Percentage to total
	1	2	3	4	5	6
STATES						
Andhra Pradesh	487	84	1,37,72	*3·5*	94,35	*3·4*
Assam	72	1,99	39,04	*1·0*	9,63	*0·4*
Bihar ..	247	2,18	1,37,48	*3·5*	38,51	*1·4*
Gujarat ..	601	41	3,28,55	*8·3*	1,62,97	*5·9*
(Gujarat Excluding Ahmedabad) ..	(496)	(47)	(2,46,52)	(*6·2*)	(67,58)	(*2·5*)
Haryana ..	125	74	45,16	*1·1*	20,96	*0·8*
Jammu & Kashmir	31	1,26	33,47	*0·8*	2,18	*0·1*
Kerala ..	542	37	1,31,54	*3·3*	78,94	*2·9*
Madhya Pradesh	290	1,31	97,47	*2·5*	58,89	*2·2*
Tamil Nadu	907	39	2,46,58	*6·2*	2,81,00	*10·2*
(Tamil Nadu Excluding Madras City)	(802)	(45)	(1,37,51)	(*3·5*)	(1,20,20)	(*4·4*)
Maharashtra	928	50	9,72,05	*24·5*	8,86,81	*32·3*
(Maharashtra Excluding Bombay) ..	(558)	(76)	(1,87,61)	(*4·7*)	(85,09)	(*3·1*)
Mysore	633	43	1,92,48	*4·9*	1,27,16	*4·6*
Nagaland	2	2,05	70	—	1	—
Orissa	89	2,27	22,86	*0·6*	11,86	*0·4*
Punjab	273	50	1,68,29	*4·2*	46,03	*1·7*
Rajasthan	292	83	72,06	*1·8*	30,51	*1·1*
Uttar Pradesh	625	1,36	3,11,17	*7·9*	1,11,62	*4·1*
West Bengal	419	99	5,69,54	*14·4*	6,19,01	*22·5*
(West Bengal Excluding Calcutta)	(195)	(1,97)	(1,02,08)	(*2·6*)	(17,06)	(*0·6*)

STATEMENT 7—STATE-WISE DISTRIBUTION OF NUMBER OF OFFICES, DEPOSITS AND CREDIT OF ALL COMMERCIAL BANKS END-DECEMBER, 1967—(*Contd.*)

(Amount in lakhs of rupees)

Statk/Union Territory	No. of offices	Population per office (In '000s)	Deposits		Credit	
			Amonnt	Percentage to total	Amount	Percentage to total
	1	2	3	4	5	6
UNION TERRITORIES						
Chandigarh	18	8	30,00	*0·8*	14,08	*0·5*
Delhi ..	247	14	3,64,35	*9·2*	1,31,46	*4·8*
Goa, Daman & Diu ..	44	15	39,83	*1·0*	14,53	*0·5*
Himachal Pradesh	35	95	12,31	*0·3*	3,70	*0·1*
Pondicherry	10	42	4,42	*0·1*	2,68	*0·1*
Tripura	5	2,77	4,15	*0·1*	9	—
Others*	3	3,59	97	—	9	—
TOTAL	**6,985**	**73**	**39,62,19**	*100·0*	**27,47,07**	*100·0*

* Andaman & Nicobar Islands and Manipur.
Source : Statistical Tables relating to Banks in India, 1967.

STATEMENT 8—SHARE OF MAJOR CITIES IN TOTAL DEPOSITS AND CREDIT—COMMERCIAL BANKS

(AS AT THE END OF DECEMBER 1967)

(Amount in lakhs of rupees)

Cities	Deposits		Credit		Credit-Deposit Ratio
	Amount	Percentage to total	Amount	Percentage to total	
Ahmedabad	82,03	*2·1*	95,39	*3·5*	116·3
Bombay ..	7,84,44	*19·8*	8,01,72	*29·2*	102·2
Calcutta ..	4,67,46	*11·8*	6,01,95	*21·9*	128·8
Delhi ..	3,64,35	*9·2*	1,31,46	*4·8*	36·1
Madras	1,09,07	*2·8*	1,60,80	*5·9*	147·4
TOTAL OF 5 CITIES	**18,07,35**	*45·7*	**17,91,32**	*65·3*	99·1
ALL INDIA TOTAL ..	**39,62,19**	*100·0*	**27,47,07**	*100·0*	69·3

Source : Statistical Tables relating to Banks in India, 1967.

STATEMENT 9—STATE-WISE PER CAPITA INCOME, DEPOSITS AND CREDIT—COMMERCIAL BANKS

STATES	Per Capita Income (1964-65) (At Current Prices) (Rs.)	COMMERCIAL BANKS (End-December 1967)				CO-OPERATIVE CREDIT INSTITUTIONS (End-June 1967)			
		DEPOSITS		CREDIT		DEPOSITS		CREDIT	
		Total (Rs. Crores)	Per Capita (Rs.)	Total (Rs. Crores)	Per Capita (Rs.)	Total (Rs. Crores)	Per Capita (Rs.)	Total Outstanding (Rs. Crores)	Per Capita (Rs.)
Andhra Pradesh	394	**137·7**	34	**94·4**	23	**14·4**	4	**69·7**	18
Assam	394	**39·0**	27	**9·6**	7	**8·3**	6	**5·4**	4
Bihar	279	**137·5**	26	**38·5**	7	**9·0**	2	**16·6**	3
Gujarat	424	**328·6**	134	**163·0**	67	**52·3**	22	**115·6**	49
Jammu & Kashmir	N.A.	**33·5**	86	**2·2**	6	**0·5**	1	**2·7**	7
Kerala	370	**131·5**	67	**78·9**	40	**12·5**	7	**23·6**	12
Madhya Pradesh	405	**97·5**	26	**58·9**	16	**16·3**	4	**63·9**	17
Tamil Nadu	435	**246·6**	66	**281·0**	75	**41·8**	11	**88·7**	24
Maharashtra	524	**972·1**	209	**886·8**	191	**123·0**	27	**228·8**	51
Mysore	309@	**192·5**	71	**127·2**	47	**23·0**	9	**61·5**	23
Orissa	252@	**22·9**	11	**11·9**	6	**5·4**	3	**22·0**	11
Punjab*	586	**243·5**	110	**81·1**	37	**26·0**	12	**48·7**	22
Rajasthan	394	**72·1**	30	**30·5**	13	**4·5**	2	**14·7**	6
Uttar Pradesh	365	**311·2**	37	**111·6**	13	**25·4**	3	**84·9**	10
West Bengal	388	**569·5**	138	**619·0**	149	**52·5**	13	**68·1**	17
ALL-INDIA ..	**422**	**3962·2**	**78**	**2747·1**	**54**	**426·9**	**9**	**928·2**	**19**

Population Group	Commercial Banks		Co-operative Banks†		**ALL BANKS (Commercial and Co-operative)**	
	Number of places	Number of offices	Number of places	Number of offices	**Number of places@**	**Number of offices**
Over 1,00,000	105 (*4·2*)	2,716 (*38·9*)	102 (*3·8*)	495 (*13·5*)	**105** (*2·9*)	**3,211** (*30·2*)
50,000 to 1,00,000 ..	130 (*5·2*)	713 (*10·2*)	113 (*4·2*)	232 (*6·3*)	**130** (*3·5*)	**945** (*8·9*)
10,000 to 50,000	1,183 (*47·7*)	2,309 (*33·1*)	884 (*32·6*)	1,210 (*33·0*)	**1,247** (*33·8*)	**3,519** (*33·0*)
5,000 to 10,000	624 (*25·1*)	742 (*10·6*)	607 (*22·4*)	704 (*19·2*)	**905** (*24·6*)	**1,446** (*13·6*)
Below 5,000	296 (*11·9*)	344 (*4·9*)	774 (*28·6*)	791 (*21·6*)	**959** (*26·0*)	**1,135** (*10·7*)
Unclassified	145 (*5·8*)	161 (*2·3*)	230 (*8·5*)	230 (*6·3*)	**339** (*9·2*)	**391** (*3·7*)
TOTAL ..	**2,483** (*100·0*)	**6,985** (*100·0*)	**2,710** (*100·0*)	**3,662** (*100·0*)	**3,685** (*100·0*)	**10,647** (*100·0*)

Note : Figures in brackets are percentages to total.

* According to 1961 Census. @ These data will not add up to total of Commercial and Co-operative banks due to over-lapping.

† Include State Co-operative Banks, Central Co-operative Banks, Industrial Co-operative Banks, Land Development Banks and Urban Co-operative Banks with paid-up capital and reserves of Rs. 1 lakh and above.

Source : Statistical Tables Relating to Banks in India, 1967.

STATEMENT 11—DEPOSIT GROWTH, CREDIT EXPANSION AND INCREMENTAL CREDIT-DEPOSIT RATIO FOR CENTRES OF DIFFERENT POPULATION GROUPS—SCHEDULED COMMERCIAL BANKS

(In crores of rupees)

Population	Deposits			Credit			Increase in Credit as percentage of increase in Deposits
	1961	1966	Increase in 1966 over 1961	1961	1966	Increase in 1966 over 1961	
	1	2	3	4	5	6	7
1 Centres with population of 10 lakhs and over	760·4 *(50·9)*	1394·1 *(46·8)*	633·7 *(42·6)*	692·5 *(59·7)*	1239·1 *(60·0)*	546·6 *(60·5)*	*86·3*
2 Centres with population between 5 lakhs and 10 lakhs	94·1 *(6·3)*	208·1 *(7·0)*	114·0 *(7·7)*	87·9 *(7·6)*	141·6 *(6·8)*	53·7 *(5·9)*	*47·1*
3 Centres with population between 1 lakh and 5 lakhs	287·4 *(19·2)*	564·8 *(18·9)*	277·4 *(18·7)*	154·9 *(13·4)*	313·3 *(15·2)*	158·4 *(17·5)*	*57·1*
4 Centres with population above 1 lakh (Total of 1 to 3) ..	**1141·9** *(76·4)*	**2167·0** *(72·7)*	**1025·1** *(69·0)*	**935·3** *(80·7)*	**1694·0** *(82·0)*	**758·7** *(83·9)*	*74·0*
5 Centres with population between 50,000 and 1 lakh ..	112·5 *(7·5)*	247·0 *(8·3)*	134·5 *(9·0)*	60·4 *(6·0)*	120·2 *(5·8)*	50·8 *(5·6)*	*37·8*
6 Centres with population between 10,000 and 50,000	191·7 *(12·8)*	459·7 *(15·4)*	268·0 *(18·0)*	119·6 *(10·3)*	206·0 *(10·0)*	86·4 *(9·6)*	*32·2*
7 Centres with population below 10,000*	49·1 *(3·3)*	108·3 *(3·6)*	59·2 *(4·0)*	36·1 *(3·1)*	44·5 *(2·2)*	8·4 *(0·9)*	*14·2*
TOTAL (4 to 7)	**1495·2** *(100·0)*	**2982·0** *(100·0)*	**1486·8** *(100·0)*	**1160·4** *(100·0)*	**2064·7** *(100·0)*	**904·3** *(100·0)*	*60·8*

* Including Unclassified.

Note : Figures are averages of month-end outstanding balances.

Source : Survey of Debits to Deposit Accounts with Banks.

STATEMENT 12—POPULATION-WISE BREAK-UP OF DEPOSITS AND CREDIT—1966 : SCHEDULED COMMERCIAL BANKS

(In crores of rupees)

Population group	Deposits	Credit	Credit-Deposit Ratio
Above 10 lakhs	1394·1	1239·1	*88·9*
5 lakhs to 10 lakhs	208·1	141·6	*68·0*
1 lakh to 5 lakhs	564·8	313·3	*55·5*
50,000 to 1 lakh	247·0	120·2	*48·7*
30,000 to 50,000	192·6	83·4	*43·3*
20,000 to 30,000	124·5	51·9	*41·7*
10,000 to 20,000	142·6	70·7	*49·6*
5,000 to 10,000	63·8	25·4	*39·8*
Below 5,000	20·3	11·0	*54·2*
Unclassified	24·2	8·0	*33·1*
TOTAL	**2982·0**	**2064·6**	*69·2*

Note : Figures are average of month-end outstanding amounts.
Source : Survey of Debits to Deposit Accounts with Banks.

STATEMENT 13—POPULATION-WISE BREAK-UP OF DEPOSITS AND CREDIT-DEPOSIT RATIO — 1966

(Per cent)

	Current		Savings		Fixed		Total		Credit-Deposit Ratio
	No. of Accounts	Amounts	No. of Accounts	Amounts	No. of Accounts	Amounts	No. of Accounts	Amounts	
	1	2	3	4	5	6	7	8	9
Above 10 lakhs	*15·0*	*30·3*	*67·8*	*20·0*	*17·2*	*49·7*	*100·0*	*100·0*	*88·9*
5 — 10 lakhs	*53·1*	*24·6*	*36·2*	*23·5*	*10·7*	*51·9*	*100·0*	*100·0*	*68·0*
1 — 5 lakhs	*14·0*	*23·8*	*64·3*	*25·1*	*21·7*	*51·1*	*100·0*	*100·0*	*65·5*
50,000 — 1 lakh	*12·3*	*22·9*	*64·7*	*27·4*	*23·0*	*49·7*	*100·0*	*100·0*	*48·7*
30,000 — 50,000	*43·0*	*24·8*	*42·9*	*27·8*	*14·1*	*47·4*	*100·0*	*100·0*	*43·3*
20,000 — 30,000	*11·7*	*23·3*	*65·4*	*30·1*	*23·9*	*46·6*	*100·0*	*100·0*	*41·7*
10,000 — 20,000	*9·5*	*19·7*	*66·7*	*30·3*	*23·4*	*50·0*	*100·0*	*100·0*	*49·6*
10,000 and below	*8·9*	*18·2*	*65·8*	*31·5*	*25·8*	*50·3*	*100·0*	*100·0*	*43·3*
Unclassified	*8·9*	*24·4*	*69·4*	*36·8*	*21·7*	*38·8*	*100·0*	*100·0*	*33·1*
TOTAL	*21·6*	*26·5*	*59·7*	*23·7*	*18·7*	*49·8*	*100·0*	*100·0*	*69·2*

Source : Survey of Debits to Deposit Accounts with Banks.

STATEMENT 14—RURAL, SEMI-URBAN AND URBAN CREDIT-DEPOSIT RATIOS : SCHEDULED COMMERCIAL BANKS—(*Contd.*)

(In crores of rupees)

Year	RURAL											
	Unclassified			Centres with population below 5,000			Centres with population between 5,000 & 10,000			TOTAL		
	Deposits	Credit	Credit-Deposit Ratio	Deposits	Credit	Credit-Deposit Ratio	Deposits	Credit	Credit-Deposit Ratio	Deposits	Credit	Credit-Deposit Ratio
	1	2	3	4	5	6	7	8	9	10	11	12
1960										**48.6**	**22.6**	*46.5*
1961	..	..	..	..		..	..			**49.1**	**36.1**	*73.5*
1962	22.0	15.2	*69.1*	4.2	2.1	*50.0*	16.7	9.0	*53.9*	**42.9**	**26.3**	*61.3*
1963	39.8	22.6	*56.8*	5.8	2.8	*48.3*	21.6	9.7	*44.9*	**67.2**	**35.1**	*52.2*
1964	12.7	5.8	*45.7*	15.3	5.6	*36.6*	45.0	17.9	*39.8*	**73.0**	**29.3**	*40.1*
1965	16.9	5.5	*32.5*	19.4	6.6	*34.0*	51.8	23.2	*44.8*	**88.1**	**35.3**	*40.1*
1966 ..	24.3	8.0	*32.9*	20.3	11.0	*54.2*	63.8	25.4	*39.8*	**108.4**	**44.4**	*41.0*
Variation in 1966 over 1960 ..	+2.3*	—7.2*	—	+16.1*	+8.9*	*55.3**	+47.1*	+16.4*	*34.8**	**+59.8** (+*123.0*)	**+21.8** (+*96.5*)	*36.5*

Year	Centres with population between 10,000 & 50,000			Centres with population above 50,000					
	Deposits	Credit	Credit-Deposit Ratio	Deposits	Credit	Credit-Deposit Ratio	Deposits	Credit	Credit-Deposit Ratio
	13	14	15	16	17	18	19	20	21
1960	185.6	102.2	*55.1*	1176.8	899.4	*76.4*	**1411.0**	**1024.2**	*72.6*
1961	191.7	119.6	*62.4*	1254.4	1004.7	*80.1*	**1495.2**	**1160.4**	*77.6*
1962	195.4	116.0	*59.4*	1384.9	1115.9	*80.6*	**1623.2**	**1258.2**	*77.5*
1963	253.8	137.4	*54.1*	1713.3	1367.7	*79.8*	**2034.3**	**1540.2**	*75.7*
1964	318.7	156.6	*49.2*	2015.9	1595.1	*79.1*	**2407.7**	**1781.0**	*74.0*
1965	381.1	188.0	*49.3*	2214.1	1740.8	*78.6*	**2683.3**	**1964.1**	*73.2*
1966 ..	459.7	206.0	*44.8*	2414.0	1814.3	*75.2*	**2982.0**	**2064.8**	*69.2*
Variation in 1966 over 1960 ..	+ 274.1 (+ *147.8*)	+ 103.8 (+ *101.6*)	*37.9*	+1237.2 (+ *105.1*)	+ 914.9 (+ *101.7*)	*73.9*	**+1571.0** (+ *111.3*)	**+1040.6** (+ *101.6*)	*66.2*

* Increase in 1966 over 1962.

Note : (1) Deposits and credit data are averages of the outstanding month-end balance during the year.
(2) Figures in brackets relate to percentage variation over the period.

Source : Survey of Debits to Deposit Accounts with Banks.

STATEMENT 15—NUMBER OF DISTRICTS CLASSIFIED ACCORDING TO POPULATION PER COMMERCIAL BANK OFFICE

End-December 1967

Range of population per office	No. of Districts
Upto 25,000	13
Above 25,000 and upto 50,000	44
Above 50,000 and upto 75,000	50
Above 75,000 and upto 1,00,000 ..	34
Above 1,00,000 and upto 2,00,000	89
Above 2,00,000 ..	88
TOTAL	**318**
Number of Districts without commercial bank Offices	13
Number of Districts for which population figures are not available	5
TOTAL NUMBER OF DISTRICTS	**336**

Note : District population figures have been estimated by applying the ratio of district population to State population in 1961 to the estimated mid-1967 State population.
Source : Statistical Tables Relating to Banks in India, 1967.

STATEMENT 16—NUMBER OF ACCOUNTS OF BANK CREDIT—SCHEDULED COMMERCIAL BANKS : STATE-WISE

(Amount in rupees)

State/Union Territory	Number of Accounts			Average Amount per Account		
	1962	1966	Variation in 1966 over 1962	1962	1966	Variation in 1966 over 1962
	1	2	3	4	5	6
Andhra Pradesh ..	155,397	90,242	—65,155	3,301	7,990	+ 4,689
Assam	2,883	2,151	— 732	17,690	46,025	+28,335
Bihar	9,373	14,505	+ 5,132	26,352	24,199	— 2,153
Gujarat	43,129	45,803	+ 2,674	19,963	26,090	+ 6,127
Kerala	149,216	174,456	+25,240	1,903	3,605	+ 1,702
Madhya Pradesh ..	11,526	9,851	— 1,675	21,777	34,108	+12,331
Tamil Nadu ..	468,982	391,452	—77,530	2,473	6,108	+ 3,635
Maharashtra ..	78,465	96,763	+18,298	34,347	71,732	+37,385
Mysore	199,504	201,463	+ 1,959	2,476	5,485	+ 3,009
Orissa	4,343	3,359	— 984	10,592	25,603	+15,011
Punjab	23,595	19,359	— 4,236	12,799	32,905	+20,106
Rajasthan	7,618	38,988	+31,370	17,590	6,771	—10,819
Uttar Pradesh ..	22,475	30,015	+ 7,540	35,462	38,314	+ 2,852
West Bengal	37,384	24,017	—13,367	87,497	147,854	+60,357
Jammu and Kashmir	919	904	— 15	8,705	18,805	+10,100
Delhi	22,035	24,784	+ 2,749	18,289	34,295	+16,006
Others	4,157	3,295	— 862	14,433	98,634	+84,201
Total ..	**1241,001**	**1171,407**	**—69,594** (*—5·6*)	**9,329**	**17,627**	**+ 8,298** (*+ 88·9*)

Note :—Figures in brackets indicate percentage variations.
Source : Survey of Debits to Deposit Accounts with Banks.

STATEMENT 17—NUMBER OF ACCOUNTS OF BANK CREDIT WITH SCHEDULED COMMERCIAL BANKS: PURPOSE-WISE

(Number of accounts in thousands)
(Amount in rupees)

	April 1961	March 1963	March 1964	March 1965	March 1966	March 1967	Increase or Decrease between March 1967 and April 1961	Amount per Account 1961	Amount per Account 1966	Amount per Account 1967	Variations in 1967 over 1961
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Industry	48	91	69	64	65	75	+ 27	1,36,998	2,25,980	2,34,319	97,321
Commerce	1,51	1,50	1,63	1,43	1,33	1,30	— 21	24,696	37,787	40,355	16,883
Financial	19	18	16	15	11	10	— 9	35,506	70,601	95,035	59,529
Agriculture	77	52	1,23	61	47	47	— 30	5,258	11,904	12,120	6,862
Personal	7,01	6,34	5,96	7,28	6,71	5,99	— 1,02	1,253	1,605	1,911	658
Government and Local Authorities	..	..	..	..	..	—*		..	..	3,13,397	..
All Others ..	81	84	86	1,15	91	1,94	+ 1,13	9,090	14,482	8,328	1,712
Total	**10,78**	**10,29**	**10,54**	**11,26**	**10,19**	**10,56**	**— 22**	**12,117**	**23,033**	**25,731**	**13,614**

* Number of Accounts was 418 only.

Source : Purpose-wise Survey of Bank Advances.

STATEMENT 18—NUMBER OF BORROWERS FROM PRIMARY AGRICULTURAL AND NON-AGRICULTURAL CREDIT SOCIETIES

(Number of members in thousands)
(Amount in rupees)

State/Union Territory	Number of members borrowing during the year			Average amount per borrowing member		
	1960-61	1966-67	Variation in 1966-67 over 1960-61	1960-61	1966-67	Variation in 1966-67 over 1960-61
	1	2	3	4	5	6
Andhra Pradesh	8,22	9,19	+ 97	2,88	2,89	+ 1
Assam	1,03	69	— 34	74	5,30	+ 4,56
Bihar	3,09	6,50	+ 3,41	1,85	2,91	+ 1,06
Gujarat	7,75	9,27	+ 1,52	4,68	9,53	+ 4,85
Jammu and Kashmir	2,29	99	— 1,30	48	1,22	+ 74
Kerala ..	5,34	6,00	+ 66	1,39	2,90	+ 1,51
Madhya Pradesh ..	7,02	12,23	+ 5,21	2,72	3,28	+ 1,89
Tamil Nadu	16,54	12,41	— 4,13	2,70	5,53	+ 2,83
Maharashtra	18,59	28,45	+ 9,86	4,70	5,86	+ 1,16
Mysore	7,75	8,61	+ 86	3,27	5,34	+ 2,07
Nagaland ..	—	—	—	—	—	—
Orissa ..	1,75	3,20	+ 1,45	1,80	2,98	+ 1,18
Punjab and Haryana	6,30	11,36	+ 5,06	2,03	2,99	+ 96
Rajasthan	3,01	3,47	+ 46	2,10	2,46	+ 36
Uttar Pradesh	20,30	18,08	— 2,22	1,59	2,50	+ 91
West Bengal ..	4,99	13,32	+ 8,33	4,80	4,27	— 53
Andaman and Nicobar Islands	—	1	+ 1	—	1,46	+ 146
Chandigarh	—	3	+ 3	—	1,29	+ 129
Delhi ..	58	1,05	+ 47	4,24	5,06	+ 82
Goa, Daman and Diu ..	—	—	—	—	—	—
Himachal Pradesh	5	1,91	+ 1,86	2,18	1,44	— 74
Manipur ..	17	11	— 6	85	1,75	+ 90
Pondicherry	11	28	+ 17	3,00	1,69	— 1,91
Tripura ..	16	6	— 10	93	16	— 77
Total ..	**115,04**	**147,22**	**+32,18** (+*28·0*)	**2,90**	**4,36**	**+ 1,46** (+*50·3*)

Figures in brackets indicate percentage variations.
(*Source:* Statistical Statements relating to Co-operative Movement in India)

Type of Institution	Number of Banks/ Societies	MEMBERSHIP Co-operative Banks/ Co-operative Societies	MEMBERSHIP Individuals and Others (including State Govts.)	Owned Funds	Total working Capital*	Outstanding Borrowings (end-June 1967)	Borrowings as percentage of working capital	Total Deposits Outstanding (end-June 1967)	Loans and Advances etc., during the year 1966-67	Total Advances outstanding (end June 1967)	Over-dues (end June 1967)	Over-dues as percentage of outstandings
	1	2	3	4	5	6	7	8	9	10	11	12
State Co-operative Banks	25	13,167	8,290	55·64	402·95	199·93	*49·6*	147·38	513·16	325·16	16·92	*5·2*
(Number of Offices)	(141)											
Central Co-operative Banks	346	2,53,642	98,723	115·64	638·30	263·34	*41·3*	259·32	943·53	499·35	124·17	*24·9*
(Number of Offices)	(2,648)											
Agricultural Credit Societies	1,78,735	26,709,000		165·49	624·20	420·62	*67·3*	39·09	366·47	477·46	160·15	*33·5*
Of which active	1,53,770	24,139,000		159·24	606·38	408·71	*67·4*	38·43	366·47	462·42	148·67	*32·2*
Grain Banks	6,847		910,606	3·68	5·92	1·62	*27·4*	0·62	1·99	4·65	2·70	*58·1*
Of which active	2,307		556,314	2·51	4·68	1·59	*34·0*	0·59	1·99	3·83	1·92	*50·1*
Non-Agricultural Credit Societies ..	13,616		7,485,000	90·31	305·39	21·05	*6·9*	194·03	280·15	224·85	13·31	*5·9*
Of which active	10,993		7,297,000	89·67	304·11	20·74	*6·8*	193·70	280·15	224·00	12·73	*5·7*
(*a*) Primary Co-operative Banks ..	1,241		3,627,379	58·54	221·74	10·80	*4·9*	152·40	186·27	166·56	6·59	*4·0*
Of which reporting	1,105†											
(*b*) Others	12,375		3,857,621	31,77	83·70	20·34	*24·3*	41·60	89·80	58·29	6·72	*11·5*
Of which active	9,752		3,669,621	31·13	82·42	20·03	*24·3*	41·27	89·80	57·45	6·13	*10·7*
Central Land Development Banks ..	19	872@	771,654‡	22·46	263·58	238·57	*90·5*	2·54	58·85	207·37	4·53	*2·2*
(Number of Offices)	(397)											
Primary Land Development Banks ..	707	2,156,816††		15·99	173·59	152·83	*88·0*	4·77	40·84	154·67	5·75	*3·7*
Industrial Co-operative Banks												
State	3	782	188	1·38	3·34	1·38	*41·3*	0·57	1·97	3·17	0·64	*20·2*
Central	26	2902	18,053	1·51	6·17	2·55	*41·3*	2·12	19·46	4·50	0·64	*14·2*
(Number of Offices)	(36)											

‡ Including nominal members (3,05,478).
†† Of which 9,02,226 are nominal members.
† Data refer to 1,105 reporting primary co-operative banks only.
@ Include primary land mortgage banks (690) and other co-operative banks and societies (182).
* Includes owned funds, deposits and borrowings.
Source : Statistical Statements relating to Co-operative Movement in India, 1966-67

STATEMENT 20—CENTRES HAVING CENTRAL CO-OPERATIVE BANKS/STATE CO-OPERATIVE BANKS BUT WITHOUT COMMERCIAL BANKS AND URBAN CO-OPERATIVE BANKS CLASSIFIED ACCORDING TO STATE AND POPULATION—1967

State/Union Territory	Un-classi-fied	Below 1,000	1,000 to 5,000	5,000 to 10,000	10,000 to 25,000	Above 25,000	**Total**
	1	2	3	4	5	6	7
Andhra Pradesh ..	3	—	1	3	—	—	**7**
Assam	1	—	2	2	1	—	**6**
Bihar	—	1	—	4	1	—	**6**
Gujarat	12	2	48	14	—	—	**76**
Jammu and Kashmir	1	3	17	2	1	—	**24**
Kerala	2	—	—	—	—	—	**2**
Haryana	—	—	3	2	—	—	**5**
Madhya Pradesh ..	45	31	200	52	10	—	**338**
Tamil Nadu ..	6	1	—	—	—	—	**7**
Maharashtra	58	13	212	108	21	—	**412**
Mysore	18	3	15	16	2	—	**54**
Orissa ..	2	1	6	4	2	—	**15**
Punjab	4	5	14	4	—	—	**27**
Rajasthan	2	1	10	8	4	—	**25**
Uttar Pradesh	24	3	17	13	5	—	**62**
West Bengal	11	1	3	3	2	—	**20**
Himachal Pradesh	6	8	9	1	—	—	**24**
Andaman and Nicobar ..	—	—	—	—	—	—	—
Tripura	—	—	—	2	—	—	**2**
Nagaland	—	—	—	—	—	—	—
Goa ..	1	—	—	—	—	—	**1**
Pondicherry	—	—	—	—	—	—	—
Manipur	—	—	—	—	—	—	—
Total	**196**	**73**	**557**	**238**	**49**	—	**1,113**

Source : Statistical Tables relating to Banks in India, 1967.

State/Union Territory	Total number of societies	No. of active societies (out of column 1)	No. of villages: In the State	No. of villages: Covered by active societies (In col. 2)	Percentage of villages covered by active societies	Population* in villages (all villages) (in '000s)	Percentage@ of population covered by active societies (In col. 2)	No. of members of all societies (In lakhs)	Percentage of borrowing members to total membership of societies	Deposits (Rs. lakhs)	Loans issued by societies during 1966-67: Amount (Rs. lakhs)	Loans issued by societies during 1966-67: Percentage to total	Average loan issued per: Member** (Rs.)	Average loan issued per: Borrowing member (Rs.)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Andhra Pradesh ..	15,380	12,783	27,084	20,434	*75*	3,23,50	*26*	18	*42*	144	18,46	*5·1*	100	240
Assam	3,773	1,184	25,702	8,426	*33*	1,28,61	*6*	3	*19*	26	1,66	*0·5*	52	272
Bihar	16,500	15,193	67,665	59,595	*88*	4,71,33	*17*	17	*36*	34	12,50	*3·4*	74	209
Gujarat	8,672	8,108	18,584	17,176	*92*	1,74,25	*33*	12	*52*	344	46,43	*12·7*	388	748
Haryana	6,268	5,941	6,575	6,103	*93*	1,19,67‡	*2*	5	*55*	69	8,00	*2·2*	155	280
Jammu & Kashmir	989	847	6,559	5,055	*77*	31,51	*41*	3	*36*	3	1.19	*0·3*	43	122
Kerala ..	2,329	1,942	1,574	1,183	*75*	1,61,46	*42*	14	*36*	527	13,89	*3·8*	99	274
Madhya Pradesh ..	10,884	10,593	70,414	66,204	*94*	3,11,05	*29*	18	*62*	251	36,57	*10·0*	199	321
Tamil Nadu	10,618	7,420	14,124	7,738	*55*	2,64,47	*48*	32	*23*	289	31,40	*8·6*	97	427
Maharashtra	20,073	19,671	35,851	35,111	*98*	3,17,03	*45*	29	*53*	266	76,35	*20·9*	263	497
Mysore	8,915	7,761	26,377	22,433	*85*	2,02,43	*32*	16	*40*	203	22,12	*6·1*	142	352
Nagaland	28	25	828	47	*6*	3,79	*1*	—	—	—	—	—	—	—

STATEMENT 21—(contd.)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Orissa	3,888	2,862	46,466	32,268	69	1,82,10	23	9	34	105	8,30	2·3	93	271
Punjab	10,604	10,404	14,094	11,483	78	98,73	63	13	64	903	24,87	6·8	197	308
Rajasthan ..	12,378	8,398	32,240	20,973	65	1,93,92	21	11	29	86	6,98	1·9	65	224
Uttar Pradesh	30,627	28,430	1,12,624	1,12,624†	100†	7,13,36	36	52	31	332	42,83	11·7	82	265
West Bengal	12,874	8,700	38,530	21,922	57	2,97,22	12	10	38	71	9,94	2·7	104	275
Andaman & Nicobar Islands	35	31	399	243	61	61	8	—	100	—	1	—	98	98
Chandigarh	27	26	17	16	94	45	33	—	100	2	4	—	129	129
Delhi ..	292	232	276	241	87	3,24	49	—	47	16	61	0·2	192	409
Goa, Daman & Diu	176	176	267	267	100	5,41	55	1	—	—	9	—	16	..
Himachal Pradesh	2,584	2,441	10,438	9,887	95	30,07	59	4	51	232	2,45	0·7	68	133
Manipur ..	341	219	1,866	595	32	8,61	16	1	22	1	18	—	40	180
Pondicherry	88	88	388	388	100	3,05	23	—	93	1	24	0·1	175	189
Tripura ..	392	296	4,932	985	20	12,05	22	1	9	4	6	—	9	103
All-India Total ..	**1,78,735**	**1,53,771**	**5,64,474**	**4,61,397**	**82**	**40,10,77**	**30**	**267**	**40**	**3909**	**3,65,17**	**100·0**	**137**	**344**

* Mid-term estimates of population for 1966 as furnished by the Registrar General of Census Operations except in the case of Union Territories.
@ This has been arrived at by taking the average size of family as five.
**All societies, *i.e.*, active and dormant.
‡ As reported by the Registrar of Co-operative Societies.
† Including villages covered by dormant societies. Data on villages covered by dormant societies are not separately available.
Source : Reserve Bank of India.

State/Union Territory	Upto Rs. 100	Rs. 101 to Rs. 300	Rs. 301 to Rs. 500	Rs. 501 to Rs. 1,000	Rs. 1,001 to Rs.5,000	Above Rs. 5,000	Total	Percentage of 1 to 7	Percentage of (1+2) to 7
	1	2	3	4	5	6	7	8	9
Andhra Pradesh	1,70	3,02	5,23	4,63	2,51	44	**18,43**	*9*	*30*
Assam	19	1,32	14	1	—	—	**1,66**	*12*	*91*
Bihar	3,07	4,40	3,06	44	77	76	**12,50**	*25*	*60*
Gujarat	2,31	5,09	8,31	10,63	14,09	6,00	**46,43**	*5*	*16*
Haryana	54	1,41	2,80	2,60	66	—	**8,00**	*7*	*24*
Jammu & Kashmir	21	22	15	61	—	—	**1,20**	*17*	*36*
Kerala	2,23	3,12	3,24	2,79	2,46	4	**13,89**	*16*	*39*
Madhya Pradesh	2,53	7,27	8,97	9,94	7,50	36	**36,57**	*7*	*27*
Tamil Nadu	1,04	4,74	9,01	11,24	5,16	21	**31,40**	*3*	*18*
Maharashtra	4,89	11,39	15,13	16,12	21,21	7,61	**76,35**	*6*	*21*
Mysore	1,13	3,53	7,26	6,00	3,66	54	**22,12**	*5*	*21*
Nagaland	—	—	—	—	—	—	—	—	—
Orissa	81	2,19	2,62	1,69	1,00	—	**8,30**	*10*	*36*
Punjab	82	2,73	9,19	6,41	5,70	4	**24,87**	*3*	*14*
Rajasthan	1,20	2,06	1,99	1,35	37	—	**6,98**	*17*	*47*
Uttar Pradesh	8,33	13,35	13,70	5,78	1,54	13	**42,83**	*19*	*51*
West Bengal	1,23	3,94	2,62	1,68	46	—	**9,94**	*12*	*52*
Andaman & Nicobar Islands	—	1	—	—	—	—	**1**	—	*58*
Chandigarh	..	..	..	..	..	..	**4**	..	..
Delhi	—	4	11	26	21	—	**61**	—	*6*
Goa, Daman & Diu ..	3	2	3	1	—	—	**9**	*31*	*55*
Himachal Pradesh	45	60	71	43	18	8	**2,45**	*18*	*43*
Manipur	3	13	2	—	—	—	**18**	*15*	*87*
Pondicherry	2	5	11	4	3	—	**25**	*6*	*27*
Tripura	3	2	—	—	—	—	**6**	*50*	*90*
All-India Total ..	**32,79**	**71,55**	**94,40**	**82,66**	**67,51**	**16,21**	**3,65,16**	*9*	*29*

Source : Reserve Bank of India.

STATEMENT 23—SELECTED INDICATORS OF THE STATUS OF AGRICULTURAL CO-OPERATIVE CREDIT MOVEMENT IN VARIOUS STATES—END-JUNE 1967

State/ Union Territory	Number of active societies	Percentage of villages covered by active societies	Percentage @ of population covered by active societies	Percentage of borrowing members to total membership	Deposits at the end of June 1967 (Rs. lakhs)	Loans issued by the societies during 1966-67 (Rs. lakhs)	Average Loan Issued: Per member @@ (Rs.)	Average Loan Issued: Per borrowing member (Rs.)	Overdues as percentage of outstandings at the end of June 1967	Deposits as percentage of working capital	Societies working at loss as percentage of total number of societies	Audit Classification of Societies to Total Number of Audited Societies—1965-66 (percentages): 'A'	'B'	'C'
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Andhra Pradesh	12,783	*75*	*26*	*42*	1,44	18,46	100	240	*42*	*5*	*32·9*	*1·1*	*4·0*	*72·6*
Assam	1,184	*33*	*6*	*19*	26	1,66	52	272	*63*	*8*	*45·3*	*0·1*	*22·4*	*47·6*
Bihar ..	15,193	*88*	*17*	*36*	34	12,50	74	209	*35*	*2*	*13·3*	*0·3*	*3·9*	*72·7*
Gujarat	8,108	*92*	*33*	*52*	3,44	46,43	388	748	*26*	*5*	*36·7*	*11·8*	*47·9*	*31·1*
Haryana ..	5,941	*93*	*2*	*55*	69	8,00	155	280	*21*	*6*	*31·8*	*0·9*	*10·8*	*77·5*
Jammu and Kashmir	847	*77*	*41*	*36*	3	1,19	43	122	*40*	*1*	*12·5*	*1·1*	*10·4*	*77·7*
Kerala ..	1,942	*75*	*42*	*36*	5,27	13,89	99	274	*24*	*22*	*32·3*	*1·8*	*4·5*	*7·9*
Madhya Pradesh	10,593	*94*	*29*	*62*	2,51	36,57	199	321	*37*	*4*	*16·9*	*1·1*	*4·1*	*79·3*
Maharashtra ..	19,671	*98*	*45*	*53*	2,66	76,35	263	497	*37*	*2*	*43·6*	*10·0*	*39·8*	*42·9*
Mysore	7,761	*85*	*32*	*40*	2,03	22,12	142	352	*42*	*5*	*31·0*	*5·1*	*43·0*	*49·9*
Nagaland	25	*6*	*1*	—	—	—	—	—	*27*	—	—			

Orissa	2,862	*69*	*23*	*34*	1,05	8,30	93	271	*40*	*7*	*18·5*	*0·8*	*5·5*	*64·8*
Punjab	10,404	*78*	*63*	*64*	9,03	24,87	197	308	*17*	*25*	*17·3*	*3·1*	*18·3*	*72·6*
Rajasthan	8,398	*65*	*21*	*29*	86	6,98	65	224	*45*	*5*	*24·7*	*0·5*	*6·7*	*34·5*
Tamil Nadu ..	7,420	*55*	*48*	*23*	2,89	31,40	97	427	*35*	*6*	*17·5*	*0·9*	*10·5*	*62·3*
Uttar Pradesh ..	28,430	*100**	*36*	*31*	3,32	42,83	82	265	*31*	*5*	*11·5*	*0·3*	*1·1*	*85·7*
West Bengal	8,700	*57*	*12*	*38*	71	9,94	104	275	*34*	*4*	*25·5*	*0·1*	*1·3*	*78·3*
Andaman and Nicobar Islands	31	*61*	*8*	*100*	—	1	98	98	*71*	—	*42·9*	—	—	—
Chandigarh ..	26	*94*	*33*	*100*	2	4	129	129	*22*	*29*	*7·4*	—	—	—
Delhi ..	232	*87*	*49*	*47*	16	61	192	409	*5*	*12*	*12·7*	*0·4*	*3·2*	*76·8*
Goa, Daman and Diu	176	*100*	*55*	—	—	9	16	..	*44*	—	*34·1*	*1·1*	*96·0*	*2·9*
Himachal Pradesh ..	2,441	*95*	*59*	*51*	2,32	2,45	68	133	*21*	*45*	*8·0*	*5·1*	*25·6*	*63·7*
Manipur	219	*32*	*16*	*22*	1	18	40	180	*40*	*3*	*49·6*	—	*6·7*	*90·6*
Pondicherry ..	88	*100*	*23*	*93*	1	24	175	189	*10*	*2*	*2·3*	—	*100·0*	—
Tripura ..	296	*20*	*22*	*9*	4	6	9	103	*70*	*5*	*50·3*	—	*0·4*	*84·6*
ALL—INDIA TOTAL	**1,53,771**	**82**	**30**	**40**	**39,09**	**3,65,17**	**137**	**344**	**33**	**6**	**24·2**	**2·5**	**12·8**	**66·6**

@ This has been arrived at by taking the average size of family at 5.
@@ All societies, i.e., active and dormant.
* As reported by the Registrar of Co-operative Societies and including villages covered by dormant societies.

Source : Statistical Statements relating to the Co-operative Movement in India, 1966-67

STATEMENT 24—DEPOSITS OF AGRICULTURAL CREDIT SOCIETIES BY STATES—END-JUNE 1967

State/Union Territory	No. of societies	Total deposits (Rs. '000s)	Working capital (Rs. '000s)	Average deposits per society (Rs.)	Deposits as percentage of working capital
	1	2	3	4	5
Andhra Pradesh	15,380	144,34	31,29,53	938	4·6
Assam ..	3,773	26,49	3,37,60	702	7·8
Bihar ..	16,500	33,86	15,44,72	205	2·2
Gujarat	8,672	344,32	75,89,47	3,970	4·5
Haryana ..	6,268	69,32	12,43,04	1,106	5·6
Jammu & Kashmir ..	989	3,07	4,21,70	310	0·7
Kerala ..	2,329	526,94	23,42,77	22,625	22·5
Madhya Pradesh	10,884	250,90	66,71,70	2,305	3·8
Tamil Nadu ..	10,618	288,76	46,35,55	2,720	6·2
Maharashtra ..	20,073	266,11	140,93,45	1,326	1·9
Mysore ..	8,915	202,91	39,49,48	2,276	5·1
Nagaland	28	—	1,92	—	—
Orissa	3,888	104,96	15,86,54	2,700	6·6
Punjab	10,604	903,19	35,74,04	8,517	25·3
Rajasthan	12,378	85,85	16,86,68	694	5·1
Uttar Pradesh	30,627	331,86	72,65,29	1,084	4·6
West Bengal ..	12,874	71,44	16,03,23	555	4·6
Andaman & Nicobar	35	2	2,19	57	0·9
Chandigarh	27	2,07	6,80	7,667	30·4
Delhi ..	292	15,79	1,32,01	5,408	12·0
Goa, Daman & Diu ..	176	38	31,96	216	1·2
Himachal Pradesh	2,584	232,11	5,11,81	8,983	45·4
Manipur	341	60	37,73	176	1·6
Pondicherry	88	54	40,75	61	1·3
Tripura	392	3,47	80,22	885	4·3
All-India	**1,78,735**	**39,09,30**	**625,20,19**	**2,187**	6·3

Source : Statistical Statements relating to co-operative movement in India, 1966-67.

STATEMENT 25—CENTRAL LAND DEVELOPMENT BANKS
LONG-TERM CREDIT — TARGETS AND ACHIEVEMENTS DURING THE THIRD FIVE-YEAR PLAN

(In crores of rupees)

States	Target for long-term credit (Loans outstanding)	Achievement (Loans outstanding as on June 30, 1966)	Loans outstanding as on June 30, 1967
Andhra Pradesh	23·31	28·32	36·54
Assam	1·60	0·18	0·19
Bihar ..	3·50	0·64	1·28
Gujarat	20·00	31·71	36·70
Haryana	—	—	1·66
Jammu & Kashmir ..	—	0·16	0·27
Kerala	3·00	3·09	3·98
Madhya Pradesh	5·00	4·47	5·71
Tamil Nadu	14·48	17·85	20·78
Maharashtra ..	50·00	46·06	56·26
Mysore	10·00	12·84	17·09
Orissa	2·00	2·72	3·61
Punjab	2·90	4·40	4·37
Rajasthan	8·05	0·91	1·71
Uttar Pradesh	5·00	8·13	14·82
West Bengal	1·50	1·44	1·86
Union Territories	0·20	0·36	0·54
Total	**150·54**	**163·26**	**207·37**

Source : Reserve Bank of India.

STATEMENT 26—MEMBERSHIP COVERAGE OF EMPLOYEES' CO-OPERATVIE CREDIT SOCIETIES IN THE COUNTRY—END-JUNE 1967

State/Union Territory	Total No. of Societies	Of which dormant	Active Societies (1) - (2)		No. of members of employees' co-operative credit societies	
			No.	Percentage	('000s)	Percentage to total
	1	2	3	4	5	6
Andhra Pradesh	789	219	570	*7·7*	149	*3·3*
Assam	213	72	141	*1·9*	21	*0·4*
Bihar	226	28	198	*2.7*	87	*1.9*
Gujarat	815	55	760	*10·3*	287	*6·3*
Haryana ..	61	3	58	*0·8*	81	*1·8*
Jammu and Kashmir	7	—	7	*0·1*	1	—
Kerala ..	199	25	174	*2·3*	74	*1·6*
Madhya Pradesh	349	150	199	*2·7*	89	*1·9*
Tamil Nadu	900	204	696	*9·4*	434	*9·6*
Maharashtra ..	1751	103	1648	*22·3*	1369	*30·2*
Mysore	638	98	540	*7·3*	353	*7·8*
Nagaland	—	—	—	—	—	—
Orissa	115	59	56	*0·8*	18	*0·4*
Punjab	941	624	317	*4·3*	55	*1·2*
Rajasthan	458	118	340	*4·6*	54	*1·2*
Uttar Pradesh	996	460	536	*7·3*	359	*7·9*
West Bengal ..	775	69	706	*9·5*	1024	*22·6*
Andaman & Nicobar	7	—	7	*0·1*	—*	—
Chandigarh	..	..	—	—	..	—
Delhi ..	312	9	303	*4·1*	78	*1·6*
Goa, Daman & Diu ..	15	—	15	*0·2*	2	—
Himachal Pradesh	82	5	77	*1·0*	7	*0·2*
Manipur	40	25	15	*0·2*	2	—
Pondicherry	10	—	10	*0·1*	1	—
Tripura ..	5	3	2	—	1	—
Total	**9704**	**2329**	**7375**	*100·0*	**4526**	*100·0*

* Less than 500.
Source : Reserve Bank of India.

STATEMENT 27—ESTIMATED PROPORTION OF MEMBERSHIP OF EMPLOYEES' CO-OPERATIVE CREDIT SOCIETIES TO TOTAL EMPLOYMENT

Zone/State	Employment (As on 31-12-1967) (In '000s)	No. of members of employees' credit societies as on 30-6-1967 (In '000s)	Percentage of column 2 to 1
	1	2	3
All-India ..	**16,272**	**4,523**	*27·8*
Northern Zone	**1,857**	**275**	*14·8*
Haryana	224	81	*36·2*
Punjab	419	55	*13·1*
Rajasthan	534	54	*10·1*
Chandigarh ..	28	..	—
Delhi	529	78	*14·7*
Himachal Pradesh	124	7	*5·6*
Central Zone	**2,716**	**448**	*16·5*
Uttar Pradesh ..	1,761	359	*20·4*
Madhya Pradesh	955	89	*9·3*
Eastern Zone	**4,661**	**1,153**	*24·7*
Assam ..	740	21	*2·8*
Bihar ..	1,209	87	*7·2*
Orissa ..	389	18	*4·6*
West Bengal	2,270	1,024	*45·1*
Manipur ..	21	2	*9·5*
Tripura ..	34	1	*2·9*
Western Zone	**3,252**	**1,656**	*50·9*
Gujarat ..	916	287	*31·3*
Maharashtra	2,336	1,369	*58·6*
Southern Zone	**3,785**	**1,011**	*26·7*
Andhra Pradesh ..	907	149	*16·4*
Kerala	692	74	*10·7*
Tamil Nadu ..	1,450	434	*29·9*
Mysore	707	353	*49·9*
Pondicherry ..	29	1	*3·4*

Source: (1) Reserve Bank of India.

(2) Directorate General of Employment and Training, Ministry of Labour, Employment and Rehabilitation—Employment Review—October-December 1967.

Notes: Scope and limitations regarding employment data : The data on employment are primarily based on employment market information collected from : (*i*) All establishments in the public sector and (*ii*) All non-agricultural establishments in the private sector employing 10 or more workers. One of the main exclusions is "defence forces".

(2) Jammu & Kashmir, and Goa, Daman and Diu are not included because the number of members of employees' Co-operative Credit Societies in respect of these was only 1,000 and 2,000 respectively.

STATEMENT 28—STATE-WISE DISTRIBUTION OF URBAN CO-OPERATIVE BANKS' ADVANCES TO INDUSTRIAL UNITS—END-JUNE 1966

(In lakhs of rupees)

Name of the State	No. of reporting banks	No. of financing banks	No. of units financed	Outstanding Advances			
				Short-term	Medium-term	Long-term	TOTAL
Assam	1	1	14	3·00	—	—	**3·00**
Gujarat	18	5	30	2·85	0·01	0·24	**3·10**
Maharashtra ..	31	9	369	103·77	7·12	—	**110·89**
Mysore	20	2	31	0·02	—	—	**0·02**
West Bengal ..	4	1	NF	NF	NF	NF	NF
Total ..	**74**	**18**	**444**	**109·64**	**7·13**	**0·24**	**117·01**

NF = Not furnished by Reporting Banks.
Source : Reserve Bank of India.

STATEMENT 29—IMPORTANT INDICATORS OF ECONOMIC AND BANKING DEVELOPMENT—MAHARASHTRA, GUJARAT, BIHAR AND ORISSA (Contd.)

State	Per Capita income at current prices (1964-65) (Rs.)	Per Capita Agricultural income (Rs.)	Per Capita Industrial income (Rs.)	Percentage of working force in manufacturing industry to total population (1961)	Total number of towns	No. of towns not having any commercial or co-operative bank (April 1969)
	1	2	3	4	5	6
Maharashtra ..	524	195 (*1963-64*)	79 (*1963-64*)	*5·1*	265	19 (*7·2*)
Gujarat	424	167 (*1962-63*)	73 (*1962-63*)	*4·0*	181	4 (*2·2*)
Bihar	279	133 (*1963-64*)	42 (*1963-64*)	*2·7*	153	48 (*31·4*)
Orissa ..	252 (*1962-63*)	162 (*1962-63*)	27 (*1962-63*)	*2·9*	62	12 (*19·4*)

Commercial Banks (End-December 1967)					All co-operative credit institutions		Agricultural Credit Societies (1966-67)	
No. of offices	Population per office (In thousands)	Per Capita deposit (Rs.)	Per Capita bank credit (Rs.)	Credit deposit ratio	Per capita deposit@ (end-June 1967) (Rs.)	Per capita credit† (end-June 1967) (Rs.)	Percentage of dormant societies	Percentage of villages covered by active societies
7	8	9	10	11	12	13	14	15
928	50	209	191	91·2	27	51	*2·0*	*98*
601	41	134	67	49·6	22	49	*6·5*	*92*
247	218	26	7	28·0	2	3	*7·9*	*88*
89	227	11	6	51·8	3	11	*26·4*	*69*

STATEMENT 29—(Concld.)

	Agricultural Credit Societies (1966-67)					
	Percentage of population covered by active societies	Percentage of borrowing members to total membership	Average loan issued per borrowing member (Rs.)	Percentage of loans upto Rs. 300/- (small loans)	Overdues as percentage of outstanding	Percentage of societies in curring loss or no profit to total No. of societies
	16	17	18	19	20	21
Maharashtra ..	*45*	*53*	497	*21*	*37·3*	*45·5*
Gujarat	*33*	*52*	748	*16*	*25·8*	*39·1*
Bihar	*17*	*36*	209	*60*	*35·3*	*25·4*
Orissa	*23*	*34*	271	*36*	*39·8*	*22·8*

Employees Credit Societies			Land Development Banks		Per Capita financial* assistane by I.D.B.I., I.F.C., I.C.I.C.I. and S.F.Cs. (June 1968) (Rs.
No. of Societies (June 1967)	Percentage of dormant societies to total (June 1967)	Percentage of employees who are members of societies (June 1967)	Loans issued during the year (1966-67) (Rs. lakhs)	Loans outstanding at the end of the year (June 1967) (Rs. lakhs)	
22	23	24	25	26	27
1751	*5·9*	*58·6*	14,02	5626	48
815	*6·7*	*31·3*	869	36,70	35
226	*12·4*	*7·2*	66	1,28	7
115	*51·3*	*4·6*	1,07	3,61	8

Note : Figures in brackets indicate percentages to total.

@ Deposit figures are the total of deposits from the public (members and non-members) held by the State Co-operative Banks, Central Co-operative Banks, agricultural and non-agricultural credit societies, Grain banks and Industrial co-operative banks.

* Covers loans, underwriting, guarantee, refinance (excluding S. F. Cs.) rediscount and direct subscription to shares and debentures.

† Relate to State and Central Co-operative Banks' loans to individuals, Central Land Mortgage Banks' loans to individuals and to total advances of industrial co-operatives, Primary agricultural and non-agricultural societies and Primary land mortgage banks.

Source : Reserve Bank of India.

STATEMENT 30—BRANCH EXPANSION PROGRAMME OF CO-OPERATIVE BANKS IN MAHARASHTRA

Name of the bank	No. of branches proposed to be opened during August 1967 to July 1969	No. of branches actually opened during August 1967 to July 1969
Ahmednagar District Central Co-operative Bank ..	23	8
Aurangabad District Central Co-operative Bank	11	10
Bhandara District Central Co-operative Bank	6	2
Bhir District Central Co-operative Bank	4	4
Buldana District Central Co-operative Bank	11	5
Dhulia District Central Co-operative Bank	6	1
Jalgaon District Central Co-operative Bank	2	2
Kolaba District Central Co-operative Bank	3	—
Kolhapur District Central Co-operative Bank	7	6
Nagpur District Central Co-operative Bank	4	2
Nanded District Central Co-operative Bank	3	2
Nasik District Central Co-operative Bank	5	2
Osmanabad District Central Co-operative Bank ..	15	12
Parbhani District Central Co-operative Bank	9	4
Poona District Central Co-operative Bank	10	3
Ratnagiri District Central Co-operative Bank	16	2
Sangli District Central Co-operative Bank	23	8
Satara District Central Co-operative Bank	12	5
Sholapur District Central Co-operative Bank	7	—
Thana District Central Co-operative Bank	19	2
Wardha District Central Co-operative Bank	2	—
Yeotmal District Central Co-operative Bank	19	3
Nagar District Urban Central Co-operative Bank Ltd. Ahmednagar	11	2
	228	**85**
Primary Co-operative Banks		
Abhyudaya Co-operative Bank Ltd., Bombay	1	1
Ajra Urban Co-operative Bank Ltd., Ajra, District Kolhapur	2	—
Greater Bombay Co-operative Bank Ltd., Bombay ..	1	1
Janata Sahakari Bank Ltd., Poona	10	—
Jintur Urban Co-operative Bank Ltd., Jintur	3	—
Kapole Co-operative Bank Ltd., Bombay	5	—
Khamgaon Urban Co-operative Bank Ltd., Khamgaon, District Buldhana	2	—
Kurudwadi Merchants' Urban Co-operative Bank Ltd.	1	—
Shri Mahalaxmi Co-operative Bank Ltd., Kolhapur ..	3	—
Malegaon Merchants' Co-operative Bank Ltd., District Nasik	2	—
Miraj Urban Co-operative Bank Ltd., District Sangli ..	1	—
Muslim National Co-operative Bank Ltd., Poona ..	1	—
Pandharpur Urban Co-operative Bank Ltd., Sholapur ..	7	—
Pen Urban Co-operative Bank Ltd., Pen, District Kolaba	1	—
Peoples' Co-operative Bank Ltd., Aurangabad	6	—
Saraswat Co-operative Bank Ltd.	4+2	—
Shri Sinnar Vyapari Sahakari Bank Ltd., District Nasik	1	—
Vita Merchants' Co-operative Bank Ltd., District Sangli	4	—
Urban Co-operative Bank Ltd., Sangli	4	—
Shree Warana Sahakari Bank Ltd., Warananagar, District Kolhapur	4	—
Ashta Peoples' Co-operative Bank Ltd., Ashta, District Sangli	1	—
	66	**2**

Source: Reserve Bank of India.

STATEMENT 31—NUMBER OF BRANCHES OF CENTRAL CO-OPERATIVE BANKS—MAHARASHTRA

Name of the bank	NUMBER OF BRANCHES AS ON			
	30-6-1966	30-6-1967	30-6-1968	Latest available
Amravati District Central Co-operative Bank ..	21	22	24	25
Akola —do—	27	27	27	28
Ahmednagar —do—	40	46	50	52
Aurangabad —do—	38	38	45	48
Bhandara —do—	15	15	17	17
Bhir —do—	22	22	23	26
Buldhana —do—	27	27	31	32
Chanda —do—	23	23	23 (one closed)	23
Dhulia —do—	32	33	33	34
Jalgaon —do—	48	50	52	52
Kolhapur —do—	28	28	32	34
Kolaba —do—	19	21	21	21
Nagar District Urban Central Co-operative Bank	13	13	15	15
Nagpur District Central Co-operative Bank	14	18	19	20
Nanded —do—	30	31	32	32
Nasik —do—	40	41	43	43
Osmanabad —do—	36	40	44	52
Poona —do—	36	34	35 (3 closed)	36
Parbhani —do—	19	23	26	27
Ratnagiri —do—	19	20	21	22
Sangli —do—	18	20	21	28
Satara —do—	22	22	24	27
Sholapur —do—	25	26	26	26
Sholapur. District Industrial Co-operative Bank	2	2	2	2
Thana District Central Co-operative Bank	20	22	23	24
Wardha —do—	10	10	10	10
Yeotmal —do—	14	14	17	17
TOTAL	659	688	736	773

Source: Reserve Bank of India.

STATEMENT 32—GROWTH OF DEPOSITS OF CENTRAL CO-OPERATIVE BANKS IN MAHARASHTRA

(Amount in lakhs of rupees)

Name of the Bank		DEPOSITS AS ON			
		30-6-1966	30-6-1967	30-6-1968	30-9-1968
Ahmednagar District Central Co-operative Bank ..		606·57	571·79	575·00	755·19
Kolhapur	—do—	542·05	505·95	795·84	723·23
Poona	—do—	676·70	630·96	664·40	686·52
Sangli	—do—	258·62	280·47	463·98	473·71
Satara	—do—	393·85	358·05	528·07	546·93
Sholapur	—do—	320·82	331·47	378·00	379·44
Dhulia	—do—	246·43	281·52	356·83	312·17
Jalgaon	—do—	524·86	554·35	709·02	681·78
Kolaba	—do—	158·88	154·48	175·13	152·60
Nasik	—do—	420·78	437·12	562·92	552·13
Ratnagiri	—do—	159·46	162·79	189·94	179·52
Thana	—do—	273·96	292·62	285·87	284·04
Aurangabad	—do—	234·68	271·01	372·47	329·56
Bhir	—do—	174·51	155·06	201·35	184·64
Nanded	—do—	297·77	307·18	320·11	280·46
Osmanabad	—do—	311·83	317·74	399·42	369·05
Parbhani	—do—	175·14	187·25	189·16	169·26
Akola	—do—	191·09	228·47	247·58	228·58
Amravati	—do—	232·66	252·29	188·76	192·20
Bhandhara	—do—	94·82	94·81	137·95	153·40
Buldhana	—do—	144·79	133·72	190·53	161·42
Chanda	—do—	142·20	166·48	160·29	146·21
Nagpur	—do—	146·24	165·75	210·00	191·87
Wardha	—do—	83·86	105·79	91·15	76·66
Yeotmal	—do—	206·49	331·40	307·36	310·99
GRAND TOTAL ..		7019·06	7278·52	8883·63	8519·56

Source: Reserve Bank of India.

STATEMENT 33—SCHEDULED COMMERCIAL BANKS' ADVANCES TO CO-OPERATIVE INSTITUTIONS—END MARCH 1967

(Amount in lakhs of rupees)

	Marketing Societies	Processing Societies	Industrial Co-operatives	Land Mortgage Banks@	Co-operative Financial Institutions	Others	**Total**
	1	2	3	4	5	6	7
(1) State Bank of India ..	42	—	5,30	1,41	15,41	2,14	**24,68**
	(20·3)		*(69·5)*	*(65·3)*	*(82·5)*	*(39·4)*	*(68·6)*
(2) Subsidiaries of State Bank ..	80	2	95	74	3,02	34	**5,87**
	(38·6)	*(100·0)*	*(12·4)*	*(34·2)*	*(16·2)*	*(6·3)*	*(16·3)*
(3) State Bank of India and its Subsidiaries (1 + 2)	1,22	2	6,25	2,15	18,43	2,48	**30,55**
	(58·9)	*(100·0)*	*(81·9)*	*(99·5)*	*(98·7)*	*(45·7)*	*(84·9)*
(4) Other Scheduled Commercial Banks	85	—	1,38	1	25	2,95	**5,44**
	(41·1)		*(18·1)*	*(0·5)*	*(1·3)*	*(54·3)*	*(15·1)*
(5) **Total—All Scheduled Commercial Banks** (3 + 4)	**2,07**	**2**	**7,63**	**2,16**	**18,68**	**5,43**	**35,99**
	(100·0)	*(100·0)*	*(100·0)*	*(100·0)*	*(100·0)*	*(100·0)*	*(100·0)*

Note : Figures in brackets relate to percentages to total.
Source : Purpose-wise Survey of Bank Advances (Reserve Bank of India Bulletin, January 1969).
@ Excluding subscription to debentures.

STATEMENT 34—SIZE-WISE CLASSIFICATION OF SCHEDULED COMMERCIAL BANKS' LOANS AND ADVANCES

(Outstanding as on March 31, 1967)

Accounts with outstanding amounts of	No. of Accounts		Amount (Rs. lakhs)		Amount per account
	Number	As percentage of total	Amount	As percentage of total	(Rs. '000s)
	1	2	3	4	5
Upto Rs. 10,000	8,55,445	*81·0*	100,44	*3·7*	1
Over Rs. 10,000 and upto Rs. 50,000	1,50,817	*14·3*	200,46	*7·3*	13
Over Rs. 50,000 and upto Rs. 1 lakh	19,654	*1·9*	129,71	*4·8*	66
Over Rs. 1 lakh and upto Rs. 5 lakhs ..	21,406	*2·0*	385,67	*14·2*	1,80
Over Rs. 5 lakhs and upto Rs. 10 lakhs ..	3,517	*0·3*	228,30	*8·4*	6,49
Over Rs. 10 lakhs and upto Rs. 50 lakhs ..	4,075	*0·4*	668,05	*24·6*	16,39
Over Rs. 50 lakhs and upto Rs. 1 crore ..	664	*0·1*	369,25	*13·6*	55,61
Over Rs. 1 crore	437	—	635,37	*23·4*	1,45,39
Total	**10,56,015**	*100·0*	**27,17,25**	*100·0*	**26**

Source: Reserve Bank of India Bulletin—December 1968.

STATEMENT 35—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS

(Population in '000s)

State/District	Estimated popula-tion mid-1967	No. of commer-cial bank offices (End-December 1967)	Average popula-tion per commer-cial bank office	No. of offices of co-operative banks (End-June 1967)	Average popula-tion per co-opera-tive bank office	Average population served by commer-cial bank/co-opera-tive bank
	1	2	3	4	5	6
ANDHRA PRADESH						
1. Adilabad ..	11,40	7	1,63	5	2,28	95
2. Anantapur ..	19,95	28	71	6	3,33	59
3. Chittoor	21,58	21	1,03	12	1,80	65
4. Cuddapah ..	15,06	17	89	3	5,02	75
5. East Godavari ..	29,31	42	70	10	2,93	56
6. Guntur	34,20	51	67	15	2,28	52
7. Hyderabad ..	23,20	76	31	9	2,58	27
8. Karimnagar ..	18,32	7	2,62	7	2,62	1,31
9. Khammam ..	11,81	9	1,31	5	2,36	84
10. Krishna	23,61	43	55	14	1,69	41
11. Kurnool	21,58	31	70	6	3,60	58
12. Medak	13,84	5	2,77	3	4,61	1,73
13. Mehbubnagar ..	17,92	10	1,79	2	8,96	1,49
14. Nalgonda ..	17,92	8	2,24	4	4,48	1,49
15. Nellore	23,20	17	1,36	3	7,73	1,16
16. Nizamabad ..	11,80	10	1,18	4	2,95	84
17. Srikakulam ..	26,46	19	1,39	12	2,21	85
18. Visakhapatnam ..	26,05	35	74	11	2,37	57
19. Warangal ..	17,51	10	1,75	4	4,38	1,25
20. West Godavari ..	22,39	40	56	8	2,80	47
TOTAL.. ..	**4,07,10**	**487**	**84**	**143 (13,654)**	**2,85 (3)**	**65 (3)**
ASSAM						
1. Cachar	16,58	7	2,37	7	2,37	1,18
2. Darrang	15,58	7	2,23	7	2,23	1,11
3. Garo Hills	3,72	1	3,72	1	3,72	1,86
4. Goalpara	18,58	5	3,72	6	3,10	1,09
5. Kamrup	24,86	20	1,24	9	2,76	86
6. Lakhimpur	18,86	13	1,45	5	3,77	1,05
7. Mizo Hills	3,14	—	—	1	3,14	3,14
8. Nowgong	14,58	7	2,08	3	4,86	1,46
9. Sibsagar	18,15	9	2,02	6	3,03	1,21
10. United Khasi and Jaintia Hills	5,57	4	1,39	3	1,86	80
11. United Mikir and North Cachar Hills	3,29	1	3,29	—	—	3,29
TOTAL ..	**1,42,90**	**72**	**1,99**	**48 (1,394)**	**2,98 (10)**	**1,19 (10)**

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—(*Contd.*)

(Population in '000s)

State/District	Estimated population mid-1967	No. of commercial bank offices (End-December 1967)	Average population per commercial bank office	No. of offices of co-operative banks (End-June 1967)	Average population per co-operative bank office	Average population served by commercial bank/co-operative bank
	1	2	3	4	5	6
BIHAR						
1. Bhagalpur	19,36	12	1,61	1	19,33	1,49
2. Champaran	34,95	11	3,18	2	17,48	2,69
3. Darbhanga	51,08	16	3,19	4	12,77	2,55
4. Dhanbad	13,44	23	58	1	13,44	56
5. Gaya	42,48	13	3,27	4	10,62	2,50
6. Hazaribagh	27,96	16	1,75	3	9,32	1,47
7. Monghyr	39,25	20	1,96	4	9,81	1,64
8. Muzaffarpur	47,80	10	4,79	3	15,95	3,68
9. Palamau	13,98	5	2,80	1	13,98	2,33
10. Patna	33,88	32	1,06	8	4,24	85
11. Purnea	35,49	12	2,96	4	8,87	2,22
12. Ranchi	24,73	19	1,30	4	6,18	1,08
13. Saharsa	19,89	5	8,98	3	6,63	2,49
14. Santhal Parganas ..	31,19	9	3,47	5	6,24	2,23
15. Saran	41,40	9	4,60	3	13,80	3,45
16. Shahabad	37,10	16	2,32	6	6,18	1,69
17. Singhbhum	23,66	20	1,18	3	7,89	1,03
TOTAL ..	**5,37,70**	**247**	**2,18**	**59 (15,450)**	**9,11 (3)**	**1,76 (3)**
GUJARAT						
1. Ahmedabad ..	26,22	124	21	37	71	16
2. Amreli	8,09	21	39	19	43	20
3. Banaskantha ..	11,76	11	1,07	22	54	36
4. Baroda	18,13	52	35	32	57	22
5. Bhavnagar ..	13,23	32	41	26	51	23
6. Broach	10,54	12	88	18	59	35
7. Dangs	74	—	—	2	37	37
8. Gandhinagar ..	..	1	—	—	—	—
9. Jamnagar ..	9,80	27	36	12	82	25
10. Junagadh ..	14,70	40	37	21	70	24
11. Kaira	23,52	59	40	35	67	25
12. Kutch	8,33	19	44	11	76	28
13. Mehsana	20,09	39	52	27	74	30
14. Panchmahals ..	17,40	12	1,45	31	56	40
15. Rajkot	14,46	43	34	19	76	23
16. Sabarkantha ..	11,03	10	1,10	21	53	36
17. Surat and Bulsar	29,16	70	42	40	73	27
18. Surendranagar ..	7,84	21	37	12	65	24
TOTAL ..	**2,45,00**	**593**	**41**	**385 (9,555)**	**64 (3)**	**25 (2)**

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—(*Contd.*)

(Population in '000s)

State/District	Estimated population mid-1967	No. of commercial bank offices (End-December 1967)	Average population per commercial bank office	No. of offices of co-operative banks (End-June 1967)	Average population per co-operative bank office	Average population served by commercial bank/co-operative bank
	1	2	3	4	5	6
JAMMU & KASHMIR						
1. Anantnag ..	7,16	3	2,39	8	90	65
2. Baramulla ..	6,57	2	3,29	6	1,10	82
3. Doda	2,92	2	1,46	4	73	49
4. Jammu	5,64	9	63	4	1,41	43
5. Kathua	2,26	3	75	3	75	38
6. Ladakh	97	—	—	1	97	97
7. Poonch Rajouri	3,58	—	—	3	1,19	1,19
8. Srinagar ..	7,00	11	64	3	2,33	50
9. Udhampur ..	2,80	1	2,80	3	93	70
TOTAL	**38,90**	**31**	**1,26**	**35 (902)**	**1,11 (4)**	**59 (4)**
KERALA						
1. Alleppey ..	21,18	44	48	6	3,53	42
2. Cannanore	20,78	43	48	8	2,60	41
3. Ernakulam	21,77	130	17	6	3,63	16
4. Kottayam	20,38	45	45	9	2,26	38
5. Kozhikode	30,68	45	68	12	2,56	54
6. Palghat ..	20,78	50	42	11	1,89	34
7. Quilon ..	22,76	33	69	9	2,53	54
8. Trichur ..	19,20	106	18	8	2,40	17
9. Trivandrum	20,38	46	44	7	2,91	38
TOTAL	**1,97,90**	**542**	**37**	**76 (2,313)**	**2,60 (9)**	**32 (7)**
MADHYA PRADESH						
1. Balaghat	9,47	3	3,16	10	95	73
2. Bastar ..	13,03	4	3,41	16	85	68
3. Betul ..	6,44	4	1,61	8	81	54
4. Bhind ..	7,57	3	2,52	13	58	47
5. Bilaspur	23,85	10	2,39	30	80	60
6. Chhatarpur	6,81	3	2,27	11	62	49
7. Chhindwara	9,09	6	1,52	10	91	57
8. Damoh ..	5,30	2	2,65	7	76	59
9. Datia ..	2,27	2	1,14	3	76	45
10. Dewas ..	5,30	4	1,33	9	59	41
11. Dhar ..	7,57	3	2,52	13	58	47
12. Durg ..	22,34	20	1,12	26	86	49
13. (East) Nimar	7,95	8	99	10	80	44
14. Guna ..	6,81	5	1,36	12	57	40
15. Gwalior ..	7,57	13	58	9	84	34
16. Hoshangabad	7,19	9	80	13	55	33
17. Indore ..	8,71	30	29	19	46	18

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—(*Contd.*)

(Population in '000s)

State/District	Estimated population mid-1967	No. of commercial bank offices (End-December 1967)	Average population per commercial bank office	No. of offices of co-operative banks (End-June 1967)	Average population per co-operative bank office	Average population served by commercial bank/co-operative bank
	1	2	3	4	5	6
MADHYA PRADESH—Contd.						
18. Jabalpur	15,14	19	80	20	76	39
19. Jhabua	6,06	2	3,03	10	61	51
20. Mandla	7,95	4	1,99	10	80	57
21. Mandsaur ..	8,71	9	97	25	35	26
22. Morena	9,09	5	1,82	15	61	45
23. Narsinghpur ..	4,92	4	1,23	4	1,23	62
24. Panna	3,79	2	1,90	8	47	38
25. Raigarh	12,12	6	2,02	11	1,10	71
26. Raipur	23,47	15	1,56	20	1,17	67
27. Raisen	4,92	3	1,64	9	55	41
28. Rajgarh	6,06	2	3,03	10	61	51
29. Ratlam	5,68	8	71	9	63	33
30. Rewa	9,09	5	1,82	9	1,01	65
31. Sagar	9,47	7	1,35	13	73	47
32. Satna	7,95	4	1,99	10	80	57
33. Sehore	8,71	20	44	12	73	27
34. Shahdol	9,84	4	2,46	11	89	66
35. Shajapur	6,06	2	3,03	23	26	24
36. Seoni	6,06	2	3,03	9	67	55
37. Shivpuri ..	6,44	2	3,22	12	54	46
38. Sidhi	6,81	1	6,81	7	97	85
39. Surguja	12,12	4	3,03	16	76	61
40. Tikamgarh ..	5,30	2	2,65	7	76	59
41. Ujjain	7,57	17	45	11	69	27
42. Vidisha (Bhilsa)	5,68	4	1,42	8	71	47
43. (West) Nimar ..	11,74	8	1,47	21	56	40
TOTAL ..	**3,78,60**	**290**	**1,31**	**539** (**11,495**)	**70** (**3**)	**46** (**3**)
TAMIL NADU						
1. Chingleput	24,39	32	76	10	2,44	58
2. Coimbatore	39,77	112	36	15	2,65	31
3. Dharmapuri@	..	..	..	..	..	..
4. Kanyakumari	11,26	20	56	6	1,88	43
5. Madras Corporation ..	19,14	166	12	21	91	10
6. Madurai	36,02	97	37	28	1,29	29
7. Nilgiris	4,50	14	32	3	1,50	26
8. North Arcot	34,89	43	81	23	1,52	53
9. Ramanathapuram ..	27,01	69	39	17	1,59	31
10. Salem	41,65	71	59	20	2,08	46
11. South Arcot	33,77	49	69	13	2,60	54
12. Thanjavur	36,02	108	33	22	1,64	28
13. Tiruchirapalli	35,64	109	33	20	1,78	28
14. Tirunelveli	30,39	79	38	19	1,60	31
TOTAL ..	**3,75,20**	**967**	**39**	**217** (**8,553**)	**1,73** (**4**)	**32** (**4**)

@Data are not available separately ; included in Salem.

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—*Contd.*)

(Population in '000s)

State/District	Estimated popula-tion mid-1967	No. of commer-cial bank offices (End-December 1967)	Average popula-tion per commer-cial bank office	No. of offices of co-operative banks (End-June 1967)	Average popula-tion per co-opera-tive bank office	Average population served by commer-cial bank/co-opera-tive bank
	1	2	3	4	5	6
MAHARASHTRA ..						
1. Ahmednagar ..	21,38	18	1,19	57	38	29
2. Akola	13,94	15	93	43	32	24
3. Amravati	14,41	15	96	24	60	37
4. Aurangabad ..	18,13	16	1,13	48	38	28
5. Bhandara ..	14,87	9	1,65	19	78	53
6. Bhir	11,62	8	1,45	26	45	34
7. Buldhana ..	12,55	12	1,05	25	50	34
8. Chanda	14,41	8	1,80	22	66	48
9. Dhulia	15,80	12	1,32	40	40	30
10. Greater Bombay ..	48,80	371	13	93	52	11
11. Jalgaon	20,92	20	1,05	62	34	26
12. Kolaba	12,55	18	70	26	48	29
13. Kolhapur ..	18,59	36	52	59	32	20
14. Nagpur	17,66	33	54	26	68	30
15. Nanded	12,55	9	1,39	33	38	30
16. Nasik	22,31	32	70	72	31	21
17. Osmanabad ..	17,20	10	1,72	42	41	33
18. Parbhani ..	13,94	9	1,55	28	50	38
19. Poona	28,82	90	32	65	44	19
20. Ratnagiri	21,38	25	86	35	61	36
21. Sangli	14,41	31	46	42	34	20
22. Satara	16,73	27	62	33	51	28
23. Sholapur ..	21,85	40	55	43	51	26
24. Thana	19,52	51	38	30	65	24
25. Wardha ..	7,44	9	83	11	68	37
26. Yeotmal	13,01	12	1,08	19	68	42
TOTAL ..	**4,64,80**	**936**	**50**	**1,023** (**22,911**)	**45** (**2**)	**24** (**2**)
MYSORE						
1. Bangalore	29,23	115	25	32	91	20
2. Belgaum	22,95	51	45	69	33	19
3. Bellary ..	10,65	18	59	16	67	31
4. Bidar ..	7,65	6	1,28	11	70	45
5. Bijapur ..	19,12	39	49	39	49	25
6. Chikmagalur	6,83	25	27	6	1,14	22
7. Chitradurga	12,57	18	70	15	84	38
8. Coorg ..	3,82	14	27	5	76	20
9. Dharwar ..	22,68	54	42	83	27	17
10. Gulbarga ..	16,12	14	1,15	13	1,24	60
11. Hassan ..	10,38	16	65	12	87	37
12. Kolar ..	15,03	17	88	16	94	46
13. Mandya ..	10,38	13	80	12	87	42
14. Mysore ..	19,40	36	54	20	97	35

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—(*Contd.*)

(Population in '000s)

State/District	Estimated population mid-1967	No. of commercial bank offices (End-December 1967)	Average population per commercial bank office	No. of offices of co-operative banks (End-June 1967)	Average population per co-operative bank office	Average population served by commercial bank/co-operative bank
	1	2	3	4	5	6
MYSORE—Contd.						
15. North Kanara	7,92	27	29	19	42	17
16. Raichur	12,84	15	86	14	92	44
17. Shimoga	11,75	28	42	19	62	25
18. South Kanara	18,03	111	16	10	1,80	15
19. Tumkur	15,85	17	93	15	1,06	50
TOTAL	**2,73,20**	**633**	**43**	**426** (**9,189**)	**64** (**3**)	**26** (**3**)
ORISSA						
1. Balasore	16,36	3	5,45	3	5,45	2,73
2. Baudh-Khondmals	5,86	1	5,86	2	2,93	1,95
3. Bolangir	12,32	4	3,08	4	3,08	1,54
4. Cuttack	35,15	19	1,85	10	3,52	1,21
5. Dhenkanal ..	11,92	5	2,38	4	2,98	1,32
6. Ganjam	21,61	10	2,16	9	2,40	1,14
7. Kalahandi ..	11,72	3	3,91	2	5,86	2,34
8. Keonjhar ..	8,48	3	2,83	2	4,24	1,70
9. Koraput ..	17,17	6	2,86	5	3,43	1,56
10. Mayurbhanj ..	13,94	3	4,65	5	2,79	1,74
11. Puri	21,41	8	2,68	9	2,38	1,26
12. Sambalpur ..	17,37	8	2,17	4	4,34	1,45
13. Sundargarh ..	8,69	16	54	2	4,35	48
TOTAL	**2,02,00**	**89**	**2,27**	**61** (**2,995**)	**3,31** (**7**)	**1,35** (**7**)
PUNJAB ..						
1. Amritsar	17,97	40	45	11	1,63	35
2. Bhatinda	12,43	23	54	5	2,49	44
3. Ferozepore ..	19,05	28	68	12	1,59	48
4. Gurdaspur ..	11,62	20	58	13	89	35
5. Hoshiarpur ..	14,46	19	76	14	1,03	44
6. Jullundur ..	14,46	46	31	14	1,03	24
7. Kapurthala ..	4,05	7	58	3	1,35	41
8. Ludhiana ..	12,02	41	29	8	1,50	25
9. Patiala	12,29	24	51	8	1,54	38
10. Rupar	..	11	..	8	..	..
11. Sangrur	16,75	14	1,20	8	2,09	76
TOTAL	**1,35,10**	**273**	**50**	**104** (**11,570**)	**1,30** (**1**)	**36** (**1**)

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—(Contd.)

(Population in '000s)

State/District	Estimated popula-tion mid-1967	No. of commer-cial bank offices (End-December 1967)	Average popula-tion per commer-cial bank office	No. of offices of co-operative banks (End-June 1967)	Average popula-tion per co-opera-tive bank office	Average population served by commer-cial bank/co-opera-tive bank
	1	2	3	4	5	6
HARYANA						
1. Ambala	16,58	26	64	5	3,32	53
2. Gurgaon	15,01	20	75	9	1,67	52
3. Hissar	18,60	24	78	10	1,86	55
4. Jind	..	7	..	3	—	—
5. Karnal	18,05	25	72	6	3,01	58
6. Mohindergarh ..	6,63	4	1,66	3	2,21	95
7. Rohtak	17,22	21	82	5	3,44	66
TOTAL	**92,10**	**125**	**74**	**41** (**6,303**)	**2,25** (**1**)	**55** (**1**)
RAJASTHAN						
1. Ajmer	11,60	19	61	9	1,29	41
2. Alwar	13,05	10	1,31	4	3,26	93
3. Banswara	5,80	3	1,93	4	1,45	83
4. Barmer	7,73	2	3,87	1	7,73	2,58
5. Bharatpur.. ..	13,77	17	81	5	2,75	63
6. Bhilwara	10,39	8	1,30	6	1,73	74
7. Bikaner	5,32	9	59	1	5,32	53
8. Bundi	4,11	3	1,37	4	1,03	59
9. Chittorgarh ..	8,46	9	94	5	1,69	60
10. Churu	7,97	9	89	2	3,99	72
11. Dungarpur ..	4,83	2	2,42	3	1,61	97
12. Ganganagar ..	12,32	22	56	4	3,08	47
13. Jaipur	22,95	47	49	10	2,30	40
14. Jaisalmer ..	1,69	2	85	1	1,69	56
15. Jalore	6,52	4	1,63	2	3,26	1,09
16. Jhalawar	5,80	8	73	7	83	39
17. Jhunjhunu ..	8,70	8	1,09	1	8,70	97
18. Jodhpur	10,63	17	63	3	3,54	53
19. Kota	10,15	25	41	11	92	28
20. Nagaur	11,11	11	1,01	4	2,78	74
21. Pali	9,66	12	81	6	1,61	54
22. Sawai-Madhopur	11,36	7	1,62	4	2,84	1,03
23. Sikar	9,91	7	1,42	4	2,48	90
24. Sirohi	4,11	9	46	2	2,06	37
25. Tonk	6,04	5	1,21	7	86	50
26. Udaipur ..	17,64	15	1,18	5	3,53	88
TOTAL ..	**2,41,60**	**292**	**83**	**115** (**8,891**)	**2,10** (**3**)	**59** (**3**)

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS —(*Contd.*)

(Population in '000s)

State/District	Estimated population mid-1967	No. of commercial bank offices (End-December 1967)	Average population per commercial bank office	No. of offices of co-operative banks (End-June 1967)	Average population per co-operative bank office	Average population served by commercial bank/co-operative bank
	1	2	3	4	5	6
UTTAR PRADESH						
1. Agra	21,23	26	82	6	3,54	66
2. Aligarh	20,38	14	1,46	4	5,10	1,13
3. Allahabad	28,03	21	1,33	3	9,34	1,17
4. Almora	7,64	4	1,91	1	7,64	1,53
5. Azamgarh	28,03	7	4,00	5	5,61	2,34
6. Bahraich	16,99	5	3,40	3	5,67	2,12
7. Ballia	15,29	6	2,55	4	3,82	1,53
8. Banda	11,04	5	2,21	4	2,76	1,23
9. Barabanki	16,15	5	3,23	2	8,08	2,31
10. Bareilly	16,99	17	1,00	2	8,50	89
11. Basti	30,57	7	4,37	3	10,19	3,06
12. Bijnor	13,59	13	1,05	7	1,94	68
13. Budaun	16,14	11	1,47	6	2,69	95
14. Bulandshahr	19,53	15	1,30	1	19,53	1,22
15. Chamoli	2,55	—	—	2	1,28	1,28
16. Dehra Dun	5,09	24	21	3	1,70	19
17. Deoria	27,18	9	3,02	8	3,40	1,60
18. Etah	15,29	8	1,91	4	3,82	1,27
19. Etawah	13,59	10	1,36	4	3,40	97
20. Faizabad	18,68	8	2,34	4	4,67	1,56
21. Farrukhabad	15,29	13	1,18	4	3,82	90
22. Fatehpur	12,74	6	2,12	4	3,19	1,27
23. Garhwal	5,09	4	1,27	5	1,02	57
24. Ghazipur	15,29	4	3,82	5	3,06	1,70
25. Gonda	23,78	10	2,38	4	5,95	1,70
26. Gorakhpur	29,73	14	2,12	5	5,95	1,56
27. Hamirpur	9,34	4	2,34	5	1,87	1,04
28. Hardoi	17,84	7	2,55	4	4,46	1,62
29. Jalaun	7,64	5	1,53	2	3,82	1,09
30. Jaunpur	19,53	7	2,79	7	2,79	1,39
31. Jhansi	12,74	11	1,16	3	4,25	91
32. Kanpur	27,18	52	52	5	5,44	48
33. Kheri	14,44	5	2,89	4	3,61	1,60
34. Lucknow	15,29	25	61	6	2,55	49
35. Mainpuri	13,59	8	1,70	3	4,53	1,24
36. Mathura	12,74	13	98	2	6,37	85
37. Meerut	31,42	44	71	6	5,24	63
38. Mirzapur	14,44	12	1,20	5	2,89	85
39. Moradabad	22,93	25	92	7	3,28	72
40. Muzaffarnagar	16,99	15	1,13	5	3,40	85
41. Nainital	6,79	20	34	5	1,36	27
42. Pilibhit	6,79	7	97	2	3,40	75
43. Pithoragarh	3,40	2	1,70	3	1,13	68
44. Pratapgarh	14,44	5	2,89	2	7,22	2,06
45. Rae Bareli	15,29	2	7,65	4	3,82	2,55
46. Rampur	7,64	7	1,09	2	3,82	85
47. Saharanpur	17,83	26	69	4	4,46	59

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—(*Contd.*)

(Population in '000s)

State/District	Estimated popula-tion mid-1967	No. of commer-cial bank offices (End-December 1967)	Average popula-tion per commer-cial bank office	No. of offices of co-operative banks (End-June 1967)	Average popula-tion per co-opera-tive bank office	Average population served by commer-cial bank/co-opera-tive bank
	1	2	3	4	5	6
UTTAR PRADESH—(*Contd.*)						
48. Sahjahanpur	12,74	8	1,59	2	6,37	1,27
49. Sitapur	18,68	8	2,34	4	4,67	1,56
50. Sultanpur	16,14	2	8,07	4	4,04	2,69
51. Tehrigarhwal	4,25	2	2,13	2	2,13	1,06
52. Unnao	14,44	3	4,81	5	2,89	1,81
53. Uttar Kashi	1,70	..	..	—	..	..
54. Varanasi	27,18	30	91	6	4,53	76
TOTAL	**8,49,30**	**625**	**1,36**	**212** **(29,301)**	**4,01** **(3)**	**1,02** **(3)**
WEST BENGAL						
1. Bankura	19,89	4	4,97	4	4,97	2,49
2. Birbhum	16,99	6	2,83	5	3,40	1,54
3. Burdwan	36,46	37	99	6	6,08	85
4. Calcutta	34,80	231	15	5	6,96	15
5. Cooch Behar	12,01	5	2,40	3	4,00	1,50
6. Darjeeling	7,46	10	75	3	2,49	57
7. Hooghly	26,51	20	1,33	8	3,31	95
8. Howrah	24,03	22	1,09	5	4,81	89
9. Jalpaiguri	16,16	9	1,80	1	16,16	1,62
10. Malda	14,50	3	4,83	3	4,83	2,42
11. Midnapur	51,37	14	3,67	17	3,02	1,66
12. Murshidabad	27,34	6	4,56	4	6,84	2,73
13. Nadia	20,30	10	2,03	7	2,90	1,19
14. Purulia	16,16	4	4,04	1	16,16	3,23
15. 24 Parganas	74,57	33	2,26	13	5,74	1,62
16. West Dinajpur	15,74	5	3,15	3	5,25	1,97
TOTAL	**4,14,30**	**419**	**99**	**88** **(9,599)**	**4,71** **(4)**	**82** **(4)**
NAGALAND						
1. Kohima	1,21	2	61	1	1,21	40
2. Mokokchung	1,40	—	—	—	—	—
3. Tuensang	1,49	—	—	—	—	—
TOTAL	**4,10**	**2**	**2,05**	**1** **(28)**	**4,10** **(15)**	**1,37** **(14)**
UNION TERRITORIES						
Delhi	36,54	247	15	18 (760)	2,03 (5)	14 (4)

STATEMENT 35.—POPULATION SERVED BY OFFICES OF COMMERCIAL AND CO-OPERATIVE BANKS — DISTRICT-WISE ANALYSIS—(*Concld.*)

(Population in '000s)

State/District	Estimated population mid-1967	No. of commercial bank offices (End-December 1967)	Average population per commercial bank office	No. of offices of co-operative banks (End-June 1967)	Average population per co-operative bank office	Average population served by commercial bank/co-operative bank
	1	2	3	4	5	6
HIMACHAL PRADESH						
1. Bilaspur	2,07	1	2,07	2	1,04	69
2. Chamba	2,77	3	92	4	69	39
3. Kangra	13,93	10	1,39	11	1,27	66
4. Kinnaur	53	—	—	1	53	53
5. Kulu	..	2	..	2	..	..
6. Lahaul and Spiti ..	27	—	—	1	27	27
7. Mahasu	4,71	7	67	8	59	31
8. Mandi	5,04	3	1,68	6	84	56
9. Simla	1,47	6	25	3	49	16
10. Sirmur	2,61	3	87	5	52	33
TOTAL	**33,40**	**35**	**95**	**43** **(2,613)**	**78** **(1)**	**43** **(1)**
Laccadive, Minicoy and Amindivi Islands	..	—	—	—	—	—
Tripura	13,81	5	2,76	4 **(303)**	3,45 **(5)**	1,53 **(4)**
Dadra and Nagar Haveli ..	..	—	—	—	—	—
Goa, Daman and Diu ..	6,68	44	15	14 **(207)**	48 **(3)**	12 **(3)**
North East Frontier Agency	..	—	—	—	—	—
Pondicherry	4,21	10	42	3 **(103)**	1,40 **(4)**	32 **(4)**
Chandigarh	1,45	18	8	4 **(65)**	36 **(2)**	7 **(2)**
Andaman and Nicobar	82	1	82	1 **(40)**	82 **(2)**	41 **(2)**
Manipur	9,92	2	4,97	2 **(238)**	4,97 **(4)**	2,49 **(4)**
ALL-INDIA ..	**51,13,00**	**6,985**	**73**	**3,664** **(1,68,432)**	**1,40** **(3)**	**48** **(3)**

Source : Statistical Tables relating to Banks in India, 1967.

Notes : (1) District population figures have been estimated by applying the ratio of district population to State population in 1961, to the estimated mid-1967 State population.

(2) Co-operative bank offices (col. 4) include offices of State Co-operative banks, Central Co-operative banks, Urban Co-operative banks, Industrial Co-operative banks, and Land Mortgage banks.

(3) Total number of districts in the Indian Union are 336.

(4) There was no commercial bank office in 13 districts.

(5) In 6 districts there were neither commercial nor co-operative bank offices.

(6) District-wise details may not add up to State totals due to rounding off, adjustments, etc.

(7) Figures in brackets under columns 4, 5 and 6 indicate the position including active primary agricultural and non-agricultural credit societies.

STATEMENT 36—AVERAGE POPULATION PER OFFICE OF COMMERCIAL BANKS—DISTRICT-WISE DATA ARRANGED IN ASCENDING ORDER OF POPULATION SERVED—1967

(Population in '000s)

Sr. No	District	Population per office	Sr. No	District	Population per office
1.	Chandigarh	8	59.	Kanpur (U.P.)	52
2.	Madras Corporation (Tamil Nadu)	12	60.	Mehsana (Gujarat)	52
3.	Greater Bombay (Maharashtra)	13	61.	Kolhapur (Maharashtra)	52
4.	Calcutta (West Bengal)	15	62.	Bhatinda (Punjab)	54
5.	Goa, Daman & Diu	15	63.	Nagpur (Maharashtra)	54
6.	Delhi	15	64.	Mysore (Mysore)	54
7.	South Kanara (Mysore)	16	65.	Sundargarh (Orissa)	54
8.	Ernakulam (Kerala)	17	66.	Krishna (Andhra Pradesh)	55
9.	Trichur (Kerala)	18	67.	Sholapur (Maharashtra)	55
10.	Ahmedabad (Gujarat)	21	68.	Ganganagar (Rajasthan)	56
11.	Dehra Dun (Uttar Pradesh)	21	69.	West Godavari (Andhra Pradesh)	56
12.	Simla (Himachal Pradesh)	25	70.	Kanya Kumari (Tamil Nadu)	56
13.	Bangalore (Mysore)	25	71.	Gurdaspur (Punjab)	58
14.	Coorg (Mysore)	27	72.	Kapurthala (Punjab)	58
15.	Chickmagalur (Mysore)	27	73.	Dhanbad (Bihar)	58
16.	North Kanara (Mysore)	29	74.	Gwalior (Madhya Pradesh)	58
17.	Indore (Madhya Pradesh)	29	75.	Bikaner (Rajasthan)	59
18.	Ludhiana (Punjab)	29	76.	Salem (Tamil Nadu)	59
19.	Jullundur (Punjab)	31	77.	Bellary (Mysore)	59
20.	Hyderabad (Andhra Pradesh)	31	78.	Ajmer (Rajasthan)	61
21.	Nilgiris (Tamil Nadu)	32	79.	Lucknow (Uttar Pradesh)	61
22.	Poona (Maharashtra)	32	80.	Kohima (Nagaland)	61
23.	Tiruchirapalli (Tamil Nadu)	33	81.	Satara (Maharashtra)	62
24.	Tanjore (Tamil Nadu)	33	82.	Jammu (Jammu & Kashmir)	63
25.	Nainital (Uttar Pradesh)	34	83.	Jodhpur (Rajasthan)	63
26.	Rajkot (Gujarat)	34	84.	Srinagar (Jammu & Kashmir)	64
27.	Baroda (Gujarat)	35	85.	Ambala (Haryana)	64
28.	Jamnagar (Gujarat)	36	86.	Hassan (Mysore)	65
29.	Coimbatore (Tamil Nadu)	36	87.	Mahasu (Himachal Pradesh)	67
30.	Madurai (Tamil Nadu)	37	88.	Guntur (Andhra Pradesh)	67
31.	Surendranagar (Gujarat)	37	89.	Ferozepur (Punjab)	68
32.	Junagadh (Gujarat)	37	90.	Kozhikode (Kerala)	68
33.	Tirunelveli (Tamil Nadu)	38	91.	Saharanpur (Uttar Pradesh)	69
34.	Thana (Maharashtra)	38	92.	Quilon (Kerala)	69
35.	Ramanathapuram (Tamil Nadu)	39	93.	South Arcot (Tamil Nadu)	69
36.	Amreli (Gujarat)	39	94.	East Godavari (A.P.)	70
37.	Kaira (Gujarat)	40	95.	Kurnool (Andhra Pradesh)	70
38.	Kota (Rajasthan)	41	96.	Kolaba (Maharashtra)	70
39.	Bhavnagar (Gujarat)	41	97.	Nasik (Maharashtra)	70
40.	Pondicherry	42	98.	Chitradurga (Mysore)	70
41.	Surat and Bulsar (Gujarat)	42	99.	Meerut (Uttar Pradesh)	71
42.	Shimoga (Mysore)	42	100.	Anantapur (Andhra Pradesh)	71
43.	Dharwar (Mysore)	42	101.	Ratlam (Madhya Pradesh)	71
44.	Palghat (Kerala)	42	102.	Karnal (Haryana)	72
45.	Kutch (Gujarat)	44	103.	Jhalawar (Rajasthan)	73
46.	Trivandrum (Kerala)	44	104.	Visakhapatnam (A. P.)	74
47.	Sehore (Madhya Pradesh)	44	105.	Kathuwa (Jammu & Kashmir)	75
48.	Ujjain (Madhya Pradesh)	45	106.	Gurgaon (Haryana)	75
49.	Amritsar (Punjab)	45	107.	Darjeeling (West Bengal)	75
50.	Belgaum (Mysore)	45	108.	Hoshiarpur (Punjab)	76
51.	Kottayam (Kerala)	45	109.	Chingleput (Tamil Nadu)	76
52.	Sirohi (Rajasthan)	46	110.	Hissar (Haryana)	78
53.	Sangli (Maharashtra)	46	111.	Hoshangabad (Madhya Pradesh)	80
54.	Alleppey (Kerala)	48	112.	Jabalpur (Madhya Pradesh)	80
55.	Cannanore (Kerala)	48	113.	Mandya (Mysore)	80
56.	Bijapur (Mysore)	49	114.	North Arcot (Tamil Nadu)	81
57.	Jaipur (Rajasthan)	49	115.	Pali (Rajasthan)	81
58.	Patiala (Punjab)	51	116.	Bharatpur (Rajasthan)	81

STATEMENT 36.—AVERAGE POPULATION PER OFFICE OF COMMERCIAL BANKS—DISTRICT-WISE DATA ARRANGED IN ASCENDING ORDER OF POPULATION SERVED—1967—(contd.)

(Population in '000)

Sr. No	District	Population per office	Sr. No	District	Population per office
117.	Andaman & Nicobar	82	177.	Dhulia (Maharashtra)	132
118.	Rohtak (Haryana)	82	178.	Dewas (M. P.)	133
119.	Agra (Uttar Pradesh)	82	179.	Hooghly (W. Bengal)	133
120.	Wardha (Maharashtra)	83	180.	Allahabad (U. P.)	133
121.	Jaisalmer (Rajasthan)	85	181.	Saugar (M.P.)	135
122.	Ratnagiri (Maharashtra)	86	182.	Guna (M.P.)	136
123.	Raichur (Mysore)	86	183.	Nellore (A.P.)	136
124.	Sirmur (Himachal Pradesh) ..	87	184.	Etawah (U.P.)	136
125.	Kolar (Mysore)	88	185.	Bundi (Rajasthan)	137
126.	Broach (Gujarat)	88	186.	Kangra (H.P.)	139
127.	Cuddapah (Andhra Pradesh) ..	89	187.	Srikakulam (A.P.)	139
128.	Churu (Rajasthan)	89	188.	United Khasi & Jaintia Hills (Assam)	139
129.	Varanasi (U.P.)	91	189.	Nanded (Maharashtra)	139
130.	Chamba (Himachal Pradesh) ..	92	190.	Vidisha (Bhilsa) (M.P.)	142
131.	Moradabad (U.P.)	92	191.	Sikar (Rajasthan)	142
132.	Tumkur (Mysore)	93	192.	Lakhimpur (Assam)	145
133.	Akola (Maharashtra)	93	193.	Panchmahals (Gujarat) ..	145
134.	Chittorgarh (Rajasthan)	94	194.	Bhir (Maharashtra)..	145
135.	Amravati (Maharashtra)	96	195.	Aligarh (U.P.)	146
136.	Mandsaur (Madhya Pradesh) ..	97	196.	Doda (J & K.)	146
137.	Pilibhit (Uttar Pradesh)	97	197.	West Nimar (M.P)	147
138.	Mathura (Uttar Pradesh)	98	198.	Budaun (U.P)	147
139.	Burdwan (West Bengal)	99	199.	Chindwara (M.P.)	152
140.	East Nimar (M. P.)	99	200.	Jalaun (U.P.)	153
141.	Bareilly (Uttar Pradesh)	100	201.	Parbhani (Maharashtra)	155
142.	Nagaur (Rajasthan)	101	202.	Raipur (M.P.)	156
143.	Chittoor (Andhra Pradesh) ..	103	203.	Shahjahanpur (U.P.)	159
144.	Bijnor (Uttar Pradesh)	105	204.	Bhagalpur (Bihar)	161
145.	Jalgaon (Maharashtra)	105	205.	Betul (M.P.)	161
146.	Buldhana (Maharashtra) ..	105	206.	Sawai Madhopur (Rajasthan) ..	162
147.	Patna (Bihar)	106	207.	Jalore (Rajasthan)	163
148.	Banaskantha (Gujarat)	107	208.	Adilabad (A.P.)	163
149.	Yeotmal (Maharashtra)	108	209.	Raisen (M.P)	164
150.	Jhunjhunu (Rajasthan)	109	210.	Bhandara (Maharashtra)	165
151.	Rampur (Uttar Pradesh)	109	211.	Mohindergarh (Haryana) ..	166
152.	Howrah (West Bengal)	109	212.	Mandi (H.P.)	168
153.	Sabarkantha (Gujarat)	110	213.	Pithorgarh (U. P.)	170
154.	Durg (Madhya Pradesh)	112	214.	Mainpuri (U.P.)	170
155.	Aurangabad (Maharashtra) ..	113	215.	Osmanabad (Maharashtra) ..	172
156.	Muzaffarnagar (U.P.)	113	216.	Warangal (A.P.)	175
157.	Datia (Madhya Pradesh)	114	217.	Hazaribagh (Bihar)	175
158.	Gulbarga (Mysore)	115	218.	Mahboobnagar (A.P.)	179
159.	Jhansi (U. P.)	116	219.	Chanda (Maharashtra)	180
160.	Singbhum (Bihar)	118	220.	Jalpaiguri (W. Bengal)	180
161.	Nizamabad (Andhra Pradesh) ..	118	221.	Morena (M. P.)	182
162.	Farrukhabad (U. P.)	118	222.	Rewa (M. P.)	182
163.	Udaipur (Rajasthan)	118	223.	Cuttack (Orissa)	185
164.	Ahmednagar (Maharashtra) ..	119	224.	Panna (M.P.)	190
165.	Sangrur (Punjab)	120	225.	Almora (U.P.)	191
166.	Mirzapur (U.P.)	120	226.	Etah (U.P.)	191
167.	Tonk (Rajasthan)	121	227.	Banswara (Rajasthan)	193
168.	Narsinghpur (M. P.)	123	228.	Monghyr (Bihar)	196
169.	Kamrup (Assam)	124	229.	Satna (M.P.)	199
170.	Garhwal (Uttar Pradesh)	127	230.	Mandla (M.P.)	199
171.	Bidar (Mysore)	128	231.	Sibsagar (Assam)	202
172.	Ranchi (Bihar)	130	232.	Raigarh (M.P.)	202
173.	Bhilwara (Rajasthan)	130	233.	Nadia (W. Bengal)	203
174.	Bulandshahr (U.P.)..	130	234.	Bilaspur (H.P.)	207
175.	Alwar (Rajasthan)	131	235.	Nowgong (Assam)	208
176.	Khammam (Andhra Pradesh) ..	131	236.	Fatehpur (U.P.)	212

STATEMENT 36.—AVERAGE POPULATION PER OFFICE OF COMMERCIAL BANKS—DISTRICT-WISE DATA ARRANGED IN ASCENDING ORDER OF POPULATION SERVED—1967—(*Concld.*)

(Population in '000s)

Sr. No	District	Population per office	Sr. No	District	Population per office
237.	Gorakhpur (U.P.)	212	278.	Jhabua (M.P.)	303
238.	Tehri Garhwal (U.P.)	213	279.	Shajapur (M.P.)	303
239.	Ganjam (Orissa)	216	280.	Rajgarh (M.P.)	303
240.	Sambalpur (Orissa)	217	281.	Seoni (M.P.)	303
241.	Banda (U.P.)	221	282.	Surguja (M.P.)	303
242.	Darrang (Assam)	223	283.	Bolangir (Orissa)	308
243.	Nalgonda (A.P.)	224	284.	West Dinajpur (W. Bengal)	315
244.	24-Parganas (W. Bengal)	226	285.	Balaghat (M.P.)	316
245.	Chhattarpur (M.P.)	227	286.	Champaran (Bihar)	318
246.	Shahabad (Bihar)	232	287.	Darbhanga (Bihar)	319
247.	Sitapur (U.P.)	234	288.	Shivpuri (M.P.)	322
248.	Faizabad (U.P.)	234	289.	Barabanki (U.P.)	323
249.	Hamirpur (U.P.)	234	290.	Gaya (Bihar)	327
250.	Cachar (Assam)	237	291.	United Mikir & Cachar Hills (Assam)	329
251.	Dhenkanal (Orissa)	236	292.	Baramulla (J. & K.)	329
252.	Gonda (U.P.)	238	293.	Bahraich (U.P.)	340
253.	Anantnag (J. & K.)	239	294.	Bastar (M.P.)	341
254.	Bilaspur (M.P.)	239	295.	Santhal Parganas (Bihar)	347
255.	Cooch Behar (W. Bengal)	240	296.	Midnapore (W. Bengal)	367
256.	Dungarpur (Rajasthan)	242	297.	Goalpara (Assam)	372
257.	Shahdol (M.P.)	246	298.	Garo Hills (Assam)	372
258.	Bhind (M.P.)	252	299.	Gazipur (U.P.)	382
259.	Dhar (M.P.)	252	300.	Barmer (Rajasthan)	387
260.	Ballia (U.P.)	255	301.	Kalahandi (Orissa)	391
261.	Hardoi (U.P.)	255	302.	Saharsa (Bihar)	398
262.	Karimnagar (A.P.)	262	303.	Azamgarh (U.P.)	400
263.	Tikamgarh (M.P.)	265	304.	Purulia (W. Bengal)	404
264.	Damoh (M.P)	265	305.	Basti (U.P.)	437
265.	Puri (Orissa)	268	306.	Murshidabad (W. Bengal)	456
266.	Tripura	276	307.	Saran (Bihar)	460
267.	Medak (A.P.)	277	308.	Mayurbhanj (Orissa)	465
268.	Jaunpur (U.P.)	279	309.	Muzaffarpur (Bihar)	479
269.	Palamau (Bihar)	280	310.	Unnao (U.P.)	481
270.	Udhampur (J. & K.)	280	311.	Malda (W. Bengal)	483
271.	Keonjhar (Orissa)	283	312.	Manipur	497
272.	Birbhum (W. Bengal)	283	313.	Bankura (W. Bengal)	497
273.	Koraput (Orissa)	286	314.	Balasore (Orissa)	545
274.	Kheri (U.P.)	289	315.	Boudh Khondmals(Orissa)	586
275.	Pratapgarh (U.P.)	289	316.	Sidhi (M.P.)	681
276.	Purnea (Bihar)	296	317.	Rae Bareilly (U.P)	765
277.	Deoria (U.P.)	302	318.	Sultanpur (U.P.)	807

TOTAL NUMBER OF DISTRICTS IN THE INDIAN UNION .. =336

No. of Districts arranged in ascending order of population served by commercial banks .. .. =318

No. of Districts without commercial bank office .. .. =13

No. of Districts for which population figures are not available. .. = 5

Source : Statistical Tables relating to banks in India, 1967.

STATEMENT 37—AVERAGE POPULATION PER OFFICE OF COMMERCIAL AND CO-OPERATIVE BANKS* — DISTRICT-WISE DATA ARRANGED IN ASCENDING ORDER OF POPULATION SERVED—1967

(Population in '000s)

Sr. No.	District	Population per office	Sr. No.	District	Population per office
1.	Chandigarh	7	60.	Dhulia (Maharashtra)	30
2.	Madras Corporation (Tamil Nadu)	10	61.	Mehsana (Gujarat)	30
3.	Greater Bombay (Maharashtra)	11	62.	Mahasu (H.P.)	31
4.	Goa, Daman & Diu	12	63.	Coimbatore (Tamil Nadu)	31
5.	Delhi	14	64.	Ramanathapuram (Tamil Nadu)	31
6.	Calcutta (W. Bengal)	15	65.	Tirunelveli (Tamil Nadu)	31
7.	South Kanara (Mysore)	15	66.	Bellary (Mysore)	31
8.	Simla (H.P.)	16	67.	Pondicherry	32
9.	Ernakulam (Kerala)	16	68.	Sirmur (H.P.)	33
10.	Ahmedabad (Gujarat)	16	69.	Ratlam (M.P.)	33
11.	Dharwar (Mysore)	17	70.	Hoshangabad (M.P.)	33
12.	North Kanara (Mysore)	17	71.	Osmanabad (Maharashtra)	33
13.	Trichur (Kerala)	17	72.	Palghat (Kerala)	34
14.	Indore (M.P.)	18	73.	Gwalior (M.P.)	34
15.	Poona (Maharashtra)	19	74.	Bhir (Maharashtra)	34
16.	Dehra Dun (U.P.)	19	75.	Buldhana (Maharashtra)	34
17.	Coorg (Mysore)	20	76.	Broach (Gujarat)	35
18.	Belgaum (Mysore)	19	77.	Mysore (Mysore)	35
19.	Bangalore (Mysore)	20	78.	Amritsar (Punjab)	35
20.	Kolhapur (Maharashtra)	20	79.	Gurdaspur (Punjab)	35
21.	Sangli (Maharashtra)	20	80.	Banaskantha (Gujarat)	36
22.	Amreli (Maharashtra)	20	81.	Sabarkantha (Gujarat)	36
23.	Nasik (Maharashtra)	21	82.	Ratnagiri (Maharashtra)	36
24.	Chickmagalur (Mysore)	22	83.	Amravati (Maharashtra)	37
25.	Baroda (Gujarat)	22	84.	Wardha (Maharashtra)	37
26.	Bhavnagar (Gujarat)	23	85.	Hassan (Mysore)	37
27.	Rajkot (Gujarat)	23	86.	Sirohi (Rajasthan)	37
28.	Akola (Maharashtra)	24	87.	Dangs (Gujarat)	37
29.	Thana (Maharashtra)	24	88.	Kathua (J. & K.)	38
30.	Shajapur (M.P.)	24	89.	Kottayam (Kerala)	38
31.	Junagadh (Gujarat)	24	90.	Trivandrum (Kerala)	38
32.	Surendranagar (Gujarat)	24	91.	Panna (M.P.)	38
33.	Jullundur (Punjab)	24	92.	Parbhani (Maharashtra)	38
34.	Bijapur (Mysore)	25	93.	Chitradurga (Mysore)	38
35.	Shimoga (Mysore)	25	94.	Patiala (Punjab)	38
36.	Kaira (Gujarat)	25	95.	Chamba (H.P.)	39
37.	Jamnagar (Gujarat)	25	96.	Jhalawar (Rajasthan)	39
38.	Ludhiana (Punjab)	25	97.	Jabalpur (M.P.)	39
39.	Sholapur (Maharashtra)	26	98.	Kohima (Nagaland)	40
40.	Jalgaon (Maharashtra)	26	99.	Guna (M.P.)	40
41.	Nilgiris (Tamil Nadu)	26	100.	West Nimar (M.P.)	40
42.	Mandsaur (M.P.)	26	101.	Jaipur (Rajasthan)	40
43.	Lahaul Spiti (H.P.)	27	102.	Panchmahals (Gujarat)	40
44.	Nainital (U.P.)	27	103.	Krishna (A.P.)	41
45.	Ujjain (M.P.)	27	104.	Cannanore (Kerala)	41
46.	Sehore (M.P.)	27	105.	Dewas (M.P.)	41
47.	Surat and Bulsar (Gujarat)	27	106.	Raisen (M.P.)	41
48.	Hyderabad (A.P.)	27	107.	Kapurthala (Punjab)	41
49.	Kota (Rajasthan)	28	108.	Ajmer (Rajasthan)	41
50.	Aurangabad (Maharashtra)	28	109.	Andaman & Nicobar	41
51.	Satara (Maharashtra)	28	110.	Alleppey (Kerala)	42
52.	Thanjavur (Tamil Nadu)	28	111.	Yeotmal (Maharashtra)	42
53.	Tiruchirapalli (Tamil Nadu)	28	112.	Mandya (Mysore)	42
54.	Kutch (Gujarat)	28	113.	Jammu (J & K)	43
55.	Ahmednagar (Maharashtra)	29	114.	Kanyakumari (Tamil Nadu)	43
56.	Kolaba (Maharashtra)	29	115.	East Nimar (M.P.)	44
57.	Madurai (Tamil Nadu)	29	116.	Raichur (Mysore)	44
58.	Nagpur (Maharashtra)	30	117.	Bhatinda (Punjab)	44
59.	Nanded (Gujarat)	30	118.	Hoshiarpur (Punjab)	44

STATEMENT 37.—AVERAGE POPULATION PER OFFICE OF COMMERCIAL AND CO-OPERATIVE BANKS* — DISTRICT-WISE DATA ARRANGED IN ASCENDING ORDER OF POPULATION SERVED—1967 (*Contd.*)

(Population in '000s)

Sr. No.	District	Population per office	Sr. No.	District	Population per office
119.	Morena (M.P.)	45	179.	Chittorgarh (Rajasthan)	60
120.	Datia (M.P.)	45	180.	Surguja (M.P.)	61
121.	Bidar (Mysore)	45	181.	Narsinghpur (M.P.)	62
122.	Shivpuri (M.P.)	46	182.	Meerut (U.P.)	63
123.	Kolar (Mysore)	46	183.	Bharatpur (Rajasthan)	63
124.	Salem (Tamil Nadu)	46	184.	Chittoor (A.P.)	65
125.	West Godavari (A.P.)	47	185.	Anantnag (J & K)	65
126.	Bhind (M.P.)	47	186.	Rewa (M.P.)	65
127.	Dhar (M.P.)	47	187.	Kangra (H.P.)	66
128.	Vidisha (M.P.)	47	188.	Shahdol (M.P.)	66
129.	Sagar(M.P.)	47	189.	Rohtak (Haryana)	66
130.	Ganganagar (Rajasthan)	47	190.	Agra (U.P.)	66
131.	Chanda (Maharashtra)	48	191.	Raipur (M.P.)	67
132.	Kanpur (U.P.)	48	192.	Bastar (M. P.)	68
133.	Sundargarh (Orissa)	48	193.	Pithorgarh (U.P.)	68
134.	Ferozepur (Punjab)	48	194.	Bijnor (U.P.)	68
135.	Doda (J & K)	49	195.	Bilaspur (H.P.)	69
136.	Chhattarpur (M.P.)	49	196.	Udhampur (J & K)	70
137.	Durg (M.P.)	49	197.	Raigarh (M. P.)	71
138.	Lucknow (U.P.)	49	198.	Moradabad (U.P.)	72
139.	Srinagar (J & K)	50	199.	Churu (Rajasthan)	72
140.	Tumkur (Mysore)	50	200.	Balaghat (M.P.)	73
141.	Tonk (Rajasthan)	50	201.	Nagaur (Rajasthan)	74
142.	Jhabua (M.P.)	51	202.	Bhilwara (Rajasthan)	74
143.	Rajgarh (M.P.)	51	203.	Cuddapah (A.P.)	75
144.	Guntur (A.P.)	52	204.	Pilibhit (U.P.)	75
145.	Gurgaon (Haryana)	52	205.	Varanasi (U.P.)	76
146.	North Arcot (Tamil Nadu)	53	206.	Sangrur (Punjab)	76
147.	Bhandara (Maharashtra)	53	207.	U. K. & Jaintia Hills (Assam)	80
148.	Kinnaur (H.P.)	53	208.	Baramulla (J & K)	82
149.	Ambala (Haryana)	53	209.	Banswara (Rajasthan)	83
150.	Bikaner (Rajasthan)	53	210.	Nizamabad (A.P.)	84
151.	Jodhpur (Rajasthan)	53	211.	Khammam (A.P.)	84
152.	Kozhikode (Kerala)	54	212.	Mathura (U.P.)	85
153.	Quilon (Kerala)	54	213.	Srikakulam (A.P)	85
154.	Betul (M.P.)	54	214.	Patna (Bihar)	85
155.	South Arcot (Tamil Nadu)	54	215.	Sidhi (M.P.)	85
156.	Pali (Rajasthan)	54	216.	Rampur (U.P.)	85
157.	Hissar (Haryana)	55	217.	Muzaffarnagar (U.P.)	85
158.	Seoni (M.P.)	55	218.	Mirzapur (U.P.)	85
159.	Mandi (H.P.)	56	219.	Burdwan (U.P.)	85
160.	Jaisalmer (Rajasthan)	56	220.	Kamrup (Assam)	86
161.	East Godavari (A.P.)	56	221.	Udaipur (Rajasthan)	88
162.	Dhanbad (Bihar)	56	222.	Bareilly (U.P.)	89
163.	Visakhapatnam (A.P.)	57	223.	Howrah (W. Bengal)	89
164.	Satna (M.P.)	57	224.	Farrukhabad (U.P.)	90
165.	Mandla (M.P.)	57	225.	Sikar (Rajasthan)	90
166.	Chhindwara (M.P.)	57	226.	Jhansi (U.P.)	91
167.	Garhwal (U.P.)	57	227.	Alwar (Rajasthan)	93
168.	Darjeeling (W. Bengal)	57	228.	Adilabad (A.P.)	95
169.	Karnal (Haryana)	58	229.	Burdwan (W. Bengal)	95
170.	Kurnool (A.P.)	58	230.	Hooghly (W. Bengal)	95
171.	Chingleput (Tamil Nadu)	58	231.	Mohindergarh (Haryana)	95
172.	Bundi (Rajasthan)	59	232.	Ladakh (J. & K.)	97
173.	Anantpur (A.P.)	59	233.	Etawah (U.P.)	97
174.	Tikamgarh (M.P.)	59	234.	Jhunjhunu (Rajasthan)	97
175.	Damoh (M.P.)	59	235.	Dungarpur (Rajasthan)	97
176.	Saharanpur (U.P.)	59	236.	Singhbhum (Bihar)	103
177.	Bilaspur (M.P.)	60	237.	Sawai Madhopur (Rajasthan)	103
178.	Gulbarga (Mysore)	60	238.	Hamirpur (U.P.)	104

STATEMENT 37.—AVERAGE POPULATION PER OFFICE OF COMMERCIAL AND CO-OPERATIVE BANKS* — DISTRICT-WISE DATA ARRANGED IN ASCENDING ORDER OF POPULATION SERVED—(*Contd.*)

(Population in '000s)

Sr. No.	District	Population per office	Sr. No.	District	Population per office
239.	Lakhimpur (Assam)	105	283.	Kheri (U.P.)	160
240.	Tehri Garhwal (U.P.)	106	284.	Jalpaiguri (W. Bengal)	162
241.	Ranchi (Bihar)	108	285.	Hardoi (U.P.)	162
242.	Jalaun (U.P.)	109	286.	24 Parganas (W. Bengal)	162
243.	Jalore (Rajasthan)	109	287.	Monghyr (Bihar)	164
244.	Darrang (Assam)	111	288.	Midnapur (W. Bengal)	166
245.	Aligarh (U.P.)	113	289.	Goalpara (Assam)	169
246.	Ganjam (Orissa)	114	290.	Shahabad (Bihar)	169
247.	Nellore (A.P.)	118	291.	Gonda (U.P.)	170
248.	Allahabad (U.P.)	117	292.	Ghazipur (U.P.)	170
249.	Cachar (Assam)	118	293.	Keonjhar (Orissa)	170
250.	Poonch Rajauri (J & K)	119	294.	Medak (A.P.)	173
251.	Nadia (W. Bengal)	119	295.	Mayurbhanj (Orissa)	174
252.	Sibsagar (Assam)	121	296.	Unnao (U.P.)	181
253.	Cuttack (Orissa)	121	297.	Garo Hills (Assam)	186
254.	Bulandshar (U.P.)	122	298.	Boudh Khondmals (Orissa)	195
255.	Banda (U.P.)	123	299.	West Dinajpur (W. Bengal)	197
256.	Mainpuri (U.P.)	124	300.	Pratapgarh (U.P.)	206
257.	Warangal (A.P.)	125	301.	Baharaich (U.P.)	212
258.	Puri (Orissa)	126	302.	Purnea (Bihar)	222
259.	Shahjahanpur (U.P.)	127	303.	Santhal Parganas (Bihar)	223
260.	Etah (U.P.)	127	304.	Barabanki (U.P.)	231
261.	Fatehpur (U.P.)	127	305.	Palamau (Bihar)	233
262.	Chamoli (U.P.)	128	306.	Azamgarh (U.P.)	234
263.	Karimnagar (A.P.)	131	307.	Kalahandi (Orissa)	234
264.	Dhenkanal (Orissa)	132	308.	Malda (W. Bengal)	242
265.	Jaunpur (U.P.)	139	309.	Manipur (Manipur)	249
266.	Sambalpur (Orissa)	145	310.	Bankura (W. Bengal)	249
267.	Nowgong (Assam)	146	311.	Saharsa (Bihar)	249
268.	Hazaribagh (Bihar)	147	312.	Gaya (Bihar)	250
269.	Mehboobnagar (A.P.)	149	313.	Darbhanga (Bihar)	255
270.	Nalgonda (A.P.)	149	314.	Rae Bareilly (U.P.)	255
271.	Bhagalpur (Bihar)	149	315.	Barmer (Rajasthan)	258
272.	Cooch Behar (W. Bengal)	150	316.	Champaran (Bihar)	269
273.	Ballia (U.P.)	153	317.	Sultanpur (U.P.)	269
274.	Tripura	153	318.	Murshidabad (W. Bengal)	273
275.	Almora (U.P.)	153	319.	Balasore (Orissa)	273
276.	Birbhum (W. Bengal)	154	320.	Basti (U.P.)	306
277.	Bolangir (Orissa)	154	321.	Mizo Hills (Assam)	314
278.	Sitapur (U.P.)	156	322.	Purulia (W. Bengal)	323
279.	Faizabad (U.P.)	156	323.	United Mikir & Cachar Hills (Assam)	329
280.	Gorakhpur (U.P.)	156			
281.	Koraput (Orissa)	156	324.	Saran (Bihar)	345
282.	Deoria (U.P.)	160	325.	Muzaffarpur (Bihar)	363

Total Number of districts in Indian Union .. =336

Number of districts where there are no co-operative banks or commercial banks =6

Number of districts for which population figures are not available .. .. =5

Number of districts arranged in ascending order of population served by co-operative banks and commercial banks .. =325

*Include offices of State Co-operative Banks, Central Co-operative Banks, Urban Co-operative Banks, Industrial Co-operative Banks and Land Mortgage Banks.

Source : Statistical Tables relating to banks in India, 1967

STATEMENT 38—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (Rs. lakhs)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
ANDHRA PRADESH						
1. Adilabad ..	11,40	1,05	1,00	*95·2*	8·8	9·2
2. Anantapur ..	19,95	3,13	2,04	*65·2*	10·2	15·7
3. Chittor ..	21,58	3,79	1,25	*33·0*	5·8	17·6
4. Cuddapah ..	15,06	1,74	96	*55·2*	6·4	11·6
5. East Godavari	29,31	10,40	5,38	*51·7*	18·4	35·5
6. Guntur ..	34,20	11,53	5,86	*50·8*	17·1	33·7
7. Hyderabad ..	23,20	55,34	47,56	*85·9*	205·0	238·5
8. Karimnagar ..	18,32	1,26	16	*12·7*	0·9	6·9
9. Khammam ..	11,81	1,45	42	*29·0*	3·6	12·3
10. Krishna ..	23,61	10,44	8,17	*78·3*	34·6	44·2
11. Kurnool ..	21,58	3,93	3,57	*90·8*	16·5	18·2
12. Medak	13,84	89	3	*3·4*	0·2	6·4
13. Mahbubnagar	17,92	1,01	25	*24·8*	1·4	5·6
14. Nalgonda ..	17,92	1,13	8	*7·1*	0·4	6·3
15. Nellore ..	23,20	3,63	1,61	*44·4*	6·9	15·6
16. Nizamabad ..	11,80	2,22	96	*43·2*	8·1	18·8
17. Srikakulam ..	26,46	1,75	1,14	*65·1*	4·3	6·6
18. Visakhapatnam	26,05	13,94	8,17	*58·6*	31·4	53·5
19. Warangal ..	17,51	2,58	40	*15·5*	2·3	14·7
20. West Godavari	22,39	6,54	5,34	*81·7*	23·8	29·2
TOTAL	**4,07,10**	**1,37,72**	**94,35**	*68·5*	**23·2**	**33·8**
ASSAM						
1. Cachar	16,58	2,72	16	*5·9*	1·0	16·4
2. Darrang	15,58	1,95	28	*14·4*	1·8	12·5
3. Garo Hills	3,72	11	—	—	—	3·0
4. Goalpara	18,58	1,44	22	*15·3*	1·2	7·8
5. Kamrup	24,86	10,36	4,33	*41·8*	17·4	41·7
6. Lakhimpur	18,86	9,08	2,67	*29·4*	14·2	48·1
7. Mizo Hills	3,14	—	—	—	—	—
8. Nowgong	14,58	1,33	60	*45·1*	4·1	9·1
9. Sibsagar	18,15	3,31	37	*11·2*	2·0	18·2
10. United Kashi and Jaintia Hills ..	5,57	8,67	1,00	*11·5*	18·0	155·7
11. United Mikir and North Cachar Hills	3,29	7	—	—	—	2·1
TOTAL ..	**1,42,90**	**39,04**	**9,63**	*24·7*	**6·7**	**27·3**

STATEMENT 38.—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967—(contd.)

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (Rs. lakhs)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
BIHAR						
1. Bhagalpur	19,36	3,63	56	*15·4*	2·9	18·8
2. Champaran	34,95	3,89	1,70	*43·7*	4·9	11·1
3. Darbhanga	51,08	4,60	1,53	*33·3*	3·0	9·0
4. Dhanbad	13,44	19,51	3,64	*18·7*	27·1	145·2
5. Gaya	42,48	5,42	74	*13·7*	1·7	12·8
6. Hazaribagh	27,96	6,16	91	*14·8*	3·3	22·0
7. Monghyr	39,25	4,97	29	*5·8*	0·7	12·7
8. Muzaffarpur	47,86	6,32	2,01	*31·8*	4·2	13·2
9. Palamau	13,98	1,03	12	*11·7*	0·9	7·4
10. Patna	33,88	36,06	12,29	*34·1*	36·3	106·4
11. Purnea	35,49	3,71	1,15	*31·0*	3·2	10·5
12. Ranchi	24,73	10,21	2,07	*20·3*	8·4	41·3
13. Saharsa	19,89	51	7	*13·7*	0·4	2·6
14. Santhal Parganas	31,19	2,66	36	*13·5*	1·2	8·5
15. Saran	41,40	4,48	3,13	*69·9*	7·6	10·8
16. Shahabad	37,10	7,04	2,40	*34·1*	6·5	19·0
17. Singhbhum	23,66	17,29	5,54	*32·0*	23·4	73·1
TOTAL	**5,37,70**	**1,37,48**	**38,51**	*28·0*	**7·2**	**25·6**
GUJARAT						
1. Ahmedabad	26,22	85,15	95,87	*112·6*	365·6	324·8
2. Amreli	8,09	3,71	70	*18·9*	8·7	45·9
3. Banaskantha	11,76	2,53	27	*10·7*	2·3	21·5
4. Baroda	18,13	41,77	19,39	*46·4*	107·0	230·4
5. Bhavnagar	13,23	17,19	7,17	*41·7*	54·2	129·9
6. Broach	10,54	5,08	1,34	*26·4*	12·7	48·2
7. Dangs	74	—	—	—	—	—
8. Gandhinagar	..	5	—	—	..	..
9. Jamnagar	9,80	15,42	6,40	*41·5*	65·3	157·3
10. Junagadh	14,70	16,89	7,42	*43·9*	50·5	114·9
11. Kaira	23,52	29,92	3,76	*12·6*	16·0	127·2
12. Kutch	8,33	11,52	56	*4·9*	6·7	138·3
13. Mehsana	20,09	12,58	1,64	*13·0*	8·2	62·6
14. Panchmahals	17,40	2,74	49	*17·9*	2·8	15·7
15. Rajkot	14,46	25,46	7,60	*29·9*	52·6	176·1
16. Sabarkantha	11,03	1,47	21	*14·3*	1·9	13·3
17. Surat and Bulsar	29,16	51,58	8,26	*16·1*	28·3	176·9
18. Surendranagar	7,84	5,50	1,90	*34·5*	24·2	70·2
TOTAL	**2,45,00**	**3,28,55**	**1,62,97**	*49·6*	**66·5**	**134·1**
JAMMU AND KASHMIR						
1. Anantnag	7,16	87	2	*2·3*	0·3	12·2
2. Baramulla	6,57	55	2	*3·6*	0·3	8·4
3. Doda	2,92	15	—	—	—	5·1
4. Jammu	5,64	10,47	78	*7·4*	13·8	185·6
5. Kathua	2,26	22	1	*4·5*	0·4	9·7
6. Ladakh	97	—	—	—	—	—
7. Poonch-Rajouri	3,58	—	—	—	—	—
8. Srinagar	7,00	20,97	1,33	*6·3*	19·0	299.6
9. Udhampur	2,80	24	1	*4·2*	0·4	8·6
TOTAL	**38,90**	**33,47**	**2,18**	*6·5*	**5·6**	**86·0**

STATEMENT 38.—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967—(contd.)

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (Rs. lakhs)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
KERALA						
1. Alleppey	21,18	10,49	5,81	*55·4*	27·4	49·5
2. Cannanore	20,78	7,86	4,47	*56·9*	21·5	37·8
3. Ernakulam	21,77	36,30	33,19	*91·4*	152·5	166·7
4. Kottayam	20,38	10,55	4,52	*42·8*	22·2	51·8
5. Kozhikode	30,68	9,15	5,96	*65·1*	19·4	29·8
6. Palghat	20,78	10,90	2,64	*24·2*	12·7	52·5
7. Quilon	22,76	8,51	7,82	*91·9*	34·4	37·4
8. Trichur	19,20	19,82	6,84	*34·5*	35·6	103·2
9. Trivandrum	20,38	17,98	7,69	*42·8*	37·7	88·2
TOTAL	**1,97,90**	**1,31,54**	**78,94**	*60·0*	**39·9**	**66·5**
MADHYA PRADESH						
1. Balaghat	9,47	62	8	*12·9*	0·8	6·5
2. Bastar	13,63	87	7	*8·0*	0·5	6·4
3. Betul	6,44	47	3	*6·4*	0·5	7·3
4. Bhind	7,57	25	1	*4·0*	0·1	3·3
5. Bilaspur	23,85	2,37	57	*24·1*	2·4	9·9
6. Chhatarpur	6,81	42	5	*11·9*	0·7	6·2
7. Chhindwara	9,09	1,04	29	*27·9*	3·2	11·4
8. Damoh	5,30	40	5	*12·5*	0·9	7·5
9. Datia	2,27	27	1	*3·7*	0·4	11·9
10. Dewas	5,30	65	15	*23·1*	2·8	12·3
11. Dhar	7,57	55	4	*7·3*	0·5	7·3
12. Durg	22,34	4,15	3,86	*93·0*	17·3	18·6
13. East Nimar	7,95	1,56	2,09	*134·0*	26·3	19·6
14. Guna	6,81	88	16	*18·2*	2·3	12·9
15. Gwalior	7,57	12,13	8,62	*71·1*	113·9	160·2
16. Hoshangabad	7,19	2,01	36	*17·9*	5·0	28·0
17. Indore	8,71	20,51	13,11	*63·9*	150·5	235·5
18. Jabalpur	15,14	11,71	3,56	*30·4*	23·5	77·3
19. Jhabua	6,06	16	—	—	—	2·6
20. Mandla	7,95	38	2	*5·3*	0·3	4·8
21. Mandsaur	8,71	1,30	57	*43·8*	6·5	14·9
22. Morena	9,09	60	11	*18·3*	1·2	6·6
23. Narsinghpur	4,92	82	5	*6·1*	1·0	16·7
24. Panna	3,79	47	1	*2·1*	0·3	12·4
25. Raigarh	12,12	94	1,17	*124·5*	9·7	7·8
26. Raipur	23,47	5.34	2,04	*38·2*	8·7	22·8
27. Raisen	4,92	16	1	*6·3*	0·2	3·3
28. Rajgarh	6,06	10	—	—	—	1·7
29. Ratlam	5,68	1,66	2,35	*141·6*	41·4	29·2
30. Rewa	9,09	1,16	4	*3·4*	0·4	12·8
31. Sagar	9,47	2,61	42	*16·1*	4·4	27·6
32. Satna	7,95	1,14	1,69	*148·2*	21·3	14·3
33. Sehore	8,71	10,93	10,21	*93·4*	117·2	125·5
34. Seoni	6,06	36	4	*11·1*	0·7	5·9
35. Shahdol	9,84	57	59	*103·5*	6·0	5·9
36. Shajapur	6,06	32	6	*18·8*	1·0	5·3
37. Shivpuri	6,44	53	2	*3·8*	0·3	8·2
38. Sidhi	6,81	9	—	—	—	1·3
39. Surguja	12,12	70	9	*12·9*	0·7	5·8
40. Tikamgarh	5,30	23	1	*4·3*	0·2	4·3
41. Ujjain	7,57	4,37	5,14	*117·6*	67·9	57·7
42. Vidisha (Bhilsa)	5,68	76	3	*3·9*	0·5	13·4
43. West Nimar	11,74	93	1,11	*119·4*	9·5	7.9
TOTAL	**3,78,60**	**97,47**	**58,89**	*60·0*	**15·6**	**25·7**

STATEMENT 38.—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967—(contd.)

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (Rs lakhs.)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
TAMIL NADU						
1. Chingleput	24,39	4,58	2,36	*51·5*	9·7	18·8
2. Coimbatore ..	39,77	24,96	46,00	*184·3*	115·7	62·8
3. Dharampuri* ..	..	..	..	..	..	..
4. Kanyakumari ..	11,26	4,00	77	*19·2*	6·8	35·5
5. Madras Corporation	19,14	1,09,20	1,60,80	*147·3*	840·1	570·5
6. Madurai	36,02	15,65	18,26	*116·6*	50·7	43·4
7. Nilgiris	4,50	3,33	3,18	*95·4*	70·7	74·0
8. North Arcot ..	34,89	5,69	2,76	*48·5*	7·9	16·3
9. Ramanathapuram ..	27,01	12,72	6,05	*47·6*	22·4	47·1
10. Salem	41,65	10,69	8,11	*75·9*	19·5	25·7
11. South Arcot ..	33.77	5,67	6,53	*115·2*	19·3	16·8
12. Thanjavur	36,02	19,45	4,92	*25·3*	13·7	54·0
13. Tiruchirapalli ..	35,64	17,87	10,78	*60·3*	30·2	50·1
14. Tirunelveli	30,39	12,76	10,48	*82·1*	34·5	42·0
TOTAL	**3,75,20**	**2,46,58**	**2,81,00**	*114·0*	**74·9**	**65·7**
MAHARASHTRA						
1. Ahmednagar ..	21,38	6,02	1,31	*21·8*	6·1	28·2
2. Akola	13,94	3,73	4,78	*128·2*	34·3	26·8
3. Amravati	14,41	3,84	3,04	*79·1*	21·1	26·6
4. Aurangabad ..	18,13	4,80	1,33	*27·7*	7·3	26·5
5. Bhandara	14,87	2,04	55	*26·9*	3·7	13·7
6. Bhir	11,62	1,34	15	*11·2*	1·3	11·5
7. Buldhana	12,55	1,92	1,32	*68·7*	10·5	15·3
8. Chanda	14,41	2,05	2,77	*135·1*	19·2	14·2
9. Dhulia	15,80	2,82	78	*27·6*	4·9	17·8
10. Greater Bombay ..	48,80	7,84,45	8,01,72	*102·2*	1,042·9	1,607·5
11. Jalgaon	20,92	5,05	1,99	*39·4*	9·5	24·1
12. Kolaba	12,55	2,81	27	*9·6*	2·2	22·4
13. Kolhapur	18,59	9,57	6,42	*67·0*	34·5	51·5
14. Nagpur	17,66	18,96	10,41	*54·9*	58·9	107·4
15. Nanded	12,55	2,11	1,00	*47·3*	8·0	16·8
16. Nasik..	22,31	10,29	2,31	*22·4*	10·4	46·1
17. Osmanabad ..	17,20	1,97	43	*21·8*	2·5	11·5
18. Parbhani	13,94	1,55	58	*37·4*	4·2	11·1
19. Poona	28,82	56,78	27,17	*47·8*	94·3	197·0
20. Ratnagiri	21,38	4,25	50	*11·8*	2·3	19·9
21. Sangli	14,41	7,58	5,45	*71·9*	37·8	52·6
22. Satara	16,73	5,72	1,81	*31·6*	10·8	34·2
23. Sholapur	21,85	9,73	3,72	*38·2*	17·0	44·5
24. Thana	19,52	17,79	4,90	*27·5*	25·1	91·1
25. Wardha	7,44	2,30	1,55	*67·4*	20·8	30·9
26. Yeotmal	13,01	2,59	56	*21·6*	4·3	19·9
TOTAL	**4,64,80**	**9,72,05**	**8,86,81**	*91·2*	**190·9**	**209·1**

* Data are not available separately ; included in Salem.

STATEMENT 38.—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967—(contd.)

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (Rs. lakhs)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
MYSORE						
1. Bangalore	29,23	73,00	68,77	*94·2*	235·3	249·7
2. Belgaum	22,95	12,52	4,76	*38·0*	20·7	54·6
3. Bellary	10,65	3,72	3,21	*86·3*	30·1	34·9
4. Bidar	7,65	74	18	*24·3*	2·4	9·7
5. Bijapur	19,12	5,06	1,62	*32·0*	8·5	26·5
6. Chikmagalur ..	6,83	4,24	2,53	*59·7*	37·0	62·1
7. Tumkur	15,85	2,77	1,20	*43·3*	7·6	17·5
8. Coorg	3,82	5,03	1,51	*30·0*	39·5	131·7
9. Dharwar	22,68	13,23	4,14	*31·3*	18·3	58·3
10. Gulbarga	16,12	3,47	85	*24·4*	5·3	21·5
11. Hassan	10,38	2,87	1,35	*47·0*	13·0	27·6
12. Kolar	15,03	2,37	47	*19·8*	3·1	15·8
13. Mandya	10,38	1,44	38	*26·3*	3·7	13·9
14. Mysore	19,40	12,72	5,68	*44·6*	29·3	65·6
15. North Kanara ..	7,92	5,31	1,06	*20·0*	13·4	67·0
16. Raichur ..	12,84	3,07	1,03	*33·5*	8·0	23·9
17. Shimoga ..	11,75	6,57	8,62	*131·2*	73·4	55·9
18. South Kanara ..	18,03	31,57	15,52	*49·2*	86·1	175·1
19. Chitradurga ..	12,57	2,79	4,29	*153·7*	34·1	22·2
TOTAL	**2,73,20**	**1,92,48**	**1,27,16**	*66·1*	**46·5**	**70·5**
ORISSA						
1. Balasore	16,36	82	9	*11·0*	0·6	5·0
2. Baudh-Khondmals ..	5,86	7	—	—	—	1·2
3. Bolangir	12,32	29	12	*41·4*	1·0	2·4
4. Cuttack	35,15	6,80	4,82	*70·9*	13·7	19·3
5. Dhenkanal ..	11,92	78	2	*2·6*	0·2	6·5
6. Ganjam	21,61	2,24	47	*21·0*	2·2	10·4
7. Kalahandi ..	11,72	23	4	*17·4*	0·3	2·0
8. Keonjhar	8,48	31	2	*6·5*	0·2	3·7
9. Koraput	17,17	1,25	33	*26·4*	1·9	7·3
10. Mayurbhanj ..	13,94	44	7	*15·9*	0·5	3·2
11. Puri	21,41	3,29	1,23	*37·4*	5·7	15·4
12. Sambalpur	17,37	2,48	2,83	*114·1*	16·3	14·3
13. Sundargarh ..	8,69	3,86	1,80	*46·6*	20·7	44·4
TOTAL	**2,02,00**	**22,86**	**11,86**	*51·8*	**5·9**	**11·3**
PUNJAB						
1. Amritsar	17,97	30,70	10,37	*33·8*	57·7	170·8
2. Bhatinda	12,43	5,58	2,43	*43·5*	19·5	44·9
3. Ferozepore	19,05	12,20	5,16	*42·3*	27·1	64·0
4. Gurdaspur	11,62	9,12	2,92	*32·0*	25·1	78·5
5. Hoshiarpur ..	14,46	10,33	57	*5·5*	3·9	71·4
6. Jullundur	14,46	40,76	6,21	*15·2*	42·9	281·9
7. Kapurthala ..	4,05	6,64	1,88	*28·3*	46·4	164·0
8. Ludhiana	12,02	28,11	9,70	*34·5*	80·7	233·9
9. Patiala	12,29	15,86	4,38	*27·6*	35·6	129·0
10. Rupar	..	3,42	1,39	*40·6*	..	..
11. Sangrur	16,75	5,56	1,02	*18·3*	6·1	33·2
TOTAL ..	**1,35,10**	**1,68,29**	**46,03**	*27·4*	**34·1**	**124·6**

STATEMENT 38.—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967—(contd.)

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (Rs. lakhs)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
HARYANA						
1. Ambala	16,58	13,60	8,08	59·4	48·7	82·0
2. Gurgaon	15,01	6,72	4,17	62·1	27·8	44·8
3. Hissar	18,60	6,91	2,81	40·7	15·1	37·2
4. Jind	..	1,28	61	47·7	..	..
5. Karnal	18,05	8,90	3,02	33·9	16·7	49·3
6. Mohindergarh ..	6,63	79	17	21·5	2·6	11·9
7. Rohtak	17,22	6,96	2,10	30·2	12·2	40·4
TOTAL	**92,10**	**45,16**	**20,96**	46·4	**22·8**	**49·0**
RAJASTHAN						
1. Ajmer	11,60	6,28	2,72	43·3	23·4	54·1
2. Alwar	13,05	2,21	64	29·0	4·9	16·9
3. Banswara	5,80	32	4	12·5	0·7	5·5
4. Barmer	7,73	38	2	5·3	0·3	4·9
5. Bharatpur	13,77	1,98	1,24	62·6	9·0	14·4
6. Bhilwara	10,39	84	1,58	188·1	15·2	8·1
7. Bikaner	5,32	4,27	76	17·8	14·1	80·3
8. Bundi	4,11	44	1	2·3	0·2	10·7
9. Chittorgarh	8,46	1,00	55	55·0	6·5	11·8
10. Churu	7,97	1,54	10	6·5	1·3	19·3
11. Dungarpur	4,83	27	—	—	—	5·6
12. Ganganagar ..	12,32	7,31	2,14	29·3	17·4	59·3
13. Jaipur	22,95	21,29	9,55	44·9	41·6	92·8
14. Jaisalmer	1,69	39	—	—	—	23·1
15. Jalore	6,52	27	1	3·7	0·2	4·1
16. Jhalawar	5,80	63	45	71·4	7·8	10·9
17. Jhunjhunu	8,70	1,04	13	12·5	1·5	12·0
18. Jodhpur	10,63	7,02	2,54	36·1	23·9	66·0
19. Kota	10,15	5,04	5,22	103·6	51·4	49·7
20. Nagaur	11,11	1,38	75	54·3	6·8	12·4
21. Pali	9,66	1,02	74	72·5	7·7	10·6
22. Sawai Madhopur ..	11,36	66	9	13·6	0·8	5·8
23. Sikar	9,91	84	13	15·5	1·3	8·5
24. Sirohi	4,11	1,39	13	9·4	3·2	33·8
25. Tonk	6,04	25	5	20·0	0·8	4·1
26. Udaipur	17,64	4,01	93	23·2	5·3	22·7
TOTAL	**2,41,60**	**72,06**	**30,51**	42·3	**12·6**	**29·8**
UTTAR PRADESH						
1. Agra	21,23	13,16	4,08	31·0	19·2	62·0
2. Aligarh	20,38	6,96	2,83	40·6	13·9	34·2
3. Allahabad	28,03	19,38	3,89	20·0	13·9	69·1
4. Almora	7,64	1,34	6	4·5	0·8	17·5
5. Jaunpur	19,53	1,64	9	5·4	0·5	8·4
6. Bahraich	16,99	1,45	23	15·8	1·4	8·5
7. Ballia	15,29	2,48	6	2·4	0·4	16·2
8. Banda	11,04	1,03	10	9·7	0·9	9·3
9. Bara Banki	16,15	1,20	7	5·8	0·4	7·4
10. Bareilly	16,99	10,04	2,70	26·8	15·9	59·1
11. Basti	30,57	1,86	1,31	70·4	4·3	6·1
12. Bijnor	13,59	4,52	1,87	41·4	13·8	33·3
13. Budaun	16,14	1,51	37	24·5	2·3	9·4

STATEMENT 38.—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967—(contd.)

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (Rs. lakhs)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
UTTAR PRADESH—(contd.)						
14. Bulandshahr.. ..	19,53	4,78	95	19·9	4·9	24·5
15. Chamoli	2,55	..	..	..	..	..
16. Dehra Dun	5,09	17,22	2,28	13·2	44·8	338·3
17. Deoria	27,18	3,34	1,93	57·7	7·1	12·3
18. Etah	15,29	1,58	31	19·6	2·0	10·3
19. Etawah	13,59	2,39	55	23·0	4·0	17·6
20. Faizabad	18,68	3,55	56	15·8	3·0	19·0
21. Farrukhabad ..	15,29	2,83	32	11·3	2·1	18·5
22. Fatehpur	12,74	1,32	10	7·6	0·8	10·4
23. Garhwal	5,09	62	1	1·6	0·2	12·2
24. Ghazipur	15,29	1,34	14	10·4	0·9	8·8
25. Gonda	23,78	2,87	92	32·1	3·9	12·1
26. Gorakhpur ..	29,73	10,55	4,44	42·1	14·9	35·5
27. Hamirpur	9,34	78	7	9·0	0·7	8·4
28. Hardoi	17,84	2,26	86	38·1	4·8	12·7
29. Jalaun	7,64	1,43	17	11·9	2·2	18·7
30. Azamgarh	28,03	1,61	28	17·3	1·0	5·7
31. Jhansi	12,74	3,80	45	11·8	3·5	29·8
32. Kanpur	27,18	43,18	33,75	78·2	124·2	158·9
33. Kheri	14,44	2,09	1,43	68·4	9·9	14·5
34. Lucknow	15,29	38,63	5,20	13·5	34·0	252·6
35. Mainpuri	13,59	1,53	40	26·1	3·0	11·3
36. Mathura	12,74	4,29	99	23·1	7·8	33·7
37. Meerut	31,42	23,05	12,48	52·1	39·7	76·2
38. Mirzapur	14,44	2,76	2,63	95·3	18·2	19·1
39. Moradabad ..	22,93	8,50	3,26	38·4	14·2	37·1
40. Muzaffarnagar ..	16,09	6,50	3,71	57·1	21·8	38·3
41. Naini Tal	6,79	6,85	1,78	26·0	26·2	100·9
42. Pilibhit	6,79	2,13	89	41·8	13·1	31·4
43. Pithoragarh	3,40	35	3	8·6	0·9	10·3
44. Pratapgarh	14,44	76	6	7·9	0·4	5·3
45. Rae Bareli	15,29	1,29	1	0·8	0·1	8·4
46. Rampur	7,64	1,65	1,84	111·5	24·1	21·6
47. Saharanpur	17,83	12,41	4,76	38·4	26·7	69·6
48. Shahjahanpur ..	12,74	2,74	72	26·3	5·7	21·5
49. Sitapur	18,68	3,26	2,28	69·9	12·2	17·5
50. Sultanpur	16,14	99	3	3·0	0·2	6·1
51. Tehri Garhwal ..	4,25	12	1	8·3	0·2	2·8
52. Unnao	14,44	1,05	3	2·9	0·2	7·3
53. Uttar Kashi ..	1,70	..	..	..	..	..
54. Varanasi	27,18	17,32	3,40	19·6	12·5	63·7
TOTAL	**8,49,30**	**3,11,17**	**1,11,62**	35·9	**13·1**	**36·6**
WEST BENGAL						
1. Bankura	19,89	2,18	12	5·5	0·6	11·0
2. Birbhum	16,99	2,31	6	2·6	0·4	13·6
3. Burdwan	36,46	26,28	7,84	29·8	21·5	72·1
4. Calcutta	34,80	4,69,10	6,02,04	128·3	1,730·0	1,348·0
5. Cooch Behar ..	12,01	1,58	13	8·2	1·1	13·2
6. Darjeeling	7,46	6,63	83	12·5	11·1	88·9
7. Hooghly	26,51	11,15	58	5·2	2·2	42·1

STATEMENT 38.—DISTRICT-WISE CLASSIFICATION OF DEPOSITS AND BANK CREDIT OF COMMERCIAL BANKS—END-DECEMBER 1967—(concld.)

(Population in '000s)

State/District	Estimated Population Mid-1967	Deposits (Rs. lakhs)	Bank Credit (R. lakhs)	Credit-Deposit Ratio	Per Capita Credit (Rs.)	Per Capita Deposits (Rs.)
	1	2	3	4	5	6
WEST BENGAL—(continued)						
8. Howrah	24,03	15,34	4,64	*30·2*	19·3	63·8
9. Jalpaiguri	16,16	5,32	1,54	*28·9*	9·5	32·9
10. Malda	14,50	1,36	2	*1·5*	0·1	9·4
11. Midnapore	51,37	4,74	22	*4·6*	0·4	9·2
12. Murshidabad ..	27,34	2,80	3	*1·1*	0·1	10·2
13. Nadia	20,30	4,45	22	*4·9*	1·1	21·9
14. Purulia	16,16	1,86	11	*5·9*	0·7	11·5
15. 24-Parganas ..	74,57	12,71	40	*3·1*	0·5	17·0
16. West Dinajpur ..	15,74	1,73	15	*8·7*	1·0	11·0
TOTAL	**4,14,30**	**5,69,54**	**6,19,01**	*108·7*	**149·4**	**137·5**
NAGALAND						
1. Kohima	1,21	70	1	*1·4*	0·8	57·0
2. Mokokching ..	1,40	—	—	—	—	—
3. Tuensang	1,49	—	—	—	—	—
TOTAL	**4,10**	**70**	**1**	*1·4*	**0·2**	**16·8**
UNION TERRITORIES						
Delhi	36,54	3,64,35	1,31,46	*36·1*	359·8	997·1
HIMACHAL PRADESH						
1. Bilaspur	2,07	6	—	—	—	2·9
2. Chamba	2,77	37	7	*18·9*	2·5	13·4
3. Kangra	13,93	2,80	8	*2·9*	0·6	20·1
4. Kinnaur	53	—	—	—	—	—
5. Kulu	..	51	—	—	—	..
6. Rahaul & Spiti ..	27	—	—	—	—	—
7. Mahasu	4,71	1,43	2,72	*190·2*	57·8	30·4
8. Mandi	5,04	1,16	16	*13·8*	3·2	23·0
9. Simla	1,47	5,47	57	*10·4*	38·8	372·1
10. Sirmur	2,61	51	9	*17·6*	3·4	19·5
TOTAL	**33,40**	**12,31**	**3,70**	*30·1*	**11·1**	**36·9**
Laccadive, Minicoy and Amindivi Islands ..	..	—	—	—	—	—
Tripura	13,81	4,15	9	*2·2*	0·7	30·1
Dadra and Nagar Haveli ..	..	—	—	—	—	—
Goa, Daman & Diu ..	6,68	39,83	14,53	*36·5*	217·5	596·3
North East Frontier Agency	..	—	—	—	—	—
Pondicherry	4,21	4,42	2,68	*60·6*	63·7	105·0
Chandigarh	1,45	30,00	14,08	*46·9*	971·0	2069·0
Andaman and Nicobar Islands	82	27	—	—	—	32·9
Manipur	9,94	71	9	*12·7*	0·9	7·1
ALL-INDIA ..	**51,13,00**	**39,62,19**	**27,47,07**	*69·3*	**53·7**	**77·5**

Source : Statistical Tables relating to banks in India, 1967.

STATEMENT 39—DISTRICTS ARRANGED ACCORDING TO DESCENDING ORDER OF CREDIT-DEPOSIT RATIO OF COMMERCIAL BANKS—END-DECEMBER 1967

Sr. No.	District	Credit-Deposit Ratio	Sr. No.	District	Credit-Deposit Ratio
1.	Mahasu (H. P.)	190·2	58.	Bharatpur (Rajasthan)	62·8
2.	Bhilwara (Rajasthan)	188·1	59.	Gurgaon (Haryana)	62·1
3.	Coimbatore (Tamil Nadu)	184·3	60.	Pondicherry	60·6
4.	Chitradurga (Mysore)	153·7	61.	Tiruchirapalli (Tamil Nadu)	60·3
5.	Satna (M.P.)	148·2	62.	Chickmagalur (Mysore)	59·7
6.	Madras Corporation (Tamil Nadu)	147·3	63.	Ambala (Haryana)	59·4
7.	Ratlam (M. P)	141·6	64.	Visakhapatnam (A.P.)	58·6
8.	Chanda (Maharashtra)	135·1	65.	Deoria (U.P.)	57·7
9.	East Nimar (M.P.)	134·0	66.	Muzaffarnagar (U.P.)	57·1
10.	Shimoga (Mysore)	131·2	67.	Cannanore (Kerala)	56·9
11.	Calcutta (W. Bengal)	128·3	68.	Alleppey (Kerala)	55·4
12.	Akola (Maharashtra)	128·2	69.	Cuddapah (A.P.)	55·2
13.	Raigarh (M.P.)	124·5	70.	Chittorgarh (Rajasthan)	55·0
14.	West Nimar (M. P.)	119·4	71.	Nagpur (Maharashtra)	54·9
15.	Ujjain (M. P.)	117·6	72.	Nagaur (Rajasthan)	54·3
16.	Madurai (Tamil Nadu)	116·6	73.	Meerut (U.P.)	52·1
17.	South Arcot (Tamil Nadu)	115·2	74.	East Godavari (A.P.)	51·7
18.	Sambalpur (Orissa)	114·1	75.	Chingleput (Tamil Nadu)	51·5
19.	Ahmedabad (Gujarat)	112·6	76.	Guntur (A.P.)	50·8
20.	Rampur (U. P.)	111·5	77.	South Kanara (Mysore)	49·2
21.	Kota (Rajasthan)	103·6	78.	North Arcot (Tamil Nadu)	48·5
22.	Shahdol (M.P.)	103·5	79.	Poona (Maharashtra)	47·8
23.	Greater Bombay (Maharashtra)	102·2	80.	Jind (Haryana)	47·7
24.	Nilgiris (Tamil Nadu)	95·4	81.	Ramanathapuram (Tamil Nadu)	47·6
25.	Mirzapur (U.P.)	95·3	82.	Nanded (Maharashtra)	47·3
26.	Adilabad (A.P.)	95·2	83.	Hassan (Mysore)	47·0
27.	Bangalore (Mysore)	94·2	84.	Chandigarh	46·9
28.	Sehore (M.P.)	93·4	85.	Sundargarh (Orissa)	46·6
29.	Durg (M.P.)	93·0	86.	Baroda (Gujarat)	46·4
30.	Quilon (Kerala)	91·9	87.	Nowgong (Assam)	45·1
31.	Ernakulam (Kerala)	91·4	88.	Jaipur (Rajasthan)	44·9
32.	Kurnool (A.P.)	90·8	89.	Mysore (Mysore)	44·6
33.	Bellary (Mysore)	86·3	90.	Nellore (A.P.)	44·4
34.	Hyderabad (A.P.)	85·9	91.	Junagadh (Gujarat)	43·9
35.	Tirunelveli (Tamil Nadu)	82·1	92.	Mandsaur (M.P.)	43·8
36.	West Godavari (A.P.)	81·7	93.	Champaran (Bihar)	43·7
37.	Amravati (Maharashtra)	79·1	94.	Bhatinda (Punjab)	43·5
38.	Krishna (A.P.)	78·3	95.	Ajmer (Rajasthan)	43·3
39.	Kanpur (U.P.)	78·2	96.	Tumkur (Mysore)	43·3
40.	Salem (Tamil Nadu)	75·9	97.	Nizamabad (A.P.)	43·2
41.	Pali (Rajasthan)	72·5	98.	Trivandrum (Kerala)	42·8
42.	Sangli (Maharashtra)	71·9	99.	Kottayam (Kerala)	42·8
43.	Jhalawar (Rajasthan)	71·4	100.	Ferozepur (Punjab)	42·3
44.	Gwalior (M. P.)	71·1	101.	Gorakhpur (U.P.)	42·1
45.	Cuttack (Orissa)	70·9	102.	Pilibhit (U.P.)	41·8
46.	Basti (U.P.)	70·4	103.	Kamrup (Assam)	41·8
47.	Sitapur (U.P.)	69·9	104.	Bhavnagar (Gujarat)	41·7
48.	Saran (Bihar)	69·9	105.	Jamnagar (Gujarat)	41·5
49.	Buldhana (Maharashra)	68·7	106.	Bijnor (U.P.)	41·4
50.	Dharmapuri (Tamil Nadu)	@	107.	Bolangir (Orissa)	41·4
51.	Kheri (U.P.)	68·4	108.	Hissar (Haryana)	40·7
52.	Wardha (Maharashtra)	67·4	109.	Aligarh (U.P.)	40·6
53.	Kolhapur (Maharashtra)	67·0	110.	Rupar (Punjab)	40·6
54.	Anantapur (A.P.)	65·2	111.	Jalgaon (Maharashtra)	39·4
55.	Kozhikode (Kerala)	65·1	112.	Moradabad (U.P.)	38·4
56.	Srikakulam (A.P.)	65·1	113.	Saharanpur (U.P.)	38·4
57.	Indore (M.P.)	63·9	114.	Sholapur (Maharashtra)	38·2

@ Included in Salem.

STATEMENT 39.—DISTRICTS ARRANGED ACCORDING TO DESCENDING ORDER OF CREDIT-DEPOSIT RATIO OF COMMERCIAL BANKS—END-DECEMBER 1967—(Contd.)

Sr. No.	District	Credit-Deposit Ratio	Sr. No.	District	Credit-Deposit Ratio
115.	Raipur (M.P.)	38·2	173.	Bilaspur (M.P.)	24·1
116.	Hardoi (U.P.)	38·1	174.	Udaipur (Rajasthan)	23·2
117.	Belgaum (Mysore)	38·0	175.	Mathura (U.P.)	23·1
118.	Puri (Orissa)	37·4	176.	Dewas (M.P.)	23·1
119.	Parbhani (Maharashtra)	37·4	177.	Etawah (U. P.)	23.0
120.	Goa, Daman and Diu	36·5	178.	Nasik (Maharashtra)	22·4
121.	Delhi	36·1	179.	Ahmednagar (Maharashtra)	21·8
122.	Jodhpur (Rajasthan)	36·1	180.	Osmanabad (Maharashtra)	21·8
123.	Ludhiana (Punjab)	34·5	181.	Yeotmal (Maharashtra)	21·6
124.	Trichur (Kerala)	34·5	182.	Mohindergarh (Haryana)	21·5
125.	Surendranagar (Gujarat)	34·5	183.	Ganjam (Orissa)	21·0
126.	Shahabad (Bihar)	34·1	184.	Ranchi (Bihar)	20·3
127.	Patna (Bihar)	34·1	185.	North Kanara (Mysore)	20·0
128.	Karnal (Haryana)	33·9	186.	Allahabad (U.P.)	20·0
129.	Amritsar (Punjab)	33·8	187.	Tonk (Rajasthan)	20·0
130.	Raichur (Mysore)	33·5	188.	Bulandshahr (U.P.)	19·9
131.	Darbhanga (Bihar)	33·3	189.	Kolar (Mysore)	19·8
132.	Chittoor (A.P.)	33·0	190.	Varanasi (U.P.)	19·6
133.	Gonda (U.P.)	32·1	191.	Etah (U.P.)	19·6
134.	Gurdaspur (Punjab)	32·0	192.	Kanya Kumari (Tamil Nadu)	19·2
135.	Bijapur (Mysore)	32·0	193.	Amreli (Gujarat)	18·9
136.	Singhbhum (Bihar)	32·0	194.	Chamba (H.P.)	18·9
137.	Muzaffarpur (Bihar)	31·8	195.	Shahjapur (M.P.)	18·8
138.	Satara (Maharashtra)	31·6	196.	Dhanbad (Bihar)	16·7
139.	Dharwar (Mysore)	31·3	197.	Sangrur (Punjab)	18·3
140.	Agra (U.P.)	31·0	198.	Morena (M.P.)	18·3
141.	Purnea (Bihar)	31·0	199.	Guna (M.P.)	18·2
142.	Jabalpur (M.P.)	30·4	200.	Panchmahals (Gujarat)	17·9
143.	Howrah (W. Bengal)	30·2	201.	Hoshangabad (M.P.)	17·9
144.	Rohtak (Haryana)	30·2	202.	Bikaner (Rajasthan)	17·8
145.	Coorg (Mysore)	30·2	203.	Sirmoor (H.P.)	17·6
146.	Rajkot (Gujarat)	29·9	204.	Kalahandi (Orissa)	17·4
147.	Burdwan (W. Bengal)	29·8	205.	Azamgarh (U.P.)	17·3
148.	Lakhimpur (Assam)	29·4	206.	Sagar (M.P.)	16·1
149.	Ganganagar (Rajasthan)	29·3	207.	Surat & Bulsar (Gujarat)	16·1
150.	Alwar (Rajasthan)	29·0	208.	Mayurbhanj (Orissa)	15·9
151.	Khammam (A.P.)	29·0	209.	Faizabad (U.P.)	15·8
152.	Jalpaiguri (W. Bengal)	28·9	210.	Bahraich (U.P.)	15·8
153.	Kapurthala (Punjab)	28·3	211.	Warangal (A.P.)	15·5
154.	Chhindwara (M.P.)	27·9	212.	Sikar (Rajasthan)	15·5
155.	Aurangabad (Maharashtra)	27·7	213.	Bhagalpur (Bihar)	15·4
156.	Patiala (Punjab)	27·6	214.	Goalpara (Assam)	15·3
157.	Dhulia (Maharashtra)	27·6	215.	Jullundur (Punjab)	15·2
158.	Thana (Maharashtra)	27·5	216.	Hazaribagh (Bihar)	14·8
159.	Bhandara (Maharashtra)	26·9	217.	Darrang (Assam)	14·4
160.	Bareilly (U.P.)	26·8	218.	Sabarkantha (Gujarat)	14·3
161.	Broach (Gujarat)	26·4	219.	Mandi (H.P.)	13·8
162.	Koraput (Orissa)	26·4	220.	Gaya (Bihar)	13·7
163.	Mandya (Mysore)	26·3	221.	Saharsa (Bihar)	13·7
164.	Shahjahanpur (U.P.)	26·3	222.	Sawai Madhopur (Rajasthan)	13·6
165.	Mainpuri (U.P.)	26·1	223.	Santhal Parganas (Bihar)	13·5
166.	Nainital (U.P.)	26·0	224.	Lucknow (U.P.)	13·5
167.	Tanjore (Tamil Nadu)	25·3	225.	Dehra Dun (U.P.)	13·2
168.	Mahbubnagar (A.P.)	24·8	226.	Mehsana (Gujarat)	13·0
169.	Budaun (U.P.)	24·5	227.	Balaghat (M.P.)	12·9
170.	Gulbarga (Mysore)	24·4	228.	Surguja (M.P.)	12·9
171.	Bidar (Mysore)	24·3	229.	Karimnagar (A.P.)	12·7
172.	Palghat (Kerala)	24·2	230.	Manipur	12·7

STATEMENT 39.—DISTRICTS ARRANGED ACCORDING TO DESCENDING ORDER OF CREDIT-DEPOSIT RATIO OF COMMERCIAL BANKS—END-DECEMBER 1967—(*Concld*)

Sr. No.	District	Credit-Deposit Ratio	Sr. No.	District	Credit-Deposit Ratio
231.	Kaira (Gujarat)	12·6	271.	Cachar (Assam)	5·9
232.	Darjeeling (W. Bengal)	12·5	272.	Barabanki (U.P.)	5·8
233.	Damoh (M.P.)	12·5	273.	Monghyr (Bihar)	5·8
234.	Jhunjhunu (Rajasthan)	12·5	274.	Bankura (W. Bengal)	5·5
235.	Banswara (Rajasthan)	12·5	275.	Hoshiarpur (Punjab)	5·5
236.	Jalaun (U.P.)	11·9	276.	Jaunpur (U.P.)	5·4
237.	Chhattarpur (M.P.)	11·9	277.	Mandla (M.P.)	5·3
238.	Jhansi (U.P.)	11·8	278.	Barmer (Rajasthan)	5·3
239.	Ratnagiri (Maharashtra)	11·8	279.	Hooghly (W. Bengal)	5·2
240.	Palamau (Bihar)	11·7	280.	Nadia (W. Bengal)	4·9
241.	United Khasi and Jaintia Hills, (Assam)	11·5	281.	Kutch (Gujarat)	4·9
			282.	Midnapore (W. Bengal)	4·6
242.	Farrukhabad (U.P.)	11·3	283.	Almora (U.P.)	4·5
243.	Sibsagar (Assam)	11·2	284.	Kathua (J. & K.)	4·5
244.	Bhir (Maharashtra)	11·2	285.	Tikamgarh (M.P.)	4·3
245.	Seoni (M.P.)	11·1	286.	Udhampur (J. & K.)	4·2
246.	Balasore (Orissa)	11·0	287.	Bhind (M.P.)	4·0
247.	Banaskantha (Gujarat)	10·7	288.	Vidisha (M.P.)	3·9
248.	Simla (H.P.)	10·4	289.	Shivpuri (M.P.)	3·8
249.	Ghazipur (U.P.)	10·4	290.	Datia (M.P.)	3·7
250.	Banda (U.P.)	9·7	291.	Jalore (Rajasthan)	3·7
251.	Kolaba (Maharashtra)	9·6	292.	Baramulla (J. & K.)	3·6
252.	Sirohi (Rajasthan)	9·4	293.	Rewa (M.P.)	3·4
253.	Hamirpur (U.P.)	9·0	294.	Medak (A.P.)	3·4
254.	West Dinajpur (W. Bengal)	8·7	295.	Sultanpur (U.P.)	3·0
255.	Pithoragarh (U.P.)	8·6	296.	24-Parganas (W. Bengal)	3·1
256.	Tehri Garhwal (U.P.)	8·3	297.	Kangra (H.P.)	2·9
257.	Cooch Behar (W. Bengal)	8·2	298.	Unnao (U.P.)	2·9
258.	Bastar (M.P.)	8·0	299.	Dhenkanal (Orissa)	2·6
259.	Pratapgarh (U.P.)	7·9	300.	Birbhum (W. Bengal)	2·6
260.	Fatehpur (U.P.)	7·6	301.	Ballia (U.P.)	2·4
261.	Jammu (J. & K.)	7·4	302.	Anantnag (J. & K.)	2·3
262.	Dhar (M.P.)	7·3	303.	Bundi (Rajasthan)	2·3
263.	Nalgonda (A.P.)	7·1	304.	Tripura	2·2
264.	Keonjhar (Orissa)	6·5	305.	Panna (M.P.)	2·1
265.	Churu (Rajasthan)	6·5	306.	Garhwal (U.P.)	1·6
266.	Betul (M.P.)	6·4	307.	Malda (W. Bengal)	1·5
267.	Raisen (M.P.)	6·3	308.	Kohima (Nagaland)	1·4
268.	Srinagar (J. & K.)	6·3	309.	Murshidabad (W. Bengal)	1·1
269.	Narsinghpur (M.P.)	6·1	310.	Rae Bareilly (U.P.)	0·8
270.	Purulia (W. Bengal)	5·9			

Total number of districts in the Indian Union = 336

Number of districts arranged according to Credit-Deposit Ratio = 310

Number of districts without commercial banks = 13

Number of districts where credit has not been advanced though there are deposits = 13

(*Source :* Statistical Tables relating to banks in India, 1967.

STATEMENT 40—STATE-WISE DISTRIBUTION OF OFFICES OF COMMERCIAL BANKS AS ON JUNE 30, 1969

ZONE/STATE	STATE BANK OF INDIA AND ITS SUBSIDIARIES							
	State Bank of India	State Bank of Bikaner and Jaipur	State Bank of Hyderabad	State Bank of Indore	State Bank of Mysore	State Bank of Patiala	State Bank of Saurashtra	State Bank of Travancore
	1	2	3	4	5	6	7	8
Place where registered office is located	Calcutta (W. Bengal)	Jaipur (Rajasthan)	Hyderabad (A.P.)	Indore (M.P.)	Bangalore (Mysore)	Patiala (Punjab)	Bhavnagar (Gujarat)	Trivandrum (Kerala)
WESTERN ZONE								
Maharashtra	198	7	48	2	1	—	1	1
Gujarat	114	2	—	—	—	—	88	—
Goa, Daman and Diu	11	—	—	—	—	—	1	—
Total	**323**	**9**	**48**	**2**	**1**	**—**	**90**	**1**
NORTHERN ZONE								
Punjab	39	1	—	—	—	58	—	—
Jammu and Kashmir	3	—	—	—	—	—	—	—
Rajasthan	11	202	—	—	—	—	—	—
Haryana	33	1	—	—	—	17	—	—
Chandigarh	4	—	—	—	—	1	—	—
Himachal Pradesh	15	—	—	—	—	8	—	—
Delhi	27	4	—	—	—	1	—	—

	1	2	3	4	5	6	7	8
Place where registered office is located	Calcutta (W. Bengal)	Jaipur (Rajasthan)	Hyderabad (A.P.)	Indore (M.P.)	Bangalore (Mysore)	Patiala (Punjab)	Bhavnagar (Gujarat)	Trivandrum (Kerala)
CENTRAL ZONE								
Uttar Pradesh ..	271	5	—	—	—	—	—	—
Madhya Pradesh	117	1	—	51	—	—	—	—
Total	**388**	**6**	**—**	**51**	**—**	**—**	**—**	**—**
EASTERN ZONE								
Assam	38	1	—	—	—	—	—	—
Bihar	102	1	—	—	—	—	—	—
Orissa	58	—	—	—	—	—	—	—
West Bengal	104	2	—	—	—	—	—	—
Others	7	—	—	—	—	—	—	—
Total ..	**309**	**4**	**—**	**—**	**—**	**—**	**—**	**—**
SOUTHERN ZONE								
Andhra Pradesh	174	—	97	—	4	—	—	—
Kerala ..	21	—	—	—	1	—	—	128
Tamil Nadu ..	164	3	2	—	3	—	—	9
Mysore ..	51	—	26	—	110	—	—	—
Pondicherry ..	4	—	—	—	—	—	—	—
Total	**414**	**3**	**125**	**—**	**118**	**—**	**—**	**137**
Grand Total	**1566**	**230**	**173**	**53**	**119**	**85**	**90**	**138**

STATEMENT 40—STATE-WISE DISTRIBUTION OF OFFICES OF COMMERCIAL BANKS AS ON JUNE 30, 1969—(Contd.)

ZONE/STATE	NATIONALISED BANKS													
	Allahabad Bank	Bank of Baroda	Bank of India	Bank of Maharashtra	Canara Bank	Central Bank of India	Dena Bank	Indian Bank	Indian Overseas Bank	Punjab National Bank	Syndicate Bank	United Bank of India	United Commercial Bank	Union Bank of India
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Place where registered office is located	Calcutta (W. Bengal)	Baroda (Gujarat)	Bombay (Maharashtra)	Poona (Maharashtra)	Mangalore (Mysore)	Bombay (Maharashtra)	Bombay (Maharashtra)	Madras (Tamil Nadu)	Madras (Tamil Nadu)	New Delhi (Delhi)	Manipal (Mysore)	Calcutta (W. Bengal)	Calcutta (W. Bengal)	Bombay (Maharashtra)
WESTERN ZONE														
Maharashtra ..	12	82	73	139	40	78	77	11	12	43	20	4	34	66
Gujarat ..	2	157	66	1	4	74	112	1	10	29	3	4	38	41
Goa, Daman & Diu ..	—	9	8	2	13	10	6	—	2	—	13	—	5	3
Total	**14**	**248**	**147**	**142**	**57**	**162**	**195**	**12**	**24**	**72**	**36**	**8**	**77**	**110**
NORTHERN ZONE														
Punjab	6	5	13	—	—	38	2	—	5	93	—	—	17	9
Jammu & Kashmir ..	—	—	—	—	—	3	—	—	—	5	—	—	4	—
Rajasthan	2	10	3	—	—	17	1	—	1	36	—	—	25	3
Haryana	3	2	2	—	1	32	—	—	—	35	—	—	9	1
Chandigarh	1	2	1	—	—	2	—	—	—	4	—	—	2	1
Himachal Pradesh ..	1	—	—	—	—	3	—	—	—	10	—	—	3	1
Delhi	6	10	14	1	2	27	6	2	4	48	10	4	18	9
Total	**19**	**29**	**33**	**1**	**3**	**122**	**9**	**2**	**10**	**231**	**10**	**4**	**78**	**24**

NATIONALISED BANKS

ZONE/STATE	Allahabad Bank	Bank of Baroda	Bank of India	Bank of Maharashtra	Canara Bank	Central Bank of India	Dena Bank	Indian Bank	Indian Overseas Bank	Punjab National Bank	Syndicate Bank	United Bank of India	United Commercial Bank	Union Bank of India
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Place where registered office is located	Calcutta (W. Bengal)	Baroda (Gujarat)	Bombay (Maharashtra)	Poona (Maharashtra)	Mangalore (Mysore)	Bombay (Maharashtra)	Bombay (Maharashtra)	Madras (Tamil Nadu)	Madras (Tamil Nadu)	New Delhi (Delhi)	Manipal (Mysore)	Calcutta (W. Bengal	Calcutta (W. Bengal)	Bombay (Maharashtra)
CENTRAL ZONE														
Uttar Pradesh	65	15	8	—	1	89	2	—	—	114	—	5	33	20
Madhya Pradesh	8	9	17	6	1	24	10	—	—	42	—	—	29	14
Total ..	**73**	**24**	**25**	**6**	**2**	**113**	**12**	**—**	**—**	**156**	**—**	**5**	**62**	**34**
EASTERN ZONE														
Assam ..	1	2	1	—	—	3	—	—	—	4	—	16	7	1
Bihar ..	14	7	12	—	2	33	2	1	—	27	—	15	23	5
Orissa ..	2	3	3	—	2	4	—	—	2	3	—	7	10	2
West Bengal ..	25	20	28	—	3	30	6	2	9	23	2	114	49	8
Others ..	—	—	—	—	—	—	—	—	—	—	—	2	1	—
Total	**42**	**32**	**44**	**—**	**7**	**70**	**8**	**3**	**11**	**57**	**2**	**154**	**90**	**16**
SOUTHERN ZONE														
Andhra Pradesh	2	8	6	1	16	24	3	28	14	11	32	—	6	11
Kerala ..	1	6	5	—	47	15	1	16	15	2	36	—	7	28
Tamil Nadu ..	1	19	9	—	105	42	3	142	113	34	28	4	18	12
Mysore ..	1	6	5	3	87	16	3	13	9	7	163	—	7	5
Pondicherry ..	—	—	—	—	1	—	—	1	2	—	—	—	3	—
Total	**5**	**39**	**25**	**4**	**256**	**97**	**10**	**200**	**153**	**54**	**259**	**4**	**41**	**56**
Grand Total	**153**	**372**	**274**	**153**	**325**	**564**	**234**	**217**	**198**	**570**	**307**	**175**	**348**	**240**

STATEMENT 40—STATE-WISE DISTRIBUTION OF OFFICES OF COMMERCIAL BANKS AS ON JUNE 30, 1969—(Contd.)

ZONE/STATE	OTHER INDIAN SCHEDULED COMMERCIAL BANKS											
	Andhra Bank	Canara Banking Corporation	Hindustan Commercial Bank	Bank of Behar	Bank of Rajasthan	Oriental Bank of Commerce	South Indian Bank	National Bank of Lahore	Bank of Madura	Karur Vysya Bank	Lakshmi Commercial Bank	New Bank of India
	1	2	3	4	5	6	7	8	9	10	11	12
Place where registered office is located	Machlipatnam (A.P.)	Udipi (Mysore)	Kanpur (U.P.)	Patna (Bihar)	Udaipur (Rajasthan)	Delhi (Delhi)	Trichur (Kerala)	Delhi (Delhi)	Madurai (Tamil Nadu)	Karur (Tamil Nadu)	New Delhi (Delhi)	New Delhi (Delhi)
WESTERN ZONE												
Maharashtra ..	2	4	2	—	1	1	—	—	—	—	—	—
Gujarat	1	—	2	—	1	—	—	—	—	—	—	—
Goa, Daman and Diu	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	**3**	**4**	**4**	**—**	**2**	**1**	**—**	**—**	**—**	**—**	**—**	**—**
NORTHERN ZONE												
Punjab	—	—	3	—	—	6	—	5	—	—	6	13
Jammu and Kashmir	—	—	—	—	—	—	—	2	—	—	2	—
Rajasthan	—	—	2	—	50	—	—	—	—	—	—	1
Haryana	—	—	—	—	—	4	—	1	—	—	6	16
Chandigarh ..	—	—	—	—	—	—	—	—	—	—	—	2
Himachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—
Delhi	1	—	2	—	1	11	—	13	—	—	10	11
Total	**1**	**—**	**7**	**—**	**51**	**21**	**—**	**21**	**—**	**—**	**24**	**43**

OTHER INDIAN SCHEDULED COMMERCIAL BANKS

ZONE/STATE	Andhra Bank	Canara Banking Corporation	Hindustan Commercial Bank	Bank of Bihar	Bank of Rajasthan	Oriental Bank of Commerce	South Indian Bank	National Bank of Lahore	Bank of Madura	Karur Vysya Bank	Lakshmi Commercial Bank	New Bank of India
	1	2	3	4	5	6	7	8	9	10	11	12
Place where registered office is located	Machlipatnam (A.P.)	Udipi (Mysore)	Kanpur (U.P.)	Patna (Bihar)	Udaipur (Rajasthan)	Delhi (Delhi)	Trichur (Kerala)	Delhi (Delhi)	Madurai (Tamil Nadu-)	Karur (Tamil Nadu)	New Delhi (Delhi)	New Delhi (Delhi)
CENTRAL ZONE												
Uttar Pradesh	—	—	20	3	—	12	—	3	—	—	3	1
Madhya Pradesh	1	—	2	—	6	—	—	—	—	—	—	—
Total ..	**1**	**—**	**22**	**3**	**6**	**12**	**—**	**3**	**—**	**—**	**3**	**1**
EASTERN ZONE												
Assam	—	—	—	—	—	—	—	—	—	—	—	—
Bihar	—	—	2	24	—	—	—	—	—	—	—	—
Orissa	4	—	—	—	—	—	—	—	—	—	—	—
West Bengal	2	1	3	1	—	1	—	—	—	—	—	2
Others	—	—	—	—	—	—	—	—	—	—	—	—
Total	**6**	**1**	**5**	**25**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**2**
SOUTHERN ZONE												
Andhra Pradesh ..	110	8	—	—	—	—	—	—	—	—	—	—
Kerala	—	8	—	—	—	—	55	—	4	—	—	—
Tamil Nadu	9	9	—	—	—	—	19	—	63	45	—	—
Mysore	2	48	—	—	—	—	3	—	1	—	—	—
Pondicherry	—	—	—	—	—	—	1	—	—	—	—	—
Total	**121**	**73**	**—**	**—**	**—**	**—**	**78**	**—**	**68**	**45**	**—**	**—**
Grand Total	**132**	**78**	**38**	**28**	**59**	**35**	**78**	**24**	**68**	**45**	**27**	**46**

STATEMENT 40—STATE-WISE DISTRIBUTION OF OFFICES OF COMMERCIAL BANKS AS ON JUNE 30, 1969—(*Contd.*)

ZONE/STATE	OTHER INDIAN SCHEDULED COMMERCIAL BANKS											
	United Western Bank	Lakshmi Vilas Bank	Karnataka Bank	Sangli Bank	Vysya Bank	Nedungadi Bank	Punjab & Sind Bank	Tanjore Permanent Bank	Krishnaram Baldeo Bank	Belgaum Bank	United Industrial Bank	Hindustan Mercantile Bank
	13	14	15	16	17	18	19	20	21	22	23	24
Place where registered office is located	Satara City (Maharashtra)	Karur (Tamil Nadu)	Mangalore (Mysore)	Sangli (Maharashtra)	Bangalore (Mysore)	Kozhikode (Kerala)	Amritsar (Punjab)	Tanjore (Tamil Nadu)	Gwalior (M.P.)	Belgaum (Mysore)	Calcutta (West Bengal)	Calcutta (West Bengal)
WESTERN ZONE												
Maharashtra ..	38	—	—	38	—	—	—	—	—	14	—	1
Gujarat	—	—	—	—	—	—	—	—	—	—	—	—
Goa, Daman and Diu	—	—	—	—	—	—	—	—	—	1	—	—
Total ..	**38**	**—**	**—**	**38**	**—**	**—**	**—**	**—**	**—**	**15**	**—**	**1**
NOTHERN ZONE												
Punjab	—	—	—	—	—	—	15	—				
Jammu and Kashmir	—	—	—	—	—	—	—	—	—	—	—	—
Rajasthan	—	—	—	—	—	—	—	—	—	—	—	—
Haryana	—	—	—	—	—	—	5	—	—	—	—	—
Chandigarh ..	—	—	—	—	—	—	—	—	—	—	—	—
Himachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—
Delhi	—	—	—	—	—	—	5	—	1	—	—	1
Total	**—**	**—**	**—**	**—**	**—**	**—**	**25**	**—**	**1**	**—**	**—**	**1**

ZONE/STATE	OTHER INDIAN SCHEDULED COMMERCIAL BANKS											
	United Western Bank	Lakshmi Vilas Bank	Karnataka Bank	Sangli Bank	Vysya Bank	Nedungadi Bank	Punjab & Sind Bank	Tanjore Permanent Bank	Krishnaram Baldeo Bank	Belgaum Bank	United Industrial Bank	Hindustan Mercantile Bank
	13	14	15	16	17	18	19	20	21	22	23	24
Place where registered office is located	Satara City (Maharashtra)	Karur (Tamil Nadu)	Mangalore (Mysore)	Sangli (Maharashtra)	Bangalore (Mysore)	Kozhikode (Kerala)	Amritsar (Punjab)	Tanjore (Tamil Nadu)	Gwalior (M.P.)	Belgaum (Mysore)	Calcutta (West Bengal)	Calcutta (West Bengal)
CENTRAL ZONE												
Uttar Pradesh	—	—	—	—	—	—	5	—	—	—	—	1
Madhya Pradesh	—	—	—	—	—	—	—	—	5	—	—	—
Total	**—**	**—**	**—**	**—**	**—**	**—**	**5**	**—**	**5**	**—**	**—**	**1**
EASTERN ZONE												
Assam	—	—	—	—	—	—	—	—	—	—	—	—
Bihar	—	—	—	—	—	—	—	—	—	—	1	—
Orissa	—	—	—	—	—	—	—	—	—	—	—	—
West Bengal	—	—	—	—	—	—	—	—	—	—	20	3
Others	—	—	—	—	—	—	—	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**21**	**3**
SOUTHERN ZONE												
Andhra Pradesh	—	—	—	—	10	—	—	—	—	—	—	—
Kerala	—	—	—	—	—	20	—	—	—	—	—	—
Tamil Nadu	—	48	1	—	1	4	—	56	—	—	—	—
Mysore	—	—	64	15	23	—	—	—	—	24	—	—
Pondicherry	—	—	—	—	—	—	—	—	—	—	—	—
Total	**—**	**48**	**65**	**15**	**34**	**24**	**—**	**56**	**—**	**24**	**—**	**—**
Grand Total	**38**	**48**	**65**	**53**	**34**	**24**	**30**	**56**	**6**	**39**	**21**	**6**

STATEMENT 40—STATE-WISE DISTRIBUTION OF OFFICES OF COMMERCIAL BANKS AS ON JUNE 30, 1969—(*Contd.*)

ZONE/STATE	OTHER INDIAN SCHEDULED COMMERCIAL BANKS											
	Vijaya Bank	Bareilly Corporation (Bank)	South India Bank	Kumbakonam City Union Bank	Tamilnad Mercantile Bank	Miraj State Bank	Benares State Bank	Punjab Co-operative Bank	Ratnakar Bank	Narang Bank of India	Traders' Bank	Bank of Karad
	25	26	27	28	29	30	31	32	33	34	35	36
Place where registered office is located	Mangalore (Mysore)	Bareilly (U.P.)	Tirunelveli (Tamil Nadu)	Kumbakonam (Tamil Nadu)	Tuticorin (Tamil Nadu)	Miraj (Maharashtra)	Varanasi (U.P.)	Amritsar (Punjab)	Kolhapur (Mahashtra)	New Delhi (Delhi)	New Delhi (Delhi)	Karad (Maharashtra)
WESTERN ZONE												
Maharashtra ..	2	—	—	—	—	9	—	—	7	—	—	9
Gujarat	—	—	—	—	—	—	—	—	—	—	—	—
Goa, Daman and Diu	—	—	—	—	—	—	—	—	—	—	—	—
Total	**2**	**—**	**—**	**—**	**—**	**9**	**—**	**—**	**7**	**—**	**—**	**9**
NOTHERN ZONE												
Punjab	—	—	—	—	—	—	—	3	—	—	—	—
Jammu and Kashmir	—	—	—	—	—	—	—	—	—	—	—	—
Rajasthan	—	—	—	—	—	—	—	—	—	—	—	—
Haryana	—	—	—	—	—	—	—	—	—	—	—	—
Chandigarh ..	—	—	—	—	—	—	—	—	—	—	—	—
Himachal Pradesh	—	—	—	—	—	—	—	—	—	1	—	—
Delhi	—	—	—	—	—	—	—	1	—	1	2	—
Total ..	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4**	**—**	**2**	**2**	**—**

OTHER INDIAN SCHEDULED COMMERCIAL BANKS

ZONE/STATE	Vijaya Bank	Bareilly Coporation (Bank)	South India Bank	Kumbakonam City Union Bank	Tamilnad Mercantile Bank	Miraj State Bank	Benares State Bank	Punjab Co-operative Bank	Ratnakar Bank	Narang Bank of India	Traders' Bank	Bank of Karad
	25	26	27	28	29	30	31	32	33	34	35	36
Place where registered office is located	Mangalore (Mysore)	Bareilly (U.P.)	Tirunelveli (Tamil Nadu)	Kumbakonam (Tamil Nadu)	Tuticorin (Tamil Nadu)	Miraj (Maharashtra)	Varanasi (U.P.)	Amritsar (Punjab)	Kolhapur (Mahashtra)	New Delhi (Delhi)	New Delhi (Delhi)	Karad (Maharashtra)
CENTRAL ZONE												
Uttar Pradesh ..	—	20	—	—	—	—	38	—	—	2	—	—
Madhya Pradesh ..	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	**—**	**20**	**—**	**—**	**—**	**—**	**38**	**—**	**—**	**2**	**—**	**—**
EASTERN ZONE												
Assam ..	—	—	—	—	—	—	—	—	—	—	—	—
Bihar ..	—	—	—	—	—	—	—	—	—	—	—	—
Orissa ..	—	—	—	—	—	—	—	—	—	—	—	—
West Bengal	—	—	—	—	—	—	—	—	—	—	—	—
Others ..	—	—	—	—	—	—	—	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
SOUTHERN ZONE												
Andhra Pradesh ..	1	—	—	—	—	—	—	—	—	—	—	—
Kerala	26	—	—	—	—	—	—	—	—	—	—	—
Tamil Nadu ..	5	—	23	25	9	—	—	—	—	—	—	—
Mysore	61	—	—	—	—	1	—	—	—	—	—	—
Pondicherry ..	—	—	—	—	—	—	—	—	—	—	—	—
Total	**93**	**—**	**23**	**25**	**9**	**1**	**—**	**—**	**—**	**—**	**—**	**—**
Grand Total	**95**	**20**	**23**	**25**	**9**	**10**	**38**	**4**	**7**	**4**	**2**	**9**

STATEMENT 40—STATE-WISE DISTRIBUTION OF OFFICES OF COMMERCIAL BANKS AS ON JUNE 30, 1969—(Contd.)

ZONE/STATE	BANKS INCORPORATED OUTSIDE INDIA														
	National & Grindlays Bank	Chartered Bank	First National City Bank	Mercantile Bank	Hongkong & Shanghai	American Express Int. Banking Corpn.	Eastern Bank	Banque Nationale de Paris	Bank of Tokyo	British Bank of Middle East	General Bank of Netherlands	Mitsui Bank	Bank of America	Habib Bank	National Bank of Pakistan
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Principal Office	Calcutta (W. Bengal)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Bombay (Maharashtra)	Bombay (Maharashtra)	Calcutta (W. Bengal)
WESTERN ZONE															
Maharashtra	12	5	3	6	1	1	1	2	1	1	2	1	1	1	—
Gujarat	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Goa, Daman & Diu	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	**12**	**6**	**3**	**6**	**1**	**1**	**1**	**2**	**1**	**1**	**2**	**1**	**1**	**1**	**—**
NORTHERN ZONE															
Punjab	2	1	—	—	—	—	—	—	—	—	—	—	—	—	—
Jammu & Kashmir	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rajasthan	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Haryana	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Chandigarh	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Himachal Pradesh	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Delhi	10	2	1	2	—	2	—	—	1	—	—	—	—	—	—
Total	**14**	**3**	**1**	**2**	**—**	**2**	**—**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**—**

BANKS INCORPORATED OUTSIDE INDIA

ZONE/STATE	National & Grindlays Bank	Chartered Bank	First National City Bank	Mercantile Bank	Hongkong & Shanghai	American Express Int. Banking Corpn.	Eastern Bank	Banque Nationale de Paris	Bank of Tokyo	British Bank of Middle East	General Bank of Netherlands	Mitsui Bank	Bank of America	Habib Bank	National Bank of Pakistan
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Principal Office	Calcutta (W. Bengal)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Calcutta (W. Bengal)	Bombay (Maharashtra)	Bombay (Maharashtra)	Bombay (Maharashtra)	Calcutta (W. Bengal)
CENTRAL ZONE															
Uttar Pradesh	1	1	—	—	—	—	—	—	—	—	—	—	—	—	—
Madhya Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	**1**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
EASTERN ZONE															
Assam ..	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bihar ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Orissa ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
West Bengal ..	18	6	2	8	1	1	2	3	1	—	1	—	1	—	1
Others ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	**19**	**6**	**2**	**8**	**1**	**1**	**2**	**3**	**1**	**—**	**1**	**—**	**1**	**—**	**1**
SOUTHERN ZONE															
Andhra Pradesh	1	—	—	1	—	—	—	—	—	—	—	—	—	—	—
Kerala	2	2	—	—	—	—	—	—	—	—	—	—	—	—	—
Tamil Nadu	5	2	2	2	—	—	1	—	—	—	—	—	1	—	—
Mysore	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Pondicherry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	**9**	**4**	**2**	**3**	**—**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**1**	**—**	**—**
Grand Total	**55**	**20**	**8**	**19**	**2**	**4**	**4**	**5**	**3**	**1**	**3**	**1**	**3**	**1**	**1**

STATEMENT 40—STATE-WISE DISTRIBUTION OF OFFICES OF COMMERCIAL BANKS AS ON JUNE 30, 1969—(Concld.)

ZONE/STATE	NON-SCHEDULED COMMERCIAL BANKS															
	Jharia Industrial Bank	Gauhati Bank	The Sahukara Bank	Punjab & Kashmir Bank	Jammu & Kashmir Bank	Bari Doab Bank	Bank of Karaikudi	Parur Central Bank	Federal Bank	Bank of Cochin	Lord Krishna Bank	Catholic Syrian Bank	Dhanalakshmi Bank	Kashi Nath Seth Bank	Naini Tal Bank	The Ganesh Bank of Kurundwad
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Place where registered office is located.	Jharia (Bihar)	Gauhati (Assam)	Ludhiana (Punjab)	Delhi (Delhi)	Srinagar (J&K)	Hoshiarpur (Punjab)	Karaikudi (Tamil Nadu)	Parur (Kerala)	Alwaye (Kerala)	Ernakulam (Kerala)	Cranganore (Kerala)	Trichur (Kerala)	Trichur (Kerala)	Shahjahanpur (U.P.)	Naini Tal (U.P.)	Kurundwad (Maharashtra)
WESTERN ZONE																
Maharashtra	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
Gujarat	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Goa, Daman & Diu ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2**
NORTHERN ZONE																
Punjab	—	—	5	—	—	1	—	—	—	—	—	—	—	—	—	—
Jammu & Kashmir ..	—	—	—	—	15	—	—	—	—	—	—	—	—	—	—	—
Rajasthan	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Haryana	—	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—
Chandigarh	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Himachal Pradesh ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Delhi	—	—	—	3	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	**—**	**—**	**6**	**3**	**15**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

NON-SCHEDULED COMMERCIAL BANKS

ZONE/STATE	Jharia Industrial Bank	Gauhati Bank	The Sahukara Bank	Punjab & Kashmir Bank	Jammu-& Kashmir Bank	Bari Doab Bank	Bank of Karaikudi	Parur Central Bank	Federal Bank	Bank of Cochin	Lord Krishna Bank	Catholic Syrian Bank	Dhanalakshmi Bank	Kashi Nath Seth Bank	Naini Tal Bank	The Ganesh Bank of Kurundwad
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Place where registered office in located	Jharia (Bihar)	Gauhati (Assam)	Ludhiana (Punjab)	Delhi (Delhi)	Srinagar (J&K)	Hoshiarpur (Punjab)	Karaikudi (Tamil Nadu)	Parur (Kerala	Alwaye (Kerala)	Ernakulam (Kerala)	Cranganore (Kerala)	Trichur (Kerala)	Trichur (Kerala)	Shahjahanpur (U.P.)	Naini Tal (U.P.)	Kurundwad (Maharashtra)
CENTRAL ZONE																
Uttar Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—	1	8	—
Madhya Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	—	—	—	—	—	—	—	**1**	**8**	—
EASTERN ZONE																
Assam ..	—	6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bihar ..	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Orissa ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
West Bengal ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	**1**	**6**	—	—	—	—	—	—	—	—	—	—	—	—	—	—
SOUTHERN ZONE																
Andhra Pradesh ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kerala	—	—	—	—	—	—	—	13	41	19	26	36	20	—	—	—
Tamil Nadu	—	—	—	—	—	—	8	—	—	—	—	9	—	—	—	—
Mysore	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Pondicherry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	**8**	**13**	**41**	**19**	**26**	**45**	**20**	—	—	**1**
Grand Total ..	**1**	**6**	**6**	**3**	**15**	**1**	**8**	**13**	**41**	**19**	**26**	**45**	**20**	**1**	**8**	**3**

STATEMENT 41.—SCHEMATIC PICTURE OF CREDIT REQUIREMENTS OF SELECTED SECTORS OF THE ECONOMY AND THE EXTENT OF AVAILABILITY OF CREDIT FROM INSTITUTIONAL AGENCIES

(Amount in crores of rupees)

	Agriculture (1967-68)				Industry (Large & Medium) (Annual Average 1961-62 to 1965-66)			Small-scale Industries (1968-69)	Selected Trading Companies (Annual Average 1961-62 to 1965-66)		
	Short-term	Medium-term	Long-term	Total	Short-term	Term-loans	Total		Short-term	Term-loans	Total
	1	2	3	4	5	6	7	8	9	10	11
I. Credit Requirements ..	12,00 *(100)*	1,00 *(100)*	1,60 *(100)*	**14,60** *(100)*	3,57	48	**4,05** *(100)*	**5,33** *(100)*	19 *(100)*	1 *(100)*	**20** *(100)*
II. Credit made available by :											
(*a*) Co-operatives ..	3,58 *(29·8)*	46 *(46·0)*	83 *(51·9)*	**4,87** *(33·4)*	26	—	**26** *(6·4)*	**48** *(9·0)*	6 *(31·6)*	1 *(100)*	**7** *(35·0)*
(*b*) Commercial banks..	44 *(3·7)*	13 *(13·0)*	20† *(12·5)*	**77** *(5·3)*	1,44	17	**1,61** *(39·8)*	**2,58** *(48·4)*			
(*c*) Other financial institutions ..	—	—	—	—	41@		**41** *(10·1)*	**43** *(8·1)*	—	—	—
TOTAL of (*a*), (*b*) and (*c*)	4,02 *(33·5)*	59 *(59·0)*	1,03 *(64·4)*	**5,64** *(38·6)*	—	—	**2,28** *(56·3)*	**3,49** *(65·5)*	6 *(31·6)*	1 *(100)*	**7** *(35·0)*
III. Difference between I and II	7,89 *(66·5)*	41 *(41·0)*	57 *(35·6)*	**8,96** *(61·4)*	—	—	**1,77** *(43·7)*	**1,84** *(34·5)*	13 *(68·4)*	—	**13** *(65·0)*

Appendix to Statement 41

EXPLANATORY NOTES ON THE METHODOLOGY OF ESTIMATING THE CREDIT REQUIREMENTS AND AVAILABILITY OF CREDIT FROM INSTITUTIONAL AGENCIES

I. AGRICULTURE

The Panel of Economists headed by Prof. M. L. Dantwala adopted two approaches for arriving at the probable credit needs of agriculturists. Under the first, credit requirements were assumed to bear a certain relationship to the value of agricultural produce. Accordingly, the Group applied the ratio of borrowings to the value of net agricultural produce in 1961-62 to the estimated value of agricultural produce in 1966-67 and 1970-71 at 1965-66 prices. Under the second method, per acre borrowings were multiplied by the estimated net acreage under cultivation in 1966-67 and 1970-71 and the estimates so obtained were then inflated by 25 per cent to allow for the increase in price level between 1961-62 and 1966-67. Under each of these methods, again, two sets of estimates were made : in one, the entire borrowings for household expenditure were taken into account in addition to the borrowings for current expenditure in farm and non-farm business and in the other, only 75 per cent of the borrowings for the household expenditure were taken into account in addition to those for farm and non-farm business. The Economists' Panel presented, accordingly, four estimates in regard to short-term credit requirements of agriculturists which are shown below.

ESTIMATES OF SHORT-TERM CREDIT REQUIREMENTS FOR CULTIVATING HOUSEHOLDS IN 1970-71

(Rs. crores)

Method of Estimation	Estimates of Credit Requirements in 1970-71
Method No. 1	
A. Total borrowings for current expenditure in farm and non-farm business and household expenditure	1228
B. Total borrowings for current expenditure in farm and non-farm business and 75 per cent of the borrowings for household expenditure	1011
Method No. 2	
A. Total borrowings for current expenditure in farm and non-farm business and household expenditure	1341
B. Total borrowings for current expenditure in farm and non-farm business and 75 per cent of the borrowings for household expenditure	1174

The present Study Group adopted the methods of the Panel of Economists with some modifications. National income in 1967-68 was arrived at on the basis of estimate for 1966-67 (Revised Series) made by the Central Statistical Organisation and assuming a 20 per cent increase in agricultural production in 1967-68, as given in Economic Survey 1967-68 and a 12 per cent increase in the prices of agricultural commodities. On this basis, national income in 1967-68 from agriculture was put at Rs. 15,592 crores. Further, only borrowings for current farm expenditure and three-fourths of those for household expenditure in 1961-62 were taken into account and by relating them to national income from agriculture in that year (according to revised estimates, Rs. 7,010 crores) the ratio arrived at was 1 : 7.1. On this basis, credit requirements in 1967-68 were estimated at Rs. 1,115 crores.

Similarly, borrowing per acre in 1961-62 was arrived at by including those for current borrowing and three-fourths of those for household expenditure, *i.e.*, Rs. 15.02 per acre. Providing for 70 per cent increase in prices, the requirement per acre in 1967-68 worked out to Rs. 25.68. Net cultivated area was taken as 369.85 million acres in 1967-68. Provision was also made at the rate of Rs. 200 per acre for area under HYVP which for 1967-68 was worked out on the basis of a target of 32.5 million acres for 1970-71. On this basis, credit required in 1967-68 amounted to Rs. 1,275 crores.

Surveys undertaken by the Reserve Bank of India in certain areas covered by IADP indicated that borrowings of participant cultivators for current farm operations amounted to Rs. 23 per acre in 1965-66. Allowing for the increase in price level since then, the credit requirement would amount to Rs. 30 per acre in 1967-68. On this basis, the production credit requirements may be placed at Rs. 1,060 crores.

Based on these three estimates, credit requirements for current farm expenses in 1967-68 can roughly be placed at Rs. 1,200 crores.

The Panel of Economists has not made any estimate of the current medium-term and long-term credit requirements. In regard to medium-term credit, the Panel put the requirement at Rs. 100 crores per annum by 1970-71. As regards long-term credit, the Panel had put the requirements at Rs. 800 crores for a five-year period. Hence, we have worked out our estimates at Rs. 160 crores for 1967-68.

Adding up the above estimates, the total credit requirements for short, medium and long-term purposes in the agricultural sector could be put at Rs. 1,460 crores in 1967-68.

Sources of Credit: Data on co-operative credit relate to loans issued during 1967-68. Data on commercial bank credit relate to averages of increases in outstanding advances for five years and include advances made to plantations. Subscriptions of commercial banks to debentures of land development banks are given under long-term credit and relate to subscriptions during the year.

II. INDUSTRY : *Large and Medium*

Credit requirements of the industrial sector have been assumed to be equivalent to the increase in total borrowings plus increase in trade dues and other current liabilities. To make the data more representative, average of the annual increases in the five years (1961-62 to 1965-66) have been taken. The total credit requirements have been estimated on the basis of the data in respect of industrial companies available in company finance studies of the Reserve Bank of India in respect of 1,333 public limited non-Government non-financial companies, each with a paid-up capital of over Rs. 5 lakhs, 501 private limited companies each with a paid-up capital of over Rs. 5 lakhs and selected Government companies for the period 1961-62 to 1965-66. The 1,333 companies accounted for 69 per cent of the total paid-up capital of all non-Government non-financial public limited companies and 501 private limited companies accounted for 29.3 per cent of the total paid-up capital of all private limited companies. The percentage representation of share capital in respect of selected Government companies was different for different years ranging from 50 per cent to 97 per cent. The proportion of share capital of the industrial companies included in the Surveys to the total share capital of all the large and medium industries is not available. Hence, in making an estimate of the credit requirements of large and medium industries, we have blown up the total borrowings, trade dues and other current liabilities on the basis of the share of paid-up capital of *all* selected companies to total paid-up capital of *all* companies. As the figures have been blown up on the basis of paid-up capital, a few small-scale industries will have been included in our estimates under this head. But, the figures refer, by and large, to medium and large-sized industrial companies.

Sources of Credit : *Credit extended by Commercial banks:* Average annual increase in outstanding advances to industry (based on the Survey of Purpose-wise Classification of Advances) during the five years (1961-62 to 1965-66) by scheduled commercial banks (figures in respect of non-scheduled commercial banks are not available for these years).

Credit provided by other financial institutions is the average of rupee loans disbursed during the period 1961-62 to 1965-66 by IDBI, IFC, ICICI, SFCs.

III. INDUSTRY : *Small Scale*

We have estimated the credit requirements of small-scale industries on the basis of average borrowings per unit from commercial banks, State

Financial Corporations, co-operative banks and National Small Industries Corporation. Assuming that mostly the bigger units among the small-scale industries have borrowed so far from these institutions, we have estimated the credit requirements of the remaining units at a somewhat lower figure of average borrowings per unit.

The details of our estimation are given below :

(1) *Commercial Banks* : As of March 1969, advances of scheduled commercial banks to small-scale industries are estimated at Rs. 258 crores. The number of borrowing units on the same day has been estimated at 43,400. On this basis, the average amount of advance by scheduled commercial banks to borrowing industrial units works out to Rs. 59,400 per unit.

(2) *State Financial Corporations* : All the State Financial Corporations (SFCs) had made available Rs. 25 crores of their own resources in respect of about 4,400 units as of March 1969. The SFCs had also made available an additional Rs. 3 crores under 'Agency Arrangement' with State Governments in respect of about 1,400 borrowing units. The average amount made available by SFCs in respect of a borrowing unit (out of own resources as well as under agency arrangement) works out to Rs. 42,000.

(3) *Co-operatives :* The co-operatives advanced Rs. 47 crores as of June 1966 in respect of about 5,500 borrowing units. The figure for March 1969 may be placed at Rs. 50 crores advanced to 6,000 units, so that the average per borrowing unit would come to about Rs. 83,000.

(4) *National Small Industries Corporation :* The NSIC is estimated to have made available about Rs. 15 crores as of March 1969 covering about 9,000 units* or an average of Rs. 17,000 per borrowing unit.

Estimate of Borrowings by Small Industrial Units

Since some of the borrowing units making use of the facilities from the commercial banks will also be borrowing from other institutional agencies, an attempt has been made to avoid the duplication involved. We have assumed that most of the units borrowing from the Corporations have also borrowed from the commercial banks. In the case of units which have borrowed from the SFCs, it is assumed that 75 per cent would have borrowed also from the commercial banks. Thus, against the total number of borrowing units of about 6,000 with the SFCs, it is assumed that 4,500 units would have also borrowed from commercial banks. Therefore, in making estimates of the number of units borrowing only from the SFCs, we have assumed the figure of 1,500 units. Similarly in the case of borrowing units with the NSIC, we

* Value of machinery declared as at the end of March 1968 was Rs. 31·1 crores covering 18,525 machines ; the average amount per unit works out to Rs. 5,000.

have assumed that about two-thirds of them have also availed of commercial banking facilities. On this basis, out of about 8,500 borrowing units with the NSIC, we have taken only 3,000 units for purposes of estimating the number of units borrowing only from the NSIC.

After making allowance for this duplication, the number of borrowing units would work out to 54,000 as against the total number of borrowing accounts of 64,000.

In making the above estimate, we have not taken into account the assistance rendered to small-scale industrial units through direct governmental agencies.

Estimate of Number of Small-scale Industrial Units

According to latest information available with us, the number of small-scale industries registered with the State Directorates of Industries as at the end of March 1969 was 1,43,276. It is assumed that the number of defunct units would be about the same as that which are not registered with the State Directorates. It is noticed from the various surveys conducted by the State Bank of India and other agencies that about one-fourth of the units surveyed were self-financed. Further, they are likely to be very small units which are not bankable. Allowing for these two factors, the number of units which the institutional agencies can finance immediately has been estimated at about 1,00,000 for purposes of our credit estimates.

Estimate of Credit Requirements

On the basis of the total credit extended by institutional agencies and the number of borrowing accounts, the average amount of loans outstanding per account was Rs. 54,000 as of March 1969. Allowing for duplication of borrowing accounts with various agencies, the average amount of loan per borrowing unit can be estimated to be about Rs. 65,000. Since this estimate is based on the number of units borrowing from the institutional agencies which are likely to be bigger units, we have assumed that average credit requirements of the units which have not borrowed from any of the agencies will be lower at about Rs. 40,000. Thus, the total credit requirements of these remaining units (46,000) may be estimated at Rs. 184 crores.

Estimate of Credit Gap

In the light of the factors explained above, the following picture emerges :

(i) as of March 1969, institutional agencies made available Rs. 350 crores to small-scale industrial units;

(ii) the credit requirements of small-scale industrial units not making use of any of the institutional agencies are placed at Rs. 184 crores;

(iii) the minimum total credit requirements may thus be placed at about Rs. 533 crores (349 + 184).

On this basis, the credit gap in meeting the requirements of small-scale industries from institutional agencies may be estimated to be at least 35 per cent. A further word of caution is necessary. Out of the 46,000 small industrial units, it is possible that there may be a few units which may need institutional financial facilities but which may not be willing to subject themselves to the discipline expected of them by the lending agencies. On the other hand, there may also be many among the unregistered units which are in a position to absorb institutional credit.

IV. TRADING COMPANIES

As the proportion of paid-up capital in respect of trading companies included in the Reserve Bank Company Finance Surveys to the total paid-up capital of all trading companies is not available, we have not been able to estimate the credit requirements of the trading sector as a whole. Credit requirements (average annual increase in total borrowings plus increase in trade dues and other current liabilities) shown in this table relate to selected medium and large and small (public and private limited) trading companies only.

Sources of Credit : The same as in the case of medium and large industry.

APPENDIX

PAPERS AND STUDIES

LIST OF PAPERS AND STUDIES

Note :—The views expressed in the papeis prepared in the Reserve Bank of India do not necessarily represent the views of the institution.

NOTE FOR THE NATIONAL CREDIT COUNCIL

By Prof. D. R. Gadgil

It is expected that the National Credit Council will play an important part in meeting the objectives which Government had in mind when it accepted social control of the banking system. The existing regulatory provisions in relation to banking are used by the Reserve Bank of India for certain limited aims such as security of deposits and regulation of the total volume of credit and direction of its flow. Broader social aims could not be easily fitted in into this scheme of regulation and the ordinary devices available to the Reserve Bank may not necessarily serve the purpose of these broader aims. It is necessary, in the first instance, to define the broader aims that a banking system can serve and the structural reorganisation and the attitudes and policies needed to fulfil the aims. It is highly desirable that discussions at the highest level precede action in this regard and that for the larger part action follows through voluntary acceptance of the articulated objectives and not through a set of externally imposed regulatory measures. The National Credit Council ought to be visualised as essentially serving these ends. It follows that the first task before the Council is to evolve a set of directions in which the banking system should move so that social purposes are fulfilled through its operation.

It is the purpose of this note to highlight a few aspects of this problem. It is hall-mark of an unequal society that not only is the ownership of the resources of production very badly distributed within it but also that operational and other facilities are equally mal-distributed. In case of the banking and credit system, as it operated 20 years ago, this inequality was glaringly evident. Those commanding the largest resources not only could get their credit requirements satisfied in the fullest measure but also obtained credit at specially favourable rates. At the other extreme, large masses of small business and households had no access to any institutional credit facilities. Developments during the past 20 years have in part changed the picture. The successful carrying out by the State Bank of India of its programme of branch expansion, the bringing together the State Bank and the older Indian State Banks into one structure covering the whole country, and a number of experiments undertaken by the State Bank of India in financing small industry and co-operative organisations have contributed towards this. Developments in the co-operative credit structure have made fuller and more widespread institutional credit available to much greater numbers than before and special schemes in finance of small industry have slightly improved the position of categories of artisans and small industrialists. Even so, the basic inequality is still large and the main objective of social control of banking and credit would appear to be that of more evenly spreading available credit over different areas and categories and relatively lowering the cost of credit to small operators.

It is necessary in framing a programme for meeting social objectives through the credit system to take an integrated view of commercial and co-operative banking. Co-operative banking is now under regulation of the Reserve Bank of India. It covers a progressively wider field and because of its organisational structure and approach is specially fitted to deal with problems of the smaller men and the weaker sections. It is not generally realised that in terms of numbers served, the co-operative credit system is today the largest system of institutional credit. The following extracts from a statement made by me some years ago bring this out statistically. The data of today will be even more striking than the data cited in the quotation.

"As on June 30, 1963, there were 211 thousand primary agricultural credit societies in India with a membership of 217 lakhs. Of the total membership more than 104 lakh members made borrowings from their societies during the previous year and the average loans advanced per borrowing member was Rs. 246. The non-agricultural societies consist chiefly of employees' credit societies and urban banks. These together cater to the credit requirements of small traders, government servants and other wage and salary earners and other similar categories of urban and semi-urban residents. The number of non-agricultural credit societies on June 30, 1963 was 12,850 and their membership was 55 lakhs. They had deposits of over Rs. 115 crores and the loans advanced by these societies to members during 1962-63 amounted to Rs. 166 crores."

"The co-operative credit system is the only well-nigh universal institutional credit system in rural India. It caters through a larger number of organisations to larger numbers of people than any other institutional system even in urban India. This dispersed and wide coverage of the co-operative credit system is reflected in the locational distribution of the offices of co-operative banks. In 1963, commercial banks in India had 5,495 offices located at 1,860 places ; the corresponding figures for co-operative banks were 2,360 offices at 1,864 places. The number of places served by co-operative banks was larger even though their number of offices was almost half that of commercial banks. The feature is emphasised by the distribution of offices of the two classes among places with differing population. The all-India figures do not bring out the contrast fully as co-operative banking has not developed equally in all states. The figures for Maharashtra in which both commercial banking and co-operative banking may be taken to be well-developed are more instructive. In 1963 commercial banks had 691 offices at 169 places in Maharashtra and the co-operative banks 673 offices at 483 places ; and while the commercial banks had offices at 115 places with a population of less than 25,000 the corresponding number of places with co-operative banks was 385."

There are two or three aspects of this problem of spreading widely institutional facilities and keeping low the cost of credit to small men. It has to be realised that appropriate instruments must be fashioned before given purposes can be fulfilled. For example, it is the experience in every branch of economic activity that meeting the needs of small men is essentially a dispersed, highly local and small-scale operation which can best be carried out by local institutions which operate on the basis of personal knowledge of local circumstances. It is obvious that some types of large institutions cannot satisfy this requirement easily. In the same way, supplying credit for agricultural production is not only a dispersed and small unit activity but is subject to many risks which are to be fully incorporated in the organisation and methods of the credit system. Encouraging and mobilising savings of small and dispersed establishments is a function which can be performed only by the institutions which distribute credit appropriately. One of the first problems to be studied by the National Credit Council would be the appropriate division of labour among existing categories of credit institutions and the need, if any, for creating special types of institutions for fulfilling certain needs.

Development of commercial banking, for example, in India, has almost entirely gone on the lines of the British system. Growth of smaller single unit local banks or district banks with branches concentrated in small areas of operation has not been encouraged. It is for consideration whether in certain areas and for certain aspects smaller units even in the commercial banking field may not be allowed to be established and to grow. The co-operative credit structure being essentially federal has considerable elasticity and is specially meant at the primary level to fulfil the needs of small men. Primary urban co-operative banking where it has developed has given credit facilities to small business in a manner that could never have been otherwise available to them and the salary earners' societies have in a very large measure financed the consumption requirements of very large numbers of salary earners of specific categories very satisfactorily.

It is true that development of co-operative activity has been very uneven and that this is specially so with urban primary co-operative banks. However, I consider it part of the task of the National Credit Council to look into causes of uneven developments of this type and to encourage by special measures the spread in all areas of institutions appropriate for meeting specific ends. There is another aspect of this problem with which Reserve Bank is intimately connected. Furnishing adequate credit to the small man is somewhat difficult in ordinary commercial banking practice because of the lack of security offered and the uncertainty that surrounds the business. The costs of each unit of business also tend to be high. The co-operative approach gets over this in part because it brings together groups of persons largely known to each other and, therefore, can operate on the security of knowledge of character and other non-bankable features. However, whether in co-operative banking or in commercial banking where a small local unit adopts practices and procedures appropriate to the situation it is apt to run up against norms laid down by Reserve Bank or other inspecting authority. The security for credit offered, the margins insisted upon, the number of instalments, the method or frequency of granting extensions and other features of any supervisory system would have to be specially adapted to needs of financing the smaller men and the weaker sections. The local bank or the co-operative bank can keep down the cost of credit to the small man only because the overheads are smaller or because there is some voluntary work and lower pay scales. Expectations of the regulating authority would have taken account of all such features of the business.

While the co-operative institutions or single unit or small area banks can fulfil certain purposes of social control more effectively than other members of the system, the resources they could command for the purpose may not be adequate. Therefore, the units with command of larger resources could be looked upon as, in part, supplying resources to this other part of the system. The recent practice of commercial banks of buying debentures of Land Development Banks is a step in this direction. It should, therefore, be clear that it is not necessary for each unit in the banking system to try to perform all functions. It should, in fact, be accepted that it is not possible for this to happen and, that to make it happen artificially may involve unnecessary costs.

The newly established National Credit Council will have to review initially the present operations of the various constituents of the credit and banking systems taking an integrated view of the commercial and co-operative systems. Such a review should indicate the reorganisations and the new developments in structures, policies and procedures needed to make the credit system serve objectives of social control and the appropriate part to be played in the future by each category and type. In this manner the Council could play the part of a nuclear organisation where forward-looking thinking is continuously done, from which operations of Government, the Reserve Bank and the Planning Commission could all profit.

March 14, 1968.

Extract from letter dated July 2, 1968 from Prof. D. R. Gadgil, Deputy Chairman, Planning Commission, New Delhi addressed to Shri L. K. Jha, Governor, Reserve Bank of India, Bombay.

"In my opinion, the gravest defect of the present situation is the non-existence of needed appropriate institutions both in the private and the co-operative sectors. In the note I wrote for presentation to the First Meeting of the National Credit Council I had drawn attention to this gap. In the rural areas reliance is placed for distributing credit mainly on the co-operative agency. However, the co-operative net-work is both weak and sparse in many States and Districts in the country and even where it is strong it does not serve small producers adequately. One aspect of this problem was studied by the informal group set up by the Reserve Bank some years ago. A reference to the need for looking at the Rural Credit structure district by district and to make adaptations to make it service-worthy has been indicated in the Approach Paper of the Planning Commission. Mere calculations regarding requirements of agricultural credit would not prove of much use unless somebody looks at the problem of immediately putting up a structure, with combined efforts of public, co-operative and private sectors, for distribution of credit to different classes of producers in each district.

"The problem regarding small men is even more difficult in the urban areas. Salary-earners' societies, where they exist, look after consumption finance needs of different categories of their members. However, the operation of these societies is confined to those in regular salaried employment. The consumption needs of the bulk of the urban population and the production needs of most of the small artisans and businessmen are not looked after by any appropriate institutions. In exceptional cases there are primary co-operative banks or industrial co-operative finance societies or small commercial local banks which partially perform the latter function. However, for most of the country none of these institutions exist. A small sample of experience that four urban co-operative banks in Poona had of providing under special conditions finance for rehabilitation of small businesses after the 1961 floods pointed to both the need and the possibility of filling this gap.

"I am extremely anxious that the National Credit Council should give serious thought to this problem of appropriate institutional development and initiate action in this regard."

SOME ASPECTS OF COMMERCIAL BANKING SYSTEM IN INDIA*

The problem for the Study Group's consideration is what organisational steps would need to be taken to implement the objectives of social control. The Banking Commission to be appointed will doubtless go into these matters in great detail but pending such a full scale review by the proposed Banking Commission, this Study Group might wish to focus attention on the main issues involved.

There is no doubt that at the moment there exist certain credit gaps in the rural sector as well as in the field of credit availability to the small businessmen both in the rural and in the urban areas. One of the primary objectives of social control is to fill these credit gaps. The National Credit Council had, at its last meeting, indicated the minimum targets to be achieved by commercial banks in respect of an increase in agricultural and small industrial credit. The Reserve Bank has followed up these recommendations by holding individual discussions with major banks, which between them account for over four-fifths of total banking business, with a view to ensuring the achievement of the targets set. However, the point that has emerged during the discussions is the need for commercial banks to build up their organisational structure so as to be able to undertake a vastly expanded credit effort in respect of agriculture and small scale industries. These are problems of organisation within the banks. However, there are certain issues which concern the banking system as a whole, which this Group would need to be concerned with.

The inadequacy of institutional credit—especially from the commercial banks—to agriculture and to small industries is evident from the proportion of such credit to the total of commercial bank credit. Another facet of the same phenomenon is the low credit-deposit ratio in respect of commercial banks' operations in smaller population centres. Thus,whereas the all-India average credit-deposit ratio for the banking system as a whole was 66 per cent in 1966, in centres with a population of between 10,000 and 15,000, the ratio was only 45 per cent, whereas for centres with a population below 10,000 it was even lower at 42 per cent. This, incidentally, is a feature common both to private and public sector banks. While such figures have to be treated with a degree of reserve (as, for example, they do not include the assistance which the commercial banks might be giving to the agricultural sector by contributing to the co-operative banks' programmes) they still reveal very clearly that, for the greater part, the smaller populaion centres provided resources to the banking system rather than outlets for efficient and effective employment of funds. In other words, the economically weaker sections of the community (such as the rural and semi-urban centres) far

* Prepared in the Reserve Bank of India.

from drawing on the resources of the metropolitan centres, were providing resources to the metropolitan centres. This is clearly a situation which calls for some correction and one of the issues which the Study Group might consider is the manner in which such a correction could be brought about.

The commercial banks often refer to the 'unremunerative' character of their small branches. The question of what constitutes an 'unremunerative' operation needs to be gone into on detailed cost accounting principles. However, many banks consider a centre which is primarily a deposit centre as 'unremunerative' in the sense that its credit business does not provide sufficient earnings for the up-keep of the branch on a profitable basis. This would seem to be a rather narrow accounting concept. A branch which provides deposits is in effect adding to the resources of the bank as a whole. Following the point that branch operations are 'unremunerative', bank managements have often suggested the need for a subsidy for such operations. The question of subsidy bristles with many practical difficulties. But if the principle of subsidisation is to be considered, a variant of it to encourage local lending would be preferable. It may be examined, for instance, whether tax concessions in respect of earnings on advances in branches below a certain population level or on advances below a certain size should be used as a means of encouraging banks to deploy more of their funds in smaller local loans.

Another aspect of the problem of lopsided distribution of bank credit is related to the size-structure of the Indian banking system. Until about a decade ago, the Indian banking system consisted of a large number of small banks. However, these small-sized banks accounted for but a small amount of total banking business in the country and many of the smaller units also displayed weaknesses of one kind or another stemming largely from the absence of trained staff conversant with the principles and practices of sound banking. This was reflected in their credit operations and their inability to generate sufficient depositor confidence with the consequent inability to raise adequate resources. In fact, the operations of many of the smaller banks were below standards of safety and the failure of a few banks around the turn of the decade led to some impairment of confidence. With a view to strengthening the banking system and reviving depositor confidence, the Reserve Bank was constrained to take measures which resulted in the merger of a large number of sub-standard units with larger and more viable units. This process gathered momentum after legislative amendments which provided the Reserve Bank with powers to bring about compulsory mergers. While this movement has undoubtedly improved the tone of the banking system and has helped to strengthen depositor confidence, the other side of the coin is the disappearance of some of the services which these smaller banks were providing to their small-sized clientele. Gold loans, to give an example, figures prominently in the business of these small banks and such loans were not always unproductive. They represented a type of loan transaction which did not require a sophisticated system of credit appraisal and for which the limited training of the staff of the small banks was adequate. Thus, the replacement of small banks by the larger banks may have unconsciously had the effect of reducing the area of services to the small artisans and agriculturists. The problem, therefore, is to combine the advantages of strengthening the banking system with the continuation, if not enhancement, of the coverage of services reaching down to the type of clientele which the smaller banks formerly served.

Another aspect of the problem derives from the growth of the larger banks. Bigness of the banks in a way imparts a bias in favour of the bigness of the size of the loan. The profits of a big bank operating in a remote underdeveloped area, unlike those of a small bank, if any, operating in that area, are not much affected by whatever it lends locally, there being plenty of scope for employing the funds collected there more remuneratively or at a lower unit cost elsewhere. This apathy towards lending in distant areas of operation is perhaps aggravated by the inadequacy of branch supervision which is a fairly common defect in large-sized banks in the country. The banks have sought to meet this problem by curtailing the discretion allowed to local agents in the matter of loan applications. Greater delegation of authority to local agents without at the same time weakening overall branch supervision would seem to be called for.

The dilemma is thus one of the large banks with resources not having sufficient incentive to deploy more of their funds in the local areas and the smaller local banks which have the necessary inclination and incentive to make small local loans not having the resources or the expertise to be able to play a worthwhile role in the local community. A solution to this dilemma could perhaps be found partly by encouraging the larger banks to supplement the resources of the smaller and medium-sized banks and partly by providing adequate technical advisory services to the smaller banks so as to develop them into efficient and viable units. While the larger banks themselves would be expanding their small loan operations in both urban and rural areas as they endeavour to fulfil the National Credit Council's targets for credit to agriculture and small-scale industry, clearly there are limitations to which this can be accomplished with their present organisation. Hence, there is need for devising supplementary measures to enlarge the co-operation between the bigger and the smaller banks and also to strengthen the latter.

Such financial support could with equal advantage cover not only small local banks but also co-operative banks. It could take the form of what has come to be known in the United States as "participation credit arrangements", in terms of which the larger bank shares with local banks in particular loans by providing in effect refinance and its own system of credit appraisal. The advantage of this type of loan transaction is that the servicing of the loan is done by the local bank whose resources are supplemented in this manner by the larger banks. The latter would then be in a position to deploy more of their local deposits in the same area without necessarily inflating their own cost structure. Indeed, there are cases of smaller banks not finding adequate local opportunities to employ their funds and consequently placing them on deposit with larger banks or employing them in metropolitan money markets. This is often due to lack of effort on the part of the small banks to explore possibilities of lending to local agriculturists or businessmen ; even small banks often follow the same conservative policies as are followed by the bigger banks without the modifications needed to suit the conditions in the rural and semi-urban areas. With the increasing commercialisation of agriculture and the spread of small industry, opportunities for lending in rural and semi-urban areas are bound to expand, but a steady effort is required to bring about the necessary orientation in the policies and procedures of bigger as well as smaller banks.

The other line of action that could be considered would be to provide technical advisory services—perhaps maintained by the Reserve Bank itself—to the smaller and medium-sized banks, including short-term deputation of trained banking personnel, so that these banks would be helped both in the process of deposit mobilisation and effective deployment of their resources in the local areas and become well-run units.

Another type of solution that might be considered by the Study Group is that proposed by Shri B. K. Dutt which envisages the creation of rural banks as subsidiaries of the larger banks. Though this proposal had its origin in the problem of staff Award costs, the principle involved is not unlike that of the 'participation credit arrangements.' It is of the essence of Shri Dutt's scheme that the local bank would draw on the resources of its urban partner.

Yet another line of approach may be for the larger banks to select particular areas for intensive development. Though a few banks in India are considered as 'all-India banks', this view needs qualification. In fact, in the case of even many of the so-called 'all-India banks' one is struck by the very heavy concentration of deposit and credit business of these banks in particular areas of operation (say three or four States) and there is no reason why these banks which are in fact large regional banks could not concentrate on more intensive problems of those areas. The example of Syndicate Bank and Canara Bank in respect of coastal Mysore, points to the possibilities in this direction. Similarly, the United Bank of India is well placed to 'adopt' areas in Eastern India and banks like the Dena Bank and the Punjab National Bank can do similarly in respect of Western and Northern India.

The discussion so far has been largely in terms of what commercial banks can do. In considering the question of organisational steps needed to implement the objectives of social control, it would be necessary also to take into account the role of co-operative banks. With the increasing interest of commercial banks in agricultural finance and in mobilising deposits in rural areas, the areas of convergence of co-operative and commercial banks' business would increase. The National Credit Council has indicated that complementarity rather than competition should mark the *inter se* relations between the co-operative and commercial banks. A National Level Consultative Committee composed of co-operative and commercial bank interests has also indicated the respective areas of operation and of co-ordination between commercial and co-operative banks. The Study Group could explore the possibility of co-operative banks also being involved in the participation type of arrangement with commercial banks. For example, it is understood that the State Bank of India has such a scheme with certain industrial co-operative banks for extension of credit to small scale industries. Similarly, if a scheme were devised to provide technical services to small banks, it could, with equal advantage, be extended to co-operative banks as well.

October 31, 1968.

SOME ASPECTS OF CO-OPERATIVE CREDIT IN THE CONTEXT OF SOCIAL CONTROL MEASURES*

Agriculture and small industry are two sectors of the economy in which the demand for institutional credit is yet to be matched by its availability. The contribution expected from them towards increased production and the process of development generally is likely to result in a further increase in these credit needs in future. In reviewing the part which different types of credit institutions can play to meet these requirements, account has to be taken of the performance and prospects of the co-operative banks, especially because it is primarily to this agency that accepted policy has looked, over the years, for the institutionalization of rural credit and banking.

The co-operative credit structure, for short-term and medium-term credit, consists of a state co-operative bank at the apex level in each State, the central co-operative bank at the district level and the primary credit societies at the base—agricultural credit societies in the villages and urban banks and other non-agricultural credit societies in the towns and cities. For long-term credit, there is a central land development bank in each State operating through branches or through primary land development banks. There are, in addition, a few industrial co-operative banks operating at the State or district levels. With a view to assessing how far the co-operative banking system, of which these are the constituents, can be relied upon for dispensing credit primarily to agriculture and, to a limited extent, to small industry, it is necessary to consider briefly its points of strength and success, on the one hand, and the aspects of its inadequacy, on the other.

Of the hopeful factors of the present position and recent progress, the most important is that the magnitude of co-operative credit is sizeable and growing. Thus, for 1968-69, the loans advanced by agricultural credit societies are estimated at about Rs. 450 crores and those of land development banks at about Rs. 100 crores. The proportion of co-operative credit to the annual borrowings of cultivators which had been only 3 per cent in 1951-52 rose to 15.5 per cent in 1961-62 and is perhaps around 20 to 25 per cent at present.

Secondly, centres at which co-operatives can provide the services of credit and, in some cases, banking are not only numerous but well-dispersed so that they constitute a well-nigh universal system. Though the 135 offices of the 22 state co-operative banks are mostly at State headquarters, the 346 district central co-operative banks have 2,646 offices at which they offer various banking facilities. The urban banks, numbering around 600, also provide similar services in cities and towns. The contribution of co-operative banks in taking banking facilities to the smaller towns can be seen from the

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* Prepared in the Reserve Bank of India.

fact that, of the 1,273 bank offices at places with a population of 5,000-10,000, 633 were those of co-operative banks and, similarly, these banks accounted for as many as 662 out of the 950 offices in places with a population of less than 5,000. In as many as, 1,105 centres there were only offices of co-operative banks but none of the commercial banks ; of these, 1,044 centres had a population of less than 10,000. Also relevant in this context is the fact that 81.5 per cent of the villages were covered by active primary agricultural credit societies. If the primaries are reorganized with a view to viability, as now proposed, and reduced in number to about 1.25 lakhs as against the present figure of 1.81 lakhs, there will be an effective credit institution operating in close proximity to the cultivator in almost every area. Several of these societies should, in due course, be also able to accept deposits of all kinds and offer banking facilities. However, both in the case of the units at the second tier of central land development banks (primaries and branches numbering 673 and 350, respectively) and of urban banks, there is considerable scope for expansion with a view to improving their territorial coverage.

Thirdly, to the extent that the structure is federal in pattern and self-governing in constitution, co-operative credit is fitted to be responsive to, and deal with, the credit needs of a large number of decentralized units of farm business or small industry. As local institutions, the co-operatives are at an advantage in adapting their policies to suit local circumstances. The federal structure also provides for reserves and other resources at different levels to cushion the impact of risks of default.

Lastly, efforts are being continuously made, with some measure of success, to persuade this set of institutions to adopt production-oriented lending policies (*e.g.*, crop loan system for agricultural credit), to improve their operational efficiency, to promote the growth of viable units at all levels and, above all, to co-ordinate their working with marketing and processing of agricultural produce and supply of agricultural requisites organized on a co-operative basis.

To turn now to the shortcomings of co-operative credit, one finds, at the outset, that the coverage in terms of borrowing membership is not as significant as territorial coverage. The number of borrowing members of agricultural credit societies in 1966-67 was about 1.09 crores as against the total membership of 2.72 crores. Even if these have gone up to about 1.25 crores and 3 crores, respectively, at the present time, the household's borrowing from co-operatives form yet only about a fifth of the total cultivator households in the country estimated at 6.35 crores, a small proportion even after allowance is made for those who do not need to borrow.

Secondly, there are certain States (such as those of the Eastern Region, Rajasthan and Jammu & Kashmir) and parts of other States in which the impact of co-operative credit is, as yet, totally negligible, on any reckoning.

This is, in part, relatable to extra-institutional factors like the slow response of the farmers to modern techniques, unsatisfactory nature of the physical conditions under which agriculture is carried on (*e.g.*, infertile soils, poor rainfall and irrigation facilities and susceptibility to floods and droughts), uncertainties and handicaps arising from tenurial conditions, predominance of scheduled tribes, *etc.* Even though the position in some of these aspects is improving and to that extent brightening the prospects of institutional credit, the basic weaknesses in the working of co-operative credit institutions which account for the inadequacy of their performance are not easy to rectify quickly. Some progress is being made in areas like West Bengal and Orissa but the task which remains is immense.

Thirdly, there are a significant number of institutions—primaries as well as central banks—which have fallen into a state of near-dormancy, largely because of long-standing overdues. The problem threatens to worsen, if the recent and almost universal trend of increasing overdues is any indication. The inter-State disparity in the record of co-operative credit referred to earlier also reflects, in part, the cumulative consequence of this major operational deficiency. Until these institutions are rehabilitated through special efforts, they will not be serviceable as channels of credit. Programmes to this end have been devised and initiated but are yet to be effectively implemented and completed.

Fourthly, while the co-operative agency has been considered in principle to be particularly suited for meeting the needs of the small man, this hope is yet to be fulfilled. A large part of co-operative agricultural credit, has gone to the large and medium cultivators who account for much the larger part of the cultivated area, though even this should have been corrected to allow for the extent to which the larger farmer should finance his farm outlays from his own resources. More importantly, the proportion of cultivators who obtain credit from the co-operatives is lower in the case of the smaller cultivators than for the other groups. The problem, therefore, remains of meeting the credit requirements of disadvantaged cultivators of various categories: those whose holdings are small, those who carry on their farming under difficult conditions (areas of frequent crop failure) and those whose tenurial status is unsatisfactory or uncertain (share-croppers and oral lessees). An attempt to meet their credit needs may have to form part of a larger programme of rehabilitation which seeks to augment their incomes and institutionalize such receipts. However, where denial of credit is the result of bias or prejudice and not related to the lack of repaying capacity, or where improved technology can now enable the subsistence farmer to produce a marketable surplus if inputs such as water, fertiliser and high-yielding varieties of seed can be secured and employed, all that is required for rectifying the present neglect of these sections of farmers is a modification of the operational policies and procedures of the credit institutions. Despite various types of efforts, no significant break-through in this direction has occured as yet.

Fifthly, the performance of co-operatives in mobilizing deposits has not been impressive except in Maharashtra and Gujarat. In the aggregate, the deposits of state co-operative banks and central co-operative banks may be placed at Rs. 200 crores and Rs. 300 crores, respectively. These are, in part, derived from the deposits at the primary level, which were of the order of Rs. 50 crores for agricultural credit societies and Rs. 225 crores for non-agricultural credit societies, largely pertaining to urban co-operative banks. In addition, thrift is also sought to be promoted by linking share holding to borrowings at each level. In large parts of the country, however, the co-operative credit institutions have not mobilized sufficient resources to reduce their dependence on the Reserve Bank or even to be able to absorb the increasing overdues. This paucity of resources assumes special significance in view of the increasing demand not only for production credit but also for funds to finance the expanding volume of economic activity being organized on a co-operative basis.

Sixthly, the contribution of co-operative credit towards meeting the credit needs of the small producer in the towns and cities has so far remained negligible. Of the 116 urban banks from which the Working Group on Industrial Financing through Co-operative Banks had collected data, only 18 had financed any industrial units. The number of such units was 444 and the amount outstanding against them Rs. 117 lakhs on 30th June 1966. Nevertheless, the recent experience of a few urban banks in certain towns and the fact that, compared to agricultural credit societies, these institutions are better endowed with deposits, provide the basis for the hope that they can play an active role in financing small industry in urban areas, if their policies are re-oriented and they are assisted in the matter of staff for technical appraisal, refinance facilities, *etc.* So far as artisans in rural areas are concerned, they are expected to receive credit from the village credit societies but the experience in this regard has not been encouraging. Both for such artisans and for certain sections of urban handicraftsmen, co-operative organization has been considered most appropriate for the channelling of extension, supplies and credit. In financing such industrial co-operatives, again, the record of co-operative banks has not been found adequate and this sense of dissatisfaction has, in fact, led to the establishment of industrial co-operative banks in a few areas. Lack of responsiveness and insufficiency of resources are two of the factors accounting for this situation but, in the view of the co-operative banks, the limiting factor is that there are not many industrial co-operatives which function as economic units. This, in turn, reflects, firstly, the basic weaknesses of some of the schemes connected with village industries and the failure, in some instances, to examine the economics of industrial co-operatives before organizing them.

It is in this perspective of the performance of co-operative credit that future policy has to be formulated. The two questions are : (*i*) how best can co-operative banks be enabled to achieve their optimum results, taking account of those features of their constitution, location, *etc.*, which place them at a special advantage in meeting the credit needs of agriculture and small industry, and (*ii*) how best can this role of co-operative banks be co-ordinated with the part which can be assigned to the commercial banks in financing these two sectors.

Programmes for the reorganization and strengthening of co-operatives from the point of view of agricultural credit have already been the subject of consideration by various committees and conferences and a framework of agreed policies has emerged and is under implementation. On the somewhat neglected areas of industrial financing by co-operative banks, the Working Group referred to earlier has recently made a number of important recommendations. The lines of action (including measures of organizational reforms) which can help improve the role of co-operative credit may be briefly summed up as follows :

(*i*) Reorganization of primary agricultural credit societies so as to promote viable units.

(*ii*) Rehabilitation of co-operative credit institutions at all levels in areas of retarded progress—through steps to recover or spread the repayment of old arrears, augment staff, liquidate societies which are beyond redemption, *etc.*

(*iii*) Adoption of expedients such as the direct financing of primary credit societies by apex banks or of individuals by central banks—to meet transitional needs pending the activization of the dormant banks and societies.

(*iv*) Adoption of production-oriented lending policies and improvement of supervision and recoveries.

(*v*) Adoption of active measures to ensure that the credit needs of disadvantaged farmers are met to a larger extent than hitherto.

(*vi*) Organization of more urban banks and the reorientation of the policies of existing ones so as to enable them to finance production and investment activities of operators of small industry to a greater extent than hitherto, supported by the provision of appropriate aids in terms of refinance, technical assistance, *etc.*

(*vii*) Adoption of measures to ensure that credit needs of industrial co-operatives are adequately met through central or industrial co-operative banks.

Areas of inadequacy of co-operative credit which will remain in the foreseeable future and which can be met by commercial banks, may perhaps be identified as follows :

(1) It is true that the proposed agricultural credit corporations may help to meet the gap in certain areas and to some extent but the commercial banks, which are and can be more selective in the choice of its clientele than the corporations or co-operatives, can help meet the needs of certain sections of cultivators, as in the following cases :

(*a*) Where a co-operative credit society (*i*) does not exist or (*ii*) is not functioning actively or (*iii*) cannot raise fresh finance from the central bank because it has high overdues or is otherwise mismanaged.

(*b*) Where the management of the society is such that the cultivator does not want to join it or does not expect to be financed by it, even if he joins.

(*c*) Where the cultivator's holding is so large or the level of intensification of cultivation is so high that his credit needs cannot be fully met within the individual borrowing limits obtaining in the co-operative credit society or the land mortgage bank.

(*d*) Where the cultivator has already become a client of the commercial bank as a depositor or as a borrower in connection with his other activities (*e.g.*, as a trader or transport operator or fertiliser dealer, *etc.*).

(2) Credit needs of activities ancillary to agriculture such as animal husbandry which are organized on an individual basis but cannot be generally financed by agricultural credit societies.

(3) Activities such as marketing, processing, agro-based industries and other small industries which are organized on an individual basis and cannot be financed at all or fully by co-operative credit structure.

(4) Activities such as supply, marketing, processing, dairying, poultry and small industry which are organized on a co-operative basis but cannot be financed at all or adequately by the co-operative financing agency because of paucity of resources.

(5) Financing of other operations connected with the building up of the infra-structure for agriculture (*e.g.*, storage, transportation, processing, *etc.*) built up through Government, co-operative or private effort.

In addition, commercial banks can help co-operatives by providing banking facilities (*e.g.*, remittance, where they cannot provide such facilities themselves), purchasing land mortgage bank debentures, *etc.*

The problems which remain to be considered are those of co-ordination. It is obvious that the greater the serviceability of a co-operative credit institution in a particular area of activity, territorial or functional, the less will be the scope as well as need for the contribution by the commercial bank in that area. It is also clear that the co-operative bank and its affiliates, by their constitution as well as location, will continue to be at an advantage in meeting the credit needs of agriculture as well as small industry as compared with the commercial banks. This will still be true even if some steps are devised to enable the commercial banking system to function through or in the form of units operating at district or lower levels. The total demand for credit for agriculture and small industry and the related sectors of activity is likely, on current indications, to grow in different directions and to such large dimensions, that there need not necessarily be a conflict between the different institutions operating to meet these requirements. Nor need the competition between them necessarily be unhealthy. If suitable measures for co-ordination are taken, while all these institutions remain broadly free to operate in competition with one another, the rural sector may indeed derive the optimum benefit from such multi-agency service.

So far as financing of individual operators in agriculture or small industry is concerned, experience will itself throw up some broad lines of demarcation. For example, cultivators with credit requirements of a certain size will perhaps gravitate towards the commercial banks while others may prefer to go to the co-operatives. Various factors will no doubt enter the picture such as the proximity of the commercial bank branch, the responsiveness of its staff, the expertise and availability of resources, *etc.*, on the one hand and on the other, the serviceability of the co-operative in the area, its ability to raise funds, the extent to which its membership is effectively 'open' or its service is biased in favour of certain factions, castes or communities and so on. This problem should not present any insurmountable difficulty if appropriate conventions can be evolved so that, for example, the defaulter of one institution does not find easy access to credit from the other, and that the security offered by the cultivator is shared where necessary, between two agencies financing him.

So far as financing of co-operatives is concerned, it is necessary to agree on some general principles on the basis of which, and procedures under which, a co-operative may be financed by an institution other than a co-operative bank. Some experience has been already gained in this regard with the entry of the State Bank of India and its subsidiaries in the financing of co-operatives engaged in marketing and processing of agricultural produce, distribution of agricultural inputs and consumer goods and small scale and other industries. At the current pace of "co-operativization" of economic activity on the one hand and the relatively slow progress of the co-operatives in mobilizing deposits and the expanding demand for funds from agricultural credit societies on the other, different types of co-operatives will find it increasingly necessary to turn to the commercial banks for their credit requirements. This will also be justified and facilitated by the fact that the commercial banks have been used to finance these activities when undertaken in the private sector. A procedure has to be evolved by which, with the minimum of red tape, it is ensured that the discipline of co-operative credit is not avoidably violated when a society chooses to borrow from the commercial bank. Ordinarily, the preference of a co-operative society would be to deal with the co-operative bank in the management of which it has a voice, and which can be depended upon to be accommodative and responsive to its needs. It is only when adequate service is not forthcoming that a co-operative society would, ordinarily, turn to a bank other than the co-operative financing agency. The profit which an apex or central co-operative bank can earn may be adversely affected in certain contexts if the business of financing of non-credit co-operatives is diverted to commercial banks, as there is a period during which its deposit resources cannot be employed in the agricultural credit business. Even so, it may not be always desirable to leave it to the co-operative financing bank to have a final say in this regard as in certain instances, the co-operative banks, being ill-disposed for some reason towards a particular co-operative, may neither let it go to a commercial bank nor finance it adequately. The use of commercial bank funds for the financing of non-credit co-operatives would help to release the funds of co-operative banks for agricultural credit. This is perhaps, therefore, the best way of getting the commercial banks, which are in a superior resources position, to come to the aid of the co-operative banks which are weaker in this aspect.

It is not unreasonable to expect that the competition between different financing agencies in regard to the direct financing of cultivators and, to a limited extent over the financing of different types of co-operatives should help to bring about a general improvement in their lending policies and procedures. To the extent that the co-operative has been the only source of institutional credit in certain areas, it may have developed a sense of complacency in the matter of functioning on an efficient and non-discriminatory basis. In other words, the co-operative could count on the cultivator coming to it even if it chose to be inefficient or inadequate in its service or even if it discriminated against certain castes and factions. Faced with such competition, howsoever limited, as might emerge from the growth of commercial banks' interest in agriculture, the co-operatives will be constrained to take note of such deficiencies in their functioning. While competition may thus help improve the quality of service by co-operatives to some extent it is still necessary to see that there is no avoidable overcrowding in limited areas of the branches of banks, both commercial and co-operative.

Ultimately, the dimensions of the problem of co-ordination between the co-operative banks and the commercial banks will be a function of three factors, *viz.*, (*i*) the extent to which effective demand for credit develops in these sectors which itself will depend upon the progress with extension ; supplies, price incentives, marketing opportunities *etc.*, (*ii*) the extent to which the co-operative banks are able to activise themselves over a period of years fully to exploit the possibilities of financing these sectors in which they are at a special advantage, and (*iii*) the extent to which commercial banks are able to overcome their difficulties in dealing with these sectors, re-orient their policies and procedures and allocate the resources for the purpose while meeting the claims of other sectors. The position in all these aspects is continuously changing and differs from area to area, even within each State. If co-ordination is to be properly planned for and implemented, therefore, a view of all these factors should be taken, not for the whole country and once for all, but for individual areas and from time to time.

November 30, 1968.

AN OUTLINE OF A SCHEME TO ENSURE SOCIALISATION OF BANKS

(BY UNITED BANK OF INDIA)

The objectives of national economic growth have been defined to include balanced regional development, optimum utilisation of local resources, wide employment opportunities and reduction of inequality in income and wealth. Questions have rightly arisen whether the present banking system is designed to subserve the needs of these objectives. But, any corrective action based on the assumption that the inadequacy of the banking system, in this regard, arises from the bankers' prejudice against, or aversion to, the activities involved in encouraging utilisation of sectoral resources, would be not only misleading but frustrating. A realistic appraisal of the position would show that the prevailing inadequacy is a co-efficient of the structural shape of the system dominated by a panoramic view of things and events.

The fundamental need, therefore, is that each bank's future should directly be tied up with the economic development of a zone in which it will operate. It would then be under a structural pressure to leave no stone unturned to develop the zone of its operation, insofar as imagination and appropriate objectivity, along with provision of finance, can achieve such development. It is, therefore, necessary to bring about a system which will confine the area of operation of a bank to a designated banking zone.

Objectives

The objectives of a scheme for structural change would be :—

(*a*) Localisation of functioning of banks to ensure, through proper motivation, intensive and expeditious regional development, including meeting the requirements of small man both in industry and in agriculture.

(*b*) To provide every local potentiality, comprising talent and material, with the fullest financial support.

(*c*) To end easy recourse to large borrowing.

(*d*) To obtain an intensive coverage and better deposit growth.

(*e*) To ensure better performance of banking services in every area through competition.

(*f*) To ensure socialisation without headache of ownership and through a better and closer participation in banking by the people and a better and closer participation by banks in people's economic activities.

Organisation

A system of zonal banks which will be capable of achieving these objectives can be brought about by reorganising the existing banking structure in India, on the following lines :—

A. (*i*) The country is to be divided into banking zones. In every State there will be two types of areas, viz., (*a*) large city areas where each city needs, and can support, more than one bank, and (*b*) rest of the area of the State. Each of the cities will form a zone and the rest of the States will constitute one zone or will be divided into a number of separate zones, depending on the spread of the area, size of population, social considerations and stage of development.

(*ii*) Each existing bank will be given a choice to select its zone, and then its business shall strictly be confined to the zone it selects.

(*iii*) Existing branches of a bank outside the zone which it selects for its operation will be reconstituted as subsidiary banking company or companies, one for each zone.

B. (*i*) The capital and reserves of the parent company will be distributed *pro rata* to deposits in the original banking company and each of its subsidiary banks.

(*ii*) The capital of the subsidiary banks will be distributed among the shareholders of the parent banking company *pro rata* according to the shareholding of individual shareholders, as early as possible but within five years. The capital of the original banking company will consequently be scaled down by the value of share capital of the subsidiary banks. Where, on account of the profitability position or the degree of dependence on the parent company, such distribution of shares will not be possible or desirable, the subsidiary is to be merged with another bank in the concerned zone within five years.

(*iii*) Internal reserves on books, and on valuation considered realisable by the Reserve Bank of India, are also to be distributed among the parent company and the subsidiary banks *pro rata* to risk assets, either in cash or in kind or both, as approved by the Reserve Bank of India.

C. (*i*) As long as the relationship of subsidiary and holding companies obtains, there will be a common Board of Directors for the parent and subsidiary banks.

(*ii*) Besides, there will be a Local Advisory Committee, at the headquarters of each subsidiary bank, to be formed in the following manner, *viz.*, (*a*) A Chairman will be appointed by the Board of the parent bank from amongst the residents of the zone to which a subsidiary belongs.

(*b*) In due course other members of the Committee will be appointed similarly by the Board of the parent bank in consultation with the concerned Chairman.

(*c*) Further, in order to assist the Board of the parent bank to co-ordinate the workings of the parent and subsidiary banks, an Advisory Committee will be formed at the headquarters of the parent bank in the following manner :

(*i*) The Chairman will be appointed by the Board of the parent bank, and

(*ii*) other members of the Committee will be appointed similarly by the Board of the parent bank from amongst the persons (who shall be residents of the respective zones) recommended by the Local Advisory Committees of the subsidiary banks.

D. The principal officer of the parent bank and the principal officers of each of the new subsidiary banks shall jointly be responsible for the operations of each subsidiary bank for a period of five years or for such shorter period as the Reserve Bank of India may advise.

E. After the ending of the subsidiary status :

(*i*) every bank shall register offers from local residents in each banking zone to buy the existing shares of the subsidiary bank in the zone and shall, as long as such offer to buy is there on record, refuse to register shares except in the name of a resident in the zone.

(*ii*) In addition, every bank shall offer five per cent or more of its existing capital each year to local residents. Such sale of shares is to remain on tap cumulatively.

(*iii*) Not more than one per cent of shares will be allowed to be held in the name of any one person or group/associates (to be suitably defined).

F. Every lender bank shall report to the Reserve Bank of India, and the parent bank, all advances granted against bank shares exceeding Rs. 25,000 or where pledged shares exceed one per cent of the capital of the bank whose shares are pledged, to any one party or a group.

G. Reorganisation of the State Bank of India (and its subsidiaries), on similar lines, will also be called for. Perhaps in this case some adjustments would be necessary on account of certain special functions of the State Bank of India.

Operations

(*i*) 75 per cent of bank assets, other than cash and approved investments in central government securities and shares/bonds of the national financial institutions, shall be located within the banking zone. The remaining 25 per cent can be held in the form of participation loans outside the zone ; provided, however, that the Reserve Bank of India may, at its discretion and in order to meet the needs of non-city zones, where the local banks may be considered unable to do so, permit deviation from this clause to city banks, preferably in participation with one or more banks in the concerned non-city zones.

(*ii*) During the first five years, new credit facilities (including guarantees, *etc.*) by any bank to any one shall not bear a ratio exceeding 100 per cent of its capital and reserves. This ratio will then gradually be reduced over a period of years to a final ratio of 10 per cent. The limits can be exceeded only for the existing credit facilities by 10 per cent, without participation.

Foreign Branches of Indian Banks

A separate bank to operate abroad shall be formed, and this special bank shall be owned jointly by the eligible Indian banks. This bank will take over all the branches of the Indian banks established outside India and all foreign assets and liabilities of the Indian banks will vest in it in a manner as the Reserve Bank of India may advise.

(*Note :* 'Eligible banks' means banks that are dealing in Foreign Exchange or after the re-organisation are likely, in the opinion of Reserve Bank of India, to deal in Foreign Exchange).

Foreign Banks in India

A similar re-organisation of the foreign banks in India may be thought of, keeping in view the impact on the foreign investments and other allied implications.

Advisory Council

An Advisory Council is to be formed, at the national level, with a view to assisting the Central Board of the Reserve Bank in assessing the banking needs in different zones and drawing up credit allocations as between different sectors in the economy as well as the different zones. This Council will be formed from representatives of all commercial banks (in the private sector), State Bank of India (and its subsidiaries), co-operative banks, statutory development banks, Life Insurance Corporation and Industrial Credit and Investment Corporation of India. In the said Council will also be associated representatives of special interests like agriculture, co-operatives, small-scale industries, medium-scale industries, large-scale industries, exporters, etc.; such representatives shall not be members of the Council, but will participate in the deliberations as invitees.

Acceptability

Such a scheme when properly explained will have the support of all the local governments and the people of every region because, unlike in the event of State ownership, it will be a case of people's direct ownership of the financial institutions in a closer manner as against indirect ownership through investment in bank shares by the State and/or State-owned institutions.

Some Administrative Considerations

The process of re-organisation will require certain administrative steps to be taken particularly with regard to :—

(*a*) Re-classification of banks for the purpose of determining staff emoluments.

(*b*) Adjustment of Head Office staff of each bank requiring switch-over to new branches and to subsidiaries.

(*c*) Training officers for independent functioning with associated banks.

(*d*) Market quotation of shares of banks.

(*e*) Ensuring banking control and development for a larger number of banks.

(*f*) Differing structure of interest rates for urban and rural areas, *etc.*

These, however, need not be insoluble problems and suitable measures can be evolved to take care of these.

Deposit Insurance Corporation

It will be necessary to expand the activities of the Deposit Insurance Corporation in a manner that the depositors (particularly "Savings") will be free from doubt as to the safety of their money. The Deposit Insurance Corporation should, therefore, be made really independent with regard to its management and functioning. The Board of the Corporation should be reconstituted ; 30 per cent of the members being from the Reserve Bank of India and the balance 70 per cent being from the commercial banks (the nominees being selected by the banks in consultation with the Reserve Bank of India), economists and other financial experts (the latter two categories being nominated by the Central Government in consultation with the Reserve Bank of India). The Corporation will evolve its independent policy to safeguard the depositors' interest and make its own periodical appraisal of banks ; a copy of such appraisal is to be sent to the Reserve Bank of India. The influence of the Deposit Insurance Corporation will then be an additional and effective help in better shaping the bank assets.

The Reserve Bank of India

It will be necessary to reshape the structure of the Reserve Bank of India in the following manner :

(*a*) (*i*) There should be a Central Board of Governors concerned with major policy matters and with currency, monetary policy, open market operations, Bank Rate, *etc.*

(*ii*) The Board shall consist of a Chairman and Governors (no Deputy Governors). The Chairman will be charged with the duty of formulating proposals on major policy matters and co-ordinating the activities of the Governors. The Chairman will be entitled to refer to the Board any decision of a Governor involving major policy.

(*iii*) Due functional responsibilities will be assigned to each Governor. One of the Governors will have the responsibility of co-ordinating the activities of and providing functional guidance (in respect of banking operations) to the Joint Governors as referred to here below. He will also be the Chairman of the Committee to be formed with all the Joint Governors.

(*b*) All activities of the Reserve Bank of India other than those indicated in para (*a*)(*i*) above, will be entrusted to Joint Governors who will *not* be members of the Board of Governors but will be members of a Committee of Joint Governors to be formed as referred to in para (*a*) (*ii*) above. Subject to the overall control of the Board of Governors, each Joint Governor will be assigned zonal responsibilities (including development and healthy operation of banks) covering a designated area comprising one or more States or part thereof, depending on the size and economic importance, and shall be responsible for ensuring proper supervision of the banks in his area. The appointment of each Joint Governor will be made on the basis of his suitability to the area in which he will function ; he must have a local bias or base. The Joint Governor will hold office for a term of reasonably long duration. Whereas Economic Studies, Industrial Finance and Agricultural Credit will mainly come under the Central

Board, there shall be cells for each of these subjects with the offices of the Joint Governors. These cells will operate under functional guidance from the Governor(s) holding the concerned functions under the Central Board. In the matter of inspection of banks (for which the Joint Governors will be responsible), in order to have better and effective results at a much less cost to the Reserve Bank of India, the Joint Governors should activise and rely upon the inspecting and audit machinery of the different banks. They will further have copies of the appraisal reports from the Deposit Insurance Corporation.

(*c*) Each Joint Governor will have a Zonal Advisory Council comprising special interests and the banks. The Committee of Joint Governors will meet as often as necessary to co-ordinate the policies of respective Joint Governors and shall meet the Central Board of Governors once a quarter or half year, so that their co-ordinated policies can conform to the national policies.

On this basis there will be, say, about 400 banks in the country as per schedule attached. Each zone shall have a plan for territorial and functional expansion within a fixed period and it will be the job of the concerned Joint Governor to allocate among the associate banks areas for branch expansion and functions in which a bank is to specialise.

Where necessary, Corporations should be established for special functions, with participation of the zonal banks or on all-India basis as may be thought fit. If it appears that a particular zone or any particular area of the zone does not have adequate number of banks, it will be the responsibility of the Joint Governors to establish new banks in the area with the participation of the zonal banks in the capital, such participation being disposed of within a reasonable period by selling the shares eventually to the local residents. The Joint Governors will arrange to increase or reduce the number of banks in a zone as may be considered necessary to suit the requirements of the economy.

A system of depository banking will have to be evolved, on the lines of the system in vogue in the USA, with a view to

(*a*) ensuring a wide distribution of Government loans ;

(*b*) preventing avoidable fluctuation in money supply when resources flow in and out of Government account.

It may be necessary to take certain ancillary actions or defer taking certain actions as envisaged in this scheme and the Reserve Bank of India should have the authority to do so.

November 21, 1967.

State/Union Territory	No. of city areas	No. of banks	No. of bank offices			Deposits			Average deposits		Advances			Average advances	
			Total	City area offices	Offices outside city areas	**Total**	City areas	Rest of State/ Union Territory	Per city area office	Per non-city area office	**Total**	City areas	Rest of State/Union Territory	Per city area office	Per non-city area office
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
STATES															
Andhra Pradesh	3	21	**461**	84	377	**13293**	6239	7054	74	19	**8108**	3722	4386	44	12
Assam ..	3	9	**65**	20	45	**3630**	2032	1598	102	36	**978**	558	420	28	9
Bihar	4	15	**226**	52	174	**11170**	5451	5719	105	33	**4089**	1887	2202	36	13
Gujarat ..	3	19	**544**	145	399	**29578**	13028	16550	90	41	**14566**	1009	4557	69	11
Haryana	1	12	**120**	10	110	**3998**	878	3120	88	28	**1913**	322	1591	32	14
Jammu and Kashmir..	2	7	**15**	14	1	**1959**	2401	—	172	—	**142**	335	—	24	—
Kerala	3	23	**400**	65	335	**11148**	3526	7622	54	23	**6626**	2463	4163	38	12
Madhya Pradesh ..	2	15	**265**	27	238	**8791**	1914	6877	71	29	**5883**	1661	4222	62	18
Tamil Nadu ..	5	30	**923**	267	656	**24130**	15628	8502	59	13	**24418**	19624	4794	73	7
Maharashtra	3	46	**865**	436	429	**92377**	83255	9122	191	21	**75896**	71237	4659	163	11
Mysore	2	29	**611**	132	479	**18223**	8473	9750	64	20	**11664**	6614	5050	50	11

ANNEXURE—I (*Concld.*)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Orissa ..	2	11	**81**	24	57	**1971**	966	1005	40	18	**892**	566	326	24	6
Punjab	4	29	**269**	91	178	**16693**	9046	7647	99	43	**5080**	2768	2312	30	13
Rajasthan ..	2	13	**259**	38	221	**6165**	1963	4202	52	19	**2875**	936	1939	25	9
Uttar Pradesh ..	5	22	**575**	126	449	**26798**	11341	15457	90	34	**11312**	4714	6598	37	15
West Bengal ..	4	34	**382**	248	134	**51674**	45892	5782	185	43	**57549**	57026	523	230	4
UNION TERRITORIES															
Delhi	1	34	**237**	237	—	**32536**	32552	—	137	—	**10624**	10630	—	45	—
Goa, Daman and Diu	1	13	**35**	10	25	**3430**	1139	2291	114	92	**1082**	187	895	19	36
Himachal Pradesh ..	1	6	**31**	5	26	**1017**	460	557	92	21	**328**	47	281	9	11
Pondicherry	1	5	**9**	6	3	**398**	354	44	59	14	**253**	246	7	41	2
Tripura ..	1	3	**5**	3	2	**297**	276	21	92	11	**9**	9	—	3	—
Others (Nagaland, Andaman & Nicobar Islands and Manipur)	—	2	**5**	—	5	**132**	—	132	—	26	**11**	—	11	—	2
TOTAL ..	**53**	**404**	**6383**	**2040**	**4343**	**359408**	**246814**	**113052**	**121**	**26**	**244298**	**195561**	**48936**	**96**	**11**

Notes :—Locational distribution of the use of advances is not available. Advances in many of the city and non-city areas are drawn from other cities or metropolitan areas, and hence the above figures do not correctly reflect the position as regards the actual geographical distribution of advances.

ANNEXURE II

DEPOSITS AND ADVANCES IN THE CITY AREAS IN THE STATES AND UNION TERRITORIES—(*Contd.*)

(In lakhs of rupees)

	1966 Deposits	1966 Advances
Andhra Pradesh		
Hyderabad	46,10	27,44
Vijayawada	6,13	5,26
Visakhapatanam	10,16	4,52
Total	**62,39**	**37,22**
Assam		
Gauhati	8,66	3,84
Shillong	7,92	65
Dibrugarh	3,74	1,09
Total	**20,32**	**5,58**
Bihar		
Patna	24,58	11,84
Jamshedpur	14,56	3,97
Ranchi	7,85	1,56
Dhanbad	7,52	1,50
Total	**54,51**	**18,87**
Gujarat		
Ahmedabad	75,27	78,69
Baroda	33,73	16,46
Surat	21,28	4,94
Total	**130,28**	**100,09**
Haryana		
Ambala	8,78	3,22
Jammu & Kashmir		
Jammu	9,37	71
Srinagar	14,64	2,64
Total	**24,01**	**3,35**
Kerala		
Trivandrum	16,34	3,39
Cochin/Ernakulam	18,92	21,24
Total	**35,26**	**24,63**

	1966 Deposits	1966 Advances
Tamil Nadu		
Madras	117,07	141,86
Coimbatore	13,78	31,00
Salem	6,36	4,87
Madurai	10,30	12,97
Tiruchirapally	8,77	5,54
Total	**156,28**	**196,24**
Maharashtra		
Bombay	760,93	683,75
Poona	53,54	18,36
Nagpur	18,08	10,26
Total	**832,55**	**712,37**
Mysore		
Bangalore	70,33	55,14
Mangalore	14,40	11,00
Total	**84,73**	**66,14**
Orissa		
Cuttack	6,64	4,05
Rourkela	3,02	1,61
Total	**9,66**	**5,66**
Punjab		
Chandigarh	20,51	5,29
Amritsar	25,23	9,42
Ludhiana	19,69	7,63
Jullundur	25,03	5,34
Total	**90,46**	**27,68**
Rajasthan		
Jaipur	15,99	8,74
Bikaner	3,64	62
Total	**19,63**	**9,36**

	1966 Deposits	1966 Advances
Madhya Pradesh		
Bhopal	9,51	12,12
Jabalpur	9,63	4,49
Total	**19,14**	**16,61**
Uttar Pradesh		
Kanpur ..	38,21	31,10
Lucknow ..	35,47	6,09
Agra	10,18	3,90
Allahabad ..	16,30	3,44
Varanasi ..	13,25	2,61
Total	**113,41**	**47,14**
West Bengal		
Greater Calcutta (Cal. District)	433,68	557,67
Howrah	12,48	4,69
Asansol	6,85	6,13
Durgapur	5,91	1,87
Total	**458,92**	**570,26**
Delhi		
Delhi	325,52	106,30

	1966 Deposits	1966 Advances
Goa		
Panjim ..	11,39	1,87
Tripura		
Agartala ..	2,76	9
Pondicherry		
Pondicherry ..	3,54	2,46
Himachal Pradesh		
Simla	4,25	47

Extracts from letters dated November 19, 1968 and November 23, 1968 from (Late) Shri N. M. Chokshi to the Secretary to the Reserve Bank of India, Bombay.

"The notes prepared by the Reserve Bank have done well to identify credit gaps in the economy and to enumerate the measures recommended by knowledgeable persons to correct the situation. Prof. Gadgil's points are fully covered by the notes. However, I would like to emphasize one fundamental point made by him that an integrated approach to the commercial and co-operative banking systems is necessary to ascertain the changes needed in their structures, policies and programmes. It would not be advisable to take steps in a piecemeal manner only under the compulsion of events. At a crucial stage like this, bankers must look at the development problems not from the narrow individual angle but from the stand-point of industry as a whole. Their collective thinking and action could make a great deal of difference.

"In order to help accelerate the pace of development, banks are called upon to undertake many new functions. They fall outside the purview of their traditional functions to which Indian banks are accustomed. The new functions have to be grafted into the present banking system as there is little time for them to take roots on their own. The most important question is : Would banks be able to discharge the new functions with some structural and functional modifications or should they establish subsidiaries to specialise in new activities ? The clearing banks of the U.K. are also faced with the same problem. An excellent analysis of the situation is given by Mr. L. C. Mather, Chief General Manager of the Midland Bank and a leading authority on bank lending, in his thought-provoking address presented at the London Institute of Bankers' Seminar on 'The Future of British Banking' organized in April last.

"The most challenging of all the new tasks is in the field of rural finance. Banks are required to do what the co-operative movement could not do after its existence of 65 years and massive State support in recent years. To devote concentrated attention to the problem of agricultural finance, banks have established a joint venture, Agricultural Finance Corporation. The Corporation is engaged at present in intensive thinking as to how banks can progressively step up their contribution to agricultural development. The Corporation, I feel, is a step in the right direction and it will make its impact felt in due course. On the same lines banks can jointly organise subsidiaries to undertake the tasks entrusted to them in the field of small-scale industries, foreign trade, hire purchase, retail trade, etc. The establishment of subsidiaries should not be misconstrued as an evasion of responsibility but as a means to perform the new tasks through appropriate agencies endowed with sufficient resources and technically qualified staff.

"As in the case of Agricultural Finance Corporation, all banks need not join together. Two or more banks can form a subsidiary to undertake new activities such as industrial term lending and hire purchase finance. Similarly two or more banks can organize a subsidiary to effectively cover the entire field of rural finance in a well defined geographical area. These subsidiaries should be treated as finance companies outside the purview of the Banking Companies Regulation Act. It is possible to guard against proliferation of many institutions once the principle is accepted. The rationale behind such subsidiaries is that one bank however large cannot command the expertise necessary for specialised functions. In a bank, new activities will be organised through departments. Executives manning these departments will be subordinate to other officers of the bank and as such will not be able to develop qualities needed for leadership, exclusive thinking and willingness to shoulder responsibility.

"In the coming years, banks will have to get more and more involved into industrial development. What has been done by banks in the field of industrial finance so far is not enough. There is considerable scope for bank subsidiaries to undertake the functions performed by development banking. At a stage like this when the capital market is sluggish, subsidiaries can perform the work of investment companies by underwriting the preference and equity shares as well as debentures of industrial companies. They can also undertake a wide range of other useful services such as financial advice and planning, matching the needs of corporate customers with short, medium and long-term credit facilities and sources of permanent capital now available in the country, company reorganisations and amalgamations, foreign collaboration arrangements, *etc.* Such specialised functions can be undertaken by a subsidiary better than a bank.

"The traditional role of commercial banks is to provide short-term finance to industry and trade. This is as it should be for, banks' resources are predominantly short-term. It is in fitness of things that banks' assets should match their short-term liabilities. Secondly, money locked up in a long-term advance will not revolve ; therefore, the turnover passing through an account will be limited. This was the reason why the Reserve Bank had stipulated that only 5 per cent of a bank's total assets excluding the refinance made available by IDBI should be committed to term loans. As part of their social responsibilities, banks are urged to step up their term lending to new activities like agriculture and hire purchase. However, this is likely to aggravate the imbalance between assets and liabilities. The establishment of separate subsidiaries assumes significance from this stand-point.

"We have reached a stage where it is necessary for the Reserve Bank to liberalize its branch licensing policy. The policy should be confined to semi-urban and rural areas only for the purpose of extending banking facilities in a systematic manner. As for large cities and towns, banks should be permitted to open branches wherever they like even if it involves opening a branch just next door. There is indeed considerable scope for business development in urban centres.

"In the field of small-scale industries, one frequently hears two main complaints against banks. First, banks advance credit only against security and secondly, they ask for a lot of information. It is absolutely necessary to distinguish between banks on the one hand and money-lenders or *Multanis* on the other. The banker is dealing with other peoples' money. The undoubted safety of customers' deposits is his sacred duty. He must observe certain basic principles of lending which are long established and well proved by experience.

"Most banks have done everything possible to liberalize security requirements. Under the circumstances, instead of saying that the banker is security-minded, it is more appropriate to call him safety-minded. There is a difference between the two. While the banker may not look closely at security, he has to ensure that a loan he is advancing to an industrial unit is a safe one in that the unit will generate sufficient cash to repay the bank's loan. While deciding to grant the loan, the banker ought to have necessary information regarding the unit. The borrower should not hesitate to make available the required information without delay and in a systematic manner. It is not enough to reorient the bankers' approach to small-scale industries. Moreover, the small industrialist should also change his outlook and undertake in his own interest to observe a certain degree of financial discipline which is necessary for conducting business with a bank."

STRUCTURAL REORGANIZATION OF INDIAN BANKING: A SCHEME

BY (LATE) SHRI N. M. CHOKSHI

The problem of structural reorganization of Indian banking has currently been engaging the serious attention of financial circles. Bankers as well as economists have made a number of interesting and useful suggestions. Although some issues are being crystalized, the problem continues to remain surrounded by confusion and uncertainty. The problem will undoubtedly be referred to the proposed Banking Commission which it is hoped will bring to bear on the study the best possible experience and expertise available in the country in the field of banking.

The Problem

There is dissatisfaction in regard to the present pattern of credit distribution. The credit mechanism, it is argued, has largely worked in favour of advanced States, within an advanced State to the advantage of metropolitan centres and in a metropolitan centre in the interest of big industry and trade. The small man—the small farmer, the small industrialist and the small trader—by and large remains outside the purview of the banking sector. It is felt that distribution of bank credit should be in accordance with the accepted economic policy of the country. This is the rationale behind the priority sectors. Although bankers agree in principle on the desirability of filling the vital credit gaps in the economy and distributing credit according to the plan priorities, they are still not certain how they should go about into the unknown new lines of business. There is the fear of costs and risks.

There are two opinions on the question as to how credit needs of the rural economy and small industries can be adequately and effectively met. There are people who believe that the new tasks can be fulfilled by effecting expeditiously organizational and functional re-orientation of the present banking system. By means of fiscal and other incentives banks should be encouraged to channelise their advances in favour of the small man and weaker regions. Properly nursed, such people and areas will become a profitable business proposition. Those who hold this view are in a minority at present. There is another powerful section of expert opinion which believes that a fundamental change in banking structure is necessary if bank credit is to be spread widely over different areas and categories of persons. The need for structural change also arises out of the fact that banks as well as their branches suffer from serious rigidities in respect of the staff, their attitude and the overall branch organization as well as working.

Rural Banking

The most challenging of all the new tasks lies in the field of rural banking. Banks are asked to do what the co-operative movement could not do even after its existence of 65 years and massive State support in recent years. Under the guidance of the Reserve Bank of India, banks have been opening more and more branches in unbanked rural areas. The number of such branches opened in last seven years now exceeds 1000. Banks have already done the ground work for entering into the field of agricultural finance. Some of them have already advanced loans for a variety of agricultural purposes. To devote concentrated attention to the problem of agricultural finance, banks have established a joint venture, Agricultural Finance Corporation. The Corporation is engaged at present in intensive thinking as to how banks can progressively step up their contributions to agricultural development. The Corporation, I feel, is a step in the right direction and it will make its impact felt in due course.

There is, however, a general feeling that the efforts made by banks so far both individually and in concert fall short of expectations. The extension of commercial banking to rural areas and gearing it to rural setting is beset with organizational and functional difficulties. The magnitude of the problem is almost staggering. Out of 5,75,000 villages less than 5,000 have been taken care of by banks. Even assuming that 5,000 rural branches are opened every year, with the idea of each branch serving a net-work of 20 villages, Mr. V. T. Dehejia, Chairman of the State Bank of India, estimates that it would need 50 years for banks to serve all villages. He rightly believes that either the task set out for commercial banks must be limited to their capacity or the banking structure should be re-organised in order to meet adequately the demands of rural development.

Confronted with such a situation, an important section among bankers has been advocating the creation of a number of bank's subsidiaries for undertaking the business of rural banking. Subsidiary banks can be organised either by an individual bank or by two or more banks jointly. Although there are some variations in their organization and relationship with the sponsoring bank, the basic principles are essentially the same. Major banks should sponsor a number of local banks in the areas where they have developed intensively. They should provide finance, technical and managerial services and work out collaboration arrangements which are mutually beneficial and in the general interest of the area of operation of the local bank. Should such banks be organised properly they will have an edge over the present set up of rural branches. The greatest advantage will be in respect of the staff. The locally recruited staff with their roots deep into the rural life will understand better the peculiar needs and potential of the local areas. This will secure greater local participation in the development of rural banking.

The Area Approach

I am not in favour of creating a dual system of banking—one for the rural sector and the other for urban and industrial sector. The dual system is not likely to work. It will suffer from many limitations, particularly in the field of organization. Besides, the past experience in regard to small banks or co-operative banks in most States is not altogether encouraging.

Depending upon its resources and location each bank including even co-operative banks, should be allotted a certain number of districts for intensive development. In the allotted districts, the bank should act as a leader and a pace-setter. Development of the given area should become its sole responsibility. To start with, with the help of the Reserve Bank of India and the State Government, it should make a broad survey of the existing financial agencies, credit needs and how they can be met by different agencies. The selected bank will co-ordinate activities of other credit agencies in such a way as may help it to develop the area over a period of time for providing banking facilities, mobilising resources and meeting all the credit needs of the local community.

If the leading bank finds that it is advisable to establish a subsidiary bank for reasons like the poor spread and performance of local co-operatives, it can organise a subsidiary which may operate through its branches. The subsidiary should derive considerable organizational and functional strength from the sponsoring bank. The organization of such subsidiaries may become necessary in States where the co-operative movement has by and large failed to take roots.

Such an approach will avoid unnecessary duplication, prevent the haphazard growth of banking institutions, secure a better co-ordination among them and their integrated development. The plan of development should aim at rapid promotion of monetization and institutionalization of credit in the given area. This will compel commercial banks to forge closer and organic links with the co-operative banking and credit institutions. The area approach coupled with the establishment of local banks wherever necessary offers under the existing circumstances the best solution to the problem of rural banking.

Allotment of certain number of districts to a bank will not create any monopoly as other banks are free to come in and help development of the area. An element of healthy competition amongst banks would always remain without any duplication or waste of efforts. In the selected area the bank will work as a development bank. Incidentally, this will help to bring about an integrated approach to the problem of agricultural finance.

Unit Banking—No Solution

Until recently we had a large number of small local banks but they were found economically unviable and consequently had to be amalgamated with bigger and well-managed banks or liquidated. The Reserve Bank's process of weeding out has almost eliminated the category of non-scheduled banks. Their number has drastically come down to 18 at the end of July 1968 from 474 in 1951. Even the number of smaller size scheduled banks has also declined from 92 to 74 during the period. A question is frequently and rightly raised: how will the new local banks succeed when the previous small size banks had failed ?

Co-operative banking follows the principle of unit banking. It has central co-operative banks at the district level supported by the State Co-operative banks at the apex level and in turn supporting at the rural base a large number of co-operative agricultural credit, marketing and processing societies. The co-operative credit system, it is argued, has the necessary structure; what it lacks is management and resources. If commercial banks can take up as promotional work the task of revitalising co-operative banking, it will automatically strengthen rural banking and development. This type of collaboration will be mutually beneficial. In fact, the area-subsidiary approach outlined above takes full cognizance of this argument. That approach provides for maximum use and development of the co-operative banking system. However, in view of the manifold weaknesses of co-operative credit and banking and its poor growth in a large number of States, our approach takes a broader perspective and places the responsibility of developing all-round rural banking services mainly on commercial banks.

Doubts are also expressed regarding the cost of reconstructing rural banking, *de novo*, its administrative feasibility and intervention of local politics in its working. But adoption of the area approach will help to withstand them and build up sound banking practices. The approach out-lined above is of a tentative nature. If the principle underlying it is accepted the operational problems involved in implementing it can be sorted out and solutions can be worked out.

Although outside the purview of structural reorganization, the use of regional languages in transacting business with customers assumes great relevance. In our Bank we have started translating certain forms in common use into regional languages. A few other banks, I understand, have been working in this direction. In order to avoid duplication and also ensure uniformity, banks should evolve standard forms in regional languages. This can be done under the auspices either of the Reserve Bank of India or Indian Banks' Association. This will be an important step in the direction of popularising banking in rural areas. As far as possible correspondence with customers should also be carried out in regional languages. However, there are certain technical documents, the medium for which will have to remain English until we gain some experience and evolve a standard terminology in regional languages conveying in a precise manner the intended meaning of a term.

Growing Links with Industry

In the field of industrial development also challenging tasks await commercial banking. The Government had used foresight and established a chain of development banks which have helped to diversify and strengthen the industrial structure. They provide investment finance, underwrite capital issues and wherever possible render technical assistance. During the last decade banks too involved more and more in the process of industrial development. They were no longer satisfied with providing working capital. They started some development banking functions such as term lending, underwriting of capital issues and provision of deferred payment guarantees for import of plant and equipment from abroad. The prolonged sluggishness in the capital market and the recent recession have to some extent come in the way of the development of this new aspect of banking.

However, the industrial scene has gradually been changing for the better and even in this process of change, bankers can play an important part. Strategically placed as they are, bankers can provide valuable guidance in respect of problems such as Government formalities in respect of starting an industrial unit, the right type of capital structure that this unit should have and matching the financial needs from development and commercial banks as well as investment companies, arrangements of foreign collaboration and financial and technical advice. Banks, I think, can provide such a comprehensive range of services better by means of subsidiaries. One bank, however large, cannot command the expertise necessary for specialized functions. Executives manning the departments will be subordinate to other officers of the bank and as such will not be able to develop qualities needed for leadership, exclusive thinking and willingness to shoulder responsibility. In our pre-occupation with rural banking, the needs of growing and diversifying industrial economy should not be lost sight of.

Merger Movement

It is necessary to add a word about the merger movement in Indian banking which was very powerful during the recent past. It has strengthened the structure and working of the banking industry to a significant degree. But now with the virtual elimination of non-scheduled banks, should the merger movement come to an end or take a more dynamic form? The process of integration and expansion in the banking industry has been gathering momentum the world over. On the other hand, we have been talking in terms of regional or small banks. We often confuse size with monopoly. We prefer to ignore economics of scale and have somehow come to believe that small size alone is suited to our conditions. At a stage like the present one in our economy, it is necessary to consider the issue of size strictly on the economic ground and in the interest of the country's development. Bankers as well as the central banking authorities should give serious considerations to the problem of bank mergers. If the banking structure is strong and well integrated, it can not only meet both efficiently and economically the manifold demands made by agricultural and industrial development but also fulfil the growing social expectations.

January 18, 1969.

RURAL BRANCH EXPANSION

By Shri F. K. F. Nariman

The approach towards expansion of commercial banks' branches in rural areas needs to be viewed in broader perspective. There is no dispute regarding the imperative need to extend banking facilities in rural areas to back up and intensify the technological revolution that is taking shape in the Indian agricultural sector. There are great many issues involved which are fraught with far reaching implications. To speak only of the difficulties involved to commercial banks in extending their branches in rural areas would be to ignore other difficulties as well. There is the co-operative sector and a host of small scheduled and non-scheduled local banks whose future as well as role in the new set up cannot be ignored.

On the basis of the available data it can be said that at least in the 52 districts which are already under I.A.A.P. and which already account for about 48 per cent of the marketable surplus in the country, the technological revolution seems feasible. These are the areas where it is absolutely essential that adequate credit, timely supply of inputs such as fertilisers, hybrid seeds, pesticides and also implements are ensured. It is also necessary that there should be developed a proper distributory system enabling farmers to move out the marketable surplus. At least in these districts it cannot be disputed at any rate that the extension of banking facilities could not be delayed any longer. Importance of banking facilities in these areas is also derived from the necessity to mop up potential savings that are likely to accrue from higher agricultural incomes generated.

The process of extension of banking facilities in rural areas by commercial banks does not promise to be without undue strain on their existing structural and organisational viability. There are numerous problems and limitations which are imposed on banks by factors over which they have very little control. In enumerating these difficulties and problems, it is not even suggested for a moment that banks are reluctant to extend their operations to rural areas or semi-urban areas. The sole purpose is to highlight areas of possibilities which could mitigate the impact of these problems, while at the same time not compromising the overall aims of the policy.

The existing banking facilities in rural areas are certainly remote. Expansion of branches in rural areas will have to be on a tremendously large scale if it is to have any impact on the overall banking facilities available there. The pace of general branch expansion has already gathered momentum but what is done barely touches the fringe of the problem. In the process of the branch expansion already undertaken, banks have reached a stage where they

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Note : Views expressed in this note are the personal views of the author.

are facing difficulties in deploying appropriate trained personnel. The gap of untrained personnel is fast widening. Most of the leading banks have their Staff Training Colleges but the capacity is so limited that even if for the next few years the colleges were to cater to the new personnel absorbed as a result of branch expansion only about 10 to 15 per cent of the new personnel will have been trained. The difficulties in deploying trained personnel are further aggravated when it comes to finding personnel for the rural branches. The mental reservation of the urban employees to move into the rural environment are too well known. Given these limitations the availability of suitable personnel remains an acute problem.

By far the most important limiting factor is the break-even stage for rural branches, which in the initial few years at best remains a distinct possibility. Banks should consider themselves lucky if rural branches pay their way by the end of seven years from inception. By this what is meant is not the profit of a branch in absolute terms but its capacity to contribute, directly and indirectly, to the overall profits of the bank. Enough has already been said of the perceptible fall in the profitability of banks arising out of various factors some of which are beyond their control. The additional burden arising out of mass opening of rural branches would adversely affect resilience and viability of banks to face unforeseen situations. The importance of resilience and viability of commercial banks cannot be over-emphasised. Banks still exist on public trust and faith. The faith depositors repose is still based on the traditional approach of profitability. To the depositors and the public in general profitability is an index of safety and it might certainly take considerable time and effort to change their attitude. Besides, banking is a key industry entirely dependent on the confidence and any general reaction arising sheerly out of an accidental loss of public faith might prove to be a costly affair. It is, therefore, necessary that enough weight is given to this problem and solution found. In other words, what is necessary is to strike a reasonable balance between the imperative need to extend banking facilities in the rural areas and the prudent desirability to sustain viability of banks.

The major burden of cost in the rural branch expansion of banks arises from the wage structure in the banking industry. The wage structure that has been evolved through a series of tribunal awards and agreements had relevance to the days when banks had urban employees only. It was evolved out of criteria and philosophy of requirements in essentially urban centres. The same wage structure cannot be applied in the context of rural banking requirements. Not only that the scale of pay of banks may upset the existing balance in the overall rural wage structure but it may create wider problems. The salary drawn by a bank clerk with a few years service and without an area of responsibility would compare favourably with that of *tehasildar* having wide responsibility and powers. The commercial banks' scales may also create problems in the co-operative banks as sooner or later the co-operative banks, without the commercial banks' capacity to pay, might be confronted with demands for higher wages. New dimensions may thereby be added to the personnel problems in rural areas.

It is not that the solution is out of the realm of feasibility. In short the challenge is to extend banking facilities in rural areas as fast as possible without:

(i) unduly straining the capacity of commercial banks;
(ii) undermining the existence and future of the co-operative banks, the essential principle being that commercial banks are to supplement and not to supplant the co-operatives;

(iii) upsetting the general wage-structure in rural areas. Will this be possible? Efforts will have to be directed to this end and it would be worthwhile to do so.

Taking the first point it will be prudent to impart to the entire question of rural branch expansion a degree of scientific approach. Obviously all rural areas do not have the same degree of production potential and savings potentialities. It is necessary to apply a selective approach so as to harness the available organisational resources for best possible use in order that the rural branches opened will be most effective. In this light the 52 districts mentioned above logically come in priority for consideration. These districts are spread out in a number of States ranging from seven to eight in a few States to two to three in others. In some of these districts regional commercial banks are already well established and have fairly wide net work of branches. In some others there are small local scheduled and non-scheduled banks and also co-operative banks with varying degrees of effectiveness. In some other districts particularly in the Eastern States there is a complete void of banking facilities. In the circumstances, it will be worthwhile to follow an integrated approach so that not only the problems of commercial banks would be mitigated but the other partners in banking would be assigned their due role.

It has often been an argument against commercial banks that given their existing structural and organisational set up they will not be in a position to undertake regional development to the extent as could be undertaken by small but strong regional banks. Regional set up, understood in this context, would cover both the small scheduled banks and the non-scheduled banks along with the banks in the co-operative sector. Small scheduled and non-scheduled banks could in fact be looked upon as being in an ideal position to undertake regional development and also extend banking into the surrounding rural areas. If they have not done so already it has been on account of the structural and organisational weakness that has plagued this sector of banking since long.

In the co-operative sector the principle of unit banking is followed. At the rural base there are a large number of co-operative agricultural credit, marketing and processing societies, which are supported in the credit structure by the Central Co-operative Banks at the district level and by the State Co-operative Banks at the apex level. The geographical spread of the co-operative units would indicate that the system has the necessary structure to deliver the goods in the present context. What the system has lacked so far has been sound management and adequate resources. It is a well known fact that the co-operatives could be meaningful in extending banking facilities if they are not dominated by vested interest of any type. Thus, the integrated approach would envisage promotional, directional, advisory and training functions to the bigger commercial banks so that they would actively serve in building a structure of sound regional banking system with local roots.

In the areas marked out, out of the 52 districts mentioned above, where large regional commercial banks are already well established and located, they could be asked to take the lead in extending banking facilities in rural areas by collaborating with the co-operatives and local scheduled and non-scheduled banks. In other States the national banks may be assigned specific areas where they may have to concentrate on collaborating with the abovementioned local units. This approach underlines the fact that the existing local set up being ineffective has to be imparted the strength and resilience that would enable it to purposefully operate and fulfil the regional development aspirations. With proper directional, organisational and training assistance from the large commercial banks the co-operatives as well as scheduled and non-scheduled banks could be brought in to fulfil the overall social objectives. Commercial banks could nominate their representatives on the Board of Directors of these banks and even could lend services of one or two of their senior officers till such time as the local units improve organisationally. On the side of resources commercial banks can very well extend financial assistance either by subscribing to the capital wherever possible or by making some sort of refinancing scheme mainly in agricultural loans. Thus, not only will the local units get the financial viability but the difficulty faced by urban oriented commercial banks in servicing agricultural loans would be mitigated. The extension of financial assistance to agriculturists would also be on a broad basis, free from the malaise of vested interest that has been plaguing the co-operative sector for so long.

Both from the angle of co-operatives as well as the small scheduled and non-scheduled banks this will be a healthy approach. By opening up prospects of improving their structural strength the local talent and initiative will have been given adequate ecnouragement. At the same time, the link up will not change their physical entity and there will thus be no question of extending the scales of commercial banks to their employees.

While the above scheme would cover the States where already small banks and co-operatives are existing, a separate set up may have to be envisaged in the Eastern States where there has been almost a total lacuna in banking facilities. It does not require much courage of conviction to say that in the context of the existing situation in the areas, no single bank would be in a position to extend its operations without great risks. The areas require consortium efforts. In the circumstances, it will be appropriate to consider prospects of bank collaborating in pioneering small regional banks with an ultimate aim of establishing a net work of branches in rural areas. These local banks could be started mainly with local talent and local organisation. Possibilities of institutional agencies set up by the Government in the agricultural sector, co-operating with such local banks could also be explored.

While exploring the above possibility it is not suggested that the commercial banks completely stop opening branches in rural areas or that they are to be completely divorced from direct participation in the programme to extend banking facilities in rural areas. Side by side with the above possibility, commercial banks could be left free to open rural branches to the extent possible for them and without having undue strain on their capacity. Even in this regard change in approach will be worthwhile.

One bank per village as a criteria for ultimate goal could not be within the realm of possibility even during the next few decades. There are about 5,70,000 villages in the country, which will ultimately have to be provided with banking facilities. At present most of them do not have even the postal offices. Besides, the potentialities of turnover in business and deposits at any one village would be far short of the necessary level required for a branch of a commercial bank to reach the break even point. In the circumstances, it will be rational to follow an area development approach. The concept will have two implications. First, it would need change in the present understanding of restricting physical existence of one branch to one given location. This would be imperative in view of the limited scope and uneconomic costs of operating mobile vans. The present rural pattern involves a cluster of branches in a group. In the circumstances, one central village could be taken as a controlling location for a cluster of villages. Six to twelve villages around this location could be selected for physical operation by the centrally located branch. Local small premises would be taken at each such village and the staff from the central branch would visit each such village once a week; say for half a day every week. They could take with them only certain basic accounting books enabling them to accept deposits and honour withdrawals. All the transactions would be recorded at the central location. In this way one branch with a given staff sufficient for one branch only, would be selectively and physically catering to a group of villages. This principle will require to be supplemented by an area approach. In other words, the entire area within a radius of a few miles wherein the concerned cluster of villages is situated will be left open only for the bank concerned. To develop banking facilities in the earmarked area would be the sole responsibility of that bank. This will obviate two or more banks concentrating on the same area at the same time and also having competing correspondent agents.

The second implication of the concept would require some arrangements for follow up of deposit mobilisation during the six days when the branch would not be operating at the village. In this regard it might be worthwhile to consider whether the institution of correspondent agency could be revived for the rural areas only. The leading figures in a village such as a school master and a *Surpanch* could be jointly appointed to collect deposits on behalf of the bank during the six days when the branch does not operate. On the appointed day they would hand over the amounts to the branch personnel when the final deposit receipt would be issued. The persons appointed under the correspondent agency could be paid a stipend. They would also assist the branch indirectly in servicing agricultural advances by collecting such information as needed by the branch.

Whichever approach is followed in the matter of rural branch expansion, commercial banks will need to change their organisational pattern. The existing structure involves a great deal of centralisation. But this has so far been appropriate mainly because the flow of funds has been from poorer and rural areas to the richer and industrial areas. Under the new policies banks will have to change this flow of funds in the direction of rural areas. This will require a greater degree of decentralisation and delegation of authority so that decisions could be taken expeditiously. This pre-supposes that personnel at various levels will have to be inculcated with management oriented spirit rather than the present job-oriented one. It is a time consuming process. Nevertheless, commercial banks cannot afford to ignore it if they are to effectively fulfil the social objectives.

Banking is a key industry. In the process of expanding banking facilities to the rural areas at a fast pace care will have to be taken to ensure that its strength, viability and resilience are not weakened. In fact, in view of the new challenge under social control it is all the more essential that Indian banking should be further strengthened. It will be paradoxical if the drive for the rural expansion cuts into the stability of Indian banking.

February 13, 1969

BRANCH EXPANSION IN RURAL AREAS*

In accordance with one of the Social Control objectives, commercial banks are required to enlarge their financial assistance to the agricultural sector. This implies mobilisation of rural deposits and extension of credit for agricultural purposes. For achieving these twin objectives, commercial banks have to extend their operations to rural areas. Having regard to the rather low business potential of any one village by itself as also the disproportionate cost involved, it has not been found practicable for the commercial banks to set up a regular office at each village. The Reserve Bank has, therefore, already accepted, on an experimental basis, the proposals made by certain banks for serving a cluster of villages, through a branch at a central village. The proposals envisage the setting up of part -time offices at fixed premises at convenient places in the surrounding villages and the staff attached to the centrally located branch visiting these offices during pre-fixed hours on certain specified days.

As suggested in Shri F. K. F. Nariman's note some of the members of staff from the branch at the central village would visit the surrounding villages once a week, say for half-a-day. The staff would take with them only certain basic accounting books to enable them to accept deposits and honour withdrawals. All the transactions would be recorded in the books of the office at the central village. The bank would fix up small premises at convenient places in the villages to be visited. In this way, one branch, with staff sufficient for one branch only, would be selectively and collectively catering to a group of villages. This principle will be supplemented by an area approach. The entire area, within a radius of a few miles, wherein the cluster of villages is situated, will be left open only for the concerned bank to operate. The matter regarding the development of banking facilities in the earmarked area would thus be the sole responsibility of that bank and this would avoid unhealthy competition from other banks. A circular letter will be issued to banks explaining the desirability of their choosing rural locations from where they can serve a cluster of villages on the lines indicated above.

In this connection, it may be stated that the proposal of one bank to open "Satellite Offices", somewhat on the above lines, has been agreed to by the Reserve Bank and it has been advised to proceed with its programme of opening such offices. This scheme envisages the opening of offices located within a short radius of the main branch to enable the operations to be treated as virtually of those of the branch itself and that the locations are fixed and not variable. The bank has been advised to submit the necessary application, under the statutory requirement, giving particulars, where the "Satellite Offices" are to be opened and the branch to which they are to be attached. The bank has also been advised that the Reserve Bank would have no objec-

* Prepared in the Reserve Bank of India.

tion to its fixing different hours of work for the "Satellite Offices" depending upon local circumstances.

It may also be stated that two other banks are providing banking facilities to 57 villages by operating mobile vans from six base offices. From the information available, it is found that these offices have been able to tap rural deposits and inculcate the saving habit among the rural community, besides providing on the spot certain other banking facilities like the sale of drafts and collection of inward/outward bills.

Besides, with a view to bringing about a greater mobilisation of deposits and a larger deployment of the investible funds in priority sectors like agriculture and small-scale industries, the banks are being actively encouraged by the Reserve Bank to undertake branch expansion in the rural and semi-urban areas. With this end in view, the Bank has been conducting surveys of certain selected districts in different States, in association with some of the commercial banks. The districts selected are, by and large, those which are noted for agricultural development and/or are important centres of small-scale industries but are deficient in banking facilities. In the light of the findings of the surveys, the banks associated with those surveys, are advised to take necessary steps to open either full-fledged offices or part-time offices on the model of the "Satellite Offices", taking into consideration the business potential of the centres identified.

February 13, 1969

DEVELOPMENT OF RURAL AREAS THROUGH PARTICIPATION OF BANKING—A STUDY

BY UNITED BANK OF INDIA

For the first time in years the Indian economy has experienced the happy phenomenon of growing resources. In the field of agriculture, after the bumper harvests of 1967-68, the swing is definitely towards improved farming operations. The planners and policy makers are naturally eager to lay the foundations of a self-sustaining economy on this agricultural break-through. This, of course, pre-supposes the creation of an effective banking network in the rural areas since the whole movement of economic recovery initiated by agricultural revolution has to be sustained by adequate financial assistance. The Deputy Prime Minister has given a call to the banking industry to carry the message of banking to the economically underdeveloped rural areas so that the growing resources there can be tapped and fed into the economy, and regional disparities in growth thin out gradually.

The Reserve Bank of India has, since its very inception, been concerned over the promotion of rural banking and has recently revised its branch licensing policy to expedite the process. The State Bank of India and its subsidiaries and the co-operative system have already entered the rural field. Yet, it is felt that there is need as well as scope for other commercial banks also to join in the venture and make their contributions in this regard. The justification for commercial banks' participation may be drawn, among others, from two important considerations :

(i) Since the rural areas have a vast spread the State Bank and its subsidiaries cannot possibly cover them in full.

(ii) More importantly, it will be in the interest of the economy if rural banking is made a commercial proposition. In this respect the distinction between the commercial banks and the co-operative is pertinent. Such distinction is not contradictory but of a complementary nature. "Assistance" is helpful, but no economy can develop on "Assistance" alone. It must be founded on the hard rock of commercial considerations.

It is rightly said that the co-operatives should thoroughly overhaul their management, if they are to make a significant headway. But much of the force of this suggestion is lost when the fact is faced that a rural primary co-operative society in a State like West Bengal is provided with no more than Rs. 3,000 of working capital. What is meant is that, apart from co-operatives which are justified on certain grounds and at certain levels, the commercial banks should be afforded a fair share in the important field of rural banking.

However, the Reserve Bank thinks that guard has to be taken at the same time against the possibility that the basic economics behind rural banking is not subordinated to an espausal of the cause at any cost by the agencies concerned. As a matter of fact, it is because of the urgency of spreading the banking net-work in rural areas that some realistic calculations, mainly with regard to costs of alternative approaches to this issue, are entirely to the point. For, considering the vast nature of commitment in respect of rural areas which constitute the bulk of the country's areas, there will virtually be no going back upon any programme of action that is decided upon. It is imperative, therefore, that the programme adopted is economically as viable and sociologically as acceptable as possible.

In chalking out a programme of development of commercial banking in rural areas two broad criteria can be suggested :—

(i) Expansion of banking business in these areas should be expeditious and business itself should be economic both now and in the future.

(ii) Banking development should be in the nature of a spontaneous movement involving all-out local participation in terms of both resources and services.

For obtaining positive guidelines in this respect the situation as it obtains in West Bengal can be usefully studied.* The example of West Bengal is suitable for exploring the possibilities of rural banking, since spread of banking in this State compares unfavourably with that in many others. Thus, while Mysore, Gujarat, Madras and Maharashtra had, at the close of 1966, 22.5 per cent, 19.9 per cent, 9.9 per cent and 8.0 per cent, respectively, of their total branches in places with population of less than 10,000, the corresponding figure for West Bengal was only 2.8 per cent. Further, the co-operative movement is not as developed in this State as it is in many others.

West Bengal has about 38,000 villages of which centres with population between 5,000 and 10,000 are of the order of 250. Of these centres, again, those having offices of commercial banks are 5 in number (as at end-1966). In marked contrast the co-operative structure has 17,000 primary societies in the State of West Bengal. Moreover, since a co-operative society may have its coverage extending over more than one village, the whole of West Bengal can be taken to have been covered, in a structural sense, by the co-operatives. At the same time, however, the extent of assistance given by the co-operatives is inadequate. This has to be so, for the average working capital of a rural primary co-operative society in West Bengal is no more than Rs. 3,000. It is thus seen that while the commercial banks are yet to emerge prominently in the rural picture of West Bengal, the co-operatives, despite their numerical strength, have left much to be desired in financial coverage.

* Examples of other States, if considered suitable, can also be used.

In view of the above the appropriate questions to ask are :—

(i) To what extent can the existing commercial banks contribute to rural uplift in terms of offices opened and assistance provided ?

(ii) How can the co-operative structure be strengthened from a qualitative point of view ?

For the purposes of this paper (i) alone is taken up for consideration. The basic postulate in this respect has to be that the functioning of a commercial bank's office in a rural area is economic, at least prospectively. In addition, following the second criterion adopted at the outset, the organisation of the activity of the branch should be such as to make for local participation in resources as well as in spirit.

First let it be tested whether any rural branch of an existing commercial bank would be an economic proposition or not. If the achievements of the National Small-Savings Scheme in areas of different population sizes are taken as indication, then the potential level of deposits with such a branch may be expected to be around Rs. 20 lakhs in 5 years time or Rs. 30-35 lakhs over a period of 10 years. Even such performance, however, would be practicable only under the favourable assumption that the existing commercial banks in West Bengal would have their branches in relatively prosperous rural centres in the State, and not in obscure places suffering from dearth of potentiality. The assumption is realistic, as the rural branches would otherwise not be viable propositions at all. For a hypothetical rural branch of West Bengal let the average (annual) deposit over a period of 5 years be taken, then, at Rs. 12 lakhs. In showing the expenses of such a branch *vis-a-vis* income the following assumptions can be made : that such a unit will comprise, in the least, 1 Officer, 1 Clerk, 1 Cashier and 1 Sub-staff, and that its lending rate will be the same as that of the co-operatives. The actual calculations are detailed below :

Expenses :

(In rupees)

Establishment (includes bonus, medical and other expenses)	1st year (1)	25th year (2)	40-year average (3)
1 Officer	7,457	18,238	14,760
1 Clerk	4,279	10,465	8,136
1 Cashier	4,279	10,465	8,136
1 Sub-Staff	2,746	4,148	3,708
Total	18,761	43,316	34,740*

(*Contd.*)

	(1)	(2)	(3)
Interest (at an average rate of $4\frac{1}{2}$ per cent on 5-year average deposit of Rs. 12 lakhs)	54,000	54,000	54,000
Other expenses (Rent, insurance, postage, stationery, electricity, etc.).	5,500	5,500	5,500
Total	78,261	102,816	94,240

* Based on the total emoluments, payable by the United Bank of India (an 'A' Class Bank) on Area III terms, per employee in each of the above categories over the 40-year service period.

Income :

Assuming that Rs. 1,20,000 (10 per cent of deposits) are kept as cash balance, Rs. 2,40,000 (20 per cent of deposits) are invested in Government Securities at the rate of $3\frac{1}{2}$ per cent and Rs. 8,40,000 (70 per cent of deposits) are lent out at the rate of 9 per cent the break-down of income would be as follows :

(In rupees)

Government securities	8,400
Other loans and advances ..	75,600
Total	84,000

It is seen that even during the initial period of 5 years the operations of the branch would be uneconomic. Thereafter, expenses may very well rise at 15 per cent or so per annum, making the position even worse for the branch, since the growth in deposits, which can be expected to be between 10 per cent and 15 per cent per annum after the initial years, would not be able to sustain the growth in emoluments. Secondly, the position which has been depicted above, refers to the prosperous villages. When even such villages give discouraging results, it will be natural to view with reservations the prospects for spread of banking deep into the smaller villages.

In point of local participation also, opening of rural branches by existing commercial banks does not look like securing it. For one thing, the method of recruitment of commercial banks is such that the staff members of these rural branches may be bereft of any rural bias and discontented with the rural life. Such a notional state, coupled with a very high degree of security of service, is hardly likely to generate enthusiasm and psychological orientation vital for rural development.

It follows, therefore, that a scheme for rural development through extension of banking network should not be thought of on the lines of branch banking undertaken by established commercial banks. Instead, a number of banks sponsored by the existing ones in their respective areas of influence seem to be suited for this purpose. These banks will have some exclusive characteristics giving them a distinct edge, in the field of rural banking, over the established commercial banks having predominant urban bias.

These are :

(*i*) Since recruitment will be from people in the locality, who have willy-nilly reconciled themselves to the rural life and have requisite knowledge and experience in local life, it will be possible for the rural banks to achieve a high degree of integration with their areas of operation.

(*ii*) Secondly, because of local character, local participation and territorial limitation of operations, the resources of these banks will have to be utilised for local development. The increasing demands for resources emanating from agriculture and small-scale industries of the localities would bring pressure on them to mobilise resources in greater earnest. In due course of time some of the branches of the commercial banks can be taken over by these banks and their (commercial banks') staff transferred to the metropolitan areas.

(*iii*) Thirdly, the terms of employment for such banks may well be such as will help them maintain their viability without their having to pierce the ceiling of lending rates visualised above. Thus, these banks may even resort to part-time employment by operating in the mornings and evenings.

However, despite their general suitability to rural environment, these banks cannot hope to cover the whole population of rural centres. Within the class of centres with population between 5,000 and 10,000 the scope of choice has, therefore, to be restricted further by following criteria other than that of just population. Thus, rural centres which, by virtue of their strategic positions, can command a number of villages, or which have a hinterland with flourishing farm activity, will have to be chosen for branches of the rural banks.

Again, even though these banks are potentially more suitable for generating a spontaneous movement among the rural masses in their localities, the existing commercial banks will have to be responsible for generating the initial spurt in their operations. The fund of goodwill and repute enjoyed by the existing banks in their respective areas can go a long way to project the image of the banks sponsored by them. Hence in the beginning at least, the existing banks will have to stretch their helping hands by way of leadership and other forms of support. In particular, these banks, which can be called sponsor banks, will be required to discharge the following responsibilities with regard to the rural banks :—

(*a*) Lending of trained key personnel to the required extent for a limited period.

(*b*) The sponsor banks will supply all materials which they prepare for their own use, *e.g.*, forms, circulars, etc. to the offices of the sponsored banks.

(*c*) (*i*) Underwriting the share issues of the rural banking companies in their areas of responsibility and influence.

(*ii*) Participating in the loan operations of such rural banks on an extensive scale, to begin with, but gradually restricting such participation to bring pressure on the sponsored banks to develop their own resources.

(*iii*) Guaranteeing such deposits of the rural banks as would not be covered by the limits to be granted by the Deposit Insurance Corporation.

The sponsor banks in different areas being assigned these responsibilities, the actual pattern of sponsoring the rural banks, understood in financial terms, could be as follows :

Of the Rs. 5 lakh share capital, which is to be issued by a rural bank, 30 per cent will be subscribed to by the sponsor bank and the balance underwritten by it. The shares will be on tap and underwriting will be a continuing process. The rural banks will have to try their best to raise capital themselves in step with growth in deposits. Only when such growth warrants a volume of capital which is larger than what the tap sales can provide for, the underwriting banks would be called upon to pay up the capital underwritten by them. However, the aim of the rural bank shall be to relieve the underwriting bank of its holdings as early as possible—of course, at not below par.

Apart from the assistance in raising capital, the sponsor bank will provide an interest-free loan of upto 100 per cent of the issued capital to the rural bank which will repay it over a reasonably long period. Such loan may be in the nature of deposits which would be eligible for interest only when dividend is declared by the rural bank, the rate of interest being the same as that of dividend.

The rural banks, which will be in the nature of associates of the sponsor banks, will have some additional features as well :

(*i*) The Head Office of such a bank will be situated in the district headquarter.

(*ii*) At places falling within the programme area determined by it, if a rural bank has already opened a branch or proposes to open one in future, no bank other than the co-operative banks shall be allowed to open branches there for a period of 5 years from the inception of the branch of the rural bank. This condition may be relaxed only when the rural bank concerned has declined to open branch at any such places or ultimately failed to do so.

(*iii*) To assist the rural bank the sponsor bank, will, as a matter of option, nominate one of its senior officers for the Chairmanship of the rural bank, provided, of course, no remuneration is charged against the beneficiary bank which will only be obliged to bear the travelling and similar incidental expenses.

(*iv*) The Chief Manager of the rural bank will be provided on loan basis by the sponsor bank out of its own staff, or where a person due to retire from the lending bank is found suitable and willing, the rural bank itself can appoint him as its own employee.

The Head Office of a sponsored bank, which will be stationed in the district headquarter, will have its administrative wing and commercial wing separated from each other. The administrative office will have a budget approximately as under :

		(In rupees)
Chief Manager..		10,000
Rent ..		2,200
Other Officer (1)		6,000
Other Staff:		
2 Clerks	6,000	
2 members of sub-staff	2,500	
		8,500
Other expenses		3,000
Total ..		**29,700**

The commercial wing, on the other hand, will be organised on the lines of a branch.

The Head Office budget as also the budget for a branch which follows will hold good for three years since the idea is to achieve the break-even stage by the end of the third year.

It can be reasonably expected that such rural banks will, in the course of, say, next two or three years, be able to open about 30 branches in West Bengal. As for the levels of deposits which any such branch is likely to strike from year to year, some indications are available from the National Credit Council paper on Branch Licensing Policy. On their basis the deposits mobilised by a branch in the first, second and third year can be assumed to be, say, Rs. 2, Rs. 3 and Rs. 5 lakhs, respectively. The figure of Rs. 5 lakhs is not unjustified because the deposit per office for new office opened by all scheduled banks during 1961 to 1965 was, according to the National Credit Council paper, Rs. 7.4 lakhs.

The cost implications for the branch will now show that it will break even in the third year. For the purposes of studying the economics of a branch it will be assumed that :

(*i*) The rural banks, if allowed to maintain their deposits with the sponsor bank, will earn interest at the Bank Rate on the day-to-day balance. At the same time, however, the funds should be made available for local investment—both for agriculture and for cottage and small-scale industries.

(*ii*) The banks will not accept deposits with a maturity period longer than two years and will offer interest at the same rates as given by the existing smaller banks.

(*iii*) As for interest income, 40 per cent (credit-deposit ratio) of deposits earn at the rate of 9 per cent, another 50 per cent, lodged with the sponsor bank, at the Bank Rate, *i.e.*, 5 per cent, the balance of 10 per cent, which is kept as cash, earning no rate at all. On the other hand, but for 10 per cent of deposits, which are current deposits, the balance of 90 per cent earn, on an average, at the rate of 4 per cent.

Calculations on the above basis yield revenue figures of Rs. 12,200, Rs. 18,300 and Rs. 30,500 in the first, second and third year, respectively. The expenditure budget for the branch will, on the other hand, be more or less as follows :

	(In rupees)	
Officer-in-Charge	5,000	
1 Whole-time Cashier-cum-Clerk	3,000	
1 Part-time book-writer	600	
Rent (or depreciation)	1,800	
Interest on deposits	18,000	(figure for third year)
Cost of Head Office	1,500	
Other expenses	1,000	
Total	**30,900**	

Because of variations in interest paid on deposits the total expenses figures will be of the order of Rs. 20,100, Rs. 23,700 and Rs. 30,900 in the first, second and third year, respectively.* Thus after the breakeven stage is attained in the third year losses accumulated in the first two years will begin to shrink from the 4th year and will be completely wiped out by the sixth year.**

It may be provided in the Articles of Association of rural bank that 50 per cent of the profits shall go to the reserve fund, 25 per cent to meet dividend payments, 20 per cent by way of additional remuneration and bonus to staff and the balance of 5 per cent shall be earmarked for contingencies (such other percentages as may be deemed suitable for the different purposes can be allocated). Further, the profits of such banks should be free from taxes except where a dividend of above 6 per cent is declared, when the amount allocated for additional dividend shall be leviable for the purpose of income tax.

It will be reasonable to treat the rural bank as a subsidiary of the sponsor bank so long as local participation in its (rural bank's) shares is less than the sponsor bank's. Section 19 of the Banking Regulation Act of course prohibits the formation of such a subsidiary by a banking company. However, since such subsidiaries are to be formed for the advancement of banking and for a transitional period only they can, under the provisions of Section 53 be exempted from the application of Section 19. Further, as subsidiaries of the existing commercial banks they should not be required to make statutory deposit or liquid investment to the extent of 20 per cent of deposits. This is necessary to enable them to earn at the Bank Rate on their deposits lodged with the sponsor banks which, as has been noted will guarantee such deposits of their subsidiaries as are in excess of the limits of Deposit Insurance Corporation cover.

Summary

1. An effective banking network in the rural areas is a pre-condition for mobilising growing resources there.

2. The revised branch licensing policy of the Reserve Bank of India has created an ideal condition for such banking network. Apart from the co-operatives and the State Bank of India, there is a case for participation by commercial banks also in this venture. For (*i*) the area to be covered is vast, and (*ii*) rural banking should be made a commercial proposition.

3. Policy criteria are (*i*) economic viability of business and (*ii*) local participation.

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* Growth in establishment expenses owing to increments, etc. has been ignored.

** Assuming that deposits would grow at 20 per cent, 20 per cent and 15 per cent in the fourth, fifth and sixth year respectively, since the bulk of resources in the area could be expected to be tapped by the third year.

4. Taking the example of West Bengal, it is found that centres with population between 5,000 and 10,000 having commercial bank offices are only 5 in number and that financial coverage of co-operatives in the State is rather unsatisfactory.

5. (*a*) A programme of rural branch banking by the existing commercial banks is found to be uneconomic, as calculations carried out on the basis of 5-year average deposit of Rs. 12 lakhs yield Rs. 84,000 of total income while total expenses are Rs. 94,240.

(*b*) Local participation also cannot be secured through existing commercial banks since the staff employed by them lack rural bias and enjoys a high degree of service security.

6. Rural banks sponsored by the existing commercial banks in their respective areas of influence seem to be suited for this purpose. For, (*i*) recruitment will be from local people having experience in rural life, (*ii*) resources will be utilised locally because of local character of the banks and (*iii*) terms of employment will admit of some flexibility.

7. Help is initially to come from the existing banks by way of lending trained personnel, underwriting share issues of rural banks, participating in their loan operations, and guaranteeing such deposits as are uncovered by Deposit Insurance Corporation.

8. Of the Rs. 5 lakhs share capital to be issued by a rural bank, 30 per cent will be subscribed to by the sponsor bank and the balance underwritten by it. Interest-free loan of upto 100 per cent issued capital will also be provided by the sponsor bank.

9. The rural banks will be insulated from competition in their areas of operation. They will have as their Chairmen senior officers of the sponsor banks which will also provide them with Chief Managers.

10. Head Office administration will cost approximately Rs. 30,000. Branches of the rural banks will break even in the third year when their deposits are likely to strike the Rs. 5 lakh figure, the income and expenses both being about Rs. 30,500.

11. Under the Articles of Association of a rural bank its profits shall be allocated among reserve fund, dividend, additional remuneration and contingencies in the proportion of, say, 50 : 25 : 20 : 5.

12. Although Section 19 of the Banking Regulation Act prohibits formation of subsidiaries by a banking company the rural banks can be treated as subsidiaries of their sponsors because they subscribe to greater proportion of their shares. For the purpose of exemption from the application of Section 19, Section 53 can be invoked.

June 17, 1968.

APPENDIX I

CLERICAL STAFF EMOLUMENTS IN AREA III

(In rupees)

Year of Service	Yearly emoluments	Average monthly emoluments
1st year	4,279·06	356·59
1st year to 9th year (average)	4,858·00	404·87
10th year	5,684·97	473·75
11th year to 19th year (average) ..	6,977·27	581·44
20th year	8,496·70	708·07
21st year to 24th year (average)	9,378·68	781·56
25th year	10,465·07	872·09
26th year to 40th year (average)	10,465·07	872·09
Whole service period (average)	8,141·52	678·46

Note: Yearly emoluments were obtained by adding up (*i*) Basic pay, (*ii*) Dearness allowance at the present rate of 87 per cent of basic pay, (*iii*) Bonus at the rate of two months' basic pay, (*iv*) Overtime at the rate of 5 per cent of basic pay and D.A., (*v*) Medical aid as admissible per year, (*vi*) one-fortieth of total leave fare admissible during forty years of service, (*vii*) One-fortieth of total S.P.F. and gratuity accruable at the end of forty years of service.

Average monthly emoluments were obtained by dividing yearly emoluments by twelve.

APPENDIX II

SUBORDINATE STAFF'S EMOLUMENTS IN AREA III

(In rupees)

Year of Service	Yearly emoluments	Average monthly emoluments
1st year ..	2,745·70	228·81
1st year to 9th year (average)	2,979·43	248·29
10th year	3,271·59	272·63
11th year to 19th year (average)	3,563·75	296·98
20th year	3,855·91	321·33
21st year to 24th year (average)	4,001·99	333·50
25th year	4,148·07	345·67
26th year to 40th year (average)	4,148·07	345·67
Whole service period (average)	3,709·80	309·15

Note: Yearly emoluments were obtained by adding up (*i*) Basic pay, (*ii*) Dearness allowance at the present rate of 116 per cent of basic pay, (*iii*) Bonus at the rate of two months' basic pay, (*iv*) Overtime at the rate of 5 per cent of basic pay and D.A. (*v*) Medical aid as admissible per year, (*vi*) One-fortieth of total leave fare admissible during forty years of service, (*vii*) One-fortieth of total S.P.F. and gratuity accruable at the end of forty years of service.

Average monthly emoluments were obtained by dividing yearly emoluments by twelve.

AN ASSESSMENT OF THE SCHEMES PROPOSED BY (1) SHRI G. R. VALUNJKAR, (2) SHRI RAMAKRISHNA BAJAJ, (3) CANARA BANK AND (4) BANK OF MAHARASHTRA*

In accordance with the guidelines suggested by the National Credit Council, commercial banks have to increase their involvement in the financing of agriculture. Since this implies both deposit mobilisation from the rural sector and extending advances for agricultural operations, banks have either to open branches in rural areas or to utilise the services of some intermediaries for this purpose. Banks have represented that opening of new branches in small places is usually costly. Also, the current procedures and practices which were evolved to serve urban needs are not all suited to the requirements of the village clientele. Some schemes have, therefore, been proposed to deal with these organisational problems. This paper examines four such schemes which have already been circulated to members of the Study Group. The paper is divided into five parts; salient features of the schemes are given in part I, legal and technical implications are stated in part II, historical perspective of the schemes is briefly discussed in part III and an assessment of the merits and de-merits of these schemes is made in part IV. The concluding part of the paper suggests some questions which merit examination by the Study Group.

I

Salient Features of the Schemes

All these schemes have one common characteristic, *viz.*, the attempt to associate local knowledge and expertise with the banking operations in rural areas. Shri Valunjkar's scheme is, however, different from the other two schemes discussed here in so far as he envisages the building up of a completely new structure of rural banks, whereas the other schemes postulate linking up of knowledgeable and influential local people with the existing banking structure.

Shri Valunjkar's Proposal

Shri Valunjkar's proposal would involve the establishment of small autonomous banking units which would be under the control of local persons of integrity, infused with real service motive. Groups of villagers would subscribe to the capital of these units and the Government, along with the Reserve Bank, State Bank of India and the commercial banks would be expected, under the scheme, to arrange for loans to these banks equal to 8-10 times of their subscribed capital at low rates of interest. The basis of this scheme is the establishment of small decentralised units free from the influence of power-hungry persons, and run on simple lines suited to the illiterate village people.

* Prepared in the Reserve Bank of India.

Scheme Suggested by Shri Ramakrishna Bajaj

Under the scheme proposed by Shri Ramakrishna Bajaj commercial banks would operate in rural areas through local influential persons, like the old class of landlords and money-lenders who would be appointed bank's agents. The agent would collect deposits against deposit receipts given by him on behalf of the bank and send the amount so collected to the nearest branch office. A certain portion of the deposits would be left with the agent to enable him to meet the immediate demands for withdrawals by the depositors. He would receive 1-2 per cent commission on the total amount of deposits collected by him. In order to make the scheme economical, it is suggested that the commission would be adjusted by paying comparatively lower interest rate to the rural depositors. It is noteworthy that in its present form this scheme does not envisage investing the Agent with powers to grant advances to cultivators.

Itinerant Agent — Scheme Suggested by Canara Bank

In the scheme suggested by Shri Prabhu, Chairman of the Canara Bank, Itinerant Agents would be appointed from among the experienced and trusted employees of the bank, who would visit villages within a certain radius on selected days (usually the market days). Important functionaries in the village, *e.g.*, the village *Patel*, *Shanbhogue* (keeper of village records) or the village teacher would be pressed into service to canvass business for the bank and bring potential clients into contact with the bank's Itinerant Agents. A room would be reserved in the village functionary's residence and furnished with a safe and some essential furniture. He would be paid a modest compensation for his services. The Itinerant Agent would travel by public transport and therefore the scheme would be economical. If the amount of deposits received on a particular day is comparatively large, it would be left overnight in the safe in the village functionary's house ; the safe itself would be of the dual-key type, one key being with the Itinerant Agent and the other with the functionary. The object of the scheme initially is to mobilise deposits, although promising villages may later have a "one-man" branch.

Bank of Maharashtra Scheme

The scheme proposed by Bank of Maharashtra goes further than the Canara Bank scheme ; it envisages utilising the services of the indigenous bankers, both for mobilising deposits and for transacting certain other types of banking business. Under this scheme, an indigenous banker who is known for his integrity and fair practices would be appointed bank's accredited Agent. His principal task would be to bring in deposits. He would also work as credit-consultant for local loan proposals. For proposals brought by the Agent and accepted by the Bank, he would furnish, apart from the usual security from the borrower, his personal guarantee for which he would be paid a guarantee commission. The bank and not the Agent would have the final say in the disposal of the credit proposals brought by him, although his recommendations would be given due weightage in the disposal of proposals. A small amount could be earmarked for the Agent to give direct loans to agriculturists, against the pledge of gold, at a rate of 9 1/2 per cent. The Agent would also be given powers to allow withdrawals on savings bank accounts. The interests of the Bank would be safeguarded by a blanket insurance cover and a fidelity insurance policy. The Agent would receive as compensation for his services, brokerage on the deposits that he would bring, consultation fee for adjudging the credit proposals referred to him by the bank and a guarantee commission for giving his personal guarantee for the proposals brought by him and accepted by the bank.

II

Some Legal and Technical Implications of the Schemes

Some legal and technical aspects of the schemes summarised above may briefly be mentioned in order to illustrate the kind of difficulties which will have to be resolved :

(*i*) The proposals involving the renting of a room in a village for transacting banking business would amount to the opening of a new place of business requiring a licence from the Reserve Bank of India under Section 23 of the Banking Regulation Act, even though the proposed office in the village may work only on certain days and during specified hours and transact particular business.

(*ii*) The arrangement whereby the bank would use a room in a village functionary's house, should be such as to confer on the bank legal rights of occupation. Also, the proposal that the safe containing the bank's cash be kept under the custody of a private party who is not an employee of the bank, or under the joint custody of such a private party and the employee-Agent concerned, may raise some complicated legal questions in case any misunderstanding arises.

(*iii*) The legal status of receipts issued by a non-employee agent of the bank against the deposits received on behalf of the bank is not clear. For all the acts of commission and omission of the Agent, the principal would be liable. If the Agent misappropriates the funds and does not remit them to the bank, the bank may be held liable to the depositors for the amount received by the Agent. The security that may be offered by the Agent will generally be immovable properties which may not be considered as an acceptable form of security and there will be difficulty in realisation, in case of need, due to their illiquid nature and the possibility of protracted litigation.

(*iv*) The scheme suggested by Shri Ramakrishna Bajaj envisages payment of a rate of interest to the rural depositors which would be adjusted for the commission payable to the Agent. This will reduce on the basis of the present schedule of rates the rates of interest payable on deposits to a level below those prescribed under the Inter-Bank Agreement on deposit rates and under the Reserve Bank directive dated the March 2, 1968.

It may be mentioned that there may be many other legal implications of the schemes, which would be considered at length once the details of a scheme are worked out.

III

Historical Perspective

The central idea behind these schemes is to associate persons having intimate knowledge of local conditions with the operations of banks in rural areas. The different schemes merely represent variants of this central theme. The idea itself is not new. It has been put forward by different people at different times. The Central Banking Enquiry Committee suggested in 1931 that in course of time joint stock banks may entrust registered money-lenders as they grow in strength and inspire more confidence, with such agency functions as accepting deposits, making remittances and payments. According to the Committee, if business develops, the registered money-lender may be transformed into a full-fledged branch of the bank, or if it is desired to limit the liabilities of the bank in certain places, the bank may enter into a partnership with the registered money-lender on what was known in Germany as the "Kommandit"* Principle.

Dr. Narayanswami Naidu in his *Report of the Economist for Enquiry into Rural Indebtedness* submitted to the Government of Madras in 1946 suggested that money-lenders should be prevented by law from lending directly, without the intervention of local co-operative society, to any agriculturist. The purpose of this suggestion was to incorporate the money-lender in a system of rural credit, and not to compete with him or to eliminate him.

The Rural Banking Enquiry Committee (1950) suggested that banks should associate with themselves some local persons of importance as Directors or employees so that confidence would be created in the minds of the villagers. The Committee observed that co-operative banks and smaller regional banks

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* Under this principle instead of opening a branch in a place the bank became the financial partner of a local private money-lender, whose advantage of unlimited liability and of local knowledge were thus retained without involving the bank in the expense and heavy liabilities by opening a new branch. Under the German Company Law a "Kommanditgesellschaft" was a partnership in which, in addition to the partners with unlimited liabilities, there were other partners whose liabilities were limited to the payment of their share capital.

were somewhat advantageously placed in this respect ; the adoption of this practice on a large scale was commended by the Committee.

On the other hand, the suggestion to associate the money-lender with the organised banking system was opposed by the Agricultural Finance Sub-Committee (1945) and the All-India Rural Credit Survey Committee of Direction (1954). In the words of the Rural Credit Survey Committee : "We believe that enough has been said .... in regard to the nature of the money-lender's activities, his significance in rural credit, and above all, his place in the socio-economic picture of the village, to make it clear that any organic association between him and co-operative credit would bring disadvantage instead of benefit to the medium and small cultivator. Briefly, the money-lender is himself part of the problem which has to be solved ; while it would be unrealistic to ignore him, so also would it be unrealistic in the extreme to incorporate him as a part of the solution itself".

IV

Assessment of Merits and De-merits of these Schemes.

The scheme suggested by Shri Valunjkar involves the building of a new structure of independent rural banks manned by people of integrity, who are dedicated to national service. It is not clear whether these banks would supplement or supplant the existing co-operative and commercial banks. If they are intended to be super-imposed on the existing banking structure, the scheme would involve avoidable competition, duplication of functions and much expenditure. The idea behind the scheme is sound, *viz.*, to entrust the task of spreading banking habit in rural areas to those persons who are above the petty power-hunting motives. The question is whether the same object cannot be achieved through the reorganisation of the existing banking structure rather than building up some 100,000 new institutions.

The other three schemes should be judged in the light of the objective of Social Control : to fill up the existing gap in banking facilities in rural areas. In other words, the schemes should be assessed both from the point of view of mobilisation of rural savings and extending advances by banks for agricultural purposes.

One obvious advantage of all the three schemes is that they would probably save the banks from incurring large expenditure on opening new branches. Banks have also to face the difficulties of finding the right kind of persons who are conversant with local conditions and persuading them to live in villages. Pressing into service local dignitaries who have personal knowledge of local production possibilities, of the character of individual borrowers and the value of assets that may be offered as security, may go some way in solving some of these problems. From the psychological point of view also, the confidence of a village may be gained if some influential people known to him are associated with an institution which is unknown to him.

The association of local persons with banks without the physical presence of an office of the bank may not, however, be sufficient to inculcate banking habit among the rural population. First, unless the persons who are associated with the bank are known to be honest and have at the same time a good social standing, they may not succeed in bringing large deposits to the bank. It may also be pointed out that the success of a scheme may itself be jeopardised if undesirable elements or persons entangled in local politics become associated with banks. Secondly, deposits may not accrue unless the depositor has unrestricted facility of withdrawing his money and the bank's Agent is also authorised to give advances. In this connection it is worth quoting the late Professor D. G. Karve, who in his reply to the questions put by the Rural Banking Enquiry Committee said, "To encourage an agricultural depositor, it is necessary to assure him that he will get an advance when he needs it". The point has also to be borne in mind that a bank may get deposits by familiarising the villagers with the bank through giving advances rather than expecting to get deposits and making advances later. It may be remembered that the success of the money-lender in the village is mainly due to his ability to give advances promptly to the borrower. Moreover, even if association of local persons brought in deposits to a bank, it would only partly serve the purpose of Social Control ; the bank would still have to find means of giving advances to cultivators.

The question of the rate of interest to be paid on deposits brought by a bank's Agent may also be considered here. If, as suggested by Shri Ramakrishna Bajaj, the interest rate paid on deposits should be lower in order that a commission may be paid to the Agent, the amount of deposits mobilised may not be high and the scheme may not be popular. While there is no conclusive evidence to suggest that high rates of interest increase the total quantum of savings, there is evidence to suggest that the relative rates of interest are an important factor in determining the form of savings, as financial sophistication develops.

Further, it is doubtful whether the money-lender or the indigenous banker would co-operate with the bank with which he would be associated. His position in the rural credit system is still preponderant and it would be in his interest to see to it that any scheme purporting to give low cost credit to cultivators does not succeed and compete him out of existence. The data (Table 1—page A67) collected by the All-India Rural Debt and Investment Survey bring out the near-monopoly position held by money-lenders in the rural credit system.

It would be seen that the share of outstanding loans owing to agriculturist money-lenders and professional money-lenders by the cultivators was more than three-fifths of the total cash loans outstanding on June 30, 1962. The agriculturist money-lender in particular plays an important part in the credit structure. If he is associated with a bank as an Agent, he would also most likely manipulate accounts in a way so as to use banking facilities for promoting his own purposes. So far as methods of working are concerned, there is not much difference between agriculturist money-lender and the professional money-lender ; according to some evidence, he can in fact be more exacting.

If the local money-lender or indigenous banker is entrusted with the power to give advances, there will be practical problems of controlling his operations. It will be difficult to ensure that he does not misuse part of the deposits for his own purposes and manoeuvre accounts in a way so as to get advances for his own business. Although the scheme discussed here emphasises that only those money-lenders or indigenous bankers should be associated with banks who are known for their honesty, in practice it will be remembered that even today being indebted to a money-lender signifies misery to the cultivator. If the image of the bank is mixed up in the minds of the villagers with that of the money-lender with his coercive methods of work, the movement to inculcate banking habit in the rural areas would itself get a set-back. It should also be pointed out that if the money-lender or indigenous banker guarantees some finance which he brings to the bank, the bank may have to allow him to take any steps to protect his own interests. Moreover, the money-lender is not accustomed to care for the purpose of the loan. It is possible that he may bring proposals to the bank which may appear to be meant for production purposes but are in fact meant for consumption needs. This will defeat the economic and social purposes behind the proposal of introducing banking in villages.

V

Concluding Remarks

It appears on the basis of the above considerations that associating the money-lender or the indigenous banker with the lending business of a commercial bank is not likely to promote the aims of Social Control. There would be greater chances of success, however, if locally influential persons in the villages are harnessed into service for canvassing business for banks. The banks may make a beginning with appointing these locally influential persons as brokers for getting deposits and allowing them to stand as guarantors for advances given to cultivators, subject, of course, to the provision that some sort of effective supervision should be exercised by the concerned bank on the methods of work of these brokers.

The practice of U.S. banks may be cited in this connection. Many banks in U.S.A. engaged in agricultural lending employ what are known as field representatives or field appraisers whose primary function is to appraise the farmer's needs and to recommend to the bank an appropriate loan to the farmer. The representative is usually a farmer himself who has received advanced training in farming and is expected to possess adequate (knowledge) of local conditions. He is not an agricultural extension worker, but primarily a specialist in agricultural credit. This practice, however, is very different from the suggestions analysed in this paper.

Finally, the Study Group may like to consider an important policy matter. The direction of policy so far was towards eliminating the evils of money-lending in villages by creating alternative agencies. The association of money-lenders and indigenous bankers with commercial banks may give them a status in addition to their virtual monopoly of lending business in rural areas. Whether this departure of policy would be in the best interests of promoting the objectives of Social Control is a question which needs careful examination.

November 30, 1968

Credit agency	Proportion of households reporting (per cent)	Average per household (Rs.)	Aggregate amount (Rs. crores)	Proportion of households reporting (per cent)	Average per household (Rs.)	Aggregate amount (Rs. crores)	Proportion of households reporting (per cent)	Average per household (Rs.)	Aggregate amount (Rs. crores)
	1	2	3	4	5	6	7	8	9
Government	*6·4*	26·1	131·18 (5·5)	*2·4*	8·6	15·66 (3·8)	*5·4*	21·4	**146·85 (5·3)**
Co-operatives ..	*12·2*	47·0	236·57 (9·9)	*3·7*	10·0	18·24 (4·5)	*10·0*	37·1	**254·81 (9·1)**
Commercial banks ..	*0·4*	1·8	8·97 (0·4)	*0·2*	1·5	2·80 (0·7)	*0·4*	1·7	**11·78 (0·4)**
Landlords	*0·9*	4·0	20·28 (0·9)	*0·8*	3·0	5·40 (1·3)	*0·9*	3·7	**25·68 (0·9)**
Agriculturist money-lenders ..	*35·0*	222·8	1121·84 (47·1)	*23·9*	87·0	159·19 (38·9)	*32·0*	186·6	**1281·03 (45·9)**
Professional money-lenders	*12·1*	70·4	354·35 (14·9)	*8·4*	33·6	61·55 (15·0)	*11·1*	60·6	**415·90 (14·9)**
Traders and commission agents	*7·9*	34·2	172·16 (7·2)	*4·4*	22·9	41·83 (10·2)	*7·0*	31·2	**213·98 (7·7)**
Relatives	*9·5*	30·2	152·33 (6·4)	*8·9*	20·6	37·69 (9·2)	*9·3*	27·7	**190·02 (6·8)**
Others	*14·6*	36·2	182·26 (7·7)	*16·3*	36·4	66·61 (16·3)	*15·0*	36·3	248·87 (8·9)
Total	*66·7*	**472·7**	**2379·94** (*100·0*)	*52·0*	**223·6**	**408·98** (*100·0*)	*62·8*	**406·3**	**2788·93** (*100·0*)

* For purposes of the Survey all loans taken in cash were considered as cash loans, so that 'hand loans' *i.e.* interest-free loans taken from neighbours and friends for short periods, 'trader credit', *i.e.*, credit given by a trader in anticipation of sale of crops to him, 'credit purchases' and fees claimed for professional services such as those of doctors, lawyers, etc., were included among cash loans.

Source: All India Rural Debt and Investment Survey, 1961-62: Reserve Bank of India Bulletin September 1965. Page—1299. Figures in brackets are percentages to the total.

IMPLEMENTATION OF OBJECTIVES OF SOCIAL CONTROL

By Shri M. Y. Ghorpade

At the first meeting of the Study Group I held at Delhi on 3rd December 1968, the problem of implementing the objectives of social control were broadly discussed. It is now necessary to pin point these issues in order to arrive at viable and realistic solutions. In order to do this, it may be helpful to clearly state the issues involved. This is the object of this paper.

Broadly speaking the objectives of social control are to make finance available for essential productive purposes in the priority sectors such as agriculture, small-scale industries and exports. Backward areas are not to be neglected. Essentially, the productive need of the small borrower has to be taken care of. Non-inflationary and viable solutions are to be found to serve these objectives. A dispassionate analysis of the inadequacies and difficulties of the commercial banks and co-operatives in this regard is the first step to finding the right solution.

As regards commercial banks, the following difficulties or deficiencies may be noted in the context of the objectives stated above.

(*i*) Bulk of the lending of the commercial banks is to big industries because it is easy to lend with safety and low administrative cost.

(*ii*) Reluctance to open branches in unbanked areas because of low profit and high cost.

(*iii*) Credit deposit ratio is poor in relatively backward areas because lending opportunities are better in developed areas. This results in flow of funds from backward to developed areas, from rural to urban areas, instead of *vice-versa*, worsening the problem of increasing disparities.

(*iv*) Urban-oriented staff expect urban amenities and standards. No real incentive to work in rural areas. Thus, there is a feeling that staff problem increases by branch expansion in widespread rural areas.

(*v*) Interest rates for deposits and lending are urban-oriented and are not designed to meet the economic situation in rural areas.

(*vi*) There is a general feeling that commercial banks may not make sufficient effort to develop backward and rural areas when they can make easy profits elsewhere in more developed urbanised areas and cities. What is their commitment or commercial need to develop local areas or cater to countless small borrowers ?

Similarly, the following points may be examined with regard to co-operatives.

(*i*) Co-operatives were supposed to serve local areas and the small man. To what extent has this been achieved or not achieved? The nature of their deficiencies or defects should be realistically examined in depth.

(*ii*) The lending of co-operatives might have gone up. But they suffer from low deposit mobilisation and recoveries of loans. They are looked upon by the people as Government agencies for lending and not as institutions which have to function on commercial lines.

(*iii*) Poor organisational and administrative continuity.

(*iv*) Large number of co-operatives are defunct. Poor faith of depositors in co-operatives. Uneven performance of co-operatives in different states.

(*v*) No specialised services provided or expertise built up.

(*vi*) Generally speaking there is no strong functional interest. The principle of one person one vote assumes a degree of socio-economic equality and strong functional interest. The social and economic disparities of our society are causing considerable difficulties to the co-operative movement.

(*vii*) No personal profit motive is inherent in the co-operative movement. What are its implications, if any, in terms of organisational efficiency and growth?

Except the last point, *viz.*, that there is no personal profit motive in the co-operative movement, all other matters are not impossible of solution. Therefore, it seems that our first task would be to see in what manner the co-operative movement can be made to function more effectively. Major structural changes should be considered in this field if necessary. Only after doing this, could we consider whether it is still necessary to introduce the profit motive, for the success of local credit institutions. Then the question arises as to how to ensure viability. This will have to be discussed in the context of small banks which did exist in our country at one time and which were amalgamated on the ground of non-viability and lack of faith of the depositors. What has happened now to go back to the idea of small banks? What is it that the small banks can do which efficient co-operatives or branches of commercial banks cannot do or be made to do? These questions will have to be clearly answered. It is significant to note that both the co-operative and commercial institutions tend to be weak in certain areas and relatively strong in other areas. This indicates that there is something more to it than just the profit motive and localised interest.

It is obvious that functional, specialised institutions in different fields should be helped to become viable and credit-worthy irrespective of their size or category. Any institution which is doing its work properly in the priority sectors should get credit whether it is in the co-operative or commercial field. While co-operatives should be made to function with commercial efficiency, commercial institutions should be made to cater to social objectives. Purpose and performance should be the chief test. Creation of local entities does not automatically succeed or serve the purpose for which they are created. It is in this context that specific issues will have to be studied both from the quantitative and qualitative aspects in order to arrive at the right policy decisions with regard to structural changes both in the co-operative and commercial fields.

If one wants to step up commercial credit to agriculture, some major fundamental changes in the policies of lending would become necessary. For instance, concessional finance through commercial and co-operative banks and adequate refinance facilities should be made available to agricultural infra-structure such as irrigation and electrification projects provided they are declared commercially feasible by an agency stipulated by the Reserve Bank. Functionally specialised institutions should also get adequate finance.

January 4, 1969.

SOME PROBLEMS AND A POLICY FOR STEPPING UP INSTITUTIONAL FINANCE TO AGRICULTURE

(By Shri M. Y. Ghorpade)

The Study Group I was constituted by the National Credit Council in order to examine in depth the problem of developing an appropriate organisational framework for the implementation of the objectives of social control. While the Banking Commission was engaged in a detailed study of the banking system and structure, Study Group I of the National Credit Council was expected to examine in detail the nature and need for financing institutions at various levels, with a view to ensuring that bank credit flowed to the areas and sectors of the economy which deserved appropriate priority in national interest, such as, Agriculture, Small Scale Industry and especially the small productive borrower. The need for creating special types of institutions for effectively fulfilling these socio-economic objectives and priorities was also to be considered. If the bank deposits are increasing at a certain rate, it is largely the inevitable and automatic consequence of the level of public spending and deficit financing in the country. It is, therefore necessary to ensure that bank loans flow in the right direction to serve priorities of planning, especially when money is scarce and the danger of inflation and high prices endangering development has to be strictly kept under control.

It is in this context of realistically assessing the adequacy and efficiency of the existing organisational framework that the co-operative and other institutions have to be studied and evaluated. However, the broad conclusions here are :

(*i*) There is considerable scope to improve the working of the co-operative societies.

(*ii*) Co-operative credit at present meets only a small portion of the credit requirement of the farmer who has to depend for the bulk of his credit need on money-lenders.

(*iii*) The bulk of co-operative credit has gone to the richer and stronger cultivators and not to the smaller and weaker farmers.

(*iv*) There is a great need for Commercial Banks to step into the field to step up institutional finance to agriculture both quantitatively and qualitatively.

(*v*) Unless all these financial institutions, co-operative and commercial, including Government, collaborate to develop areas and projects in an integrated manner including essential infra-structure, significant progress cannot be expected by separate lending to individuals.

It is this last point which needs to be fully recognized and clearly stated along with all its implications and acted upon. Otherwise, it will not be possible to significantly step up institutional finance to agriculture which is a vital sector contributing about half of our national income and crucially determining economic activity in the country.

Credit gaps have been estimated in a very general way and some aggregate figures have been broadly indicated. But this will not serve the purpose of policy making unless the credit requirements of the Agricultural sector are expressed, not in broad aggregates but in specific functional terms. It is only when we go into the different types of credit required for different purposes that we can get a meaningful and functional idea of the role that credit can play in stepping up production in this sector. For instance, the recent study on the credit requirements for the distribution of fertilisers has focussed attention and quantified the requirements for this purpose. Similarly, institutional finance required for various other types of agricultural activity and development should be separately and specifically assessed, *e.g.*, rural electrification and energization of pumpsets, sinking of irrigation wells, developing *ayacuts* under irrigation projects on an integrated basis, supply of agricultural machinery on a hire-purchase basis, requirements of plant protection, processing, storage, marketing and service units of various types, *etc.* The Reserve Bank, in association with appropriate experts, agencies and organisations, should initiate such functional assessment of agricultural credit requirements, which could then be considered by the National Credit Council and its Standing Committee, with a view to ensure that no essential activity suffers due to lack of finance. It has been stressed from the very inception of the National Credit Council that without such a functional assessment of agricultural credit requirements, it would be difficult to bring out the magnitude and nature of the problem in a purposeful manner. This should be done without any further delay.

Even the broad aggregate estimation of credit gaps needs to be further qualified. For instance, it has been stated that the credit requirements of the Agricultural sector for the year 1967-68 were Rs. 1,200 crores of short-term credit, Rs. 100 crores medium-term and Rs. 160 crores of long-term credit, making a total of Rs. 1,460 crores. Of this, it has been stated that co-operatives made available about 33 per cent and commercial banks 4 per cent. This effort on the part of the commercial banks represented only 2 per cent of the total bank credit and of this 2 per cent, roughly half was for plantations. The bulk of bank credit to the Agricultural sector is for distribution of fertilisers. In other words, (apart from plantations, fertilisers and Land Mortgage Bank debentures) there was hardly any lending to the Agricultural sector. As against this, the percentage of commercial bank credit to Industry and Commerce at the end of March 1967, was 64.3 and 19.4, respectively, making a total of about 84 per cent (51 per cent of the total bank credit was concentrated in the two major cities of Bombay and Calcutta which accounted for 32 per cent of deposits). Moreover, the short-term credit requirements of agriculture of Rs. 1,200 crores have been worked out on the basis of about Rs. 30 per acre on a net cultivated area of 370 million acres in 1967-68. Even a cursory look at the practice of agricultural operations will indicate that the actual minimum credit requirements for farming are roughly Rs. 100 per acre under rain-fed conditions and Rs. 200 per acre for irrigated lands. This is the minimum cost of inputs, mostly fertilisers, and does not include credit required for various other costs and labour charges which many farmers have to incur. If they are included, then these figures will have to be doubled. It should be clearly recognised that the difference between this order of credit requirement and the present availability of institutional credit is the extent to which agricultural operations are either self-financed and financed by money-lenders at a high interest rate or unsatisfactorily conducted to the detriment of production. It is difficult to assess the relative importance of these three consequences of insufficient institutional finance, but an attempt should be made on a scientific basis to quantify the operation of these factors under different conditions.

As regards medium and long-term credit, the figures of Rs. 100 crores and Rs. 160 crores, respectively, can only be considered as *ad hoc* figures unrelated to any systematic evaluation on a full and realistic basis. The explanatory notes in the draft report also admit that "the panel of economists has not made any estimate of the current medium-term and long-term credit requirements". A realistic assessment of the medium and long-term credit requirements can only be made by properly evaluating the need for different purposes and including essential infra-structure, such as, rural electrification, irrigation wells, integrated development of *ayacuts* under irrigation projects, *etc.*, without which it would be difficult to step up production in a significant manner.

This is really the crux of the Area/Project approach. Take for instance, the integrated development of the Tungabhadra major irrigation project. It has been estimated by the Director of Evaluation, Mysore Government, that the intensive development of the Tungabhadra Ayacut would require (apart from the investment on reservoir and distributory work) about Rs. 550 per acre, the break-up of which is as follows :

	(Rupees per acre)
Field channels	50
Land reshaping and drainage system	250
Long-term loan for machinery, *etc.*	100
Roads	80
Markets	20
Godown	40
Ayacut staff	10
TOTAL	**550**

It would be wise to undertake and complete these essential jobs according to a time schedule and make adequate institutional arrangements to recover the agreed portion of the cost from the beneficiary in suitable instalments. It should be possible to finance it as an integrated project, just like an industrial project, where the break-up of investment and the manner of earning and repayment is specifically laid down. Such project reports will have to be scrutinised and approved on behalf of the financing institutions by some competent body to ensure adequate return and institutional competence and continuity. The project authority responsible for implementation will have to have sufficient legislative backing to ensure that some unimaginative farmers do not hold up the process of integrated development. Mere giving loans to individual farmers is not going to solve the problem. Often it is institutional bottlenecks that prevent quick development.

In the Tungabhadra area, after the introduction of high yielding varieties of wheat, *jowar* and *bajra*, yield per acre of these crops compares favourably with paddy. With the short duration crops, it would be possible to take even two crops in a period of eight months, *i.e.*, June and February, instead of one crop in the dry-cum-wet areas, thereby considerably improving the economics of development in the light irrigation areas. It is significant to note that these dry-cum-wet or light irrigation high yielding crops can yield as much as paddy, though paddy requires three times the amount of water as these other crops such as high yielding wheat, maize, *jowar* and *bajra*. What was intended as protective irrigation can now be made as productive as some of the traditionally prestigeous crops such as paddy. Further research on high yielding short duration crops including paddy, cotton and groundnut is likely to further facilitate the planned economic development of these areas. Double cropping and multiple cropping becomes possible now. The net annual benefit to the agricultural sector more than justifies the investment on infra-structure. How can these implications be built into our lending policies and programmes? The report of our Study Group, if it is to be worthwhile, will have to give some clear indication of the nature and magnitude of these problems and the mode of institutional financing calculated to achieve integrated development in a reasonable period.

Study Group V is specifically on "Area/Project approach in implementing schemes for extending credit to Agriculture (including commercially-viable projects in the rural electrification and minor irrigation fields)". Study Group I is also concerned with this problem because it has to deal with the organisational structure required to make credit go where it ought to. Therefore, an attempt must be made to indicate and define commercial viability in the context of the problem as stated above and to develop definite criteria with regard to Area/Project approach and its credit requirements especially for rural electrification and minor irrigation. Types and patterns of lending should be indicated to ensure success on a big scale. In this context Tennessee Valley Authority has been mentioned. But the institutional and financial implications of adopting such an approach to the development of *ayacuts* under major irrigation projects in our country have not been spelt out. If a common authority or body is to be responsible for the total economic development of the area concerned, what should be its nature and constitution and what proportion or type of total capital required for integrated development of a river valley, comes within the sphere of commercial bank financing? What part should Government play in ensuring success of such an integrated authority? Without coming to grips with these problems, it seems futile to merely talk of an Area Approach. The intensive and integrated development of an *ayacut* and other suitable areas results in immediate and sigificant increase in agricultural production, and this is not taking place under the existing institutional and financial set-up. A new approach will have to be indicated in the light of our experience so far, and the role of commercial banks clearly and specifically brought out.

To merely say that banks should concentrate in certain areas where they have natural advantages is not saying much ; it merely amounts to stressing the obvious. To say that all financial institutions in a particular area should co-operate to develop that area in an integrated manner also amounts to putting it too vaguely to be of real operative significance. The Area/Project approach will have little meaning unless, (*i*) we are able to clearly spell out what forms and magnitudes of institutional lending could be considered commercially feasible in areas taken up for integrated development, and (*ii*) we recognize the basic fact that, in agriculture, it will not be possible to step up institutional lending to any significant extent unless we are able to clearly lay down commercially feasible and acceptable methods of financing essential infra-structure such as irrigation and electrification which are required to develop agriculture as an industry. The approach so far has been that such infra-structure is to be developed through budgetary resources of Central and State Governments and does not come within the scope of commercial financing. Of course, some refinance facilities are available for irrigation wells, *etc.* But these do not even touch the fringe of the problem. There is tremendous scope to step, up financial assistance to develop underground water resources and rural electrification provided major policy decisions are taken regarding the institutional mechanics and magnitudes of such lending.

With regard to assistance by financial institutions to public sector undertakings there has been a certain shift in policy recently, though the public and private sector industries are not yet fully on par for the purpose of assistance from financial institutions. Finance Ministry Circular dated February 4, 1969 states that "there is no objection to the financial institutions entertaining applications from public sector enterprises for financial assistance for their expansion programme provided they have declared at least a maiden dividend and have sufficient internal resources ; and provided also they do not come up to Government for financing future expansion programmes". The basic thinking is that public sector projects should also be financed on a commercial basis so that the usual standards and norms of efficiency and return could be applied to them also. There is no reason why the same thinking cannot be extended to the financing of agricultural projects particularly rural electrification and irrigation. Such an approach of making available sizeable financial assistance on the basis of commercial feasibility will be welcomed by the State Goverments who are finding it almost impossible to further develop agricultural infra-structure from budgetary resources. The National Credit Council should consider laying down specific financial targets for this purpose. The commercial bank lending to agriculture should be increased from the present 2 per cent to 7 per cent within a specified period, after which the position could be further reviewed on the basis of actual experience. Financing of integrated development including infra-structure will ensure balanced growth and benefit everybody including big and small farmers.

The main argument of this note is that commercial bank lending to agriculture cannot be significantly stepped up in the near future unless commercial banks are enabled to finance agricultural infra-structure, such as rural electrification and irrigation, integrated development of areas and projects, *etc.* This central fact should be clearly recognized and consequential policy decisions, such as, liberalising the percentage of medium and long-term lending, *etc.*, should be introduced. Otherwise, it is obvious that social control of banks will not result in stepping up the percentage of commercial bank lending to agriculture in any significant way.

July 19, 1969.

CREDIT NEEDS AND PROBLEMS OF SMALL LOCK-MAKERS IN ALIGARH

A CASE STUDY OF SMALL ARTISANS*

A survey of small lock makers of Aligarh was undertaken as a case study of the credit needs and problems of small artisans. A field study was made through the questionnaire method. A few small artisan units were selected on a sample basis. Commercial banks and one District Central Co-operative Bank operating in Aligarh, the Industries Department and other lending agencies were also contacted. This note discusses the findings of the survey.

The locks made in Aligarh are famous for their quality throughout India and in recent years the quantum of exports has also been increasing. There is a sort of job specialisation in the industry. While some units are composite units, others perform only one part of the manufacturing process. For instance, there are some units which specialise only in making rings, others who make only keys and still others who perform only the electroplating or the galvanizing job. The skill acquired in making locks has enabled the Aligarh lock industry to diversify into other engineering branches like building materials (bolts, handles of doors or of cupboards) and electrical goods like shades or decoration articles. The industry consists of a few large factories some of which use very sophisticated machines, medium-sized units which are mostly traders-cum-manufacturers, and the small artisans who work either on wages in the work-shops of the medium and the bigger units or on a contract basis in their own establishments with the help of their family members. The traders give the artisans orders for specified quantity and quality of locks and provide the essential raw materials. They also give them part of their wages in advance and make the full payment in cash when the locks are delivered. The investment required by a small artisan is small—roughly Rs. 1,000 to Rs. 5,000—because the raw material used in the industry is mostly scrap-iron, zinc or brass—and most of the tools used are simple. A large part of the work is performed manually and where simple machines are used they do not cost more than Rs. 2,000—Rs. 5,000.

The credit problems of small lock-makers have to be viewed in the light of the above-mentioned organisation of the lock industry. If the small artisan does not want to expand the scale of his operations, he does not require much credit ; he gets raw materials and his wages from the traders. This arrangement, however, means that he is in the power of the trader who in a way is his rival in business. It is interesting that many of the traders call themselves manufacturers because they undertake a simple assembling process. Some of them have obtained loans from the State Bank of India and a few

* Prepared in the Reserve Bank of India.

other banks as manufacturers and have in the process become moderately bigger-sized manufacturers. The small artisan does not also have the means to tide over the fluctuations in the lock market. If he wants to be independent of the trader and to increase his production, he would need credit to purchase raw materials, to have dies manufactured and to hold finished goods. With a little credit, the small artisan can increase his income substantially. He can procure cheaper raw materials in bulk direct from the factories, rather than depend upon the trader or buy at higher prices in the market. He can also buy some machinery costing not more than Rs. 5,000 and increase his production. It is interesting that most of the small artisans who were approached had in their mind a figure of around Rs. 5,000 as the amount of credit that they would need in order to expand their business.

The survey showed very clearly that the small artisans do not get credit from the institutional agencies like the Industries Department and commercial banks. One important reason is that most of these persons are uneducated and hence ignorant of the facilities available. The survey showed that some of the units which have been helped by the State Bank of India and have grown, were mostly the ones where the children of the old owners were educated. It was also clear from the survey that the traders-cum-manufacturers who built up and maintained their contacts with the Industries Department or the State Bank of India could get advantage of the liberal facilities available and were able to expand their production. The small lock makers are even afraid of the institutional agencies. They are suspicious of Government officials and some of them complained that they were subjected to great inconvenience if they made an application for a loan ; it took a long time to have a technical appraisal made, the assets valued and have the loan sanctioned or rejected. There were also complaints of harassment in case the repayment of even one instalment was delayed.

Lack of publicity is another reason why the small artisans do not take advantage of the credit facilities available from the agencies. Most of the units questioned were not aware that they could buy a machine on hire-purchase terms with a loan from the State Bank of India. In this connection many units complained that even when they tried to approach banks it took a long time for them to know about the facilities available, to fill up the forms and to meet the other formalities insisted upon by banks. For instance, the *Tehsildar* is asked to evaluate the property in case it is to be given as security for a loan. The *Tehsildar* is mostly too busy to make the valuation even for weeks. The State Bank of India, however, is now changing the procedure and does not always insist on a valuation by revenue authorities. Then there is the problem of the technical assessment of the loan proposal. In one instance, a unit wanted a loan for expanding its business of manufacturing locks but the Industries Department after a technical assessment advised it to make an application for suit-case fittings. It took about a year for changing the plan and have the necessary formalities fulfilled. By the time the loan was sanctioned, even the changed plans were not of much use. Thus an important reason why the small lock makers are not approaching the institutional agencies for credit is that it takes a long time for these agencies to grant loans and these people are so poor that they cannot afford to waste even one or two days in making enquiries about the fate of their applications. The State Bank of India is trying to reduce the time within which a loan proposal is disposed, but the Industries Department which is called upon to make a technical appraisal is understood to take an unduly long time.

An instance where certain procedures of banks can be a positive discouragement to potential borrowers is provided by a case in which the unit was advanced an amount of Rs. 7,500 for six months for working capital requirements. The security taken was machinery and immovable property because the Unit found it difficult to have godown arrangements. The bank, however, insisted that the loan should be repaid in monthly instalments, the first instalment to begin one month after the grant of the loan. The monthly instalment, which came to about Rs. 1,300 per month, became a burden on the borrower because atleast three months were required for the turnover of his goods. In this case, therefore, the borrower had to arrange somehow to repay about Rs. 4,000 out of a loan of Rs. 7,500 before he could get any advantage of the loan. The unit was very much dissatisfied with the arrangement and would probably not approach the bank again.

It was also found that the small artisans were unduly afraid of the tax officers. The sales tax on locks is only 2 per cent and most of the small artisan units would be earning an income which should be below the income-tax exemption limit. Still, they were afraid that if they approached a bank or the Industries Department for any loan they would be subjected to tax. Hence they were satisfied with a lower income without tax rather than a higher net income which would have accrued to them after tax if they had expanded the scale of their operations with the help of credit from some institutional agencies. They are afraid that the income tax and the sales tax officers would probably make an over-assessment of their incomes and sales.

Considering the fact that these small lock makers are short of resources and specialise in different jobs, one would expect that the formation of a co-operative society would be an ideal solution to their problems. There is in fact a co-operative society called *Audyogik Kalakar Sahakari Samiti* Limited (Industrial Artisans Co-operative Society). It was established in 1949 with a membership of about 1,000 and at present has a membership of 1,787. For a few years the society was quite prosperous because certain raw materials were in short supply and could be procured at controlled prices from the Government. The society was given a grant of Rs. 12,000 by the Government for building, and its premises in which assembling work is undertaken is quite imposing. The membership grew during the period when raw materials were in short supply. During the last few years, however, the society has been reduced effectively to an association of traders-cum-manufacturers. It procures orders mostly from D.G.S. & D. and the U.P. Government. Its turnover in 1968 was only Rs. 22,809. The society is itself in the hands of influential traders and although it has not made any losses, its profits are also negligible. Unlike many lock makers who have diversified in other branches, the society has continued to confine its activities to simple lock making. The reason given for non-diversification was that the society did not enjoy certain advantages (?) which were enjoyed by others. Whatever the reasons for the stagnation of the society, the co-operative solution has failed mainly because of lack of leadership and lack of dispersion of advantages enjoyed by the society to all its members. The society had made a request for a loan from the State Bank of India quite a few years ago but it is understood that the loan was rejected because the directors of the society were not prepared to reveal their financial status to the bank.

An interesting picture emerges when the credit problems of small artisan are examined from the point of view of banks. The State Bank of India has a full-fledged section which processes the loan applications of the small-scale industries. The amount of loans advanced has substantially increased during the last one or two years and the number of lock makers assisted by the bank has almost doubled during the last ten years. The bank gives loan for purchase of machinery as well as for working capital purposes. The security accepted for loans is either the machinery itself or immovable property or stocks of raw materials and finished goods ; clean loans are also given in appropriate cases, but old machinery is not accepted as security. The average amount of loan made to small lock makers is Rs. 5,000. The main criterion in granting loans is the sales of the unit and not its current financial position.

Even the State Bank of India has not been able to approach a large number of small artisans. Most of the small loans to lock-makers have been made to traders-cum-manufacturers who have taken substantial advantage of the liberal credit facilities. The State Bank was of the opinion that the small artisans did not approach the Bank, the paper work involved in filling up forms, etc., was heavy and the Industries Department which made the technical appraisal of the loan proposals for the State Bank of India was not always prompt. As already noted, there were complaints against the Industries Department from the borrowing units also. The publicity arrangements for the liberal facilities available from the State Bank of India are not adequate. Booklets which are received from the Head Office are distributed among the lock-making units, but most of the very small artisans who were approached by us had not even seen these booklets.

In addition to the State Bank of India, there are four other commercial banks in Aligarh, namely, the Allahabad Bank, the Central Bank of India, the Punjab National Bank and the United Commercial Bank. These Banks are not interested in the small artisan although some of them have made loans to traders-cum-manufacturers and to other small-scale industries. One bank has made advances of a fairly large size to the iron and steel and engineering unit but these advances have also been made to the relatively bigger units. The main reason why these banks are not interested in the small artisan is that they consider it a rather unprofitable business because the time and effort involved in approaching him and following up a large number of small loans is not consistent with expected returns, particularly when there were "better" proposals available. Most of the loans sanctioned by these banks to lock makers were against documentary bills, and these loans were also sanctioned only to people of means. There were hardly any loans below Rs. 5,000.

Apart from the fact that there is no incentive for banks to approach the small artisans, they also suffer from the disadvantage that they do not have the necessary technical personnel for undertaking the job. In none of the banks mentioned above there is a technical officer and whenever a technical assessment is to be made of any unit, an officer is requested to come from the local head office and to make a report. This is time-consuming and, therefore, the small units would not be very much interested even if the banks offered to make loans.

Another reason why these banks have not made any advances to the small artisans is that the local agents of some of these banks are not given discretion to sanction loans. In some cases all the proposals have to be referred to the Head Office and a large number of queries made by the Head Office have to be attended to. These queries will naturally be many more in the case of small artisans and, therefore, the agents want to avoid them. Interestingly enough, there was a feeling among the commercial banks that the State Bank of India was the bank mainly responsible for making credit available to small artisans and therefore they themselves did not have to make efforts in that direction. Another interesting thing which came out of discussion with the local bankers was that all of them agreed that lack of security was not a very important problem so far as the question of making loans to small artisans was concerned. To quote one of them, any party would be good atleast to the extent of Rs. 1,000. The banks were also of the unanimous opinion that the forms insisted upon by the Credit Guarantee Organisation were too complicated and it was difficult for the small borrowers to fill them up.

The indigenous bankers in Aligarh are prospering on documentary bill business of the lock makers. They give credit to the traders-cum-manufacturers with a margin of about 25 to 30 per cent against Railway Receipts or Truck Receipts. They have also got limits with the local banks other than the State Bank of India. Thus effectively they get credit from banks at 9½ per cent and utilise that credit for making advances to traders at about 25 per cent. Complaints were also heard that indigenous bankers did not always repay the margin money immediately after the bills were collected and utilised that money in their own business for a week or so. Still, the traders came to the indigenous bankers because of the flexibility of their methods and old associations. In the lock business R.Rs. are usually ready only by the afternoon when the trader would need money to pay to the artisan, but by that time the banks would have closed for business. Hence advances are taken against R.Rs. from the indigenous bankers. Some of the indigenous bankers also supply raw materials on credit to traders-cum-manufacturers and thus make a double profit. However, even the indigenous bankers do not give consumption loans, *e.g.*, in case of marriage or illness in the family. In such cases small lock makers have to approach either their relatives or money lenders ; the latter charge more than 30 per cent per annum against gold ornaments.

The conclusions which the case study points out are the following :

(*i*) The existence of a credit gap was established by the survey, but the blame goes both to the small artisans and to the institutional agencies. The small artisan is ignorant of the facilities available, at times is unambitious and does not want to exert himself even to form a co-operative society. The institutional agencies, on the other hand, with the possible exception of the State Bank of India, have not made efforts to approach him, either because they do not have sufficient incentive or because the hands of the local agents are tied or because either the head office or the local agent is unimaginative in approach. The credit gap can certainly not be attributed to lack of availability of funds. The average credit deposit ratio of all the branches of banks in Aligarh was 44 per cent, ranging from about 13 per cent at one end to about 80 per cent, at the other. The procedures adopted by banks are also sometimes cumbersome as is shown by the instance quoted above where the insistence on repayment of monthly instalment by the bank became a burden rather than a facility to the borrower.

(*ii*) Even small procedural and other changes will be helpful. For instance, if banks could keep a small staff consisting of a clerk and a cashier in the bank outside the usual banking hours to attend to the business of documentary bills, much of the business could be weaned away from the indigenous bankers and credit made available at reasonable terms to the artisan-cum-trader. Paper work should also be made lighter ; the local agents of the branches could be given discretion to make loans for Rs. 2,000 — Rs. 3,000 without submitting detailed information either to the local head office or to the Credit Guarantee Organisation. A change in the outlook of the head office is also called for. Even if some of the advances made to the small artisan prove to be bad, the local branch should not be taken to task. It may be pointed out here that all the bankers were of the opinion that they did not consider the chances of default by the poor artisans as very great.

(*iii*) The problem of creating contacts between the bankers and the small artisans should also be seriously considered. The small artisan is afraid of the bankers and is not aware that some very liberal facilities are available. On the other hand, the bankers do not consider it worth their trouble to contact the small artisan. If a club could be established where the two could meet on equal terms in a social gathering, it would be a big advantage. It is possible that some of the complaints against the Industries Department or banks are based on wrong impressions or faulty information. Frequent meetings between the officials, bankers and the potential small borrowers would go a long way in removing fears and wrong impressions. It is also necessary to take steps to spread education among the children of the small artisans. This, in fact, poses a dilemma. The reason why the children of these people are not sent to school is that they contribute to the family's income by working in the units. On the other hand, lack of education creates conditions which are not conducive to the growth of the units. One solution to the problem would be to form co-operative societies among small artisans although, as is shown by experience, the co-operative society can succeed only if it is in the hands of effective, honest leadership. If successful co-operative societies could be formed, it would enable the small artisans to increase their scale of operations and incomes without necessarily depriving their children of education. The society could also run night schools for those children who worked during the day.

Another point which is not directly concerned with the results of the survey may be mentioned. All the banks in Aligarh are branches of relatively big commercial banks. The only co-operative bank, namely the Aligarh District Central Co-operative Bank, has not made any loan to any industry ; it assists only the farmers. If there was a small bank, it is possible that many of the artisans who are afraid of approaching the bigger banks might have approached it. The small banker may also have found it profitable to make advances to the small artisans in order to utilise his resources more fully. This point is suggested by discussions with the Joint Director of Industries in Meerut who was of the opinion that the quantum of credit to the small scissor makers in Meerut had increased since the branch of a medium sized bank was established there.

February 1, 1969

CREDIT NEEDS AND PROBLEMS OF FISHERMEN IN TUTICORIN -- A CASE STUDY*

This note examines the credit needs and problems of fishermen in Tuticorin. The study is based on a survey made for the purpose. A number of fishermen in the landing sites were questioned and discussions were held with the officials of the State Department of Fisheries and the fisheries co-operative at Tuticorin.

About 4,000 persons of Tuticorin depend on fishing for a livelihood, of whom about a third may be actually engaged in fishing operations.** The fisherfolk here, belonging to the '*Parava*' community, are all Catholic converts. However, the conversion to Christianity has not removed or mitigated what could be termed the social handicaps to development. Thus, the traditional ban on women working still continues and the fisherwomen here do not contribute to the industry, as in some other areas, by curing or hawking fish. The dowry system is deeply ingrained in their social customs and marriages and other social occasions involve a disastrous drain on the slender resources of the people. It would also seem that despite more than a decade of effort by the State Government in providing facilities and training for fishermen, their work and way of life continue unchanged. Perhaps, the only 'technological innovation' that can be said to have had a strong impact on their work is the substitution of nylon for cotton nets.

The Organisation of the Fishing Industry

The Tuticorin fishing industry has traditionally been organised in tiers. This is of relevance in examining the requirements and sources of finance. The fishermen-workers, or those who go out to sea and do the actual fishing, form the base of the industry and account for the greater proportion of this population group. But these workers own none of the equipment of their trade such as boats, fishing nets and lines. These are provided by a small group among them known as '*Sammatiyars*' or boat-owners—master fishermen. These men are also fishermen but they do not generally accompany their boats on the high seas, for which purpose they engage from five to ten fishermen per boat (depending on its size), as well as one or two others for shore jobs such as guarding the catch and equipment, net-mending, *etc.*

The boats commonly used in Tuticorin are of the canoe type with sail, known as '*vallam*'. The catamaran, familiar elsewhere in the Coromandel coast, is not seen here. Mechanised boats are also not very common, although there is a co-operative boat building yard in Tuticorin and the Fisheries Department has distributed some 44 in this area.

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* Prepared in the Reserve Bank of India.

** According to the 1961 Census, the number of workers in Tuticorin town in the livelihood classification 'Mining, Quarrying, Livestock, Forestry, Fishing, Hunting and Plantations, Orchards and allied activities' was 2,597.

The sharing of the day's landings between the *'Sammatiyars'* and the fishermen is established by custom. Despite minor variations, there is a general pattern. The cost of the food for the fishing trip is deducted from the sale proceeds as also the daily wage for the shore worker. Of the balance, 50 per cent is taken by the boat-owner *'Sammatiyar'* and the other half divided between the fishermen-workers. In the case of boats doing line-fishing (instead of nets), the share of the *Sammatiyar* is lower. Here, the gear provided is less expensive and the number of men going out is also more (10 per boat as against five which is more common among boats using nets).

Once the catches are brought to shore, the problem of marketing them arises promptly, as both the boat-owners and the fishermen need immediate cash. The vital role of providing them with the money for their daily needs by taking their output off their hands promptly is played by the '*Vattakarars*', who act as sales agents-cum-financiers for the industry. These men may or may not belong to the fishing community. Sometimes, the same person functions as both *Sammatiyar* and *Vattakarar*, combining the ownership of boats and the organisation of sales. More generally, however, the boat-owners are unable to handle the marketing of the fish, for which they depend entirely on the *Vattakarars*. These agents await the arrival of the catches and proceed to auction them immediately, on the landing-sites. The fish is bought by wholesalers, retail merchants or agents of exporters, on credit. Thus, the *Vattakarars*, while paying spot cash to the boat-owners, receive no ready money from their clients with whom accounts are settled periodically. The risk of failure of payment is hence borne by the *Vattakarars*. For these services, they retain a portion of the sale proceeds as commission. This too is fixed by tradition at 6¼ per cent.

It is estimated that there are 250 boats in Tuticorin, owned by around 200 *Sammatiyars*. The majority of these (said to be 170) own one boat each ; some own two boats and a few, more than two. Most of the boats employ nets and only some 35 use long lines for fishing. There are about 25 *Vattakarars* in the area, of whom seven combine this with the function of boat-ownership. These are said to be the most affluent members of the community.

Financial Requirements

The function of the *Sammatiyars* lies in furnishing the equipment for the industry. The cost of a *vallam* (boat) would naturally vary with its size ; the most common type now costs about Rs. 2,500 (only two years ago, the price was said to have been only Rs. 2,000). Under the most fortunate conditions, a boat may last 10 years, though the more common estimate of its life is seven years. While in use, it requires constant attention and the cost of replacement of parts and repairs ranges between Rs. 200 and Rs. 500 per year. Further, the boat's sail, costing Rs. 100, needs to be replaced once a year. Each boat is equipped with a minimum of nine nets, varying in type and thickness. The average cost of a net is about Rs. 250. The nets are quite frequently lost and are also subject to much damage, especially because of the prevalence of dolphins in this part of the coast, which bite through the yarn. It is estimated that about two kgs. of nylon are needed per month for the entire complement of a boat's nets. The fishermen's co-operative society supplies yarn to its members at an average rate of Rs. 56 per kg. but this supply is far short of demand. Some members said that the society is able to give only about half a kg. of yarn per head in three months, thus meeting only one-twelfth of the requirements. The balance has necessarily to be purchased in the 'open market' at higher prices.

Fishing lines, unlike nets, have no maintenance expense but a line, which costs about Rs. 7, lasts only three months and between 20 and 25 lines are needed per boat.

In addition to supplying the craft and tackle, the boat-owners also act as a source of credit for the fishermen working under them. Apart from the risk inherent in it, fishing is a highly precarious source of income. For one thing, it is not a perennial occupation ; for another, the catches vary from day to day and from boat to boat. The fishermen have often to borrow for sheer subsistence, apart from the need to meet expenses for emergencies and social occasions. For all this, the fishermen can only turn to their employers, the *Sammatiyars*, since money lenders usually refuse them credit. The indebtedness of the fishermen to their employers is said to range between Rs. 200 and Rs. 500 per head. These loans carry no interest or strict repayment terms, the payments being made sporadically as conditions permit. But they bind the fishermen to the service of the lenders. No fisherman can enter the employ of another *Sammatiyar* without paying off the dues to his current employer and this is possible only with a fresh loan from the prospective employer. Thus, the loans are transferred rather than repaid in full. In some of the more insular and compact fishing villages, this obligation of service is also hereditary, with sons continuing to work off the debt contracted by their fathers. But in Tuticorin, which is an urban area, open to external influences, this is hardly possible. Hence, the *Sammatiyars* have also to bear the risk of the total loss of the loans extended by them.

Thus, the financial requirement of the *Sammatiyars*, both for the purchase of the gear and for its maintenance, is considerable. A rough estimate of the average annual requirement per boat is worked out below :

	Per Year (In rupees)
Equipment	
Boat (Cost : Rs. 2,400 — Life : 10 years) ..	240
9 Nets (Cost : Rs. 250 each — Life : 3 years)..	750
1 Sail	100
Total	**1,090**

Maintenance

Repairs to boat	200
Repairs to net (24 kgs. of yarn at Rs. 56 per kg.)	1,344
Loans to employees (Rs. 100 per head for 6 persons)	600
Total ..	**2,144**
Grand total ..	**3,234**

(No provision is made here for offsetting any loss of equipment).

It is difficult to say how much of this is met from the *Sammatiyars'* own funds, for the reason that it is not possible to arrive at a reasonably accurate estimate of the income of fishermen. The Department of Fisheries has some statistics of fish landings in various centres. According to this, the average of the annual landings at Tuticorin for the last three years (1965-66 to 1967-68) is 1,101 tonnes valued at Rs. 19.38 lakhs. Extending the average annual expenditure per boat worked out above to the 250 boats in Tuticorin, the total working expenses for the industry works out roughly to about Rs. 8 lakhs, which is about 45 per cent of the value of the landings.

If it is assumed that a fisherman makes about Rs. 100 per month and further, that a *Sammatiyar's* earning is about five times as much, the expenses of his trade work out to over 50 per cent of his income, which is obviously too heavy a burden without recourse to external sources. The *Sammatiyar's* earnings are just as sporadic and uncertain as those of the fishermen he employs and the fact that he has a capacity to save does not ensure a capacity for self-financing. *Sammatiyars* are also reported to borrow frequently and their per capita debt burden is placed at Rs. 3,000 — Rs. 5,000, contracted for both production and social needs.

Sources of Finance

Just as the fishermen borrow from the *Sammatiyars* for their day to day needs, so the *Sammatiyars*, turn to the *Vattakarars* for their requirements. For small hand loans, the *Vattakarars* are said to charge no interest but they insist on the right to handle the catches of their debtors. Thus, the *Sammatiyars* are bound to supply the *Vattakarars*, as the fishermen are bound to serve the *Sammatiyars* providing loans. Sometimes the *Vattakarars* pay the *Sammatiyars*, valuing the fish at a lower price than what was fetched in the auctions, thus working out the interest in the price. On larger loans, the *Vattakarars* charge an outright interest but this is reasonable, as from all reports it is only 12 per cent. However, they are not able to meet the full requirements of the *Sammatiyars* who have, of necessity, to borrow from money lenders who charge interest ranging from Rs. 5 to Rs. 10 per Rs. 100 per month.

The *Vattakarars* are moneyed men and finance their operations mainly from their own funds, making an initial investment and rolling it over as payments are received from fish merchants. They occasionally supplement this by pledging jewels with pawn brokers.

The output of fish in Tuticorin is used up mainly in the local market, with a portion iced and sent to Madras. The shrimp catches here are principally bought by agents of Kerala exporters and despatched to the factories there. There is little processing for export in the area itself, although Tuticorin port is the main outlet for dried fish exports to Ceylon. Hence, there are no exporters to act as a source of finance, by provision of advances.

There is currently no source of institutional finance for fishermen in Tuticorin. The Fishermen's Co-operative Society, which was disbursing loans given by the State Government among its members, has suspended this function since 1966. There are thirteen offices of commercial banks in Tuticorin town, of which four are those of small banks, but none of these have ever been approached by any fisherman or considered the possibility of extension of credit to the industry. Their only contact with this sector was through the negotiation of export bills relating to dry fish, which business too has declined in recent times. The barrier between the fishing industry and organised banking seems insurmountable. To the fishermen, commercial banks appear so remote that the mere suggestion of the availability of their facilities evokes only a smile of derisive disbelief.

To the bankers, the great obstacle in the way of including fishing in their loan operations is the absence of security. The most 'solid' asset of the *Sammatiyar* is the boat but since this cannot obtain insurance cover, it is automatically ruled out as a security.

Co-operative Credit

The Tuticorin Fishermen's Co-operative Society, which has been in existence for nineteen years, has at present a membership of 1,206, of whom about 10 per cent are non-fishermen, according to an office-bearer of the Society. All the *Sammatiyars* in the area are members, attracted to the institution by the facility for the supply of nylon yarn, which is today the principal function of the Society. Though the Society has a number of more ambitious objects, it is now confining its activities to the supply of yarn, foodgrains, *etc.* A note appended summarises the operations of the Society.

In regard to the supply of credit to fishermen, which the Society undertook between 1958-59 and 1965-66, the source of funds was the State Government which provided loans for specific purposes and stipulated the terms and conditions for their disbursement. Reserve Bank credit is not available to fisheries co-operatives, as 'fishing' is not included in the "cottage and small scale industries approved by the Bank" for this purpose under Section 17(2)(*bb*) of the Reserve Bank of India Act. This question has been considered from time to time. The activity of operating fishing boats and catching fish, including sun-drying, alone, could not in any case be brought within the meaning of 'industry'. Of late, the Agricultural Refinance Corporation has sanctioned schemes comprising the manufacture and mechanisation of boats and their operation, and refrigeration and processing of catches, including canning and preparation of fish-meal as a poultry feed. This type of scheme would fall within the meaning of 'industry'. When a sufficient number of such schemes gets under way, the question of extending the benefit of Section 17(2)(*bb*) to societies operating them will be considered afresh. At present the view taken is that the State co-operative banking system can look after the needs of these fishermen's societies from out of its own resources. The Maharashtra StateCo-operative Bank has in fact undertaken to pass on to the fishermen's societies credit at concessional interest rates corresponding to those available for agricultural production.

According to the Tuticorin Fishermen's Co-operative Society, even the task of procuring a quantity of nylon yarn sufficient to the needs of members is beyond its capacity. This is mainly because the monopoly producers of the yarn used ('Garware' nylon yarn produced by Plastics Packaging Pvt. Ltd. of Bombay) demand a 25 per cent advance on all purchases.

The State Government's loans for fishermen distributed through the society have been provided for varying time periods and for different purposes—both for acquiring fishing accessories (part of such loan being provided in kind) and for relieving the fishermen of their debt burden. The latter, known as the 'elimination of middlemen' loans, were distributed only for two years, both to *Sammatiyars* and to fishermen. The scheme was given up, as it did not prove successful. The society authorities feel that the loans were not used for the purpose for which they were intended, *viz.*, paying off the accumulated debts, while the recipients complain that the quantum given was hardly sufficient for the purpose.

In total, the Society disbursed, between 1958-59 and 1965-66, a sum of Rs. 1.48 lakhs as various types of loans to 471 members, which works out to Rs. 316 per head. As against the estimated annual requirement of Rs. 3,234 per boat, and of Rs. 8 lakhs for all the boats in the area, these figures of total loans given over a period of six years* are negligible.

However, the experience of the co-operative in its lending operations is of some relevance. The officials of the Society admit that the progress of

* There was no disbursement of loans in two years in the period—1963-64 and 1964-65.

recovering the loans is not altogether satisfactory. The overdues from members seem to be about Rs. 35,000 (exact figures not being readily available), which is nearly one-fourth of the total loans disbursed. While the fishermen's poverty and incapacity to repay debt from current income is cited as the reason for this position, in part at least the fault must lie with the Society for not adopting brisk follow-up measures.

The effectiveness of organised credit would also seem to be considerably reduced by the existing conditions in the fishing industry, in particular by the lack of proper marketing facilities. The main reason why the boat-owners (who, in this case, can be termed the 'producers') are so dependent on the middlemen (*Vattakarars*) is that the latter assume all the risks of the sales of the produce. The boat-owners have no 'holding power', not so much because of the perishable nature of their commodity as by their urgent need of cash for day to day requirements. The *Sammatiyars* of Tuticorin appear on the whole to be making no effort towards establishing any firm direct contacts with the fish merchants or wholesalers. There is a co-operative fish curing yard in Tuticorin as also a cold storage plant provided by the Department of Fisheries. But these facilities are now being used, not by fishermen, but by merchants.

At present, the only form of organised (Governmental) credit that is available to the fishermen is linked with the provision of mechanised boats. These boats (30 ft. and 32 ft.) are supplied to groups of four or five fishermen by the Government at a subsidized price of around Rs. 40,000 which is recovered in instalments directly by the Government. This scheme has not made much progress. The production of boats is not large but, even more important, in practice it is found difficult to get a small group of fishermen to co-operate in owning, operating and paying for a single boat.

February 1, 1969

APPENDIX

The Tuticorin Fishermen Co-operative Society Ltd. No. O. 1678, Tuticorin-1.

The Tuticorin Fishermen Co-operative Society Ltd. was registered during 1949-50. The Society's area of operation is confined to the limits of the Tuticorin Municipality. The main objects of the Society are :

(*i*) to borrow funds from members, Government and others to be utilised as loans to members for useful purposes ;

(*ii*) to procure, stock and supply the established needs of the members ;

(*iii*) to act as agent for the joint purchase of the industrial, domestic and other requirements of its members ;

(*iv*) to arrange for the sale of fish, fish products and other marine products of members to their best advantage ;

(*v*) to own or hire machinery and implements for purposes of improved types of fishing, *etc.* ;

(*vi*) to own or hire godowns for storing members' products for sale at advantageous prices or

(*vii*) to own or hire curing sheds, tanks, vans, *etc.* for processing fish and appliances for extraction of fish liver oil *etc.* for benefit of members or for hire to members and

(*viii*) to disseminate knowledge of the latest improvements in fishing industry and net making and encourage members to adopt them.

It was observed that the Society had so far rendered to its members the following services :

(*i*) purchase and sale of nylon and cotton yarn required for net making, other accessories and requisites needed for fishing industry such as fishing lines, hooks, floats, ropes, sail cloth, etc. ;

(*ii*) obtaining of loans from the State Government for different purposes and disbursing the loans to its members and

(*iii*) purchase of food and other commodities like rice, wheat, sugar, etc. from the Government, etc. and distributing them to its members.

Membership and Share Capital

The membership of the Society comprising 486 individual fishermen as on June 30, 1950 had gradually increased to 1,206 by June 30, 1968. The

Society's authorised share capital is Rs. 20,000 made up of 4,000 shares of Rs. 5 each. The paid-up share capital of the Society, which stood at Rs. 1,715 in its first year (June 30, 1950) had also increased to Rs. 14,975 by June 30, 1968.

Loans Issued by State Government to Members of the Society

The State Government issues the following types of loans to societies to be disbursed to the members :

Type of loan	Period of loan	Rate of loan issued per member	Purpose of loan
Long-term loan	10 years	Up to a maximum of Rs. 400	(*i*) To enable the members to purchase yarn for net and other fishing accessories—50 per cent of the loan is issued in cash and 50 per cent in kind such as cotton and nylon yarn and other fishing requisites.
			(*ii*) Loans are issued to members to enable them to repay their debts to boat-owners (*Sammatiyars*) and middlemen (*Vattakarars*) with a view to getting them relieved from their clutches.
Medium-term loans	3 years	Up to a maximum of Rs. 200	To enable the members to purchase yarn for net and other fishing accessories—50 per cent of the loan is issued in cash and 50 per cent in kind such as cotton and nylon yarn and other fishing requisites.
Short-term loans	1 year to 15 months	Up to a maximum of Rs. 400	Issued in cash to enable the members to meet their petty loan requirements etc. during the off-season so that they need not approach middlemen for the purpose.
Short-term loans under Crash Programme	1 year	Up to the cost of one set of nine nets	This loan is issued in kind only, *i.e.*, in the shape of nylon yarn and other requisites required for making a set of nine nets to enable the fishermen to own one set of nine nets required for each canoe (boat).

Besides the above types of loans issued to members for purchasing yarn for nets and other requisites, the State Government had issued loans to members through the District Fishermen Co-operative Federation to enable each group of four or five fishermen to purchase a boat (canoe) jointly up to a maximum of Rs. 2,000. This is repayable in three years.

Loans Obtained by the Society from the State Government

The different types of loans obtained by the Fishermen Co-operative Society, Tuticorin, and disbursed to its members so far are indicated below.

(Amount in rupees)

Year in which loan was obtained from Government	Amount	Period of loan	Amount outstanding to Government as on June 30, 1968	Amount overdue to Government as on June 30, 1968	Number of members to whom loans were issued by the society
	1	2	3	4	5
1958-59	11,650	10 years	2,295	1,130	39
1959-60	31,840	„	9,914	2,546	96
1960-61 ..	14,225	„	8,535	4,268	47
1961-62	47,526	„	33,268	14,257	194
1962-63	7,900	„	6,320	2,370	27
1962-63 ..	4,307 (Relief loan issued to members whose huts were affected by cyclone)	1 year	—	—	36
1962-63 ..	17,379 (Through the District Fishermen Federation)	3 years	8,180	8,180	10
1965-66 ..	13,858 (Under Crash Programme)	15 months	2,409	2,409	22
Total.. ..	**1,48,685**		**70,921**	**35,160**	**471**

As on June 30, 1968, the Society's dues to the Government and the District Federation under different loans amounted to Rs. 70,921, of which a sum of Rs. 35,160 was overdue, as the instalments due to them were not paid on or after the due dates. As against the above dues, the loans outstanding against the members of the Society amounted to Rs. 67,906 as on June 30, 1968 and the exact amount of members' overdues is not known. As the loans recovered from members are passed on to the Government by the Society promptly, the members' overdues would also be round about Rs. 35,000. While enquiring about the reasons for the overdues from members the Society's office-bearers mentioned that the poor economic conditions of the fishermen who worked as labourers on the boats for daily wages (on the system of sharing the catches along with the boat-owner) were the main reason. It was stated that the boat-owners (*Sammatiyars*) who also borrowed from the Society were in a better condition and they had been repaying the loan dues promptly.

Purchase and Sale of Nylon, Cotton Yarn and Other Fishing Requisities

The Society purchases yarn and other requisites from the State Government and other companies and supply them to its members. The cotton and nylon yarn supplied by the Government under subsidized schemes also are distributed to the members through the Society. Besides, the Society purchases the nylon yarn with the trade mark 'Garware' manufactured by the Indian Plastics and Packings Ltd., Bombay, and sells them to members on cash basis only. As the nylon yarn which is now being used by fishermen on a large-scale is manufactured by only one firm mentioned above, the Society finds it difficult to procure the entire requirements of its members from the firm and it is stated that not even 25 per cent of the members' requirements would be met by the society.

The details of the purchases and sales of the yarn and other requirements of the fishermen made by the Society in the last four years are given below :

(In lakhs of rupees)

Year	Purchases			Sales		
	Nylon yarn	Other requisites	**Total**	Nylon yarn	Other requisites	**Total**
	1	2	3	4	5	6
1964-65 ..	0·28	0·78	**1·06**	0·22	0·92	**1·14**
1965-66 ..	0·80	0·39	**1·19**	0·97	0·50	**1·47**
1966-67 ..	1·33	0·50	**1·83**	1·18	0·56	**1·74**
1967-68 ..	0·85	0·46	**1·31**	1·08	0·47	**1·55**

Other Services Rendered by the Society

The Society has been distributing the rationed articles like rice, wheat and wheat products, sugar etc. to its members under the informal rationing scheme. The value of the commodities purchased and sold by the Society in the last four years is given below :—

(In lakhs of rupees)

Year	Purchases	Sales
1964-65	1.19	1.20
1965-66	1.68	1.73
1966-67	1.44	1.49
1967-68	1.53	1.56

General

It is seen from the working of the Society so far that the Society had been obtaining different types of loans disbursed by the State Government through the Department of Fisheries and passing it on to its members on the terms and conditions stipulated by the Government. The Society was not able to recover the instalments of loans from the members promptly and it had, therefore, defaulted to repay the loans obtained from the Government. Secondly, it had been purchasing and selling to its members on cash basis only the cotton and nylon yarn and other requisites needed by the fishermen.

The Society could not extend any other assistance to its members as it did not have sufficient resources. It may, therefore, be stated that the financial assistance given by the Society to its members during the period 1958-59 to 1965-66 amounting to about Rs. 1.50 lakhs was not very significant compared to the credit requirements of its members, numbering about 1,200 for various activities.

DEVELOPMENT OF FISHERIES—FINANCIAL ASPECTS

A CASE STUDY*

Importance

In India's efforts to achieve food self-sufficiency and to provide a balanced diet to the population, development of fisheries has been given an important place as an important source of supplementary food. This source does not compete with the scarce land resources and provides vast scope for tapping unexploited potential which our long sea coast provides. Further, it has potential of developing into an important foreign exchange earner. Fish exports have already gone upto Rs. 20 crores and are capable of being augmented to Rs. 40 crores by the end of Fourth Five-Year Plan. Besides, fishing and allied industries provide employment for about a million fishermen, most of whom live on the verge of poverty. The income from fisheries can be sizeably augmented through the use of improved techniques in all aspects of production and organisation of fishermen on co-operative lines, which may help in raising their incomes and standard of living.

Progress made by Fishing Industry during Five-Year Plans

Prior to the First Five-Year Plan very little attention had been given to the development of fisheries. In fact, planned development of fisheries was first initiated in 1951 with the advent of the First Plan which led to a considerable increase in the fish landings and larger financial allocations. The progress made during Plan periods by our country is given below :

(In thousand tonnes)

Year	Inland Production	Marine Production	**Total**	Total outlay in crores of rupees
	1	2	3	4
1951	218·0	534·0	**752·0**	(1951-56) 2·78
1956 ..	293·5	718·8	**1012·3**	(1956-61) 9·06
1961 ..	277·4	683·6	**961·0**	
1966 ..	477·5	889·9	**1367·4**	(1961-66) 23·38

Source : Ministry of Food and Agriculture, Government of India, New Delhi.

The above table shows that landings have almost doubled during fifteen years since 1951. As indicated above the amount spent during the Third Plan was more than eight times that in the First Plan and more than

* Prepared in the Reserve Bank of India.

two and a half times that in the Second Plan. Further, an outlay of Rs. 113 crores has been proposed in the Fourth Plan which is about five times that in the Third Plan. The break-up of the estimated expenditure during Fourth Five-Year Plan is as follows :

	(In crores of rupees)
Mechanised fishing by small boats	38.40
Fishing by large boats	9.00
Nurseries	6.00
Reservoirs	2.00
Harbours	17.00
Research	4.00
Training	3.70
Exploration	6.35
Processing, Corporations, Co-operative Pilot Schemes	13.65
Miscellaneous Schemes	12.90
Total	**113.00**

It is expected that this investment is likely to raise the annual production by 5 lakh tonnes, out of which 4 lakh 80 thousand tonnes will be marine fish and 20 thousand tonnes fresh water fish.

Government Loan Policy and Procedure

The loans from Plan allocations made by the State Government for the development of fisheries are disbursed through district officials either directly to the individual or group of fishermen or through co-operatives or both. The loans are granted for the following purposes :

(*i*) Purchase of yarn, twine or nets.
(*ii*) Construction of and repairs to fishing vessels and fish carrier.
(*iii*) Purchase of and repairs to engine.
(*iv*) Purchase of motor trucks.
(*v*) Erection of ice and cold storage plants.
(*vi*) Manufacture of yarn and twine.
(*vii*) Purchase of stakes, hooks, lines, etc.
(*viii*) Establishment of ancillary industries.

All loans up to Rs. 500 are sanctioned by the Assistant Director of Fisheries at the district level. The loans between Rs. 500 - Rs. 20,000 are sanctioned by the Director of Fisheries. Loans above Rs. 20,000 are referred to the Government for sanction.

The amount of loan does not exceed two-thirds (66 per cent to 67 per cent) of the value of the assets offered as security for the loan. Alternately, the assets offered as security should be at least 1½ times the value of the loan applied for. The following assets are accepted as security for the loan :

(*i*) House or land, boat, engine, ice-plant, truck, nets, stakes, etc.

(*ii*) Mortgage of machinery, plants, fishing boats, nets, stakes, etc., to be purchased with the money loaned by Government.

It is obligatory on the part of the borrower to insure before receipt of loan amount, all assets mortgaged by him to Government against loss or damage and to assign the policy in the name of Government.

The rate of interest on loans is 4 per cent per annum simple interest provided the assets mortgaged are insured. A rate of 7½ per cent per annum simple interest is charged if the assets are not insured.

The period of repayment of loans is seven years except in the case of indigenous marine diesel engines where the repayment period does not exceed fifteen years.

Besides loan, State Government gives subsidy to the extent of 40 to 50 per cent of the price on the purchase of marine engine and 25 per cent on the purchase of boat, trucks, ice-factories, *etc.*

Mechanised Fishing

The figures given above reveal that a great emphasis is proposed to be laid on mechanised fishing to overcome the difficulty faced by the fishing industry, namely, that of replacement of primitive craft. Fishing in the country today is mostly confined to the in-shore waters while the off-shore resources which are much greater remain virtually untapped. The fish production is very much handicapped by the ineffectiveness of boats as they take longer time to reach and return from the fishing grounds. In fact the local fishing methods with limited range have reached their maximum level of efficiency and hence any increase in production had to be through improvement in crafts and gears. There is ample scope for extending the sphere of marine fishing activities in the off-shore waters, within 7 to 10 miles away from the coast belt, by introducing mechanised fishing boats.

A beginning has been made in this direction through the Norwegian Aid and the setting up of an Indo-Japanese venture to fish in deep waters. But pace of progress needs to be accelerated.

The mechanisation of fishing craft consists of installation of engines for propulsion and mechanical device for handling fishing gear. It involves construction of hulls, supply of outboard motors, marine diesel engines, benches, gurdies, nylon twines, etc. The programme of mechanisation of boats should be followed by construction of a Boat Building Yard, and net making industry, preservation and processing industry, organised marketing and transport arrangements. The fishing industry should be taken as a project. Today it is carried on in a traditional way on a small-scale by fishermen with small means. Their capacity is meagre, methods of preservation old, transport and marketing facilities poor. As a result, the industry has not yet been able to develop commercially.

Financial Requirement for Deep-Water Fishing

The purposes for which financial assistance is required by the fishing industry are as given below :

A. *Production Finance*

(*i*) Purchase of fish boats equipped with wireless set, echo senders, sonars, *etc.*
(*ii*) Purchase of fishing nets.
(*iii*) Fixing of navigation equipment.

B. *Marketing Finance*

(*i*) Construction of cold storage.
(*ii*) Purchase of trucks.
(*iii*) Construction of processing plants, canning and freezing.
(*iv*) Construction of fish-meal plants.

As against these needs we find that the Fourth Plan lays emphasis on mechanising fishing. It envisages that 8,000 mechanised boats would be introduced. In this connection it may be stated that the total number of mechanised boats in the country were about 6,000 at the end of December 1967. During 1966-67, 1967-68 and 1968-69, the number of boats (mechanised) introduced was not more than 800 boats annually. The slow progress was attributed to paucity of resources.

Existing Supply-side Credit Agencies in Fishing Industry

One of the important factors regarding mechanisation of boats for fishing and commission of larger vessels is the availability of finances. The programmes of mechanising and commercialising the industry have been hampered by lack of funds. To finance such a huge industry, there is mainly one agency, *i.e.*, Government. In some advanced marine States recently the co-operative banks have come forward to provide finances but their role is negligible.

(*i*) *Government*

The industry has only a backing of the State Government so far as providing financial assistance and technical guidance are concerned. Each State has got Directorate of Fisheries, assisted by number of Deputy and Assistant Directors at divisional and district levels. At the block level also an officer from the fisheries department is attached who attends to fishing culture and other extension work. The Government departmental officers are responsible for channelling the loans to the fishermen directly and also through co-operative societies. They also provide technical know-how.

In the public sector there are three corporations—one formed by Government of India with Head Quarters at Calcutta, another by Kerala State and third by Orissa. Maharashtra has also planned formation of a Corporation in public sector. The main functions of these development corporations are, primarily to undertake fishing by mechanised vessels and to arrange for its marketing. It is, however, reported that Orissa State Fisheries Corporation is on the verge of winding up presumably because of heavy losses. None of these corporations is providing any financial assistance to the fishermen. The procedure of granting loans and interest rate, *etc.* varies from State to State. There is always rush of applicants for financial assistance from the Government and many applicants have to be disappointed because of paucity of funds. Besides, there is a general feeling that Government loans are inadequate and untimely and the procedure is very lengthy and time consuming. On a case study of procedure of sanctioning loan in Maharashtra it was revealed that all loans to fishermen are routed through co-operatives. The fishermen are not directly given any loan. It is obligatory on the member to sell his produce through co-operatives in case he avails of Government finance. The members feel that prices of their catch fetched through co-operatives are not attractive as compared to those paid by merchants. Hence, a large section of fishermen do not join the co-operatives and thus remain debarred from Government finances. Such people are in the grip of private money-lenders who charge exorbitant rate of interest for loans advanced to them. It is, therefore, necessary that commercial banks should also provide their finances to such section of people.

(*ii*) *Co-operatives*

The Co-operative Sector has been recognised as one of the important agencies for the implementation of fish production, processing and marketing programmes. As it is, various types of fisheries co-operatives in the country are engaged in providing credit and supplying fishery requisites to fishermen in boat building and in organising production, processing and marketing activities. The structure of fisheries co-operatives consists of primary fishermen's societies as the base, with individuals as members. These primaries are affiliated to District Central Federations. At the State level Apex bodies have also been set up in States like Maharashtra, Gujarat, Bihar and Andhra Pradesh.

The membership of the fisheries co-operatives embraces nearly one-third of the working fishermen of the country. However, the volume of fish handled by co-operatives is only about 5 per cent of the total catches. The data given below indicate the progress made by co-operatives.

(Amount in thousands of rupees)

Particulars	1959-60	1964-65	*Percentage increase over 1959-60*
Number of societies	21,11	32,05	+ *52*
Membership	22,03,60	32,63,00	
Membership per society	1,05	1,05	
Working Capital	1,39,98	3,58,94	+ *1156*
Per society ..	66,31	1,12,00	
Per member ..	65	1,10	
Loan Advanced ..	53,40	87,90	+ *65*
Per society	25,30	27,45	
Per member	24	27	
Catch Value	70,18	2,28,25	+ *225*
Per society	33,25	71,20	
Per member	35	70	
Sale Value	90,04	3,92,11	+ *317*
Per society	44,55	1,22,35	
Per member	43	1,20	

It is observed from the above data that the number of societies during 1964-65 was 3,205 as against 2,111 in the year 1959-60. This shows an increase of about 52 per cent. Loan advanced, total catch and sale value through co-operatives have also shown increase.

The eight maritime States account for the majority of the fisheries co-operatives, and among them the five States of Andhra Pradesh, Kerala, Madras, Maharashtra and West Bengal account for about three-fourths of the total membership.

The fishermen generally lack necessary financial resources for the purchase of fishing accessories. Although the co-operative movement has spread among fishermen, the middleman still maintains his dominant position. They are largely indebted to middlemen and other private money-lenders.

Majority of the fishermen were obliged to sell their catch mostly to their creditors and thus they do not get reasonable price for their catch due to forced sale. Hence, there is a great need to reorganise and revitalise the co-operative structure so that it can provide finance to the fishermen and undertake the marketing of their catch to provide better returns.

(*iii*) *Private Money-Lenders cum Fish Merchants*

The fishing industry is completely in the grip of fish merchants cum private money-lenders. They dominate the industry because they provide finance to the fishermen. They make advances to the fishermen for their requirement for the repairs of boat and other equipment before the fishing season and ensure the catch at a stipulated price. These private money-lenders act as middlemen and they take the produce to market for sale and not only earn the commission on sales but also get advantage of rise in prices. After recovery of their dues from the sale proceeds they make the payment of purchase price to fishermen. Thus recovery of their dues is ensured. They generally do not charge any interest on loan but get 6.5 per cent as commission on all sales. As we have seen, one of the major handicaps in the working of fisheries co-operatives is the indebtedness of the fishermen to middlemen and the consequent obligation on their part to sell the catch through the middlemen at a stipulated price which is lower than the market price.

(*iv*) *Agricultural Refinance Corporation and Fishing Industry*

In the private sector Agricultural Refinance Corporation has recently entered the field of financing of fisheries industry. It provides reimbursement finance ranging for three to five years to the groups of fishermen for mechanising fishing boats, construction of boat building yards, setting up of processing units, etc. The following schemes have been sanctioned till now.

(In lakhs of rupees)

State/District	Purpose of borrowing	Number	Total outlay of the scheme	Agricultural Refinance Corporation's contribution
	1	2	3	4
Andhra Pradesh	Mechanisation of Boats	45	31·76	22·30
Madras	- do-	50	28·13	19·03
South Kanara	- do -	240	125·00	89·35
North Kanara	- do -	100	50·00	38·50

The figures given above indicate that Agricultural Refinance Corporation has made good progress in this field in a short time. Besides, six major schemes relating to Maharashtra, Kerala and Madras are pending for sanction. The Agricultural Refinance Corporation's contribution is likely to be of the order of Rs. 2.67 crores for these schemes. The financial assistance under these schemes will be given for the mechanisation of boats, establishment of ice-plant, fish meal plant, canning factory and construction of Boat Building Yard. So far all financial assistance has been provided as a reimbursement finance through the respective State Co-operative Banks at the rate of 6 per cent per annum. The State Co-operative Bank in its turn advances to fishermen at the rate of 8.5 per cent. The Agricultural Refinance Corporation has no objection to financing fisheries projects through commercial banks if they also enter this field.

(*v*) *Industrial Development Bank of India and Fisheries*

Besides the Agricultural Refinance Corporation, the Industrial Development Bank of India has also formulated a scheme, namely, rediscounting scheme for financing sales of indigenous machinery, to provide finance to the fishermen for the purchase of mechanised boats and other equipments on deferred payment basis. Under this scheme an individual or group of fishermen can obtain the mechanised boats from the manufacturer or dealer and payment will be made by the commercial bank which in turn will get reimbursement finance from the Industrial Development Bank of India. All documents will be in the custody of the Industrial Development Bank of India till maturity. So far no proposals have been received under this Scheme. With the backing of these two institutions in private sector it is high time that all commercial banks should immediately enter the field of fishing and undertake financing of projects comprising fishing, processing and marketing.

Role of Commercial Banks in Financing Fishing Industry

The programme for the development of fisheries envisaged for the Fourth Five-Year Plan is such that it cannot be financed out of the public sector resources alone. Thus according to the Report of the Study Group on Fisheries total cost of converting ordinary boats into mechanised boats during Fourth Plan period alone will come to Rs. 58.50 crores, of which only Rs. 38.40 crores have been provided in the Plan outlay. The rest will have to come from private agencies.

At present non-fishermen entrepreneurs who desire to undertake fishing as business as also fishermen who are not willing to join any co-operative society are not eligible for any loan from any Government or co-operative agencies. They have to depend for finance on private agencies. This is then yet another field where the commercial banks can play an effective role.

Moreover, as the headquarters of the Government is located far away from the fishing belt, it takes unduly long time for these agencies to sanction any loan. Being far off they cannot also supervise the loans effectively. The commercial banks which operate in the area under the fishing belt appear better suited for both quick sanction and effective supervision of loans. The case study relating to State Bank of India and fishing industry in forthcoming pages has revealed that there is good demand for loan from fishermen.

The funds can be advanced to an individual non-fisherman entrepreneur or group of fishermen against the security of boat, marine engine and other assets of the borrower. The fishing operations are performed by a group of people and so a single fisherman cannot afford to have a mechanised boat. The general tendency at present prevalent is that non-fishermen entrepreneurs avail of the facility of loan from commercial banks and employ fishermen as wage earners. This is good so far as increasing the fish production and commercialisation of the fishing industry is concerned. The registration of the boats which ply in the sea is obligatory with port authorities. As a precautionary measure comprehensive insurance is also done. The scheme can be prepared locally by the development department of the bank and if necessary, assistance from the Fisheries Department can be taken up.

Therefore, the role of commercial banks in financing fishing industry is important from the following points of view.

(*i*) To fill in the credit gap of Rs. 20.10 crores provided in the Plan outlay for private sector.

(*ii*) To meet the short-fall in Plan allocations as sometimes even the allocated amount is not made available for the purpose.

(*iii*) To finance the individual entrepreneurs who want to take up fisheries as a project.

(*iv*) To finance fishermen who do not wish to join any co-operative society.

(*v*) To finance co-operative ventures which want to take up fisheries as a project comprising production, processing, marketing and export.

The industry needs medium-term loans for the duration of five to seven years and long-term loans for seven to fifteen years. The increasing facilities provided by Agricultural Refinance Corporation and Industrial Development Bank of India should encourage the entry of commercial banks in financing fishing industry. The cost involvement of the project and its economy is worked out as below :—

A Case Study of Cost Involvement

(Amount in rupees)

Cost of Engine :

Purchase of Ruston Mark 6 KDAM 87 BHP of 1800 rom. engine with 3 : 1 ratio complete	70,000
Cost of Hull with decking, *etc.*	25,000
Cost of Winch and other accessories	10,000
Total loan	**1,05,000**
Part payment 25 per cent of Rs. 1,05,000 by borrower	26,250
Total	**78,750**

Annual Expenses :

Repairs and maintenance of Engine ($2\frac{1}{2}$ per cent of engine cost)	1,750
Repairs and maintenance of Hull (5 per cent of Hull cost)	1,250
Repairs and Maintenance of other accessories like Nets, Winch, etc. (10 per cent of cost) ..	1,000
Cost of oil and labour charges :	
(*i*) Monthly cost (24 days/month) of lubricating oil	120
(*ii*) Monthly cost (24 days/month) of diesel oil (80 litres in 12 hours a day)	1,536
(*iii*) Monthly labour charges (6 members@ Rs. 150 per month)	900
Total	**2,556**
Insurance and other miscellaneous expenditure ..	2,500
Interest on average capital (at the rate of) 6 per cent $\frac{(\text{Rs. } 1{,}05{,}000)}{2}$	3,150
Depreciation ($8\frac{1}{2}$ per cent Engine, 5 per cent Hull and 5 per cent Net)	8,100
Total	**40,754**

Annual Returns

Approximate monthly catch of fish

		(Amount in Rupees)
(*i*)	Catch of Prawns per day	75
(*ii*)	Catch of other fishes per day	225
	Total	**300**
	Total per month (24 days)	7,200
	Total per year (9 months)	64,800
	Net profit per year	24,046

Instalments to be paid yearly for repayment of loan

(*i*)	Yearly instalment for 7 year loan (78,750)	11,250
(*ii*)	Interest on average loan of Rs. $\frac{78,750}{2}$ (at the rate of) 9 per cent	3,545
	Total	**14,795**

Net profit after payment of instalment of loan 9,251

The cost involvement of the scheme of mechanisation of boats given above along with the economy of its working proves that there is no risk involvement for commercial banks in financing the fishing industry liberally, provided a project approach is adopted, the necessary organisation of fishermen encouraged and a co-ordination brought about between the financial, extension and administrative source.

State Bank of India and Fishing Industry—A Case Study

The State Bank of India has recently entered the field of fishing industry in providing term finance for 5 to 7 years for the purchase of mechanised boats and boat building yards. The State Bank of India, Bombay has provided about Rs. 30 lakhs to fishermen of Ratnagiri and Dapoli against the security of mechanised boats and other assets at 9¼ per cent. Besides, construction of one boat building yard has also been financed to the extent of Rs. 4 lakhs, whereas the State Bank of India, Madras has selected Ernakulam, Cochin and Quilon branches in Kerala State as intensive centres for provision of financial assistance to fishermen. Since the scheme has been recently introduced by the bank so far only 2 schemes have been financed. In Quilon, a unit comprising a group of fishermen has been given a medium-term loan of Rs. 4 lakhs for construction of 8 boats and at Ernakulam a unit has been given a medium-term loan of Rs. 46,500 for the purchase of marine diesel engine and other accessories. It is further reported by bankers that there is good response from the fishermen to their schemes and in no time demand for loans will go up.

Conclusion

The organisational deficiencies are hindering the development of fisheries. There is not enough of finance and credit available to the industry from Government or co-operative bodies which are the only main sources for the present. The institutional finance for the storage, processing units and transport are not readily available to the desired extent. The existing primary co-operative societies are only able to supply yarn, diesel oil and other essential materials, that too not always at the subsidized rates. A large number of fishermen have to depend on capitalists for boats and nets who not only charge them exorbitant rates of interest but purchase their catch at a very low price.

Revitalisation of the existing fisheries co-operatives and their further development and linking up with marketing and processing co-operatives is an important task and should be covered as soon as possible. The sound co-operatives of fishermen and flow of easy and quick financial assistance from commercial and co-operative banks is an indispensable means for preventing exploitation by middlemen, removing the indebtedness of fishermen and increasing the production. It is high time that fishing industry should be treated on par with agriculture and area approach should be adopted in producing areas with the assistance of commercial banks.

Suggestions

The present note is mainly based on the data collected through the published material. In the field of fishery economics, very little work has been done so far by experts who have mainly confined their study to the technical aspects. Due to lack of data, it was not possible to correctly measure the demand and supply side of credit and performance of the supply-side agencies. In the interest of the fishing industry, it is necessary that field studies should be undertaken in 4 of the marine States namely, Maharashtra, Kerala, Mysore and Gujarat and 2 inland States namely, West Bengal and Uttar Pradesh to assess the extent of requirements of financial assistance to fully exploit the available potential, to find out the extent of supply side of credit by different agencies and their performance. The field studies will also be able to reveal the volume of credit supplied by the private money-lenders-cum-merchants, rates of interest charged by them, malpractices adopted and the extent of their domination on co-operatives, which perpetuate the poverty of small fishermen.

February 13, 1969

FINANCING OF REHABILITATION PROGRAMME AFTER THE EARTHQUAKE IN KOYNA REGION OF WESTERN MAHARASHTRA — A FIELD STUDY*

Introductory

In this note we propose to give a brief account of efforts made to provide finance to persons, who were sufferers from damages due to an earthquake. An earthquake occured on 11th December, 1967, whose epicentre was in the Koyna region in Western Maharashtra. This calamity affected eight lakh persons residing in 1,688 villages. The damage was mainly to private property mostly in the form of residential houses. The number of houses totally destroyed was estimated at 11,290 and of houses damaged at 1.1 lakhs. In financial terms this loss to housing property was placed at Rs. 983 lakhs. To this may be added damage to other private property such as wells, *bandharas*, cattle, *etc.*, amounting to Rs. 61 lakhs. Thus the total damage to private property totalled about Rs. 1,045 lakhs. Damage to public property was estimated at Rs. 479 lakhs. Thus the total loss due to earthquake amounted to Rs. 1,524 lakhs.

Immediate relief had to be provided to the victims for temporary accommodation and measures had to be devised to help them rebuild/repair their houses. The efforts made at their rehabilitation and the financial provisions made for this purpose are briefly reviewed in this note.

The sudden and serious nature of the calamity called for immediate rescue and relief operations, provisions for basic necessities, medical aid, temporary shelters, *etc.* For this purpose 'the Koyna Earthquake Rehabilitation Fund Committee was formed with the State Chief Minister as its Chairman. This Committee was the main co-ordinating agency for various institutions engaged in relief and rehabilitation operations.

Relief Measures

(*i*) Persons who had lost everything and were left with no purchasing power were given (*a*) cash doles at the rate of Rs. 1.50 per head per day for 15 days ; (*b*) 10 kgs. of free foodgrains as one month's supply ; (*c*) material for building houses as well as for temporary shelter ; (*d*) subsidy in cash or kind for repairs upto Rs. 250 per household plus loan as admissible. Cost of building material was to be adjusted against the subsidy and loans admissible under the programme of rehabilitation.

(*ii*) Household articles as clothes, blankets, cooking utensils, *etc.*, were given to the most needy persons. Those who did not get any of these articles either from the Government or through private agencies were given a cash grant of Rs. 15 per head.

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* Prepared in the Reserve Bank of India.

(*iii*) Advance equal to 2 months' salary was disbursed to the affected Government employees.

(*iv*) Free kitchens were arranged for staff of public services who had to stay back and could not be evacuated from the affected areas.

(*v*) Temporary shelters were provided for the affected persons.

These relief measures were completed by end-February 1968.

Rehabilitation

At this stage, position of resources at the command of the State Government, Central Government's assistance as well as the estimated receipts from public and private institutions was somewhat clear and Government was in a position to draw a long-term programme of rehabilitation. The most important item in the rehabilitation programme was the construction of new houses in place of those totally destroyed and repairs to houses damaged by the earthquake. These houses had to be designed in such a way as would be comparatively safe in the event of a recurrence of a similar calamity. For this purpose, a plan was drawn up under which subsidies and loans were granted to the affected families as a special case. The scales, terms and conditions adopted for this purpose are furnished in Appendix I.

Till end-October 1968, about Rs. 6 crores (63 per cent as subsidies and 37 per cent as loans) had been disbursed to the affected persons for building of and repairs to the damaged houses. While framing this programme, however, care was taken to see that the poorer sections of the destitute and homeless categories were not burdened with irrecoverable loans. This was ensured by providing for the direct repayment of the loan part of assistance to these categories from the funds raised by public contributions amounting to Rs. 136 lakhs till end of 1968, and the interest accruing thereon.

Financial Arrangements

It may be noted that the loan and subsidy amounts required for the construction of houses and repairs to damaged houses were made available to the affected persons at prescribed scales by the State Government and no other financial institution either a commercial or a co-operative bank except the Karad Urban Co-operative Bank referred to later, was directly involved in this rehabilitation programme.

The State Government approached the Government of India for this purpose with a request for sanction of Rs. 10 crores. Following this request a Government of India Team visited the affected areas for an on-the-spot-enquiry and made an assessment of damages. The Team recommended ceiling of Rs. 7.5 crores on total expenditure on account of rehabilitation of the affected families for the purpose of eligibility of the State Government to get Central financial assistance. It recommended further that Centre's assistance would be to the extent of 50 per cent as grants and 25 per cent as loans, balance being provided by the State Government from its resources. However, the expenditure incurred so far has exceeded this ceiling and upto September 30, 1968 has risen to Rs. 12.30 crores. Of this expenditure Rs. 9.09 crores have so far been provided by the Government of India. The State Government is reported to have approached the Centre for further assistance on the basis of the actual expenditure incurred.

Funds were required for the reconstruction/repairs of not only private houses but public property also, *i.e.*, Zilla Parishad's property, educational institutions, temples and other public institutions and Government's property. For the repairs of Zilla Parishad's buildings, educational and other public institutions, expenditure was financed out of the Koyna Earthquake Rehabilitation Fund, amounting to Rs. 136 lakhs on 31st December 1968. In Satara District alone, Rs. 193 thousand were diverted out of this fund to the Zilla Parishad for construction of the school buildings and the health centres. Such expenditure on repair/reconstruction of Government's property, *i.e.*, repair and strengthening of Koyna Dam, replacement of electrical machinery, *etc.*, would be managed by the Ministry of Irrigation and Power.

It has been reported that a scheme for financing repairs of houses damaged by the earthquake was prepared by the Karad Urban Co-operative Bank in Satara District. Normally loan amount was not to exceed Rs. 5,000 with exceptions in suitable cases. The repayment period was between 7 and 10 years, with a provision for extending the period upto 5 years. The rate of interest charged was 7½ per cent per annum. Under this scheme the Bank advanced loans amounting to Rs. 3.6 lakhs to 73 persons upto June 30, 1968. The scheme was, however, discontinued as Government assistance was available on adequate scale through the rehabilitation programme.

While concluding it may be stated that the programme of rehabilitation of the families affected by the Koyna earthquake was mainly financed by the State Government and the Government of India though some charitable institutions and public contributed to the relief funds. No consortium of banks was created as the damage was mainly to houses, for rebuilding/repairing which long-term loans were needed and a portion of which was to be provided as subsidy.

No additional loan will be sanctioned to categories (1) and (2) in Appendix I, over and above the total amount of Rs. 1,500 granted to them by way of subsidy and loan. In any case persons belonging to category (3) in Appendix I will be entitled to get building material upto Rs. 1,250 against the amount of subsidy and loan admissible to them and if possible, they will also be permitted to buy aluminium sheets on no-profit and no-loss basis.

APPENDIX—I

TERMS AND CONDITIONS FOR LOANS AND SUBSIDIES GRANTED BY THE GOVERNMENT FOR RECONSTRUCTION/REPAIRS OF HOUSES

Category	Assistance for reconstruction of houses	Assistance for repairs
1. Landless persons and land holders holding dry land below 3 acres or who pay land revenue below Rs. 5 or whose annual income is less than Rs. 1,200.	Out of total cost of construction which should not exceed Rs. 1,500 in any case Rs. 400 should be given as subsidy and out of the balance 50 per cent should be treated as subsidy and 50 per cent as loan.	Subsidy equal to actual cost of repairs or Rs. 400 whichever is less plus loan upto Rs. 500.
2. Landholders holding dry land from 3 to 6 acres or (who pay land revenue from Rs. 5 to Rs. 10) or persons whose annual income is between Rs. 1,200 & Rs. 2,400.	Out of the total cost of construction which should not exceed Rs. 1,500 in any case Rs. 400 should be given as subsidy and out of the balance 50 per cent should be treated as subsidy and 50 per cent as loan.	Subsidy equal to actual cost of repairs subject to a maximum of Rs. 300 plus loan upto Rs. 1,200.
3. Landless persons and landholders not included in category (1) and (2) above.	Subsidy equal to the cost of construction subject to a maximum of Rs. 400 plus loan upto Rs. 2,500.	Subsidy equal to actual cost of repairs or Rs. 200 which ever is less plus loan upto Rs. 2,500.

Subsidy and/or loan should be granted in kind as far as possible subject to the condition that the cost of building material to be supplied to each sufferer should not exceed Rs. 1,300 in any case. In case any family is able to use salvaged material from old house or does not want any of the material subsidy and/or loan may be granted in cash in lieu of material utilised in building. An undertaking should be taken from each sufferer that in case it is found that proper use has not been made of material and cash assistance given to him the entire amount paid to him either in cash or kind will be treated as loan and will be recovered as arrears of land revenue.

For purpose of determining the categories above, the land records as on December 11, 1967 should be taken into account.

Interest at the rate of 5½ per cent per annum should be charged on loans to be granted under these orders.

Loans to holders of agricultural land should be advanced under the Agriculturists Loans Act and to other persons should be advanced under the Non-Agricultural Loans Act and the rules made thereunder by execution of bonds.

Loans will be payable in 10 annual instalments.

(*i*) In municipal areas, loans under this scheme may be advanced upto 80 per cent of value of security offered.

(*ii*) In rural areas loans may be advanced upto 66 2/3 per cent of value of security offered.

(*iii*) House sites and structures, if any, standing thereon should be accepted as security. If the house site and structures standing thereon, if any, are not sufficient security, the Collector may take up such collateral security as he may think necessary to make up the deficiency. If collateral security is not forthcoming or is insufficient the collector may either in addition to or instead of such security advance loans on personal security or such sureties as he may consider sufficient.

In case of persons belonging to scheduled caste, scheduled tribes and other backward classes, the Collector should communicate the amount of subsidy and/or loans granted to them to the Director of Social Welfare immediately after it is sanctioned, so that while deciding the question of additional relief, if any, required, the Director of Social Welfare would know the relief already granted to them by Collector.

February 13, 1969

FINANCING OF REHABILITATION PROGRAMME AFTER DELUGE IN POONA (1961)—A FIELD STUDY*

Introductory

The banking system in the country provides credit of various types for normal production, distribution, trade and other economic activities in the community. However, these normal economic activities get completely disrupted and the normal economic life comes to standstill, when natural calamities occur, which of course, is not a frequent occurrence. The natural calamities bring about destruction of or damage to houses, factory sites, industrial sheds and other capital assets like machinery as also loss of or damage to stocks of raw materials, finished goods, tools and implements, *etc.* The sufferers belong to different classes of producers and services and other groups in the community. For restoring the economic activities various measures for rehabilitation have to be taken, which include, among others provision of credit to the victims of natural calamities. The commercial banking system has no special provisions for such occasions. In the co-operative banking system, there is a provision made for setting up of relief and rehabilitation fund at different levels. The Reserve Bank of India has already constituted the National Agricultural Credit (Stabilisation) Fund. But this relates to short-term agricultural production loans. Recently, however, a concerted attempt was made by a consortium of banks—commercial and co-operative—to provide credit for rehabilitation of victims of natural disaster. This note attempts to critically review it so as to find some guidelines for future action.

This example comes from Poona city. On July 12, 1961 the Panshet dam, about eleven miles from the city gave way because of heavy rains in its catchment area and there was a deluge resulting in great destruction and loss of property, *etc.* A consortium of one commercial and four co-operative banks was formed to help rehabilitation efforts. The review of these efforts in the following pages is divided into four sections. Section I deals with the total loss sustained by different categories of persons and the consequent credit needs created. The rehabilitation schemes undertaken and implemented by the urban co-operative banks and commercial bank are discussed in Section II. The repayment performance of the borrowers is discussed in Section III and Section IV is devoted to the summary and conclusions of the study.

SECTION I

The bursting of the earthen Panshet dam in Poona district on July 12, 1961 resulted in unprecedented floods inundating the surrounding areas on

* Prepared in the Reserve Bank of India.

the banks of the river Mutha and inflicted extensive damage to the life and property both public and private particularly in the metropolitan city of Poona. The damage was varied in nature. The water storage serving the city was completely lost and a large number of residential buildings were either completely destroyed or suffered heavy damages. A number of families lost their belongings and the stocks of goods belonging to traders, shop-keepers, *etc.*, and foodgrains in Government warehouses were completely destroyed. The self-employed and/or small artisans lost their tools and implements, stocks of raw materials, work sheds, *etc.* The services like medical practitioners lost their stocks of medicines and also their equipment was lost or damaged. Damage to bridges and main roads in the city as well as telephone and electric lines was quite heavy. In financial terms the loss was estimated at Rs. 17.5 crores as may be seen from Table 1.

TABLE 1—TOTAL AMOUNT OF LOSS

(In crores of rupees)

Loss of Property	
A. Public Sector	5·72
B. Private Sector	
(*i*) Poona ..	7·78
(*ii*) Rural Areas	2·39
TOTAL ..	**10·17**
TOTAL OF A and B ..	**15·89**
Expenses on Account of	
C. Water supply ..	1·52
D. Cleaning operations ..	0·07
TOTAL OF C and D ..	**1·59**
GRAND TOTAL ..	**17·48**

It may be mentioned here that the loss sustained by the Central Government (Rs. 3.6 lakhs), the State Governments (Rs. 49.4 lakhs), the Poona Municipal Corporation (Rs. 15.6 lakhs) and the Poona Electric Supply Company (Rs. 3.5 lakhs) has not been discussed in this note as the respective bodies were expected to make good their losses out of their funds. However, the losses borne by commerce and industry, private institutions, temples and mosques and personal property in both urban and rural areas needed special attention in the task of rehabilitation.

Table 2 gives the amount of loss borne by industry and commerce according to the type of business as well as the particulars of loss sustained by them.

TABLE 2—AMOUNT AND NATURE OF LOSS BORNE BY INDUSTRY AND COMMERCE

Type of Business	Total loss (In lakhs of rupees)	Particulars of loss as percentage to the total				
		Raw Material			*Machinery*	*Premises*
Industrial establishments	40·75	*70*			*18·5*	*12·5*
Printers and publishers ..	16·46	Machinery, stocks of printing papers, premises, *etc.*				
Flour mills	2·01	Building and machinery				
Shops	105·20			*Stocks*	*Premises and Furniture*	*Bad Debts*
		Grocers		*66*	*10*	*24*
		Cloth		*85*	*10*	*5*
		Hotels		*60*	*40* (crockery)	—
Theatres ..	6·31	*Premises*	*Machinery*	*Furniture*	*Elec. Fitting*	*Luxury articles*
		16	*3*	*42*	*24*	*15*
Banks	0·39	*Furniture*	*Elec. Fitting*		*Stationery*	*Record*
		47	*7*		*29*	*17*
Petrol stations	1·38	*Premises*	*Machinery*		*Cars*	*Petrol & Oil*
		15	*59*		*21*	*5*
Hospitals ..	1·83	*Premises*	*Plant*	*Equipment*	*Medicines*	*Linen*
		26	*12*	*11*	*43*	*8*
Medical practitioners	3·61	Drugs and medicines, cosmetics, oil, stocks, *etc.*				
Agents ..	0·88	Not available				
Contractors	2·69	Cement, Timber, stocks, *etc.*				
Lawyers and money-lenders ..	1·27	Loss of documents				
Marriage halls and lodging houses	0·86	Premises, furniture and fixtures				
Artisans	5·19	*Implements*		*Raw material and finished goods*		
		63		*37*		
Hawkers	0·76	Stocks—fruits, vegetables, toys, bangles.				
Riksha and Tonga drivers	0·48	Stables damaged, fodder swept away, vehicles damaged.				
TOTAL	**190·07**					

The total loss sustained by industry and commerce was placed at Rs. 190.07 lakhs out of which shops claimed Rs. 105.20 lakhs followed by industrial establishments at Rs. 40.75 lakhs, and by printers and publishers at Rs. 16.46 lakhs. Artisans suffered a loss of Rs. 5.19 lakhs.

It would be useful to know the nature of loss sustained by the different types of businessmen. In the case of industrial establishments, loss of raw materials was the most important and accounted for 69 per cent of the total loss. Damage to machinery and premises was of the order of 18.5 per cent and 12.5 per cent, respectively. The stocks of both grocers and cloth merchants suffered heavily to the extent of 66 and 85 per cent whereas the bad debts consequent on destruction of records were placed at 24 per cent and 5 per cent, respectively. The main loss sustained by artisans which included broom-makers, rope-makers, masons, potters, and hair dressers, was in the form of implements (63 per cent) the raw materials and finished goods accounting for the remaining 37 per cent. It may be pointed out that the restoration of machinery and plant and premises in order requires capital expenditure whereas working capital is needed for replacement of stocks of raw materials, implements or furniture lost in the flood.

Table 3 gives loss sustained by the institutions which included educational institutions, charitable hospitals, coaching classes, gymkhana and sports, temples and mosques, *etc.* The total was estimated at Rs. 25.58 lakhs.

TABLE 3—AMOUNT OF LOSS SUSTAINED BY INSTITUTIONS

Institutions	(In lakhs of rupees)	Particulars of loss as percentage to the total
Secondary schools and colleges	4·15	*Premises* 11, *Building* 19, *Furniture* 8, *Equipment* 21, *Books* 30, *Stationery* 11
Libraries, and research institutions	6·34	*80*—books and documents *20*—equipment, furniture fixtures
Rescue homes ..	0·45	—
Hospitals	1·00	Equipments
Coaching classes	0·76	—
Gymkhana and sports ..	0·34	Damage to property
Miscellaneous ..	1·21	Premises
Temples and mosques		
Temples	8·12	
Mosques	3·17	
TOTAL	**25·58**	

Here also the loss to institutes pertained mainly to premises, buildings and equipment. The secondary schools and colleges sustained a loss to the extent of 30 per cent and 21 per cent on books and equipment, respectively, whereas, premises and buildings claimed 30 per cent of the total loss. In the case of educational and cultural institutions 80 per cent of the loss was in books and documents and 20 per cent in equipment, furniture and fixtures. It may be said that the main loss in institutions was in the form of stocks which needed to be replaced.

Table 4 gives loss to personal property, both movable and immovable.

TABLE 4—LOSS TO PERSONAL PROPERTY

(In lakhs of rupees)

Immovable property		
Damaged structures		
Used for residential purposes		239·92
Non-residential purposes		14·23
		254·15
Movable property	..	**305·12**
	Total	**559·27**

Damage to immovable property was mainly to houses used for residential and non-residential purposes and amounted to Rs. 254 lakhs whereas the loss to movable property was estimated at Rs. 305 lakhs. In the case of immovable property, large amount of finance was required for the construction of new houses, repairs to damaged houses, *etc.* It was a tremendous task and required comprehensive planning.

Loss to Property in Villages

Apart from the loss in Poona mentioned above, about 30 villages situated on the banks of the river Mutha suffered heavy losses in both immovable and movable property as may be seen from Table 5.

TABLE 5—LOSS TO PROPERTY IN VILLAGES

(In lakhs of rupees)

Immovable property	4·00
Movable property	6·50
Standing crops	5·47
Cultivable land	4·83
Loss of produce in the absence of irrigation facilities for four years ..	148·00
Loss of sugarcane crop	70·00
Total ..	**238·80**

Here the main loss was indirect and arose out of the anticipated loss of foodgrains and sugarcane in the absence of irrigation facilities which could not be provided for four years because of destruction of storage dam. The amount of loss to cultivable land (Rs. 4.83 lakhs) and immovable property (Rs. 4 lakhs) was sizeable.

SECTION II

The loss sustained by persons belonging to different categories has been discussed in the earlier part of the note. The situation demanded immediate relief in the form of food, clothing, household utensils, *etc.*, for the general rehabilitation of families affected by flood, which was arranged through relief centres, kitchen centres, *etc.* Once this was done, an urgent problem to be tackled related to the economic rehabilitation of the traders, artisans, businessmen, *etc.* The State Government, the State Finance Corporation, and the Banks, both commercial and co-operatives came forward and made systematic efforts to provide credit for the affected persons through a well chalked out scheme. It was mainly done through advancing loans on easy terms and conditions. Perhaps this is for the first time that the commercial and co-operative banks have gone out of their way in providing credit to rehabilitate the persons who have suffered on account of natural calamities. A review of the role played by these institutions in this context may provide guidelines for the banks to come forward boldly, if unfortunately such a calamity occurs within their jurisdiction.

Co-operative Banks

Measures for relief to flood-affected persons and institutions mainly through co-operative organisation were finalised in a meeting held on July 29, 1961 under the Chairmanship of the Registrar of Co-operative Societies. The aim of affording relief was not to offer any compensation for damages suffered but only to give aid to the extent necessary whereby the affected persons/ institutions could be rehabilitated and enabled to start their business afresh. Initially there were 3 schemes, *viz.*, (*i*) Manubhai Bhiwani Scheme by some business associations from Bombay, (*ii*) Directorate of Industries Scheme and (*iii*) Banks' own scheme. To this was added the scheme formulated by the Chief Minister's Fund Committee. Four Urban Co-operative Banks, *viz.*, Cosmos, Merchants, Peoples and Janata agreed to participate in these schemes, the details of which, scheme-wise are given below :

Manubhai Bhiwani Scheme

Some business associations and social workers from Bombay placed a deposit of Rs. 1.25 lakhs as the 'Risk Fund' at a rate of 5 per cent per annum with the four Urban Co-operative Banks in Poona on the basis of which these banks were expected to advance loans to the businessmen, traders, *etc.*, to the extent of Rs. 5 lakhs. The loan amount was not to exceed Rs. 3,000 for an individual borrower and was to be repaid in 100 monthly instalments, the rate of interest charged being 7.5 per cent. The loss in recovery, if any, was to be met first from interest accrued on the Risk Fund and later on from the Risk Fund itself, if necessary. Under this scheme, 290 traders were advanced loans to the extent of Rs. 5.44 lakhs by the four urban co-operative banks participating in the scheme.

Directorate of Industries Scheme

The loans under this scheme were granted to businessmen such as timber merchants, artisans, *etc.*, whose names were recommended by the Directorate of Industries. The minimum and the maximum amount of loan was Rs. 500 and Rs. 5,000, respectively, with a rate of interest at 7 per cent and period of repayment at 84 months. The Government provided for two-thirds guarantee cover for the loss, if any, sustained by the participating urban banks. The number of businessmen who got loans under this scheme was 144, the total amount lent being Rs. 2.54 lakhs.

Urban Banks' Own Scheme

This scheme was mainly for the benefit of the affected businessmen who were depositors of individual urban co-operative banks. The scheme was implemented by only one urban bank. The total amount involved was Rs. 0.83 lakhs given to 175 persons on the same terms and conditions prescribed under the above-mentioned schemes.

Chief Minister's Relief Fund Committee Scheme

This scheme covered the traders who did not receive loans under the above-mentioned three schemes, the minimum and maximum amount of loan being Rs. 500 and Rs. 3,000 respectively. The rate of interest was 7 per cent and the period for repayment 5 years. A security deposit of Rs. 3.00 lakhs at 4 per cent interest was kept with the participating urban banks and two-thirds of the total loss, if any, was guaranteed by the Government. The interest on security deposit was to be paid to the Government regularly. The number of traders/shop-keepers who got loans to the extent of Rs. 1.27 lakhs was 76.

The working capital was to be provided by the Maharashtra State Co-operative Bank through the Poona District Central Co-operative Bank and the final loss arising out of the above-mentioned schemes was to be borne in the following proportion, *viz.*, 50: 25: 25 by the Apex Bank, the District Central Co-operative Bank and the participating bank, respectively.

Table 6 sums up the position regarding the number of persons involved and the loan amount advanced under each scheme by the four urban co-operative banks.

TABLE 6—LOANS GRANTED BY URBAN CO-OPERATIVE BANKS

(Amount in lakhs of rupees)

Scheme	No. of recipients	Amount of loan
Bhiwani scheme	290	5·45
Directorate of industries scheme ..	144	2·55
Co-operative banks' own scheme ..	175	0·84
C. M.'s Fund committee scheme	76	1·27
Total	**685**	**10·11**

The recipients numbering 685 who got loan assistance from the co-operative banks to the extent of Rs. 10.11 lakhs included businessmen and professionals. This amount is reported to be 40 per cent of the loss reported by the recipients. The exact breakdown of these recipients according to the affected business categories is not readily available.

A mention may be made of the scheme implemented by one of the urban co-operative banks as desired by the Bombay Mill Owners' Association. Under this scheme, the Bank received Rs. 47,000 and advanced to 12 affected cloth merchants in the city. The entire amount has been recovered within the specified period of repayment, *i.e.*, five years and returned to the Bombay Mill Owners' Association.

Commercial Bank

The Bank of Maharashtra Ltd. was the only commercial bank which came forward to participate in the efforts of rehabilitation of flood-affected citizens. Initially the Bank offered rehabilitation loans to industrial and commercial units, small traders and shop-keepers irrespective of their being account holders. Subsequently, however, three separate schemes were formulated as given below and the loan applications received by the Bank were considered under one or other scheme considered appropriate. Thus there were four different schemes under which the Bank made finances available to the affected parties *viz.*, (i) the Bank's own scheme, (ii) The Chief Minister's Relief Fund Scheme (CMRF), (iii) The Maharashtra Industrial and Commercial Rehabilitation Fund Scheme (MICRF) and (iv) Charity Organisations' Scheme.

As stated earlier, the Bank's own scheme finally took care of the persons/concerns which were not taken up under any one of the other three schemes. Most of them were account holders of the Bank. The rate of interest charged was 6 per cent on these loans.

The CMRF Committee had placed a security deposit of Rs. 5.5 lakhs at 5 per cent rate of interest with the Bank for a period of five years for extending loans against this amount. The interest accrued on this amount was to be paid to the Government which agreed to bear two-thirds of the loss if any, sustained by the Bank in the recovery of these loans. The rate of interest charged to borrowers under this scheme was 5½ per cent.

The Maharashtra Industrial and Commercial Rehabilitation Fund organised by some representative organisations also placed an amount of Rs. 1.30 lakhs with the Bank as deposit without interest against which loans were to be granted to traders recommended by it. The rate of interest under this scheme was 6 per cent and the MICR Fund agreed to bear the loss to the extent of 25 per cent of the amount advanced.

Similarly, two charity organisations also deposited a sum of Rs. 0.75 lakh at 5¼ per cent rate of interest against which the loans were to be advanced to traders recommended by them; the rate of interest charged to them being 5½ per cent.

Generally the Bank agreed to grant loans exceeding Rs. 3000 and repayment was to be made in monthly or quarterly instalments, the first instalment falling due after three months or quarters. The period of repayment was five years which was extended twice, first by two years and again by six months under the CMRF Scheme. The loans were generally granted on promissory note and a personal surety. Hypothecation of goods and title deeds to property were also taken as collateral wherever possible.

The loans granted under these Schemes by the Bank are given in Table 7.

TABLE 7—LOANS GRANTED BY THE BANK OF MAHARASHTRA LTD.—SCHEME-WISE

Name of Guarantee scheme	Number of Accounts	Amount of loans granted (Rs.)	Rate of Interest (Per cent)	Risk covered (Per cent)	Amount of guarantee deposit (Rs.)	
Chief Minister's Flood Relief Fund Committee	324	15,90,000	5½	66⅔	5,50,000	
Maharashtra Commerce and Industries Rehabilitation Society	248	8,10,400	6	20	1,33,900	Guarantee amount settled for Rs. 68,400
Maheshwari Seva Samiti	85	2,08,000	5½	25	52,000	
Tilak Jain Parmarthik Sanstha ..	42	86,000	5½	25	23,000	
Not covered under any guarantee..	190	3,32,000	6	—	—	
TOTAL	**889**	**30,26,400**			**7,58,900**	

The total number of recipients under all the schemes was 889 and loans granted amounted to Rs. 30.26 lakhs. Among the recipients, commercial units numbering 634 got loans to the extent of Rs. 21.3 lakhs followed by the industrial units at 251 and Rs. 8.77 lakhs, respectively. There were four professionals who got loans amounting to Rs. 20,000.

State Finance Corporation

The small scale units affected by flood got assistance in the form of loans from the Maharashtra State Finance Corporation. The minimum and the maximum amount of loan stipulated was Rs. 10,000 and Rs. 100,000, respectively. These loans were sanctioned to various types of industries such as metal products, chemicals, electrical machinery, furniture, painting, *etc.*, on the recommendation of the State Directorate of Industries. Under this scheme 53 concerns were advanced loans to the extent of Rs. 16.73 lakhs.

Adequacy of Loans

It is not possible to juxtapose the amount of loss sustained by different categories of business and institutions and the loan amounts sanctioned to them by the commercial and urban co-operative banks. These loans were granted mainly for the purpose of enabling the concerned parties to re-start their production operations/services which came to a standstill and thereby rehabilitate themselves.

SECTION III

The procedure followed in sanctioning the loans under the various schemes was simple. The loss sustained by the party was assessed on an *ad hoc* basis and the loans were sanctioned by the individual banks after they were satisfied about the genuineness of the case. All applications received by the co-operative banks were pooled together and the individual banks were given preference to choose their customers affected by flood. All the remaining cases were distributed on an *ad hoc* basis among the four participating banks. In the case of the commercial bank, it consulted its counterparts, *i.e.*, four urban co-operative banks as and when necessary to avoid double financing. However, it was found that strict scrutiny of the application was not possible under the circumstances and the decision had to be arbitrary in a majority of the cases. Further, there was no special machinery to supervise the utilisation of loans and the question of taking steps against the borrowers who were found to have misutilised the loan amounts was not seriously attended to. Generally, the extent of misutilisation was found in 'B' type of loans, *i.e.*, loans without any or adequate security. It is difficult to estimate the amount misutilised, but it was felt that such amount might not have exceeded 20 per cent of the total loans advanced.

The recovery performance of banks particularly the urban co-operative banks was reported to be satisfactory, as may be seen from Table 8.

TABLE 8—RECOVERY PERFORMANCE OF URBAN CO-OPERATIVE AND COMMERCIAL BANKS
(As on 31-12-1968)

(In lakhs of rupees)

Name of the Urban co-operative bank/Commercial bank	No. of persons financed	Amount advanced	No. of Persons from whom loan is due	Amount		Amount involved in decrees
				Out-standing	Of which overdue	
	(1)	(2)	(3)	(4)	(5)	(6)
Urban Banks						
Cosmos	281	2·22	20	0·03	0·01	0·01
Merchants	230	4·12	75	0·42	0·42	0·21
Janata	130	2·93	17	0·12	0·12	0·08
Peoples	44	0·83	11	0·08	0·08	0·04
TOTAL	**685**	**10·10**	**123**	**0·60**	**0·66**	**0·34**
Commercial Bank						
Bank of Maharashtra ..	889	30·27	329	7·32	7·32	3·12

Out of the total loans amounting to Rs. 10.10 lakhs advanced by the co-operative banks to 685 borrowers, the outstanding amount as on 31-12-1968 from 123 borrowers was Rs. 0.66 lakh only. The entire amount was overdue and legal action was taken against the defaulters, the amount involved in decrees being Rs. 0.34 lakh. Thus the performance of the co-operative banks may be said to be quite satisfactory. In the case of the commercial bank, however, the amount outstanding as on 31-12-1968 was Rs. 7.32 lakhs inclusive of interest of Rs. 5 lakhs and formed 24 per cent of the loans advanced, *i.e.*, Rs. 30.27 lakhs. The entire amount was overdue and the bank has so far obtained decrees involving an amount of Rs. 3.12 lakhs. A mention may be made here of the Government subsidy amounting to Rs. 5 lakhs received by the bank from the Government. The rate of subsidy was as under :

For loans upto Rs. 500	Entire amount
From Rs. 501 to Rs. 2000 and over	Rs. 500
From Rs. 2001 and above	25 per cent with a maximum of Rs. 1000.

The subsidy amount mentioned above was adjusted to the loan accounts of individual borrowers.

It is reported that banks faced same procedural difficulties in implementing the rehabilitation schemes. A good deal of discussion was on the amount of loan, *i.e.*, whether the guarantee was to be given to loans exceeding Rs. 3000 or the exact amount of Rs. 3000 which in most cases advanced by the bank could be included. In the case of recovery also, banks are reported not getting the necessary co-operation from the concerned authorities. Banks would normally be not happy to take legal steps unless the same is required to keep the case legally tenable. Even after obtaining the decrees, the position of recovery was not smooth and it involved tedious process of executing the decrees on persons whose whereabouts were not traceable. It would, therefore, be better if the concerned authorities sit together and decide once for all the likely bad debts and settle the matter so as to avoid unnecessary waste of time, money and energy of banks and the concerned Government officials.

SECTION IV

The banking institutions working in the country are not only deposit collection centres but they owe a social duty to come to the help of not only their regular clients but other producers and services within their area of operation affected by natural calamities. Such a situation is not to be looked at from the business point of view and the usual rules and regulations applicable to normal banking business need to be relaxed to meet the emergency situation. In this context the work done by the commercial and co-operative banks in Poona after the Panshet disaster needs special attention. The nature of finance required for the rehabilitation of persons affected by natural calamities was medium term upto seven years not falling in the purview of the normal banking activities. Further the affected persons were not in a position to offer adequate security needed by the banks. Hence a minimum support to these banks in the form of security-deposits, guarantees in respect of anticipated loss either from the Government or other institutions, *etc.*, is most essential. This has been amply shown by the commercial bank and co-operative banks in Poona that they can undertake financing for the rehabilitation of affected persons. Besides, support and co-operation from the Government as also a co-operative endeavour on the part of various business and other organisations, it is the enlightened and dynamic leadership that is most essential in planning and implementation of such joint efforts. Actually the performance of these banks in Poona in the context of the rehabilitation of affected persons was really commendable and could provide guidelines in meeting similar unfortunate situations if and when they occur in their jurisdiction.

February 13, 1969

FINANCING OF REHABILITATION AFTER THE 1968 FLOOD HAVOC IN GUJARAT—A FIELD STUDY*

This study is prepared on the basis of information collected from some commercial banks participating in the rehabilitation schemes, the Bombay Citizens' Gujarat Flood Relief Committee and the Gujarat Government. This note is divided into three sections. The first section depicts the estimated losses due to flood havoc, the second section presents the various schemes designed for financing rehabilitation programme and the note ends with conclusive remarks in the third section.

SECTION I

On August 6, 1968, water level of two large rivers, the Narmada and the Tapi, rose rapidly and the surrounding areas were flooded causing destruction on a large scale. The Narmada waters submerged an area of ten to fifteen miles including towns and villages situated in its immediate vicinity. The Tapi waters flooded Surat city and nearby villages. Apart from these two big rivers, the other small rivers in South Gujarat were also in spate causing havoc in Bulsar district. There were heavy rains in Bhavnagar and Jamnagar districts in Saurashtra region and some areas of Ahmedabad district were also affected. The other districts of the State were also affected to some extent by heavy rains.

These floods inflicted immense damage to human lives, agricultural crops, properties like residential houses and huts, cattle, and to trade and industry and public utilities like school buildings, *etc.*

The floods affected population of about 9 to 10 lakhs by partly submerging Surat city and about 2,500 villages in the various parts of Gujarat. About 343 persons were victims of the floods and cattle and animals, comprising cows, bullocks, buffaloes, sheep and goats, *etc.*, approximately 30,000 in number and valued at Rs. 35 lakhs were also washed away. Nearly 84,000 houses/huts either collapsed or were heavily damaged, the loss reported amounting to a little over Rs. 4 crores. Standing crops in 4.26 lakhs of acres of the value of Rs. 5.65 crores were damaged totally. Public utilities, school buildings, hospitals, dispensaries and roads were heavily damaged, recording losses of nearly Rs. 6 crores. Industrial units—medium, large and small-scale—traders and co-operative societies were the most hard hit by floods and sustained losses worth Rs. 11.63 crores. Aggregate of modestly estimated losses on these accounts amounted to about Rs. 27.85 crores (Table 1). In addition, the Railways, Post, Telegraphs and Communication Departments, units of Oil & Natural Gas Commission, and Gujarat State Electricity Board

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* Prepared in the Reserve Bank of India.

suffered heavy losses, details of which are not available. These institutions are expected to be self-financing the costs of repairs arising out of the flood damages. Moreover, the estimated losses do not include the damages due to destruction of personal belongings like clothing, utensils, furniture, *etc.*

TABLE 1—DAMAGE CAUSED BY FLOODS IN GUJARAT IN AUGUST 1968

Population affected	9·67 lakhs
Number of villages affected	2,490
Loss of human lives	343
Loss of cattle and other animals	29,882
Loss in value	Rs. 34·9 lakhs
House/Huts collapsed/damaged/washed away	84,187
Loss in value	Rs. 418·4 lakhs
Damage to crops. Area washed away	426 thousand acres
Loss in value	Rs. 565·3 lakhs
Damage to public utilities, *i.e.*, roads, public buildings, schools, hospitals,, etc. Loss in value	Rs. 604·3 lakhs.
Damage to medium/small-scale industries—Number of Units	3,360
Loss in Value	Rs. 732·9 lakhs.
Large-scale industries—Number of Units	20
Loss in value	Rs. 283 lakhs
Traders and dealers—Number	987
Loss in value	Rs. 72·7 lakhs.
Co-operative societies—Number	203
Loss in value	Rs. 73·7 lakhs.
TOTAL LOSS IN VALUE	**Rs. 27,85·2 lakhs**

These estimates of loss are as reported to the Gujarat State Government and exclude the losses suffered by Railways, Posts & Telegraphs Department, State Electricity Boards and units of Oil & Natural Gas Commission.

Tables 2 and 3 give further details about the damage caused to village and town life by floods, as indicated by the population affected, loss of human lives and cattle and other animals, houses/huts collapsed or heavily damaged, loss sustained due to destruction of standing crops, the amount of loss arising out of disruption of roads and damages to public utilities like Government and Municipal buildings, school buildings, dispensaries, hospitals, *etc.*

TABLE 2—DAMAGE CAUSED BY FLOODS AND HEAVY RAINS TO TOWN/ VILLAGE LIFE IN GUJARAT IN 1968

District	Number of villages	Population affected	Loss of human lives	Loss of cow, bullocks and buffaloes		Loss of other animals—sheep, goats *etc.*	
				Number	Estimated loss in value (Rs. lakhs)	Number	Estimated loss in value (Rs. lakhs)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Surat	587	5,39,000	114	1428	8·40	5,345	2·33
Bulsar	369	96,075	46	1131	4·50	4,088	2·57
Broach	403	1,72,358	109	2663	9·96	7,658	3·32
Baroda	99	26,600	38	64	0·14	3,298	1·37
Bhavnagar	264	61,885	7	903	0·80	2,400	1·00
Ahmedabad	71	8,184	3	30	0·09	252	0·05
Other districts	697	62,967	26	115	0·26	507	0·15
TOTAL ..	**2,490**	**9,67,069**	**343**	**6334**	**24·15**	**23,548**	**10·79**

Source : Publication of the Gujarat Government.

TABLE 3—DAMAGE CAUSED BY FLOODS AND HEAVY RAINS TO HOUSES/HUTS, AGRICULTURAL CROPS AND PUBLIC UTILITIES IN GUJARAT IN AUGUST 1968

District	Houses/huts collapsed/washed away		Houses/huts damaged		Damage to crops*		Damage to public utilities, buildings & roads, *etc.* (Rs. lakhs)
	Number	Estimated loss (Rs. lakhs)	Number	Estimated loss (Rs. lakhs)	Thousands of acres	Loss in Value (Rs. lakhs)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Surat	7,081	92·0	26,233	179·2	144·3	334·0	376·0**
Bulsar	2,396	17·0	7,646	29·7	11·5	104·0	39·3
Broach	3,804	32·2	23,690	14·0	87·7	52·1	55·8
Baroda	223	2·0	816	5·1	16·7	14·0	32·2†
Bhavnagar	1,685	17·7	4,922	12·0	45·3	18·1	69·0
Ahmedabad	1,300	5·8	7	0·1	44·3	8·1	4·9
Other districts	551	4·5	3,833	7·2	76·2	35·0	27·1
TOTAL	**17,040**	**171·2**	**67,147**	**247·3**	**426·0**	**565·3**	**604·3**

* Including the estimated loss of Rs. 26 lakhs for 68,366 fruit trees also.

** Including Government, Municipal Corporation and Panchayat Buildings, Government Godowns, *etc.*

† Including school buildings, rest house, dispensaries, hospitals, water works, *etc.*

Source : Publication of the Gujarat Government.

In the sphere of agriculture, major losses were due to destruction of standing crops worth Rs. 5.65 crores and loss of cattle and other animals worth Rs. 35 lakhs.

Among industrial units, the medium and small-scale units suffered maximum loss (Table 4). About 3,360 medium and small-scale units in the State reported losses worth Rs. 7.33 crores, of which major (58 per cent) portion consisted of damage to buildings, machinery, plant and equipment, raw materials and stocks of finished goods. More detailed classification of these losses are, however, not available. The production loss arising out of stoppage of work for nearly two months amounted to Rs. 2.87 crores. Twenty large-scale industrial units were adversely affected by floods and consequently sustained losses worth Rs. 2.83 crores, the major portion of it (Rs. 1.90 crores or 67 per cent) was production loss due to stoppage of work. The loss to all industries included loss of imported raw materials, spares and machinery worth Rs. 33 lakhs.

TABLE 4—DAMAGE CAUSED BY FLOODS AND HEAVY RAINS TO INDUSTRY IN GUJARAT IN AUGUST 1968

(In lakhs of rupees)

District	Medium/Small-scale industries			Large-scale industries					
					Damage to				
	No. of units	Damage to buildings, machinery, plant & equipment, raw materials, finished goods and stocks*	Production loss	No. of Units	Plant and equipment	Buildings	Raw materials and finished goods	Production loss	Lay-off compensation
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Surat ..	3119 } (90)	396·2 } (15·7)	274·0	19(0)	40 } (9·2)	10	24 } (8·4)	90	19
Bulsar	80	36·8	12·1	—	—	—	—	—	—
Broach	6	2·4	1·0	—	—	—	—	—	—
Baroda	—	—	—	1	—	—	—	100†	—
Bhavnagar	155	10·4	—	—	—	—	—	—	—
TOTAL ..	**3360**	**445·8**	**287·1**	**20**	**40**	**10**	**24**	**190**	**19**

Figures in brackets indicate the damages to imported raw materials, plant and equipment, *etc.*

* Separate break-down not available.

† Gujarat State Fertilizer Corporation's one month's production loss. Further details are not available. Details of estimated loss to the units of Oil & Natural Gas Commission are also not available.

(By the courtesy of the Gujarat Government)

Traders and dealers and co-operative societies lost their stocks of finished goods in the flood waters. Nearly 987 traders and dealers in the State reported losses worth Rs. 72.7 lakhs either due to complete destruction of stocks or heavy damage to the goods (Table 5). Forty-five industrial co-operatives suffered loss of stocks worth Rs. 34 lakhs and 158 agricultural co-operative societies lost stocks of fertilizers and seeds worth Rs. 40 lakhs (Table 5).

TABLE 5—DAMAGE CAUSED BY FLOODS AND HEAVY RAINS TO TRADERS AND CO-OPERATIVES IN GUJARAT IN AUGUST 1968

(In lakhs of rupees)

	Number	Value of goods and stocks completely destroyed	Value of goods heavily damaged
Traders and Dealers	987	40·6	32·1
Industrial Co-operative Societies	45	33·7	—
Agricultural Co-operatives supplying fertilizers, seeds, *etc.*	158	40·0	—
Total Loss in Value		**114·3**	**32·1**

The approximate classification of the value of damage according to the nature of rehabilitation finance required for agriculture, industry and trade indicates that the major requirements of about Rs. 12.32 crores will be in the sphere of working capital finance and Rs. 5.31 crores in the sphere of fixed capital finance (Table 6). The loss of property due to damage to or collapse of houses/huts and damage to public utilities like schools, dispensaries, hospitals and Government and Municipal buildings are excluded from this classification. The agricultural sector's requirements of working capital finance amount to Rs. 6.05 crores and of fixed assets finance of Rs. 0.35 crore and the requirements of the industrial sector amounted to Rs. 5.54 crores and Rs. 4.96 crores, respectively.

TABLE 6—APPROXIMATE CLASSIFICATION OF VALUE OF DAMAGE ACCORDING TO NATURE OF REHABILITATION FINANCE REQUIRED*

(In lakhs of rupees)

	Requirements of working capital finance	Requirements of fixed assets finance
1. Agricultural Sector		
(*i*) Loss of cattle and herds	—	35
(*ii*) Damage to standing crops	565	—
(*iii*) Destruction of stocks of agricultural co-operative societies	40	—
TOTAL OF 1	**605**	**35**
2. Industrial Sector		
(*i*) Medium/small scale industries	287	446
(*ii*) Large-scale industries	233	50
(*iii*) Destruction of Stocks of industrial co-operatives ..	34	—
TOTAL OF 2	**554**	**496**
3. Trade	**73**	—
TOTAL OF 1 + 2 + 3	**1232**	**531**

* Excludes the loss on account of houses/huts damaged or collapsed and damage to public utilities like schools, dispensaries, hospitals, Government buildings, *etc.*

SECTION II.

In this section, various schemes of rehabilitation sponsored by the State Government through its different departments, the commercial and co-operative banks and the voluntary relief organisations are reviewed. The schemes can broadly be classified into four groups. (1) Schemes of granting cash subsidies and loans towards rehabilitation of village folk and reconstruction of villages and huts by the revenue, public works and rehabilitation departments jointly with voluntary agencies, (2) the schemes sponsored by Agriculture and Co-operation Departments through co-operative banks and societies, (3) the schemes for advancing loans to petty traders, farmers and artisans for productive purposes, administered jointly by commercial banks, the State Government and voluntary agencies, and (4) the scheme of providing finance by Gujarat State Financial Corporation, six commercial banks and an industrial co-operative bank to industries and traders.

The First Group of Schemes of the State Government and Voluntary Agencies for Rehabilitation of Villages

The major schemes* of the State Government are :

(i) Offer of cash doles varying from Re. 1 to Rs. 200 per family. In the event of the death of the earning head of the family, cash dole of Rs. 500 offered.

(ii) Grants ranging from Rs. 150 to Rs. 250 offered to farmers, cattle owners and shepherds to buy bullocks, cows, buffaloes sheep and goats. Those whose requirements are more can obtain loans upto Rs. 1,000 at 4 per cent rate of interest.

(iii) Subsidy not exceeding Rs. 100 sanctioned for every artisan and petty trader for actual purchase of tools and equipment.

(iv) Offer of interest-free loans upto Rs. 500 for repairing houses. Loans exceeding Rs. 500 but upto Rs. 5,000 at 4 per cent rate of interest would be given for repairing heavily damaged houses. Repayments in 10 instalments for loans upto Rs. 500 and in 20 instalments for loans exceeding Rs. 500.

(v) The State Government has decided to give grants to Panchayats and Municipalities to reconstruct public utilities like roads, school buildings, hospitals, dispensaries, *etc.*

(vi) Land revenue collection has been suspended.

(vii) Free plots and sites offered by the State Government for reconstructing and transferring of villages and huts. Subsidy of Rs. 350 per hut granted for building a standard new hut estimated to cost Rs. 1,000. Chief Minister's Relief Fund or voluntary

* Based on Government Resolutions.

agencies may provide the balance of the finance. In cases where voluntary agencies are willing to provide more funds, upper limit of the cost of a new hut raised upto Rs. 1,350, subsidy remaining constant at Rs. 350. Among the voluntary agencies, two agencies are prominent, the Bombay Citizens' Gujarat Flood Relief Committee constituted under the Chairmanship of Shri A. N. Mafatlal, and the group of trade and industry associations of Gujarat sponsored by the Gujarat Chamber of Commerce.

(viii) Schemes of voluntary agencies adopting the village for reconstruction and rehabilitation. Under this scheme, the cost of complete reconstruction of the villages offered for being adopted was estimated at Rs. 64.3 lakhs by the Bombay Citizens' Gujarat Flood Relief Committee. The amount of Rs. 25 lakhs given to the Chief Minister's Relief Fund would be used for the purpose of constructing hutments in partially affected villages. The Relief Committee has also decided to pay the interest for the first five years and lighten the burden of the affected persons who would obtain loans from Government for repairing damaged houses.

(ix) **Progress of the schemes** : Under these schemes, some villages have been adopted by voluntary agencies. However, exact number and details are not available. Under the Government's schemes, available information indicates that the reconstruction of nearly four to five hundred huts was completed in Broach district by the end of January 1969 and information from other districts is yet being collected. Upto January 31, 1969, the State Government incurred expenditure of Rs. 94 lakhs as a grant for repairs and reconstruction of houses/huts and loans of Rs. 35 lakhs were disbursed for the same (Table 7). According to the State Government estimates, the expenditure likely to be incurred for this purpose till March 31, 1969, would amount to Rs. 244 lakhs under grants for repairs and reconstruction of houses/huts and Rs. 393 lakhs as loans. Considering that the voluntary agencies would be contributing substantial proportion towards reconstruction of villages and huts, indications are that substantial funds would be available for repairs and reconstruction of houses/huts and villages as compared with the reported estimated loss due to collapse of and damages to houses and huts during floods.

These rehabilitation and reconstruction schemes are to be implemented by the Committee consisting of (1) District Collector, (2) Development Officer, (3) *Mamlatdar*, (4) Executive Engineer (PWD), and (5) a representative of Voluntary Charitable Organisations. Formerly, the Rehabilitation Commissioner was appointed to supervise these schemes, but recently the post has been abolished and the work has been transferred to the Revenue Department. The details of expenditure incurred under the first group of schemes upto January 31, 1969, and likely to be incurred upto March 31, 1969, is given in Table 7.

TABLE 7—EXPENDITURE ON VARIOUS FLOOD RELIEF MEASURES

(In lakhs of rupees)

Relief items	Ceiling fixed by Govt.	Expenditure incurred upto 31-1-1969	Expenditure likely to be incurred from 1-2-1969 to 31-3-1969	**Total expenditure to be incurred upto 31-3-1969**
	(1)	(2)	(3)	(4)
I				
Gratuitous Relief ..	225·0	94·9	30·1	**125·0**
Grant for repairs and reconstruction of houses/huts	150·0	94·0	150·9	**244·9**
Subsidy for artisans and petty traders	5·0	3·0	—	**3·0**
Grant-in-aid for cattle-breeders and goat-herds	5·0	1·9	1·0	**2·9**
Cash relief for deaths	2·0	0·9	—	**0·9**
Transport expenses, staff, *etc.*	10·0	3·7	51·2	**54·9**
TOTAL OF I	**397·0**	**198·4**	**233·2**	**431·6**
II				
Loans for houses/huts	500·0	34·6	358·3	**392·9**
Loans to cattle-owners	25·0	0·8	5·0	**5·8**
TOTAL OF II ..	**525·0**	**35·4**	**363·3**	**398·7**
TOTAL OF I AND II ..	**922·0**	**233·8**	**596·5**	**830·3**

By the courtesy of the Gujarat Government.

The Second Group of Rehabilitation Schemes of Agriculture and Co-operation Department of the State Government*

These schemes were as follows: (i) Distribution of *jowar* seeds to cultivators on a *tagai* system in distressed areas on no profit no loss basis. (ii) Measures were approved for special repairs to *Kayari* lands in 30,000 acres at a cost not exceeding Rs. 100 per acre. (iii) With a view to making available the finan-

* Based on Government Resolutions.

cial assistance to farmers for purchase of seeds, replacing of bullocks and agricultural implements and provide long-term loans for repairing damaged wells and engines, pumps, re-establishment of orchards of mangoes and *chickoos* and repairing damaged farm houses, *etc.* Government has given a bulk composite guarantee of Rs. 90 lakhs to the District Co-operative Banks of Surat, Broach, Bulsar and Bhavnagar districts and Gujarat State Co-operative Land Development Bank, so that these institutions can advance short-term and long-term loans to needy farmers. The Government guarantee would be for the marginal amount, that is the portion of the loans in excess of the normal credit entitlements of the borrowers. The data regarding this marginal amount advanced till now are not available. (iv) As a special case, a loan of Rs. 3 lakhs was granted to the Surat District Co-operative Mill Producers' Union Ltd. for advancing through the Surat City Milk Producers' Co-operative Society Ltd. individual loans to the members of the Society for replacing milch cattle and cattle feed lost in floods. (v) Government also sanctioned subsidy in interest at the rate of 2.75 per cent for the first five years on loans given till March 31, 1969 by Land Development Bank to land holders for replanting orchards and repairing of their bunds and embankments, *etc.* A subsidy was also sanctioned in the rate of interest at about 2 per cent for a period of the first five years (for the applications received till end of March 1969) for the long-term loans to be advanced by the Land Development Bank to farmers for the purchase of oil engines, pumping sets, tractors and other implements and digging of wells, *etc.* (vi) Financial assistance was also sanctioned to co-operative societies which suffered losses of stock-in-trade such as fertilizers, foodgrains, cement, sugar, *etc.*, and damage to machinery, godowns and immovable properties. The assistance would be sanctioned to each society keeping in view the loss suffered by it. The total loans to be advanced to all such societies would not exceed Rs. 35 lakhs. The loans would be granted as follows: (a) long-term loans on 6 per cent interest rate, repayable in five annual instalments with interest commencing from the sixth year, (b) gratuitous relief to the extent of 50 per cent of the actual loss, in each case, subject to a maximum of Rs. 5000 to those societies which have suffered heavy losses and (c) *ex-gratia* grant of 30 per cent of the amount of loans to those societies which obtain long-term loans, to be adjusted against the said loan amount.

Progress Of The Schemes :

Under these schemes of Agriculture and Co-operation Department, it incurred the expenditure of Rs. 9 lakhs till the end of December 1968 and is likely to spend in all Rs. 69 lakhs upto the end of March 1969 (Table 8).

The Gujarat State Co-operative Bank has decided to reimburse to the district co-operative banks the loans advanced by them for flood relief purposes at the same rate of interest as charged by the Reserve Bank to the State Co-operative Bank.

TABLE 8—EXPENDITURE UNDER THE SCHEMES OF AGRICULTURE AND CO-OPERATION DEPARTMENT

(In lakhs of rupees)

Relief items	Ceiling fixed by Govt. (1)	Expenditure incurred upto 31-12-1968 (2)	Expenditure likely to be incurred between 1-1-1969 and 31-3-1969 (3)	**Total expenditure likely to be incurred upto 31-3-1969** (4)
I				
Grants to cultivators	14	2·8	20·3	**23·1**
Subsidy to cultivators for land reclamation	11	0·6	8·1	**8·7**
Grants to co-operative societies ..	15	—	0·3	**0·3**
Cattle health measures ..	2	1·3	0·4	**1·7**
TOTAL—I	**42**	**4·7**	**29·1**	**33·8**
II				
Loan Items				
Taccavi to farmers	45	3·9	0·4	**4·3**
Loans to co-operative societies	35	—	18·4	**18·4**
Loans to fishermen	9	—	2·8	**2·8**
Loans to poultry farmers	20 (A & C Dept) 25 (Revenue Dept.)	0·5	3·6	**4·1**
Loans to agricultural co-operatives which sustained damages	25	—	5·4	**5·4**
TOTAL—II	**159**	**4·4**	**30·6**	**35·0**
GRAND TOTAL—I + II	**201**	**9·1**	**59·7**	**68·8**

By the courtesy of the Gujarat Government.

The Third Group of Schemes of the Loans to be Advanced by the Commercial Banks to Farmers and Artisans*

With a view to rehabilitating agriculturists, small traders, self-employed artisans and craftsmen and a large number of such small people both in the rural and urban areas affected by recent floods, the rehabilitation scheme of financial assistance amounting to Rs. 1 crore was jointly evolved by trade and industry associations from Gujarat and Bombay, the Gujarat Govern-

* The information regarding the scheme is based on the State Government Resolutions and the data supplied by some commercial banks participating in the scheme.

ment and the five commercial banks. Under this scheme, State Bank of India, Central Bank of India, Bank of India, Bank of Baroda and Dena Bank would advance by way of loans upto Rs. 20 lakhs each to persons approved for the purpose. Each bank would work in the area shown below against their names.

NAME OF THE BANK	THE AREA OF OPERATION
State Bank of India	Broach district and areas of Baroda district
Central Bank of India	Bulsar district
Bank of India	Dhanduka—Nalkantha of Ahmedabad district
Bank of Baroda	Surat district
Dena Bank	Bhavnagar district

Main features of this scheme are: (i) interest free (for borrowers) loans ranging from Rs. 500 to Rs. 2,500 per borrower would be provided for a period of five years.

(ii) Loans would be given only for productive purposes.

(iii) The trade and industry associations of Gujarat will subsidise interest (which is charged at the rate of 6 per cent) on an amount of Rs. 50 lakhs, like-wise, the trade and industry associations from Bombay, *i.e.*, Bombay Citizens' Gujarat Flood Relief Committee, would subsidise the interest (which is charged at the rate of 6 per cent) on an amount of Rs. 50 lakhs.

(iv) Each Bank is likely to earn approximately Rs. 2 lakhs less over five year period as the loans are being advanced at 6 per cent interest rate instead of the usual 9.5 per cent interest rate.

(v) Government would provide guarantee on these loans on the basis of 80:20, 80 per cent guaranteed by the Government of Gujarat and 20 per cent of the risk being borne by the banks concerned.

(vi) Initially, the loans were to be granted on the personal security of a co-signatory who would execute a promissory note in favour of the banks. But later on, this condition was modified on the basis of experience and the loans would be granted to the borrower who would execute a promissory note in favour of the bank.

(vii) The pattern of operation of the scheme is such that the branches of the banks would scrutinise the applications received from intending borrowers and subsequently forward them for approval to *Taluka* Committee, consisting of *Mamlatdar*, *Taluka* development officer, a representative of the bank and a nominee of the Collector. In district headquarter towns this task would be performed by a City Committee consisting of the Collector, Mayor or Municipal President, a representative of the bank and an officer to be nominated by the Collector. In the earlier stages of the scheme the banks were required to appoint correspondents to introduce the borrowers to the branch of the bank but subsequently it was found that appointing correspondents was not necessary. A representative of local trade and industry associations was also made eligible to be the member of the City Committee.

Progress of the Schemes :

All the five banks are supposed to sanction the full limits of Rs. 20 lakhs allocated to each bank, the progress of actual disbursement of funds under the scheme was found to be slow in initial stages. For instance, in respect of one of the participating banks which had sanctioned full amount of Rs. 20 lakhs by the middle of January 1969, it was reported that it would start disbursing the funds after their agreement regarding payment of interest by a voluntary agency with the bank was finalised. Some of the other participating banks had started disbursing loans since November 1968. By March 1969, the full amounts are expected to be sanctioned.

The Fourth Group of Schemes regarding the Financial Assistance by Gujarat State Financial Corporation, Six Commercial Banks and Southern Gujarat Industrial Co-operative Bank to Industries and Trade*

For the rehabilitation of the industries and traders affected by the floods which had seriously damaged a large number of industries including their machinery and equipment as well as the raw materials and finished goods, the following schemes were formulated :—

(*i*) *Loans by Gujarat State Financial Corporation to the affected Industries*

The main features of the scheme are: (1) The Gujarat State Financial Corporation would advance loans to the industries affected by floods in the State upto a limit of Rs. 50,000 per industrial unit so affected at the rate of interest of 6 per cent. For this purpose, the Financial Corporation would raise its own funds to the required extent. (2) The period of repayment of loans would be five years, the first instalment towards repayment commencing after twenty-four months of the date of drawal of loan either in full or in part. (3) The State Government would give a guarantee of Rs. 1.5 crores to the Corporation for the loans thus advanced. (4) The State Government would also subsidise the amount that would be needed to make up the difference between the usual lending rate of the Corporation but not exceeding 8.5 per cent and the rate of 6 per cent at which the loans would be advanced to the affected industries by the Corporation. The subsidy of interest to the

* The information regarding the schemes is based on the State Government Resolutions.

Corporation would be limited to the extent refinance and guarantee are not available to the Corporation from the Industrial Development Bank of India.

(ii) Loans by Banks

Main features are: (i) Six commercial banks, *viz.*, Dena Bank, Bank of Baroda, Bank of India, Central Bank of India, United Commercial Bank and Union Bank of India and the Southern Gujarat Industrial Co-operative Bank would advance loans under this scheme to the small industries including power looms as well as the small traders, affected by the floods, upto Rs. 25,000 to each unit or to each trader for working capital as well as for reconditioning of machinery. (ii) Reimbursement of 50 per cent of the loss incurred by each bank in each case on account of non-repayment of loans would be guaranteed by the State Government. (iii) The rate of interest on such loans would be 6 per cent. (iv) The loans would be operated on the personal guarantee of a co-signatory who would execute a pronote in favour of the bank or on pledge or hypothecation of goods/machinery to the extent of the loan advanced by the bank. (v) The period of repayment of loans would be five years, the first instalment towards repayment commencing after twenty-four months of the date of drawal of the loans in part or in full. (vi) No subsidy would be given by Government under this scheme.

(iii) Hire-Purchase Arrangements by Gujarat Small Industries Corporation

The Gujarat Small Industries Corporation would provide replacement of machinery and equipment on hire purchase basis under their normal scheme to the industries affected by the floods with the concession that the parties concerned would not be required to provide 20 per cent advance which is required in the usual hire-purchase scheme. Government would give a bulk guarantee to the extent of Rs. 1 lakh to start with, representing 20 per cent of the value of machinery that would be provided by Gujarat Small Industries Corporation on hire-purchase basis.

The pattern of operation for the above threes chemes (*i*), (*ii*) and (*iii*) is such that applications for loans would be received by the banks concerned, the Gujarat State Financial Corporation and the Gujarat Small Industries Corporation. These applications would then be forwarded by these agencies with their views to a Committee consisting of the following persons for scrutiny and sanction: (1) Industries Commissioner of the State Government, (2) Commissioner of Sales Tax or an officer nominated by him (3) Managing Director, Gujarat State Financial Corporation, (4) Managing Director, Gujarat Small Industries Corporation, (5) Collector of the district concerned, (6) to (12) Representatives of the banks concerned in respect of the cases of their clients only, (13) to (14) Presidents of the Chamber of Commerce, Bulsar/Surat, (15) President of South Gujarat Engineering Industries Association, (16) President, Udhna Udyognagar Sahakari Sangh, (17) President, Surat

Weaving Industries Central Development Committee and (18) District Registrar in charge of industrial co-operatives, Surat.

The progress of implementation of these schemes indicates that seven banks and Gujarat State Financial Corporation had received 2,021 applications upto February 2, 1969 of which 1,593 were sanctioned, 88 were deferred and 228 were rejected (Table 9). The amount of Rs. 104 lakhs was sanctioned to 1,593 units and an amount of Rs. 67.4 lakhs was disbursed to 1,041 units. In the case of traders and dealers, upto January 6, 1969, of the 523 applications forwarded to the Committee 375 applications for Rs. 43 lakhs were sanctioned and Rs. 21 lakhs were disbursed to 211 applicants.

TABLE 9—ASSISTANCE TO INDUSTRY AND TRADE—POSITION AS ON FEBRUARY 6, 1969

(In lakhs of rupees)

Total Number of applications received	Put up to Industries Commissioner	Sanctioned	Amount	Applications deferred	Applications rejected	Parties informed	Referred to S.T. Deptt.	Pending
Industries Dept.								
2,021*	1,909	1,593	103·9	88	228	1811	10	2

* Includes 104 cases returned to banks and 6 numbering mistakes.

Financial Agency	Sanctioned		Documents made as on 6-2-1969		Disbursement made as on 6-2-1969	
	Units	Amount	Units	Amount	Units	Amount
Gujarat State Financial Corporation	961	56·3	691	40·8	670	38·7
United Commercial Bank	144	12·2	95	8·7	88	8·4
Central Bank of India	42	3·9	36	2·7	33	2·4
Bank of Baroda	105	5·7	67	3·8	56	2·6
Dena Bank	88	8·4	56	5·9	51	5·2
Bank of India	57	5·0	33	2·9	29	2·4
Southern Gujarat Industrial Co-operative Bank	136	7·4	91	5·2	80	4·7
Union Bank of India	60	5·0	40	3·6	34	3·0
TOTAL ..	**1,593**	**103·9**	**1,109**	**73·6**	**1,041**	**67·4**
		As on 6-1-1968				
Traders & Dealers ..	523	43·3	375	33·8	211	20·9

By courtesy of the Gujarat Government.

The Gujarat Government on January 30, 1969 decided to provide special assistance to industrial co-operatives. Industrial co-operative societies in the State and Surat District Co-operative Spinning Mills Ltd., Surat suffered heavy losses on account of damage to stock-in-trade, machinery, godowns and immovable property. In consideration of the serious losses suffered by these co-operative societies, and with a view to enabling them to resume normal activities as quickly as possible, Government decided to provide them financial assistance, partly in the form of gratuitous relief and partly in the form of long-term loans. The long-term loans would be granted on the following terms: (1) Each society would be given long-term loans keeping in view the loss suffered by it. (2) The total loans to be advanced to all such societies would not exceed Rs. 16 lakhs. (3) The loans are to be advanced at the rate of 6 per cent interest rate and will be recovered with the interest thereon in five equal annual instalments, commencing from the sixth year. (4) Further, some societies may be required to strengthen their share capital in order to enable them to get credit from the industrial co-operative banks to carry on their normal trading activities and to repay the deposits of their members who would be in need of cash. Such societies would be given the option of converting 10 per cent of the loan amount in the form of Government share capital contribution, which would be repayable on the same terms and conditions as the loan amount. (5) In addition to the loans, Government has offered gratuitous relief to industrial co-operative societies which suffered heavy losses, such relief will be granted to the extent of 50 per cent of the actual loss in each case subject to a maximum of Rs. 5,000 per society. (6) Besides, those societies which obtain long-term loans under this scheme would also get *ex-gratia* grant at the rate of 30 per cent of the amount of such loan, and amount of such grant would be adjusted against the loan amount. (7) This scheme in each district is to be implemented by a panel of three members, consisting of the Collector, the District Development Officer, and the District Registrar of Co-operative Societies (Industries). The loans, contribution to the share capital and the gratuitous relief would be sanctioned by the Collector of the district as per the recommendations of the Committee. Total assistance of Rs. 26 lakhs comprising Rs. 10 lakhs as gratuitous relief and Rs. 16 lakhs as loans is sanctioned under this scheme.

The Chief Minister's Relief Fund had received Rs. 1.77 crores by the end of December 1968. Rs. 18 lakhs were disbursed out of the Fund towards scarcity and flood relief.

In respect of the administrative arrangement of sanctioning loans by the financial institutions like commercial banks and Gujarat State Financial Corporation, they are required to submit the applications received for loans, after scrutinising them according to prescribed guidelines at their own level, again to the Committee appointed by Government. This procedure would have involved duplication. Moreover, in addition to the performance of the normal duties, the Collectors and the Development Officers of the various districts have to carry the extra burden by being members and chairmen of number of committees appointed for implementing various schemes.

At this stage when the rehabilitation programmes are still in the process of implementation and incomplete it is difficult to assess the aggregate expenditure likely to be incurred. But assuming that the maximum limits of assistance sanctioned under all the groups of schemes sponsored by Government (under revenue, agriculture and co-operation and industries departments which include the assistance sanctioned to co-operative societies), commercial banks and Gujarat State Financial Corporation which are reviewed above will be fully utilised, the aggregate assistance that will be provided can be estimated at the level of Rs. 18.23 crores (Table 10).

TABLE 10—AGGREGATE REHABILITATION EXPENDITURE

(In lakhs of rupees)

Groups of schemes sponsored by	Purpose		Limits of likely expenditure sanctioned-loans, grants and subsidies
Revenue Department of the State Government.	Rehabilitation of—		
	(a) village folk, their houses/huts and public utilities*, *etc.*	(a)	650·0
	(b) agriculture and cattle breeding	(b)	272·0
Agriculture and Co-operation Department of the State Government.	Rehabilitation of agriculture through District Co-operative Banks and co-operative societies.		201·0
Loans (substantially guaranteed by the State Government) by 5 commercial banks.	Providing finance to petty traders and artisans for productive purposes ..		100·0
Loans (partly guaranteed by State Government) to industry and trade by Gujarat State Financial Corporation and seven banks.	Providing finance to industry and trade		500·0
Voluntary Agencies. ..	(a) Payment of interest to 5 banks under the Group (3) schemes and ..	(a)	100·0**
	(b) Contribution to reconstruction of huts and villages	(b)	100·0
	Total ..		**1823·0**

* Refer to public buildings, schools, hospitals, dispensaries, etc.

** The scheme envisages the payment of interest on loans advanced by 5 commercial banks and not actual advancing of loans or giving grants, hence excluded from aggregate loans and grants sanctioned. Similarly, cost of interest element is also excluded from the estimates of losses.

A noteworthy aspect of these schemes and efforts to provide rehabilitation finance was the participation, in addition to co-operative societies, of financial institutions like commercial banks, the Gujarat State Financial Corporation and an industrial co-operative bank in these schemes on the basis of the State

Government guarantee to a substantial extent for which requisite State Government Resolutions were passed. The commercial banks, the Gujarat State Financial Corporation and an industrial co-operative bank would, in aggregate offer rehabilitation finance amounting to about Rs. 6 crores to industry and trade (Table 11) at concessional rate of interest of 6 per cent. In the case of the Land Development Bank the State Government is to subsidise the difference between the usual lending rate of interest and the concessional flood rehabilitation rate of interest. Similar subsidy is also granted to the Gujarat State Financial Corporation if it cannot get the requisite refinance from the Industrial Development Bank of India. Thus, the earnings of the Land Development Bank and the Gujarat State Financial Corporation are not likely to be adversely affected. While in the case of commercial banks, no subsidy is granted for the difference between their usual lending rate of interest of 9.5 per cent and the concessional rehabilitation finance rate of 6 per cent. In one of the schemes of providing finance to petty traders and small artisans for productive purposes in which each of the 5 commercial banks would grant loans upto Rs. 20 lakhs at 6 per cent rate of interest, it is estimated that each commercial banki s likely to suffer a loss of Rs. 2 lakhs in its earnings over five year period. It is probable that if the facility of subsidising the difference between normal rate of interest and concessional rate is extended to the commercial banks also, or in the alternative, the refinancing facilities at the concessional rate is offered to the commercial banks, they may be able to offer greater rehabilitation assistance to the industry and trade.

SECTION III.

It is always difficult to juxtapose the loss suffered and the sufficiency of the assistance granted. But it is possible to draw some tentative conclusions when data regarding estimated losses and limits of assistance sanctioned are available. As against the estimated loss of Rs. 27.85 crores due to floods, the aggregate assistance to be sanctioned under various schemes would amount to Rs. 18.23 crores, leaving a gap of about Rs. 9.62 crores. Purpose-wise analysis of expenditure sanctioned indicates that the loss of Rs. 10.2 crores sustained due to destruction of or damage to houses/huts, public buildings, schools, dispensaries and hospitals is likely to be compensated to the extent of Rs. 7.5 crores by the subsidies and loans of the State Government and assistance from the voluntary agencies. While in respect of industries (all large, medium and small units) and trade which suffered loss of Rs. 11.2 crores, the assistance offered by commercial banks and Gujarat State Financial Corporation against the State Government guarantee would amount to Rs. 6 crores, leaving a short-fall of about Rs. 5.2 crores. In agricultural sphere too, there would be short-fall of Rs. 1.7 crores between the losses sustained due to floods (Rs. 6.4 crores) and assistance sanctioned (Rs. 4.7 crores).

TABLE 11—SOME ASPECTS OF REHABILITATION FINANCE SANCTIONED TO AGRICULTURE, INDUSTRY AND TRADE BY INSTITUTIONS*

(In lakhs of rupees)

Institutions	Limits of likely expenditure sanctioned			Rate of interest (Per cent)	Guarantee *i.e.* risk covered	Special feature
	Total limits	Finance for working capital requirements	Finance for fixed capital requirements			
	(1)	(2)	(3)	(4)	(5)	(6)
1. Assistance by Revenue and Agriculture and Co-operation Departments of the State Government to Agricultural sector, directly and through Co-operatives.	473**	—	—	Varying from interest free loans to 6	State Govt. offered Rs. 90 lakhs composite guarantee to 5 district co-operative banks and State Land Development Bank	State Govt. offered subsidy in rate of interest at 2·75 per cent and 2 per cent for loans by Land Development Banks.
2. Loans to petty traders and artisans by 5 commercial banks.	100	100	—	6	80 per cent of the loan guaranteed by State Government	Payment of interest offered by voluntary agencies. Each bank is likely to earn Rs. 2 lakhs less due to 6 per cent interest over 5 year period
3. Loans to industry and trade by Gujarat State Financial Corporation and seven banks :					(*a*) State Government has offered bulk guarantee of Rs. 150 lakhs to GSFC (*b*) 50 per cent guarantee to other seven banks.	(*a*) State Government to subsidise the difference between 8·5 per cent and 6 per cent interest for GSFC to the extent refinance not available from IDBI. Other 7 banks do not get this subsidy.
(*i*) Industry	427**	—	—	6		
(*ii*) Trade	73	73	—	—		
Total—(1)+(2)+(3) ..	**1,073**					

* Excludes the assistance offered for reconstruction of villages, houses/huts and public utilities like school buildings, hospitals, dispensaries, municipal buildings by State Government and Voluntary Agencies.

** Details for classification into working capital and fixed capital requirements not available.

It seems that in the event of natural calamities such as Gujarat Flood Havoc of August 1968 which cause devastation of great magnitude, resources of the State Government and voluntary charitable organisations may not be sufficient for the rehabilitation of villages, public utilities, agriculture, industry and trade. In such a situation, co-operative and commercial banking system of the country which have large monetary resources at their discretion owe an obligation to agricultural, industrial and trade sectors of the community on whose survival the prosperity of the banking system depends. Perhaps, the commercial banking system might be able to provide more loans for rehabilitation of agriculture, industry and trade which suffer due to national calamities every year in India, if there is a special facility of arranging refinance at a concessional rate of interest for such loans advanced by commercial banks to avoid the loss in their earnings. According to the experience of 1968 when there were two heavy floods (Gujarat and West Bengal) in the country, finance within the range of Rs. 30 crores to Rs. 40 crores per annum might be required for rehabilitation of agriculture, trade and industry suffering due to natural calamity. As the State Governments are willing to provide the guarantee, in addition to the personal sureties, the problem of adequate security need not be an obstacle in advancing loans by the co-operative and the commercial banks to agriculture, industry and trade which suffer due to natural calamities, if the facility of concessional refinance is granted to the banking system.

March 1, 1969

TANNERS AND LEATHER WORKERS IN DHARAVI AREA—A FIELD STUDY

The field study of the leather industry in the Dharavi area of Bombay was undertaken to broadly assess the credit needs of the tanners and leather goods workers as also to find out the extent to which these needs are met at present by the institutional agencies. This being a quick *ad hoc* survey, the investigation, instead of being spread over the entire Dharavi area, was restricted to the Kala Killa area and its vicinity where the leather industry comprised 79 households mostly producing suit-cases and wallets, 34 *karkhandars* mostly producing ladies' handbags and jewellery boxes and five tanneries, four of which tanned raw buffalo hides and produced textile accessories while one did only tanning of sheep-skins, mainly for export.

For a detailed study, we selected at random 25 households of leather goods workers (with due regard to the different types of articles like suit-cases, wallets, leather handbags and footwear in which they specialised) and four *karkhandars* producing a variety of fancy leather articles. For studying the various aspects of tanning industry, data were collected, also about ten tanners' households in Kherwadi (which supplied tanned leather, either directly or through traders, especially to the households of leather goods workers) and four tanneries in Dharavi.

A detailed report has been prepared giving broad outline of the structure of the industry, institutional set-up to provide various services like technical knowhow, changes in marketing conditions, consumer preferences, loans, grants and subsidies, *etc.*, analysis of the data collected on credit requirements and sources of finance, marketing practices, *etc.* The main findings of this inquiry are summarised in this note. It is divided into two sections, the first giving the broad features of the households and *Karkhanas* and the second, the important conclusions about the credit problems of the leather workers and tanners.

Broad Features of the Households and Karkhanas in Leather Industry

Households of Leather Goods Workers

The households engaged in production of leather goods comprise the head of the household and his family members. They usually obtained their requirements of raw materials, consisting of tanned leather from local traders either on cash or on credit or on both. The usual condition for credit purchases is that the finished goods would be sold to the supplier at a stated price. The bulk of the leather—worth about three-fourths of the total value of raw materials per family—was obtained on cash. The value of leather goods produced during 1968 averaged Rs. 7,843 per family.

* Prepared in the Reserve Bank of India.

The household workers can broadly be divided into five groups depending on the products that they produce (*a*) producers of suit-cases, (*b*) producers of wallets, (*c*) producers of ladies' handbags, (*d*) producers of foot-wear, (*e*) 'others', mainly producing camera/radio cases and watch straps. Among the five categories of leather goods workers, the value of production was the highest (Rs. 13,340 per family) among the 'others' category and the lowest (Rs. 2,660 per family) among the foot-wear makers. The excess of income from the sale of leather goods averaged Rs. 2,268 per family.

Households of Tanners (Kherwadi)

The tanners at Kherwadi mostly tanned sheep skin, the raw hides for which were obtained from the traders in Dharavi area. Like the households of leather goods workers, the tanners, households also obtained bulk of their raw material requirements on cash, about two-thirds of the total value of raw hides per family being purchased on cash. The production of tanned leather was valued at Rs. 23,400 per family. The receipts from sale of tanned leather exceeded the production cost by Rs. 3,520 per family. Their cycle of operations being of about 40 days and the trade credit being generally of shorter duration than this cycle, about 30 per cent of the families showed borrowings of Rs. 1,433 per reporting family.

Karkhanas of Leather Goods Workers

The *karkhanas* of leather goods workers are establishments run by one or two proprietors from the leather workers' class itself, by employing six to eight workers. The working capital averaged Rs. 9,109 per *karkhana*, 83 per cent of which consisted of owned funds. Total purchases of raw materials averaged Rs. 25,106 per unit, practically all of which were on credit. The leather goods produced brought in Rs. 48,025 per unit by way of sale proceeds, which resulted in net profits of Rs. 6,561 per *karkhana*. Their cycle of operations spread over ten to twelve days.

Karkhanas of Tanners

These *karkhanas*, mostly tanning buffalo hides for producing textile accessories, are also run by one or two proprietors each by employing skilled workers on wages. The total working capital averaged Rs. 2 lakhs per *karkhana*, about two-thirds of which consisted of borrowed funds. The value of raw materials averaged Rs. 2.39 lakhs per *karkhana*, 80 per cent being obtained on credit. The value of textile accessories, like picking bands and beltings, sold by these *karkhanas* averaged Rs. 4.52 lakhs per *karkhana*. Of the four selected for study, three reported net profits averaging Rs. 59,311 each while one—incidentally the co-operative one, tanning sheep skin for exports reported a loss of Rs. 33,447 during the year. The cycle of operations for the buffalo hide tanners was of 65 to 70 days and that for sheep skin tanners was of about fifteen days.

Credit Problems of Workers in Leather Industry

Leather Workers' Households

The income of these households from production of leather goods was very low, Rs. 2,268 per family. This income was supplemented by earnings from other sources averaging Rs. 1,287 per family. Assets including household utensils, furnitures, *etc.*, averaged Rs. 1,292 in value per family, with the result that even the small burden of debt showed a high incidence (47 per cent) in relation to these assets. The proportion would be nearly double if only the capital equipment with the household is reckoned as pledgeable assets.

The five categories of households producing leather goods showed marked variations in their level of incomes. Thus, the excess of income from production of leather goods over expenditure in the business ranged from Rs. 1,098 per family in the case of producers of footwears to Rs. 4,909 in the case of 'others'. These variations reflect more or less the difference in the levels of productivity of operations, costs of production, quality of the product, type of class for which the end-product is meant, demand for the product and so on. Thus, the category of 'others' showed a far higher level of income than others, as they produced mainly fancy articles of leather such as camera/radio cases and wrist watch straps. In fact, this class had the highest number of working days for the labourers, the highest working hours per day, highest expenditure on raw materials, highest value of production, highest value of assets, *etc.* In short, this category of households was the most favourably placed among the five in the households of leather goods producers.

Applying similar criteria, it would appear that households producing wallets come next in ranking in the order of the level of returns from the industry.

At the other extreme are the producers of foot-wear followed by the producers of suit-cases and leather bags who are relatively unfavourably placed in these respects.

Debt and borrowings of these households also reflect their low credit-worthiness. Almost all the debt consisted of dues on account of short-term loans only. The small proportion of indebted families (44 per cent to 48 per cent) and the small size of debt is due largely to non-availability of credit to them. Only three households or about 12 per cent of the total, reported loans for consumption purposes during the year. Traders readily accommodated these households whenever they required credit as the quantum involved was not very large (Rs. 50 to Rs. 200 per household) and needed for a short interval of eight to ten days between supplying of raw materials and getting the finished goods. In fact, purchase of raw materials on credit, though free of interest, led whenever resorted to, to good deal of exploitation of the leather worker as he had to accept the material even if it was of sub-standard quality and sell the finished goods to the creditor-trader only at a pre-settled price which was at a discount large enough to cover interest at the rate at which money-lenders advanced loans, *i.e.*, 24 per cent to 36 per cent *per annum*. What is more, this so-called trade credit for eight to ten days was often converted into a loan as the leather goods worker especially the suit-case maker—because of his weak economic position had to request the trader supplier to adjust only a part of the sale proceeds towards the trade credit. This explains why 55 per cent of the debt of these households was owned to traders. When the traders also, in due course, pressed for repayment of long standing dues, the worker borrowed from the money-lender for making these repayments. That is how money-lenders account for 45 per cent of the borrowings by these households during the year and 30 per cent of their debt at the end of the year, though these are termed as loans for 'non-business' purposes. This also explains relatively good repayment of dues to traders.

Paucity of credit in relation to requirements was also indicated by these households inasmuch as 21 of the 25 wanted credit; fourteen wanted credit only for working capital, one only for equipment while six wanted credit for both, working capital as well as equipment.

It is evident from the foregoing that the main problem from the standpoint of credit in the case of these households is that of low credit-worthiness. Considering the fact that they are under-employed or unemployed for a part of the year, are illiterate and keep no records of their costs, sales, *etc.*, have low fixed assets and poor holding capacity, etc., the problem of bringing them immediately within the orbit of commercial bank credit is challenging indeed.

One effective way to help these households out of the low credit-worthiness is to place their working on an organised co-operative basis. But mere replacing the trader by co-operative credit supply would not yield any result. Considering the part played by the trader in the supply of credit, any attempt to displace him without ensuring to these workers the valuable services rendered by him at present (*i.e.*, supplying raw material and, what is more, keeping the producers informed of changes in public tastes and preferences and orienting their production accordingly, providing them a ready market, *etc.*) would be harmful to these workers. This calls for co-operative organisations for purchase of raw materials, production and marketing. The Bombay Leather Survey Committee (1960) came to this very conclusion and emphatically stated that if leather workers are to get adequate returns for their labour, "it is possible only if co-operatives of these artisans are formed, strong enough to take up this industry and trade in all its branches forming a long chain . . . . We find no other alternative but the co-operative organisation to educate and help the members of this class".*

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* Vide Report, pp. 92-93

The Survey Committee, however, was aware that experience regarding industrial co-operatives was not quite happy or encouraging. It, however, points out the basic reasons for this disappointing performance of the co-operatives in the past and suggests some sound and practical lines of action to improve upon the past experience.

A selective approach by institutional credit agencies to some categories of workers, particularly those who produce fancy goods such as cases for cameras/radios and ladies' hand bags, is worthy of consideration till such time as these households are organised into co-operatives. Among the five categories of households producing leather goods studied by us, those under the categories of 'others', and those producing wallets and leather bags hold out fairly good prospects for such help. All the same, this point has to be considered in the light of the fact that, there exist already a number of institutional agencies which have the special object of financing small scale industries including leather industry and that a number of institutions are also going to be set up in the near future to co-ordinate the working of all these agencies. In particular, the credit available to leather workers under the State Aid to Industries Act (which gives a concession of ½ per cent in rate of interest to industrial co-operatives), the State Bank's Co-ordinated Credit Scheme, the Government of India's Credit Guarantee Scheme, the recent inclusion of the leather industry among the small-scale industries getting Reserve Bank finance at concessional rate of interest, *etc.*, also need to be considered in determining the scope and need for commercial banks to finance the present household sector or the future co-operative sector of the leather industry.

It would be helpful to these households if 'Service Centres', with modern machinery for skiving and stitching of leather are opened and the machines given on hire basis to the needy households. This would result in economy in production costs and also improve the quality of their product. A skiving machine would involve an investment of about Rs. 6,000 and a stitching machine of about Rs. 3,000. The establishment of such 'Service Centres' or 'Production-*cum*-Service Centres' by enterprising individuals in areas with large clusters of leather workers' households like Dharavi would be a sound business proposition for institutional finance to back up.

Tanners' Households

Considering the scale of business, level of returns, *etc.*, households of tanners appear on a better economic footing than those producing leather goods, though they have their own problems of unemployment and under-employment during the monsoons, blocking of capital for long periods inherent in the process of tanning they use, *etc.* Even so, the excess of receipts from sales over production costs in their case were higher by 55 per cent than those of the households producing leather goods. Tanners met their family expenditure entirely from owned funds. Value of assets in their case (Rs. 10,767 per family) was 8 times that of the leather goods producers, 80 per cent of it being in land and buildings. Incidence of debt was only 3 per cent in relation to value of assets as against 47 per cent in the case of leather goods producers.

Most of the credit which the tanners could command was utilised for obtaining working capital, *i.e.*, raw materials only, either on credit or with the help of borrowed funds. This is due to the large amount of working capital needed for the purchase of raw materials averaging Rs. 19,280 per family during the Survey year. This explains why all the debt outstanding in their case, as well as borrowings during the year, were short-term, 88 per cent of the debt outstanding at the beginning of the year being for business purposes only. These credit purchases, as well as borrowings, are at high costs, as they meant either exploitation or high rate of interest or both.

The credit problem of these households veers round mainly working capital requirements for their business, as tanning, according to the process followed by them, is a long chain of processes of about 40 days. For this purpose, they need accommodation to the extent of about Rs. 2,000 at the beginning of each of these cycles of purchases of raw materials and sale of tanned leather. An improvement in capital equipment and adoption of modern techniques would reduce this period of 40 days involved in tanning of sheep skins to fifteen to eighteen days. This capital equipment would involve investment of Rs. 5,000 to Rs. 6,000 in a glazing machine and construction of 'heating chamber', the construction of which would cost Rs. 8,000 to Rs. 10,000 (exclusive of land) for an area of 80 ft. x 40 ft. This equipment would facilitate optimum use of working capital, reduce cost, increase production, improve the quality of the product and increase the margin as well as the total volume of profit.

The tanners' households thus appear to be substantially more credit-worthy than the leather goods workers. The case of tanners' households for getting institutional finance is, therefore, worthy of consideration, though, for selecting the prospective clients, some basic criteria such as (i) the extent to which the household has passed the promotional stage and is on a firm footing, (ii) the extent of freedom enjoyed by the household from obligations to the trader-creditor, (iii) its ability to maintain accounts of costs of production, sales, *etc.*, will have to be taken into account.

The need for credit is mainly for working capital. In fact, all the ten selected tanners' households reported that they needed finance for purchasing raw materials, as their funds get blocked in the tanning process for long. At present, they would need about Rs. 2,000 to Rs. 2,500 at the beginning of each cycle of 40 days of production and sale of tanned leather. A cash credit arrangement to meet this recurrent need should be adequate for their purpose.

There is scope for facilitating optimum use of the working capital by improving the technique of production through use of modern equipment.

This would involve purchase of a glazing machine (Indian make, costing Rs. 5,000 to Rs. 6,000) and construction of 'heating chamber' involving Rs. 8,000 to Rs. 10,000 besides land. Obviously, it would not be economically feasible for a single household to invest such large capital at once. These facilities of glazing and heating, therefore, could be provided to the tanners by establishing 'Service Centres'. Enterprising households in this business could be financed by commercial banks for establishing such 'Service Centres'—or 'Production-*cum*-Service Centres' wherever there is good scope for rendering these services to tanners' households in the surrounding area.

Implicit in what is stated above is that there is need for giving the tanning household industry a strong institutional base, both in production and in marketing, by organising it on co-operative lines. In this regard, as also in determining the scope and need for commercial banks to assist the co-operatives, the remarks made on these points in respect of the leather goods producers' households apply equally to the tanners' households.

Karkhanas Of Leather Workers*

The economic status of these *karkhanas* appears quite satisfactory and their creditworthiness is far higher than even that of tanners' households. This is so particularly because of their better capital equipment, larger assets, quicker turnover of production and a ready demand for their fancy goods even from markets abroad.

The *karkhandars*, though having good prospects of expanding their business, were handicapped for want of credit. Only two of the four *karkhanas* reported outstanding debts; one was indebted to Government on account of a loan from the Director of Industries while the other was indebted to relatives of the proprietor. No *karkhana* borrowed during the year, though one had sought financial accommodation from the State Bank of India but was refused loan as it had no godown to store its goods which could be pledged to the financing bank.

These *karkhandars* were again put to serious difficulties as their sales to the traders as well as those directly to their consumers like air-lines were also on credit, for periods ranging between two to three months. The *karkhandars*, therefore, were forced to buy their raw materials from traders on credit, these purchases averaging Rs. 25,100 per *karkhana* during the Survey year. As these purchases were spread over a series of cycles of production and sale of about ten days each, the actual credit involved in each deal was about Rs. 800 to Rs. 1,000, there being about three such transactions in a month. These dues, however, accumulated and weakened the *karkhandar's* bargaining capacity with the result that the traders made him accept hides and skins of

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* A case study of a *karkhana* producing leather goods is at Appendix I.

slightly inferior quality and charged him a slightly higher price than he would charge to those who paid cash, this extra price tantamounted to charging interest at 36 per cent per annum for the credit made available. In one *karkhana*, the dues to suppliers of raw materials amounted to Rs. 8,648 at the end of the Survey year.

The volume of business thus done was large, production being valued at Rs. 48,775 per *karkhana*. Profits were also good, averaging Rs. 6,561 per *karkhana* or 69 per cent of the working capital.

The *karkhandars'* attempts at improving their techniques of production and expanding their business are circumscribed by difficulties in raising credit. They would need financial accommodation for improving and expanding their capital equipment. Two or three types of machinery are needed for this purpose, and each would cost Rs. 5,000 to Rs. 22,000 while, in some cases, need of term loans for construction of sheds, *etc.*, is also indicated.

Considering the financial standing of these *karkhandars* as well as the profitability of the business, there is a good scope for commercial banks to explore the possibilities of extension of credit to these establishments.

The expansion of production, as well as the profitability of business, is affected by severe lack of working capital. Here too, commercial banks can enter and assist these *karkhandars* with cash credit facilities varying from Rs. 2,000 to Rs. 10,000 according to the turnover of business in each recurring cycle of production, considering also other working capital requirements. A point to be noted here is that many of these *karkhandars* have little stocks in trade to pledge because raw materials are purchased as and when orders for goods are received and the finished goods are sold as soon as they are manufactured. Ways and means will, therefore, have to be devised to make available to these establishments adequate finance of their working capital needs, in spite of this inhibiting factor in respect of furnishing tangible security to the financing agency. Possibly, orders for finished goods from parties with good integrity and financial stability could be a factor considered in this connection.

These *karkhandars* are faced with the problem of credit also in marketing their goods, as the traders take two to three months for clearing the dues. This problem will be solved to a large extent if the cash-credit limit for purchase of raw materials reckons the *karkhandar's* credit needs arising out of this marketing problem as well.

A well-planned credit supply programme to these *karkhandars* will not only help them to increase production three to four times their current level but also to build up a good export business in those goods for which there is keen demand abroad. This explains why all the four *karkhandars* covered by this study reported credit requirements for working capital and three of them also for investment purposes.

Tanning *Karkhanas**

The tanners' *karkhanas* involve a far larger outlay and show a far larger volume of business than the *karkhanas* producing leather goods. Their working capital averaged Rs. 2 lakhs each or about 21 times that of the leather goods workers' *karkhana.* Their capital equipment averaging in value Rs. 75,726 each and total assets valued at Rs. 3.2 lakhs each showed that they were 22 to 27 times better off than the leather goods workers' *karkhanas* in both these respects.

Their production which consisted mostly of textile accessories made by cutting and reshaping tanned leather had ready demand from mills. The value of the outturn of these goods average Rs. 4.2 lakhs per *karkhana.*

The turnover of business was large in relation to their working capital because production was spread over a number of cycles in a year—each with an interval of 70 to 75 days between purchase of raw material and sale of finished goods—with the result that good part of the same capital revolved as many times during the year. The margin of profit was also good—about 25 per cent over costs—owing to keen demand for the textile accessories.

The *karkhanas* did receive accommodation from the institutional credit agencies as well as individuals but these were all short-term loans and did not fully meet their requirements. Their borrowings from all agencies averaged Rs. 3.06 lakhs per *karkhana.* This indicates their credit-worthiness. One difficulty with these *karkhanas* in this respect was that they could not hypothecate raw materials or finished goods, because the former were purchased as soon as orders for finished goods were received and the finished goods had to be sold to the mills as soon as they were ready.

Purchase of raw materials could not be on payment of cash, owing to paucity of funds. Consequently, these purchases which averaged about Rs. 20,000 to Rs. 30,000 per month were obtained mostly on credit, only 20 per cent of the amount being paid in cash immediately. The trade credit, though ostensibly free of interest, was disadvantageous to the *karkhandar* owing to supply of inferior quality at a slightly higher price which covered interest at the rate of 48 per cent per annum. Dues to traders supplying raw materials averaged Rs. 67,000 per *karkhana* at the end of the year.

Sales of finished goods intensified this credit problem inasmuch as 60 per cent to 75 per cent of the value of goods supplied was paid two to three months

*A case study of a *Karkhana*, tanning hides and producing textile accessories, is at Appendix II.

after sale. Outstandings from mills on this account averaged Rs. 83,000 per *karkhana* at the end of the year.

These textile accessories had good export demand and only the small excess of production over internal consumption was being exported by these *karkhanas* through exporting firms.

The only co-operative tannery in the area which had the advantages not claimed by the other *karkhanas* such as large Government contribution (Rs. 47,000) to working capital, receipt of Government orders for its products and financial accommodation against such orders, actually incurred losses during the last two years. The working of this co-operative tannery, if closely studied, is apt to bring to light some useful facts about the unsatisfactory working of industrial co-operatives at present.

The profitability of this industry is indicated by the fact that the three *karkhanas* (other than the co-operative tannery) showed a profit averaging Rs. 59,311 during the Survey year.

These *karkhanas* show good possibilities of expanding their business with profit and most of them are endeavouring to raise funds for the same. They are, however, handicapped due to their inability to pledge stocks of raw materials or finished goods against such loans, owing to the peculiar nature of their business and the limitations under which they work. An instance of one of these selected *karkhanas* getting finance against Government orders for its good points to one way of overcoming this difficulty.

The capital outlay needed for augmenting production equipment with modern machinery would be substantial but, under a phased programme for increasing production, the immediate requirements of term loans of a *karkhana* for this investment purpose could be placed at Rs. 20,000 to Rs. 30,000, for periods ranging between seven and ten years. All the four *karkhanas* reported need of term credit for such purposes as purchases of machinery, construction of godowns and extension of 'heating chambers'.

Purchase of raw materials also necessitated credit, need of which was also reported by all the four selected *karkhanas*. This credit gap appears to be of the order of Rs. 15,000 to Rs. 30,000 on a short term basis. This finance could be made available under cash credit arrangements, the limits depending on the merits of each case.

The case study (Appendix II) relating to one *karkhana* supports this broad assessment of the working of the tanning *karkhanas* and also indicates possibilities of developing export business in textile accessories of these types if the *karkhandars* are properly assisted.

It would, perhaps, be advisable also to go into the question as to why such a prospective field of expansion of credit has not received due attention hitherto from the existing institutional credit agencies which are in a position to supply credit to these establishments under different schemes or programmes of development.

APPENDIX I

Leather *Karkhanas*—A Case Study*

Capital Equipment and Scope for Expansion

This *karkhana* has, at present, one imported skiving machine valued currently at Rs. 5,000—a new one would cost Rs. 6,000—and 3 imported sewing machines which, together, could be valued at Rs. 1,350—a new one would now cost Rs. 1,100 each—besides tools and implements worth Rs. 550. Thus, the total capital equipment of the unit is worth about Rs. 6,900.

The main products of this *karkhana* are ladies' handbags and jewellery cases, these goods produced during the survey year being worth Rs. 36,000 and Rs. 24,000, respectively. Besides these, ladies' belts, wallets, briefcases and miscellaneous articles worth Rs. 5,000 were also produced by this *Karkhana, i.e.*, Rs. 65,000 all together.

The proprietor has plans to increase his production by making the following additions to his equipment :

Item	Number of units to be installed	Indian or imported	Price (Rs.)
1. Splitting Machine	1	Imported	22,000
2. Sewing Machine — latest model for sole stitching, *etc.*	1	- do -	5,000
3. Cutting Machine	1	Indian	3,500
4. Embossing Machine	1	- do -	800
5. Welding Machine	1	- do -	7,500

To purchase items number 1, 2 and 4, he was already in touch with the Bombay Branch of the Small Scale Industries Institute which would recommend his case to the National Small Scale Industries Corporation for financial

* This information was supplied to us by the proprietor on the understanding that the identity of his *karkhana* would not be disclosed.

accommodation as well as for import licences. This matter was under the Institute's consideration, and he was not sure how far he would succeed in his endeavour.

According to the proprietor, the production of leather goods will increase at least four fold if this investment is made. The market too is quite assured for these products.

Thus, the *karkhana* would need about Rs. 38,800 by way of loans for capital investment which amount according to the *karkhandar* would be repaid by him in half-yearly instalments spread over a period of ten years.

Credit for Purchases of Raw Materials

At present, raw materials are obtained from local markets through traders, on credit, for a period of ten to twelve days initially, which actually extends to two to three months, as repayment from the sale proceeds of articles produced out of the same raw materials is not possible owing to accumulated dues and delayed payments by the purchasers of finished goods. These purchases, each month, were of the order of about Rs. 1,000 to Rs. 1,500 worth of hides and skins and Rs. 1,500 to Rs. 2,000 worth of other materials. Total purchases of raw materials during the year were stated to be worth Rs. 33,980 —hides and skins worth Rs. 13,650, rexine worth Rs. 1,600 and other material worth Rs. 18,730.

The purchases on credit cut into profits because (i) the trader is in a position to thrust inferior quality on the *karkhana* and (ii) the price with trade credit, is higher by 4 per cent than the one he would have been charged for cash payment on spot. The accommodation being for a period of two to three months, it implies that this credit facility is at 16 per cent to 24 per cent rate of interest per annum. There is, thus a case for some sort of cash credit for financing the purchase of raw materials.

The credit problem becomes serious because with his small working capital he has to face the trader insisting on clearance of his dues on one hand and put up with the clients who purchase the goods but require two to three months to clear their dues to him, on the other. The total purchases of raw material over the year being valued at Rs. 33,980, a cash credit limit for an amount at least one-third of this was needed to clear the dues of the trader regularly and also to facilitate meeting other current cost of production promptly without resorting to borrowings elsewhere.

Returns from Business

On the basis of current production costs, production of ladies' handbags and purses was stated to yield a net profit of 25 per cent and jewellery boxes of 25 per cent to 30 per cent over the costs. These profits could be large if credit were available to purchase raw materials on cash, which would ensure better raw materials at a price, reasonable enough from the point of view of the *karkhanas.*

Marketing of Goods and Credit

The goods produced were readily sold out. Among the regular customers for the leather bags were Air India, Indian Airlines, Cadets of the Dufferein Course, Maharashtra Small Scale Industries Corporation and three private concerns in Bombay.

Some of these agencies, however, were not direct buyers but purchased the goods through their traders who made the payment after the bills were paid by the concerns, *i.e.*, normally after two to three months of the supply of goods. If the amount was urgently wanted, it would be paid within 20 days but at a discount for the remaining normal period of repayment, this discount, again, being equivalent to an interest rate of 26 per cent per annum.

The proprietor informed us that he had asked for financial accommodation from the State Bank of India for Rs. 30,000 in August 1968 (Rs. 15,000 for capital investment and Rs. 15,000 for working capital) but he had been refused this loan, mainly on the ground that he did not have any godown where he could keep his goods for pledging to the financing bank.

Export Possibilities

The jewellery boxes produced by this *karkhana* were exported to France and ladies' belts to Australia, through a local exporting firm, these exports being 40 per cent of the production of these two types of goods. Here again, the exporting firm though paying a good price delayed payment by about a month, each time. If production is increased, as planned, and if credit facilities are also available, the *karkhana* too can venture to undertake exports directly, as it is a remunerative business when it comes to exporting fancy goods.

APPENDIX II

Tanners *Karkhanas*—A Case Study*

This *karkhana* tans buffalo hides and produces mainly textile accessories like picking bands and leather beltings. The value of these goods sold during 1967-68 was Rs. 5.3 lakhs.

Capital Equipment and Scope for Expansion

The capital equipment of this *karkhana* consisted of no less than 20 machines—each ranging in price between Rs. 2,500 and Rs. 8,000. Since many

* This information was supplied to us by the proprietor on the understanding that the identity of his *Karkhana* would not be disclosed.

of these machines were purchased 5 to 8 years back, their book value, after allowing for depreciation, *etc.*, came to Rs. 64,850.

In the proprietor's view, there is good scope for replacing/augmenting his capital equipment, with profit by buying the following machines immediately :

Item	Number of units needed	Indian or Imported	Price (Rs.)
Buffing Machine	1	Indian	4,000
Belt finishing and Stretching Machine	1	Indian	5,000
Splicing Machine	1	Imported	1,000
Heavy Wooden Drums with Gears	1	Indian	8,000
Press for Leather Belting	1	Indian	8,000
Extension of Heating Chambers			8,000
TOTAL			**34,000**

He needs for this purpose a loan of Rs. 25,000 as he can manage for the rest from 'relatives' or allied sources. In fact his business has such good prospects that with a further capital investment on transport equipment (Rs. 26,000), splitting machine (Rs. 25,000) and Hydraulic Press (Rs. 25,000) he is hopeful of effecting substantial economies in his production costs and increasing profits sufficiently to enable him repay the borrowings for this purpose. He, however, proposes to phase his programme of business expansion.

Even with the proposed capital investment of Rs. 34,000 combined with adequate working capital, he expects to increase production by about 75 per cent and reduce costs by about 20 per cent . He also hopes to benefit by improvement in the quality of his goods and a corresponding gain in the price. He was, some time back, trying to purchase some of this equipment and had even placed orders but had to cancel the same as he could not arrange to pay, as demanded by the dealer, a part of the price in advance.

Purchase of Raw Materials and Credit

The *Karkhandar* purchased buffalo and ox hides mainly from traders at Ahmedabad slaughter house. As the traders preferred cash payment, credit purchases by him were subject to certain handicaps. Firstly, buyers who paid ready cash got the better quality hides. Secondly, the price for purchases on credit was slightly higher, *i.e.*, about 10 per cent more than the price charged to those who paid ready cash. Though this credit was for only one month, in practice, the dues accumulated and there was always a gap of two to three months between the purchase and the payment of price. In terms of rate of interest, this worked out to at least 48 per cent per annum.

These purchases were effected twice or thrice in a month, the value averaging Rs. 11,000 to Rs. 13,500 per month. The volume of purchases was often restricted by the magnitude of the outstanding dues to the traders, which at present amount to Rs. 1.05 lakhs. This was, however, balanced by dues from purchasers of goods, *i.e.*, mills and traders, amounting to Rs. 1.75 lakhs. These two facts taken together indicate the seriousness of the credit problem of the tanning *karkhana*. This problem is only partly solved by a loan of Rs. 1 lakh from the Sangli Bank which had opened a cash credit account in his favour against the hypothecation of plant and machinery and stocks-in-trade.

Returns from Business

To illustrate the point about the margin of profit from this industry, figures were supplied to us from the books maintained by the *Karkhana* about the cost of production and sale price. In the case of picking bands, the production costs and receipts were noted for one kilogram of the product :

	(In rupees)
Leather	7.50
Processing Materials, *etc.* ..	4.80
Other items of costs, Rent, Electricity	5.50
Total Cost ..	**17.80**
Sale Price	22.00
Profit Margin	4.20

Thus, the production of picking bands brings the *karkhana* a profit of about 24 per cent. Production of leather belts was stated to bring in nearly the same margin of profit. The value of picking bands produced in a year was about Rs. 4 lakhs and that of leather belts about Rs. 1.50 lakhs.

Marketing of Goods and Credit

Marketing of goods again created a credit problem. Thus the sales of picking bands and leather belts, as also of miscellaneous accessories like buffers, scraps and oily pieces were of the value of Rs. 5.3 lakhs in 1967-68. These sales were to local as well as to up-country mills. Two-thirds of these sales were direct to the mills and the rest to traders, through whose good offices these respective mills became customers of this *karkhana*. Both these types of purchasers delayed payment of bills, cash deal being about 30 per cent of the total sales. There was usually a gap of two to three months between sale and recovery of the dues. Such dues on account of sales, as already noted, amounted to Rs. 1.8 lakhs.

Export Business

This *karkhana* exported, through an exporting firm, picking bands worth Rs. 5,000 to Kenya and Mombasa in 1967-68. This year, the exports so far are worth Rs. 1,200. These goods have a keen demand abroad but the entire production of the *karkhana* is lifted by Indian mills and traders only.

Expansion of Business and Credit

The prospects for profitable investments in expanding production are bright. Immediately, the need for capital investment in improving and augmenting plant and machinery is of the order of Rs. 25,000 to Rs. 30,000. The short-term accommodation from the Sangli Bank does not help the *karkhana* in this regard, as it wants a term loan for ten years for this investment.

Credit requirements for working capital are an inhibiting factor. The *karkhana*, on one hand, owes dues to the traders who press for payments and, on the other, does not receive payments of bills due from mills in time. For this purpose, the *karkhana* needs cash credit facilities to the extent of, at least, Rs. 30,000, this being its minimum requirements to facilitate larger purchases, on more economical terms. The larger production on this account and the improvement in the quality of goods would also open up prospects of developing exports by the *karkhana*.

March 11, 1969

CREDIT REQUIREMENTS OF THE PRINTING INDUSTRY IN MADRAS—A CASE STUDY*

Information was collected from 25 printing presses in Madras City by personal interview. There is no official figure of the total number of presses in Madras. The State Government's Department of Statistics' list of certain categories of units (letter press, lithographic printing and book binding only) in the factory sector gives a total of about 170. But a distributor of printing ink has a clientele list of nearly 250, while according to the Secretary of the Madras Printers' and Lithographers' Association, there are at least 500 active presses in the city.

By its nature, printing is a small-scale industry and while there is variation in the size of operations and quality of work, only a few presses in the city can be considered as large, with an invested capital of around Rs. 5 lakhs to Rs. 6 lakhs. All the units contacted for the purposes of this study were small with capital of around Rs. 1 lakh and less; all were either proprietory or partnership concerns.

Since the investment required for a printing press is not very high, many entrepreneurs are able to start small units with their own funds. Another feature which encourages such investment is that the return on capital begins to flow in swiftly, with the commencement of printing operations. The majority of the units surveyed were established either with the entrepreneurs' own funds or with money borrowed from friends or relatives. A few had secured loans from the National Small Industries Corporation (NSIC) for the purchase of machinery; one unit received State Government assistance through the State Aid to Industries Act and another a medium-term loan from the State Bank. It appears that the printing industry is now excluded from the purview of the State Aid to Industries Act. The National Small Industries Corporation continues to grant loans for the industry but the maximum that can be given to a printing press is said to be limited to Rs. 50,000 while units preparing packaging materials (which could also be considered to belong to the broad category of printing) are provided larger loans (upto Rs. 5 lakhs).

In relation to the low fixed capital employed in the industry, the working capital requirements are large. The most important raw material is paper, which accounts for something like half the total cost of operating a press. Printing ink and binding materials are other materials required. Recasting of types, though an expense incurred at intervals depending on the extent of wear and tear of the type, is fairly substantial. Apart from materials, wages form an important item of cost.

* Prepared in the Reserve Bank of India.

There is very little involvement of bank funds in the working of printing presses. According to an unpublished doctoral dissertation on the economics of the printing industry in Madras city, "a study of the units in printing industry in Madras shows that except in the case of newspaper group of units and a few private limited companies doing commercial printing, bank financing as a major source of loanable funds has not emerged to any great extent".* Of the 25 units surveyed for the purpose of this note, only four enjoyed credit facilities with commercial banks of which two were clients of the State Bank. In the case of all these units bank finance was obtained only because of the personal standing of the proprietors who were either able to offer collateral security or could obtain clean overdrafts through their contacts. In one instance this was possible since the press concerned was handling most of the bank's own printing work. In all cases, bank finance obtained was under the agents' discretionary powers, and in one instance a disruption was caused with the change of the agent. The sanction of loan on the security of a second-hand machine was not acceptable to the new agent who wanted to withdraw the loan which was eventually averted by the intervention of the Head Office.

The industry is able to keep going mainly through trade credits. Paper and other materials are obtained from dealers on credit and among small printers, it is not an uncommon practice to ask for advances against large orders. As bills are cleared, suppliers are paid and fresh stocks obtained. This practice is said to be a serious limitation on the scope of printing operations since stocks cannot possibly be maintained of the different grades and varieties of paper. Besides, serious stringency is experienced at times. Five of the units surveyed reported that they had had occasion to obtain *hundi* loans from the indigenous market. The rate of interest of such loans now stands at about 24 per cent while some five years ago, it was said to have been between 14 per cent and 18 per cent.

There appears to be a feeling among many of the smaller presses that it would not be possible for them to reach the standards and provide the background information required by banks. Of the units surveyed, eleven stated that they had never considered approaching a bank; four of these said that they had no need to borrow, having sufficient resources of their own. For the others, it was mainly diffidence that held back any attempt at securing bank finance.

However, the experience of even those who had approached banks was that unless the security of machines was backed by adequate collateral, loans were not feasible. None of the raw materials used by the industry is acceptable to banks as security, which complicates the sanction of loans for working capital, particularly when the machines are already pledged for medium-term

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* M. Seethamma, "Economics of Printing Industry in Madras", a thesis submitted to the University of Poona for the degree of Doctor of Philosophy (1967).

loans. While banks do give advances to paper merchants against the security of paper stocks, they are not prepared to extend this facility to printers. In the former case, banks generally insist that the storage period of the paper should not exceed 6 months since paper tends to spoil with time. Several of the printers interviewed felt that it was very unreasonable on the part of banks not to accept types as security, if not at the value of the types, at least at their metal value. The difference between the two values is quite substantial. One kilogram of 'job types' is said to cost about Rs. 11 while its metal worth would be only Rs. 3.50. But despite this difference, it was felt that the acceptance of types as security at their metal value would bring some benefit to the industry.

In the opinion of the State Bank officials here, the main reason why so little bank credit has gone to the printing industry is that the industry is largely self-sufficient in respect of finance. The State Bank has so far received very few applications from presses and at present there are less than half a dozen loan accounts in the city circle coming under this industrial group. But the Bank would be prepared to entertain loan proposal for the purchase of printing machinery as well as working capital. In some other centres, more finance has gone to this industry. In particular, in Sivakasi, considerable use has been made of State Bank finance by presses and today, this is one of the most important centres for offset printing of calendars, *etc.* Another example is that of a printing press in Andhra handling work for the State Government which is provided loans to the extent of outstanding Government orders. Similar loans against firm orders might be sanctioned to presses but the important point is that the units should be made aware of the availability of bank facilities.

EMPLOYEES' CO-OPERATIVE CREDIT SOCIETIES—CASE STUDIES*

This brief note is based mainly on the studies of six employees' credit societies taken at random. The studies have been made on the basis of reports available in the Agricultural Credit Department of the Reserve Bank of India and cannot claim to be comprehensive as no detailed study was undertaken by field visits to the organizations. The observations made hereunder may at best be considered as reflecting the general pattern of their organisation and the scope of their functions.

(i) The main objects of the employees' credit societies are generally to encourage thrift, self-help and co-operation among the members, and to borrow funds from members or others to be utilised for loans to members for useful purposes.

(ii) The membership of these societies is restricted to persons employed in one office or branch of an institution. By practice in some cases the membership is restricted to a particular class of employees.

(*iii*) The funds required by these societies are raised in the form of share capital and deposits. In addition they borrow from the co-operative financing agency of the area. In two out of six societies studied, there is a scheme of compulsory deposits under which the members are required to compulsorily put by a certain sum out of their salaries at regular intervals.

(*iv*) (*a*) It is evident from the loaning provisions in the bye-laws as well as the loaning policies adopted by these societies that adequate importance is not being attached to the productive aspect of loans. This apart, utilisation of loans is not watched. Mostly loans are for meeting the consumption needs of the borrower.

(*b*) The restrictions on size and duration of loans are prescribed in the bye-laws with a two-fold purpose, *viz.*, extending the facilities to (1) a larger number of members and (2) limiting the size of loans to what is considered as the normal repaying capacity of the members.

(*v*) Recovery of instalments of loans to members is made out of the monthly salary of members by the employers on the strength of the demand made by the societies and the agreements executed by the members.

(*vi*) The average borrowing and lending rates of the societies are 6 per cent and 7.7 per cent, respectively. These societies are generally working at a profit but the quantum of profit was not sizeable due to the limited business as well as their desire to keep the margin between the lending and borrowing rates to the bare minimum.

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* Prepared in the Reserve Bank of India.

ANNEXURE I

EMPLOYEES' CO-OPERATIVE CREDIT SOCIETY A—(ANDHRA PRADESH)

The membership of the society is restricted to any person employed in the institution where the society is operating and residing within the area of operations of the society which extends to eight districts. Thus the membership of the society consisted only of individuals (employees) and it stood at 775 as at the end of May 1968.

The society's main sources of funds were owned funds (Rs. 1.65 lakhs) and deposits (Rs. 8.70 lakhs) which formed 15.7 per cent and 82.6 per cent, respectively, of the working capital at Rs. 10.53 lakhs as on 31st May 1968. The society's borrowings from the Central Co-operative Bank stood at Rs. 0.18 lakh and constituted the remaining 1.7 per cent of the working capital. The borrowings from the Central Co-operative Bank were resorted mainly to maintain cash reserves and liquid assets against the security of time deposits kept with the Central Bank. Of the total deposits, time deposits stood at Rs. 7.23 lakhs and formed 83.1 per cent of the total. Further, of the total deposits, Rs. 5.70 lakhs or 65.5 per cent were from non-member individuals.

Terms and conditions prescribed for different types of loans were as under :

Type ofl oan (1)	Maximum loan limit (2)	Duration of loan (3)	Rate of interest (per cent) (4)	Remarks (5)
1. Advances against fixed deposits	90% of deposits held	—	1½ Over and above fixed deposits interest rate.	
2. Surety loans	Rs. 3,000	36 months	8	Maximum borrowing power being 8 times the substantive pay.

Out of outstanding advances of Rs. 8.87 lakhs as on 31st May 1968, Rs. 8.51 lakhs or 94.9 per cent of the total were of the medium-term nature. Security-wise, 94.8 per cent (Rs. 8.50 lakhs) of the total loans were surety loans and the remaining were advances made against fixed deposits and provident fund (of employees).

The society's overdues as on 31st May 1968 stood at Rs. 0.06 lakh and formed 0.7 per cent of the total outstandings as on that date. Of this, overdues over one year at Rs. 0.04 lakh formed 60.3 per cent of the total overdues.

The society recovers the dues from members from their respective monthly salaries through the employers. The estimate of bad and doubtful assets of the society amounted to Rs. 0.02 lakh as on 31st May, 1968, while its bad debt reserve stood at Rs. 0.01 lakh.

The average borrowing and lending rates of the society as on 31st May, 1968 were 6.1 per cent and 7.9 per cent, respectively. The society was earning a profit during the last three years 1964-65 to 1966-67, and has been declaring uniform rate of dividend of 6¼ per cent for the three years. The percentage of net profit to working capital was 1.3 in 1964-65, 2.1 in 1965-66 and 1.0 in 1966-67.

ANNEXURE II

EMPLOYEES' CO-OPERATIVE CREDIT SOCIETY B—(BIHAR)

The membership of the society is confined to all the adult employees of the education department under the management and administrative control of a certain industrial company. As on May 31, 1966, the membership of the society at 479 consisted of only teachers.

The composition of working capital as on May 31, 1966 was as under :

	Amount (Rs. lakhs)	Percentage to total
Owned funds	1.48	*14.3*
Deposits	7.65	*73.7*
Borrowings	1.24	*12.0*
	10.37	*100.0*

Deposits from non-members have not so far been accepted. Compulsory deposits from members between Rs. 10 and Rs. 100 are being collected from the monthly salary of members. Thus the entire deposits were time deposits. The borrowings were in the nature of overdraft arrangement with the state co-operative bank against trustee securities, fixed deposits and shares in the state financial corporation.

The society was making medium-term advances bearing an interest of 6 per cent per annum, for a maximum period of five years, against compulsory deposits or surety. Duration of loans varied between two and five years according to the purpose of loan and repaying capacity of the borrower. The purpose-wise classification of loans issued or outstanding was not available. Security-wise, of the loan outstanding at Rs. 8.24 lakhs as on 31st May, 1966, nearly 91.6 per cent or Rs. 7.56 lakhs were surety loans and the remaining 8.4 per cent or Rs. 0.68 lakh were against the security of compulsory deposits.

The society's overdues stood at Rs. 0.13 lakh forming 1.6 per cent of the loans outstanding at Rs. 8.24 lakhs. Period-wise overdues over one year at Rs. 0.04 lakh formed 30.8 per cent of the total. Arrangements have been made for deduction of instalments from the monthly salaries of members. The overdues below one year were due to the delay on the part of the society in making timely demand from the Education Department. Overdues over three years were caused by the dismissal of an indebted member and the retirement of another member and the recoveries were being made from the sureties.

The society was working at a meagre profit. The profit earned during 1964-65 was Rs. 0.01 lakh forming 0.1 per cent of the working capital. The society had not declared any dividend upto 1964-65.

ANNEXURE III

Employees' Co-operative Credit Society C—(Rajasthan)

The membership of the society is restricted to the persons employed in a public sector undertaking in Rajasthan and in the office of the society itself. The staff of the society will have no right to vote and will not be eligible for a seat on the Committee of Management. The total membership of the society as on October 31, 1967 stood at 2,899 individual employees.

The society had no outside borrowings and the source of funds of the society as on October 31, 1967 was owned funds at Rs. 3.35 lakhs and deposits at Rs. 8.31 lakhs forming 28.7 per cent and 71.3 per cent, respectively, of the working capital at Rs. 11.66 lakhs. The society has a scheme of compulsory deposits to be subscribed by members on a graded scale depending on the pay per month of the member. The composition of deposits revealed that Rs. 5.88 lakhs or 70.7 per cent of the total deposits were time deposits. Deposits from non-members at Rs. 2.87 lakhs formed 34.5 per cent of the total deposits.

Terms and conditions prescribed for different types of advances were :

Nature of security	Rate of interest (per cent)	Maximum loan permissible	Remarks.
(1)	(2)	(3)	(4)
Fixed deposits	9	—	
Compulsory thrift deposits	2 per cent above the rate allowed on deposits	@	One should have completed 5 years as a member
Surety	9	10 times of the paid up shares subject to a maximum of Rs. 3,000 or 9 months' salary whichever is less	Eligible for loan after 6 months*

The society's entire advances outstanding at Rs. 10.93 lakhs as on October 31, 1967 were of medium-term nature and were against the security of sureties. Secured loans such as advances against fixed deposits and compulsory thrift deposits are deducted from the relevant deposits directly and the net position is shown in the general ledger. The society was not maintaining a record of its advances purpose-wise and hence the purpose-wise classification of loans was not available.

The society had no overdues as all the dues were promptly recovered through the salaries of members.

The average borrowing and lending rates of the society as on October 31, 1967 were 4.7 per cent and 9 per cent, respectively. The society has been working at a profit during the last four years. The profit earned during 1966-67 was Rs. 0.28 lakh forming 2.4 per cent of working capital. The society has declared dividend out of profits earned upto 1964-65 only and it was 7 per cent for the year 1964-65.

ANNEXURE IV

EMPLOYEES' CO-OPERATIVE CREDIT SOCIETY D—(UTTAR PRADESH)

The membership of the society is confined to the *harijan* employees of a public body. As on August 31, 1968, membership of the society was 462.

@ Maximum loan not to exceed 80 per cent of balance of deposit or 3 months' pay whichever is less.

* Of becoming a member and should have completed 3 years service. Loan is not to exceed 6 times his salary but can be 9 times his salary if he has put in 10 years service and is a member for one year.

The sources of funds as on August 31, 1968 were owned funds (Rs. 2.29 lakhs) deposits (Rs. 0.62 lakh) and borrowings from the Central Co-operative Bank (Rs. 0.27 lakh) constituting 72 per cent, 19.5 per cent and 8.5 per cent, respectively, of the working capital of Rs. 3.18 lakhs. Of the total deposits of Rs. 0.62 lakh, Rs. 0.37 lakh were received from members and the remaining Rs. 0.25 lakh from non-members. According to the type of deposits, fixed and savings deposits at Rs. 0.23 lakh and Rs. 0.39 lakh, respectively, formed 37.1 per cent and 62.9 per cent of the total. The entire borrowings of Rs. 0.27 lakh were from the Central Co-operative Bank repayable in 12 monthly instalments.

Advances were of three types, *viz.*, emergency, ordinary and special. The terms and conditions prescribed by the society for these types of loans were as under :

Type of loan (1)	Duration (2)	Amount of loan (3)	Rate of interest (per cent) (4)
Ordinary loan	36 monthly instalments	15 months' pay or Rs. 500 whichever is less (upto twice the nominal value of shares)	9
Special loans (for marriage or discharge of old debt)	48 monthly instalments	26 months' pay or Rs. 1,200 whichever is less (upto twice the paid-up value of shares held by a member)	9
Emergency loans ..	12 monthly instalments	One month's pay	9

Note : (1) Ordinary and special loans shall not be held at the same time.
(2) Loans against the surrender value of the life policy will be advanced at 7½ per cent.
(3) The overall ceiling for loan is twice the value of shares held by a member. (Maximum share-holding level is 50 shares, *i.e.*, Rs. 1,000).
(4) The bye-law prescribes the rate of interest to be charged at 12·50 per cent but in practice the bank was charging only 9 per cent.

The society had not maintained separate accounts of loans according to the purpose and as such it is not possible to give purpose-wise classification of loans issued and outstanding. The period-wise classification of loans outstanding as on August 31, 1968 showed that of the total outstandings at Rs. 2.88 lakhs, Rs. 2.84 lakhs or 98.6 per cent were medium-term loans. All the loans issued by the society were on surety basis.

The society's overdues as on August 31, 1968 were Rs. 0.09 lakh forming 3.1 per cent of the loans outstanding. Of this, Rs. 0.04 lakh were overdue for over one year forming 44 per cent of the total. This was mainly due to the lack of ascertaining the required particulars such as date of retirement, total amount guaranteed by sureties, *etc.* The main source of recovery of loan instalments was from out of the borrowers' salaries payable by the employers. As on that date, the society was reported to have had no bad and doubtful assets.

The average borrowing and lending rates of the society as on August 31, 1968 were 6 per cent and 9 per cent, respectively. During 1967-68, the society earned a profit of Rs. 0.15 lakh forming 4.2 per cent of the working capital at Rs. 3.54 lakhs as on June 30, 1968. The society has been declaring an uniform rate of dividend of 6 per cent during the previous years.

ANNEXURE V

EMPLOYEES' CO-OPERATIVE CREDIT SOCIETY E—(UTTAR PRADESH)

The membership of the society is restricted to the employees of a public sector institution. Employees other than officers in Class I and Staff Assistants to become members of this society have to be members either of the Employees' Association or 'D' Class Employees' Union. As on June 30, 1967, the society's membership stood at 712.

The society's sources of funds were owned funds (Rs. 3.93 lakhs) and deposits (Rs. 9.02 lakhs) forming 30.4 percent and 69.6 per cent of its working capital at Rs. 12.95 lakhs as on June 30, 1967. It had no outside borrowings. The society accepted fixed deposits both from members and non-members while other kinds of deposits were accepted only from members. Fixed deposits from non-members at Rs. 2.60 lakhs constituted 28.8 per cent of the total deposits. Demand and time deposits of the society constituted 17.1 per cent and 82.9 per cent, respectively, of the total deposits.

The society was issuing ordinary and emergency loans and loans under the economic scheme. The purposes for which these loans were issued and terms and conditions thereof were as under :

Type of loan (1)	Purpose of loan (2)	Maximum advance (3)	Rate of interest (per cent) (4)	Period of loan (5)
Ordinary loan (Surety loan)	(1) House building (2) Consumption and domestic purposes	Rs. 2,000 to Rs. 5,000 (8 to 15 times pay or 8 times paid-up share capital whichever is less)	7	60 months
Emergency loan	To meet emergent requirements	Rs. 100 or half month's pay whichever is less	7	To be repaid on the following pay day.
Loan under economic scheme and store account	Purchase of consumer articles	Rs. 500 or 2 months' pay whichever is less to confirmed employees or Rs. 150 or one month's pay to temporary employees	9	12 months

The entire outstandings to the society at Rs. 11.95 lakhs as on June 30, 1967 were unsecured. Type-wise and period-wise outstandings showed that the ordinary loans (all medium-term loans) were at Rs. 11.24 lakhs forming 94 per cent of the total.

The society was not maintaining demand, collection and balance register. However, the working statements revealed no overdues.

The average borrowing and lending rates of the society as on June 30, 1967 were 6.7 per cent and 7 per cent. respectively. The society was working at profit. The profits earned during 1966-67 stood at Rs. 0.24 lakh (provisional) and formed 1.7 per cent of working capital. The society declared a dividend of 6 per cent for 1962-63 and 5 per cent for the succeeding three years.

ANNEXURE VI

Employees' Co-operative Credit Society F—(Uttar Pradesh)

The membership of the society is confined to the persons employed in the office of a certain government department. As on February 28, 1967, the total membership of the society was 1808.

The society had not resorted to outside borrowings. As on February 28, 1967, the society's working capital at Rs. 12.83 lakhs comprised owned funds of Rs. 3.08 lakhs (24 per cent) and deposits of Rs. 9.75 lakhs (76 per cent). The entire deposits of the society were time deposits received from 1,139 depositors, *i.e.*, an average of Rs. 856 per depositor. The society was accepting deposits both from members and non-members but the break-up in this regard was not available.

The terms and conditions prescribed by the society for different types of loans were as under :

Type of loan	Loan permissible	Recoverable in number of instalments
General loan	10 times the share value or 10 times the substantive pay whichever is less subject to a maximum of Rs. 3,000.	40 instalments. In deserving cases 48.
Special loans		
(*i*) For daughter's marriage	18 times the substantive pay or 10 times the value of shares held subject to a maximum of Rs. 4,000.	48 instalments. In deserving cases 54.
(*ii*) Sister's or niece's marriage	12 times the substantive pay or 10 times the share value whichever is less.	Do.

(Contd.)

Type of loan	Loan permissible	Recoverable in number of instalments
Miscellaneous loans		
(*i*) Against deposits in the society	80 per cent of the credit balance in deposit account	60 instalments. Member has to set apart 20 shares for miscellaneous loan
(*ii*) Against life insurance policy	90 per cent of the surrender value of the policy	Do.
(*iii*) Against mortgage of unencumbered immovable property	50 per cent of the estimated market value.	Do.
House building loans ..	80 per cent of the value of property to be purchased or 36 times the substantive pay or Rs. 10,000 whichever is less.	180 instalments.
Own shares ..	Upto 90 per cent of the unencumbered value of shares.	40 instalments.
Earned pay loan	To the extent of pay earned or value of unencumbered shares held whichever is less.	One instalment.
Provident fund loan	Upto 50 per cent of the total provident fund amount to the credit of the employee of the society.	

The society was charging interest of 9 per cent on house building loans and 7½ per cent on all other types of loans.

Of the outstanding advances as on February 28, 1967 at Rs. 13.35 lakhs, Rs. 10.75 lakhs were unsecured (surety) loans and Rs. 2.53 lakhs were secured against the mortgage of urban house property. These formed 80.4 per cent and 18.9 per cent of the total, respectively. Period-wise, 99.9 per cent of the outstanding loans were medium-term and long-term loans. The society was not maintaining a record of its advances purpose-wise and hence purpose-wise classification of loans is not available.

The society did not maintain demand, collection and balance register and hence its overdues position is not known. The bad and doubtful assets of the society aggregated Rs. 0.30 lakh as on June 29, 1967 while its bad debt fund stood at Rs. 0.09 lakh.

The average borrowing and lending rates of the society were 6.1 per cent and 7.5 per cent, respectively. During 1965-66, it earned a profit of Rs. 0.17 lakh forming 1.3 per cent of the working capital. The society had not declared any dividend during 1964-65 and 1965-66 as general body meetings for the respective years had not been held. The society declared 2 per cent dividend for the two years 1962-64.

March 3, 1969

URBAN CO-OPERATIVE BANKS—CASE STUDIES*

This brief note which gives some information on the scope and functions of urban co-operative banks is based on the studies of six urban banks selected at random.

The main object of urban banks is to do banking business. All the six banks have applied for licence to the Reserve Bank as required under Section 22 of the Banking Regulation Act.

The area of operations of the banks is generally confined to a town or the limits of the municipality. In the absence of clear demarcation of area of operations within the town or municipal area more than one bank function within the same area. One of the selected banks, however, has the municipal limits of two cities as its area of operation.

In the case of two of the selected banks there is a provision in their bye-laws for admission of firms, local authorities, *etc.*, as members. In the case of the other four banks provision exists only for admitting individuals as members. In practice, the latter banks cater mainly to the needs of a particular type of members based on community, caste, profession *etc.*

These banks derive their resources through their owned funds and deposits collected from members and non-members. Time deposits from individual members were comparatively large. However, in the case of two banks more than 50 per cent of the total deposits were held by non-members.

The loaning policies of these banks were mainly security-oriented and not necessarily restricted to those purposes which may be considered as productive. The only exception among the case studies was a bank in Bombay in whose case the proportion of advances for unproductive purpose was reported to be negligible.

The bye-laws generally place restrictions in regard to size, duration, margin, *etc.*, for loans. These had the effect of limiting the clientele to middle-income group and small shopkeepers.

The overdues in the banks were mainly due to factors such as non-assessment of the repaying capacity of members and delay in taking effective coercive action for recovery of overdues.

The average borrowing and lending rates of these banks were generally about 5.5 per cent and 9.5 per cent respectively, leaving a margin of about 4 per cent. The banks, in general, worked at a profit.

Brief notes on the urban banks covered by the case studies are enclosed.

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*Prepared in the Reserve Bank of India.

ANNEXURE I

BANK A (ANDHRA PRADESH)

The membership of the bank is open to individuals residing and firms situated within city municipal limits. As on August 31, 1968, there were 5,421 members comprising 1,882 individuals, 3,480 nominal members and others including co-operative societies and firms, (59). Persons seeking loans on house properties are admitted as nominal members, the share amount being refundable on liquidating the loan in full.

The bank had no outside borrowings. Its sources of funds were owned funds (Rs. 6.36 lakhs) and deposits (Rs. 63.52 lakhs) forming 9.1 per cent and 90.9 per cent, respectively, of the working capital at Rs. 69.88 lakhs at the end of August 1968. According to the types of deposits, time deposits at Rs. 37.02 lakhs formed 58.3 per cent of the total.

The terms and conditions prescribed by the bank for loans against different types of securities were as under :

Nature of security	Maximum loan limit (Rs.)	Rate of interest (Per cent)	Margin prescribed (Per cent)	Duration of loan
House ..	7,500	13	65	3 years
Life policy	—	9	10 (of the surrender value)	,,
Fixed deposit	—	2·1 (over Fixed deposit rate)	10	—
Pledge	10,000	13	N.A.	N.A.
Real estate	8,000	13	N.A.	N.A.
Scooter/car	2,000/ 10,000	13	25	3 years
Clean	5,000	13	N.A.	8 months
Gold	—	11	25	3 years
Shares and securities	—	8½	10	3 years

The bank was serving a large clientele of middle class people. A study of the outstanding advances as on August 31, 1968 revealed that its medium-term and short-term advances, at Rs. 12.51 lakhs and Rs. 8.20 lakhs respectively, constituted 60.4 per cent and 39.6 per cent, respectively, of the total advances at Rs. 20.71 lakhs. Advances against the security of immovable property at Rs. 12.92 lakhs formed 62.3 per cent of the total. Though the bank was not maintaining a record of its advances purpose-wise, it has been noticed that loans against real estate were mainly advanced for unproductive purposes.

The bank's overdues as on August 31, 1968 were Rs. 10.23 lakhs or 49.9 per cent of the outstanding loans. Overdues under medium-term loans were Rs. 6.69 lakhs and formed 65.39 per cent of the total. Period-wise, overdues over three years were Rs. 4.68 lakhs and formed 45.75 per cent of the total. The bank had neither taken effective action to realise the overdues on its own nor pursued with the Co-operative Department on recovery proceedings referred to it. The estimate of bad and doubtful assets of the bank as on August 31, 1968 was Rs. 10.63 lakhs while the bad debt reserve was only Rs. 0.54 lakh.

The average borrowing and lending rates of the bank were 5.5 per cent and 11 per cent, respecitvely. The bank has been working at a loss since 1966-67 mainly due to decline in its business and heavy establishment cost. The loss incurred during 1966-67 aggregated Rs. 1.64 lakhs. In the earlier years the bank was declaring uniform rate of dividend of 3 per cent.

ANNEXURE II

Bank B (Madhya Pradesh)

The membership of the bank comprising of individuals only was confined to Hindu residents of a city and its nearby places. As on September 29, 1967, the total membership of the bank was 1,994.

The bank had no outside borrowings and the sources of funds of the bank as on September 29, 1967 were deposits at Rs. 11 lakhs and owned funds at Rs. 3.13 lakhs, forming 77.8 per cent and 22.2 per cent, respectively, of the working capital. More than 50 per cent of the deposits were held by non-members. Of the total deposits, time deposits at Rs. 6.76 lakhs comprising fixed deposits (Rs. 5.98 lakhs) and provident fund and compulsory deposits upto Rs. 25 per member (Rs. 0.78 lakh) formed 61.5 per cent of the total.

The terms and conditions prescribed by the bank for different types of loans were as shown in table :

A study of the outstanding advances as on September 29, 1967 revealed that unsecured advances at Rs. 6.24 lakhs formed 55.8 per cent of the total outstanding advances at Rs. 11.19 lakhs. Surety loans and house mortgage

Nature of loan	Maximum loan limit (Rs.)	Rate of interest (Per cent)	Period of loan
House mortgage loans	3,000	10	3 years
Surety loans	3,000	10	3 years
Grain loans	300	9	1 year
Vatsu taran loans for purchase of domestic goods	300	9	1½ years
Jewel loans ..	No limit but generally not more than Rs. 3,000 advanced to an individual.	9	2 years
Pro-note loans	1,000	9	22 months
Fixed deposit loans	—	1 per cent above Fixed Deposit rate	—

loans at Rs. 5.72 lakhs and Rs. 4.02 lakhs formed 51.1 per cent and 35.9 per cent of total, respectively. Period-wise break-up of outstanding advances indicated a preponderance of medium-term advances at Rs. 10.44 lakhs forming 93.3 per cent of the total. The bank was not maintaining a record of its advances purpose-wise and hence a classification to ascertain the size of consumption loans was not possible.

The bank's overdues as on September 29, 1967 were Rs. 4.17 lakhs forming 37.2 per cent of the total outstandings. Period-wise, overdues over three years at Rs. 2.32 lakhs formed 55.6 per cent of total. The bank was not taking timely and effective steps against defaulting members. The estimate of bad and doubtful assets as on September 29, 1967 was Rs 0.24 lakh while the bad debt reserve was Rs. 0.10 lakh only.

The average borrowing and lending rates of the bank as on September 29, 1967 were 5.3 per cent and 9.7 per cent, respectively. During 1966-67, the bank earned a profit of Rs. 0.30 lakh which formed 2 per cent of working capital. The rates of dividend declared by the bank during the previous three years *viz.*, 1963-66, were 6, 6¼ and 4 per cent, respectively.

ANNEXURE III

Bank C (Maharashtra)

The area of operations of the bank extends over the municipal limits of two cities and their suburbs. As per bye-law No. 10, individuals, co-operative societies, State Government, Local Authority and Public Trust can become members of the bank. Membership of the bank as on September 29, 1967 was 13,711 consisting of 137 proprietory/partnership concerns, 13,572 individuals and two other institutions.

The bank's main source of funds was deposits. The details regarding composition of its working capital as on September 29, 1967 are given below :

	Amount (Rs. lakhs)	Percentage to total
Owned funds	31.55	*6.4*
Deposits	455.33	*92.9*
Borrowings	3.59	*0.7*
	490.47	*100.0*

The borrowings were in the nature of overdraft arrangement with the Central Bank of India against Government and other trustee securities. The demand and time deposits constituted 54 per cent and 46 per cent, respectively, of the total. According to type, fixed deposits at Rs. 141.06 lakhs formed 31 per cent of the total while savings and current deposits at Rs. 159.47 lakhs and Rs. 144.79 lakhs formed 37.2 per cent and 31.8 per cent, respectively, of the total. Deposits collected were mainly from individuals. Of over 37,000 deposit accounts, only 26 accounts were from co-operative societies and three from local bodies.

The bank finances small-scale industrial units owned by members of the bank. During 1966-67, 127 industrial units were financed to the extent of Rs. 257 lakhs and the advances outstanding at the end of the year were Rs. 29 lakhs. General (86) and Chemical (12) Engineering (7) units were the most common ones which were financed by the bank. The finance provided was for working capital requirements in the form of cash credits and overdrafts for a period of one year.

The bank's advances during 1965-66 and 1966-67 for productive purposes, such as, agricultural production, trade and industry and purchase of transport equipment were Rs. 1,208 lakhs and Rs. 1,448 lakhs forming 99.3 per cent and 99.0 per cent, respectively, of the total advances during the year. Thus the advances for unproductive purposes were negligible. The period-wise and security-wise analysis reveals that nearly 88.6 per cent of the total loans at Rs. 201.66 lakhs as on September 29, 1967 were of short-term nature and nearly 64.4 per cent of the loans were advanced against the mortgage of real estate and fixed assets.

The broad terms and conditions of the sanction of loans/advances were as under :

Type of security	Maximum advance (Rs. lakhs)	Rate of interest (Per cent)	Margin (Per cent)
Pledge/hypothecation of goods ..	10·0	8½ to 9	50
Personal surety ..	0·20	10·8	—
Immovable property	5·00*	9 to 10 (Not exceeding 12)	50
Steamer	15·0		25
Fixed deposits, shares and debentures ..	5·0	9 to 10	10 (Fixed deposit 25 to 50 per cent shares and debentures)
Ornaments	0·50	8	25
Taxis and trucks	1·50	6 to 10	25
Insurance policies	2·00	9 to 10	20
Government and trustee securities	5·00	7 to 10	15
Domestic appliances ..	0·10	6 to 10	
Bills discounted	2·00	6 to 10**	

* Rs. 10 lakhs in exceptional cases.
** Besides commission at Re. 0·12 per annum or minimum of Re. 0·75 per bill.

Limits for aggregate advances under each type of security were also fixed and they were as under :

	(In lakhs of rupees)
Personal surety	28.0
Pledge/hypothecation of goods	50.0
Immovable property	125.0
Steamer	50.0
Fixed deposits, shares, debentures and securities	50.0
Ornaments	3.0
Taxis and trucks	15.0
Insurance policies	10.0
Bills discounted	10.0
Domestic appliances	10.0

As on September 29, 1967, overdues were at Rs. 5.15 lakhs or 2.5 per cent of the loans outstanding at Rs. 201.66 lakhs. Overdues over one year at Rs. 3.06 lakhs formed 59.4 per cent of the total. The bank was trying to collect the dues through persuasion and was generally reluctant to take any drastic action against defaulters. The estimate of bad and doubtful assets of the bank as on September 29, 1967 was Rs. 1.41 lakhs while the bad debt reserve was Rs. 0.90 lakh only.

The net profits of the bank during 1966-67 amounted to Rs. 3.23 lakhs forming 0.6 per cent of the working capital. The bank was declaring uniformly a dividend of 9 per cent during the previous three years, *viz.*, 1964-65 to 1966-67.

ANNEXURE IV

Bank D (Mysore State)

Any person residing in the municipal limits of the town where the bank is situated or having a permanent place of business or profession there but not a member of a co-operative credit society in that town can become an 'A' class member of the bank. The 'A' class membership of the bank comprises mainly of businessmen and house owners. The 'B' class membership is open to persons residing in the whole of the *Taluka.* They are eligible to borrow only loans on the pledge of jewels. As on April 28, 1967, there were 1,938 'A' class and 1,821 'B' class members on the bank's roll.

As on April 28, 1967, the bank had no outside borrowings. Its sources of funds were, owned funds of Rs. 2.75 lakhs and deposits of Rs. 7.18 lakhs forming 27.7 per cent and 72.3 per cent, respectively, of the bank's working capital at Rs. 9.93 lakhs. The composition of deposits revealed that its time and demand deposits at Rs. 6.11 lakhs and Rs. 1.07 lakhs formed 83.9 per cent and 16.1 per cent, respectively, of the total deposits. Deposits accountwise revealed that the bank was able to secure deposits of Rs. 0.43 lakh from other societies. The break-up of deposits as on June 30, 1966 revealed that of the total deposits of Rs. 6.85 lakhs, the share of other societies and individuals and others was Rs.0.38 lakh and Rs. 6.47 lakhs, respectively. Of the deposits from individuals and others, deposits from members and non-members were at Rs. 1.89 lakhs and Rs. 4.58 lakhs, respectively.

The terms and conditions of loans issued against different types of securities were as under :

Type of security	Rate of interest (Per cent)	Margin (Per cent)	Period of loan	Remarks
	1	2	3	4
Mortgage of immovable property	8½	50	2 to 5 years	Maximum loan Rs. 5,000
Gold loans	9	30	1 year	Maximum loan Rs. 2,000
Surety loans	9	—	1 year (S.T.) 2 to 5 years (M.T.)	Maximum loan Rs. 1,000
Loans on deposits ..	1 per cent above the rate allowed on deposits	10	—	
Cash credit loans (surety loans)	9	1 year		

The purpose-wise classification of advances of the bank during 1965-66 and 1966-67 was as under :

Purpose	Amount advanced (Rs. lakhs)		Percentage to total advances	
	1965-66 1	1966-67 2	1965-56 3	1966-67 4
Consumption, *etc.* ..	4·79	4·06	67·3	52·3
Industry	0·03	0·09	0·4	1·2
House building, purchase of real estate, *etc.*	0·07	0·80	1·0	10·3
Agricultural production ..	0·40	0·26	5·6	3·4
Trade	1·83	2·55	25·7	32·8
Total	**7·12**	**7·76**	**100·0**	**100·0**

The finance was provided to individual industrial units engaged in the making of *beedies*, baskets, garments, *etc.*, Security-wise, Rs. 4.14 lakhs were secured against real estate (55.5 per cent of the total) Rs. 2.96 lakhs were unsecured (surety loans) (39.8 per cent of the total) and the remaining 0.35 lakh advanced against gold ornaments and deposits (4.7 per cent of the total). The bank's bye-laws had no provision of the granting of long-term loans. Of the total outstanding loans at Rs. 7.45 lakhs, as on April 28, 1967, Rs. 5.14 lakhs were medium-term loans forming 69 per cent of the total.

The bank's overdues as on April 28, 1967 were Rs. 0.57 lakh forming 7.7 per cent of the total loans outstanding. Overdues over three years forming 18 per cent of total overdues were entirely covered by decrees. The estimate of bad and doubtful assets of the bank as on April 28, 1967 was Rs. 0.07 lakh while the bad debt reserve was Rs. 0.06 lakh only.

The average borrowing and lending rates of the bank as on April 28, 1967 were 5.6 per cent and 8.7 per cent, respectively. The bank earned a net profit of Rs. 0.18 lakh during 1965-66 forming 1.7 per cent of working capital. For the previous years the bank had declared an uniform rate of dividend of 6¼ per cent.

ANNEXURE—V

Bank E (Punjab)

The membership of the bank is open to any individual over 18 years of age and residing within the area of operation of the bank, mainly comprising shopkeepers and traders. Hence, the membership of the bank at 323 as on October 31, 1966 was confined to this particular class only.

The bank had no outside borrowings as on October 31, 1966. Its sources of funds were owned funds (Rs. 1.41 lakhs) and deposits (Rs. 2.10 lakhs) forming 37.2 per cent and 62.8 per cent, respectively, of the working capital of Rs. 3.51 lakhs as on October 31, 1966. Deposits were accepted from members as well as non-members. Break-up of deposits between members and non-members was not available. Deposits from individuals at Rs. 1.85 lakhs formed 88 per cent of the total as on October 31, 1966. According to type of deposits, fixed deposits were negligible at Rs. 0.04 lakh forming only 1.9 per cent of the total, while savings deposits at Rs. 1.30 lakhs formed 61.8 per cent of the total deposits. Further, although there were 418 deposit accounts, deposits cannot be said to have been spread over a large number of accounts as about 40 per cent of the total deposits were concentrated in nine deposit accounts.

The terms and conditions prescribed by the bank for different types of loans were as under :

Nature of loan	Maximum loan limit	Rate of interest
	(Rs.)	(Per cent)
Surety loan	1500	8.40
Mortgage of real estate	3000	8.40
Fixed deposits	—	8.40

The bank was issuing only medium-term loans for the purpose of "trade" repayable in 20-24 months. An analysis of security-wise outstandings as on October 31, 1966 revealed that the most common securities accepted by the bank were surety and immovable property with outstandings at Rs. 2.22 lakhs and Rs. 0.72 lakh, respectively, forming 73.1 per cent and 23.6 per cent of the total loans at Rs. 3.04 lakhs.

The bank's overdues as on October 31, 1966 were Rs. 0.56 lakh (under principal) forming 18.4 per cent of the loans outstanding. The period-wise classification of overdues revealed that as much as Rs. 0.33 lakh or nearly 59 per cent were overdue for over one to three years. The bank was not taking any effective action including referring of cases for arbitration against defaulting members. The estimate of bad and doubtful assets of the bank as on October 31, 1966 was Rs. 0.10 lakh while the bad debt reserve was Rs. 166.12 only.

The average borrowing and lending rates of the bank as on October 31, 1966 were 4.8 per cent and 8.4 per cent, respectively. During 1965-66, the bank earned a profit of Rs. 0.09 lakh forming 2.5 per cent of the working capital. The dividend declared fcr 1963-64 was 5 per cent.

ANNEXURE—VI

Bank F (Tamil Nadu)

The membership of the bank is open to any individual over 18 years of age and residing within the area of operation of the bank. The total membership of the bank was 10,388 as on April 30, 1967. Of this, 'B' class members at 5292 or 50.9 per cent to the total, are entitled for loans on the security of gold ornaments only. Only minors whose guardians take loans and who are required to join in the execution of documents are admitted as 'C' class members.

The bank had no outside borrowings. Its sources of funds were owned funds (Rs. 11.51 lakhs) and deposits (Rs. 44.11 lakhs) forming 20.7 per cent and 79.3 per cent, respectively, of the working capital at Rs. 55.62 lakhs as on April 30, 1967. According to type of deposits, as at the end of June 1966 and 1967 fixed deposits at Rs. 30.83 lakhs and Rs. 37.38 lakhs formed 78.64 per cent and 82.08 per cent of the total, respectively.

The terms and conditions prescribed by the bank for different types of loans were as under :

Nature of loan	Maximum limit Rs.	Rate of interest (Per cent)	Margin (Per cent)
Surety loans	2000	*10·8*	—
Jewel loans	5000	*10·2*	10
Cash-credit against immovable property	5000	*10·2*	50
Cash-credit on personal security and advances against merchandise	1000	*9·0*	50
Loans granted against fixed deposits	—	1 per cent above Fixed deposits rate	N.A.

(*Note:* Total loans of first four categories by way of principal, are not to exceed Rs. 15,000 against a member.)

N.A. : Not available.

Besides, the rates of interest charged for other types of advances were :

	(Per cent)
Loans against warehouse receipts	9.0
Loans against government and trustee securities	9.0
Loans against life policies	7.8
Loans against recurring deposits.	7.2

As the membership of the bank consisted of only individuals, lending was confined only to individuals. There is provision in the bye-laws of the bank for making advances for consumption purposes, repayment of prior debt *etc.* During 1965-66 and 1966-67, the bank issued loans aggregating Rs. 30.43 lakhs and Rs. 33.22 lakhs, and of which Rs. 18.76 lakhs and Rs. 19.07 lakhs or 61.1 per cent and 57.4 per cent, respectively, were for unproductive purposes, such as purchases of food and consumer articles, ceremonial expenses, repairs to houses, *etc.* The security-wise analysis of loans outstanding during 1965-66 and 1966-67 revealed a predominance of advances against surety loans and real estate as detailed below :

(In lakhs of rupees)

Nature of security	1965-66		1966-67	
	Amount	Percentage to total	Amount	Percentage to total
	(1)	(2)	(3)	(4)
Surety	10·81	*35·52*	11·01	*33·13*
Real estate	9·93	*32·63*	9·30	*28·00*
Bullion including gold and silver	4·14	*13·61*	4·68	*14·08*
Others	5·55	*18·24*	8·24	*24·79*
Total	**30·43**	**100·0**	**33·23**	**100·00**

The period-wise break-up of outstanding advances indicated a preference for medium-term advances. Advances above fifteen months and below five years aggregated Rs. 17.16 lakhs and 16.89 lakhs during 1965-66 and 1966-67 forming 56.39 per cent and 50.83 per cent, respectively, of the total advances during the years. The bank's advances for industrial units aggregated Rs. 0.03 lakh only and of this as at the end of September 1967 Rs. 0.02 lakh was outstanding.

The bank's overdues as on April 30, 1967 were Rs. 4.15 lakhs. The type-wise and period-wise break-up of overdues is given below :

(In lakhs of rupees)

	Below 1 year	1 to 3 years	Above 3 years	**Total**
	(1)	(2)	(3)	(4)
Jewel loans	0·32	0·06	—	0·38
Surety loans ..	1·59	0·21	0·04	1·84
Mortgage loans	1·68	0·21	0·04	1·93
Total	**3·59**	**0·48**	**0·08**	**4·15**

The overdues formed 11.3 per cent of the loans outstanding as on April 30, 1967. The estimate of bad and doubtful assets of the bank as on April 30, 1967 was Rs. 0.48 lakh while the bad debt reserve was only Rs. 0.16 lakh.

The average borrowing and lending rates of the bank as on April 30, 1967 were 6.2 per cent and 9.8 per cent, respectively. During 1965-66, the bank earned a profit of Rs. 0.87 lakh which formed 1.7 per cent of the working capital. The bank was declaring a dividend of 6 per cent uniformly during the previous four years.

March 3, 1969.

AN EXAMINATION OF THE WORKING OF SELECTED SMALL REGIONAL BANK*

(Based on Case Studies)

Introductory

This study analyses the working of eight selected small regional banks with reference to their pattern of growth, geographical coverage and general features in order to enable us to take a view whether they are more suited to meet the requirements of local borrowers and to assess the services rendered by them to the community. The information has been collected through discussions with the banks' chief executives and supplemented with readily available statistical data with the Bank. For this purpose, a selection of banks was made to cover, as far as possible, all the regions of the country by picking up four banks from the Southern area, three from the Northern area and one from the Western area. Of these, six are scheduled banks and the rest are non-scheduled banks. Judged by criteria such as the proportion of paid-up capital and reserves to deposits, liquidity ratio and amount allocated to reserves, almost all the selected banks are operating generally satisfactorily.

Branches and their distribution

The total number of branches of the banks is 240. Of these, except for the Head/Registered offices and 131 branches located at urban areas, the remaining branches are located in the rural/semi-urban centres, *i.e.*, centres with population below one lakh. To man these branches, the banks on the whole have not faced any serious staff problems. In one case, the staff's reluctance to be posted to semi-urban branches has been overcome by suasion and judicious rotation of staff. In another case, it is stated that the agents at the rural centres have been insisting on the bank providing them with adequate and suitable quarters and the bank is trying to solve the problem by granting necessary advances to parties for construction of buildings for the purpose.

Operational Aspects

Deposits

The total deposits of these banks show a generally rising trend, although the rate of growth varies according to banks. A portion of the rise in deposits is attributable to the increase in the number of new offices opened and to the fact that they have begun to spread, for the first time, in unbanked centres and, to a certain extent, owing to amalgamations and mergers of other small banks with these banks.

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* Prepared in the Reserve Bank of India.

Nature of deposits	Percentage to total deposits	Interest rates per annum (per cent)
Fixed	58.4	1½ to 8½
Savings	25.6	3½ to 5
Current Account *etc.*	9.4	Nil to 1½
Others	6.6	Nil to 8½
Total	**100.0**	

It will be seen from the above table that more than half of the deposits represent fixed deposits, while the savings deposits constitute one-fourth of the total. The composition of the deposits indicates that these banks have been able to attract the idle funds of the community, partly because of the high interest rates that they offer on various forms of deposits since they are not parties to the Inter-Bank Agreement on Deposit Rates. These banks have generally made intensive efforts for deposit mobilisation. They have advertised attractive rates of interest through various media. With a view to collect more deposits, one bank offers brokerage to persons (other than staff members) canvassing deposits and has also allowed its branch agents to spend upto a certain amount for entertaining the customers. One bank in the Southern area awards cash prizes and rolling trophy to the successful branches that fulfil the deposit targets fixed for them. The progress in the achievement of targets of branches is being published in the bank's monthly bulletin. A prize scheme has been introduced for savings deposit holders. Some banks have also relaxed the rules governing the withdrawal of deposits in savings bank accounts and have also extended ancillary services to customers like provision of safe deposit lockers, free transfer of funds between branches for credit of accounts and collection of cheques at par at centres where the bank has branches for credit of constituent accounts. One bank is stated to be considering a proposal to introduce teller system with a view to paying the cheques direct by the cashier on presentation by reputed parties. A bank in the New Delhi area has directed the branch officials to make a door-to-door contact with the rural people with a view to attracting deposits. It is stated that, to secure deposits from illiterate persons, the branches functioning in the rural areas are supplied with cameras for taking their photgraphs and keeping them on the bank's records for reference at the time of making payments to the depositors.

The banks generally do not face competition for collection of deposits from the co-operative institutions although they do face competition in certain areas where big commercial banks and private *chitty* foremen are operating, but they are able to counteract it by offering higher interest rates than those paid by bigger commercial banks and by rendering better services on account of their close personal contacts with their depositors.

The main classes of depositors are farmers, small land-holders, salary and wage earners, petty shop-keepers, retailers, wholesalers and a few educational institutions. Although it has not been possible to collect precise data on the size-wise classification of the deposits of these banks, it is fairly clear that small deposits dominate in the business of the banks. Nearly 40—50 per cent of the total deposits of these banks fall within the range of Rs. 4,000 to Rs. 6,000 spread over a fairly large number of accounts.

Advances

General Observations

The percentage of advances to deposits varies from bank to bank, ranging from 42 per cent at one end to 73 per cent at the other. Nearly 40 to 60 per cent of the total advances of selected banks in the Western and Southern areas have been granted against gold ornaments and fixed deposits and the borrowers comprise farmers, petty shopkeepers, agriculturists, wage-earners, housewives, *etc.* One bank stated that after the advent of the Gold Control Order, the small borrowers—who used to borrow mainly against gold ornaments—were turned away by commercial banks and are since going to the pawn-brokers who charge exorbitant rates of interest upto 36 per cent. Advances against merchandise, industry and trade form bulk of the advances of the banks in the Northern area.

The predominant size of the advances in most cases ranges between Rs. 5,000 and Rs. 30,000 indicating that the banks under study meet the financial requirements of relatively small borrowers and in one bank in the Southern area, advances of the size of less than Rs. 1,000 predominate in the total.

As regards the competition from big commercial banks, money-lenders and other financial institutions, the main points that emerge from the case studies are summarised below.

Small borrowers are not well known to the bigger commercial banks ; they are shy and reluctant to approach these bigger institutions due to lack of contacts with them ; on the other hand, there are close personal contacts between these borrowers and the small regional institutions. The bigger commercial banks, on their part, it is stated, do not find it remunerative to finance a large number of small borrowers in view of their relatively higher establishment expenses and operating costs.

In cases where competition with bigger commercial banks exists, only those borrowers approach the banks for advances who cannot offer suitable security to bigger commercial banks or in cases where the bigger banks do not entertain proposals because of the low financial standing of the borrower.

Also, the borrowers against gold ornaments find the rate of interest charged by small regional banks lower than that charged by the pawn-brokers. Although the rate of interest charged by these small banks is higher than that charged by bigger banks, the promptness in sanctioning advances and the personalised services rendered to borrowers, make it possible for the former to compete successfully with the latter.

Advances to Priority Sectors

As regards dispensation of credit to the priority sectors of agriculture and small-scale industries, these banks cannot be said to have made much headway in providing direct finance to these sectors. One plea put forward by these banks is that the bulk of their advances against gold ornaments should be treated as those granted to agriculturists. They are already financing the improvement and reclamation of land as well as the purchase of agricultural implements and fertilizers. So far as advances to small-scale industries are concerned, many of the banks are facing the problem of competition from the State Bank of India which charges a concessional rate on advances made to small-scale units. Most of the banks under study propose to take measures to provide credit to the priority sectors.

Advances for Social Purposes and Consumer Credits

Of the eight banks selected for study, three banks (two in the Southern area and one in the Northern area) grant advances for social purposes such as marriage, education, illness and funerals against the security of gold ornaments, deposit receipts, life insurance policies and Government securities. One bank in the Northern area grants such advances only to the members of its staff. Two banks in the Southern area grant such advances on an unsecured basis against the guarantee of a third party and one of these banks insists that either the borrower or the guarantor is an income-tax assessee, while the other obtains an undertaking from the borrower's employer for deducting monthly instalments from his salary. One bank in the Northern area grants advances for the purchase of utility articles such as, motor cycles, cars, cycles, refrigerators, type-writers and air-conditioners. The one bank in the Western area taken for the purpose of the study has not granted any such advances.

Three banks in the Southern area have granted advances to landless tenants and agricultural labourers against the security of gold ornaments and deposits. The remaining banks have not granted such advances.

Discretionary Powers

The agents of branches of all banks are vested with discretionary powers to grant certain types of advances upto certain limits. The banks consider that the discretionary powers are adequate and any enhancement of such powers will not give them an edge over other banks since they serve only small borrowers who are not acceptable to bigger banks. Further, their branches are located in nearby areas and the financial requirements of most of the clients are known to them. One bank in the Western area has stated that its directors are local persons who are easily available for consultation by the Chief Executive Officer and there is no delay in dealing with the proposals.

Method of Recovery of Loans

The branch managers or other staff members of the branch keep in personal contact with the borrowers for the purpose of recovery of loans by going to their residences or places of work. They also make a survey of the utilisation of the loans. One bank in the Northern area ensures repayment of agricultural advances soon after the harvest, while it keeps an instalment register in the cases of loans to small artisans. In the case of another bank in the Northern area, the advances to retailers, which are made for enabling the traders to make remittances to the suppliers of goods, are recovered by the branch managers out of the sale proceeds of goods. In cases of advances to salaried persons, a letter of undertaking is taken from the borrowers' employers for remitting deductions from the salaries. The experience of these banks in the matter of repayment of advances has generally been statisfactory.

Application forms *etc.*

Most of the banks have introduced application forms, *etc.*, in regional languages to help the people in rural areas. One bank in the Southern area has recently started accepting thumb impressions of illiterate persons at two of its branches.

Record of Refusals of loans

Smaller banks were not generally keeping a record of refusals of credit applications. Of late, however, some of the banks seem to be taking action to keep such records. A few of the banks stated that the reasons for refusals of loan applications were want of acceptable security and difficulty in follow-up.

Special Problems

In the course of the case studies, the banks pointed out that they were facing some special problems in their operations:

The provisions of Section 11 of the Banking Regulations Act limit the branch expansion programme of the banks as they are not in a position to increase their paid-up capital. Therefore, exemption from the provisions of Section 11 of the Act has been sought for opening more branches.

Some of the banks suggested that small banks, whether licensed or not, should be made eligible to seek guarantee from Reserve Bank in respect of their advances to small-scale industries.*

A few banks suggested that in the case of agricultural finance obtained from the Agricultural Refinance Corporation, certain restrictions regarding rate of interest should be removed.**

Some banks were of the opinion that in rural and semi-urban areas, banks should be permitted to grant advances against gold ornaments freely without having to diversify their advances portfolio and a minimum percentage for advances against gold ornaments may be fixed even for 'A' class banks.

Conclusions

The case studies have on the whole revealed certain special advantages which the smaller banks do enjoy in having the patronage of the local community. Because of the local character of the management and their close contact with the people of the areas they serve, they have succeeded to some extent in building up a clientele of relatively small depositors and borrowers, who may be otherwise shy and reluctant to deal with large-sized banks. However, the distinct relative advantages which some of the smaller banks possess have still remained more as a potential, because in terms of credit operations, it cannot be said that they have fully deployed their resources to meet the credit requirements of the community which they serve. The relatively low ratios of advances to deposits will have to be interpreted only from this angle. These small banks do have certain special problems for expanding their credit operations. Some of the banks have expressed difficulty in catering to the needs of agriculture and small-scale industry due to the lack of suitable trained staff. Further, as the State Bank of India has already been in a position to make advances to small-scale industries at a concessional rate, the small banks because of their high establishment and other operating costs, are obliged to charge around 12 per cent or so. On account of their limited earning power, they are unable to attract and keep competent persons in the management. The conclusion, therefore, follows that small banks will have to increasingly utilise the opportunities for developing business in the area of its operation. This would depend upon several improvements which they will have to effect because, as already pointed out, there are several advantages available to them. These banks spend, on an average, 30 per cent of their gross income on establishment expenses, whereas the corresponding ratio in the case of all Indian scheduled banks is 34 per cent and for banks with deposits of over Rs. 100 crores, it is 33 per cent. On the

*The question of extension of the Guarantee scheme to individual unlicensed banks is considered by the Credit Guarantee Organisation on merits. In fact two unlicensed banks have already been included under the scheme.

**The present sti ulation is that borrowing banks shoul l not charge more than 2½ per cent over the Agricultural Refinance Corporation refinance rate (6 per cent). The question of interest rate differential is under review by the Agricultural Refinance Corporation.

other hand, about 50 per cent of their gross income is devoted to payment of interest on deposits ; the corresponding figure for all Indian scheduled banks is lower at 45 per cent and for banks with deposits of over Rs. 100 crores, 43 per cent.

CASE STUDY—BANK NO. 1

The bank is a scheduled bank having a majority of its branches in rural, semi-urban centres. The area covered by the bank is mostly agricultural and its main produce consists of foodgrains like *jowar*, wheat gram and pulses and cash crops, *viz.*, groundnut, tobacco, turmeric, *etc.*

The bank has not faced any staff problems in managing the branches at rural centres. At most of the branches, the bank's staff consists of an agent, a cashier, a clerk and an unarmed watchman. For the purpose of security of cash and valuables, Bankers' blanket insurance policy has been taken by the Head Office. The bank has not faced any difficulty in finding suitable personnel to run its branches in the rural and semi-urban areas.

The deposits and advances of the bank show an increasing trend. While its deposits rose by 29.9 per cent and 10.9 per cent in 1966 and 1967, respectively, the advances increased by 27.8 per cent and 4.3 per cent.

Operational aspects

The paid-up capital and reserves form 8.6 per cent of the deposits. The demand and time deposits constitute 16.7 per cent and 83.3 per cent, respectively, of the total deposits. Nearly 70 per cent of the total deposits of the bank are below Rs. 10,001 and are spread over a large number of depositors. These depositors are mainly agriculturists and petty shopkeepers with rural background.

The bank has not initiated any special measures/schemes for canvassing deposits. Its deposits have shown a steady growth despite the stiff competition from various sources. The bank has primarily gained strength from the local character of its management and its close association with the people of the area it serves. The above factors have gone a long way in building up its own clientele.

The advances of the bank constitute 63.6 per cent of the deposits. The secured and unsecured advances constitute 81.1 per cent and 18.9 per cent, respectively, of the total advances. Nearly half the number of the bank's borrowers fall in the category of farmers and petty shopkeepers who have been accommodated by it against the security of gold ornaments and fixed deposits. The remaining borrowers may be broadly classified under the categories of wholesale traders and shopkeepers at the rural and semi-urban centres. The bank's contention is that its advances to *shroffs* against repledge of gold ornaments which constitute nearly 82 per cent of the total advances in this category are also indirectly given to a large number of farmers and petty shopkeepers. Besides, it also grants advances to small borrowers on the surety of one or two persons acceptable to the bank. The predominant size of its advances ranges between Rs. 5,000 to Rs. 20,000.

It is significant to note in this connection that the class of borrowers to which it caters is generally not financed by bigger commercial banks. Apart from the fact that these small borrowers are not well known to the bigger commercial banks, they are shy and reluctant to approach these bigger institutions for financial assistance, due to lack of intimate contacts with them, which on the contrary, exists between those borrowers and this small regional institution.

The bigger commercial banks, on their part, do not find it remunerative to finance a large number of small borrowers in view of their relatively higher establishment expenses and operative costs.

The other financial agencies such as co-operative banks and money-lenders also do not cater to the needs of the small borrowers to any sizeable extent. The former do not cover members of the community at large and grant financial accommodation to its members only. The money-lenders on the other hand, collect interest from their borrowers at exorbitant rates.

So far the bank has not made much headway in providing direct finance for agriculture although it has taken some steps in this direction. It has not employed any technical personnel for the appraisal of its agricultural loan applications nor it utilises the services of any other agency for the purpose. It is stated that the loan applications containing information regarding the particulars of land held by the borrower, irrigation facilities available, estimated amount to be spent for procuring seeds, manures, *etc.*, expected yield and the nature and value of security offered to the bank are received by the Head Office with the recommendations of the branch Agents. Each proposal is also accompanied by a credit report on the borrower wherein information relating to the land held by him, as verified from the village land records, as well as particulars of his liabilities to any co-operative society or *taccavi* loan taken from the Government is incorporated. The bank feels that it is costly to employ technical personnel to appraise the loan proposals and since it grants financial accommodation only to genuine agriculturists, the employment of such technical persons is not necessary. Besides, its staff members working at the rural centres have adequate rural background and possess fair working knowledge of agricultural operations. Of late, it has granted some advances to educational institutions and persons drawn from professional services (doctors, *etc.*,). Besides, a number of retailers and petty shopkeepers have been allowed small loans on an unsecured basis on the strength of the financial worth of the co-obligants provided by them. The distributive pattern of the total advances shows that by and large it is production-oriented and the bank generally caters to the financial needs of relatively small borrowers.

The Agents of the branches are vested with certain discretionary powers to grant advances against gold ornaments, warehouse receipts and pledge of merchandise. They have also been authorised to purchase clean bills upto specified limits. In the case of all other advances, the proposals require prior sanction of the Board of Directors. The bank is also considering delegating certain discretionary powers to branch Agents for granting advances to small-scale industries. It does not consider that decentralisation of its business to any further extent and granting of further discretionary powers to its branch agents would give it an advantage over large-sized banks. Its contention is that its branches are located in the nearby area and the financial requirements of most of its clients are known to it. In the event of entertaining a fresh business from a client, the branch agent can easily contact the Head Office and seek instructions. The directors of the bank are local persons who are easily available for consultation by the Chief Executive Officer in case of need and generally there is no delay on the part of the Head Office in dealing with any proposal. There has been no occasion to lose any acceptable business proposal for want of discretionary powers of the branch agents or delay on the part of the Head Office in conveying its sanction.

The bank follows up the small loans to farmers and petty shopkeepers by persuading them to meet their commitments. The branch Agents keep contacts with the borrowers and/or co-obligants. Its experience so far has been quite encouraging and its record of bad debts in respect of small loans is negligible.

The bank has not granted any loans to landless tenants or agricultural labourers, nor has it sanctioned loans for social purposes like marriage, funeral, illness in the family.

It does not maintain any record of the loans refused by it. According to its procedure, the borrower orally discusses his financial requirements with the management and also furnishes particulars of the security offered, purpose of the loan, amount of loan, co-obligant, if any, *etc.* In case the proposal is acceptable to the bank, a loan application form is handed over to him for filling up. So only such applications as have been sanctioned are held on the bank's record. It is, however, mentioned that various factors may go towards rejection of the oral request for an advance, the most important being want of acceptable security and difficulty of follow-up.

Competition with bigger banks and co-perative insitutions

For the acquisition of deposits the bank does not compete to any significant extent with the big commercial banks having branches in its area of operation. The bank feels that it has to raise, perforce, its interest rates on deposits to bring them in line with certain medium-sized commercial banks which are not signatories to the Inter-Bank Agreement on deposit rates. The bank is confident that it will continue to get its share of deposits, at relatively lower rates of interest provided the other commercial banks which are out of the Inter-Bank Agreement on deposit rates, do not raise their rates. The confidence displayed by the bank has its roots in the patronage of the local people enjoyed by it over a number of years and the natural affinity of the community it serves. It is evident from the pattern of its deposits, that it enjoys sufficient popularity among the small depositors in its area of operation.

Most of the forms in use by the bank, *viz.*, account opening forms, pay-in-slips, pass books *etc.*, are in the regional language. Besides, the members of its staff hail from the nearby towns/villages and their mother-tongue is also the local language. Personal attention and assistance is rendered by the bank's staff in dealing with illiterate clients. The above factors have also given some advantage to the bank over large-sized commercial bank in the matter of mobilising deposits of relatively small people.

The other institutions such as co-operative banks have also not been able to affect its deposits to any significant extent although these banks have their offices at all the centres where the bank's branches are located, the reason being that the co-operative banks have a limited clientele and do not, as yet, cover members of the community at large.

Conclusion

The bank has been enjoying the patronage of the local community and virtually a feeling of belonging prevails amongst the people it has been serving. Because of its close contact with the people of the area it serves, it has built up a clientele of relatively small depositors and borrowers who are stated to be shy and reluctant to deal with large-sized banks. The bank, therefore, feels that the concentration of its branches in the nearby area would help in the growth of this institution.

CASE STUDY—BANK NO. 2.

The bank is a scheduled bank. 29 of its branches are functioning in rural or semi-urban areas, sixteen of them at centres with population of less than 10,000, each of the remaining thirteen at centres with population of less than 25,000.

The bank has not faced any staff problems particularly for manning the branches in villages and semi-urban areas.

The deposits and advances of the bank show an increasing trend. While its deposits rose by 4.7 per cent and 6.1 per cent in 1965 and 1966, respectively, the advances increased by 9.2 per cent and 15.2 per cent.

Operational aspects

The percentage of paid-up capital and reserves to deposits is 5.1. The demand and time deposits constitute 33.7 per cent and 66.3 per cent, respectively of the total deposits.

In order to attract deposits from the public, the bank has been offering rates of interest on deposits which are higher than those offered by bigger banks under the Inter-Bank Agreement on Deposit Rates.

A major portion of the deposits of the bank is in the form of fixed deposits and savings deposits which is mainly due to the fact that a majority of the depositors of the bank are individuals. Due to this, the average cost of deposits to the bank is far higher than that of bigger commercial banks which have higher percentage of deposits in the form of current deposits on which no interest is paid by them as against ½ per cent per annum paid by this bank as also the fact that the rates of interest on savings bank and term-deposits are more than those paid by the bigger banks.

A major portion of the depositors of the bank constitutes small depositors mainly having deposits up to Rs. 1,500 each although the proportion of the deposits received from them to the total deposits is low. The depositors having deposits of over Rs. 5,000 each constitute a small portion of the total depositors, *viz.*, 4 per cent but they have contributed 45.8 per cent of the total deposits of the bank.

For mobilising deposits, the bank advertises its rates of interest through newspapers, slides in cinema houses and pamphlets. The branch agents personally contact the prospective depositors for canvassing deposits. Its main competitors in the matter of collecting deposits are neither the big commercial banks nor the co-operative institutions but medium and small-sized banks which are not parties to the Inter-Bank Agreement pertaining to the rates of interest on deposits. It has been able to increase its deposits considerably over the years mainly because of its rates being higher than those offered by the bigger banks.

The advances constitute 67.2 per cent of the deposits. The secured and unsecured advances form 91.1 per cent and 8.9 per cent, respectively of the total advances. Advances against gold ornaments formed 37 per cent of the total advances and the borrowers in this category include farmers, petty shopkeepers, other self-employed persons, salary and wage earners, *etc.* Other borrowers include industrialists, businessmen, wholesalers and retailers.

A major portion of the advances to the agriculturists is against gold ornaments. With regard to the advances to agriculturists for purchase of pumpsets and motors, the bank grants loans up to 80 per cent of the cost of the pumpsets and motors or Rs. 3,000, whichever is less and the loans are repayable in annual instalments not exceeding five. The borrower must possess agricultural land, the value of which should be sufficient to cover the amount of the loan and he must deposit the title deeds relating to the land with the bank with an intent to create equitable mortgage as collateral security in addition to the hypothecation of the pumpset and motor. He should also produce a guarantor with financial standing acceptable to the bank. Advances granted to the cardamom, coffee and sugarcane estate owners are against the equitable mortgage of the estates and are appraised on the basis of their working capital requirements. For this purpose the bank utilises the services of the authorised Government departments/agencies like Coffee Board and Cardamom Board.

It is also granting advances to small-scale industries in the normal course of its business and no special measures have been taken by it in the form of reduction in the rate of interest, stipulation of lower margins, *etc.*, in the case of such loans. Although some progress has been made in the direction of granting advances to the agricultural sector, there is practically no improvement so far as advances to small-scale industries are concerned. It has not got covered any of the limits sanctioned to the small-scale industries under the Credit Guarantee Scheme. The bank is also granting advances to individuals for social purposes like meeting expenses of marriage, education, sickness, funeral, *etc.*

Except to the extent of dispensing with the obtaining of the legal opinion in respect of properties equitably mortgaged to the bank as collateral security for the advances upto Rs. 2,000 per borrower granted to the agriculturists for purchase of pumpsets and motors and not insisting on covering such pumpsets and motors under fire insurance, no other efforts appear to have been made by the bank in simplifying the procedure to suit the requirements of the small clients.

Small loans are granted to the small farmers, small artisans, petty shopkeepers against the pledge of gold ornaments which need no follow-up. In respect of advances granted to agriculturists against pumpsets and motors, the bank's officials go round to verify whether the pumpsets have been installed and are working. The bank has not so far faced any difficulty with regard to the recovery of small loans.

Some of the loans to the agriculturists against gold ornaments might have been granted to the landless tenants or agricultural labourers for which no information is available with it. Besides gold loans, no other type of advances have been granted to the landless tenants or agricultural labourers.

The bank has not faced any difficulty in recovering loans against gold ornaments.

The bank is granting loans for social purposes such as marriage, education, house construction, *etc.*, to people in service against the guarantee of a third party and after obtaining undertaking from the employers for deducting the stipulated monthly instalments from the borrower's salary. Such loans are granted for amounts ranging up to Rs. 5,000 depending upon the purpose of loan and the standing of the borrower and are repayable in 12 to 24 monthly instalments.

The branch agents are vested with certain discretionary powers up to which they can grant advances against gold ornaments, Government securities, bank's deposits, life insurance policies, merchandise and purchase cheques drafts, *etc.* Applications for amounts beyond such limits are forwarded to the Central Office for sanction. The bank feels that the existing arrangement in this regard suits its working and it would have no advantage over the bigger banks by introducing decentralisation of its business and allowing greater discretion to its branch agents. It, however, feels that it has an advantage over the large-sized banks by having concentration of branches in a small area as it has better knowledge of the local conditions.

The proportion of the proposals rejected to the total proposals received is not much. The main reasons for rejecting the proposals are reported to be want of acceptable security or the inadequacy of the borrowers' stake in the business.

Competition with bigger banks and co-operative institutions

The main competitors of the bank in the matter of collecting deposits are neither the big commercial banks nor the co-operative institutions but medium and small sized banks which are not parties to the Inter-Bank Agreement pertaining to the rates of interest on deposits. As the cost of establishment to the bank, operating in more than one State, is higher than that in the case of the other medium and small-sized banks which are operating only in one State, it finds it difficult to compete with some of the banks in the latter category. However, certain services rendered by it, *viz.*, providing safe deposit lockers, accepting articles for safe custody, *etc.*, are not being provided by the other banks competing with it. In the matter of advances only such borrowers approach it for advances who cannot offer suitable security to the bigger commercial banks, or the borrowers against gold ornaments find the bank's rate of interest far less than that charged by the pawnbrokers. It is due to the last reason that a good portion of the bank's advances is against gold ornaments.

Conclusion

The bank is meeting the requirements of the small depositors and the small borrowers because of the fact that a good number of its branches are functioning in rural and semi-urban areas. Except providing loans to the agriculturists against gold ornaments and pumpsets, the bank does not appear to have taken any positive steps to dispense increased credit to them. The bank meets the requirements of the small borrowers, which may not be met in certain cases by the bigger banks on account of the borrowers' financial standing, although it charges interest at a rate which may not be economical to them.

CASE STUDY—BANK NO. 3

The bank is a scheduled bank. Its entire net-work of branches is in predominantly rural areas. As many as seventeen of its branches are situated at centres having a population of less than 15,000 and two of these are situated at centres with population of less than 5,000. The bank has not faced any problem in manning the branches in the rural areas mainly because the required staff is also drawn from rural areas.

Operational aspects of

The deposits and advances of the bank show an increasing trend. While the deposits rose by 21.1 per cent and 17.6 per cent in 1966 and 1967, the advances increased by 19.6 per cent and 13.3 per cent.

The paid-up capital and reserves form 2.9 per cent of deposits. The demand and time deposits of the bank constitute 21 per cent and 79 per cent, respectively, of the total deposits. The pattern of distribution of the deposits is broadly as follows :

Range of deposits in rupees		*Percentage to total deposits*
Below 1,000	..	*35*
1,000 to 5,000	..	*25*
Over 5,000	..	*40*

About 50 per cent of the bank's deposits are held in the accounts of farmers, including landlords holding agricultural land. The savings of the salaried people account for about 25 per cent of the total deposits. The contribution of the business community as a whole may be placed at about 15 per cent.

The liquid assets constitute 38.7 per cent of the deposits. The advances constitute 62.5 per cent of deposits. The secured and unsecured advances form 89.8 per cent and 10.2 per cent, respectively, of the total advances. The advances against gold ornaments constitute 59.3 per cent of its total advances, while those against pledge/hypothecation of merchandise form 3.2 per cent thereof. The advances against gold ornaments have been generally granted to agriculturists (including landless tenants and agricultural labourers), wage earners, housewives and shopkeepers. The advances against merchandise mainly comprise fertilisers, cotton, cotton yarn, coffee seeds, electrical goods paddy and groundnuts. Farmers, landlords and small agriculturists account for as much as 55 per cent of the bank's total advances. Petty shopkeepers and salaried people each account for another 10 per cent of the total advances. The bulk of the advances is for small amounts, generally below Rs. 1,000. The magnitude of service rendered by the bank to the small man can be gauged from the fact that about 60 per cent of the bank's advances is accounted for by loans to small borrowers against the security of gold ornaments. Further, out of the proposals for advances submitted by the branches and sanctioned by the bank's Board during 1968, as many as 124 were for amounts less than Rs. 5,000. Even in regard to advances againt real estate, five out of the ten loans sanctioned during 1968 were for Rs. 15,000 and less. The bank has been granting advances mainly against jewels, fixed deposits and life insurance policies and its performance with regard to advances against other types of securities like merchandise, machinery, *etc.*, is not up to the mark. Recently, it has introduced a system of fixing up targets for advances against merchandise.

Although the bank is operating mainly in rural areas, it is still a beginner in the matter of granting agricultural loans. Its advances to agriculturists for buying tractors, *etc.*, and for improving the methods of farming and cultivation amount to rupees one lakh only. It has given wide publicity to its proposal to provide credit to the tiller of the soil by advertising both in English and the local language press. It has also granted facilities to small entrepreneurs like *beedi* and pumpset manufacturers against the security of real estate but it may take some time before this process gathers momentum.

It has also granted clean overdrafts to merchants, traders and pawnbrokers and most of them are also enjoying secured credit facilities against real estate. The bank has been generally averse to making advances without security. In cases where it grants such facilities, it takes third party guarantee and insists that either the borrower or the guarantor is an income-tax assessee. A good part of the lendings against ornaments, fixed deposits and life insurance policies is also for social purposes like education, marriage, illness in the family or funeral.

The bank has recently enhanced the discretionary powers vested in the branch Managers with a view to avoiding a reference to the Head Office and reducing the time-lag between the application for credit and the disbursement thereof. The unsecured advances for social purposes are sanctioned by the Head Office and the Board has constituted a one-man Committee to make such loans up to Rs. 3,000 per borrower.

The bank has instructed all its branches to maintain a register to record particulars of credit refusals. Applications for credit have been rejected where the borrowers already enjoy credit limits commensurate with their actual requirements or in cases where the title of the borrowers to the properties offered as security has not been found acceptable to it.

Competition with bigger banks and co-operative institutions

Since the bank is having a number of branches in rural areas, and offers comparatively higher rates of interest on deposits it is able to face the competition from other commercial banks. Interest is allowed on savings bank deposits at a high rate of 5 per cent and withdrawals up to Rs. 2,000 per week are also permitted therein. Unlike bigger banks, it allows interest on balances in current accounts also. The bank holds regional conferences at periodical intervals and branch Managers are exhorted to maintain personal contacts with the people with a view to mopping up their savings. Targets for deposits are fixed for each branch and cash prizes awarded in deserving cases. The bank has also been giving wide publicity to the attractive rates of interest which it offers on deposits and its willingness to provide credit to small agriculturists and industrialists. It has been using, for quite some years now, several of the loan application forms, *etc.*, printed in the regional language.

The bank's suggestions

The bank has stated that its clientele comprises mainly farmers, labourers, petty traders, salaried class and pensioners. The credit needs of this class of people is steadily increasing under the present economic conditions and they depend solely on their gold ornaments for raising loans. After the advent of the Gold Control Order, the small borrowers turned away by commercial banks, have been making a bee-line to the pawnbroker shops only to pay exorbitant rates of interest up to even 36 per cent per annum and also to run the risk of the ornaments being auctioned without giving sufficient time to redeem them. In this context the bank has suggested that a minimum percentage for advances against gold ornaments, even for 'A' class banks, especially in rural and semi-urban areas may be fixed.

Conclusion

Apart from the fact that the bank's clientele consists of small borrowers, it has not made any special efforts to provide finance on a larger scale to small agriculturists or to small-scale industrialists.

CASE STUDY—BANK NO. 4

The bank is a non-scheduled bank. Twenty of its existing offices are functioning in rural or semi-urban areas and of these, twelve are at rural centres not served by offices of any other bank. The bank does not appear to have faced any staff problems particularly for manning the branches in rural and semi-urban centres. It is, however, stated that the Agents at the rural centres have been insisting on the bank providing them with adequate and suitable quarters and the bank is trying its best to solve the problem by granting, if necessary, advances to parties for construction of buildings for the purpose. The bank's deposits and advances show an increasing trend. While its deposits increased by 21.1 per cent and 48.5 per cent in 1965 and 1966, the advances grew by 32.5 per cent and 69.9 per cent, respectively.

Operational aspects

The paid-up capital and reserves form 5 per cent of total deposits. The demand and time deposits of the bank constitute 26.6 per cent and 73.4 per cent, respectively, of the total deposits.

A study of the pattern of distribution of the bank's deposits, both class-wise as well as size-wise reveals that the bank's customers are mostly small depositors, 79 per cent of the total being accounted for by deposits within the size-range of Rs. 10,000. Majority of the depositors are salaried people, wage earners and farmers in the rural areas. The bank is aware of the necessity to increase its deposit resources and has been taking certain special measures for the mobilisation thereof. It has started opening branches in rural areas with a view to mopping up the deposits at these centres. Deposit drive has been intensified by introducing certain incentive schemes and by providing additional services to customers. Deposit targets have been fixed for branches annually and cash prizes and rolling trophy are being awarded to the successful branches. The progress in the achievement by the branches of the targets fixed is being published in the bank's monthly bulletins. Prize scheme has been introduced for savings deposit account holders. The weekly withdrawal limit in savings bank accounts has also been enhanced. Mail transfer facilities are allowed between branches for credit of accounts free of charge. Cheques on centres where the bank has branches are collected at par for credit of constituents' accounts. A proposal to introduce a teller system with a view to paying the cheques direct by the cashier on presentation in respect of reputed parties is under consideration.

The liquid assets constitute 35.1 per cent of deposits. The total advances form 65.1 per cent of the deposits. The secured and unsecured advances constitute 94.4 per cent and 5.6 per cent, respectively, of the total advances. 60.4 per cent of the advances are made against gold ornaments. The bank's advances are predominantly against securities such as gold ornaments and deposits. The bank has been generally catering to the needs of the small borrowers only, consistent with its resources and 70.5 per cent of the total advances are accounted for by borrowers within a size-range of Rs. 10,000 and most of them are drawn from small traders, agriculturists, wage earners and salaried people.

The distribution of advances, according to the classes of borrowers, is shown below:

Class of borrowers	*Percentage of total advances*
Small traders	*35.3*
Agriculturists	*38.6*
Educational Institutions	*2.8*
Religious Institutions	*0.3*
Industries (small-scale)	*1.9*
Government contractors	*5.1*
Transport	*1.1*
Others such as wage earners, salaried officials, *etc.*	*14.9*
	100.0

The figure shown against "Agriculturists" includes advances against gold ornaments which are not treated by the bank as agricultural loans.

The size of the advances is as under :

Size-range	*Percentage of total advances*
Less than Rs. 2,000 ..	*54.3*
Rs. 2,000 to Rs. 5,000 ..	*9.0*
Rs. 5,000 to Rs. 10,000 ..	*7.2*
Rs. 10,000 to Rs. 25,000 ..	*9.7*
Rs. 25,000 to Rs. 50,000 ..	*8.2*
Rs. 50,000 to Rs. 1 lakh ..	*4.6*
Over Rs. 1 lakh	*7.0*
	100.0

At present the bank is granting advances for purchase of pumpsets for which it has formulated a scheme and for development of rubber, cardamom, plantations, *etc.* It has not, however, got in its employ any technical personnel, nor does it utilise the services of other agencies. However, in the case of advances against pumpsets the bank consults the Block Development Officer before processing the proposal.

The progress made by the bank in extending credit to the priority sectors cannot be considered to be quite appreciable. It is, however, rather early to judge the bank's performance in this regard. So far as small-scale industries are concerned no positive measures have so far been taken by it.

No efforts have so far been made in simplifying the procedure for sanctioning advances to suit the requirements of small clients ; for agricultural loans it has the application forms introduced in the local language. In connection with the agricultural loans, the bank has appointed a temporary field worker who is technically qualified to make periodical surveys by personal contacts with the borrowers and report about the utilisation of loans granted, the progress of the projects for which the advances had been granted, *etc*. The bank's record of recovery of small loans is stated to be cent per cent.

The bank has not granted advances to landless tenants or agricultural labourers, except against gold ornaments and small savings deposits. The record of recovery in these cases also is reported to be cent per cent.

The bank expects that expenses for purposes like marriage, funeral, illness of members of the family, *etc*., should be met out of savings ; advances for these purposes are, therefore, granted only against securities such as gold ornaments, deposits and *kuri* subscriptions.

The number of cases of rejection of applications for credit is stated to be not many. Applications for advances on unsecured basis or against securities other than gold ornaments, *kuri* subscription or deposits, for meeting expenses in connection with domestic purposes have not been considered with favour. In a few cases, the proposals had necessarily to be rejected as the parties concerned were not willing to disclose their financial position.

The branch Managers have been delegated certain powers in the matter of grant of advances and only such of those proposals which are not within their discretionary powers are referred to Head Office. The extent of the powers (which are in accordance with the resources of the bank) vary according to the nature of security and the size of the branch concerned.

Competition from bigger banks and co-operative institutions

It cannot be said that there is any keen competition from the big commercial banks for deposits and advances and if at all any competition is there, it is marginal. The type of clientele which small-sized banks are having are completely different from that of big commercial banks. It is also stated that there is no competition from co-operative banks in this regard. The bank is aware that it should not compete in any way with the local co-operative banks as it appears to be possible for it to develop its business in spheres outside the area of a co-operative bank. The bank has, however, necessarily to offer high rates of interest on its deposits as the competition it has to face from the other small-size commercial banks and money-lenders is rather keen.

So far as advances are concerned the competition is restricted to places where bigger commercial banks are functioning and that too only in respect of advances to small-scale industries, since these banks are prepared to lend funds at rates lower than those of small-size banks which perforce have to charge higher rates in view of the existing pattern of rates of interest on deposits.

The bank does not maintain any liaison with co-operative institutions or Government agencies.

Suggestions from the bank

The following suggestions have been made :

(*i*) While the smaller banks should be allowed to expand their activities and the area of operation in the rural areas in their own States, the all-India banks should be permitted to have branches only in district and *taluk* headquarters in these States and they should maintain liaison with smaller banks. The all-India banks can provide farm finance to the agriculturists through the small banks, which have a better knowledge of the place as also the parties and can have closer supervision at a lesser cost.

(*ii*) Exemption of banks from the purview of the land legislations.

(*iii*) Rural branches working at losses to be subsidised at least for a period of three years.

(*iv*) Necessary amendments to law to be made to facilitate banks to recover dues from borrowers in the same manner as arrears of revenue.

Conclusion

The bank has no exact information about the extent of business conducted by private money-lenders at the places where they are stated to be functioning. On the basis of the record of rejection of the credit applications, which is stated to be quite negligible, it can be inferred that consistent with its limited resources the bank has been able to meet to a large extent the existing credit requirements of small borrowers particularly at places where there are no offices of other banks. Incidentally, the agency service the bank renders as foreman of *kuries* is stated to be quite significant. It is stated that *kuries* serve a dual purpose in that they inculcate and develop the instinct of small savings and at the same time provide funds to small parties to meet the socially purposeful expenses like that for marriages, funerals, illness of members of family and acquisition of houses for residential purpose.

CASE STUDY — BANK NO. 5

The bank is a non-scheduled bank. Most of the branches are situated in semi-urban or rural areas. The bank also conducts *chitty* business.

The staff is generally not willing to go to the branches in rural areas as there are no suitable boarding and lodging facilities. However, the problem has not been very serious. The bank provides residential accommodation, where possible, to the employees posted in the rural area branches.

The bank has experienced no difficulties so far in manning the branches in villages or semi-urban areas as the centres where it has branches have good transport facilities and means of communication.

The bank's deposits and advances show an increasing trend. While its deposits increased by 48.5 per cent and 16 per cent in 1966 and 1967, the advances rose by 40.6 per cent and 32.7 per cent, respectively.

The main feature noticed in the working of the bank is the lack of experienced and or trained staff to handle all types of business.

Operational aspects

The paid-up capital and reserves constitute 4.5 per cent of the deposits.

Demand and time deposits of the bank constitute 32.1 per cent and 67.9 per cent, respectively, of the total deposits.

The main classes of the bank's depositors are farmers, small landholders, salary and wage earners and merchants, businessmen and educational institutions. Since the bank is situated in rural area, it has no deposits from industrialists, big businessmen, *etc.*

The rate of interest offered by the bank on various types of deposits are higher by about ½ per cent to 1 per cent than those offered by big commercial banks. The bank, apart from giving higher rates of interest on deposits, allows unrestricted withdrawals from savings bank accounts, free transfer of funds between two accounts at different branches of the same party, and interest on daily balances up to a minimum of rupees ten.

It is observed that for mobilisation of deposits, the bank has recently introduced the system of fixing individual targets to be achieved by branches. In addition to the discretion given to branch agents hitherto to quote ½ per cent more than the usual rates of interest on fixed and other deposits, the bank has decided to allow branch agents to pay brokerage on certain deposits, pay entertainment allowance to the branch agents for mobilising, canvassing deposits and lastly increase rate of interest on funds lent to the Head Office.

Its liquid assets constitute 38.6 per cent of the deposits. The percentage of advances to deposits work out to 62.9. The secured and unsecured advances constitute 95.1 per cent and 4.9 per cent, respectively, of the total advances. A major portion of the bank's advances is accounted for by those against gold ornaments (56 per cent), while its advances against merchandise form 10.3 per cent of the total advances.

The bank's branches are situated mostly in rural areas and as such its clientele is largely farmers, agricultural labourers and a few wholesalers, money-lenders, *etc.* The bulk of the advances is against the security of gold ornaments. The rate of interest on advances charged by the bank is 12 per cent and since small-scale industrial units are eligible to get credit facilities at concessional rate of interest elsewhere such units normally do not approach the bank. The size of loans varies according to the type of security and are predominantly accounted for by small advances, *i.e.*, those ranging between Rs. 20,000 and Rs. 30,000.

With a view to dispensing credit to the priority sectors, *viz.*, agriculture and small-scale industries, the bank has exhorted the branch agent to make earnest efforts to increase the flow of credit to this sector. The bank has evolved schemes to provide loans on medium-term basis (maximum period five years) for the purpose of improvement, development or reclamation of land, purchase of tractors, tillers and other equipment. The proposals are scrutinised with the help of the Department of Agriculture of the State Government and Block Development Officers. The bank does not have its own technical personnel to scrutinise the proposals.

It has granted credit facilities to some small-scale units. Apart from advances for working capital purposes, the bank has decided to grant loans for purchase of machinery, repayable in specified instalments, to small-scale industries.

The bank considers that the existing procedure in regard to processing and examining the applications for credit facilities is sufficient and meets the requirements. It has already introduced application forms, security documents, *etc.*, in the local language. The follow-up action in regard to small loans to farmers is taken by the branch agent. The record of recovery in respect of advances granted to farmers, *etc.*, against the security of gold ornaments, real estate, *etc.*, is satisfactory.

The bank does not specifically grant loans for social purposes like marriage, funeral, illness in the family, *etc.* However, it seems that loans availed of against security of gold ornaments, fixed deposits, *etc.*, might have been utilised for such purposes but the bank is not aware of the purpose of such loans.

No loans have been advanced to landless tenants or agricultural labourers but it is stated that they can get gold loans or advances on approved securities as they, are getting hitherto. The bank is also prepared to make advances for purchase of agricultural implements and machinery to these people provided they offer satisfactory collateral security or guarantors besides the hypothecation of the articles purchased.

The agents of the branches are vested with certain discretionary powers to grant advances. The discretionary powers vested in the branch agents are considered adequate and no decentralisation seems necessary at present. There are practically no cases of refusal of loans for want of acceptable security or on account of difficulties in following up of loans.

Competition with bigger banks and co-operative institutions

The bank has to face competition in regard to collection of deposits at some centres where other big small commercial banks have branches. At other centres, the competition is not so stiff.

The bank does not have to face competition from the bigger commercial banks in regard to advances as the class of borrowers which approach it for credit facilities is different inasmuch as it requires comparatively small amounts and the types of security offered are mainly gold ornaments and real estate. Bigger commercial banks are reluctant to grant advances against real estate and gold ornaments.

Bank's suggestions

The bank's suggestions for improving the organisational structure of the banking system so as to meet the needs of the small borrowers are briefly summarised below :

(i) Since, under the scheme of Social Control, the bank has to develop new lines of business, the staff will require training of processing the applications for loans from agriculturists and small-scale industries. In view of the limited means available to the bank, it cannot bear the expenses for training. As the training facilities at the Reserve Bank's Training College seem to be costly to small banks, Reserve Bank of India may consider providing the requisite training to the bank's staff, free of cost.

(ii) The bank is not in a position to increase its profits as the branches in rural areas incur losses. Reserve Bank of India may consider granting subsidy to the bank.

(iii) The provisions of Section 11 of the Banking Regulation Act, 1949, limit the branch expansion programme of the bank as it is not in a position to increase its capital. Exemption from the operation of the provisions of Section 11 of the Act *ibid* should be granted.

(iv) The various State enactments regarding land, tenancy rights, agricultural debt relief Acts, which seek to confer protection to agriculturists from the recovery of dues, are causing difficulty to the bank in the matter of recovery of loans to agriculturists. The bank feels that the exemption granted to the Government and co-operative institutions from the provision of these Acts may also be extended to commercial banks. This will facilitate more flow of funds to agriculturists from the commercial banks.

Conclusion

It appears that the services rendered by the bank are suited to meet the requirements of local borrowers. The bank is playing a useful role although it has to work within the limitations imposed on it by inadequate resources, lack of sufficiently trained staff, *etc.*

CASE STUDY—BANK NO. 6

The bank is a scheduled bank. Its deposits and advances show an increasing trend. While the deposits increased by about 15 per cent in 1965 and 1966, the advances rose by 22.7 per cent and 15.3 per cent in those years.

Operational aspects

The percentage of paid-up capital and reserves to deposits work out to 4.2. The demand and time deposits constitute 47.9 per cent and 52.1 per cent, respectively, of the total deposits.

The deposits of the bank are principally distributed among the following classes of depositors :

(i) Wholesalers

(ii) Retailers

(iii) Petty shopkeepers

(iv) Farmers

(v) Other self-employed persons or salary and wage earners.

Small deposits predominate in the business of the bank.

The liquid assets of the bank constitute 38.6 per cent of the deposits. The advances constitute 43.9 per cent of the deposits. The secured and unsecured advances of the bank constitute 97.9 per cent and 2.1 per cent, respectively, of the total advances. Advances against gold and silver ornaments form 5.1 per cent of total advances, whereas those granted against merchandise constitute 62.7 per cent thereof.

The borrowers of the bank are mostly small-scale industrialists, wholesalers as well as petty shopkeepers, hire-purchase financiers and other self-employed persons and salary or wage earners.

The borrowers for amounts up to Rs. 10,000 account for about 70 per cent of the total number of advances accounts while the aggregate advances outstanding against them represent only 11 per cent of the total advances. It may be stated that small and medium advances predominate in the business of the bank.

As regards agricultural finance, it is stated that the bank confines itself to advances for purchase of new tractors and agricultural inputs. Its Head Office has issued detailed instructions to the branches for processing loan applications. An application is obtained from the intending borrower in a prescribed form. Thereafter the branch Manager verifies personally the size, *etc.*, of the agricultural holding and satisfies himself that the loan is really warranted. The bank relies on the appraisal by its branch Managers and does not feel the need of any technical personnel for processing the loans for purchase of tractors.

The bank has not so far taken any special measures for mobilisation of deposits. In the matter of dispensation of credit in a socially purposeful manner, the bank has taken the following steps :

(i) It has introduced a scheme for granting advances to the farmers for purchase of tractors and agricultural inputs.

(ii) In sanctioning advances, it gives priority to small-scale industrialists.

Small loans are granted to small farmers, artisans and petty shopkeepers. Personal contacts are also made by the branch Managers, where possible, for purpose of recovery of interest and/or principal. The record of recovery of such small loans is satisfactory and the bank has hardly suffered any loss on this account.

No loans have been given to landless tenants or agricultural labourers.

The agents at the branches are vested with certain discretionary powers to grant advances. Loan proposals against approved securities falling within limited discretionary powers of the branch Managers are dealt with at the branches and are not required to be referred to the Head Office. It is stated that being a small institution, loan application proposals beyond the discretionary powers of the branch Managers are dealt with expeditiously at the Head Office. Consequently, greater decentralisation of the bank's business and vesting its branch Managers with greater discretion will not result in any material advantage over large-size banks.

The record of refusal of loan proposals has been introduced by the bank only very recently. It is stated that no proposal for advances is generally entertained where the security offered is not on the bank's approved list of commodities. No loan proposal is stated to have been rejected for reasons of incomplete information as the same is invariably called for from the branches or the intending borrowers.

The bank is using abbreviated and simple forms of loan applications in respect of advances against gold ornaments, fixed deposits, life insurance policies, *etc.*

Loan applications in local language have been introduced.

Competition with bigger banks and co-operative institutions

The bank considers that there is practically no competition from small commercial banks, co-operative institutions and other agencies in the field of deposits and advances. It is stated that it has, however, to face some competition in the above field from big commercial banks. However, intensity of competition is considerably reduced by its capacity to quote comparatively a better rate of interest to the extent of ¼ per cent and to give a prompt and less mechanical service to its depositors. In respect of advances also, competition offered by big banks is neutralised by the bank's prompt, timely and personalised service to the borrowers even though it charges nearly 1 per cent higher rate of interest on its advances. The bank does not maintain any liaison with co-operative institutions and Government agencies.

Conclusion

The area of operation of the bank has potentialities for development, particularly in the fields of agricultural and industrial finance.

CASE STUDY—BANK No. 7

The bank is a scheduled bank. For manning the branches in villages and semi-urban areas which the bank has opened in the recent past, staff at clerical and subordinate level is recruited and trained in its existing branches prior to their posting in newly opened branches. An experienced person is promoted and posted as the branch Manager. The employees so recruited or promoted seldom object to their being posted to these rural or semi-urban offices. Since the staff is trained prior to their posting in the new branch, no difficulty is faced in the transaction of day-to-day business.

The deposits and advances of the bank show an increasing trend. While the deposits increased by 33.6 per cent and 15.9 per cent in 1966 and 1967, the advances rose by 71.8 per cent in 1966 and after registering a slight decrease in 1967, again rose in 1968.

Operational aspects

The paid-up capital and reserves of the bank form 5.0 per cent of the deposits. Demand and time deposits constitute 27.3 per cent and 72.7 per cent, respectively, of the total deposits.

The deposits of the bank are mostly spread over the following categories of depositors:—

(i) Retailers

(ii) Petty shopkeepers

(iii) Farmers

(iv) Other self-employed persons or salary and wage earners

Small deposits predominate in the business of the bank.

The special measures taken by the bank for mobilisation of deposits are listed below :

(i) The bank has introduced a scheme for accepting recurring deposits.

(ii) It accepts deposits under thumb impression from illiterate persons.

(iii) It issues interest warrants for interest due on fixed deposits so as to ensure quick payment to the depositors.

(iv) It has a morning section at one of its branches where savings bank deposits are accepted/paid from 8 A.M. to 10 A.M. every day excepting Saturdays and bank holidays, with the object of assisting the office-going people and other self-employed persons who may not be able to visit the bank for carrying on their business transactions operations during the normal banking hours.

(v) It issues fixed deposit pass books which are in its opinion, preferred by the rural clients to deposit receipts.

(vi) It has provided locker facilities at several of its branches which in its experience materially help in tapping deposits.

The liquidity ratio works out to 41.8 per cent. The advances constitute 68.3 per cent of the deposits. The secured and unsecured advances form 97.9 per cent and 2.1 per cent, respectively, of the total advances.

The borrowers of the bank are mostly small-scale industrialists, businessmen, traders and wholesalers. Of the bank's total advances, 77.9 per cent are accounted for by two sectors, *viz.*, industry and Trade. It is stated that of late the bank is making efforts to increase its lendings to other classes of borrowers namely, farmers, petty shopkeepers and other self-employed or wage earners.

The borrowers for amounts up to Rs. 10,000 account for about 70 per cent of the total number of advances accounts while the aggregate advances outstanding against them represent only about 7 per cent of the total advances. In this connection, it may be stated that small and medium advances predominate in the business of the bank.

As regards the appraisal of agricultural loans, it is stated that the bank for the present is mainly confining itself to lending for purchase of tractors and installation of pumpsets. The bank's Head Office has laid down certain guidelines for processing the advances proposals. A loan application is obtained from the prospective borrower. Thereafter the branch Manager visits the site and satisfies himself about the size of the agricultural holding of the borrower. He also ensures that acquisition of the above items is really needed by the farmer and that these would result in increasing the production and adding to his earning capacity, thus enabling him to repay the advance in easy instalments.

In the matter of dispensation of credit in a socially purposeful manner, the bank has taken the following steps :—

(i) It has introduced schemes for granting advances to farmers for purchase of tractors and installation of pumpsets.

(ii) For sanctioning advances, it is stated that the bank gives priority to small-scale industrialists and exporters.

(iii) It grants advances for purchase of motor cycles and cars where these are required for discharge of business duties of the prospective borrowers.

(iv) It is shortly introducing a scheme for granting advances to salaried and professional people of comparatively lower income for purchase of articles like refrigerators, airconditioners, typewriters and cycles.

(v) It contemplates granting advances against standing crops and for boring tube-wells.

The bank has also introduced abbreviated forms of applications for advances against tractors and consumer goods.

Account opening forms, cheque books, rules of business and pass books are in the local language.

Branch Managers have been authorised to grant small loans up to specified limits to petty shopkeepers. Usually in the case of retailers and petty shopkeepers, advances are granted to facilitate remittances to suppliers of goods. The branch Managers keep in touch with them and repayments are made out of the sale proceeds of the goods. In the case of salaried people, letter of undertaking for remitting deductions from the salary is taken from the employer. Experience of the bank in the matter of recovery of such advances has been satisfactory.

The bank does not grant any loans to landless tenants or agricultural labourers.

The bank has started maintaining the record of loans refused only very recently. It is stated that it has been accepting non-traditional items as security for its advances and hardly any occasion has arisen when the proposal had to be rejected for want of acceptable security. No proposal is rejected for reasons of inadequate information. Branch Managers have standing instructions that they should personally assist the applicants in completing loan applications, *etc.* No loan application has been rejected on account of difficulty of following up of loans except where the prospective borrower resides outside the area of operation of the bank's offices.

Competition with bigger banks and co-operative institutions

Competition offered by small commercial banks in this regard is not significant and it is virtually absent from co-operative institutions and other agencies like money-lenders. In the matter of deposits, the bank offers $\frac{1}{4}$ per cent higher rates of interest as compared with those paid by big commercial banks, while in the case of advances it charges comparatively 1 per cent more rate of interest than that charged by bigger banks. In regard to deposits, the handicaps inherent in the smallness of the bank's size are stated to be nearly offset by advantages accruing to it by offering a slightly higher rate of interest and giving more personalised and humane services to its constituents. In the matter of lending, accentuation of competition offered by big banks is mitigated by prompt sanctioning of advances and giving personalised services to the borrowers even though the rate of interest charged by it is comparatively higher. The bank does not maintain any liaison with co-operative institutions and Government agencies.

Suggestions made by the bank

The bank has made the following suggestions:

(i) Maintenance of credit reports on the borrowers should not be insisted upon in case of advances up to Rs. 25,000.

(ii) Joint custody of valuables may not be insisted upon and system of maintenance of books of account and balancing be simplified.

(iii) Instead of posting two or more officers at an office which is the rule, one officer should suffice if the workload permits.

CASE STUDY—BANK No. 8.

The bank is a scheduled bank and has recently opened three branches in rural areas. It has not faced any staff problem for manning branches in villages and semi-urban areas.

The deposits and advances of the bank show an increasing trend. While the deposits increased by 19.3 per cent and 16.7 per cent in 1965 and 1966, the advances rose by 6.1 per cent and 18.1 per cent.

Operational aspects

The paid-up capital and reserves form 6.7 per cent to deposits. The demand and time deposits of the bank constitute 36.1 per cent and 63.9 per cent, respectively, of the total deposits.

The bank caters mostly to the needs of small-scale industrialists, businessmen, wholesalers and retailers. The fixed and savings bank deposits represent mostly the personal savings of the individuals such as landlords, salary and wage earners, farmers and housewives. Businessmen, industrialists and certain others are keeping their amounts in the current account.

While fixed deposits other than those received from institutions mostly range from Rs. 0.01 lakh to Rs. 0.10 lakh, the savings bank deposits fall in the range of Rs. 500 to Rs. 0.05 lakh. As regards current deposits, the balances are fluctuating and no range can be fixed.

A door to door contact is made by the branch officials with the rural people with a view to attracting deposits. The bank has not chalked out any special scheme for mobilising deposits.

To secure the deposits from illiterate persons, the branches functioning in the rural areas are supplied with cameras for taking their photographs and keeping them on the bank records for reference at the time of making payments to the depositors.

The liquidity ratio of the bank is 29.6 per cent. The advances form 72.9 per cent of the deposits. The secured and unsecured advances constitute 93.2 per cent and 6.8 per cent, respectively, of the total advances. Advances against merchandise constitute 58.5 per cent of total advances. These are mainly granted against pledge of cotton and art silk piece-goods, iron and steel materials, foodgrains, groundnuts, vegetable oil, electrical goods, tyres and tubes, brass sheets and chemicals. Advances against the hypothecation or merchandise have been granted mostly against piece-goods, motor parts, potatoes in cold storage, lime stone and chemicals.

The advances are spread over a large number of parties belonging to different categories of industry, trade, finance and agriculture. They are generally in the range of Rs. 0.25 lakh to Rs. two lakhs.

It grants advances to the agricultural sector for various purposes as under :

(i) Crop loan.

(ii) Loan for purchase of tractors/implements.

(iii) Loan for installation of tube-wells and pumping sets.

(iv) Loan for development of land.

(v) Loan for preserving, processing and storage of agricultural produce.

It has issued a special circular to the branches, giving detailed instructions to be followed by them in granting advances to the agricultural sector. It also issued several other circulars to the branches regarding compilation of loan proposals, execution of documents by the borrowers, obtaining certificates from the Agricultural Department of the State Government, *etc.* Before sanctioning these loans, the bank takes into account certain important aspects, such as area owned and cultivated by the farmer, cost of fertilisers, seeds and pesticides required, existing irrigation facilities, expected yield of the crop and the likely rate at which they would be sold, present cropping pattern and income. In the case of loans for development of land, it also seeks technical assistance from a competent agricultural engineer.

The bank deputed a senior officer from Head Office for receiving training in the Pilot course on Agriculture Finance conducted by the Reserve Bank of India at Bombay. Two other officers are being deputed to receive training in a course to be conducted by Agriculture University at Ludhiana. It does not employ technical personnel but seeks the assistance of the Agriculture Department of the State Government, as and when necessary.

The bank proposes to evolve a scheme under which small advances, say for Rs. 2,000 would be granted to the farmers, who own land say, five to ten acres, for the purchase of fertilisers and seeds. The main factors taken into account for granting facilities to the small-scale industries are their capacity to manufacture goods, the technical and financial efficiency of their operations, the marketability of their products and the integrity of the persons connected with the units. It has also provided financial help to parties owning cold-storages.

The bank has adopted simplified forms for opening accounts and applying for loans. The forms are also being printed in regional languages for the benefit of small rural clients.

The bank keeps close contact with borrowers like small farmers, small artisans, petty shopkeepers with a view to watching their position from time to time. In the case of small farmers who are granted loans for purchase of fertilisers, *etc.*, it ensures repayment soon after the harvest. In the case of advances to small artisans, *etc.*, which are repayable in instalments, an instalment register is kept at branches and intimation is sent to such loanees in time so that they are able to pay back the money without any delay. The bank's experience of recovery has so far been quite good.

It has not so far granted advances to landless tenants or agricultural labourers.

Generally advances for marriage, funeral, illness in the family are not granted except in the case of members of staff.

Suitable discretionary powers are vested in the branch Managers for granting advances. Cases beyond their discretionary powers are referred to the Head Office. The bank does not feel that greater discretion allowed to its Managers would give an advantage over large-size banks. In view of the small number of branches, it feels that the decentralisation of business would also not be of any advantage. Concentration of branches in a small area would, however, be useful to it. It feels that small-size banks working on regional basis would be able to cater to the requirements of the people of those areas in a better way and they would also be in a position to follow up the advances in an efficient manner.

The bank maintains a record in respect of credit refusals. The loans refused by the bank have generally been very few. The applications have been rejected mainly due to the reluctance on the part of the party to give suitable security or additional security or to furnish the bank with necessary information which forms the basis for scrutinising the proposals.

Competition with bigger banks and co-operative institutions

The bank does not compete with other institutions for deposits and advances. It does not keep any liaison with the co-operative institutions.

Bank's suggestions

The bank has made the following suggestions:

(*i*) All small banks, whether licensed or not, should be made eligible to seek guarantee from the Reserve Bank in respect of their advances to small-scale industries.

(*ii*) In the case of agricultural finance obtained from the Agricultural Refinance Corporation, certain restrictions regarding rate of interest and period of refinance (the stipulation that the refinance obtained should not be repaid before the expiry of the period for which it has been allowed), which are imposed by it do not induce the banks to take refinancing. These restrictions should be removed.

(*iii*) As in the case of co-operative banks, the mortgage deeds executed by the farmers in respect of advances granted by the commercial banks should be exempted from stamp duty.

(*iv*) Recovery of bank's dues from agriculturists should be made compulsory in the same way as recovery of land revenue.

(*v*) Insurance of standing crops should be introduced in the interest of banks.

(*vi*) A guarantee scheme should be started for agricultural loans on the same lines as in the case of advances to small-scale industries.

(*vii*) The rate of insurance premium charged by the insurance companies for transfer of funds among the rural branches should be lowered. The charges for insured parcel levied by the post office are on the high side and should be reduced to some extent.

(*viii*) Restrictions regarding ceiling on individual holdings of agricultural lands should be removed.

March 15, 1969

COMMERCIAL BANKS AND CONSUMER CREDIT— A FIELD STUDY†

Introduction

In this paper, an attempt is made to examine the working and mechanics of consumer credit extended by commercial banks in India, and the paper, therefore, is not concerned with the merits and demerits of instalment credit from the angle of economic effects. With this objective, a quick enquiry through personal interviews with a few banks in Bombay, Calcutta and Madras was undertaken to assess the extent to which commercial banks have entered the field of consumer credit, *i.e.*, made advances to individuals for acquiring consumer goods such as cars, refrigerators and electrical appliances. Enquiries were also made regarding the banks' advances for social needs such as expenses on ceremonies and to meet medical and educational requirements. The study has been supplemented with the statistical data readily available with the Reserve Bank.

The paper is divided into two parts. Part I analyses the data available on personal loans of scheduled commercial banks and Part II discusses the findings of the field study including the *modus operandi* of the schemes introduced by different banks, and an examination of the question whether the ceiling on interest rate of 9½ per cent hampers the extension of consumer credit by banks.

Analysis of Personal Loans

It is not possible to make an assessment of the quantum of consumer credit extended by commercial banks, but it could be said with certainty that such finance forms a very negligible percentage of their total credit. An analysis of personal loans*, a part of which must have been utilised for meeting expenditure on durable consumer goods and expenses on marriages and illness in the family, would perhaps be of some interest. The data are set out in the following table :

TABLE 1—PERSONAL LOANS OF SCHEDULED COMMERCIAL BANKS

	No. of Accounts	Amount (Rs. lakhs)	Percentage to total
April 1961	7,01,345	87,90	6·7
March 1963	6,33,830	99,22	6·1
March 1964	5,95,742	1,01,77	5·5
March 1965	7,28,206	1,09,22	5·2
March 1966	6,71,485	10,7,79	4·6
March 1967	5,99,252	1,14,48	4·2

† Prepared in the Reserve Bank of India

* Based on Survey of Bank Advances (Form A-6), March 31, 1967.

During the period April 1961 and March 1967, the share of personal loan in total bank credit has steadily declined from 6.7 per cent in April 1961 to 4.2 per cent in March 1967, although in absolute terms, the amount of personal loans increased from Rs. 87.9 crores to Rs. 114.5 crores. The number of accounts during this period, has hovered around 6 lakhs, although it had increased to over 7 lakhs in March 1965.

Table 2 shows that personal loans aggregating Rs. 114.5 crores, accounted for 4.2 per cent of the total bank credit as of March 31, 1967. On an average, Rs. 1,900 were advanced to about six lakh accounts. This average may, however, conceal disparities in the size of such loans made to individuals. The portfolio of personal loans of small regional banks, however, was high at 13.9 per cent of their advances, followed by large regional banks at 6.8 per cent and all-India banks at 3.6 per cent. The share of foreign banks, however, was low at 1.9 per cent. It would be important to note that the high share of small regional banks was in particular due to the high precentage of personal advances of some of the banks from the Southern part of the country. Even among the other groups of banks, it was again, the banks from the South which accounted for a higher proportion of personal loans to their total advances. In the case of small regional banks, the average amount per account was Rs. 500 spread over more than two lakh accounts. This is indicative of the fact that personal loans in small amounts were advanced to a large number of borrowers. On the other hand, the all-India banks advanced Rs. 68 crores to 1.38 lakh accounts, *i.e.*, on an average Rs. 4,900 per account.

TABLE 2—TOTAL BANK CREDIT AND PERSONAL LOANS OUTSTANDING AS ON MARCH 31, 1967—BANK GROUP-WISE

Group	Total bank credit (Rs. lakhs)	Personal Loans			Personal loans as percentage of group bank credit
		Number of accounts	Amount (Rs. lakhs)	Amount per account (Rs.)	
	(1)	(2)	(3)	(4)	(5)
I. All-India banks ..	18,79,11	1,37,559	68,02	4,900	*3·6*
II. Large Regional banks	4,31,98	2,39,344	29,20	1,200	*6·8*
III. Small Regional banks	80,35	2,15,171	11,15	500	*13·9*
IV. Foreign banks ..	3,25,01	7,178	6,10	8,500	*1·9*
TOTAL (Groups I to IV)	**27,16,45**	**5,99,252**	**114,47**	**1,900**	**4·2**

Source: Survey of Bank Advances (Form A-6), March 31, 1967.

It is likely that a part of the advances against the security of gold and silver ornaments might also have been utilised for consumption purposes. This is well borne out by the study conducted by the Economic Research Department of the Syndicate Bank which reveals that two-thirds of the gold loans are secured for agricultural operations. It could thus be inferred that one-third of the gold loans were for meeting the consumption requirements. The data as of January 25, 1968, based on Fortnightly Survey of Security-wise Advances show that Rs. 26 crores were advanced against gold and silver ornaments to about 4.8 lakh accounts, *i.e.*, on an average Rs. 542 per account. Assuming that one-third of these loans go to satisfy consumption requirements, it would appear that about Rs. 9 crores might have gone to finance consumption expenditure. Likewise, a part of the loans against fixed deposit receipts aggregating Rs. 62.40 crores to 1.77 lakh borrowers which works out to an average of Rs. 3,518 per account might have also been utilised for consumption purposes.

TABLE 3—NUMBER OF ACCOUNTS AND ADVANCES OUTSTANDING AGAINST "GOLD & SILVER ORNAMENTS" AND "FIXED DEPOSITS" AS ON JANUARY 25, 1968—BANK-GROUP-WISE

Group	Total Bank Credit (Rs. lakhs)	Gold & Silver ornaments			Fixed deposits		
		Number of accounts	Amount (Rs. lakhs)	Average amount per account (Rs.)	Number acounts	Amount (Rs. lakhs)	Average amount per account (Rs.)
	1	2	3	4	5	6	7
I. All-India banks	18,70,35	65,623	5,51 (*21·1*)	840	48,668	31,50 (*50·5*)	6,470
III. Large Regional banks ..	4,37,90	1,77,715	8,43 (*32·2*)	474	1,03,924	22,90 (*36·7*)	2,204
III. Small Regional banks	84,39	2,39,682	12,22 (*46·7*)	510	23,498	4,63 (*7·4*)	1,970
IV. Foreign banks ..	329,01	4	Neg.	Neg.	1,254	3,37 (*5·4*)	26,870
TOTAL (Groups I to IV) ..	**27,21,65**	**4,83,024**	**26,16**	**542**	**1,77,344**	**62,40**	**3,518**

Note: Figures in brackets indicate percentage to the total.
Source: Fortnightly Survey of Scheduled Commercial Banks Advances.

The role of small regional banks in making gold and silver loans was significant inasmuch as they financed Rs. 12 crores constituting about 47 per cent of the total loans of all banks against this security. Large regional banks ranked next in importance accounting for Rs. 8 crores or 32 per cent, followed by all-India banks constituting 21 per cent of the total loans. The role of foreign banks was negligibly small. As regards loans against fixed deposits, the all-India banks accounted for one-half of the total amount advanced, followed by large regional banks accounting for over one-third of the total.

Small regional banks and foreign banks accounted for 7.4 and 5.4 per cent, respectively, of the total loans outstanding against fixed deposits.

II

Findings of the Field Study

The field enquiry was restricted to the instalment credit directly afforded to the consumers by banks although the banks also finance the trade, a part of which may also be utilised by the dealers for effecting sales under hire purchase agreement. But it will be pertinent to say that the finance provided by the dealers would be decidedly costlier than that obtained by the consumers directly from the banks.

The enquiry was confined to the ten banks listed below and the data furnished herein relate only to select offices of the banks. The banks visited were :

1. Bank of Baroda
2. Bank of India
3. Bank of Maharashtra
4. Canara Bank
5. Dena Bank
6. Indian Overseas Bank
7. Syndicate Bank
8. Indian Bank
9. First National City Bank
10. Allahabad Bank

Among the banks covered, Indian Overseas Bank, Bank of India, Bank of Baroda, Indian Bank and First National City Bank are the only five banks which have schemes in operation for such purposes. The Canara Bank does not finance the purchase of goods, but only indirectly encourages pursuit of studies abroad through a Fund to which it advances. The Dena Bank's old scheme for purchase of consumer goods has almost been abandoned, but they are contemplating introduction of a new scheme, plans for which are yet to take shape. The Allahabad Bank has just announced its scheme of consumer credit, but this scheme has yet to commence. The Syndicate Bank's schemes are discussed later. The Bank of Maharashtra has no scheme on hand for finance of this nature.

The Indian Overseas Bank's scheme which has been operative from 1958 has gathered momentum only during the last six months and advances to date of the Bombay Fort Office are around Rs. 3 lakhs (1.5 per cent of total credit of the Fort Office). The Bank of India's scheme introduced in 1964 did not make much headway presumably due to lack of publicity. The Bank has, since the beginning of this year, revived the scheme and is pursuing it actively.

The striking feature of the Bank of India's scheme is that it also provides for grant of loans for purchase of costly books for the pursuit of higher studies. The Bank of Baroda is a new entrant in this field; its scheme (mooted in July 1968) is slowly gearing up. The Indian Bank has recently introduced a personal loan scheme broadly on the lines of the Indian Overseas Bank. Among banks in the eastern region, a foreign bank (The First National City Bank) has a personal loan scheme in operation since July 29, 1968. The total loan outstanding at its Chowringhee branch as of February 3, 1969, to parties other than the Bank's own staff, amounted to Rs. 3.50 lakhs covering 114 accounts; the average amount of loan thus works out to Rs. 3,070. The purpose-wise breakdown of loans shows that the loans were not only limited to financing the acquisition of durable consumer goods, but also for meeting the social needs, *viz.*, marriages, education, medical, *etc.* In fact, finance for marriages ranks high in the list of purposes for which personal loans have so far been extended by the First National City Bank.

The entry of some of the big banks and the revival of old schemes of the Bank of India and the Dena Bank are indicators of commercial banks' growing interest in tapping this field. The spurt in the Indian Overseas Bank's (Bombay) advances during the last six months is also a pointer to this. It may, however, be noted that many of the big Indian banks, particularly, the State Bank of India and its subsidiaries, the Central Bank, the Punjab National Bank, the United Commercial Bank and the United Bank have yet to enter this field. It is, however, understood from the officials of the United Commercial Bank at Calcutta that the Bank has, on stray occasions, in the past, sanctioned loans for purposes of marriages and illness, usually in sums not exceeding Rs. 10,000. Such loans were granted against securities like insurance policies and landed property. Also the more important foreign banks like the Chartered Bank, the National & Grindlays, the Mercantile Bank and the Hongkong & Shanghai Bank, do not appear to evince any keen interest in this type of financing. Some of the branch managers in Eastern region, it is gathered, would like to extend this facility purely for reasons of prestige, although they do not relish the idea of granting clean consumer credit. The difficulties expressed by banks in granting consumer loans were: (i) norms for clean credit prescribed by the Reserve Bank (ii) cost and effort involved in making a large number of small loans and following them up. Banks also think that they should be allowed to charge a service fee on such loans in addition to the rate of interest, the ceiling for which at present is 9½ per cent. As regards the norm for clean credit, the Reserve Bank has advised the banks to limit their commitments in such a manner that 20 per cent of a bank's outstanding unsecured guarantees plus the total of its outstanding unsecured advances do not exceed 15 per cent of its total outstanding advances. From time to time, the Reserve Bank has indicated the types of advances which could be excluded in applying the norm prescribed above so that genuine credit requirements are not inhibited. The Reserve Bank is always prepared to consider relaxations in any deserving cases which a bank may bring to its notice, but no such representations have been received from any bank with respect to any scheme adopted by it for grant of consumer loans or with respect to any such loan which it is unable to grant because of the norm. This shows that the banks' real difficulties arise from factors other than the norm. At a recent meeting of the Ad hoc Advisory Committee of Bankers, the bankers agreed that no change in the above norm was called for. The norm (which is not a rigid limit but is meant only for guidance) has been prescribed because inspections have shown that banks have granted many clean loans, particularly to large parties, without sufficient justification and that some of these loans have become sticky.

The following paragraphs describe in detail the working of personal loan/consumer credit schemes.

Modus Operandi

Eligibility for obtaining Loan : The banks have generally been selective in this regard. They are inclined to restrict finance for the acquisition of durable consumer goods. Even here, they would generally prefer to limit the schemes, at least in the initial stages, to fixed income-earners and salaried persons employed in reputed concerns and who have an identifiable surplus of income over their expenditure. Bankers in general do not feel themselves at ease at the thought of providing credit for purposes like marriages and illness in the family. However, the banks generally extend temporary personal overdrafts to executives and officers of reputed concerns for amounts ranging from 1-3 months salary of the concerned official and it is likely that at times a portion of these overdrafts is utilised for meeting expenses on marriages and illness in the family.

The application forms are so designed as to elicit information regarding the borrowers' status, income and capacity to repay. Proposals are generally considered only from the Bank's own customers and where a new party is introduced, he will necessarily have to open an account with the bank.

Purposes of Loans : Loans are granted for purchase of durable goods which last longer than the period of loans so that the banks have sufficient security even if the goods have to be re-possessed for collection of loan. An illustrative list of items normally eligible for the consumer credit is given below. The schemes can, however, cover other goods appropriate to the requirements of individuals.

List of Goods/Services : Cycles, sewing machines, radios, electric fans, water-heaters, scooters, motor cycles, electric motors, furniture, refrigerators, air-conditioning plants, motor cars, agricultural implements, X-ray and other equipment for medical practitioners, expensive books for higher studies, type-writers for personal use, pressure-cookers, electric and gas ovens, house repairs, repairs on car/scooter/appliances, *etc.*

Quantum of Loans : The quantum of loan is determined on the basis of the need, income and the capacity to repay. The ranges, however, vary and are as under :

		(In rupees)
Indian Overseas Bank		150 — 15,000
Bank of Baroda		1,000 — 15,000
Bank of India	..	1,000 — 10,000 (and in special cases upto Rs. 20,000)
Indian Bank	..	100 — 10,000 (could be raised for items like motor cars)
First National City Bank	..	750 — 27,000

Duration of Loan : Repayment of instalments in the case of Bank of India and Bank of Baroda are spread over two years, extendable in special cases upto 30—36 months. In the case of the Indian Overseas Bank, the period ranges from 6 to 30 months, and that in the case of Indian Bank from 6 to 36 months. The loans have to be amortized in 12 to 24 instalments in the case of First National City Bank.

Margin : Margins vary from 10 to 30 per cent depending upon the items to be purchased. The margin amount has to be deposited with the bank which will issue a cheque in favour of the dealer for the full amount of the product, thus ensuring proper utilisation.

Interest Rate, etc. : Interest charges follow a different pattern in each bank. The Indian Overseas Bank charges a 'discount' proportionate to the duration of the loan, ranging from 4.85 per cent to 5.60 per cent, payable in advance. It is contended by the Bank that the discount rates are now so fixed that the effective rate of interest does not exceed 9½ per cent. The Bank of Baroda charges 9½ per cent as interest and 2 per cent as service charges The Bank of India's rate is 9 per cent plus 2 per cent service charges. The service charges are not on a per annum basis; they are charged only once for the entire duration of the loan. The interest is calculated on the reducing balance. The total interest amount so arrived at is spread over equally among the monthly repayment instalments of the loan. The effective rate of interest thus does not exceed 9½ per cent. The Indian Bank charges interest at rates ranging from 4-13/16 per cent to 5½ per cent to be collected in advance on a discount basis. The effective rate of interest, however, does not exceed

9½ per cent per annum. Loans by the First National Ciy Bank are discounted at a flat rate of 7½ per cent per annum. The discount is calculated on the entire amount outstanding at the beginning of each year of the loan. The discounted amounts are deducted from the loan amounts. Aside from interest, the charges include 1 per cent handling fee and 3/4 per cent insurance charge on the amount of loan. These charges are also deducted from the loans granted.

From the foregoing, it will be seen that some banks are levying service charges, with the results that they get in effect a return higher than the ceiling rate of 9½ per cent applicable to loans granted by major banks. Apparently, the banks consider it necessary to levy service charges in view of the additional risk and effort involved in this type of business. Banks have to handle a large number of accounts for small amounts involving considerable volume of work in the matter of processing and follow-up. The consumer also may not mind paying a higher rate of interest than 9½ per cent, since the total interest burden would still be less than if he were to purchase the goods from a dealer under a Hire Purchase Scheme.

On the one hand, the higher rate charged by banks affects an economically weaker section of the community ; on the other hand, unless banks are allowed to charge a higher rate, they may have no incentive to extend credit to this sector and this would mean that a socially important credit gap will remain unfilled. It will be most useful to have the Study Group's guidance on this important aspect.

Security : The Bank of India and the Bank of Baroda insist on hypothecation of the articles and also at times for a guarantor. The Indian Overseas Bank relies on the integrity and credit-worthiness of the customer and does not have a charge on the asset. The integrity of the borrower is verified through two references. On occasions when the quantum of loan is large, third party guarantee is insisted upon. According to the Indian Overseas Bank, hypothecation does not have much of significance. Although the goods advanced against are hypothecated, it is difficult in practice to inspect these periodically. Thus, what is important is the credit-worthiness of the borrower. In the case of the Indian Bank, the goods purchased with the loan form collateral security. However, additional guarantee from eligible persons may be accepted. Loans of large amounts are secured by an insurance policy on the life of the loanee, assigned in the Bank's favour. The First National City Bank advances such loans against third party guarantee, the guarantor who has to co-sign the loan must have disposable income at least equal to amortization of the loan he guarantees. Some of the banks are of the view that while advancing loans, care should be taken that the applicant is not a frequent job-shifter. Loans to employees liable to frequent transfers according to them should also be viewed with caution. Group loans, *i.e.*, loans to the employees of the same organisation recommended or approved by the employer and, where possible, employers deducting monthly instalments from the salaries of the employees and remitting directly to the bank, are considered ideal.

Repayment of Loans—Performance : The Indian Overseas Bank has not encountered any difficulty in realisation of its advances. The experience of the First National City Bank is also reported to be fully satisfactory, without there being any irregularity in the instalment payment. It is too early for the Bank of India, the Bank of Baroda and the Indian Bank to judge results. The Dena Bank's experience in the past has been none-too-happy, presumably due to lack of built-in safeguards in its scheme.

The special schemes of the Syndicate Bank include loans (upto Rs. 7,000) to deserving students going abroad for technical studies and to doctors for initial expenses (upto Rs. 5,000) for setting up clinics. Interest is charged at 8½ per cent per annum. In the case of loans to students, repayment in 36 monthly instalments commences a year after completion of studies or the student securing employment whichever is earlier. A rebate of 1 per cent is allowed for prompt repayment. Repayment is spread over 36 months from the date of disbursement of the loans to medical practitioners. An insurance policy on the life of the borrower and a guarantee are insisted upon as collateral, in both cases. As regards personal loans to meet the expenses of marriages, medical expenses, *etc.*, the Calcutta branch is reported to have so far advanced 20 loans. In the South Kanara district of Mysore State, where the Syndicate Bank has a large number of branches, 267 advances for transport, trucks, cars, *etc.*, were outstanding for an amount of Rs. 76 lakhs at the end of 1968 ; the amount of loans against gold and jewellery was Rs. 53 lakhs. The Bank's experience has been quite satisfying and it is reported that repayments have been very prompt. In regard to study loans, repayments were received from the second year itself with the students themselves remitting foreign exchange from abroad.

March 15, 1969.

PROBLEMS OF BANK CREDIT TO RETAIL TRADE*

This note examines the problems involved in extending bank credit to the retail trade sector, particularly in rural and semi-urban areas.

At present, the quantum of bank credit to retail trade is comparatively small. One of the important reasons why banks have not so far extended credit to this sector to any appreciable extent is that they had not, until recently, taken steps to extend their operations to places with very small population. Assuming that these places will have adequate banking facilities in due course, the magnitude of bank finance to retail trade in these areas would depend mainly on the organisation of retail trade and the removal of some of the operational difficulties. It is these two aspects of the question which deserve examination.

As observed by Study Group IV of the National Credit Council on Mobilisation of Deposits by Commercial and Co-operative Banks, retail trade is at present one of the weakest links in the economic system. Two inter-related developments are, however, taking place which are expected to influence the organisation of retail trade. Rural incomes are growing and hence demand is increasing both for the goods with which rural inhabitants have been familiar (*e.g.*, kerosene oil, ordinary cloth, shoes and simple utensils) and for the new products (like transistors, electric appliances, nylon cloth). The increased demand for consumer goods in the rural areas will generate more activity in the industrial sector. The production of a number of consumer goods is already increasing.

These developments are expected to result in the creation of more retail outlets. The structure of retail trade itself is likely to be affected in the process. It may take any of the following forms, although no uniform pattern may emerge in all the villages because they vary in size both according to population and income. Some of the big businesses are contemplating extending their sales organisation to the bigger villages. It is, however, unlikely that each industry or big firm will have its own sales organisation in villages. It will be a long time before shops specialising in particular goods are opened in rural areas. What is more likely is that the ubiquitous *bania*—who comes close to operating an all-purpose shop—will extend his operations, some co-operative consumer stores will be opened, and/or new shops will be started by new entrants to trade to take advantage of the growing opportunities.

The *bania* who is often a money-lender also, probably does not require credit, although it is possible that in some cases he gets credit from the wholesalers in the city.

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* Prepared in the Reserve Bank of India.

If consumer co-operative stores are opened, it will be necessary to ensure that the activities of banks and co-operative credit institutions which may finance these stores are duly co-ordinated. It is also not certain how far these stores will be successful in the villages because their success would depend mainly on the loyalty of members and the honesty of management. There is also a fear that the powerful *bania* may assume control of the affairs of the consumer co-operative stores.

The proprietors of new multi-purpose shops in the rural areas or semi-urban areas may be in particular need of bank finance. With the increasing use of scientific methods of cultivation, spread of literacy and sophistication of demand for consumer goods, new shops may be opened, selling fertilisers, spare parts of tractors, pump-sets, transistors, *etc*. Since many of these shop keepers are likely to be new entrants to the trade, it is important that they are assured of the availability of institutional credit on reasonable terms. If this is not done, they may fall into the orbit of the money-lender.

The growing outlets for retail trade in rural areas coupled with the extension of banking facilities in these areas will provide banks with an opportunity to break the vicious circle of inadequate organisation of retail trade leading to the virtual neglect of this sector of economic activity by banks. It is possible that banks' willingness to make advances to retail trade may itself accelerate the process of reorganisation of the structure of this sector or the methods of working of petty shopkeepers ; for instance, familiarity with banks and banking procedures may result in the maintenance of proper account books by shopkeepers, making it easier for banks to extend loans to them. What is important is to break the vicious circle at some point. This brings us to a discussion of some of the practical problems that the banks at present have to face in making credit available to retail trade.

At present bank finance for trade is limited to book debt-advances to finance operations between manufacturing units and wholesalers. Some bank advances are also made to wholesalers against their inventory but little credit assistance is provided for financing distribution of goods beyond the point of wholesale trade. Nor do retailers get much credit for stock-holding from the banking system.

One of the factors having a restraining influence on the banks in extending their commitments to the retail trade probably is the limitation imposed on clean advances. Even in the case of secured credit, advances to the retail trade sector have necessarily to be against hypothecation and not against pledge. The risks of financing such small accounts on hypothecation basis are, however, many ; it is possible for parties to borrow from more than one bank against hypothecation of the same goods. A system of registering a bank's lien on the hypothecated goods might help, but as law stands at present, such registration is not possible in the case of non-corporate entities. If the borrowers would undertake strictly to confine themselves to one bank and not to resort to borrowing from another bank without the knowledge of the first bank, it might be possible for banks to increase their lending to the retail trade sector.

February 19, 1969

SMALL FARMERS IN MEHSANA DISTRICT OF GUJARAT STATE—A CASE STUDY*

I

Introduction

The Problem

The basic problem of the small farmer in India is that his land holding is very small and the productivity of his land is low which results in low income from farming. As a result, the small farmer is not able to make both ends meet from the farm income itself and is forced to go in for some farm or non-farm wage employment. As a consequence of his low income position, the small farmer is not able to utilise adequately fertiliser and other inputs for increasing the yield from his agriculture. He is thus caught in a vicious circle of low farm income and low farm productivity.

There are a number of remedies to the problem of the small farmer ; the chief among them is to increase farm productivity so that the small farmers can become viable farmers. The first step in this direction will have to be to enable the farmer to bring his land under irrigation. The availability of irrigation facility provides scope for a change-over to more remunerative crop pattern. Where his holding is very small, say one to two acres, he may not be able to borrow the required loan amount for sinking a well and installing pump set and the farmer concerned has to obtain water from his neighbouring farmer. If he manages to sink a well, he has to sell water to his neighbouring farmers so that he will not only have the benefit of irrigation for his own farm but also he would utilise his irrigation source for earning some extra income. In the initial period, this enables him to repay the instalments. In areas where a few small farmers are in one compact block, it is possible to undertake the development of an irrigation source which will be in a position to irrigate the lands belonging to those small farmers. This could be done by the farmers themselves by forming an association or by the Government under which arrangement the Government would construct the irrigation source and arrange to distribute water to the small farmers at specified rates. It is also possible that some of the medium and big farmers can be persuaded to improve their irrigation sources or to have new ones with a specific condition that they will provide a certain quantum of water to the neighbouring small farmers.

The second set of remedies consists of providing (*i*) improved seeds, (*ii*) fertilisers and manures, and (*iii*) pesticides. In this programme, the concerned Government machinery may even give priority to the requirements of the small farmers.

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* Prepared in the Reserve Bank of India.

The third set of measures consists of providing the small farmers with subsidiary sources of income such as dairy and poultry.

Aims and Objects of the Field Study

The Gujarat State Co-operative Land Development Bank (LDB) has advanced loans for construction of wells and tube wells on a large scale. The main purpose in undertaking this Field Study of small farmers in Mehsana district was to find out the extent to which the benefits of such loans have percolated to the small cultivators. The main issues to be examined were: Have the small farmers improved their economic conditions as a result of LDB loans? If such an improvement is observed, can it be reproduced in other similarly situated areas in India?

Mehsana district is one of the agriculturally advanced districts in which the small farmers have benefited as a result of a number of agricultural development schemes undertaken. It is useful to find out what factors have contributed to the improvement of conditions of small farmers in this District. The main contributory factors are said to be: (*i*) there is an abundant supply of underground water and hence there is scope to convert small farmers into irrigated farmers and thus make their agriculture viable; (*ii*) the Gujarat State Co-operative Land Development Bank through its branches at each *taluka* headquarter has disbursed a large number of loans on a partnership basis for the sinking of wells, installation of pumping sets, *etc.*, and it is reported that a large majority of the beneficiaries from these loans belongs to the group of cultivators owning land below 10 acres; (*iii*) besides the small farmers who have availed of long-term loans for developing irrigation sources on their holdings, many others have benefited as their neighbouring cultivators have made water available to them for irrigation; and (*iv*) the development of dairy industry under the Mehsana District Co-operative Milk Producers' Union has provided many small cultivators with a subsidiary source of stable income.

Approach and Framework of Analysis

The field study was undertaken in August 1968. Besides obtaining relevant operational data from the concerned institutions and Government offices, seven villages were visited in order to contact a few small farmers to find out (*i*) whether they have irrigation facility; (*ii*) whether they grow more remunerative crops; (*iii*) whether they have milch cattle, *etc.* The data were collected on the lines of the brief schedule specially designed for this purpose, enclosed at the end of this Report. In all, particulars for 78 farmers were obtained from seven villages of which four villages were selected for getting a sample of Land Development Bank-borrowers, one village for getting a sample of tubewell beneficiaries and two villages for getting a sample of members of dairy societies.

This Report is divided into eight parts. After giving aims and objectives of the Field Study in Part I, the main findings, are indicated in Part II. Part III discusses as to who are small farmers in Mehsana district. Part IV deals with assistance from Land Development Bank and Government for irrigation. The extent of irrigation facility available to the small farmers is indicated in Part V. Part VI discusses cropping pattern and Part VII deals with dairy as a subsidiary source of income. The concluding observations and the lessons of the Mehsana experience for other similarly situated areas in India are given in Part VIII.

II

Main Findings of the Field Study

The main findings of the Field Study of Small Farmers in Mehsana district are : (*i*) Only about 6 per cent of the land holdings accounting for 24 per cent of the total land in the District are above 20 acres whereas 94 percent of the holdings accounting for 75 per cent of the land are holdings below 20 acres. In the context of the predominance of relatively small holdings, there does not appear to be domination of landed interests ; the interests of a big majority of farmers are not conflicting ; as a result, significant co-operation amongst them was noticed during the field enquiry. This implies that where the difference between the small and big farmers is not that big, the interests of small farmers do not suffer.

(*ii*) In two of the selected villages, there was no caste difference between the small and other farmers. This absence of caste barrier appears to be one of the important factors for good co-operation between the small and other farmers in undertaking joint irrigation.

(*iii*) Underground water for irrigation is available in abundance and every farmer can have enough water. Since the holdings are small, partnership in irrigation is becoming the common feature. Once those cultivators who are relatively bigger (say above ten acres) want to undertake an irrigation scheme, they have necessarily to take some small farmers as partners so that the cost of undertaking the scheme and the cost of lifting water is less on the promoters of the scheme. As a result, it is found that not only many of the small farmers have become partners in certain co-operative irrigation schemes but also many of them have been receiving water from their neighbouring farmers, who are having their individual sources of irrigation.

(*iv*) For the purpose of enabling many small farmers to come together and undertake a common irrigation scheme, the Land Development Bank has been advancing loans on a joint basis. This institutional innovation of partnership loans has enabled many small farmers to get irrigation facilities.

(*v*) Irrigation has made it possible even for the small farmers to grow a second crop and also more fodder (lucern) for maintaining dairy animals. In view of the porous nature of the soil and dry windy climate, the District has specialised in the cultivation of certain spices and condiments, *viz.*, *jira*, *methi*, *isabgol* and *variali.* Although the main crops are *jowar* and *bajra*, every farmer, whether big or small, has some area under one or more of these cash crops.

(*vi*) Mehsana district is traditionally a dairy area. Irrigation has made it possible to grow more fodder and undertake dairy as an important subsidiary source of income. The faster growth of dairy witnessed during the last two to three years is due to the establishment of the Dudhsagar Dairy Factory at Mehsana and Milk Societies at the village level. Small farmers in the villages where the dairy societies have come up are more prosperous as compared to the small farmers in other villages. It may also be mentioned that Mehsana district has a sizeable area under grazing ground. The District is also surrounded by areas growing cotton as a result of which cotton seeds are available in abundance for the healthy maintenance of milch animals.

(*vii*) The small farmers in Mehsana are no doubt better off than they were before, but it should be mentioned that they can be further better off than what they are today. It was noticed that a majority of the farmers were not using High Yielding Variety seeds. According to them, HYV seeds require more water which, although available in plenty, could not be used liberally as irrigation involves a high cost of lifting water from 75 to 100 feet below. Electricity is not available in many villages and the use of diesel oil engines is reported to be costly.

(*viii*) As to fertilizers, the small farmers indicated that they have enough cowdung and compost manure. Secondly, it was also learnt that certain fertilizers have tended to make the soil hard. However, with more effective technical guidance, and timely and adequate supply of seeds and fertilizers, the small farmers in the District can be further better off than what they are to-day.

(*ix*) Loans are also not generally available for the purchase of dairy animals although there is much demand for such loans. As it is, the Mehsana District Milk Union is receiving more supply of milk than the processing capacity of its factory and hence it is not in a position to undertake a big dairy development scheme without ensuring that it can purchase all the milk that is offered to it. It was also learnt that the District Central Co-operative Bank wants to advance medium-term loans for the purchase of dairy animals through the primary credit societies while the Milk Union wants such loans to be given through the milk societies.

III

Who are the Small Farmers in Mehsana District ?

Before we proceed to discuss the impact of Well Loan Scheme and the Dairy Scheme on the economic conditions of small farmers in Mehsana district, it is necessary to indicate as to which group of cultivators we have in mind when we talk of the small farmers. In Mehsana district, out of a total number of 2.1 lakh land holdings, nearly 11 per cent are below one acre, 14 per cent between 1-2 acres, 30 per cent between 2-5 acres and 23 per cent between 5-10 acres. Thus about 78 per cent of the holdings are below ten acres accounting for 44 per cent of the total area. It is difficult to say as to who among the farmers having land below ten acres are really small farmers. The results of this Field Study throw more light on this problem.

The group of cultivators holding land between two to five acres who generally obtain a major portion of their income from farming are marginal farmers whose position can be strengthened with the help of short-term credit to use improved seeds and fertilisers as well as by giving them technical guidance in switching over to more remunerative crops. In Mehsana district about 30 per cent of the total number of land-holders hold land between two to five acres; they account for 15 per cent of the total land (Table 1).

TABLE 1

Size	Number	Area (acres)
Owning land upto 2 acres	51,515 *(24·57)*	57,487 *(4·04)*
Owning land between 2 and 5 acres	63,753 *(30·40)*	2,15,176 *(15·13)*
Owning land between 5 and 10 acres	49,147 *(23·44)*	3,47,602 *(24·43)*
Total of above three groups	**1,64 415** *(78·41)*	**6,20,265** *(43·60)*
Total of all landholders in the District	**2,09,683**	**14,22,911**

(Figures in brackets indicate percentage of the group to the total for the District).

The land-holders having land between five to ten acres constitute the border-line group of small farmers in the sense that some of them may be uneconomic farmers while some of them particularly those who have irrigation facilities may be prosperous farmers. It is, therefore, necessary to identify uneconomic farmers within this group and see how they could be helped to become viable farmers. In Mehsana district this group of farmers accounts for 23 per cent of the land-holders and 24 per cent of the total cultivated area.

The District Agricultural Office of Mehsana fixed sometime ago the economic holding@ for the two areas of the District as shown in Table 2.

TABLE 2

(Acres)

Division	Dry	Partly dry and partly irrigated
1. Kadi, Kalol, Vijapur, Sidhpur, Patan, Mehsana, Visnagar, Kheralu and part of Harij	20	15
2. Sami, Santalpur, Radhanpur, part of Harij ..	30-35	—

(*Source:* Economic & Social Survey of Mehsana District, 1953, p. 53).

In the context of introduction of improved agricultural practices and farm inputs, roughly half of the economic holding, that is ten acres of dry land or seven acres of partly dry and partly irrigated land may be taken as a dividing line between small farmers and other farmers. Broadly, one might therefore classify these farmers having operational holding between 5-10 acres of dry land (or about seven acres with a part of it under irrigation) as small farmers, farmers with 3-5 acres as smaller farmers and those holding below three acres as the smallest farmers. It is needless to say that this is only an indicator of broad magnitude while each case will have to be examined on its own merits (fertility of soil, assuredness of water, whether more than one crop is grown and the type of crops grown) because a farmer with two acres of fertile land and also having irrigation facility would be better off than a farmer with 8-10 acres of ordinary dry land.

Cultivated Holdings and Income Position of the Selected Small Farmers in 1967-68

During the course of field work, we collected some basic information for 78 small farmers from seven villages. A broad idea about the size of their cultivated holdings and income position is indicated in this section. The details regarding the irrigation facilities they had, the crops they raised and dairy as a subsidiary source of income are given in the subsequent sections.

The average cultivated area per family was about four acres (Table 3).

The land taken on lease was negligible forming only about 10 per cent of the cultivated land per small farmer. Only 16 out of 78 farmers (*i.e.* 21 per cent) reported having taken some land on lease.

@ Under the Bombay Tenancy and Agricultural Lands Act, 1948, economic holding (land held by a cultivator as an owner or tenant or both) was fixed at 16 acres of *jirayat* land, 8 acres of seasonally irrigated land or paddy land or 4 acres of perennially irrigated land.

TABLE 3

Size group of small farmers (acres)	No.	Average size of cultivated land (acres)		
		Owned	Leased in	Total cultivated
	(1)	(2)	(3)	(4)
Below 3 (smallest)	30	1·6	0·1 (1)	1·7
3-5 (smaller)	26	3·0	0·4 (7)	3·4
5-10 (small) ..	22	5·7	1·1 (8)	6·6
Average per small farmer ..	78	3·3	0·4 (16)	3·7

(Figures in brackets denote the number of those who had taken land on lease).

Fragmentation of Holdings

The evil of fragmentation was quite manifest in the District. On an average, the cultivated holding of a small farmer consisted of 3 separate plots (Table 4).

TABLE 4

Size group of small farmers (acres)	Average cultivated area (acres)	No. of separate plots	Average size of plot (acres) •
Below 3	1·7	2	0·9
3—5	3·4	3	1·1
5—10	6·8	5	1·4
Average per small farmer	3·7	3	1·2

Income Position of Selected Small Farmers

One of the main objectives for undertaking a Field Study of small farmers in Mehsana district was to find out whether the small farmers in that District have a better income position despite smaller holdings, and if so, the factors contributing to that. The two contributory factors are that (*i*) they grow cash crops and (*ii*) they have been maintaining milch cattle (buffaloes) as a subsidiary source of income.

It was not possible to collect the data relating to the value of all crops grown by the selected farmers. An attempt was made to obtain data on the receipts of cash income by the selected farmers. On the whole, 69 per cent of the small farmers reported sale of agricultural produce. Even among the smallest farmers (below three acres), 43 per cent reported sale of farm produce (Table 5). This was possible for them because they grow cash crops such as *jira* and *methi*. The details of cropping pattern are discussed in a later section.

TABLE 5

	Size group of small farmers (in acres)			
	Smallest below(3)	Smaller (3-5)	Small (5-10)	All small farmers
	(1)	(2)	(3)	(4)
No. selected	30	26	22	78
Agricultural produce sold :				
No. reporting	13 (*43*)	21 (*81*)	20 (*91*)	54 (*69*)
Average value of sales per reporting family (Rs.)	557	703	704	668
Income from Labour :				
No. reporting	23 (*77*)	12 (*46*)	9 (*41*)	44 (*56*)
Average amount received per reporting family (Rs.) ..	431	584	753	539
Income from Dairy :				
No. reporting ..	18 (*60*)	22 (*85*)	17 (*77*)	57 (*73*)
Average amount received per reporting family (Rs.)	891	1,165	1,202	1,089
Total subsidiary income :				
No. reporting	28 (*93*)	25 (*96*)	20 (*91*)	73 (*94*)
Average amount received per reporting family (Rs) ..	927	1,305	1,360	1,175
Families having cash income either from sale of farm produce or subsidiary source:				
No. reporting	29	26	22	77
Average amount received per reporting family (Rs.)	1,145	1,823	1,877	1,583
Families having cash receipts from sale of farm produce and subsidiary source:				
No. reporting	12	20	18	50
Average amount received per reporting family (Rs.)	1,280	2,042	1,971	1,834

Note : Figures in brackets indicate percentage to total number of selected families of particular group.
(1) Number of families who had subsidiary income=73.
(2) Number of families who did not have subsidiary income but sell agricultural produce=4.
(3) Number of families who did not report any cash receipts=1.
(4) Number of families who did not have agricultural sales but reported subsidiary income=23.

Practically all the farmers we met reported some source of subsidiary income with about Rs. 1,175 of income per reporting family in 1967-68. Dairy was the chief source of subsidiary income but it was noticed that only 18 or 60 per cent among the 30 smallest farmers reported dairy income. But by and large, each family received an annual gross income of Rs. 800 or more from dairy.

As to the overall income position, it may be noted that apart from having some foodcrops for family consumption, as many as 77 out of 78 families reported some cash receipts either out of sale of farm produce or through subsidiary sources. Even in the smallest group (below three acres), 29 out of 30 farmers reported cash income of Rs. 1,145 on an average ; twelve of them had cash income both from sale of farm produce as well as from subsidiary source.

As many as 77 per cent of smallest farmers reported outside (farm and non-farm) labour as another source of income. But this income was smaller than that from dairy or sale of farm produce. Thus one may say that in Mehsana district, farm and non-farm labour was not the chief source of income for small farmers. Because of the availability of irrigation, even the small farmers do not have much surplus labour left. Secondly, as most of the holdings are small, there is not much demand for hired labour. Thirdly, labour-intensive crops such as paddy and sugar-cane are not grown. The main crops are *bajra*, *jowar*, wheat, *jira*, *methi*, *variali* and *isabgol* and these crops, although irrigated except *jowar* and *bajra*, do not require much labour for sowing or harvesting. In fact, non-farm labour brought in larger income per family as compared to farm labour (Table 6).

TABLE 6

Size group of small farmers (acres)	Family size			Annual average wage income per family (Rs.)	
	Adults	Children	Total	Farm	Non-farm
	(1)	(2)	(3)	(4)	(5)
Below 3	4	2	6	105	225
3—5	5	3	8	78	192
5—10	5	4	9	47	261
Average per small farmer	4	2	6	79	224

The size and composition of families, indicated above, imply that the families are having four adults and two children (below ten years) on an average. As the female members of the family are generally engaged in the job of looking after buffaloes, the dependence on outside wage employment is relatively unimportant.

The data collected for 1965-66 in the "Field Study on Long-term Agricultural Credit" in Mehsana District conducted by the Division of Rural Surveys, Economic Department, Reserve Bank of India also revealed that non-farm income was equal or in some cases more important than farm income for majority of small farmers while in the case of cultivators holding land above ten acres, the income from farm was relatively more important than non-farm income. The relevant data are summarised in Table 7. It is significant to note that the majority of the farmers, whether big or small had some income from non-farm sources.

TABLE 7

(Amount in rupees)

	Above 10 acres (No. of farmers contacted : 28)			Above 5 and upto 10 acres (No. of farmers contacted :12)			5 and below 5 acres (No. of farmers contacted : 20)		
	No. reporting	Income per family	Income per reporting family	No. reporting	Income per family	Income per reporting family	No. reporting	Income per family	Income per reporting family
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Net non-farm income	21	205·63 (*6·4*)	274·17 (*8·0*)	9	159·88 (*8·8*)	213·18 (*10·9*)	13	639·92 (*45·4*)	984·49 (*52·2*)
2. Gross receipts from miscellaneous activities	27	833·93 (*25·8*)	864·81 (*25·3*)	10	516·67 (*28·6*)	620·00 (*31·5*)	16	326·00 (*23·1*)	407·50 (*21·6*)
3. Value of farm products sold	27	2194·46 (*67·9*)	2275·74 (*66·6*)	12	1131·42 (*62·6*)	1131·42 (*57·6*)	18	444·25 (*31·5*)	493·61 (*26·2*)
4. Total of above		3234·02	3414·72		1807·97	1964·60		1410·17	1885·60
5. Debt as percentage of (4)		3·46	3·28		6·52	6·00		2·99	2·24

Note: Figures in brackets indicate percentages to total cash income given at 4.

IV

Assistance from Land Development Bank and Government for irrigation

Mehsana is one of the 4-5 districts where the Gujarat State LDB has advanced a large number of loans, specially for irrigation as can be seen from Table 8.

Loan Policy and Loan Operations of the Gujarat State Co-operative Land Development Bank

At the outset, it may be pointed out that the Land Development Bank (LDB), neither in Gujarat nor elsewhere in India has any specific policy aiming at according priority to small cultivators—say by stipulating that the demand for loans for irrigation by the small cultivators would be first

TABLE 8

	Gujarat State (1)	Mehsana District (2)	Percentage of (2) to (1) (3)
Loans advanced from beginning to March 1968:			
Number	257673	22551	8.8
Amount (Rs. in lakhs)	6567	618	*9.4*
Loans advanced for irrigation purposes:			
Number ..	226965 *(88.1)*	18792 *(83.3)*	*8.3*
Amount (Rs. in lakhs)	5286 *(80.5)*	528 *(85.4)*	*10.0*

Note:—(Figures in brackets denote percentage to respective totals).

met ; loans to small farmers would bear a lower interest rate as compared to the general rate of interest ; loans to small farmers would be for longer duration as compared to the period fixed for the same purpose loans in the case of other farmers, *etc.* What one has to examine therefore is whether any of the provisions of the present loan policy and procedures come in the way of small farmers taking advantage of long-term (LT) loans from the LDB.

The first question is whether the small farmer is able to obtain a loan from the LDB. The bye-laws lay down that no loan should be for less than Rs. 200 in any individual case. It is argued that barring minor land improvements, all the purposes for which the small farmers require LT loans would generally involve expenditure above Rs. 200. As such, the minimum for the individual loan fixed at Rs. 200 does not come in the way of the small cultivators. Nevertheless, there are instances in which very small farmers have been given loans even for amounts below Rs. 200 as part of partnership loans taken by them along with other farmers.

The more important question, however, is whether a small farmer can get an adequate loan. Let us examine this point by taking different sizes of owned land. Let us see whether a small farmer with dry land can get an adequate loan for sinking a well. Let us also assume that digging of a well would involve an expenditure of about Rs. 3,000.

For purpose of determining the borrowing capacity of the prospective borrower, land to be mortgaged is valued at 500 times of the land revenue. The land revenue is about Rs. 2 per acre in Mehsana district. On this basis, the value of land works out to Rs. 1,000 per acre. The permissible loan amount is half of the land value or Rs. 500 per acre. The LDB also includes half the value of proposed investment and in the case of well which we are examining, it works out to Rs. 1,500. Taking into account the practice of deducting the share amount equal to 5 per cent of the loan out of the loan sanctioned before disbursement, the loan amount actually available for small holders is worked out in Table 9.

TABLE 9

Size of owned land (acres)	Value of total land (Rs.)	Permissible loan amount: Half of land value	+ (plus)	Half of proposed investment†	=	Total loan	— (minus)	Share amount deducted (Rs.)	Loan amount actually available in hand (Rs.)
1	2	3		4		5		6	7
2	2000	1,000		1000†	=	2000		100	1900
3 ..	3000	1,500		1500	=	3000		150	2850
4 ..	4000	2,000		1500	=	3500		175	3325
5 ..	5000	2,500		1,500	=	4000		200	3800

† In view of the stipulation that the proposed addition should not exceed the limit arrived at on the basis of land valuation, half of the proposed investment has to be taken less although it actually works out to Rs. 1,500.

It is seen that the small farmers with two acres and three acres would get less than the cost involved in well construction while the 4-acre farmer would obtain just enough loan. If the cost of a well is Rs. 3,500, even the 4-acre farmer would get less than his requirement. The above calculations imply that a cultivator having land below 3-4 acres would not be able to borrow an adequate loan for a well unless land valuation is liberalised further. This can be done without involving any risk for the LDB as the market value of land is much higher than 500 times the land revenue.

Formula No. 2 laid down by the LDB aims at liberal land valuation. Under this formula, the value of land is first worked out in 4 ways : (*i*) value of land on the basis of fertility, *etc.* as indicated by *panchas*, (*ii*) the average sale value of land arrived at on the basis of 5-years sale statistics from the Sub-Registrar's Office, (*iii*) value of land as equal to 150 times the assessment and (*iv*) average assessment rate of the village multiplied by 150. The above four values are added and the resultant figure is divided by four. The figure obtained is taken as the average value of land. This formula has not been put into practice probably because it involves collection of some detailed data.

The construction of a well and the installation of pump-sets go together. This is particularly true of Mehsana district where the wells are very deep. If the composite investment involved is about Rs. 5,000, only a farmer with about 6-7 acres would be able to borrow on the basis of existing rate of valuation of land. It is hence obvious that very few small farmers would be able to borrow, individually, for the composite purpose of a well and an oil engine. It is for this reason that joint loans have become important for the small farmers.

A study of frequency distribution of sample of borrowers from eight branches of CLDB in Mehsana district reveals that 59 per cent of the borrowers in 1966-67 owned 10 acres or less. The 5-10 acre land-holders constituted the largest single group among the borrowers (Table 10).

TABLE 10

Owned holdings (acres)		Number (Percent)
Below	2	*2·0*
	2 — 5	*18·1*
	5 —10	*39·1*
Above	10	*40·8*

Innovations in Institutional Credit

In view of the fact that a large number of farmers are small farmers, the Gujarat State CLDB started encouraging them to borrow long-term loans for irrigation on a partnership basis. The farmers can borrow jointly for new wells, tube wells, oil engines and electric motors. The data on frequency distribution of borrowers of eight branches of the LDB in Mehsana district for three years, *viz.*, 1965-66, 1966-67, 1967-78 reveal that a majority of the borrowers holding land below two acres had borrowed jointly (Table 11).

TABLE 11

	Below 2 acres	2 — 5 acres	5 — 10 acres	Total number of borrowers upto 10 acres
	1	2	3	4
1. Total loans ..	90 (*3·1*)†	877 (*30·7*)†	1893 (*66·2*)†	2860 (*100*)†
2. Of which joint loans ..	53 (*58·8*)‡	298 (*33·9*)‡	422 (*22·2*)‡	773 (*27·0*)‡

† Brackets indicate percentages to the total number of borrowers.
‡ Brackets indicate percentages to the number of borrowers in the particular group.

Modus Operandi of Joint Loans

Suppose there are four small farmers—one with one acre, the second with two acres, the third with three acres and the fourth with four acres. Each of them does not have sufficient land to get separately an adequate loan for sinking a well and installing a pumping set. If Rs. 8,000 are required for this purpose, each will apply separately—one for Rs. 800, second for Rs. 1,600, third for Rs. 2,400 and fourth for Rs. 3,200—in line with the proportion of their land to the total land to benefit from the investment. Each will mortgage land separately. The total cost is mentioned as Rs. 8,000 in each application. While sanctioning the loan for each, the LDB lays down that he is jointly and individually responsible for the repayment of the entire joint loan amount. Repayment instalments are fixed individually for each. The LDB pays directly to the engine dealer for the pump sets and all the four partners attest their signatures on the bill to the effect that they have taken the pump sets. The loan amount meant for well is given in two instalments. Since each loan is treated as individual loan, each partner gets half of his loan amount as first instalment and on completion of the work remaining half amount is given. The LDB is not responsible for any quarrel that may arise amongst the partnership-borrowers.

Flexibility in Sanctioning Loans

Loan is given to a group of farmers for an oil engine even if they do not have a well, provided the well-owner has agreed in writing to give water. The well-owner himself does not borrow if his neighbouring farmers are ready to borrow and install pumping sets on his well.

A small loan (even below the minimum stipulated amount of Rs. 200) is given to a small farmer provided the total joint loan taken together by him and his partners is adequate for the specific purpose.

For purpose like of an oil engine, a small farmer is given a small loan individually provided he is able to make arrangement for the remaining amount required to purchase an oil engine. The amount is given directly to the engine dealer.

Earlier, loans were given on the basis of land valuation at 350 times the assessment. Since February 1968, land is valued at 500 times the assessment. It is hoped that more number of small farmers can avail of LDB loans. We were informed that in 1968-69, a larger number of small farmers have applied for loans.

Subsidy on the Construction of Irrigation Wells and Installation of Pumping Sets in Mehsana District

Given that the sub-soil water is available in abundance, it was only a matter of time and resources for the development of well irrigation in the District. With both Government and the State Land Development Bank being enthusiastic about helping the small cultivators in bringing their land under irrigation, we have witnessed a quick progress during the last few years.

Hitherto, under the State Government's Well Subsidy Scheme, the LDB advanced loans to the cultivators and the Government subsidy available was adjusted against the loan outstanding in the case of each person who applied for subsidy. Subsidy was given for the construction of new wells and for the installation of new oil engines and new electric motors. The subsidy on pump-sets varied from Rs. 250 for 3 Horse Power motor pump to Rs. 800 for motor pumps with more than 20 H.P. The subsidy on the construction of new well was Rs. 500 in the case of all cultivators and Rs. 600 in the case of *adivasi* and backward class cultivators. To be eligible for the subsidy, it was stipulated that a new well in soft soil should have a diameter of 8 feet and is made pucca; in the rocky areas the well is to be 10 ft. x 10 ft. in dimension with *pucca* construction.

The loan given by the Land Development Bank under the subsidy scheme was for a period of eight years. The first instalment was to be recovered 12 months after the completion of the well or 30 months after the drawal of first instalment of loan, whichever is earlier.

Only those cultivators who own two acres or more were eligible for the subsidy. Those cultivators who owned less than two acres may join together and take a collective loan from the LDB and thereby could become eligible to get subsidy. If they formed a co-operative society for the purpose of undertaking irrigation, subsidy upto Rs. 2,500 per society was available.

The scheme originated mainly to help the small cultivators and accordingly it was stipulated in the beginning that the subsidy would be given at a graduated scale to cultivators holding different acreages of land and no subsidy was to be granted if the holding of the applicant exceeded half of the ceiling prescribed. Thereafter, this restriction was removed. At present, Government has stopped all subsidy schemes. Subsidy is available only to farmers who belong to backward class and *adivasis.*

Tube-well through Government Aid

As indicated earlier, tube wells irrigate about one-fifth of the total irrigated land in the District. Besides individuals undertaking construction of tube wells with the help of LDB loans, Co-operative Lift Irrigation Societies (LIS) have been formed to take up tube well schemes. There are about 400 tube wells in the District ; of these, about 65 are under LIS.

There are many small farmers among the beneficiaries of LIS. Data on the size of holdings of beneficiaries available for seven societies indicate that 43 per cent of the members are farmers having below three acres, 23 per cent with 3-5 acres, 17 per cent with 5-10 acres and another 17 per cent having above ten acres. In terms of land irrigated, farmers below five acres account for 75 per cent of the irrigated land (Table 12).

TABLE 12

Size group of membership	No.	Area irrigated (acres)
Below 3 acres	118 *(42·6)*	330 *(39·8)*
3 — 5 acres	64 *(23·1)*	287 *(34·7)*
5 — 10 acres ..	48 *(17·3)*	200 *(24·2)*
Above 10 acres ..	47 *(17·0)*	10 *(1·2)*
Total	**277** **(100·0)**	**828** **(100·0)**
Average per society ..	39	118

Generally, the initiative in organising LIS comes from bigger farmers or village leaders. There were no disputes between small and the big farmers in the working of LIS. Whatever disputes were there, they were due either to family quarrels or social quarrels (e.g., rivalry between two leaders). The small farmers can benefit in larger number if it is stipulated that priority would be given to those tube well schemes under which a major portion of the command area belongs to small farmers below five acres. Lack of cheap electricity was another factor as a result of which farmers use irrigation only for the second crop. The irrigation charges per acre worked out to Rs. 122 in 1967-68 in the case of seven societies.

V

Irrigation as the Key Factor in Improving the Lot of small Farmers

Mehsana district with about 24 inches of average annual rainfall has hitherto suffered frequently from scarcity conditions. The data on rainfall for years from 1905 to 1960 clearly show that every fourth year is a famine year and every third a scarcity year. But for the development of irrigation which increased from about 5 per cent of the total cultivated area in the District in 1949-50 to 21 per cent in 1963-64, the District would have remained very backward. Among the various districts of Gujarat, Mehsana has the largest proportion of irrigated land to the net cultivated land. Hence, according to the ranking for agricultural development worked out by us, Mehsana tops the list of districts in Gujarat.

Ample sub-soil water is nature's gift to the District. As there are no big or perennial rivers, the District has to develop only groundwater sources. As a result, ordinary wells account for as much as about 78 per cent of the total area irrigated in the District. There are about 52 wells per village in the District. Since there is practically no undergound rock formation, there is good scope for tube wells ; the area irrigated by tubewells is about 20 per cent of the total irrigated area.

As the ordinary wells have the average capacity to irrigate about 15-20 acres and tubewells about 100 acres, the cultivators have necessarily to combine to share the cost and to make full use of the water available. It is for this reason that many small farmers have been getting irrigation facility. The progress of irrigation with L.D.B.'s assistance is shown in Table 13.

TABLE 13

(Upto June 1966)

	Number	With LDB's aid	Percentage of (2) to (1)
	1	2	3
Wells	59,152	5,446	*9·2*
Pumping sets	14,618	7,249	*49·6*

It is seen that a majority of wells have been constructed by the farmers out of their own resources while the LDB has been a significant source of finance for installation of pumping sets. Since 1966, the LDB has played a more prominent role in the development of tube well irrigation. Following the drilling of many tube wells, the water level in many of the wells has gone down deeper. As a result, lifting of water for irrigation has become costlier particularly in the absence of electricity. Generally, irrigation is not used or the first crop which is rainfed *bajra* or *jowar*. Irrigation is used only for the second crop—wheat, *jira*, *methi*, *isabgol*, *etc*. Again, irrigation is not availed of to grow the third summer crop. Had there been rural electrification in the District at a faster rate, cultivators would have found irrigation cheaper and perhaps would have grown even a third crop.

Extent of Irrigation Available to the selected small farmers in 1967-68

Data in Table 14 show that about 54 per cent of the cultivated land of the small farmers was irrigated in 1967-68. Only 11 small farmers or 14 per cent among the 78 selected did not have irrigation facility.

Since the holdings are small and water is plenty, the farmers having well generally sell water for irrigation to their neighbouring cultivators.

TABLE 14

Size groups of small farmers (acres)	Average net cultivated holding (acres)	Average area irrigated (acres)	Percentage of irrigated to net cultivated area	Number of Small farmers			
				Selected	Without irrigation	With irrigation but without individual well (mostly joint source)	With their own individual source
	1	2	3	4	5	6	7
Below 3 ..	1·7	1·0 (23)	59	30	7	23	—
3 — 5 ..	3·4	2·0 (24)	59	26	2	22	2
5 — 10 ..	6·8	3·2 (20)	47	22	2	15	5
Average per small farmer	3·7	2·0 (67)	54	78	11	60	7

(Figures in brackets indicate the number of farmers who had irrigation facility).

Among the 67 farmers who had irrigation facility, only seven had their own individual wells, while the remaining depended on joint tube wells or on their neighbours for water. Out of the 78 small farmers selected by us, as many as 53 were receiving water while eleven were selling water (Table 15).

TABLE 15

Size group of small farmers (acres)	Farmers			
	Receiving water		Selling water	
	No.	Amount given per reporting family (Rs.)	No.	Amount received per reporting family (Rs.)
	1	2	3	4
Below 3	23	182	—	—
3 — 5	22	355	2	525
5 — 10	8	351	9	669
Total	53	279	11	641

Thus it is seen that even farmers with only 5-10 acres were selling water to other farmers.

The general practice is to pay irrigation charges as a share in the crop. For *jira*, it is one-third and for the remaining crops, it is one-fourth of the gross produce grown with the help of irrigation received. This method of kind-payment has been adopted even by the farmers who have taken a joint LDB loan for the construction of a tube well. The share in produce is collected, pooled and sold, and the proceeds are used for the operational expenses and repayment of loan dues. The irrigation cost works out to Rs. 150 per acre irrigated. Where the lift irrigation society has been formed, the irrigation charges are levied per hour of the irrigation given.

VI

Intensity of Cropping and Cultivation of Cash Crops as a Source of Large Income for small Farmers

Intensity of Cropping

Farmers in Mehsana district grow generally rainfed crops such as *jowar* and *bajra* as the first crops, then irrigated crops such as wheat, *jira*, *methi*, *isabgol etc.* As Table 16 indicates, a significant proportion of gross cropped area in Mehsana district (1961-62) is accounted for by non-food crops.

TABLE 16

(In '00 acres)

Crops	Area	Percentage to gross sown area
Cereals and pulses	10989	*60·6*
Sugar crops	16	*0·1*
Fruits and vegetables	139	*0·8*
Condiments and spices	598	*3·3*
Miscellaneous food crops	131	*0·7*
Total food crops	11873	*65·5*
Oilseeds	2267	*12·5*
Cotton and other fibres	2263	*12·5*
Drugs and narcotics	114	*0·6*
Fodder crops	1560	*8·6*
Miscellaneous non-food crops	48	*0·3*
Total non-food crops	6252	*34·5*
Gross sown area	18125	*100·0*

The data collected for 78 small farmers indicate that practically every one cultivated a second crop and that too a cash crop. The relevant data are given in Table 17 below.

TABLE 17

(Average per family)

	Size-group of small farmers (acres)			
	Below 3	3 — 5	5 — 10	Overall small
	1	2	3	4
1. Area cultivated (acres) ..	1·7	3·5	6·8	3·7
2. Gross cropped area (acres) ..	2·7	5·4	9·6	5·6
3. Percentage increase of (2) over (1)	*59*	*54*	*41*	*51*
4. Number of crops grown per farmer	2 to 3	5	5	4
5. Number of cash crops grown	1	2	2	1
6. Area under cash crops (acres)	0·5	1·4	2·8	1·4
7. Percentage of (6) to (2)	*19*	*26*	*29*	*25*

Thus, even the smallest among the small cultivators grow two to three crops, one being a cash crop. On about 50 per cent of the net area, these smallest farmers grow a second crop. Generally, a third crop was not grown due to abnormal cost of irrigation. One-fourth of the gross sown area per small farmer was under cash crops, it being one-fifth in the case of below 3 acre-farmers.

TABLE 18

Size-group of small farmers (acres)	value of crops sold in 1967-68 (Rs. per family)		
	Food	Non-food	Total crops sold
	1	2	3
Below 3	2	240	242
3 — 5	148	420	568
5 — 10	189	451	640
Overall average	103	359	462

Sale of Cash Crops

Barring 24, 54 selected small farmers reported sale of some crop ; they obtained about Rs. 462 per family in 1967-68 or Rs. 668 per reporting family (Table 18). The main crops sold were spices and condiments.

Use of HYV Seeds and Fertilizers

The small cultivators in Mehsana district are aware of HYV seeds for *bajra* and wheat. But generally they had adopted HYV seeds of *bajra* only. Only one-third had used HYV seeds while two-thirds had used fertilisers (Table 19). The two main factors responsible for less extensive use of *bajra* hybrid seeds were that the farmers complained of supply of mixed seeds and secondly that *bajra* seeds were sold at a high price of Rs. 6.50 per kg. Regarding hybrid wheat seeds, adequate publicity and supply arrangements did not appear to have been so far made.

TABLE 19

Size group of small farmers (acres)	No. of farmers using	
	HYV seeds	Fertilisers
Below 3	7 (*23*)	15 (*50*)
3 — 5	6 (*23*)	19 (*73*)
5 —10	13 (*59*)	17 (*77*)
ALL SMALL FARMERS	**26** (*33*)	**51** (*65*)

(Figures in brackets represent percentage to that group).

Credit Facilities Available to Small Farmers

Although 49 (63 per cent) of the 78 small farmers were members, only 28 (36 per cent) reported borrowings in 1967-68 (Table 20).

It is also seen that the amount borrowed per acre was significantly higher in the case of smallest farmers than in the case of other small farmers.

Many of the small cultivators who were not members said that they do not want to bother themselves about borrowing from the society. Their credit needs are small which they meet out of owned funds or through credit purchases. In the villages where the milk societies have come up, the small farmers receive small sums every fortnight for selling milk.

TABLE 20

Size group of small farmers	Number			Borrowing per	
	Selected farmers	Members	Borrowed loans in 1967-68	Reporting family (Rs.)	Per acre of gross sown area (Rs.)
	1	2	3	4	5
Below 3	30	18 (*60*)	9 (*30*)	139	105
3 — 5	26	17 (*65*)	8 (*31*)	146	60
5 — 10	22	14 (*64*)	11 (*50*)	398	54
ALL SMALL FARMERS	**78**	**49** (*63*)	**28** (*36*)	**216**	**63**

(Figures in brackets denote percentage to selected farmers).

VII

Dairy as a Supplementary Source of Income for Small Farmers

Mehsana district is traditionally a dairy area as is indicated by the fact that Mehsana means Mahish-sthan or abode of buffaloes. There are about 3.93 lakh buffaloes in the District which works out to one buffalo for every 4 persons in the District. The first favourable factor is that there is enough grazing land, grazing and fallow lands forming 20 per cent of the total geographical area in the District. The second favourable factor is that adequate cattle food (fodder and cotton seeds) is available in view of *bajra* and *jowar* being the main crops of the area and also the District not only has some area under cotton but is also surrounded by cotton growing tracts. The third favourable factor is that in view of good irrigation, lucern is grown for supplementing the fodder supplies. A special breed of buffalo called the "Mehsana" breed has been produced. It is hence found that barring a few landless and small farmer households and a few other rural households which do not have any members who can look after the milch animals, practically every rural household in Mehsana district appears to have at least one buffalo. The data shown in Table 21 for 78 small farmer families reveal that only five families did not have any milch animals while as many as 51 had one milch animal and 22 had two or more milch animals.

Dairying is so much attractive to the small farmers that they keep dairy animals rather than drought animals. Thus out of 78 selected small farmers, 29 had not maintained any bullock and 41 had only one bullock. Only eight farmers had one pair of bullocks. Those who did not have any bullocks used the bullocks of their landlords for whom they worked. Others having one bullock only, used the bullock of another one-bullock farmer arrangement of mutual assistance.

TABLE 21

	No. who did not have		No. who had only		No. who had	
	Any bullock	Any milch animal	One bullock	One milch animal	Two bullocks	Two or more milch animals
	1	2	3	4	5	6
1. Smallest farmer (below 3 acres)	17	4	13	19	—	7
2. Smaller farmer (3—5 acres)	10	1	14	21	2	4
3. Small farmer (5—10 acres)	2	—	14	11	6	11
4. Total of three groups ..	**29**	**5**	**41**	**51**	**8**	**22**

The importance attached to dairying is pointedly brought out in the case of smallest farmers (below three acres). Out of 30 such farmers, only four had not maintained any milch animals while as many as 26 had maintained milch animals, seven of them having two or more such animals. The sale of milk or milk products was about Rs. 1,109 per reporting family in 1967-68 (Table 22).

TABLE 22

Size group of small farmers (acres)	No. of farmers selected	Average gross annual cash receipts from sale of dairy products in 1967-68		
		No. reporting	Per reporting family (Rs.)	Per milch animal
	1	2	3	4
Below 3	30	18	891	411
3 — 5	26	21	1220	801
5 —10	22	17	1202	568
Average per small farmer ..	78	56	1109	580

The gross cash receipts from sale of milk and milk products in 1967-68 were as high as Rs. 800 per milch cattle in the case of smaller farmers (3-5 acres) whereas they were low at Rs. 410 in the case of the smallest farmers (below three acres). Apart from the fact that they tend to under-report their sales, the main reasons for the lower milk income in the case of latter group is due to the fact that only 18 out of 26 having milch animals reported sales. Further, the sale proceeds were low due to poor feeding and poor quality animals (not yielding milk for a longer time in a year) while the former group seems to have taken up dairy as a business.

Mehsana District Milk Union

With the establishment of the Mehsana District Milk Union in 1960 the traditional dairy business got a big push. In this Study, we are concerned with the working of the Milk Union in so far as its working has helped the small farmers to take up dairy as a business. The purchase of milk by the Union has assured the small farmers of a regular flow of cash income. Table 23 indicates the progress of the Union.

TABLE 23

	1960-61	1966-67
No. of affiliated milk societies	11	253
Membership	1125	25000
Milk collection (lakh litres)	2·19	215·59
Milk sold to Ahmedabad Dairy (lakh litres) ..	2·19	124·68
Value of milk and milk products sold (Rs. in lakhs)	1·22	215·30
Average payment per kilo fat (Rs.)	—	10·52

Of 1,134 villages in the District, only 253 have the milk collection societies which means the operational coverage of the Union is still restricted only to about 22 per cent of the villages. However, in actual practice, the milk societies make milk purchases from surrounding villages also although such purchases are not on an assured basis. In fact, in two of the villages which we visited, the small farmers whom we met, wanted the Milk Union to start purchasing milk from their area also. The Milk Union, however, is not in a position to widen its purchase activities because its processing capacity is for 90,000 litres per day whereas the milk supplied exceeds 1.37 lakh litres. There are proposals to expand the capacity to three lakh litres per day.

Small Farmers and Milk Union

Many of the milk suppliers to the Milk Union are small farmers. The Union gives competitive market rate for milk which was Re. 0.80 per litre in August 1968. One bag of cattle feed costing Rs. 32 is sufficient for about 20 days for a buffalo yielding four litres of milk per day. He would spend about Rs. 50 per month and get a gross return of Rs. 100. But he must have grass and fodder of his own. That means he must have his land and it is for this reason that the landless labourers do not maintain buffaloes.

The small farmers have particularly benefited because (*i*) profitable work is provided for their women folk who did not have enough work before (as there is not much demand for farm labour) and (*ii*) they have now continuously petty cash in their hands for their day-to-day requirements. As a result, the small farmers have become creditworthy in the eyes of village retail shop-keepers, cloth merchants and other suppliers of daily necessities. At the end of the year, the Union distributes the major portion of its surplus profits (keeping for itself only normal profits) among the milk suppliers. In 1967-68, the Union could sanction Rs. 20 lakhs for distribution as bonus to milk producers which means each member would get about Rs. 80. The milk societies have proposed to issue bonus shares to members. Members have started keeping deposits with milk societies which in turn hold deposits with the Milk Union.

Dairy Loans

Loans have not been given to finance purchase of dairy animals although there is acute demand for such loans. As it is, the Union receives more than required supplies of milk and with financing of buffalo purchases, they would get more milk which would be embarrassing in the absence of expansion of processing capacity. It was also learnt that the District Central Co-operative Bank wants to give medium-term (MT) loans for this purpose through the credit societies while the Milk Union wants loans to be given through the milk societies.

A loan of about Rs. 1,000 would be needed to purchase a good buffalo. The farmer gets a monthly gross income of Rs. 100 for 6-8 months in a year. He can repay at the rate of Rs. 25 per month which means a MT loan for 3-4 years would be required in the case of small farmers. Many of the small cultivators showed keenness to have one more buffalo if a loan could be made available for purchase. But some of them were hesitant because they did not have adequate fodder supplies of their own. They said that they can take up one more buffalo if cattle-feeds are supplied at cheap rates and on credit and milk is purchased at guaranteed price by the Milk Union. The demand for cattle-feed is much higher at present as compared with the meagre supplies obtained from the Kaira Dairy. Dairy and irrigation are closely connected. Those farmers who have irrigation and who can grow lucern aid that they would purchase one more buffalo if a loan is made available. This is how irrigation supports dairy.

VIII

Concluding Observations

Small farmers in Mehsana district are today better off than what they were a few years ago. Even those who have cultivated holdings below three acres have become viable farmers in the sense that they are now able to earn reasonable income from farming and subsidiary sources and hence, there is no need for them to seek outside work as a major source of income. However, they can be further better off if more progress in certain directions takes place.

In the first place, majority of them were not using HYV seeds and fertilisers for a variety of reasons. The main reasons for not using HYV seeds which held good in the case of some other farmers as well are that (*i*) they are costly (*bajra* seeds costing Rs. 6.50 per kilo), (*ii*) they are not always available in time, (*iii*) purity of seeds is doubtful, (*iv*) they do not fully know the technique of sowing, that is, how deep the seeds should be sown, *etc.*, (*v*) water is not adequate due to inadequate rains and it is relatively costlier to use irrigation water for *bajra* which would also result in a reduction in water supply for the second crop. The main reason for not using fertilizer for all crops is that the soil gets hardened.

As a result of construction of tube wells, many open wells appeared to have now less water and hence they need boring.

Many small farmers are not making full use of irrigation available because water is at a considerable depth and lifting it up with oil engine is reported to be costly since, according to the farmers, crude oil is costly. Secondly, in view of rapid growth in irrigation, the farmers are not sure whether there is enough water for more intensive use. The cultivators need to be guided in this respect by the irrigation authorities. Rural electrification has not progressed much. As a result, although water is available, the cultivators do not irrigate the *kharif* crop (growing only a rain-fed crop) while utilising the water for the second crop. Again they do not grow irrigated fodder in summer because of cost of irrigation.

The average income per farmer from selling milk is higher in the villages which have a milk society and from which the Milk Union collects milk. Every farmer is eager to sell more milk to the Milk Union but the latter cannot increase its purchases of milk unless it expands its processing capacity. The

Milk Union covers only about one-fifth of the villages in the District. Furthermore, as yet there is no programme to advance loans to farmers to buy milch animals.

By way of conclusion, it is necessary to indicate whether the experience of Mehsana district in ameliorating the conditions of the small farmers holds any lessons to other areas in the country, having a large number of small farmers, with relatively less rainfall and less fertile soils. Given that the holding of a particular farmer is small, the point as to whether he is a small farmer in terms of income depends upon the fertility of his land, the assuredness of water supply, whether more than one crop are grown, the type of crops grown, *etc.* The experience of Mehsana clearly indicates that although the soils are less fertile, the small farmer can be better off as a result of (*i*) the availability of irrigation at least for a small portion of his land ; and in this respect, partnership loans from credit institutions play an important role, (*ii*) cultivation of more than one crop on his land, (*iii*) cultivation of cash crops and (*iv*) development of dairy as an important source of side income.

Districts like Sholapur in Maharashtra, Anantpur in Andhra Pradesh Bijapur and Raichur in Mysore, where the average annual rainfall is less than 25 inches can develop dairy on a large scale and offer it as an important source of subsidiary income to the small cultivators in those areas. The development of dairy in these districts would be relatively easier in view of the cultivation of crop like *jowar, bajra, etc.,* which provide good fodder for the maintenance of dairy animals. Secondly, in some of the districts it may be possible to develop underground water sources in order to provide irrigation for the second crop. As to whether the small farmers in these districts can benefit to the same extent as the farmers in Mehsana district would depend upon the underground water potential in which respect Mehsana district stands at the top. Information on irrigation potential of different districts in India is not available. Technical surveys to assess the underground water resources of atleast those areas which are subject to drought deserve priority.

The Co-operative Land Development Bank and other lending institutions can evolve a programme of advancing development loans to the small cultivators on a partnership basis as has been done in Mehsana district. A comparison of loans disbursed by the Land Development Bank in Sholapur district of Maharashtra and Mehsana district shows that during the last five years a larger amount of loans has been disbursed in the former district as compared to the latter (Table 24).

Whether such large-scale disbursement of long-term loans is adequately small farmer-oriented, needs to be examined through a separate study.

TABLE 24

(In lakhs of rupees)

	1963-64	1964-65	1965-66	1966-67	1967-68
	1	2	3	4	5
Sholapur District					
Total loans disbursed by the Bombay State Co-operative Land Mortgage Bank	9,84	13,49	15,20	15,26	18,60
Loans disbursed in Sholapur district	62	86	98	84	1,43
Mehsana District					
Total loans disbursed by the Gujarat State Co-operative Land Development Bank	6,36	7,05	10,25	8,60	12,32
Loans disbursed in Mehsana district	69	1,06	85	76	1,36

December 10, 1968

PARTICIPATION OF SMALL TENANT FARMERS IN THANJAVUR DISTRICT, TAMIL NADU, IN THE HIGH-YIELDING VARIETIES PROGRAMME—A CASE STUDY*

Aims and Objects

The widespread prevalence of tenant-farming in Thanjavur district of Madras State is often reported to have had adverse impact on programmes for increasing agricultural production. One major programme of this type is the High-Yielding Varieties Programme (HYVP) which was introduced in the country on an extensive scale from the *kharif* season of 1966-67 and a number of IADP districts having requisite potential, organisation and facilities were selected to implement it in a co-ordinated way. Thanjavur district, which is one among the selected districts, is deemed to possess such conditions, although its agriculture is characterised by widespread tenant-farming. The present report, which embodies the findings of a quick study, assesses the participation of small tenant-farmers in HYVP in relation to the agricultural year ended June 1968.

Method of Study

Two hypotheses appear to be implicit in the problem suggested for this study. Firstly, other things being equal, the extent of participation in the HYVP by the tenant-farmers might be smaller than that by owner-farmers due to such factors as high rents, insecurity of tenure and low credit-worthiness. Secondly, the extent of participation even among the tenant-farmers might vary with the size of cultivated holding ; thus, other things being equal, the extent of participation of the small tenant-farmers might be lower than that of the large tenant-farmers. In other words, even with comparable availability of irrigation, rainfall, good soils and similar physical factors, participation in the HYVP by the farmers might vary according to differences in the land tenure and those in the size of farm.

The foregoing suggests that the method most appropriate for the present study is one of cross-sectional analysis, *i.e.*, comparisons between owner-farmers and tenant-farmers on the one hand and between small tenant-farmers and large tenant-farmers on the other. The former comparison involves careful selection of farmers identical in all respects except the land tenure, while the latter necessitates selection of tenant-farmers identical in all respects except the size of cultivated holding. But such an approach could have necessitated detailed listing of cultivating households for the requisite classification of farmers. An additional difficulty in regard to comparison between small and large tenant-farmers was that the various Acts, providing benefits to tenants in Thanjavur district in particular, restrict tenant-cultivated holdings to five acres only. Tenancies in excess of this limit are concealed

* Prepared in the Reserve Bank of India.

and it would not have been possible to collect accurate information relating to such tenant-farmers. In view of these difficulties, it was decided to preclude comparisons between small and large tenants from the scope of this study. The prevailing system of tenure was of the *Kuthagai* type, according to which rent was paid in stipulated number of bags of paddy per acre. The difference made to the participation in the HYVP by land tenure was sought to be assessed on the basis of the relative participation by owner-cum-tenants in respect of owned and leased-in portions of their farms. The sample chosen for the study, therefore, consisted of two sets of small farmers, tenants and owner-cum-tenants, classified into two categories, participants and non-participants in the HYV Programme.

Definition of Small Tenant-Farmers

For the purpose of this study, a tenant-farmer was defined as one who cultivated land taken on lease from others, against payment of rent in cash or kind. The delineation of small tenant-farmers had to be done from a pragmatic approach. The average size of holding in the district works out to 4.1 acres according to the 1961 Census Report. The data on the distribution of holdings according to size pointed out that about 16.1 per cent of the holdings were less than one acre, 34.8 per cent of the holdings were between 1 to 2.4 acres and 29.9 per cent between 2.5 and 4.9 acres. Thus, more than three-fourths of the cultivated holdings were less than five acres in extent and the majority of the cultivating households had only very small holdings. As the size of an economic holding has not been defined in the Farm Management Studies conducted under the Intensive Agricultural District Programme, it became necessary to adopt a definition, empirically for the purpose of this study. Small cultivators have, therefore, been defined as those whose cultivated holding did not exceed five acres. This definition was broadly in conformity with the definition adopted in the Second Report of the Expert Committee on Assessment and Evaluation, Ministry of Food, Agriculture, Community Development and Co-operation (Department of Agriculture), wherein very small cultivators have been defined as those whose holdings were less than one hectare and small cultivators as those whose holdings ranged from one to two hectares.

PART I

General Participation and Differential Participation

After a brief description of the agro-economic features of the district an attempt is made in this Section to assess the general level of participation of cultivators in the High Yielding Varieties Programme and the extent of partial participation.

Agro-Economic Features of the District

Thanjavur district is a monocultural region with three-fourths of the gross cultivated area under paddy, accounting for about a quarter of the total production of rice in Tamil Nadu. Of a gross cultivated area of about 18.8 lakh acres, as much as 14.9 lakh acres was under paddy. About 95.9 per cent of the gross area under paddy was irrigated. The net area under paddy is about twelve lakh acres in 1967-68 of which three lakh acres consisted of double crop land and nine lakh acres of single crop land. In the double cropped area (*i.e.*, *Kuruvai* land) the first crop is known as *Kuruvai* (June to September) and the second crop *Thaladi* (October to February). The *Kuruvai* cultivation is so adjusted that the crop is sown on the eve of the South-West monsoon and comes to harvest prior to the onset of the North-East Monsoon. The HYV seed sown for the *Kuruvai* crop is the ADT 27 which has a duration of about 115 days and that sown for the *Thaladi* crop is CO 25 with a medium duration of about 165 days. Thus the two varieties, ADT 27 for *Kuruvai* and CO 25 for *Thaladi*, are the two HYV seeds sponsored by the Agricultural Department and adopted by the cultivators. In all discussions that follow, participation in the High Yielding Varieties programme means the adoption of these two varieties, ADT 27 and CO 25, for the *Kuruvai* and *Thaladi* crop, respectively. In the single crop area (*Samba* land) the agricultural season is from August-September to January-February. The crop gets the benefit of both the South-West and North-East monsoons and generally long and medium duration varieties of *Desi* seeds are grown as a single crop. The present policy of the Government is a phased conversion of the *Samba* lands (single crop lands) to *Kuruvai* lands over a period of few years.

Extent of General Participation

Statistical data on the area covered by the Programme and the number of cultivators participating in the programme during 1967-68 are presented in Table 1.

It will be seen from the table that during 1967-68, the area sown to HYV seeds formed about 41 per cent of the net area under paddy in the district as a whole. About half of the net area under paddy in Kumbakonam and Mayuram Divisions appear to be sown to HYV seeds as against less than one third of the net sown area in Pattukottai and Mannargudi Divisions. The target for coverage by the HYVP for 1967-68 was fixed at 9.50 lakh acres, of which only 5.19 lakh acres were actually covered. The overall achievement was only 54.63 per cent of the target, the shortfall being significant in three divisions, Thanjavur (47.3 per cent) Pattukottai (43.6 per cent) and Mannargudi (48.0 per cent). The areas with a high level of participation are within the old delta area of the district which get assured and early irrigation from the Cauvery. The areas where the participation

TABLE 1—NUMBER OF PARTICIPANTS AND THE AREA COVERED BY HYVP, 1967-68

(Area in lakh acres)

Division	Net area under paddy	Area targeted for HYV	Area sown to HYV seeds	Proportion of area under HYV seeds to area under paddy	Proportion of area under HYV to area targeted	Partici-pants in the HYV Pro-gramme
	1	2	3	4	5	6
Thanjavur	1·88	1·65	0·78	*41·48*	*47·27*	39,450
Kumbakonam ..	1·81	1·50	0·95	*52·48*	*63·33*	29,297
Pattukottai	2·01	1·40	0·61	*30·34*	*43·57*	37,862
Mayuram	1·83	1·50	0·92	*50·27*	*61·33*	37,750
Mannargudi ..	2·63	1·75	0·84	*31·93*	*48·00*	36,008
Nagapattinam	2·36	1·70	1·09	*46·18*	*64·12*	45,176
TOTAL	**12·52**	**9·50**	**5·19**	**41·45**	**54·63**	**2,25,543**

Source : Col. 1—Collectorate of Thanjavur, Cols. 2, 3 and 6—IADP Office, Thanjavur.

is poor, such as Nagapattinam, Vedaranyam block of Mannargudi Division were coastal areas faced with problems of water-logging, salinity, *etc.* The prime determinant of the level of participation in the HYVP in a given area, is, thus, the extent and timeliness of irrigation facilities available in that area.

From the point of view of irrigation facilities and the level of participation in the HYVP, the district falls into three regions as shown below: (*i*) the old Delta area, where participation in the HYVP is good, comprising areas which get irrigation facilities from Cauvery, parts of Thanjavur *Taluk*, major portion of Papanasam *Taluk*, Kumbakonam *Taluk*, Mayuram and Sirkali *Taluk* and small tracts in Tiruturaipundi and Nagapattinam ; (*ii*) the New Delta area, where the participation is low, comprising areas irrigated by the Cauvery Mettur Project, parts of Thanjavur, Pattukottai and Orathanadu *Taluk*, parts of Tiruturaipundi and Saliamangalam ; and (*iii*) the coastal areas, where the participation is poor, comprises parts of Nagapattinam, Vedaranyam and parts of Tiruturaipundi.

Partial Participation

It will be seen from Table 1 that participants in the High Yielding Varieties Programme numbered 2.26 lakhs as at the end of 1967-68 forming about 78 per cent of the estimated number of cultivating families in the district. However, the area covered by them was about 41 per cent of the net sown area. This differential may be partly attributed to the fact that the majority of the participants devoted only a part of their cultivated holdings to be sown to hybrid seeds. The extent of participation of an individual participant was determined in the context of the location of the farm, availability of irrigation facilities, anticipated income, the ability to purchase fertilisers and to manage a double cropping programme with available resources. The reasons for such limited participation are to be looked for in the structure of agricultural holdings, the various uncertainties and risks involved in participation in the programme, the tenurial conditions prevailing in the district and the discriminatory role of the co-operatives in financing landlords as well as tenants. All these factors have been explained in detail in Part III of the case study.

As stated earlier, more than three-fourths of the farmers had cultivated holdings of less than 5 acres and a majority of them were tenants with very small holdings who had very little economic incentive to participate in the programme. The extent to which they participated, the income derived and the loss sustained were the objects of the field study carried out in this connection, the main results of which are presented in the following part.

PART II

Main Findings of the Field Study

The field study included the collection of farm business data of about 100 cultivating families from five selected villages through a specially designed schedule-cum-questionnaire. In the course of discussions with district officials, it was learnt, that tenancy problems were particularly acute in five *talukas* of the district, *viz.*, Mannargudi, Nagapattinam, Papanasam, Mayuram and Nannilam. It was, therefore, decided to conduct the field investigation in those five *talukas*. Of these, Mannargudi *taluka* was within the jurisdiction of Thanjavur Central Co-operative Bank and the remaining four were within the jurisdiction of Kumbakonam Central Co-operative Bank. From the point of view of both tenurial conditions and participation in the High Yielding Varieties Programme, the area of operations of the Kumbakonam Central Bank was more important, and hence a larger number of *taluks* were selected from that area. One village was purposively selected from each of these five *taluks*, and from each village 20 cultivators were selected randomly for the purpose of investigation. Thus, in all, 100 cultivators, *i.e.*, twenty from each of the five villages, were interviewed for the purpose of this study. The criteria adopted for the selection of villages were the preponderance of small cultivators and the cultivation of high yielding varieties on a substantial scale. Selection of cultivators was restricted to small cultivators, tenants or owner-cum-tenants, whose operational holdings did not exceed five acres. Thus, the data collected were really in the nature of case studies than that of statistically designed random sample, the objective being to collect first hand information regarding the problems faced by small farmers—particularly tenant farmers—in participating in the High Yielding Varieties Programme. The names of the villages selected and certain characteristics of the agricultural operations of the selected cultivators are given in Table 2.

TABLE 2—SOME CHARACTERISTICS OF SELECTED CULTIVATORS

Selected Village	*Taluk*	Number of cultivators selected	Of which		Size of holding (In acres)	Of which proportion	
			Tenants	Owner-cum-tenants		Of owned land	Of lease land
	1	2	3	4	5	6	7
Adhichapuram	Mannargudi	20	18	2	3·02	*3·57*	*96·43*
Kivalur	Nagapattanam	20	16	4	2·85	*12·30*	*87·70*
Kabisthalam	Papanasam	20	10	10	2·53	*21·72*	*78·28*
Perunjeri	Mayuram	20	14	6	2·23	*10·44*	*89·56*
Ohai	Nannilam	20	17	3	3·17	*8·40*	*91·60*
For all villages	For all *Taluks*	100	75	25	2·76	*10·92*	*89·08*

Of the 100 cultivators selected, 75 were tenants and 25 were owner-cum-tenants. The average size of cultivated area was 2.76 acres, and it ranged from 2.2 to 3.2 acres among the five selected villages. Owned land formed only about 11 per cent of the cultivated holding and the remaining 89 per cent was leased land. It will, therefore, be seen that the field study pertained to the farm business operations of small cultivators, particularly of small tenant farmers.

Participation in High Yielding Varieties Programme

For the purpose of this study a participant farmer is defined as one who has sown at least a part of his farm to high yielding variety seeds such as ADT 27 or CO 25. Cultivators who have sown their entire fields to HYV seeds are very rare, owing to various uncertainties and risks associated with such cultivation. As a result, only a part of the field is generally sown to hybrid seeds. The extent of participation is determined largely in the context of the location of the farm, nearness to canals or other irrigation sources, the availability of irrigation facilities, availability of labour, the ability to purchase fertilisers and to manage a double cropping programme with the available resources. Only 48 per cent of the selected tenants and owner-cum-tenants had participated in the programme. As against this, the number of participants in the programme in the district as a whole formed about 78 per cent of the estimated number of cultivating families. This indicates that the proportion in the case of tenants was far below that of the totality of cultivators. The proportion of participants ranged from 30 per cent to 60 per cent in the different villages (Table 3).

TABLE 3—PARTICIPATION OF SMALL CULTIVATORS IN HIGH YIELDING VARIETIES PROGRAMME

	No. of Partici-pants	Proportion of area under High Yielding Variety seeds to total area cultivated			
		Upto 25 per cent	25 per cent to 50 per cent	50 per cent to 75 per cent	Over 75 per cent
	1	2	3	4	5
Adhichapuram	12	4	3	—	5
Kivalur	6	—	1	1	4
Kabisthalam	12	3	4	—	5
Perunjeri	10	3	2	—	5
Ohai ..	8	—	2	—	6
TOTAL	**48**	**10**	**12**	**1**	**25**

The villages with comparatively low participation were Kivalur (Nagapattinam) and Ohai (Nannilam) where irrigation facilities were conspicuously meagre. The villages with high participation were Adichapuram (Mannargudi) and Kabistalam (Papanasam) and were in old delta area of the district which had assured irrigation facilities. Of the 48 participant cultivators, 25 cultivators had sown over 75 per cent of their cultivated area to hybrid seeds. In the case of the remaining cultivators, the area sown to hybrid seeds was upto 25 per cent of their cultivated area in the case of ten cultivators and varies from 25 to 50 per cent in the case of twelve cultivators.

Reasons for Non-Participation

The various reasons responsible for inadequate participation in the HYV Programme and for non-participation are furnished in Table 4. One of the most important reasons appears to be non-availability of adequate water supply at the beginning of the season. This was the reason stated by seven participants for not sowing their entire cultivated area to hybrid seeds and by eighteen cultivators for not participating in the programme. If a cultivator wants to participate in the HYV Programme, he has to raise a paddy nursery well in advance of the season, *i.e.*, in the month of May itself. The paddy nursery cannot obviously be raised with canal water, which will be

TABLE 4— REASONS FOR NON-PARTICIPATION/PARTIAL PARTICIPATION

Reasons for Non-participation	Number of participants who reported this reason for not extending the area under hybrid seeds	Number of non-participants who reported this reason for non-participation
Non availability of adequate water at the beginning of the season ..	7	18
Resort to double cropping involves expenditure twice in a year. The second crop generally gives a poor yield. Therefore, there is a risk involved in double cropping	—	1
Rat menace	3	3
Water logging and lack of drainage facilities	4	5
Farm is at a higher level and requires levelling, water cannot reach the farm	1	7
Landlord is against double cropping	—	1
First year of participation. Hesitant to devote the entire area to HYV seeds	3	—
No faith in the HYV programme—expenditure and trouble taken to raise the second crop is more than the additional income ..	—	5
Inadequate water supply	1	4
Farm is too small to bring about any change in cropping pattern ..	—	2
No threshing floor ..	—	1
No water in the canal for the second crop	—	2
Let other cultivators in the neighbouring fields participate first, and afterwards the respondent will participate	—	1
Did not pay much attention to official propaganda all these years ..	—	1
Difficult to get adequate manures	1	—
The respondent has been taking a single crop for the past many years. After some years he might switch on to double cropping	1	—
Earlier one acre was sown to HYVP, and there was no profit. Hence, the cultivator did not increase the area under HYVP	1	—
Inadequate finance from co-operatives—Scale of finance to tenants is low. Cash portion of the loan is low	2	1
Salinity of soil	—	2
Lack of co-operation from fellow-cultivators for digging field channels	—	2
High costs of fertilisers and high wage rates ..	—	5

available only from the end of June. The nursery will, therefore, have to be raised with the help of some ancillary source of irrigation such as open wells, tubewells or tanks. Those cultivators who cannot afford to invest on open wells or tubewells are thus incapacitated from participating in the programme. Another important impediment to effective participation appears to be water logging and the absence of drainage facilities. This reason was reported by four cultivators for not increasing the area under hybrid seeds and by five cultivators for not participating in the programme. In many parts of the district, especially in the blocks along the coastline, there are areas which are 4 to 5 feet below the sea level. Participation in the High Yielding Varieties Programme is bound to be poor in those areas. Construction of drainage facilities in such areas is beyond the capacity of small cultivators. The third important reason stated by cultivators was the menace to standing crops caused by rats. This reason was cited by three participants for not increasing the area under hybrid seeds and by three cultivators for not participating in the programme.

Five cultivators reported lack of faith in the HYV Programme. According to them the expenditure and trouble taken to raise the second crop is much more than the additional benefits derived. To some extent, this view was influenced by the failure of the *Thaladi* crop in 1967-68. High wage rates and fertiliser prices were also among the reasons stated by five cultivators for not participating in the programme. Other reasons for non-participation related to the lack of dry threshing floors, difficulty experienced in obtaining manures and co-operative credit in adequate measure, high cost of fertilisers, *etc.* Some cultivators were hesitant to bring about innovations and were counting on other cultivators to take the lead, for them to follow later on. The risks involved in participation, consequent on increased dependence on irrigation facilities, fertilisation and higher requirements of labour are always reckoned by small cultivators, particularly tenant cultivators, before a decision is taken to participate in the programme.

Current Farm Expenditure

The current farm expenditure of farmers worked out in this study comprised mainly the cash costs incurred on seeds, fertilisers and manures, pesticides, wages and feeds and fodder for cattle. The rent paid to the land is considered separately in relation to the size of other costs incurred. In the case of owner-*cum*-tenants, it included land revenue and irrigation charges also, in respect of the land owned by them. The relevant data are presented in Table 5, separately for participants and non-participants, as well as for tenants and owner-*cum*-tenants.

It will be seen from the table that current farm expenditure in the case of cultivators using *desi* seeds ranged from Rs. 229 to Rs. 301 and that for

TABLE 5—CURRENT FARM EXPENDITURE* PER ACRE

(Rupees per acre)

Items	For Desi Seeds				For. H.Y.V. Seeds			
	Participants@		Non-Participants		Participants Crop I		Participants Crop II	
	Tenants (1)	Owner-cum-Tenants (2)	Tenants (3)	Owner-cum Tenants (4)	Tenants (5)	Owner-cum Tenants (6)	Tenants (7)	Owner-cum Tenants (8)
Seeds	19·48	15·38	17·93	20·38	19·98	19·71	19·84	16·71
	(8·62)	*(6·26)*	*(7·84)*	*(6·77)*	*(8·54)*	*(6·36)*	*(8·95)*	*(6·49)*
Fertilisers	65·56	80·59	60·82	82·99	66·36	95·65	57·21	75·54
	(29·02)	*(32·83)*	*(26·58)*	*(27·58)*	*(28·36)*	*(30·85)*	*(25·79)*	*(29·32)*
Pesticides	0·18	0·49	1·04	0·66	2·37	4·35	1·20	1·84
	(0·08)	*(0·20)*	*(0·45)*	*(0·22)*	*(1·01)*	*(1·40)*	*(0·54)*	*(0·71)*
Wages	105·95	115·54	123·37	135·99	105·55	126·34	102·59	112·01
	(46·91)	*(47·06)*	*(53·92)*	*(45·20)*	*(45·11)*	*(40·74)*	*(46·25)*	*(43·47)*
Land Revenue & Irrigation	—	1·85	—	5·42	—	15·32	—	2·01
		(0·75)		*(1·80)*		*(4·94)*		*(0·78)*
Feeds & Fodder for Cattle	32·98	30·39	23·47	53·03	38·12	47·04	39·46	47·98
	(14·60)	*(12·38)*	*(10·26)*	*(17·63)*	*(16·29)*	*(15·17)*	*(17·79)*	*(18·62)*
Others	1·74	1·27	2·17	2·40	1·61	1·66	1·51	1·57
	(0·77)	*(0·52)*	*(0·95)*	*(0·80)*	*(0·69)*	*(0·54)*	*(0·68)*	*(0·61)*
Total	**225·89**	**245·51**	**228·80**	**300·87**	**233·99**	**310·07**	**221·81**	**257·66**
	(100·00)	*(100·00)*	*(100·00)*	*(100·00)*	*(100·00)*	*(100·00)*	*(100·00)*	*(100·00)*

*Rent is worked out separately. @A part of the farm cultivated by participants was sown to *Desi* seeds.
Note : Figures in brackets are percentages to total
Source: Household Schedule

cultivators using hybrid seeds it ranged from Rs. 222 to Rs. 310 per acre. Thus it was noticed that the cost of cultivation with hybrid seeds was only marginally higher than that with *desi* seeds. Cultivators with *desi* seeds also were using fertilisers as recommended by package authorities. But the total current farm expenditure incurred in a year by participants will be double the amount incurred by non-participants as the former take two crops *Kuruvai* and *Thaladi* whereas the latter take only one long duration crop called *Samba*. The difficulty to finance two crops a year was a deterrent to participation in the HYV programme to many cultivators. While there was certainty with regard to the costs to be incurred for the second crop, the yield remained uncertain.

Almost half the total expenditure incurred in the case of *desi* seeds was on wages, 7 per cent on seeds, 28 per cent on fertiliser and about 18 per cent as feeds and fodder. The predominant element in the structure of costs incurred by a Thanjavur farmer is wages. Even small family farms have to enlist outside labour during peak periods of agricultural operations because of the rigid time schedule imposed by seasonal conditions. Family labour is insufficient and wage rates have been consistently rising. The pattern of expenditure was not very different in the case of participants and non-participants. The expenditure incurred by owner-*cum*-tenants was slightly higher than that by tenants as the former used higher doses of fertilisers and paid land revenue and irrigation charges in respect of the lands owned by them. Among participants, the expenditure on fertiliser for the first crop amounted to Rs. 96 per acre in the case of owner-*cum*-tenants as against Rs. 66 in the case of tenants. Expenditure on fertiliser for the second crop was generally lower, and amounted to only Rs. 76 per acre in the case of owner-*cum*-tenants as against Rs. 57 in the case of tenants.

Proportion of Rent to Gross Yield

According to the Madras Cultivating Tenants (Payment of Fair Rent) Act, 1956, fair rent was required to be fixed at rates ranging from 33 1/3 to 40 per cent of the normal gross produce, depending upon the type of land. The rent paid by the selected tenants ranged from 30 to 78 per cent of gross produce. A distribution of cultivators according to the proportion of rent paid to the gross yield is given in the table below:

TABLE 6—PROPORTION OF RENT PAID TO GROSS YIELD

(Per cent)

Rent paid as proportion of gross produce (Per cent)	Proportion of cultivators to total		
	Partici-pants	Non-parti-cipants	Total
Upto 40	*31·2*	*15·4*	*23·0*
40 to 45	*20·8*	*17·3*	*19·0*
45 to 50	*25·0*	*44·2*	*35·0*
50 to 55	*10·4*	*7·7*	*9·0*
55 to 60	*6·3*	*9·6*	*8·0*
Over 60	*6·3*	*5·8*	*6·0*
TOTAL	**100·0**	**100·0**	**100·0**

Taking all cultivators together, it will be seen, that only 23 per cent of them were paying rent upto 40 per cent, the fair rent fixed according to the Fixation of Fair Rent Act. About 77 per cent of the cultivators were paying rent of over 40 per cent. The rent paid by 23 per cent of the cultivators was over 50 per cent of the gross produce. In the case of 6 per cent of them, it was exorbitantly high, at over 60 per cent. A larger proportion of participant farmers were paying comparatively lower rent than non-participants. The rent paid by about one-third of the participants was only upto 40 per cent of the gross produce.

Gross and Net Income

We may now examine to what extent the income of small tenant cultivators has increased by participation in the HYV programme. The assessment will be made by comparing the net income per acre derived from farms under hybrid seeds with that from *desi* seeds; and by comparing the size of income derived from owned lands with that from leaseholds.

Impact of Seasonal conditions

As stated earlier, farmers participating in the HYV programme generally take two crops from their farms, *Kuruvai* and *Thaladi*. During 1967-68, the *Kuruvai* season was normal whereas, the *thaladi* proved to be bad due to inadequate water supply. As explained in the earlier section, the *Thaladi* crop in many areas was sown late and near-drought conditions prevailed during the grain ripening stage of the crop. Consequently, the crop was a partial failure and the majority of the cultivators incurred heavy losses. In estimating the net income, therefore, the income derived from the *Kuruvai* and the *Thaladi* crop has been worked out separately. The gross and net yield from crops have been uniformly valued at the procurement rates fixed under monopoly procurement by the State Government, *viz.*, at Rs. 27 per

TABLE 7—NET INCOME PER ACRE FROM HYV SEEDS AND DESI SEEDS CROP I (KURUVAI)

(Amount in rupees)

Particulars	Tenants						Owned land of owner-cum-tenants under	
	Lease Land under HYV Seeds with Rent			Lease Land under Desi Seeds with Rent				
	Upto 40 per cent	40 to 50 per cent	Over 50 per cent	Upto 40 per cent	40 to 50 per cent	Over 50 per cent	HYV Seeds	Desi Seeds
Item	1	2	3	4	5	6	7	8
1. Net Area sown in acres	22·96	29·16	19·99	26·32	74·26	30·83	14·16	15·99
2. Value of gross yield per acre	639·72	577·78	515·26	427·77	449·39	472·75	659·74	474·48
3. Cost of Cultivation ..	216·42	232·48	256·38	190·69	234·06	235·45	316·38	302·37
4. *Proportion of Item 3 to item 2*	*33·83*	*40·23*	*49·76*	*44·58*	*52·08*	*49·80*	*47·96*	*63·73*
5. Payments to landlord								
5·1 Rent	211·19	254·63	289·44	135·45	209·56	285·21	—	—
5·2 Others ..	2·57	3·39	2·25	1·59	2·41	1·81		—
5·3 Total	213·76	258·02	291·69	137·04	211·97	287·02	—	—
Proportion of Item 5·3 to Item 2	*33·41*	*44·66*	*56·61*	*32·02*	*47·17*	*60·71*	—	—
6. Net Income	209·54	87·29	—32·81	100·04	3·36	—49·72	343·36	172·11
Proportion of Item 6 to item 2	*32·76*	*15·11*	—	*23·39*	*0·75*	—	*52·04*	*36·27*

bag of 54 kgs. in the case of the first crop and at Rs. 24 per bag of the same quantity in the case of the second crop. Secondly, the increase in net income consequent on participation was not uniform in the case of all farms. The study has brought out the extreme variability in the gross yield from hybrid seeds due to differences in the dosage of fertilisers applied and cultural practices. It ranged from Rs. 15 per acre obtained by tenants to Rs. 660 in the case of owned land of owner-*cum*-tenants (Table 7). It is significant to note that in the case of *desi* seeds, the value of gross yield varied only from Rs. 428 to Rs. 474 per acre. The cost of cultivation ranged from Rs. 216 to Rs. 316 per acre in the case of hybrid seeds and from Rs 191 to Rs. 302 per acre in the case of *desi* seeds. The cost of cultivation with hybrid seeds was only marginally higher than with *desi* seeds.

In the case of tenant cultivators the net income varied inversely with the proportion of rent to the gross produce. Hence, for the purpose of comparison, tenants have been classified into three categories, those who paid rent upto 40 per cent of the gross produce, those whose rent ranged from 40 to 50 per cent of the gross produce and those who paid over 50 per cent.

The gross income from the *Kuruvai* crop was Rs. 640 per acre in the case of tenants who paid rent upto 40 per cent of the gross produce.

Gross Income from Kuruvai Crop

In the case of the next category of tenants who paid 40 to 50 per cent as rent, gross income amounted to only Rs. 578 per acre. Gross income was the lowest in the case of tenants who paid over 50 per cent as rent, at Rs. 515 per acre. Thus, the yield was the lowest in the case of farms leased at highest rentals. Leased lands sown to *desi* seeds yielded a gross income varying from Rs. 428 to Rs. 473 per acre. It should, however, be noted that the effect of high rents was not reflected in the yield from *desi* seeds. The incremental yield from hybrid seeds ranged from 9 per cent to 50 per cent, on leased lands.

The gross yield from owned land sown to hybrid seeds was the highest at Rs. 660 per acre as against Rs. 474 from owned lands sown to *desi* seeds. The incremental benefit derived by owner participants amounted to Rs. 186 per acre.

The cost of cultivation formed 33.8 per cent of the gross yield in the case of the first category of tenants who paid upto 40 per cent of the gross yield as rent. In the case of the other two categories of tenants, cost of cultivation formed 40 to 50 per cent of the value of gross yield. The rise in the proportionate cost was the result of a slightly higher cost incurred in relation to a lower output obtained by them.

Net Income from Kuruvai Crops

In the case of tenant participants, whose rent liability to the landlord did not exceed 40 per cent of the value of gross produce, the net income from farms under hybrid seeds amounted to Rs. 210 per acre from *Kuruvai* crop as against Rs. 100 accruing to non-participants who used *desi* seeds on their farm. In the case of the second group of tenants whose liability on account of rent ranged from 40 to 50 per cent, the net income derived from farms sown to hybrid seeds was lower at Rs. 87 per acre. Farms of tenants of the comparable group, under *desi* seeds gave a net income of Rs. 3 only per acre. The third group of tenants, *i.e.*, those who paid rent at rates higher than 50 per cent of the value of gross produce, incurred a loss of Rs. 33 per acre even though their farms were sown to hybrid seeds. The value of gross produce amounted to Rs. 515 per acre of which Rs. 256 was accounted for by cost of cultivation and payment to the landlord by way of rent, *etc.*, amounted to Rs. 292 per acre, resulting in a loss of Rs. 33 per acre. Tenants who had sown their lands to *desi* seeds incurred a loss of Rs. 50 per acre. Thus, it will be seen that participation in the High Yielding Varieties programme will increase the net income or improve the standard of living of tenant cultivators only if their rent liability to the landlord is reduced to the proportion fixed under the Act. Further, the size of net income indicated above will accrue to the cultivator only if the seasonal conditions are normal. If the season turns out to be bad, the tenant cultivators will incur heavy losses as happened during the *Thaladi* season of 1967-68. If both the seasons are good in a year almost twice the amount of income indicated above might accrue to cultivators.

Net Income of Owners

The area cultivated by owner-cum-tenants consisted of their owned lands and lands leased in by them. The gross income realised by them amounted to Rs. 660 per acre from hybrid seeds as against Rs. 474 per acre from *desi* seeds. Cost of cultivation accounted for 48 per cent of the gross income in the case of hybrid seeds as against 64 per cent in the case of *desi* seeds. The net income derived from their owned lands sown to hybrid seeds amounted to Rs. 343 per acre as against Rs. 172 obtained from owned lands sown to *desi* seeds.

Rent Received by Landlords

The rent received by landlords ranged from Rs. 211 to Rs. 289 per acre of land under hybrid seeds. In the case of tenants paying upto 40 per cent of the value of gross produce as rent, the net income of the landlord at Rs. 211 per acre was about the same as that received by the tenant (Table 7). As regards the remaining two groups of tenants, *viz.*, those whose rent ranged from 40 to 50 per cent and those who paid over 50 per cent as rent, the income of the landlords was disproportionately higher at Rs. 255 per acre in the first group and Rs. 289 per acre in the second group, respectively. In the case of the former group the net income of the tenant was only Rs. 87 per acre whereas, in the latter case, the tenants incurred a loss of Rs. 33 per acre. It could, therefore, be stated that, tenancy arrangements where the rent is fixed at over 40 per cent of the value of normal gross produce contributed to the income of landlords alone and aggravated the income disparities. According to the terms and conditions of tenancy the rent was fixed as a proportion of the normal yield, *i.e.*, of potential yield and not as a proportion of the actual yield. The normal yield will be obtained only under ideal conditions. The rent liability being thus fixed, it is the tenant's share that gets reduced in the event of a slight shortfall in the expected output.

TABLE 8—NET INCOME PER ACRE FROM HYV SEEDS AND DESI SEEDS CROP II (THALADI)

(Amount in rupees)

Particulars	Tenants						Owned land of owner-cum tenants	
	Under HYV seeds with rent			Under Desi seeds with rent			Under	
	Upto 40 Per cent	40 to 50 Per cent	Over 50 Per cent	Upto 40 Per eent	Upto 50 Per cent	Over 50 Per cent	HYV seeds	Desi seeds
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Net area sown in acres	22·96	26·16	15·99	7·00	20·26	5·00	14·16	5·00
2. Value of gross yield ..	264·72	241·28	262·66	260·57	263·03	211·20	355·93	374·40
3. Cost of cultivation of item 3	223·48	208·29	241·52	228·86	215·49	223·60	271·68	245·40
4. *Proportion of item 3 to the value of gross yield* ..	*84·42*	*86·33*	*91·95*	*87·83*	*81·93*	*105·87*	*76·33*	*65·54*
5. Payment to landlord								
5·1 Rent	113·63	110·59	140·40	130·28	109·18	134·40	—	—
5·2 Others	2·22	2·71	1·94	1·13	1·83	2·40	—	—
5·3 Total ..	115·85	113·30	142·34	131·71	111·01	136·80	—	—
Proportion of item 5·3 to item 2 ..	*43·76*	*46·96*	*54·19*	*50·55*	*42·20*	*64·77*	—	—
6. Net income	−74·61	−80·31	−121·20	−100·00	−63·47	−149·20	84·25	129·00
Proportion of item 6 to item 2	—	—	—	—	—	—	*23·67*	*34·46*

Income from Thaladi Crop

We may now examine the effect of a bad season on the income of tenants and owners. As stated earlier, the *Thaladi* crop was a partial failure in

1967-68. At the grain ripening stage of the crop there was dearth of water and the yield was reduced to almost half of the normal. There was no reduction in the cost of cultivation incurred by the farmers which ranged from Rs. 208 to Rs. 242 per acre. (Table 8). The value of gross yield ranged only from Rs. 241 to Rs. 265 per acre. A part of the rent required to be paid to landlords fell in arrears. All the tenant cultivators incurred heavy losses which ranged from Rs. 74 in the case of tenants paying 40 per cent of the gross produce as rent, to Rs. 121 per acre in the case of tenants paying over 50 per cent of the gross produce as rent.

In the case of owned land, net income from farms sown to hybrid seeds amounted to Rs. 84 per acre as against Rs. 129 per acre in the case of farms sown to *desi* seeds. It could, therefore, be inferred that when seasonal conditions turn out to be bad, the yield from hybrid seeds falls to a greater extent than the yield from farms sown to *desi* seeds. In view of the extreme variability in yield and the extreme susceptibility of the crop from hybrid seeds to sub-normal seasonal conditions, participation in the programme is less risky for owner cultivators than for tenant cultivators.

Rent Received by land-owners—Thaladi Crop

The rent received by landlords amounted to Rs. 114 per acre in those cases where it was fixed at 40 per cent, to Rs. 111 per acre where it was fixed at rates varying from 40 to 50 per cent and to Rs. 140 per acre where the rent was fixed at over 50 per cent of the gross produce. Thus, it will be seen that even in the case of a partial crop failure the landowner does not lose his income completely ; only the size of his income is reduced. This inequality in the risks assumed by tenants and owners may be attributed to the inability on the part of the tenants to apply for remission of rent to the rent courts (according to the provisions of the Madras Cultivating Tenants (Payment of Fair Rent) Act, 1956) in the event of a partial crop failure.

It is generally observed that only cultivators (owners or tenants) with ample resources to invest in minor irrigation works, to purchase inputs and to engage labour on their own terms can successfully participate in the high yielding varieties programme. The poorer sections of cultivators get very meagre benefits in a good season and incur heavy losses in a bad season. Unless, therefore, such programmes are preceded by land reform measures, the result will clearly be an aggravation of income disparities in the countryside.

Financing of Current Farm Expenditure

The co-operatives showed discrimination in financing owners and tenants by fixing a higher scale for the former and a lower scale for the latter. The actual role of co-operatives in financing the current farm expenditure of the selected tenants and owner-cum-tenants may be seen from the table below:

TABLE 9—FINANCING OF CURRENT FARM EXPENDITURE

(Amount in rupees per acre)

Source of Finance	Tenants	Owner-cum-tenants
Landlord	0·96 (*0.29*)	—
Co-operative Credit	74·83 (*22·47*)	118·25 (*29·27*)
Private money lenders	56·56 (*16·99*)	51·91 (*12·85*)
Owned Funds	200·63 (*60·25*)	233·84 (*57·88*)
TOTAL	**332·98**	**404·00**

It will be seen from the table that of the total expenditure amounting to Rs. 333 per acre incurred by tenants, co-operatives accounted for only about Rs. 75 or 22.5 per cent, private money-lenders about Rs. 57 or 17 per cent, and the balance was incurred from the owned funds of the cultivators themselves. In the case of owner-cum-tenants, the total current farm expenditure incurred was higher at Rs. 404 per acre, of which the share of co-operative credit was about 29 per cent and that of the money-lenders about 13 per cent. Inadequacy of co-operative credit for tenant farmers will ultimately result in inadequate application of fertilisers—the prime factor that depressed yields from hybrid seeds.

PART III

Reasons for the Low Level of Participation

The reasons for the low level of participation in the High Yielding Varieties Programme by cultivators in general and by small tenant farmers in particular are set out below. Broadly, the various factors that discourage participation fall into two categories: physical and economic. The physical factors apply to all cultivators, large and small alike. The economic factors mentioned below are, however, relevant only to the small cultivators in the district, particularly tenant farmers.

Physical Factors

The important physical factors that gave limited scope for participation in certain areas in the district were the lack of adequate drainage facilities, salinity, the menace to standing crops from field rats, *etc.* These problems have not been gone into in detail. It was observed that parts of the district were water-logged on account of inadequate drainage facilities, and participation in the programme was very poor in all such areas. Another factor that discouraged participation in the programme was salinity which was particularly acute in certain areas such as in Pattukottai, Sethu Bava Chatram, *etc.* The use of hybrid seeds was not recommended in such areas. As regards the menace from field rats, even though large-scale campaigns are conducted every year for the eradication of rodents, the menace continues to be a major threat to whole-hearted participation in the HYV Programme.

Economic Factors

Need for Supplementary Irrigation Sources

If a cultivator intends to participate in the HYV Programme he has to conform to a schedule of timely operations.

First of all, the cultivator must be able to raise a paddy nursery in May with the help of irrigation from wells. Only those cultivators who have such facilities will find it easy to participate in the programme. The transplantation is required to be done in June. If, for any reason such as the late arrival of the monsoon, the transplantation is delayed beyond the middle of July, the grain ripening stage of the crop will coincide with the advent of the north-east monsoon. If the monsoon showers come a few days before the harvest of the crop, the ADT 27 seeds will germinate from the earhead itself. The harvesting is required to be done in a situation when rainfall is imminent at any time. Added to this is the uncertainty regarding availability of labour at such a juncture, as well as of dry threshing floors, transport facilities, *etc.*

In the canal irrigated areas, the water supply from the Mettur dam will be stopped in the beginning of February. If seasonal conditions are normal and both the crops *Kuruvai* and *Thaladi* are sown on time, the scarcity of water will not be felt very much, but when seasonal conditions turn adversely, the cultivators should have an ancillary source of irrigation to save the crop and also be quick enough to switch over to short-duration seeds such as ASD5, ADT8 or C032 for the *Thaladi* crop, if necessary. All agricultural operations in the district are geared to the date of release of water from the Mettur reservoir. A delay of few days can hold up all operations indefinitely. In 1968-69, water from the Mettur reservoir was released on July 21 after a delay of 40 days compared with the normal date. Even if the water is released on time, it takes about a month to reach certain tail-end areas in the district. Such uncertainties and difficulties in water supply generally discourage small farmers without supplementary irrigation facilities and with meagre financial resources, to adopt a double cropping pattern with hybrid seeds. Most of the cultivators with large-size holdings have irrigation facilities from wells or are encouraged to instal filter-point tube-wells under a 'Crash Programme' started by the Government and they generally tide over such difficulties. But such investment is beyond the means of small cultivators, particularly tenant farmers who do not have any owned land to offer as security for medium or long-term loans. According to land reforms legislation, it was the landlord's responsibility to incur capital expenditure on the farm and they were indifferent to invest on wells in the present context of tenurial tensions and labour troubles.

Rise in Cost of Cultivation

The cost of cultivation of paddy incurred by farmers has been rising during the past few years. The factors responsible for the increases were (*i*) rise in wages, (*ii*) increased use of fertilisers, (*iii*) higher cost of fertilisers, and (*iv*) higher seed rates used by cultivators. Of these factors, those that adversely influenced the decision to participate in the HYV Programme were the rise in wages paid to casual labour during the peak periods of agricultural operations such as *Kuruvai* harvesting and *Thaladi* transplantation and the rise in fertiliser prices.

Unrest among agricultural labour has assumed serious proportions during the past three years. Riots instigated by certain political parties broke out in certain areas such as Mannargudi, Tiruthuraipundi, Nannilam, Mayavaram and Sirkali which led to two tripartite agreements (between officials, landlords and labourers) at Mannargudi and Tiruvarur. Under the first agreement, referred to as Mannargudi Accord, the wage rate for men was fixed at Rs. 2.94 per day or 5½ litres of paddy plus Re. 1, which was higher by about 30 to 50 per cent as compared with the prevailing wage rates. This rate was later raised again in the Tiruvarur Agreement to six litres of paddy plus Re. 1 for men and five litres of paddy plus 25 paise for women.

The demand for higher wages continued even afterwards. Added to this was the insistence that casual labour from other districts was not to be brought in for employment. The dearth of labourers and the rising wage rate were, therefore, factors to be reckoned with when a small farmer planned for double cropping with hybrid seeds.

Rise in Fertiliser Prices

Apart from the massive rise in wage rates, cultivators have to reckon with the rising cost of fertilisers also, before deciding to participate in the programme. The rise in the retail prices of the three popular varieties is shown below.

TABLE 10—RISE IN FERTILIZER PRICES

(Rupees per ton)

	1966-67	1967-68	1968-69
Ammonium Sulphate	372	497·89	508·24
Urea	627	836·20	856·90
Ammonium Phosphate ..	625	813·43	813·43

It will be seen that the prices of Ammonium Sulphate and of Urea rose by 36.6 per cent and that of Ammonium Phosphate by 30.1 per cent during the past three years. The use of fertiliser involves risk, because decisions are made at the beginning of the season and the crop is harvested several months later. In the meantime weather conditions may deteriorate resulting in lower yields. Hence, only owner-cultivators with no rent liability and with assured irrigation facilities can confidently take the risk and participate in the programme. Small tenant-farmers who do not get adequate co-operative credit apply fertilisers with serious misgivings about the ultimate benefit.

Discriminatory Role of Co-operatives

As far as tenant-farmers are concerned, an important factor that discouraged participation was the discrimination shown in the quantum of co-operative credit granted to them as compared with the credit granted to land owners.

The amount of loan per acre according to the scale of finance for paddy is fixed at Rs. 250 by both the central financing agencies in the district, *viz.*, the Thanjavur Central Bank and the Kumbakonam Central Bank. Even though Thanjavur Bank did not differentiate between owners and tenants in stipulating the loan amount eligible by either of them, in actual practice, the amount granted to tenants was arbitrarily reduced. The actual amount granted ranged from 70 to 80 per cent of the eligible amount. In the case of Kumbakonam Bank, the amount stipulated for tenants was lower at Rs. 150 per acre as against Rs. 250 for owners. The loan amount was disbursed in cash and kind by both the banks as shown in Table 11.

It will be seen from the table that the loan amount received by tenant farmers in the area of operation of the Kumbakonam Bank was inadequate to fully implement the package of practices. Tenants are not enabled to apply the recommended dose of fertilisers and thereby realise the full yield from hybrid seeds as they were granted only Rs. 75 worth of fertilisers per acre as against Rs. 125 per acre in the case of owners. The cash portion of the loan was lower at Rs. 50 per acre in the case of tenants as against Rs. 90

TABLE 11—CASH AND KIND COMPONENTS IN THE SCALE OF FINANCE FOR PADDY: THANJAVUR AND KUMBAKONAM CENTRAL CO-OPERATIVE BANKS

(In rupees)

	Thanjavur Central Co-operative Bank	Kumbakonam Central Co-operative Bank	
	Owners and Tenants	Owners	Tenants
Cash	90	90	50
Fertilisers	120	125	75
Seed ..	18	13	13
Pesticides	22	22	12
TOTAL	**250**	**250**	**150**

in the case of owners. The individual maximum borrowing power was also lower for the tenants at Rs. 750 as against Rs. 5,000 for owners of land. There has been a persistent demand from tenants to raise at least the cash portion of the loan in view of the overall rise in wage rates.

The Tenancy Situation

The foregoing analysis indicated some of the factors which limited the ability of small tenant farmers in successfully participating in the High Yielding Varieties Programme such as their inability to incur capital expenditure or the increased cost of cultivation and the restricted scale of finance from the credit co-operatives. The most important factor that discouraged them, however, was the lack of an economic incentive under the prevailing tenurial conditions. An important finding of the field study was that in the case of large majority of tenant farmers who participated in the programme, the net losses incurred in a bad season exceeded the net gains in a good season. The reasons for this state of affairs are explained by the terms and conditions of tenancy and the failure of the land reforms legislation in ameliorating their conditions.

Land reform legislation, provided for the execution of written lease deeds, restoration of evicted tenants and resumption of land for only personal cultivation by landlords. It has also laid down the rights and obligations of landlords and tenants. The size of a tenant-cultivated holding was limited to five acres. Fair rent was to be fixed at 40 per cent of the normal gross produce in the case of wet lands, 35 per cent in the case of farms with lift irrigation facilities provided by the tenants and 33⅓ per cent in the case of dry lands. The landlord was also entitled to one-fifth of the straw or stalk of all crops.

It was the responsibility of the landlord to incur all capital expenditure necessary, pay land revenue, irrigation charges and the dues to local authorities. If necessary, he was required to advance loans to the cultivating tenant for the purchase of chemical fertilisers upto 10 per cent of the value of the normal gross produce and recover the same from him in addition to the fair rent payable. He was also required to install pump-sets, in which case he was to bear all the repair charges and the tenant was to bear all the maintenance charges. If adverse seasonal conditions resulted in a reduction of the gross yield from crops, the landlord was required to remit a proportional part of the fair rent for that period.

The tenant was to bear all the cultivation expenses including cost of eed, ploughing, manuring, harvesting, threshing, *etc.* Tenant was required to grow a green manure crop each year in addition to the main crop. Any change in the cropping pattern could only be made with the consent of the landlord.

Statistical data on the implementation of land reforms show that only a nominal effort was made to implement these measures. The number of unrecorded leases (oral leases) continues to be very large. Fair rent was fixed only in a very few cases. Actual rents paid ranged from 30 to 78 per cent of the gross yield. After meeting the cost of cultivation, which ranged from one-third to half of the value of gross produce, and the rent liability to the landlord, which in the majority of cases was over 50 per cent, the tenant was left with very little or incurred a net loss. Two features of the method of computing rent acted to his detriment. The first was that the rent was fixed as a proportion of the normal gross produce and not actual gross produce. The estimated normal or potential yield will be obtained only under ideal conditions. If the gross yield is lower by even 10 per cent, the deficit will have to be borne entirely by the tenant. Secondly, the level at which the fair rent is fixed, *i.e.*, 40 per cent of the gross produce is considered very high as the cost of cultivation itself accounted for one-third to half of the value of gross produce. In the case of the vast majority of tenant cultivators fair rent remains to be fixed, even though more than twelve years have passed since the enactment of the Madras Cultivating Tenants (Fixation of Fair Rent) Act, 1956.

PART IV

Summary of Findings and Conclusion

The Agro-economic context

Thanjavur district is a monocultural region with three-fourths of the gross cultivated area under paddy, accounting for a quarter to one-third of the total production of rice in Tamil Nadu. The net area under paddy is about 12 lakh acres, of which three lakh acres consisted of double crop lands (*Kuruvai* and *Thaladi*) and 9 lakh acres of single crop (*Samba*) lands. The hybrid seed used for the *Kuruvai* crop is ADT 27 and that for the *Thaladi* crop is CO 25. Until recently, the *Samba* crop, from single crop lands, was cultivated with *desi* seeds.

The area sown to HYV seeds formed about 41 per cent of the net area under paddy. According to the target fixed for 1967-68, an area covering 9.5 lakh acres (out of a total cultivated area of twelve lakh acres) was to be sown to hybrid seeds. However, the area actually covered was only 5.19 lakh acres, *i.e.*, 54.63 per cent of the target, the short-fall being significant in Thanjavur (47.3 per cent), Pattukotai (43.6 per cent) and Mannargudi (48.0 per cent) divisions. The participants in the High Yielding Varieties Programme numbered about 2.26 lakhs as at the end of 1967-68 and formed about 78 per cent of the estimated number of the cultivating families in the district.

Findings of the Field Study

According to the findings of the field study covering 100 small cultivators, only 48 per cent had participated in the HYV Programme. For the purpose of this study, small cultivators were defined as those with a cultivated area upto 5 acres. The extent of participation, *i.e.*, the proportion of cultivated area sown to hybrid seeds to the total cultivated area, ranged from 25 to 82 per cent. The reasons for non-participation or partial participation included: non-availability of water at sowing time, lack of drainage facilities (in water-logged areas), inability to incur expenditure on land levelling, high costs of fertilisers, inadequate co-operative credit, high wage rates and indifference of landlords. The difficulty to finance cultivation of two crops in a year was also a deterrent to participation. While on the one hand, the cost of cultivation has been rising steadily, on the other, the net income from the second crop was becoming more and more uncertain, in the prevailing tenancy situation. The rent paid by tenants ranged from 30 to 78 per cent of the gross produce. Only about 23 per cent of the tenants paid rent upto 40 per cent and the remaining tenants paid over 40 per cent of the gross produce. The majority of farmers in the non-participant group were those who paid over 40 per cent of the gross produce as rent.

Net Income from Kuruvai Crop

Tenant cultivators had very little economic incentive for participation in the programme. The net income realised by them varied inversely with the proportion of rent to gross produce. In the case of tenants who paid upto 40 per cent of the gross produce as rent the net income realised from farms sown to hybrid seeds amounted to Rs. 210 per acre as against Rs. 100 from farms sown to *desi* seeds. In the case of tenants whose rent liability ranged from 40 to 50 per cent of the gross produce, the net income from hybrid seeds amounted to Rs. 89 per acre. The farms of tenants using *desi* seeds in the comparable group gave a net income of Rs. 3 only per acre. Tenants who paid over 50 per cent of the gross produce as rent incurred a loss at Rs. 33 per acre in the case of hybrid seeds and Rs. 50 per acre in the case of *desi* seeds. In the case of owned land, the net income from farms sown to hybrid seeds amounted to Rs. 343 per acre as against Rs. 172 per acre from farms sown to *desi* seeds.

Net Income from Thaladi Crop

The *Thaladi* crop was a partial failure due to inadequate availability of water at critical stages of its growth. Almost all the tenant cultivators incurred heavy losses, ranging from Rs. 75 in the case of tenants paying upto 40 per cent of the gross produce as rent to Rs. 121 per acre in the case of tenants paying over 50 per cent of the gross produce as rent.

Rent Received by Landlords

The rent received by landlords ranged from Rs. 211 to Rs. 289 per acre of land under hybrid seeds in the *Kuruvai* crop. In the case of tenants paying upto 40 per cent of the value of gross produce as rent, the net income derived by the landlord and the tenant was about equal. In the case of tenants who paid over 50 per cent of the gross produce as rent, the landlords received Rs. 289 per acre and the tenants incurred a loss of Rs. 33 per acre. The *Thaladi* crop was a partial failure and the loss was borne by tenants alone, ranging from Rs. 75 to Rs. 121 per acre in the case of hybrid seeds, and varying directly with the proportion of gross produce paid as rent. In the case of *desi* seeds, the amount of loss incurred ranged from Rs. 6 to Rs. 149 per acre. The rent received by land owners was also reduced. Even so, it ranged from Rs. 114 to Rs. 140 per acre in the case of hybrid seeds and from Rs. 109 to Rs. 134 in the case of *desi* seeds.

Thus, it will be seen that (*i*) the income of landlords is disproportionately higher than that of tenants in a good season, (*ii*) that the risks and losses in a bad season are assumed by tenants alone and that (*iii*) there was no remission of rent by land-owners in the event of a partial crop failure. When seasonal conditions became sub-normal, the yield from hybrid seeds deteriorated more than the yield from *desi* seeds. In view of this extreme variability in yield from hybrid seeds in a good season and its extreme susceptibility to sub-normal seasonal conditions, participation in the HYVP is more risky for tenant-cultivators. Only cultivators with ample resources could successfully participate in the programme. Small tenant farmers with inadequate support from co-operatives and high rent liabilities got very meagre benefits in a good season and incurred heavy losses in a bad season.

Factors Responsible for Limited Participation

The physical factors that limited the scope for participation in many areas were water-logging, salinity, *etc.* The economic factors mentioned above are relevant to small tenant farmers only. Most of them needed a supplementary source of irrigation to raise hybrid crop with confidence. Investment on wells is beyond their means as they did not have owned lands to offer as security for medium-term or long-term credit. The cost of cultivation has been rising during the past few years, contributed by the rise in wage rates and fertiliser prices. Many small tenants find it difficult to cope with all these problems and devote only a small part of their farms to hybrid seeds and the rest to *desi* seeds which do not make a heavy demand on water, fertilisers, *etc.*, to give a normal yield. The extent of participation of an individual participant is determined in the context of the location of the farm, distance from canals, ability to manage a double-cropping programme with available resources and lastly his ability to meet the rent liability to the landlord.

The Tenancy situation

The tenancy situation in the district is characterised by a preponderance of small tenant-farmers with uneconomic holdings and a small number of big tenants and owner-cum-tenants who sub-let their lands. The majority of the land owning class are absentee landlords, and the remaining few are very big resident landlords, temples and trusts. Various Acts regulating the landlord-tenant relations and defining their duties and obligations have been in force since 1955. Fair rent was required to be fixed at varying rates upto 40 per cent of the normal gross produce for the different types of land. The landlord was to bear the land revenue and irrigation charges and was also to incur capital expenditure on the farm. The tenant was to bear the current costs of cultivation. The landlord was to remit a proportional part of the fair rent if adverse seasonal conditions resulted in a reduction of the gross produce. Lease-holds were limited to a maximum of five acres of wet land or its equivalent in dry land.

Very little progress has been achieved in the implementation of the various land reform measures, particularly with regard to the fixation of fair rent, remission of rent in the event of crop failure, fixation of land ceilings, declaration of surplus lands, *etc.* The short-comings can mostly be traced to the ignorance of the provisions of land reform legislation on the part of small tenants and land owners, continuance of a strong feudal nexus between landlords and tenants and the indifference on the part of tenants to seek redress through rent courts. Only bigger tenants who are powerful enough to press for their rights are found to benefit from the law. Small tenant cultivators who have to pay a high rent, thus, participate in the High Yielding Varieties Programme in the face of many uncertainties and risks.

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Discrimination shown by Co-operatives

The loan policy pursued by the two Central Co-operative Banks operating in the district—the Thanjavur and Kumbakonam Central Co-operative banks—have not been helpful to tenant farmers. Of the two banks, the Kumbakonam bank has shown discrimination in financing tenants and land owners, the former was financed at Rs. 150 per acre of paddy whereas the latter was financed at Rs. 250 per acre. The Thanjavur Bank, on the other hand, has not shown any such discrimination in the loan policy frame, but in actual practice, tenants are financed only upto 70 to 80 per cent of the amount eligible by them. Consequently, tenant cultivators did not get fertilisers to the extent recommended, which reduced their production potential considerably.

The study has brought out (*i*) the various reasons reponsible for the low level of participation by tenant farmers in the HYV (*ii*) the constraints imposed by the prevailing tenurial conditions on participation in the programme and (*iii*) the discrimination shown by co-operatives in financing tenants as against owners, which defeated the very purpose of the Programme. Unless, therefore, such programmes are preceded by land reform measures and a re-orientation of the co-operative credit policy, it will only result in the aggravation of income disparities in rural areas.

December 16, 1968

LAND REFORMS AND THEIR EFFECTS ON AGRICULTURE—WITH SPECIAL REFERENCE TO SMALL FARMERS IN SOUTH KANARA DISTRICT (MYSORE STATE)—A CASE STUDY@

Background

Object, Scope and Method

Agriculture in South Kanara is characterised by widespread tenancy and small size of holdings, these being typical characteristics of *ryotwari* areas, practically all along the Western Coast. As many as 70 per cent of cultivators in the district are tenants. The average size of cultivated holding of the tenants is 3.8 acres.* The present study attempts to find out how far the recent land reforms can be expected to help the small farmers, pure tenants as well as tenant-cum-owners, operating under these two handicaps. However, in discussing the effects of the land reforms, small (non-cultivating) landlords have also been considered because in South Kanara, unlike in the areas with *Zamindari* and allied estate tenures, they too constitute a "weaker section" of the agricultural community and, therefore, their interests too need to be reckoned in the total planning for agriculture.

This report is based on personal observations of conditions in three *talukas* of the district (namely, Mangalore, Belthangadi and Udipi) and discussions with Revenue and Land Tribunal officials, office bearers of agricultural associations, enlightened landholders and the selected tenants. The data used in this report are based on the information supplied by a sample of 20 tenant cultivators randomly selected from each of the three selected villages.** The schedule for collecting this information relating to their farm business was canvassed only to tenant cultivators since a systematic selection of small cultivators including cultivating owners would have necessitated detailed listing of households in each village. However, 13 out of these selected tenants, *i.e.*, about 22 per cent of them cultivated owned land as well.

Agriculture in the District

Agriculture in South Kanara has quite a few good features which considerably offset the disadvantages arising out of this predominance of tenancy cultivation. Thus, out of the 4.9 lakh acres of the net sown area in the district over 2.1 lakh acres are sown more than once. In fact, 1.4 lakh acres of the area under paddy (which covers 80 per cent of the sown area) is sown with two crops and 20,000 acres with three crops. A good extent of

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@ Prepared in the Reserve Bank of India.

* This refers to selected cultivators in the sample studied for the purpose of this investigation. It may be noted that the Expert Committee on Assessment and Evaluation of I.A.D.P. (Ministry of Food and Agriculture) defined "very small' cultivators in paddy districts like Thanjavur as those having less than one hectare (*i.e.*, 2·47 acres) and "small cultivators" as those whose holdings ranged between one and two hectares (*i.e.*, 2·47 to 4·94 acres).

** These villages are Kotekar from Mangalore *taluka*, Guruvayanakere from Belthangadi *taluka* and Kalyanpur from Udipi *taluka*.

the sown area is under commercial crops such as coconuts (30,000 acres), arecanut (19,000 acres), sugarcane (5,000 acres), chillies (5,000 acres), pepper (3,400 acres), cashewnut (18,000 acres), bananas (5,000 acres) and ginger (3,000 acres) ; pulses covering an area of 36,000 acres are also grown largely for the market. Diversification of crops, particularly maize, *jowar* and *ragi*, is also in evidence.

Agriculture in South Kanara mainly depends on rainfall which is plentiful (160 inches per annum). Consequently, irrigation is mainly in the nature of lift irrigation by pumpsets or wells. In fact, lift irrigation of this type is estimated to have possibilities of giving three paddy crops on at least 1.5 lakh acres. Cultivators are becoming progressive minded and efforts to mechanise agriculture through use of power tillers, and popularise the use of fertilisers, pesticides, improved seeds, *etc.*, are meeting with encouraging response from the relatively big cultivators. Cultivators are also becoming increasingly market-conscious and re-orienting their farm business so as to benefit from the rise in prices of agricultural produce.

The Land Problem and the Land Reforms Act

The need for land reforms in South Kanara district arose from the fact that in 1954-55, over 65 per cent of the sown area in the district was cultivated by tenants, the proportion being 70 to 80 per cent in certain areas. About 10 to 20 per cent or more of the area under "personal cultivation" was actually cultivated through hired labour by owners living in towns. Rents were generally paid as fixed produce rents or crop share rents. The rent generally varied between 50 and 70 per cent of the produce.* The preponderance of tenants among the cultivators is borne out also by the Census of 1951 (Appendix Table I).

The Mysore Land Reforms Bill of 1958 which was intended to solve this problem became law in 1962 but its enforcement was delayed till October 1965 when it was amended in important respects. In fact, the actual enforcement of the Act, namely setting up of Land Tribunals and other "competent authorities" to implement the various provisions of the Act regarding rent fixation, extent of land to be retained by landholders *etc.*, started only in October 1967.

The main objectives of the Act (Appendix Note I) are: (*i*) to confer occupancy rights on tenants of land owners who do not cultivate land themselves (*ii*) to acquire "surplus" land from landholders by placing a ceiling on holdings generally and by taking over lands leased out to tenants (*iii*) to pay due compensation to such landlords for the loss of land (*iv*) to regulate rents payable by tenants during the transition period. Eviction of tenants is also prohibited by this Act, except where the tenancy had expired or the

*Vide "Implementation of Land Reforms", Planning Commission pp. 104-7.

tenant had defaulted payment of rent for two consecutive years or made injudicious use of land. Transfer of land and partition of land are also regulated.

The problem which this legislation attempts to tackle is no less serious today than what it was fifteen years ago. Thus, in the selected Guruvayanakere village (Belthangadi *taluka*), 81 out of 115 cultivating households (or 70 per cent) were tenants. In Kalyanpur village (Udipi *taluka*), 340 out of 475 cultivators or 74 per cent were tenants. In the third selected village, namely Kotekar (Mangalore *taluka*) all except 26 out of 214 (or over 80 per cent, were tenants. The other unsatisfactory feature of agriculture in the district, namely, small size of cultivated holding, is revealed by the table below relating to the 60 selected cultivators.

TABLE 1—PARTICULARS RELATING TO CULTIVATED AREA

(Selected cultivators)

Size-Group (acres)	No. of cultivators	Percentage to total	Area Cultivated (acres)		
			Total	Percentage to total	Average per cultivator
	1	2	3	4	5
0 — 2 ..	17	*28·3*	**29·40**	*12·8*	1·72
2 — 5	33	*55·0*	**120·58**	*52·6*	3·65
5 — 10	9	*15·0*	**67·47**	*29·4*	7·49
Above 10@ ..	1	*1·7*	**12·00**	*5·2*	12·0
All groups	**60**	**100**	**229·45**	**100·0**	**3·8**

@ This size-group is not reckoned in inter-group comparison in this study as only one cultivator constitutes its sample.

It will be evident from these figures that 50 out of the 60 cultivators holdings *i.e.*, over 83 per cent of the cultivators had cultivated holdings below 5 acres, while 17 households or 28 per cent of the total had less than two acres each. The average holding in these two groups was 1.72 acres and 3.65 acres, respectively, the all cultivators' average also being low at 3.8 acres. Nearly 80 per cent of the former as well as the latter size group had been cultivating the same holdings for more than 20 years (Appendix Table II). This shows the persistence of small holdings over a period of years. About 13 per cent of the tenants operated under oral lease, while the rest had entered into written lease contract (Appendix Table III).

General Effects of Land Reforms

The provisions of land reform fall into two broad categories, *viz.*, long-term and short-term. The former relate to the ultimate objectives of the

Act, such as conferment of occupancy rights on tenants on payment of premium, by them for these rights and payment of compensation by Government to the landlords parting with their lands. The latter relate to short-term objectives such as regulating the contractual relationship between landlord and tenant including the liability to pay rent. In fact, at present, short-term objectives appear far more important than the latter because, owing to the long delay in enacting the legislation and also in setting up the machinery for its implementation, the transition period during which the landlords and tenants would continue side by side is apt to be fairly long. This view is strengthened by the fact that some of the important provisions of the Act in this regard have been suspended owing to appeals and writ petitions in the High Court. What is more, it is these short-term provisions that will tell on agricultural production in the district for quite a few years to come. The immediate effects of these provisions are, therefore, briefly reviewed below, first with reference to agriculture in the district in general and, then with reference to small tenants and small landlords* in particular.

General Effects—Short-Term

Delay in Implementation

Ever since 1958 when landlords in this district sensed the coming of the land legislation to regulate rents, restrict tenancy, place ceiling on holdings, *etc.*, they have been active to safeguard their own interests by taking advantage of the long period—at least eight years—the Act took to come into force. To begin with, apprehending dispossession of land, many of the landlords managed through persuasion, inducement, threat, *etc.*, to get rid of evidence of long-term tenancy contracts with the tenants and converted the tenants into wage paid labourers on their lands. The fear of ceilings on holdings also led to sale of land, partitioning of property and its transfer to minors, widows and the like. Consequently, the relatively big land holders at present are temples, trusts, a few joint families and the "*Aliyasanthan*" families, the holdings of the last being indivisible under the existing law.† In fact, transfers of interests in land are reported to have continued even after the Act came into force through concealed sales of land in the garb of gifts while lands are leased out as having been necessitated by invalidity of the owners or by declaring minors, widows, *etc*, in the family as owners of the property. It is, therefore, contended that barring the trusts, temples, *etc.*, joint families and *Aliyasanthan* families, the bulk of landlords are small owners to whom the rents they receive from the tenants are a major means of sustenance because they are persons with small incomes—mostly school teachers, peons in offices, small shopkeepers, Government pensioners, village officials,

*The term 'landlord' in this study connotes land owners who have leased out their land or part of land and includes (i) those who reside in nearby towns and evince personal interest in the use and development of their land as also (*viz.* those who reside outside the district *i.e.*, pure 'rentiers'.

†These families are governed by a separate inheritance law under which only the right to a share in the produce passes through female heirs when they marry till the marriage is dissolved by death of either party or otherwise.

etc. According to knowledgeable persons, the Government should collect data on the strength, income *etc.*, of these small holders, so as to assess the impact of these provisions on them before they are enforced.

Regulation of Rent—Vagueness in the Provisions

The Act fixes the rent as a certain proportion of the 'gross produce' (one-fourth in the case of areas with "assured irrigation facilities" and one-fifth in all others). For this purpose, the appropriate authority (the *Tehsildar*) is to fix the "average gross produce per acre" of the "principal crops for each class and grade of land in each local area." Although this is the most important provision of the Act to be in force during the transition period, its implementation has created a number of problems due to vagueness in the Act about the various terms involved. To begin with, the Act did not lay down precisely the basis for determining the "average gross yield" except stating that the concerned authority may base it on (*i*) normal produce of the class of soil or land (*ii*) seasonal reports and rainfall accounts and (*iii*) results of crop-cutting experiments conducted and recorded by the Departments of Agriculture, Revenue and Statistics. In practice, no *tehsildar* conducted any crop-cutting experiment for this purpose but each adopted arbitrary standards of his own. Similarly, the terms "principal crops" and "local area" were not defined. The manner of classifying and grading lands is also not clearly defined inasmuch as the seven categories of land with three sub-divisions under each, *viz.*, "Good", "Medium" and "Inferior" indicated in the Act do not conform to the classification done for Revenue Settlement and is, therefore, leading to adoption of arbitrary standards by the *tehsildars.**

The result is that there are a number of appeals by the landholders before the Deputy Commissioner against decisions given by the *tehsildars* or the Land Tribunal Courts on many of these issues and also writ petitions before the High Court challenging certain provisions in the Act. Consequently, these provisions have been suspended for the time being. These appeals and petitions by the landholders do not appear completely unjustified when the following points which form the basis of their grievances are considered:

(*a*) *Principal Crop*: Some *tehsildars* have taken only paddy as the "principal crop" and fixed the "Average gross yield" for the *taluka* as a whole. As a result, the cultivation of other more remunerative crops such as coconuts, cashewnut, sugarcane, arecanut, mango, etc., is ignored and this seriously cuts down the share of the landlord in the produce. It will be seen from Appendix Table IV that even in 1964-65, 16 per cent to 20 per cent of the sown area in the three *talukas* was covered by cash crops such as coconut, cashewnut, sugarcane, vegetables, *etc.* The proportion is expected to have increased since then. Moreover, almost every paddy field in the district is lined with closely packed rows of good palms which would have made

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*Please see Appendix Note 2.

a good coconut garden on which the tenant used to pay formerly a rent of four annas to a rupee per tree per year.* However, Belthangadi *tehsildar* has reckoned outturn of straw also while the Udipi *tehsildar* has allowed coconuts to be reckoned in the "average gross yield" estimate per acre, as a result of which the landlords in these *talukas* will get higher rents for lands of identical land-classification than those in Mangalore *taluka.*

(*b*) *Second Crop of Paddy* : The Act has not clarified whether the rent is payable by the tenant only on the first crop or on the subsequent crops as well. In Mangalore *taluka,* the *tehsildar* has reckoned only the first crop, although nearly 38 per cent of the area under paddy in this *taluka* is sown to second crop and about 10 per cent to third crop. In Belthangadi *taluka,* on the other hand, the *tehsildar* has reckoned the second crop of paddy and included in the gross produce straw as well. In Udipi, the second crop was reckoned but straw was not included. No *tehsildar* has taken the third crop of paddy into account, although in the district as a whole, 4.8 per cent of the area under paddy was sown to third crop. The vagueness in the Act on this point is evident from the fact that the Deputy Commissioner issued an order in October 1966 that where 2 or more paddy crops are grown on the same field, only the first crop should be taken into account but this order was subsequently revised by him allowing an addition of 60 per cent (from the second crop) where the second crop is grown.

(*c*) *Payment of Rent in Cash :* The Act permitted rents to be paid by the tenants in cash but the conversion of kind rent (paddy) was to be done at prices to be announced by the Chief Agricultural Marketing Officer. The Act, however, did not state how he will determine the price or whether there will be a separate price for each local area or one price for the whole state. The Officer has fixed the price of rice at Rs. 69.50 per quintal (medium quality) whereas the open market price is Rs. 125 per quintal. The tenants, therefore, have stopped giving paddy/rice to the landlords and started paying rent in cash and thus benefit by selling the produce in the open market. Consequently, the small landlords who usually collected rent in kind for personal consumption feel that, in addition to the fall in their income, they are compelled to buy their rice for domestic needs at high prices.

(*d*) *Defaults of Rent :* While the Act tried only to regulate tenancy, its provision that no tenant can be evicted unless he has defaulted payment of rent for two years has given rise to defaults of rent payments on a very large scale. This was admitted also by the Land Tribunal Officers whom we met. The Act further protects such tenants, as the landlord can go to court against a defaulting tenant only after two years of defaults and also only after giving him an advance legal notice. Above all, even after the Tribunal decides the case against the tenant, he can agree to pay the rent and get the eviction

*Vide Resettlement Report—South Kanara District 1934—p. 2.

notice withdrawn. The landlords apprehend that most of the tenants would indulge in repeating such defaults of payment of rent for two years and then pay it all in the third year. The extent to which the tenants are defaulting is shown by the table below.

TABLE 2—RENT CONTRACTED AND ACTUALLY PAID BY TENANTS

(Pure tenants from Selected Cultivators)

Pure tenants	No. of tenants	Percentage value of rent contracted to gross produce	Percentage value of rent paid to rent contracted	Percentage value of rent paid to gross produce
	1	2	3	4
Tenants who did not pay any rent ..	13	47·9	—	—
Tenants who paid full contracted rent	2	29·8	100·0	29·8
Tenants who paid less than contracted rent	32	49·3	54·0	26·7
All pure tenants	47	48·4	40·6	19·7

It is seen that, according to the tenants' own admission, 13 out of 47 or 28 per cent of the pure tenants completely defaulted payment of rent. Only two of them or 4 per cent of the total had paid the contracted rent in full. As many as 32 tenants or 68 per cent of the total made only partial payments amounting to 54 per cent of the contracted rent. While it is true that the contracted rents are higher than the proportion permissible under the Land Reforms Act, the above picture clearly indicates that the tenants are putting the landlords to serious difficulty through these defaults. This picture has to be read further in the light of the fact that the contracted rent reckoned crops other than paddy also grown in the field as well as the second and third crop raised in the holding. The landholders further state that this contracted rent also includes returns on investments made by them on capital improvements in land. This does not appear improbable since the selected cultivators reported 16.1 per cent of their outstandings as owed to landlords.

(*e*) *Decrees Not Executed:* One more instance of the vague or incomplete provisions in the Act is that there is no authority at present to execute rent decrees passed by the Land Tribunals. The Act stated that these recoveries will be effected by the "competent" authority, just like arrears of land revenue. The Land Tribunal officials were, therefore, of the view that execution of these decrees is the responsibility of Revenue authorities. But the latter refused to entertain applications for action on the judgement given by the Land Tribunal because they held that they were not authorised to do so. Consequently, hundreds of rent decrees against defaulting tenants were stated to be pending with the lawyers.

(*f*) *Conflict Between Landlords and Tenants :* The immediate upshot of all this has been that there is a spurt of disputes in the courts between the landlords and tenants. This conflict is intensified by absence of satisfactory land records at the village level to indicate who cultivates it, the status of the cultivators, *etc.* A Tenant and Crop Register was prepared for the year 1958 showing the names of tenants, rent payable, *etc.*, under orders from the Government but no subseqent entries have been made therein, though it was intended to be a quinquennial register. The Act provides for the maintenance of adequate records of rights but these provisions are yet to be implemented.

The result is that, in Udipi *taluka* alone, rent cases before the court were 1,739 while those for land to be resumed from tenants for cultivation by the landlord numbered 2,314, of which 1,739 cases were pending rectification of shortcomings or absence of revenue records. In Mangalore *taluka,* there were 1,500 rent cases before the court. At Puttur, the Land Tribunal had 3,421 cases of rent fixation and 2,711 cases for resumption of land.

In conclusion, it may be noted that the vagueness in the provisions in the Act has led to adoption of arbitrary standards for fixing the basis of rent (*i.e.* average gross produce) by the *tehsildars.* Thus it was between 440 kgs. (inferior land) and 1000 kgs. (good land) in Mangalore *taluka* whereas in Udipi *taluka,* it was between 300 kgs. and 1,600 kgs. for 'inferior' land and between 500 kgs. and 2,000 kgs. for 'good' land. Thus, the maximum yield in the "good" land in Mangalore *taluka* was 40 per cent lower than that of the "inferior" land in Udipi *taluka.* The average yield in Belthangadi *taluka* ranging between 420 kgs. and 1782 kgs. was also higher than that in Mangalore, though the soil climate complex in that *taluka* for paddy is considered almost the best in the district. How arbitrarily these yields are fixed is evident from the official admission (by one of the *tehsildars*) that there are no data on the production of straw, the average yield has been fixed by him "entirely on local enquiries". As one official puts it cryptically, the Act has fixed "legal rent" and not "fair rent". It is significant that these shortcomings in determining the average gross yield would not only affect the rent payable to the landlord but also the compensation receivable by him for the lands he will part with, since the compensation is a specified multiple of the rent.*

As a result of these anomalies, there is growing discontentment among both landlords and tenants, which has led to legal disputes as well. Even the authority of the *tehsildar* to fix the average gross produce as also that of the Chief Agricultural Marketing Officer to fix prices of produce for conversion of kind rent into cash rent is challenged as "excessive delegation of legal authority to them" because the Act has not laid down how they are to carry out these functions.

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*The rate of compensation per acre is (Annual Rent-Land Revenue) X 15.

All this is bound to affect the progress of land reforms. Already one year had passed by the time the average gross yield was fixed and land tribunals appointed. The enforcement of the Act which was already delayed has now been further put off by the order of the Deputy Commissioner suspending the application of these provisions, pending the High Court's decision on these points. The landholding classes are anxiously awaiting an early way out of this "confused state of affairs".

General Effects—Long-Term

The long-term objectives of the Act namely to confer occupancy rights on the present tenants and also to allot lands to these classes by acquiring land from the land owners is also apt to be adversely affected due to the following factors :—

(*i*) *Ceiling on Holdings, etc.* : The classification of land in the Act into seven categories with three subdivisions under each is said to be impracticable, as this classification does not conform to that done for the revenue settlement. Again, both wet and dry lands are given a place even in the same category and taken as identical*, *i.e.*, without reference to the crops raised (*vide* Appendix Note II). Thus sugarcane can be treated both as a wet crop and a garden crop under the Act. Similarly, tobacco, groundnut, chillies, *etc.*, can be treated either as "dry" crop or "garden" crop. Garden land which is irrigated by rain water may fall either in Class IV or in V and VII if the annual rainfall is taken note of. This has made the determination of "standard acre" difficult, since according to the Act, the 'standard acre' is equal to one acre of first class land or its equivalent in the remaining six classes as mentioned in Schedule I, part B, of the Act. But the classification of land itself being vague and subject of disputes, the determination of standard acre would also become indecisive and disputable. This is important because the determination of 'standard acre' will influence, in turn, the determination of the size of family holding and basic holding. This is apt to give rise to disputes and litigation as has happened in the case of rent fixation and, thereby further delay the implementation of the provisions.

(*ii*) *Aliyasanthana Families* : As pointed out earlier, holdings of large size are now confined to a relatively few trusts, temples, joint families and *Aliyasanthana* families. The last are governed by a special law under which the property remains undivided while only the rights to share in the produce passes through the female dependents at the time of marriage to be enjoyed by them only during their life time. On this point, the following extract from a representation by landlords is pertinent :— "In these (joint *Aliyasanthana*) families, there is no inherent right in a single member of the family

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*For instance, Classes I to IV mention 'wet or garden land', while Classes V to VII mention 'Dry or Garden land . . . .'. In class V mention is made of 'Dry-cum-wet or Dry-cum-Garden land'. All this is said to be making the land classification 'vague', indefinite and uncertain, besides making some classes overlap.

to demand a partition as in a coparcenary under Hindu Law. . . Act IX of 1949 was passed by the Madras Legislature, enabling majority of major members of a branch of a family to demand partition. There is no individual partition. The large percentage of tenants in South Kanara is explained by the existence of such joint *Aliyasanthan* families. Opportunities should be given to the members or sharers in these joint families, to take up self-cultivation which right cannot be denied to them as they are as much cultivators and sons of soil as others who are dependent on the land. The large number of holdings in the District of South Kanara having more than ten acres are mostly held by *Aliyasanthana* joint families, religious institutions and trusts. It is not safe to be guided by the available information without knowing the state of affairs concerning joint families"†

In short, the Act does not take into account the special circumstances under which large number of these *Aliyasanthana* households have their lands cultivated by tenants while denying them the right to take back their lands for self-cultivation although they would have done so earlier, if permitted by the law. The Act has, thus, created a confusing situation in respect of these families, some of whom have petitioned to High Court, with the result that the provisions are, in practice, in suspense.

(*iii*) *Compensation to Landlords :* Compensation to the landlords whose lands will be taken over by Government for allotment to tenants will be in cash and lump sum upto Rs. 2,000 while the excess, if any, will be in negotiable bonds carrying interest at 4½ per cent per annum. These bonds will be paid off in instalments in 20 years but in how many instalments and at what intervals is not indicated in the Act.

(*iv*) *Occupancy Rights of Tenants :* The Act provides that landlords have to surrender to the Government land in excess of the area "resumable" by them as per the provision in the Act. This 'resumable' area is to be determined by the Land Tribunals on going through each individual case. Thereafter, a date will be notified from when the Government will be the absolute owner of these "non-resumable" lands. The tenants on these lands will be entitled to be registered as "occupants" on the condition that they pay to the Government a 'premium or purchase price' equal to the amount of compensation paid or payable by the State Government to the landlords. If a tenant fails to pay the purchase price in a lump sum, he can pay it in instalments over a period not exceeding 20 years with interest at 4½ per cent per annum ; in addition, he will be liable to pay the land revenue. If he fails to pay three instalments, he forfeits his occupancy rights and continues only as a tenant of the Government. Those who do not desire to become occupants can re-

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† Joint Memorandum presented to the Members of the Legislative Assembly & Legislative Council of the Mysore State and the Members of the Mysore Pradesh Congress Committee by the South Kanara Landholders & Agriculturists' Association, Mangalore (Registered), and by the South Kanara Landholders' Association, (Registered).

main as tenants of the Government in which case they will have to pay to the Government, besides the regulated rent, also land revenue now being paid by the landlord.

It may be noted that the prospect of becoming "occupants" does not lure the tenants. In fact, all the 60 tenants in our sample stated that they did not intend to avail of this facility, unless it is forced on them. Nor were they inclined to be tenants under the Government. The reasons are : (*a*) they enjoy enough of tenurial security at present under the Act and they do not feel the need of any further improvement in their tenurial status or further protection against high rents ; (*b*) the clauses regarding payment of purchase price to the Government are, in their view, stringent, since the prospective occupants are expected to pay it in a lump sum which none of them would be in a position to do. They are allowed to pay this price in equated instalments not exceeding 20 years but if a tenant fails to pay any three instalments that would make him forfeit his rights to the land (Section 53). The interest which they have to pay at the rate of 4½ per cent per annum on the amount due, in addition to land revenue which at present is being paid by the landlord, further dissuades the tenants from availing of this facility and (*c*) the tenant fears that he will lose the landlord's assistance and co-operation in his farm business. At present, even with the conflict that has set in between them since the Act, it is found that the landlords account for 14.1 per cent of the tenants' debt (19.1 per cent in Kotekar) and 15.7 per cent of their borrowings (39.9 per cent in Guruvayankere). Moreover, for six years after acquiring occupancy rights, the tenant cannot transfer his land except by way of lawful inheritance or a charge on land to the State Government or a co-operative lending agency. In other words, the tenants, if their present inclinations persist, would be only changing their landlord and pay the rent to the Government instead of the landlords, a good proportion of whom did evince personal interest in the tenant and in the development of the land. This points to the need of making the programme of purchase of occupancy rights by tenants more attractive to them by providing easy credit facilities for the same as also of ensuring thereafter adequate credit facilities for production and consumption needs for which the tenants at present depend considerably on the landlord and other private credit agencies.

Effects of Land Reforms on Small Cultivators

Short-term Effects on Tenants

Payment of Rent

The contracted rent as reported by the selected cultivators showed that the smaller the tenant, the weaker was his bargaining capacity in fixing his rent liability prior to the land reforms.

TABLE 3—RENT PAYMENTS BY TENANTS*

Size-Group (Acres)	Number of tenants who did not pay any rent during the year	Those who paid less than contracted rent				All tenants		
		Number of tenants	Percentage of contracted rent to value of gross produce	Percentage of value of rent paid to rent contracted	Percentage value of rent paid to gross produce	Number of tenants	Percentage value of	
							Rent conracted to gross produce	Rent paid to rent contracted
	1	2	3	4	5	6	7	8
0 — 2	6	8	*59·7*	*52·3*	*31·2*	16	*48·8*	*42·4*
2 — 5	5	20	*52·1*	*56·1*	*29·2*	25	*42·8*	*42·8*
5 — 10 ..	2	4	*38·1*	*48·7*	*18·6*	6	*35·1*	*33·1*

*These data pertain to pure tenants among the selected cultivators.

Thus, the rent liability, as per the understanding between the landlord and the tenant, was 35 per cent of the gross produce in the case of tenants in the five to ten acre group while it was 43 to 49 per cent in the case of tenants in the two smaller-size groups. It is true that tenants, as a class, had started defaulting payment of rent by taking shelter under the provisions of the Land Reforms Act which, as already pointed out, allowed defaults for two consecutive years to a tenant without making him liable to eviction. Even so, it would appear from the above table that the smaller tenants were more easily pressurised by their landlords to pay the rents than the bigger ones. The only two tenants who paid the rent in full were from the 0 — 2 acre group. Even in the case of tenants who had made part payment of rent, the proportion of rent paid to gross produce was 19 per cent in the case of tenants in the higher size-group while it was 29 to 31 per cent in the two smaller size-groups. This is not to justify the defaults by the bigger tenants but only to point out the economic disability or weakness betrayed by the tenants in the lower size-groups in the general advantages that tenants, as a class, are deriving from the Land Reforms Act.

Availability of Credit

As could have been expected, the strained relations between landlords and tenants since the coming of the Land Reforms Act is reported to have led to contraction of credit available to the tenants from this source. Though no data are available on this point, the following table relating to debt and borrowings of the selected cultivators during 1967-68 does lend support to this contention.

TABLE 4—DEBT AND BORROWINGS OF SMALL TENANT CULTIVATORS ACCORDING TO SOURCE OF FINANCE

(Rupees per family)

Size-Group (Acres)	OUTSTANDING DEBT ON JUNE 30, 1968					BORROWING DURING 1967-68				
	Total	AGENCIES				Total	AGENCIES			
		Co-operatives	Govt.	Landlords	Other Private credit agencies		Co-operatives	Govt.	Landlords	Other Private credit agencies
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0—2	**394·7** (**100**)	171·1 (*43·3*)	—	88·2 (*22·4*)	117·6 (*29·8*)	**267·6** (**100**)	104·7 (*61·6*)	3·1 (*1·1*)	42·6 (*15·9*)	57·3 (*21·4*)
2—5	**496·7** (**100**)	79·6 (*16·0*)	12·1 (*2·4*)	36·4 (*7·3*)	262·6 (*52·9*)	**335·9** (**100**)	33·9 (*10·1*)	—	45·5 (*13·5*)	150·4 (*44·8*)
All tenants	**537·1** (**100**)	122·7 (*22·7*)	6·7 (*1·2*)	86·7 (*16·1*)	187·8 (*35·0*)	**289·7** (**100**)	81·2 (*28·0*)	—	45·4 (*15·7*)	104·0 (*35·9*)

Figures within brackets are percentages to total.

It will be seen that, in the case of debt which includes liabilities incurred prior to 1967-68, as much as 52 per cent of the dues of the small tenants in the 0 — 2 acre group were accounted for by landlords and private credit agencies while in the case of their borrowings during 1967-68, these private agencies accounted for only 37 per cent of the total. It is, however, encouraging to note that credit made available by co-operatives shows a fairly good increase, its proportion in the borrowings, being nearly 62 per cent as against 43 per cent in the debt of these tenant-cultivators. The co-operatives too seem to have realised the growing need of the tenants. From closer study of the working of the co-operative credit societies in the three villages surveyed*, it is observed that tenants are being paid fairly good attention by these societies. Thus, the membership of the co-operative credit society at Kotekar which included 1523 agriculturists showed that 24 per cent of them were landowners, 28 per cent were owner-cum-tenants and 48 per cent were pure tenants. In the credit society in Belthangadi too, 24 per cent were owners of land, 9 per cent were owner-cum-tenants and 67 per cent were pure tenants. The proportion of landowners financed ranged between 24.9 per cent and 37.4 per cent while the proportion of tenants financed ranged between 24.8 per cent and 65.8 per cent in these villages. The tenants, however, were relatively at a disadvantage in respect of the amount of loan advanced. This is so because though the crop loan system is reported to have been introduced in 1965, it is restricted only to paddy and arecanut. Moreover,

*Please see Appendix Note III on Agricultural Credit with special reference to co-operative credit in South Kanara District.

the co-operatives have not strictly applied the prescribed scales† nor made the loan policy fully production-oriented instead of security-based. Consequently, the average size of loan in the three villages ranged between Rs. 88 and Rs. 161 in the case of pure tenants and between Rs. 297 and Rs. 569 in the case of owners. The relatively low availability of credit to tenants is evident from the data relating to two of the selected societies, the third co-operative being actually an agricultural bank which had a relatively more liberal lending policy and also advanced medium-term loans to all cultivators including tenants. Thus, in the case of the other two societies, the selected tenant cultivators showed 90 per cent of their debt as well as borrowings as owed to private credit agencies.

Source of finance for capital expenditure, however, shows a more encouraging picture. Thus, the level of capital expenditure of the selected tenant cultivators, as may be seen from Table 5, was higher in 1967-68 than in the preceding two years. This expenditure was largely on such items as purchase of livestock, digging and repair of wells and purchase of farm equipment. The increasing importance of co-operative credit in this investment expenditure is evident from the fact that this source accounted for nearly 20 per cent of the total expenditure in 1967-68 as against 4 to 12 per cent in the preceding two years. Quite significant is the fact that this growing importance of co-operative credit is noticed more markedly in the case of smaller tenants in whose case average capital expenditure per family increased from Rs. 62.1 in 1965-66 to Rs. 265.0 in 1967-68, co-operative credit having supplied as much as 56 per cent of the total credit in the last year.

This shows that co-operatives have taken cognisance of the improved status of the tenants in the context of the land reforms and co-operative credit is coming to the aid of the tenants on a larger scale than before. All the same, there is abundant scope as well as need for still enlarging the role of co-operative credit in financing tenants so as to ensure that the contraction of private credit as a result of the conflict between landlords and tenants consequent upon the introduction of land reforms does not affect their farm business.

Farm Business

Available data show that absence of ownership rights combined with the small size of cultivated holdings did handicap tenants in their farm business in a number of ways. This is substantially borne out by a comparison of the farm business of pure tenants with that of owner-cum-tenants among the selected cultivators. Thus, as may be seen from Table 6 landless tenants among the selected cultivators cultivated, on an average, a holding of 3.4 acres each as against 5.2 acres in the case of owner-cum-tenants. The current farm-expenditure of the owner-cum-tenants was about 10 per cent higher

† The prescribed scales are Rs. 2,400 per acre for paddy and Rs. 1,000 per acre for arecanut.

TABLE 5—SOURCE OF FINANCE FOR CAPITAL EXPENDITURE—1967-68

(Amount in rupees per family)*

Size Group (Acres)	1965-66				1966-67				1967-68			
	Total Capital Expenditure in Agriculture	Source of Finance			Total Capital Expenditure in Agriculture	Source of Finance			Total Capital Expenditure in Agriculture	Source of Finance		
		Owned Funds	Sale of Assets	Co-operative Loans		Owned Funds	Sale of Assets	Co-operative Loans		Owned Funds	Sale of Assets	Co-operative Loans
	1	2	3	4	5	6	7	8	9	10	11	12
0 — 2 ..	**62.1** (*100.0*)	51.7 (*83.3*)	10.3 (*16.6*)	—	**105.3** (*100.0*)	77.4 (*73.5*)	27.9 (*26.5*)	—	**265.0** (*100.0*)	83.8 (*31.6*)	28.2 (*10.6*)	149.0 (*56.2*)
2 — 5 ..	**167.0** (*100.0*)	108.6 (*65.0*)	42.4 (*25.4*)	—	**198.0** (*100.0*)	92.7 (*46.8*)	79.5 (*40.2*)	19.7 (*9.9*)	**349.2** (*100.0*)	109.3 (*31.3*)	143.9 (*41.2*)	21.2 (*6.1*)
5 — 10 ..	**1,159.4** (*100.0*)	833.9 (*71.9*)	77.8 (*6.7*)	222.2 (*19.2*)	**777.2** (*100.0*)	171.7 (*22.0*)	50.0 (*6.4*)	—	**481.6** (*100.0*)	267.2 (*55.5*)	117.2 (*24.3*)	97.2 (*20.2*)
Above 10 ..	**125.0** (*100.0*)	125.0 (*100.0*)	—	—	**135.0** (*100.0*)	135.0 (*100.0*)	—	—	**680.0** (*100.0*)	80.0 (*11.8*)	600.0 (*88.2*)	—
All ..	**285.4** (*100.0*)	201.6 (*70.6*)	37.9 (*13.3*)	33.3 (*11.7*)	**257.6** (*100.0*)	100.9 (*39.2*)	59.2 (*23.0*)	10.8 (*4.1*)	**350.7** (*100.0*)	125.3 (*35.7*)	114.7 (*32.7*)	67.9 (*19.4*)

* Figures in brackets indicate percentage to total.

TABLE 6—FARM BUSINESS OF TENANT-CUM-OWNERS VIS-A-VIS PURE TENANTS 1967-68

(Amount in rupees)

	Item	Owner-cum-tenants	Pure tenants
1.	Number of cultivators	13	47
2.	Average size of cultivated holding	5·21 acres (1·83 owned & 3·38 leased)	3·44 acres
Current Farm Expenditure			
3.	Current Farm expenditure per acre	130·22	119·36
Borrowings			
4.	Average borrowings per cultivator	634·82	194·36
5.	Average borrowings (short-term) per cultivator from co-operatives	238·46	37·06
6.	Average borrowings (short-term) from co-operatives per acre	45·69	10·95
Outstandings			
7.	Total outstandings per cultivator ..	1,167·31	362·81
8.	Total outstandings per acre	223·66	105·52
9.	Outstandings from co-operatives per cultivator ..	225·00	94·40
10.	Outstandings from co-operatives per acre ..	43·11	27·46
Capital Expenditure			
11.	Total capital expenditure per cultivator@ ..	564·62	291·60
12.	Total capital expenditure per acre	108·18	84·81
13.	Total capital expenditure from co-operative owned funds per cultivator	180·00	110·21
14.	Total capital expenditure from co-operative borrowings per acre	230·78	22·87
15.	Total capital expenditure from co-operative borrowings per acre	44·22	6·65
Farm Output and Income			
16.	Value of gross produce from all crops per family	3,542	1,410
17.	Value of gross produce per acre	680	410
18.	Net farm income per family*	2,865	1,001
19.	Net farm income per acre	550	291
Incomes earned other than from personal cultivation			
20.	Wages earned by farm labour per cultivator	83	288
21.	Total income earned other than from personal cultivation per cultivator	579	693

@ This expenditure was incurred mainly on purchase of bullocks, farm equipment and digging and repair of wells.

*Net farm income=Value of gross produce—Current farm expenditure.

TABLE 7—LEVEL OF CURRENT FARM EXPENDITURE—1967-68

(All Tenant-Cultivators)

(Amount in rupees per family)

Village/Size-Group	Cost of total seeds purchased	Cost of fertilisers/ manures	Cost of pesticides	Labour charges	Land revenue, irrigation, *etc.*, and others	Total current expenditure
Village						
Kotekar	7·50 (*1·0*)	228·25 (*30·3*)	18·60 (*2·5*)	479·50 (*63·8*)	17·85 (*2·3*)	751·70 (*100·0*)
Guruvayanakere	—	72·50 (*23·2*)	4·72 (*1·5*)	235·00 (*75·1*)	0·50 (*0·2*)	312·72 (*100·0*)
Kalyanpur	—	86·50 (*25·3*)	4·37 (*1·3*)	242·00 (*70·8*)	8·90 (*2·6*)	341·77 (*100·0*)
All	2·50 (*0·5*)	129·08 (*27·5*)	9·23 (*2·0*)	318·83 (*68·0*)	9·08 (*1·9*)	468·73 (*100·0*)
Size-Group						
0—2	—	43·82 (*24·6*)	4·21 (*2·4*)	123·80 (*69·6*)	5·99 (*3·4*)	177·83 (*100·0*)
2—5	4·54 (*1·2*)	98·48 (*24·8*)	10·37 (*2·6*)	282·12 (*71·0*)	1·83 (*0·4*)	397·34 (*100·0*)
5—10	—	383·33 (*30·8*)	15·55 (*1·3*)	801·66 (*64·5*)	42·55 (*3·4*)	1243·09 (*100·0*)
Above 10	—	300·00 (*37·5*)	—	500·00 (*62·5*)		800·00 (*100·0*)
All	2·50 (*0·5*)	129·08 (*27·5*)	9·23 (*2·0*)	318·83 (*68·0*)	9·08 (*1·9*)	468·73 (*100·0*)

than that of pure tenants due to use of more fertilisers and better seeds. Average borrowings per acre at Rs. 121.6 in the case of owner-cum-tenants were more than double those of pure tenants. Short-term borrowings from co-operatives averaged Rs. 238.5 per owner-cum-tenant while, in the case of pure tenants, they averaged only Rs. 37.7 ; per acre of cultivated holding, they averaged Rs. 46 and Rs. 11, respectively. This again indicates that the loan policy of the co-operatives is largely security based, even though the crop loan system is stated to have been introduced.

The capital expenditure reported by the pure tenants (Rs. 291 per family) was nearly 50 per cent of that of the owner-cum-tenants. Borrowings from co-operatives for this purpose in the case of pure tenants (Rs. 23 per family) were only one-tenth of those of the owner-cum-tenants (Rs. 231 per family). Per acre, these borrowings were Rs. 6.7 and Rs. 44.2, respectively. This, again indicates the relatively restricted scope for raising term loans in the case of pure tenants, since security of land is insisted upon for medium-term loans in excess of Rs. 500.

Focussing attention on the pure tenants, the relative position of tenant cultivators in the lower size-groups in respect of current farm expenditure is shown in Table 7. As may be seen from those figures, the tenant cultivators in the 0—2 acre group spent only Rs. 48 per family on fertilisers/manures and pesticides while those in the 2—5 acre group spent Rs. 109 and those in the 5—10 acre group spent nearly Rs. 400 per family ; per acre, this expenditure averaged Rs. 26 in the case of 0—2 acre group as against Rs. 29 and Rs. 53 in the next two higher size-groups. The expenditure towards labour charges also ranged between Rs. 124 in the former and Rs. 802 per family in the latter group. The total current farm expenditure per acre was Rs. 103, Rs. 109 and Rs. 166, respectively, in these three groups. Similarly, capital expenditure in the lower size-group of cultivators was significantly small. As may be seen from Table 5, capital expenditure by tenant-cultivators in the 0—2 size-group was perceptibly small and during the three years 1965-68, the average expenditure ranged between Rs. 62 and Rs. 265 per family while that of the tenant cultivators in the 5—10 acre size-group ranged between Rs. 481 and Rs. 1,159 per family.

The relative position of the tenants in the different size-groups of holdings in respect of income from farm and non-farm business is shown in the table below.

TABLE 8—FARM INCOME DURING 1967-68

(Selected cultivators)

(Amount in rupees per family)

	SIZE-GROUP				
	0—2 acres	2—5 acres	5—10 acres	Above 10 acres	All
1. Value of gross produce (all crops)	1,111·7	2,005·0	4,731·1	4,690·0	2,205·4
2. Current farm expenditure	177·8	397·3	1,243·1	800·0	468·7
3. Net income from all crops* ..	933·9	1,607·7	3,488·0	3,880·0	1,736·7
4. Income earned from other sources@	740·6	622·1	564·4	500·0	653·4
5. Total net income (3+4)	**1,674·5**	**2,229·8**	**4,052·4**	**4,380·0**	**2,390·1**

*Net income from crop=Value of gross produce—Current farm expenditure.

@Income earned from other sources includes wages earned by farm labour, income earned from employment outside agriculture, rent and remittances and income from sale of miscellaneous products such as dairy products, poultry, eggs, *etc.*

The steep decline in the level of family income in the lower size groups is evident. The average income per family in the size-group of 0—2 acres (Rs. 1,675) is only 40 per cent of that of the five to ten acre group whereas that of the 2—5 acres is 55 per cent. Net farm income shows a still more marked decline in the lower size-groups the average income per family in the 0—2 acre group (Rs. 934) being only 27 per cent of that in the 5 to 10 acre group and 47 per cent in the 2—5 acre group. However, it is clear from these data that this relatively weak economic position of the lower size-group is almost entirely due to small size of holding since the per acre value of gross produce in the 0—2 acre group is higher than that in the other two higher size-groups.* This disparity in the net family income is, to some extent, narrowed by non-farm income which is larger in the case of tenants in the smaller size-groups.

On the whole, it would appear that the tenants among the selected cultivators operate under certain handicaps inspite of the land reforms, these being smaller cultivated holdings than those of the owner-*cum*-tenants and inadequacy of credit due to contraction of private credit consequent upon the strained relations with the landlords on one side and the failure of co-operatives to fill in this credit gap on the other. The smaller tenants also appear to be more submissive to the influence of the landlords in as much as their defaults in payment of rent are far smaller than those of the bigger tenants.

Short-term Effects of Land Reforms on Small Landlords

As stated at the outset of this report, the problem of the small landlords assumes significance in this study because the impact of the land reforms on them are apt to be serious enough to call for attention in the total planning for the agricultural community of which they form a part at present. The justification for such a view lies in the fact that the landlords now coming within the purview of the Act in South Kanara are not quite comparable with those in the *Zamindari* and other areas with estate tenures. For one thing, during the long period that intervened the framing of the legislation and its enforcement, the relatively big landholders have managed to sell or divide their properties. Others have camouflaged their absentee ownership by evicting the tenants and employing them as labourers on the same holding. No doubt, the amendment of 1965 to the Act disregards transfer of land and displacement of tenants effected after 1961 for the purposes of determining how much land the landlords should be allowed to retain. But most of these transfers and evictions took place even before 1961 while the subsequent ones have been managed by the landlords cleverly enough to escape legal objections, these transfers being in the garb of gifts, leases by minors, widows, *etc.* The absence of proper land records and records of rights has facilitated such transfers and evictions. The net result is that the big landlords as such are small in proportion and are confined to temples, trusts, a few joint families and the

* Per acre, the value of gross produce was Rs. 643 while it was Rs. 556 and Rs. 631, respectively, in the next two higher size-groups.

Aliyasanthana families. No data are available to indicate the proportionate strength of the small landlords in the total land owning class—absentee owners or otherwise—but according to knowledgeable persons, it would be correct to assume that at least two-thirds of the present landlords are small landlords who depend considerably on rent for their living.

How will this class be affected by the Act regulating rents? These small landholders are stated to be mostly persons with small incomes, such as village officials, petty merchants, primary school teachers, temple priests, *etc.*, whose income is very low and who, therefore, depend considerably on the rent from the land. Most of these small landholders are residents in the village or nearby town and take interest in improving their lands and also guide and help the tenants in this regard. If we consider this as active interest evinced by them in their lands on which they depend for a considerable part of their small income, it would appear that the provisions in the Act relating to rent are apt to put them into serious difficulties. For instance, the actual rent they get in most of the *talukas* deprives them of their share in the produce of coconuts and other more remunerative crops as the average gross yield is restricted only to paddy. This class is put to further loss by the tenants' payment of rent in cash (converted at prices fixed by the State which are about half the open market prices) as the paddy/rice which they formerly received as rent from their lands was for their own domestic consumption. Now onwards, they will have to buy rice in the open market. Thus the low rent and its payment in cash has doubly affected this class. One Land Tribunal Officer cited an example of a widow who was receiving formerly paddy worth Rs. 1,000 but with the enforcement of this Act, is now to receive only Rs. 300 in cash. This combined with defaults in the payment of rent by tenants which, as observed above, are on a large scale has caused further hardship to them, as these people do not have the necessary resources to go to court against the defaulting tenants. This point assumes significance in the case of those families of landlords who have put in the land their small savings or borrowed funds and now find that the returns are not commensurate with such investment.

These investments by way of digging a well, planting coconut trees, *etc.*, were done by them in the hope of recovering them in the form of higher rents.

Long-term Effects of Land Reforms on Small Cultivators

The long-term provisions which would affect the small cultivators were those pertaining to resumption of land for self-cultivation by landlords and conferment of occupancy rights on tenants. These are discussed below :

Resumption of Land by Landlords

The Act requires every landlord to file application for resuming land for self-cultivation. Under sections 14 and 16 of the Act, a "small holder", *i.e.* an owner of land not exceeding two basic holdings is entitled to resume only on half the land leased, subject to the proviso that each protected tenant† shall be left with at least one standard acre* or the land actually held by him, whichever is less. In the case of other landlords, the right to resume one-half of the area leased to the tenant is subject to the condition that each protected tenant is to be left with a basic holding or the land actually held by him, whichever is less. The sample of cultivators shows that over 80 per cent of the tenants came under the category of protected tenants.

The effects of this provision can be assessed only when the precise data regarding number of landlords in different size groups in terms of basic holdings under the seven classes of land mentioned in the Act are available, along with data regarding the number of tenants under each landlord and the area held by each tenant. In the absence of these data, all that can be said is that with the large proportion of protected tenants among cultivators on one side, and the small area cultivated by the tenants on the other, a good number of landlords must have leased their land to more than one tenant. A small landlord, whose land is leased out to protected tenant holds less than one standard acre will not be able to resume any land even if he wishes to cultivate it himself. In other cases, after leaving to each tenant the area which he is entitled to retain, the land that will be left to the small land-holders is apt to be considerably reduced under the Act. In other words, this will only perpetuate and intensify the problem of small cultivated holdings.

Compensation to Landlords

The landlords whose lands will be acquired by the Government will be paid compensation fifteen times the legal rent on the land *less* land revenue. The small landlords feel aggrieved on this point. For one thing, the legal rent they now receive is itself stated to be low due to unscientific basis of determining the average gross yields, ignoring crops other than paddy grown on these lands and evaluation of the kind rent (paddy) at officially notified prices which are only half the open market prices. Consequently, the amount of compensation would also be correspondingly low. Thus, according to one calculation by a knowledgeable person, the amount of compensation in Udipi *taluka* where the average gross yield per acre is fixed by the *tehsildar* at 1,782 kgs. for "good" land would work out to Rs. 2,227 per acre whereas the average price for such land would be at least Rs. 4,500 to Rs. 5,000 per acre.‡ Secondly, the compensation will be paid upto Rs. 2,000 in cash and the

† A protected tenant is one who has continuously cultivated the same land on lease for a period of not less than 12 years.

* The Act defines "standard acre" as 1 acre of first class land or its equivalent as mentioned in Schedule I, Part B of the Act. Basic holding is equal to 2 standard acres; family holding is 6 standard acres or net income Rs. 1,200/-. Thus the basic holding varies from 2 standard acres in I class to 16 standard acres in VII class.

‡ This calculation is on the following lines: The "average gross produce" is fixed by the *Tehsildar* at 1782 kgs. of paddy per acre. Rent thereon would be 1/5th of gross produce (357 kgs). At officially noted prices (43 paise per kg. of paddy), the price of this quantity would be Rs. 153·51. Deducting land revenue therefrom (Rs. 5 per acre), the net amount would be Rs. 148·51. This multiplied by 15 would place the compensation amount at Rs. 2227·65; the payment is to be distributed over 20 years. This involves a loss of at least Rs. 2700 per acre to the landlord, as the market price for such land at present is Rs. 500 per acre.

excess, if any, in bonds carrying interest at 4½ per cent (as against 7 per cent they can get on fixed deposits in banks) and redeemable within 20 years. It is feared that the small holders would spend away the cash to meet their immediate family needs under their unsatisfactory financial circumstances which will have been intensified during the transition period, as indicated above. For the same reason, they might part with the bonds at a high discount, particularly as the rate of interest is not attractive. In this process many of the families are apt to be reduced to destitution unless due action is taken to provide them with other avenues of employment and income.

Conferment of Occupancy Rights on Tenants

Even in the case of tenants, the Act, due to its short-comings, may not achieve its objective satisfactorily, as may be seen from the following :

Perpetuation of Small Holdings

The Act lays down that in the case of small landlords, each protected tenant will have to be left with land not less than one standard acre or the area actually cultivated by him, whichever is less. Even in the case of other landlords, each tenant is entitled to have one-half of the area leased to him or equivalent to a basic holding of the land actually held by him whichever is less. How far will this help to give adequate land to the tenants? The following table showing the area held by tenants in the three selected villages gives little room for optimism in this regard.

TABLE 9—AREA CULTIVATED BY PURE TENANTS

Number of cultivators (pure tenants) and cultivated holding

Village	0—2 acres		2—5 acres		5—10 acres		Above 10 acres		All holdings	
	Number	Average per family (acres)	Number	Average per family (acres)	Number	Average per family (acres)	Number	Average per family (acres)	Number	Average. per family (acres)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Kotekar ..	4	1·56	9	3·76	3	6·82	—	—	16	3·79
Guruvayanakere	8	1·83	9	3·42	1	5·50	1	12·0	19	3·31
Kalyanpur ..	4	1·77	7	3·63	1	5·50	—	—	12	3·17
Total.. ..	**16**	**1·75**	**25**	**3·60**	**5**	**6·29**	**1**	**12·0**	**47**	**3·44**

It may be observed that out of the 47 pure tenants, as many as sixteen or nearly one-third have less than two acres on average per tenant. Another 25 tenants or over 50 per cent of the total have between 2 to 5 acres, with an average of 3.6 acres each. The situation is equally unsatisfactory in each of the selected villages. There is little evidence to hope that the condition in this respect will be better after the implementation of the Act inspite of the provision therein to enlarge the uneconomic holdings of cultivators and to provide land to landless labourers, because there is no large number of big estates in the district to yield the required extent of surplus land.

In short, these provisions are apt to only perpetuate the uneconomic holdings of the tenant cultivators as well.

Occupancy Rights

One of the basic objectives of the Act is to confer occupancy rights on tenants. For reasons already stated, none of the selected tenants was inclined to acquire these rights. The main reason is that the tenants feel quite satisfied with their present status under which fair rents and fixity of tenure are assured to them. The tenants also apprehend that stringent conditions attached to the payment of purchase-price might create serious difficulties for them. The tenants' apprehensions in this regard do not appear entirely baseless inasmuch as, even as the present experience has shown, development of co-operative credit is not fast enough to fill up the gaps created by contraction of private credit consequent upon the uncertain situation created by the Act. These credit gaps may widen on their acquiring occupancy rights, as transfers of lands to private credit agencies are prohibited for six years after conferment of these rights on them, while transfers only by way of mortgage or charge on the land to the State Government or a Co-operative Society are allowed. This is bound to affect credit availability to the smaller tenants whose dependence on private credit agencies including the landlord, as observed earlier, has been considerable hitherto.

The option given by the Act to these tenants who do not wish to purchase occupancy rights is to continue as tenants of the Government. This prospect too is not welcome to the tenant because it will subject him to such disadvantages as having to pay land revenue in addition to rent and also to pay rent to Government regularly every year. It would also restrict the scope for his borrowing from private credit agencies (on which he depended heavily all these years) without the certainty of institutional credit coming to his full aid.

The situation thus calls for a more comprehensive plan under which the tenants would be assured adequate credit facilities to purchase occupancy rights as also to adopt improved farm practices and to develop their lands.

Conclusion

The main conclusions emerging from this study may now be summarised.

The main characteristics of agriculture in South Kanara are predominance of tenancy cultivation (the proportion of tenants going up to 80 per cent of the cultivators or more in some areas) and also extremely small size of cultivated holding, both these features being characteristic of *ryotwari* areas all along the Western Coast. The Mysore Land Reforms Act which aims at extricating agriculture from these handicaps does not, however, give much room for optimism. For one thing, the enactment of the legislation and its coming into operation have been slow to such an extent that the bigger landlords have taken advantage of the long time-lag and managed to parcel out their land so as to escape the ceiling on holdings, with the result that the area which the Government would be able to acquire from the landlords as 'Surplus' will not be very large. Secondly, this time lag has enabled the more powerful landlords to take back their lands from their tenants by persuasion, threat, or force and then engage them as labourers thereby giving absentee-ownership appearance of personal cultivation of land. Thirdly, the proper enforcement of the Act which involves collection of pertinent data, preparation of requisite records, setting up of adequate machinery for deciding cases of individual landlords for determining the 'Surplus' land with them, *etc.*, will take such a long time that the present 'landlord *versus* tenant' problem is apt to continue in the district for quite a few years to come. The suspension of certain provisions of the Act due to shortcomings in the Act further support this pessimistic view.

This prolonged conflict between landlords and tenants is apt to hamper agricultural progress to a considerable extent. Even at present, apart from the legal cases before the courts, the landlords who are to surrender to the tenants plots adjoining to those under their own cultivation are experiencing clashes with tenants over such matters as flow of water from one field to another, grazing facilities for the cattle, right of passage, *etc.*

From the standpoint of agricultural credit, the immediate effects of this Act on the tenants are that the supply of credit to them from the landlord and other private credit agencies on which they depended heavily these years has contracted consequent upon the strained relations with the landlords while institutional credit has not filled up this gap adequately, largely because the loan policy of the co-operatives is still security-based. This has its unhealthy effects on the scale of current farm expenditure and level of capital expenditure in farm business which, in turn, keeps the returns from farm business also relatively low. The relatively smaller tenants would suffer more from this inadequacy of credit than the bigger ones.

In this study relating to effects of land reforms, the interests of small landlords are also considered as they too form an important part of the agricultural community in the district at present. In fact, small landlords are estimated to be at least two-thirds of the total at present. The immediate effect of the land reforms in their case has been that a large proportion of them who considerably depend for their living on the paddy they receive as rent, are put to severe hardship. This is because the rent they will be receiving till the land is acquired from them would be far too low for such reasons as (*i*) low fixation of "gross average yield", of which the legal rent is a specified proportion, (*ii*) basing this "average yield" only on paddy and not reckoning second paddy crop or other more remunerative crops grown by the tenant, (*iii*) ignoring the element of return on capital investment made by landlord on the leased land, (*iv*) receiving rent from the tenants in cash, kind rents being converted into cash at officially notified prices which are only one-half of the open market prices and having to buy rice in the open market for domestic consumption, and (*v*) large scale defaults of rent by tenants who are well protected under the Act in this regard.

While the sanctity of the principle that land should be owned by the tiller, *i.e.*, the tenant, is admitted, the fact remains that in view of the widespread tenancy cultivation and the small size of cultivated holding, the priority right given to the tenants to retain a minimum area would minimise the chances of the small landlords getting economic holdings for self-cultivation. Similarly, where a landlord has more than one tenant, the chances of the tenants getting an economic holding for cultivation are also very meagre. At the same time, the absence of larger estates and the parcelling of land by big landholders to avoid the provisions relating to ceiling on holdings indicate that little 'surplus' land will be available for distribution among uneconomic holders and landless labourers, as envisaged in the Act. In short, the problem of small holdings in the district will be perpetuated if not further intensified by the Act.

In view of the fact that the small land-holders belong mostly to low-income groups, their economic problem may not be satisfactorily solved only by giving them compensation for the land taken away from them. For one thing, the price they will get by way of compensation for loss of land would be much lower (less than one-half) than the market price of land. Secondly, the amount they will get (upto Rs. 2,000 in cash) may be spent away by them to meet their immediate domestic needs while the bonds for the balance amount are apt to be parted with by them at heavy discount for the same reason.

None of the selected tenants was inclined to acquire occupancy rights but preferred to continue, as at present, with security of tenure and regulated rent. The reasons for these inhibitions against occupancy rights in their minds deserve a further probe, so as to provide for overcoming the difficulties which they apprehend would arise when these provisions are implemented. In the view of the tenants, it would suffice if the Act removes the unhealthy feature of the landlord-tenant relationship such as insecurity of tenure and high rents, without depriving them of the good in that relationship whenever the landlord evinced interest in increasing yields and in improving the lands.

Moreover, the tenants are apprehensive of the consequences in case they default payment of any instalment of the price for the occupancy rights. To enthuse the tenants to acquire occupancy rights, it is essential to evolve a comprehensive plan for providing adequate credit to them to purchase these rights as also to facilitate adoption of improved farm practices and investment in land developments.

In the ultimate analysis, the land problem in the district calls for a second look. This, in turn, is possible only with comprehensive data which will enable the authorities to assess broadly the effects of these measures on the different classes and groups amongst landlords as well as tenants. For instance, in the absence of adequate data, it is difficult to say what is precisely the nature and magnitude of the land tenure and tenancy problem in the district. Even the land records are woefully inadequate to provide an answer to this question. What is the extent of 'Surplus' land available in the district, when the provision relating to ceiling on holdings is enforced? To what extent will landlords, who want to resume land for self-cultivation as also tenants who are to be left with a minimum area for their cultivation, have economic holdings? What is the extent of absentee-membership of land in the district? What is the strength of the small landlords in the agricultural community? What is their economic condition at present and how would they be affected by the land reforms? Will any sections need economic rehabilitation as a result of this loss of income from land among the landlords or from the tenants whose lands would be resumed by the landlords? In the absence of adequate data or studies to answer these questions, enforcement of such ambitious measures would create serious problems because they are time-consuming and may even prove that, in trying to benefit one weaker section, it has created more serious economic problems than before for the community as a whole.

APPENDIX : NOTE I

The Mysore Land Reforms Bill was passed in October, 1961 and received the President's assent in March 1962. Before it received assent, the Bill was considered thrice in the Central Committee for Land Reform ; the draft Bill was considered in the Committee on November 10, 1958, the report thereupon by the Joint Select Committee of the Bill on March 19, 1961 and the Bill was passed on December 7, 1961. It came into operation only in October 1965 when it was amended in some important respects. In the meantime legislation was in force to prohibit eviction of tenants and to regulate rents. The main provisions of the Act, as amended, are as follows :

Security of Tenure

The landlord can resume half the area leased from protected tenants and ordinary tenants to make up three family holdings (18 standard acres) under personal cultivation, unless he had already resumed land under the Bombay Tenancy Act or the Hyderabad Tenancy Act. The resumption is subject to the condition that a protected tenant could not be evicted from a basic holding (one-third of a family holding), *i.e.*, two standard acres and in the case of protected tenants of small holders, *i.e.*, persons holding not more than four standard acres, from one standard acre (Sec. 14).

Protected tenants are those who held land for twelve years from the same landlord in the same village including tenants deemed to be protected tenants under the existing Bombay and Hyderabad laws.

A family holding is equal to six standard acres and a basic holding, two standard acres.

A small holder is a person who owns a basic holding or less and whose total net annual income including the income from such land does not exceed Rs. 1,200.

A standard acre is equal to one acre of wet land or garden land possessing facilities for assured irrigation and growing two crops of paddy in a year. In terms of ordinary acres, it varies between one to eight acres according to the class of land. (Sec. 2—definitions).

Surrenders

Provisions have been made for the regulation of the surrenders on the lines recommended in the Plan.

A surrender of land to the landlord by a tenant shall not be valid unless:

(*i*) It is made in writing and is admitted by the tenant before the Tribunal and registered in the office of the Tribunal in the prescribed manner ;

(*ii*) In case of a valid surrender, the landlord shall be entitled to retain the land to the ceiling limit. The excess land, if any, will be treated as surplus land. (Sec. 25).

Restoration

A tenant is entitled to restoration of land cultivated by him if he had held land for not less than six years and was disposessed after September 10, 1957. The only exception to such restoration is where the land is put to non-agricultural use. (Sec. 7).

Rent

The maximum rent fixed under the Act is not to exceed in case of:

(*a*) Land possessing facilities of assured irrigation from a tank or a river channel.	One-fourth of the gross produce or the value thereof
(*b*) Any other land	One-fifth of the gross produce or the value thereof, (Sec. 8)

For the fixation of fair rent, the gross produce per acre is to be the average yield of the principal crops grown on the class and grade of land to be determined by the prescribed authority. The average yield so determined will be in force for a period of five years. The value of the produce in cash is to be commuted at prices to be determined and notified by the Government.

Ownership for tenants

With effect from the date to be notified, all tenants and sub-tenants in respect of non-resumable area shall come into direct contact with the State. The tenant will have the option to acquire full ownership on payment of compensation, or else, continue to remain as tenant under the State. However, a tenant of a small holder who has expressed his intention not to resume the land immediately will remain tenant under the landowner in respect of the entire area (Sec. 44).

The tenant who acquires ownership shall pay to Government a premium either in lumpsum or in equated instalments not exceeding a period of 20 years with interest at 4½ per cent per annum. He is also liable to pay land revenue to the Government (Sec. 53).

Compensation

The landlord shall be entitled to receive compensation from Government equal to the aggregate of the following :

(*a*) 15 times the net rent *i.e.*, fair rent *less* land revenue ;

(*b*) 50 per cent of the value of trees on the land ; and

(*c*) depreciated value of any structure on the lands constructed by the landlord.

Compensation will be payable in cash in lumpsum upto Rs. 2,000 and the balance, if any, in negotiable bond, carrying interest at 4½ per cent per annum maturing within 20 years (Sec. 47 and Sec. 51).

Ceiling

The ceiling limit on existing holdings is 27 standard acres. Ceiling on future acquisition is eighteen standard acres. A standard acre varied from one acre of class I land, *i.e.*, wet land or garden land possessing facilities of assured irrigation where two crops of paddy can be raised in a year to eight acres of dry land or garden land in which the average annual rainfall is less than 25 inches.

The ceiling will apply to the aggregate area of land held by a family. A 'family' has been defined to include husband, or wife, as the case may be dependent children and grand-children (Sec. 63).

Transfers and Partitions

Alienations and partitions are permitted even after the commencement of the Act upto a date to be notified (Sec. 81).

However, transfers made after November 18, 1961 will be disregarded both for purposes of determining the extent of land for resumption as also for determining the ceiling area (Sec. 63).

Land Tribunals

The above provisions are to be implemented through land tribunals to be constituted by the State Government. A land tribunal is to consist of a judicial officer in the rank of a *Munsif* (Sec. 111 and Sec. 112).

APPENDIX TABLE I.—AGRICULTURAL CLASSES IN SOUTH KANARA DISTRICT—1951

Talukas	Population	AGRICULTURAL CLASSES				
		Total Agricultural classes	Cultivators of land mainly owned and their dependents	Cultivators of land mainly un-owned and their dependents	Cultivating labourers and their dependents	Non-cultivating owners receiving agricultural rent and their dependents
	1	2	3	4	5	6
A. MANGALORE						
Rural ..	3,12,496	2,04,073	24,630	1,06,557	61,566	11,320
		(65·3)	*(12·1)*	*(52·2)*	*(30·2)*	*(5·5)*
Total	4,51,055	2,16,672	26,361	1,11,357	63,379	15,575
		(48·0)	*(12·2)*	*(51·4)*	*(29·3)*	*(7·2)*
B. UDIPI						
Rural	2,70,108	2,02,101	36,798	1,10,674	42,288	12,341
		(74·8)	*(18·2)*	*(54·8)*	*(20·9)*	*(6·1)*
Total	2,90,559	2,05,139	36,991	1,11,860	42,588	13,700
DISTRICT		*(70·6)*	*(18·0)*	*(54.5)*	*(20·8)*	*(6.7)*
Rural	15,06,806	10,66,778	1,72,299	5,74,821	2,64,045	56,613
		(70·8)	*(16·1)*	*(53·9)*	*(24·8)*	*(5·2)*
Total ..	17,48,991	10,99,787	1,77,010	5,89,017	2,68,926	64,834
		(62·9)	*(16.1)*	*(53·5)*	*(24·5)*	*(5·9)*

Note : Figures in brackets in Column No. 2 indicate proportion to total population and in Cols. 3, 4, 5 and 6 indicate proportion to total agricultural classes.

APPENDIX : NOTE II

Classification of land under the Mysore Land Reform Act.

First Class—Wet land or garden land possessing facilities for assured irrigation where two crops of paddy can be raised in a year.

Second Class—Wet land or garden land other than First Class land possessing facilities for assured irrigation that is, land in channel area (*Nala Pradesha*), where one crop of paddy can be raised in a year.

Third Class—Wet land or garden land, other than First or Second Class land possessing facilities for irrigation from tanks.

Fourth Class—Wet land or garden land other than First, Second or Third Class land, irrigated—

(*i*) by rain water ; or

(*ii*) by seepage water from tanks, canals or other sources of water; or

(*iii*) by water lifted from a river or channel by electrical or mechanical power.

Fifth Class—Dry land or garden land, not falling under the First, Second, Third or Fourth Class, in areas in which the average annual rainfall is more than thirty-five inches, or

Dry-cum-wet land or dry-cum-garden land, that is, light irrigated dry land or garden land.

Sixth Class—Dry land or garden land, not falling under the First, Second, Third, Fourth or Fifth Class, in areas in which the average annual rainfall is not more than thirty-five inches and is not less than twenty-five inches.

Seventh Class—Dry land or garden land, not falling under the First, Second, Third, Fourth or Fifth Class, in areas, in which the average annual rainfall is less than twenty-five inches, or uncultivable dry land in areas in which the average annual rainfall is not less than seventy-five inches.

APPENDIX TABLE II—PERIOD OF TENANCY HOLDING-WISE@ (ALL VILLAGES)

Year	Holdings (Acres)				
	0— 2	2 — 5	5 — 10	Above 10	Total
	1	2	3	4	5
0— 5	1	—	—	—	1
5— 10	—	3	—	—	3
10— 20 ..	2	4	1	—	7
20— 30	4	8	3	—	15
30— 40	1	4	1	—	6
40— 50	4	3	1	—	8
50—100 ..	1	3	2	—	6
100—200 ..	3	5	1	1	10
Total	**16(+1)***	**30(+3)***	**9**	**1**	**56@***

@Based on cultivated holding.
*Four cultivators in Kalyanpur (Udipi) have reported inherited tenancy without specifying the years. Hence the total number of cultivators accounted in this table was 56 out of 60 selected for the survey.

APPENDIX : NOTE III

Agricultural Credit with Special Reference to Co-operative Credit in South Kanara District.

It is claimed that no less than 75 to 80 per cent of the agricultural households in South Kanara district are enrolled as members of co-operatives. The membership of the co-operative credit society at Kotekar consisted of 1885 rural households, of whom 1523 were agriculturists. Of the latter, 24 per cent were land owners, 28 per cent owner-cum-tenants and 48 per cent pure tenants. In Belthangadi too, out of 492 agriculturists who were members of the co-operative society, 24 per cent were owners of land, 9 per cent owner-cum-tenants and 67 per cent pure tenants. The loans (short-term) advanced to them are indicated in Table 1.

The data show that three-fourths of the members who received loans during the year were tenants. The bulk of finance also went to tenants, the proportion of borrowing tenants being two-thirds of the total borrowers in one village and three-fourths in another while in the third, all the borrowers were tenants.

The significant difference, however, is in the scale of finance. Though the crop loan system is reported to have been introduced in 1965, it is restricted only to paddy and arecanut which cover 75 per cent and 4 per cent, respectively of the total sown area. Moreover, members are not financed fully in accordance with the prescribed rate of financing which is Rs. 240 per acre for paddy and Rs. 1,000 per acre for arecanut. Moreover the loan policy continued to be largely security-based than production-oriented. The average size of loan, therefore, ranged between Rs. 88 and Rs. 161 in the case of pure tenants and between Rs. 297 and Rs. 569 in the case of owners.

The relatively low availability of co-operative credit to tenants is fairly borne out by Tables 2 and 3. Co-operative credit accounted for 7 to 9 per cent of the total outstanding debt of cultivators in two villages while in the third *i. e.* the Kotekar Co-operative Agricultural Bank accounted for nearly 30 per cent of the borrowings owing to its more liberal financing and larger extent of medium-term loans. Ignoring, therefore, this village, the other two villages show preponderance of private credit to the extent of 90 per cent of the total outstandings. The same is true of borrowings during the year where the reliance of the tenants on the landlords to the extent of 40 per cent of the borrowings in Kalyanpur is noticeable. An encouraging feature here is that with the advent of land reforms and the security for tenure conferred on the tenants by cultivators the tenants are being extended co-operative credit on a larger scale than before.

December 16, 1968.

APPENDIX TABLE III— RENT AND LEASE PARTICULARS

Village	Number of cultivators applied for the tribunal	Reasons for not taking recourse to law to get reduced the quantum of rent payable (No. of cultivators)				Lease oral (Number of cultivators)	Lease written (Number of cultivators)	Period of lease indefinite (Number of cultivators)
		Mutual agreement and moral bondage	Security of tenancy	Unaware of tribunal	Arrears of rent to be paid			
	1	2	3	4	5	6	7	8
Kotekar	2	11	1	2	4	5	15	20
Guruvayanakere ..	—	17	1	1	1	3	17	20
Kalyanpur ..	5	13	—	—	2	—	20	20

TABLE 1—CO-OPERATIVE LOANS (SHORT-TERM) DURING 1967-68

Village	Land owners			
	Proportion to total Agri. members	Number who were financed	Proportion of Col. 2 to total borrowing Agri. members	Average short-term loans advanced per borrower (Rs.)
	1	2	3	4
Kotekar	*24*	192	*37·4*	296·87
Guruvayanakere	*24*	103	*24·9*	569·22
Kalyanpur	*28*	—	—	—

Village	Owner-cum-tenants			
	Proportion to total Agri. members	Number who were financed.	Proportion of Col. 6 to total borrowing Agri. members	Average short-term loans advanced per borrowers (Rs.)
	5	6	7	8
Kotekar	*28*	194	*37·8*	158·18
Guruvayanakere	*9*	38	*9·2*	541·05
Kalyanpur	*30*	22	*43·1*	420·45

Village	Pure tenants			
	Proportion to total Agri. members	Number who were financed	Proportion of Col. 10 to total borrowing Agri. members	Average short-term loans advanced per borrower (Rs.)
	9	10	11	12
Kotekar*	*48*	127	*24·8*	100·75
Guruvayanakere	*67*	272	*65·8*	160·95
Kalyanpur	*42*	29	*56·9*	87·93

* The cultivators are financed from the Kotekar Co-operative Agricultural Bank Ltd.

TABLE 2—LOANS BORROWED BY SELECTED CULTIVATORS DURING 1967-68

(Amount in rupees per family)

Village/Size-Group	Co-operatives Total	Short-term	Medium-term	Commercial Banks	Land-lord	Other private agencies	**Total borrowings during the year**
	1	2	3	4	5	6	7
Village							
Kotekar ..	201·00 *(46·6)*	45·00 *(22·4)*	150·00 *(74·6)*	175·00 *(40·7)*	20·00 *(4·6)*	34·50 *(8·1)*	**430·50**
Guruvayanakere	15·00 *(7·3)*	15·00 *(100·0)*	—	—	81·20 *(39·9)*	107·50 *(52·8)*	**203·70**
Kalyanpur	27·50 *(11·7)*	27·50 *(100·0)*	—	2·50 *(1·1)*	35·00 *(14·9)*	170·00 *(72·3)*	**235·00**
All	81·20* *(28·0)*	29·20 *(35·9)*	50·00 *(61·6)*	59·10 *(20·4)*	45·10 *(15·7)*	104·00 *(35·9)*	**289·00**
Size-Group							
0 — 2 ..	164·70 *(61·6)*	17·60 *(10·7)*	147·10 *(89·3)*	2·90 *(1·1)*	42·60 *(15·9)*	57·30 *(21·4)*	**267·60**
2 — 5	33·90* *(10·1)*	31·80 *(93·8)*	—	106·10 *(31·6)*	45·50 *(13·5)*	150·40 *(44·8)*	**335·90**
5 — 10	72·10* *(54·1)*	11·10 *(15·4)*	55·50 *(77·0)*	—	27·80 *(20·9)*	33·30 *(25·0)*	**133·30**
Above 10 ..	300·00 *(54·5)*	300·00 *(100·0)*	—	—	250·00 *(45·50)*	—	**550·00**
All	81·20* *(28·0)*	29·20 *(35·9)*	50·00 *(61·6)*	59·10 *(20·4)*	45·40 *(15·7)*	104·00 *(35·9)*	**289·70**

* Includes jewel loans.

Note :—Figures in brackets in Cols. 1, 4, 5, 6 and 7 indicate proportion to total borrowings and in Cols. 2 and 3 indicate proportion of borrowings to co-operatives.

TABLE 3—LOANS OUTSTANDING TO CO-OPERATIVES AND OTHER AGENCIES AS ON JUNE 30, 1968

(Amount in rupees per family)

Village/ Size-Group	Co-operatives Total	Short-term	Medium-term	Government	Commercial banks	Land-lord	Other private agencies	**Total**
	1	2	3	4	5	6	7	**8**
Village								
Kotekar ..	†330·50 *(29·6)*	80·75 *(7·2)*	216·25 *(19·4)*	20·00 *(1·8)*	385·00 *(34·5)*	215·00 *(19·3)*	164·50 *(14·8)*	**1115·00**
Guruvayanakere ..	†15·00 *(9·0)*	—	—	—	—	25·00 *(15·0)*	126·25 *(75·9)*	**166·25**
Kalyanpur	22·60 *(6·8)*	22·60 *(6·8)*	—	—	15·00 *(4·5)*	20·00 *(61·0)*	272·50 *(82·6)*	**330·10**
All ..	†122·70 *(22·8)*	34·45 *(6·4)*	72·08 *(13·4)*	6·66 *(1·2)*	133·33 *(24·8)*	86·66 *(16·1)*	187·75 *(35·0)*	**537·11**
Size-Group								
0 — 2 ..	†171·10 *(43·3)*	24·11 *(6·1)*	147·05 *(37·3)*	—	—	88·23 *(22·4)*	117·64 *(29·8)*	**394·70**
2 — 5 ..	†79·60 *(16·0)*	35·06 *(7·1)*	15·15 *(3·0)*	12·12 *(2·4)*	115·15 *(23·2)*	36·36 *(7·3)*	262·57 *(52·9)*	**496·72**
5 — 10 ..	202·77 *(20·0)*	55·55 *(5·5)*	147·22 *(14·5)*	—	466·66 *(46·0)*	277·77 *(27·4)*	66·66 *(6·6)*	**1013·88**
Above 10 ..	—	—	—	—	—	—	—	—
All ..	†122·70 *(22·8)*	34·45 *(6·4)*	72·08 *(13·11)*	6·70 *(1·2)*	133·33 *(24·8)*	86·66 *(16·1)*	187·75 *(35·0)*	**537·11**

† Includes jewel loans.

Note : Figures in brackets indicate percentage to total loans outstanding from all agencies.

APPENDIX TABLE IV—AREA UNDER SELECTED CROPS 1964-65

(in acres)

Name of *Taluka*	Paddy				Sugar-cane	Chillies	Sweet Potatoes	Vege-tables	Coco-nut	Areca-nut	Pepper	Cashew	Net area sown
	I Crop	II Crop	III Crop	Total									
	1	2	3	4	5	6	7	8	9	10	11	12	13
Mangalore	47,677	17,863	1,765	71,305	1,008	320	1,788	510	4,415	1,530	1,536	3,028	66,950
	68·3†	*25·0*†	*6·7*†										
	72·7‡				*1·5*‡	*0·5*‡	*2·7*‡	*0·8*‡	*6·6*‡	*2·3*‡	*2·3*‡	*4·5*‡	
Belthangady	60,000	17,900	1,750	79,560	..	900	1,130	1,360	1,640	2,900	615	2,430	70,775
	75·4†	*22·5*†	*2·1*†										
	84·8‡					*1·3*‡	*1·6*‡	*1·9*‡	*2·3*‡	*4·1*‡	*0·9*‡	*3·4*‡	
Udipi	70,787	20,243	2,255	93,285	2,042	1,530	2,437	2,300	9,941	657	38	1,463	94,578
	75·9†	*21·7*†	*2·4*†										
	74·8‡				*2·2*‡	*1·6*‡	*2·6*‡	*2·4*‡	*10·5*‡	*0·7*‡	*Neg.*	*1·5*‡	
South Kanara District ..	3,62,000	1,30,783	17,522	5,10,305	4,785	5,131	7,704	7,998	29,545	18,607	2,378	18,199	5,13,957

Source : Statistical information—South Kanara District—Project Offices I.A.A.P.
† Proportion to Column 4.
‡ Proportion to Column 13.

Village/Size-Group	Amounts of Capital Expenditure Spent on						Sources of Finance		
	Purchase of bullocks, milch cattle and fowl	Equipments other than irrigation equipment	Digging or repair of wells	Purchase of irrigation equipment	Any other item of capital expenditure	Total capital expenditure in agriculture	Owned Funds	Sale of Assets	Co-operative loan other than LMB
	1	2	3	4	5	6	7	8	9
Village									
Kotekar	82·50 *(16·6)*	58·00 *(11·6)*	107·25 *(21·6)*	250·00 *(55·2)*	—	**497·75** *(100·0)*	346·25 *(69·6)*	27·50 *(5·5)*	100·00 *(20·1)*
Guruvayanakere	42·75 *(32·1)*	55·50 *(41·6)*	35·00 *(26·3)*	—	—	**133·25** *(100·0)*	99·50 *(74·7)*	27·50 *(20·6)*	—
Kalyanpur	75·00 *(33·3)*	83·75 *(37·2)*	66·50 *(29·5)*	—	—	**225·25** *(100·0)*	159·00 *(70·6)*	58·75 *(26·1)*	—
All	66·75 *(23·4)*	65·75 *(23·0)*	69·58 *(24·4)*	83·33 *(29·2)*	—	**285·41** *(100·0)*	201·58 *(70·6)*	37·91 *(13·3)*	33·3 *(11·7)*
Size-Group									
0 — 2	16·5 *(26·6)*	43·3 *(69·7)*	2·3 *(3·7)*	—	—	**62·1** *(100·0)*	51·7 *(83·3)*	10·3 *(16·6)*	
2 — 5 ..	67·4 *(40·3)*	67·6 *(40·5)*	32·0 *(19·2)*	—	—	**167·0** *(100·0)*	108·6 *(65·0)*	42·4 *(25·4)*	
5 — 10	166·7 *(14·4)*	95·0 *(8·2)*	342·2 *(29·5)*	555·5 *(47·9)*	—	**1159·4** *(100·0)*	833·9 *(71·9)*	77·8 *(6·7)*	222·2 *(19·2)*
Above 10 ..	—	125·0 *(100·0)*	—	—	—	**125·0** *(100·0)*	125·0 *(100·0)*	—	—
All	66·7 *(23·4)*	65·7 *(23·0)*	69·6 *(24·4)*	83·4 *(29·2)*	—	**285·4** *(100·0)*	201·6 *(70·6)*	37·9 *(13·3)*	33·3 *(11·7)*

Note : Figures in brackets indicate percentage to total.

APPENDIX TABLE VI—LEVEL OF CAPITAL EXPENDITURE ON FARM (BOTH OWNED AND LEASED IN) AND SOURCES OF FINANCE DURING 1966-67

(Amount in rupees per family)

Village/Size-Group	Amount of Capital Expenditure Spent on						Sources of Finance		
	Purchase of bullocks, milch cattle and fowl	Farm Equipments other than irrigation equipment	Digging or repair of wells	Purchase of irrigation equipment	Any other item of capital expenditure (Specify)	Total capital expenditure in agriculture	Owned funds	Sale of assets	Co-operative loan other than LMB
	1	2	3	4	5	6	7	8	9
Village									
Kotekar ..	101·25 *(19·4)*	83·25 *(15·9)*	86·25 *(16·5)*	250·00 *(47·8)*	2·50 *(0·5)*	523·25	125·75 *(24·1)*	105·00 *(20·1)*	32·50 *(6·2)*
Guruvayanakere	53·75 *(51·7)*	47·75 *(45·9)*	2·50 *(2·4)*	—	—	104·00	75·25 *(72·4)*	28·75 *(27·6)*	—
Kalyanpur	52·50 *(36·1)*	84·00 *(57·7)*	9·00 *(6·2)*	—	—	145·50	101·75 *(69·9)*	43·75 *(30·0)*	—
All ..	69·16 *(26·8)*	71·66 *(27·8)*	32·58 *(12·6)*	83·33 *(32·4)*	0·83 *(0·3)*	257·58	100·91 *(39·2)*	59·16 *(23·0)*	10·80 *(4·1)*
Size-Group									
0 — 2	55·9 *(53·1)*	47·1 *(44·7)*	2·3 *(2·1)*	—	—	105·3	77·4 *(73·5)*	27·9 *(26·5)*	—
2 — 5 ..	77·2 *(39·0)*	66·4 *(33·5)*	52·9 *(26·7)*	—	1·5 *(0·7)*	198·0	92·7 *(46·8)*	79·5 *(40·2)*	19·7 *(9·9)*
5 — 10	72·2 *(9·2)*	130·5 *(16·8)*	18·9 *(2·4)*	555·5 *(71·5)*	—	777·2	171·7 *(22·0)*	50·0 *(6·4)*	—
Above 10	—	135·0 *(100·0)*	—	—	—	135·0	135·0 *(100·0)*	—	—
All	69·2 *(26·9)*	71·7 *(27·8)*	32·6 *(12·7)*	83·3 *(32·3)*	0·8 *(0·3)*	257·6	100·9 *(39·2)*	59·2 *(23·0)*	10·8 *(4·1)*

Note : Figures in brackets indicate percentage to total.

Village/Size-Group	Amount of Capital Expenditure Spent on						Sources of Finance		
	Purchase of bullocks, milch cattle and fowl	Purchase of farm equipment excluding irrigation equipment	Digging or repair of wells	Purchase of irrigation equipment	Any other item of capital expenditure	Total capital expenditure in agriculture	Owned funds	Sale of assets	Co-operative loan other than LMB
	1	2	3	4	5	6	7	8	9
Village									
Kotekar ..	140·00 *(32·2)*	67·50 *(15·5)*	100·00 *(22·9)*	100·00 *(22·9)*	27·50 *(6·32)*	435·00	118·25 *(27·2)*	94·75 *(21·8)*	203·75 *(46·8)*
Guruvayanakere	117·00 *(61·5)*	50·75 *(26·7)*	17·50 *(9·2)*	—	5·00 *(2·6)*	190·25	101·25 *(53·2)*	84·00 *(44·2)*	—
Kalyanpur	218·75 *(51·2)*	80·50 *(18·9)*	27·80 *(6·5)*	100·00 *(23·4)*	—	427·00	156·50 *(36.7)*	165·50 *(38·8)*	—
All	158·58 *(45·2)*	66·25 *(18·9)*	48·41 *(13·8)*	66·60 *(19·0)*	10·83 *(3·1)*	350·75	125·33 *(35·7)*	114·75 *(32·7)*	67·91 *(19·4)*
Size-Group									
0 — 2	64·1 *(24·2)*	42·1 *(15·9)*	11·7 *(4·4)*	117·6 *(44·4)*	29·4 *(11·1)*	265·0	83·8 *(31·6)*	28·2 *(10·6)*	149·0 *(56·2)*
2 — 5	153·7 *(44·0)*	64·2 *(18·4)*	70·7 *(20·2)*	60·6 *(17·4)*	—	349·2	109·3 *(31·3)*	143·9 *(41·2)*	21·2 *(6·1)*
5 — 10	322·2 *(66·9)*	112·7 *(23·4)*	41·1 *(8·5)*	—	5·5 *(1·1)*	481·6	267·2 *(55·5)*	117·2 *(24·3)*	97·2 *(20·2)*
Above 10	450·0 *(66·2)*	130·0 *(19·1)*	—	—	100·0 *(14·7)*	680·0	80·0 *(11·8)*	600·0 *(88·2)*	—
All	158·5 *(45·2)*	66·2 *(18·8)*	48·4 *(13·8)*	66·6 *(18·9)*	10·8 *(3·1)*	350·7	125·3 *(35·7)*	114·7 *(32·7)*	67·9 *(19·4)*

Note: Figures in Brackets indicate proportion to total.

APPENDIX TABLE VIII—LEVEL OF CAPITAL EXPENDITURE ON FARM (BOTH OWNED AND LEASED IN) AND SOURCES OF FINANCE DURING 1967-68

(Amount in rupees per acre)

Size-Group	Amount of Capital Expenditure Spent on						Sources of Finance		
	Purchase of bullocks, milch cattle and fowl	Purchase of farm equipment excluding irrigation equipment	Digging or repair of wells	Purchase of irrigation equipment	Any other item of capital expenditure	Total capital expenditure in agriculture	Owned funds	Sale of assets	Co-operative loans other than LMB
	1	2	3	4	5	6	7	8	9
0 — 2	37·07	24·32	6·80	68·03	17·01	153·23	48·47	16·33	85·03
2 — 5	42·09	17·54	19·36	16·59	—	95·58	29·94	39·30	5·81
5 —10	42·98	15·04	5·48	—	0·74	64·25	35·65	15·64	12·97
Above 10	37·50	10·83	—	—	8·33	56·67	6·67	50·00	—
All ..	41·47	17·32	12·66	17·43	2·83	91·72	32·77	30·01	17·76

OUTSTANDING DEBT AND BORROWINGS OF CULTIVATORS : 1951-52 and 1961-62*

This note compares the results of the two Surveys, *viz.*, the All-India Rural Credit Survey, 1951-52 and the All-India Rural Debt and Investment Survey, 1961-62 with a view to bringing out the change in the level and extent of debt and borrowings of cultivators over the intervening decade.

Nature of Data and Limitations on Comparison

Some limitations of the data, which affect the scope as well as the validity of the comparison of the two Surveys, may be noted. Firstly, the two Surveys indicate the position of debt and borrowings of cultivators pertaining to periods which constitute the end-points of a decade. Similar data for the intermediate years are not available at the level of individual States or all-India, so as to provide a perspective of change along a continuum. The second limitation stems from the difference in the designs of the two Surveys. While the selection of districts and villages for the All-India Rural Credit Survey (AIRCS) was not done with a view to providing statistically valid estimates, the All-India Rural Debt and Investment Survey (AIRDIS) was specially designed to yield statistically valid estimates at the level of individual States and all-India. The third limitation relates to the areas for which comparable data are available. The AIRCS provides certain types of data at the level of districts, States, regions and all-India but the AIRDIS estimates are available only for individual States and the country as a whole. Thus, the comparison of the two Surveys has to be attempted on the common planes of States and all-India. However, the re-organisation of States which took place after the AIRCS limits the areas of comparison. With the exception of six States (Assam, Bihar, Orissa, Rajasthan, Uttar Pradesh and West Bengal) whose boundaries were not materially affected by the re-organisation, comparison of data at the level of the States cannot be attempted unless adjustments are made in the data for territorial changes. For want of sufficient time, no attempt has been made to explore whether correction of data is feasible and, if so, what corrections are indicated. The discussion in this note is, therefore, confined to the aforesaid six States and all-India.

Another limitation arises from the dissimilar reference period of the two Surveys. The AIRCS noted the outstanding debt of respondents as on the date of investigation; since the General Schedule, from which the State averages are derived, was canvassed between December 1951 and March 1952, the outstanding debt of cultivators relates variously to this four-month period. In contrast, the AIRDIS data on debt relate uniformly to three points—June 30, 1961, December 31, 1961 and June 30, 1962. The AIRCS data on borrowings relate to the twelve months preceding the month of visit, *i.e.*, to any twelve months occurring between December 1950 and February 1952. On the other

*Prepared in the Reserve Bank of India.

hand, the AIRDIS data on borrowings pertain uniformly to the year ended June 30, 1962.

The only aggregate estimated by the AIRCS relates to borrowings; in respect of debt, therefore, the comparison is confined to the average level of debt. Further, the comparison is restricted to the debt and borrowings of cultivators on account of cash loans alone.

In view of the limitations pointed out above, the analysis that follows is intended to indicate rather the directions of change than its precise magnitude. It is also important to bear in mind that any conclusion on the rate and direction of change, derived from data pertaining to the end-points of a given period, does not necessarily imply the same rate or direction of change for all the intervening years.

The available data do not allow an explanation of the change in the debt and borrowings of cultivators or of the contrary trends in the individual States. This is due partly to the different aims of the two Surveys and partly to the fact that they were not oriented to provide cause-effect relations.

Proportion of Cultivators Reporting Debt and Borrowings

Table 1 shows the proportion of cultivators reporting outstanding debt and borrowings as revealed by the two Surveys.

At the all-India level, the proportion of cultivators reporting outstanding debt, which stood at 69 at the time of AIRCS, lowered to 50 at June 30, 1961 but rose to 61 at December 31, 1961 and to 67 at June 30, 1962. In the States of Assam, Bihar, Orissa and Uttar Pradesh the proportion of indebted cultivators at all the three points of time during 1961-62 was lower than that given by the AIRCS. In the remaining two States of Rajasthan and West Bengal, the proportion of indebted cultivators was lower at June 30, 1961 but higher at June 30, 1962 as compared with the AIRCS. The data thus indicate that in all the six States and in the country as a whole, the proportion of indebted cultivators declined over nine years ended June 1961 but rose considerably during the year 1961-62 itself.

Since the AIRCS data on debt pertain to the four months, December 1951 March 1952, it would appear as if the AIRDIS position as at December 31, 1961 has greater correspondence with the former than the position at the remaining two points. Even this comparison shows a lower proportion of indebted cultivators during the AIRDIS in all the six States except Rajasthan and in the country as a whole.

The AIRCS did not project the proportion of borrowing cultivators at the level of the States and all-India. No comparison between the two Surveys in this regard is, therefore, possible. It is, however, worthwhile to note that as against 52 per cent of the cultivators in the country who borrowed loans during 1961-62, the AIRCS shows that in 44 of the 75 selected districts the proportion of borrowing cultivators exceeded 52 per cent (ranging from 53.4 per cent to 91.8 per cent), and in the remaining 31 districts it was lower than 52 per cent (ranging from 51.6 per cent to 7.5 per cent).

Debt per Indebted Cultivator

Table 2 shows the average amount of debt per indebted cultivator as revealed by the two Surveys, while Table 3 measures the change in debt per indebted cultivator during the intervening period.

The all-India average of debt per indebted cultivator rose from Rs. 526 at the time of AIRCS to Rs. 658 at June 30, 1961 to Rs. 682 at December 31, 1961 and to Rs. 708 at June 30, 1962. The increase in debt was 25.1 per cent upto June 30, 1961, 29.7 per cent upto December 31, 1961 and 34.6 per cent upto June 30, 1962. The average annual rate of growth works out at 2.8 per cent upto June 30, 1961, 3.1 per cent upto December 31, 1961 and 3.5 per cent upto June 30, 1962. The growth during 1961-62 works out at 7.6 per cent. It is thus clear that in the country as a whole, the rate of increase in debt per indebted cultivator between 1951-52 and 1960-61 was quite moderate as compared with the increase during 1961-62.

The change in debt per reporting cultivator upto 1960-61 and during 1961-62 showed sharp variation in the six States. The change in debt upto 1960-61 ranged from —10 per cent in Uttar Pradesh to + 97 per cent in Orissa, the rate of change varying from —1.1 per cent in Uttar Pradesh, +10.7 per cent in Orissa. The change during 1961-62 varied from—4.9 per cent in Assam to + 15.7 per cent in Uttar Pradesh. In Uttar Pradesh, debt per indebted farmer declined at an average rate of 1.1 per cent upto 1960-61 but increased by 15.7 per cent during 1961-62. In Assam, debt increased at the rate of 1.6 per cent upto 1960-61 but declined by 4.9 per cent during 1961-62. In Bihar, the rate of increase was 7.6 per cent upto 1960-61 and 1.7 per cent during 1961-62. In Orissa, the rate of increase in debt upto 1960-61 (10.7 per cent) was maintained more or less at the same level during 1961-62 (10.4 per cent). In Rajasthan, debt grew at 1.8 per cent upto 1960-61 and at 13.5 per cent during 1961-62. In West Bengal, the rate of growth which was 2.6 per cent upto 1960-61 shot up to 6.9 per cent during 1961-62. Thus, with the exception of Bihar and Orissa, the rate of growth in debt per indebted farmer upto 1960-61 was either negative or moderately high, but the growth in debt during 1961-62 was quite high in all States except Assam and Bihar.

Debt per Cultivator

The all-India average of debt per cultivator which stood at Rs. 364 during 1951-52 declined to Rs. 327 at the end of 1960-61 but rose to Rs. 419 at December 31, 1961 and Rs. 473 at June 30, 1962 (Table 4). Thus, between the AIRCS and 1960-61, debt per cultivator declined by 10.2 per cent or at the rate of 1.1 per cent per year (Table 5). The rise in debt upto 1961-62 was 29.9 per cent, giving a rate of growth of 3.0 per cent. The growth in debt per cultivator during 1961-62 was 44.6 per cent. Thus, debt per cultivator shows a very considerable rise during 1961-62. An all-India comparison of rates of change in the debt per indebted cultivator and debt per cultivator reveals the following. The rate of growth of debt per indebted cultivator upto 1960-61 or upto 1961-62 outstripped the corresponding rates in the debt per cultivator. However, the growth in debt per cultivator during 1961-62 far surpassed the growth in debt per indebted cultivator during the same year.

Turning to individual States, it is observed that all the States except Bihar shared a decline in the debt per cultivator between the AIRCS and 1960-61, the rate of decline ranging from 0.6 per cent in Rajasthan to 5.2 per cent in Assam. In Bihar, debt during the period rose at the rate of 1 per cent. Between 1951-52 and 1961-62, debt declined in Assam and Uttar Pradesh at 3.6 per cent, and 0.6 per cent, respectively, and increased in the remaining four States, the rate of increase ranging from 1.7 per cent in Orissa to 4.7 per cent in West Bengal. Debt per cultivator increased during 1961-62 in all the States, the range of increase being from 20.7 per cent in Assam to 64.4 per cent in Uttar Pradesh.

Borrowings

The AIRCS does not provide data on the proportion of borrowing families and the amount borrowed per borrowing family. The comparison is, therefore, restricted to the average amount borrowed per family.

At the all-India level, the average amount borrowed per cultivator during 1961-62 at Rs. 205 was 2.0 per cent lower than the corresponding figure given by the AIRCS (Table 6). However, the estimate of aggregate borrowings of cultivators during 1961-62 at Rs. 1,034 crores was about 38 per cent higher than the corresponding estimate of the AIRCS. The rural population in India increased by 22 per cent during 1951-61 decade. If it is assumed that the number of cultivator-households increased during the period at the same rate, it follows that the difference between the estimates of aggregate borrowings furnished by the two Surveys, was, in part, due to the difference in their methods of estimation and, in part, to the varying errors to which the estimates are subject.

With the exception of Rajasthan and West Bengal, the average amount borrowed per cultivator during 1961-62 was smaller in relation to the AIRCS figure. The decline in the average amount borrowed ranged from 17 per cent in Uttar Pradesh to 71 per cent in Assam. In Rajasthan and West Bengal, the average amount borrowed during 1961-62 was higher by 40 per cent and 15 per cent, respectively, as compared with the AIRCS figures.

Conclusions

In all the six States and in the country as a whole, there was a decline in the proportion of indebted cultivators between 1951-52 and 1960-61. The extent of indebtedness increased considerably during 1961-62; even so, the proportion of indebted cultivators at the end of 1961-62 was lower than at the time of AIRCS in four of the six States and in all-India.

Between 1951-52 and 1960-61, debt per indebted cultivator rose at the rate of 2.8 per cent at the all-India level. The rise in the debt per indebted cultivator was reflected in all States but one. The rise in the debt per indebted cultivator during this period was, however, more than offset by the decline in the proportion of indebted farmers; this is reflected in a fall in the debt per farmer at the all-India level and in five of the six States.

As compared with the AIRCS, debt per indebted cultivator at the end of June 1962 was 35 per cent higher at the all-India level. However, debt per cultivator at the same date was higher only by 30 per cent. The rate of growth during the period works out at 3.5 per cent in respect of debt per indebted farmer and at 3.0 per cent in respect of debt per farmer. Growth during 1961-62 itself was 7.6 per cent in the case of debt per reporting cultivator and 45 per cent in the case of debt per cultivator.

In the country as a whole, the average amount borrowed during 1961-62 per cultivator was slightly lower than the corresponding figure given by the AIRCS. However, the aggregate amount borrowed by cultivators during 1961-62 was much higher than at the time of AIRCS—higher than what is warranted by the lower level of average borrowing and the rise in the number of farmers. The fact that the average level of borrowings during 1961-62 was slightly lower than a decade ago and yet the average debt during the year rose by 45 per cent, indicates that the repayment performance of the cultivators during the year was quite poor. This inference is borne out by the available evidence. Thus, as against 67 per cent of the cultivators reporting outstanding debt at the end of June 1962, only 36 per cent reported repayment during 1961-62. Further, the average amount of repayment during the year per farmer formed only 22 per cent of the average debt outstanding at the end of June 1962. The poor repayment performance could have been due, in some measure, to the unfavourable seasonal conditions obtaining during 1961-62 in several parts of the country.

February 7, 1969.

TABLE 1—PROPORTION OF CULTIVATORS REPORTING OUTSTANDING DEBT AND BORROWINGS DURING 1951-52 AND 1961-62

(Per cent)

State	Proportion of cultivators reporting outstanding debt				Proportion of cultivator reporting borrowings	
	As per A.I.R.C.S.	As per A.I.R.D.I.S.			As per A.I.R.C.S.	As per A.I.R.D.I.S.
		As on 30-6-1961	As on 31-12-1961	As on 30-6-1962		
	1	2	3	4	5	6
Assam	*71·1*	*33·1*	*40·0*	*41·8*	..	*20·6*
Bihar	*79·2*	*41·3*	*60·5*	*65·0*	..	*41·5*
Orissa	*61·9*	*25·6*	*33·0*	*33·5*	..	*20·7*
Rajasthan	*72·2*	*58·6*	*75·5*	*79·0*	..	*74·2*
Uttar Pradesh	*68·9*	*43·6*	*59·2*	*61·8*	..	*52·6*
West Bengal	*63·0*	46·1	*60·6*	*70·2*	..	*55·8*
All-India	**69·2**	**49·6**	**61·4**	**66·7**	..	**52·0**

TABLE 2—AVERAGE DEBT PER INDEBTED CULTIVATOR: 1951-52 AND 1961-62

(In rupees)

State	Debt per reporting cultivator			
	As per A.I.R.C.S.	As per A.I.R.D.I.S.		
		As on 30-6-1961	As on 31-12-1961	As on 30-6-1962
	1	2	3	4
Assam	308	351	333	334
Bihar	354	595	593	605
Orisa	180	354	356	391
Rajasthan	780	908	956	1031
Uttar Pradesh	459	413	442	478
West Bengal	261	321	315	343
All-India	**526**	**658**	**682**	**708**

TABLE 3—CHANGE IN DEBT PER INDEBTED CULTIVATOR BETWEEN 1951-52 AND 1961-62

State	Change between A.I.R.C.S. and 30-6-1961			Change between A.I.R.C.S. and 31-12-1961			Change between A.I.R.C.S. and 30-6-1962			Change between 30-6-1961 and 30-6-1962	
	A	B	C	A	B	C	A	B	C	A	B
	1	2	3	4	5	6	7	8	9	10	11
Assam	+ 43	+ *14·0*	+ *1·6*	+ 25	+ *8·1*	+ *0·9*	+ 26	+ *8·4*	+ *0·8*	— 17	— *4·9*
Bihar	+241	+ *68·1*	+ *7·6*	+239	+ *67·5*	+ *7·1*	+251	+ *70·9*	+ *7·1*	+ 10	+ *1·7*
Orissa	+174	+ *96·7*	+ *10·7*	+176	+ *97·8*	+ *10·3*	+211	+ *117·2*	+ *11·7*	+ 37	+ *10·4*
Rajasthan	+128	+ *16·4*	+ *1 8*	+176	+ *22·6*	+ *2·4*	+251	+ *32·2*	+ *3·2*	+123	+ *13·5*
Uttar Pradesh	— 46	— *10·0*	— *1·1*	— 17	— *3·7*	— *0·4*	+ 19	+ *4·1*	+ *0·4*	+ 65	+ *15·7*
West Bengal	+ 60	+ *23·0*	+ *2·6*	+ 54	+ *20·7*	+ *2·2*	+ 82	+ *31·4*	+ *3·1*	+ 22	+ *6·9*
All-India	**+132**	**+ 25·1**	**+ 2·8**	**+156**	**+ 29·7**	**+ 3.1**	**+182**	**+ 34·6**	**+ 3·5**	**+ 50**	**+ 7·6**

A = Amount (Rs.) of change (±) in debt per cultivator.
B = Percentage change (±).
C = Average annual percentage change (±).

TABLE 4—AVERAGE DEBT PER CULTIVATOR : 1951-52 AND 1961-62

(In rupees)

State	Debt per cultivator			
	As per A.I.R.C.S.	As per A.I.R.D.I.S.		
		As on 30-6-1961	As on 31-12-1961	As on 30-6-1962
Assam	219	116	133	140
Bihar	280	305	359	394
Orissa	112	91	117	131
Rajasthan	563	532	722	815
Uttar Pradesh	316	180	262	296
West Bengal	164	148	191	241
All-India	**364**	**327**	**419**	**473**

TABLE 5—CHANGE IN DEBT PER CULTIVATOR BETWEEN 1951-52 AND 1961-62

State	Change between A.I.R.C.S. and 30-6-1961			Change between A.I.R.C.S. and 31-12-1961			Change between A.I.R.C.S. and 30 6-1962			Change between 30-6-1961 and 30-6-1962	
	A	B	C	A	B	C	A	B	C	A	B
	1	2	3	4	5	6	7	8	9	10	11
Assam	—103	— *47·0*	— *5·2*	— 86	— *39·3*	— *4·1*	— 79	— *36·1*	— *3·6*	+ 24	+ *20·7*
Bihar	+ 25	+ *8·9*	+ *1·0*	+ 79	+ *28·2*	+ *3·0*	+114	+ *40·7*	+ *4·1*	+ 89	+ *29·2*
Orissa	— 21	— *18·7*	— *2·1*	+ 5	+ *4·5*	+ *0·5*	+ 19	+ *17·0*	+ *1·7*	+ 40	+ *44·0*
Rajasthan	— 31	— *5·5*	— *0·6*	+159	+ *28·2*	+ *3·0*	+252	+ *44·8*	+ *4·5*	+283	+ *53·2*
Uttar Pradesh	—136	— *43·0*	— *4·8*	— 54	— *17·1*	— *1·8*	— 20	— *6·3*	— *0·6*	+116	+ *64·4*
West Bengal	— 16	— *9·8*	— *1·1*	+ 27	+ *16·5*	+ *1·7*	+ 77	+ *46·9*	+ *4·7*	+ 93	+ *62·8*
All-India ..	**— 37**	**— 10·2**	**— 1·1**	**+ 55**	**+ 15·1**	**+ 1·6**	**+109**	**+ 29·9**	**+ 3·0**	**+146**	**+ 44·6**

A = Amount (Rs.) of change in debt per cultivator.
B = Percentage of change.
C = Average annual percentage change.

TABLE 6—BORROWINGS OF CULTIVATORS AS PER A.I.R.C.S. (1950-51) AND A.I.R.D.I.S. (1961-62)

(Average amount borrowed per family in rupees)

State	A.I.R.C.S. (1950-51)	A.I.R.D.I.S. (1961-62)	Percentage change (±)

ROLE OF DIFFERENT AGENCIES IN THE SUPPLY OF RURAL CREDIT : COMPARATIVE POSITION IN 1951-52 AND IN 1961-62*

I

This note aims at a comparison of the relative importance of credit agencies in the supply of credit to rural families during the accounting periods of the two Surveys, *viz.*, the All India Rural Credit Survey, 1951-52 (AIRCS) and the All India Rural Debt and Investment Survey, 1961-62 (AIRDIS). The analysis is based on the data relating to borrowings of *cash loans* by the rural households, as revealed by the two Surveys. The AIRCS data on borrowings refer to any twelve months occurring between December 1950 and February 1952, while the AIRDIS data pertain uniformly to the twelve months ended June 1962. The scope of the note extends to all rural families, *i.e.*, cultivators as well as non-cultivators.

For reasons cited in the paper, "Outstanding Debt and Borrowings of Cultivators: 1951-52 and 1961-62" the discussion here covers, besides all-India, the six States viz., Assam, Bihar, Orissa, Rajasthan, Uttar Pradesh and West Bengal.

The definitions of cultivator household, non-cultivator household, agriculturist money-lender and professional money-lender adopted by the two Surveys are identical. Households having some land under personal cultivation were classified as cultivator households; all the selected households were classified as non-cultivator households. A professional money-lender was one who earned a substantial part of his income from money-lending, while an agriculturist money-lender was one whose major profession was agriculture.

In the following Section we make a brief survey of the relative role of the credit agencies at the all-India level. A State-wise study of the change in the role of each major agency over the inter-Survey period is attempted in Section III. Section IV sums up the entire discussion.

II

Change in the Relative Importance of Credit Agencies: All-India Position:

Table 1 shows the proportionate amount borrowed by the cultivators and non-cultivators from different agencies during the accounting periods of the two Surveys.

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* Prepared in the Reserve Bank of India.

TABLE 1—BORROWINGS BY CULTIVATORS AND NON-CULTIVATORS FROM DIFFERENT AGENCIES : A.I.R.C.S. AND A.I.R.D.I.S.

(All-India position)

Class of rural households	Average amount borrowed per family (Rs.)		Proportion of amount borrowed from (per cent)							
			Govern-ment		Co-operatives		Relatives		Land-lords	
	A	B	A	B	A	B	A	B	A	B
Cultivators	209·5	205·4	*3·3*	*2·6*	*3·1*	*15·5*	*14·2*	*8·8*	*1·5*	*0·6*
Non-cultivators ..	66·1	111·8	*1·5*	*0·6*	*1·5*	*5·3*	*15·5*	*8·6*	*4·9*	*1·2*
All rural households	159·9	180·4	*3·1*	*2·3*	*2·9*	*13·8*	*14·4*	*8·8*	*2·0*	*0·7*

TABLE 1—*Continued*

Class of rural households	Proportion of amount borrowed from (per cent)									
	Agriculturist money-lender		Professional money-lender		Traders and commission agents		Commer-cial banks		Others	
	A	B	A	B	A	B	A	B	A	B
Cultivators ..	*24·9*	*36·0*	*44·8*	*13·2*	*5·5*	*8·8*	*0·6*	*0·6*	*1·8*	*13·9*
Non-cultivators	*24·8*	*23·0*	*38·0*	*10·6*	*9·9*	*16·4*	*2·0*	*1·4*	*1·9*	*32·8*
All rural households	*24·8*	*33·9*	*43·8*	*12·7*	*6·1*	*10·1*	*1·1*	*0·7*	*1·8*	*17·0*

A = As per A. I. R. C. S.
B = As per A. I. R. D. I. S.

The average amount of borrowings per cultivator during 1961-62 at Rs. 205 was smaller by Rs. 4 than the corresponding figure furnished by the AIRCS. Among the non-cultivators, however, the average amount borrowed during 1961-62 at Rs. 112 was 70 per cent higher than that during 1950-51.

Cultivators :

According to the AIRCS, the professional money-lender was of foremost importance to the cultivators inasmuch as he supplied 45 per cent of their total borrowings. Other agencies of importance to the cultivators were: agriculturist money-lender (25 per cent), relatives (14 per cent) and traders (6 per cent). Thus, the four agencies together accounted for 90 per cent of the cultivators' borrowings during 1950-51. Government and co-operatives, each of whom accounted for 3 per cent of the cultivators' borrowings occupied fifth and sixth ranks, respectively, among the eight credit agencies. The order of importance of the credit agencies as in 1961-62 was different from that in

1950-51. Agriculturist money-lender who supplied 36 per cent of the cultivators' borrowings during 1961-62, supplanted the professional money-lender from the top rank. The latter, supplying only 13 per cent of the total loans borrowed by cultivators during 1961-62, occupied the fourth rank. Co-operatives, which supplied only 3 per cent of the cultivators' borrowings at the time of AIRCS and ranked sixth supplied 16 per cent of the loans during 1961-62 and ranked second. 'Others', whose share of cultivators' borrowings increased from 2 per cent in 1950-51 to 14 per cent in 1961-62 ranked third. Thus, agriculturist money-lender, co-operatives, 'others' and professional money-lender together accounted for 79 per cent of the total credit available to the farmer during 1961-62. The proportionate share of credit supplied by relatives fell from 14 per cent to 9 per cent while the share of traders rose from 6 per cent to 9 per cent. The share of Government declined from 3.3 per cent to 2.6 per cent. Likewise, there was a decline in the proportionate shares of landlords and commercial banks.

Non-cultivators :

The proportionate share of the credit agencies in the loans borrowed by the non-cultivators during 1950-51 were as under: professional money-lender—38 per cent; agriculturist money-lender—25 per cent; relatives—16 per cent; trader—10 per cent; landlord—5 per cent; and commercial banks, 'others', co-operatives and Government—2 per cent each. A decade later in 1961-62, the relative share of the credit agencies had changed to: 'others'—33 per cent; agriculturist money-lender—23 per cent; trader—16 per cent; professional money-lender —11 per cent; relatives—9 per cent; co-operatives—5 per cent; and commercial banks, Government and landlords—1 per cent each. The notable changes during the inter-Survey period include (i) the ascendance of 'other credit agencies' from the seventh to the first place of importance, corresponding to a rise in the share of credit from 2 per cent to 33 per cent and (ii) the relegation of the professional money-lender from the first to the fourth place corresponding to a decline in the share of credit from 38 per cent to 11 per cent.

The foregoing review shows that the role of the professional money-lender declined considerably between 1950-51 and 1961-62 in the case of both the cultivators and the non-cultivators. The importance of the agriculturist money-lender increased among the cultivators but decreased a little among the non-cultivators. These two agencies, which together provided 70 per cent and 63 per cent of the credit obtained by the cultivators and non-cultivators, respectively, in 1950-51, had the share reduced during 1961-62 to 49 per cent in the case of cultivators and 34 per cent in the case of non-cultivators. Co-operatives showed during 1961-62 a higher proportion of credit obtained by both the classes of rural households, the rise being higher among the cultivators than amongst the non-cultivators. The proportion of credit obtained from Government declined somewhat both amongst cultivators and non-cultivators. The changes among cultivators relate to a situation of constant average borrowings, while those amongst non-cultivators relate to a situation of increase in the average level of borrowings.

The substantial rise during the inter-Survey period in the proportion of credit obtained from 'others' by both the classes of rural households, notably by the non-cultivators, needs an explanation. By definition, this residuary category includes all agencies other than the seven credit agencies specified separately. The loan transactions most likely to have been included in this category would be the unpaid bills run up during the reference period with the doctors, lawyers, grocers, other shopkeepers *etc.* Specific instructions were issued to the field staff during the conduct of the AIRDIS to treat such unpaid bills as loans borrowed during the year. However, such specific instructions do not seem to have been issued to the field staff during the conduct of the AIRCS. This may be one reason why the proportionate amount of loans borrowed from 'others' shows a considerable increase during 1961-62 in comparison with 1950-51. A second possible reason may be the difference in the period of reference of the two Surveys and the resulting difference in the level of credit purchases.

The decline in the proportionate amount of credit supplied by the professional money-lender and an increase in that supplied by the agriculturist money-lender also needs to be explained. The definitions of the two types of money-lenders adopted by the two Surveys were identical and have been given earlier in the note. The distinction between the professional and the agriculturist money-lender was based on the relative incomes derived from the two sources— money-lending and agriculture. The definition was indeed based upon a judgement of the respondent on the relative importance of the two sources of income of the creditor and to that extent liable to a wide margin of error and bias in reporting. A second plausible hypothesis could be that a large number of the professional money-lenders would have resumed their land after 1950-51 in order to circumvent the provisions of the various land reform Acts. This might have altered (or given such an impression to his clients) the relative importance of the two sources of income during 1961-62 as compared with a decade ago.

III

Change in the Relative Importance of Credit Agencies: State-wise Position:

Table 2 shows the proportion of credit obtained during the accounting periods of the two Surveys by the cultivators and non-cultivators in the six States. The average amount borrowed by cultivators during 1961-62 was lower than the corresponding AIRCS figures in four of the six States and higher in two of the six States. Among the non-cultivators, the average level of borrowings during 1961-62 was higher in three States and lower in the remaining three States in relation to the position in 1950-51.

TABLE 2—PROPORTIONS OF AMOUNTS BORROWED FROM DIFFERENT AGENCIES BY CULTIVATORS AND NON-CULTIVATORS AS PER A.I.R.C.S. AND A.I.R.D.I.S.

State	Type of borrowers	Average amount borrowed from all agencies		Proportion of amount borrowed from (per cent)									
				Government		Co-operatives		Relatives		Landlords			
		A	B	A	B	A	B	A	B	A	B		
1	2	3	4	5	6	7	8	9	10	11	12		
		Rs.	Rs.										
Assam	Cultivators ..	122·3	35·8	*6·2*	*4·5*	*0·5*	*1·7*	*65·7*	*21·2*	—	—		
	Non-cultivators ..	61·4	23·6	*9·8*	—	—	—	*62·2*	*30·6*	—	—		
Bihar	Cultivators ..	166·3	102·5	*4·7*	*1·0*	*0·1*	*2·6*	*5·5*	*7·5*	*4·9*	*0·1*		
	Non-cultivators ..	65·6	58·0	*1·5*	*1·2*	—	*2·7*	*7·3*	*3·9*	*15·4*	—		
Orissa	Cultivators ..	84·3	54·9	*1·4*	*4·2*	*2·7*	*16·6*	*7·0*	*3·8*	*0·1*	*0·2*		
	Non-cultivators ..	28·3	26·3	*0·7*	*2·1*	*2·8*	*4·6*	*5·7*	*2·4*	*0·1*	—		
Rajasthan	Cultivators ..	277·8	389·4	*0·6*	*0·8*	—	*3·8*	*10·5*	*6·2*	*0·5*	—		
	Non-cultivators ..	63·4	408·2	—	*0·5*	—	*0·6*	*3·0*	*2·5*	—	—		
Uttar Pradesh	Cultivators ..	200·9	167·5	*0·9*	*2·6*	*2·2*	*16·6*	*16·5*	*9·2*	*1·4*	*0·2*		
	Non-cultivators ..	82·0	109·3	*0·4*	*0·8*	*1·2*	*6·6*	*15·8*	*10·4*	*3·7*	*0·3*		
West Bengal	Cultivators ..	124·7	143·9	*1·8*	*2·1*	*1·3*	*5·9*	*32·1*	*16·4*	*3·2*	*1·7*		
	Non-cultivators ..	39·1	115·4	*3·8*	*0·9*	*0·3*	*1·4*	*34·2*	*10·8*	*0·3*	*0·5*		

TABLE 2—(*Continued*)

State	Type of borrowers	Proportion of amount borrowed from (per cent)									
		Agriculturist money-lenders		Professional money-lenders		Traders and commission agents		Commercial banks		Others	
		A	B	A	B	A	B	A	B	A	B
1	2	13	14	15	16	17	18	19	20	21	22
Assam	Cultivators ..	*17·6*	*38·1*	*7·5*	*10·8*	*0·9*	*11·0*	—	—	*1·6*	*12·7*
	Non-cultivators ..	*20·3*	*26·8*	*1·0*	*4·6*	*6·7*	*6·0*	—	—	*0·1*	*31·9*
Bihar	Cultivators ..	*7·0*	*62·7*	*77·4*	*14·8*	—	*6·3*	—	—	*0·5*	*4·9*
	Non-cultivators ..	*7·0*	*38·8*	*68·3*	*16·1*	—	*28·4*	—	—	*0·5*	*8·9*
Orissa	Cultivators ..	*5·0*	*15·1*	*82·9*	*28·8*	*0·1*	*19·8*	—	—	*0·8*	*11·5*
	Non-cultivators ..	*5·0*	*14·0*	*82·2*	*33·1*	*1·4*	*6·7*	*0·7*	—	*1·4*	*37·1*
Rajasthan	Cultivators ..	—	*26·3*	*85·8*	*23·8*	*0·4*	*18·3*	—	*0·1*	*2·2*	*20·6*
	Non-cultivators ..	—	*9·7*	*96·8*	*14·6*	—	*12·2*	*0·2*	—	*0·1*	*59·9*
Uttar Pradesh	Cultivators ..	*21·7*	*35·9*	*51·8*	*20·0*	*3·1*	*6·9*	*0·1*	*0·4*	*2·3*	*8·2*
	Non-cultivators ..	*26·8*	*28·3*	*42·2*	*26·8*	*7·5*	*10·6*	*0·1*	—	*2·3*	*16·2*
West Bengal	Cultivators ..	*2·1*	*28·1*	*58·9*	*4·0*	*0·5*	*9·7*	—	*0·1*	—	*32·1*
	Non-cultivators ..	*1·8*	*11·3*	*50·9*	*4·6*	*8·2*	*2·0*	—	—	*0·5*	*68·5*

A = As per A.I.R.C.S. B = As per A.I.R.D.I.S.

Cultivators:

According to the AIRCS, the professional money-lender was the most important source of credit in five of the six States, the exception being Assam. In the five States, the proportion of credit obtained by cultivators from the professional money-lender ranged from 52 in Uttar Pradesh to 86 in Rajasthan. In Assam, relatives who supplied 66 per cent of the total loans borrowed by cultivators, assumed the first place. While the professional money-lender occupied the highest place of importance in five of the six States, the credit agencies claiming the second, third or fourth place of importance showed considerable variation from State to State. Thus, in Assam, Bihar and Uttar Pradesh the second place was occupied by the agriculturist money-lender, who supplied from 7 per cent to 22 per cent of the total credit borrowed by the cultivators in those States, while in Orissa, Rajasthan and West Bengal it was taken by relatives, who supplied from 7 per cent to 32 per cent of the borrowings of cultivators in those States. The third place went to the professional money-lender in Assam (21 per cent), to the agriculturist money-lender in Orissa (5 per cent), to relatives in Bihar (6 per cent) and Uttar Pradesh (17 per cent), to landlords in West Bengal (3 per cent), and to 'others' in Rajasthan (2 per cent). The fourth rank was due to the agriculturist money-lender in West Bengal (2 per cent), to Government in Assam (6 per cent) and Rajasthan (1 per cent), to co-operatives in Orissa (3 per cent), to traders in Uttar Pradesh (3 per cent) and to the landlord in Bihar (5 per cent). The agencies occupying the first four ranks together accounted for 94 per cent or more of the total borrowings of cultivators during 1950-51.

As per AIRDIS, the relative importance of the credit agencies among the cultivators was as follows: The first rank was occupied by the agriculturist money-lender in Assam (38 per cent), Bihar (63 per cent), Rajasthan (26 per cent) and Uttar Pradesh (36 per cent), by the professional money-lender in Orissa (29 per cent) and by 'others' in West Bengal (32 per cent). The second place went to relatives in Assam (21 per cent), to traders in Orissa (20 per cent), to the agriculturist money-lender in West Bengal (28 per cent) and to the professional money-lender in Bihar (15 per cent), Rajasthan (24 per cent) and Uttar Pradesh (20 per cent). The third place was occupied by 'others' in Assam (13 per cent) and Rajasthan (21 per cent), by relatives in Bihar (8 per cent) and West Bengal (16 per cent), and by co-operatives in Orissa (17 per cent) and Uttar Pradesh (17 per cent). The fourth rank went to traders in Assam (11 per cent), Bihar (6 per cent), Rajasthan (21 per cent) and West Bengal (32 per cent), to the agriculturist money-lender in Orissa (15 per cent) and to relatives in Uttar Pradesh (9 per cent). The agencies occupying the first four places accounted for 81 to 92 per cent of the total credit obtained by the cultivators during 1961-62.

The changes in the relative importance of the various credit agencies among the cultivators, as revealed by the two Surveys, may now be noted.

Table 3 shows the ranks obtained by different credit agencies on the basis of the proportion of credit supplied to cultivators during the accounting periods of the two Surveys, while Table 4 shows the shifts in ranking. The agriculturist money-lender received a higher rank in all the six States during 1961-62, including the first rank in four States. The elevation of the agriculturist money-lender to the first rank has occurred in the four States despite that agency accounting for a much smaller proportionate share of the cultivators' borrowings during 1961-62 as compared with the share of the agencies ranking first during 1950-51. The professional money-lender obtained a reduced rank in five of the six States, corresponding to a reduced share of borrowings in all States but one. Government also had its importance reduced in all the six States. Co-operatives gained upper rank in five of the six States and maintained their 1950-51 position in one. In all the six States, the proportion of credit obtained by the cultivators from co-operatives shows an increase as compared with the position at the time of AIRCS. Relatives and landlords have both received lower ranks in all the States, while traders have gained higher rank in some and lower rank in others. Commercial bank credit was totally lacking in three States during both the Surveys, but in the three States (Rajasthan, Uttar Pradesh, and West Bengal) where it was available at one or both the points, its importance stands enhanced. The 'other credit agencies' show an improved status in five of the six States. Another important change indicated by the two Surveys is that the amount borrowed by the cultivators during 1961-62 was more evenly distributed among the several credit agencies as compared with 1950-51. This trend obtained even in the two States of Rajasthan and West Bengal where the level of average borrowings during 1961-62 was higher than that during 1950-51.

Non-cultivators:

Both the Surveys show that in all the six States the average amount of borrowings of the non-cultivators was smaller than that of the cultivators.

During 1950-51, the professional money-lender was the most important source of credit to the non-cultivators in five of the six States—these being the very five States where the same agency was also of the foremost importance among cultivators. The proportion of credit obtained by the non-cultivators from the professional money-lender varied from 42 in Uttar Pradesh to 97 in Rajasthan. In Assam, relatives who provided 62 per cent of the non-cultivators' borrowings during the year, assumed the first place. Thus, in Assam, relatives constituted the most important credit agency both among cultivators and non-cultivators. The agency to occupy the second place of importance amongst non-cultivators was agriculturist money-lender in Assam (20 per cent) and Uttar Pradesh (27 per cent), landlord in Bihar (15 per cent), and relatives in Orissa (6 per cent), Rajasthan (3 per cent) and West Bengal (34 per cent). Relatives also assumed second place among the cultivators in the latter three States. Amongst non-cultivators, the third place went to

TABLE 3—RANKING OF DIFFERENT CREDIT AGENCIES BASED ON THE PROPORTIONATE AMOUNT BORROWED BY CULTIVATORS DURING 1950-51 AND 1961-62

State		Government	Co-operatives	Relatives	Landlords	Agriculturist money-lenders	Professional money-lenders	Traders and Commission agents	Commercial Banks	Others
		1	2	3	4	5	6	7	8	9
Assam ..	AIRCS	4	7	1	—	2	3	6	—	5
	AIRDIS	6	7	2	—	1	5	4	—	3
Bihar ..	AIRCS ..	5	7	3	4	2	1	—	—	6
	AIRDIS ..	7	6	3	8	1	2	4	—	5
Orissa ..	AIRCS ..	5	4	2	7	3	1	7	—	6
	AIRDIS ..	6	3	7	8	4	1	2	—	5
Rajasthan ..	AIRCS ..	4	—	2	5	—	1	6	—	3
	AIRDIS ..	7	6	5	—	1	2	4	8	3
Uttar Pradesh ..	AIRCS	8	6	3	7	2	1	4	9	5
	AIRDIS	7	3	4	9	1	2	6	8	5
West Bengal ..	AIRCS ..	5	6	2	3	4	1	7	—	—
	AIRDIS ..	7	5	3	8	2	6	4	9	1
All-India	**AIRCS ..**	**5**	**6**	**3**	**8**	**2**	**1**	**4**	**9**	**7**
	AIRDIS ..	**6**	**2**	**5**	**7**	**1**	**4**	**5**	**7**	**3**

State		Rank No. and credit agency enjoying that rank								
		1	2	3	4	5	6	7	8	9
Assam ..	A	Relatives	AML	PML	Govt.	Others	Traders	Co-op.	—	—
	B	AML	Relatives	Others	Traders	PML	Govt.	Co-op.	—	—
Bihar ..	A	PML	AML	Relatives	Landlords	Govt.	Others	Co-op.	—	—
	B	AML	PML	Relatives	Traders	Others	Co-op.	Govt.	Landlords	—
Orissa ..	A	PML	Relatives	AML	Co-op.	Govt.	Others	(*i*) Landlords (*ii*) Traders	—	—
	B	PML	Traders	Co-op.	AML	Others	Govt.	Relatives	Landlords	—
Rajasthan ..	A	PML	Relatives	Others	Govt.	Landlords	Traders	—	—	—
	B	AML	PML	Others	Traders	Relatives	Co-op.	Govt.	Comm. banks	—
Uttar Pradesh ..	A	PML	AML	Relatives	Traders	Others	Co-op.	Landlords	Govt.	Comm. banks
	B	AML	PML	Co-op.	Relatives	Others	Traders	Govt.	Comm. banks	Landlords
West Bengal ..	A	PML	Relatives	Landlords	AML	Govt.	Co-op.	Traders	—	—
	B	Others	AML	Relatives	Traders	Co-op.	PML	Govt.	Landlords	Comm. banks

A = As per AIRCS.
B = As per AIRDIS.

AML = Agriculturist Moneylenders.
PML = Professional Moneylenders.

Government in Assam (10 per cent), to relatives in Bihar (7 per cent) and Uttar Pradesh (16 per cent), to agriculturist money-lender in Orissa (5 per cent), to commercial banks in Rajasthan (0.2 per cent) and to traders in West Bengal (8 per cent). The fourth place was claimed by traders in Assam (7 per cent) and Uttar Pradesh (8 per cent), by agriculturist money-lender in Bihar (7 per cent), by co-operatives in Orissa (3 per cent), by 'others' in Rajasthan (0.1 per cent) and by Government in West Bengal (4 per cent). The agencies enjoying the first four ranks accounted for 93 to 100 per cent of the credit borrowed by non-cultivators during 1950-51.

During 1961-62 the first place of importance went to 'others' in Assam (32 per cent), Orissa (37 per cent), Rajasthan (60 per cent) and West Bengal (69 per cent) and to the agriculturist money-lender in Bihar (39 per cent) and Uttar Pradesh (28 per cent). The second place was occupied by relatives in Assam (31 per cent), by traders in Bihar (28 per cent), by the professional money-lender in Orissa (33 per cent), Rajasthan (15 per cent) and Uttar Pradesh (27 per cent) and by the agriculturist money-lender in West Bengal (11 per cent). The third rank was claimed by the agriculturist money-lender in Assam (27 per cent) and Orissa (14 per cent), by the professional money-lender in Bihar (16 per cent), by traders in Rajasthan (12 per cent), by 'others' in Uttar Pradesh (16 per cent) and by relatives in West Bengal (11 per cent). The fourth in importance was the trader in Assam (6 per cent), Orissa (7 per cent) and Uttar Pradesh (11 per cent) the agriculturist money-lender in Rajasthan (10 per cent), the professional money-lender in West Bengal (5 per cent) and 'others' in Bihar (9 per cent). The agencies enjoying the first four ranks accounted for 82 to 96 per cent of the aggregate borrowings of non-cultivators during 1961-62.

The ranking of different credit agencies on the basis of borrowings from them by the non-cultivators during the accounting periods of the two Surveys is shown in Table 5, while shifts in ranking are brought out in Table 6. The importance of the agriculturist money-lender among the non-cultivators increased during 1961-62 in Bihar, Uttar Pradesh, Rajasthan and West Bengal, decreased in Assam and remained unchanged in Orissa. The 'other credit agencies' gained considerably higher importance in all the six States during 1961-62, even to the extent of replacing the professional money-lender in four States. Borrowing from co-operatives by non-cultivators was totally absent during the periods of both Surveys in Assam and only during the period of AIRCS in Bihar and Rajasthan. In Orissa, Uttar Pradesh and West Bengal, where borrowing from co-operatives was reported during both the Surveys, the proportionate amount borrowed from co-operatives was higher in 1961-62 ; yet co-operatives received a lower rank during that year in Orissa. Borrowings from Government during both the years were reported only in four States ; in three of these the agency has received a lower rank in 1961-62. Relatives lost their importance considerably in all the six States. Loans borrowed from commercial banks were reported at the time of AIRCS

State		Govern-ment	Co-opera-tives	Rela-tives	Land-lords	Agriculturist money-lenders	Professional money-lenders	Traders and commission agents	Com-mercial banks	Others
1		2	3	4	5	6	7	8	9	10
Assam ..	AIRCS ..	3	—	1	—	2	5	4	-	6
	AIRDIS ..	—	—	2	—	3	5	4	--	1
Bihar ..	AIRCS	5	—	3	2	4	1	—	--	6
	AIRDIS	7	6	5	—	1	3	2	--	4
Orissa ..	AIRCS	6	4	2	9	3	1	5	6	5
	AIRDIS	7	5	6	—	3	2	4	—	1
Rajasthan	AIRCS	—	—	2		—	1	—	3	4
	AIRDIS	7	6	5	—	4	2	3	—	1
Uttar Pradesh ..	AIRCS ..	8	7	3	5	2	1	4	9	6
	AIRDIS ..	7	6	5	8	1	2	4	—	3
West Bengal ..	AIRCS ..	4	7	2	7	5	1	3	—	6
	AIRDIS ..	7	6	3	8	2	4	5	—	1
All-India ..	**AIRCS ..**	**8**	**8**	**3**	**5**	**2**	**1**	**4**	**6**	**7**
	AIRDIS ..	**9**	**6**	**5**	**8**	**2**	**4**	**3**	**7**	**1**

TABLE 6—CHANGE IN THE RANKS ENJOYED BY DIFFERENT CREDIT AGENCIES BETWEEN THE AIRCS AND AIRDIS ON THE BASIS OF PROPORTIONATE CREDIT SUPPLIED TO NON-CULTIVATORS

State		Rank No. and the credit agency enjoying that rank								
		1	2	3	4	5	6	7	8	9
Assam ..	A	Relatives	AML	Govt.	Traders	PML	Others	—	—	—
	B	Others	Relatives	AML	Traders	PML	—	—	—	—
Bihar	A	PML	Landlords	Relatives	AML	Govt.	Others	—	—	—
	B	AML	Traders	PML	Others	Relatives	Co-op.	Govt.	—	—
Orissa ..	A	PML	Relatives	AML	Co-op.	(*i*) Traders (*ii*) Others	(*i*) Govt. (*ii*) Comm. Banks	—	—	Landlords
	B	Others	PML	AML	Traders	Co-op.	Relatives	Govt.	—	—
Rajasthan	A	PML	Relatives	Comm. Banks	Others	—	—	—		—
	B	Others	PML	Traders	AML	Relatives	Co-op.	Govt.	-	—
Uttar Pradesh	A	PML	AML	Relatives	Traders	Landlords	Others	Co-op.	Govt.	Comm. Banks
	B	AML	PML	Others	Traders	Relatives	Co-op.	Govt.	Landlords	—
West Bengal	A	PML	Relatives	Traders	Govt.	AML	Others	(*i*) Co-op. (*ii*) Landlords	—	—
	B	Others	AML	Relatives	PML	Traders	Co-op.	Govt.	Landlords	—

in Orissa, Rajasthan and Uttar Pradesh ; in 1961-62, however, borrowing from commercial banks was completely lacking in all the six States.

Compared with 1950-51, the borrowings of non-cultivators during 1961-62 were more evenly distributed among the credit agencies in all the six States.

IV

Summing up:

The foregoing analysis shows that the importance of the professional money-lender, as the prime source of credit, has declined considerably since the AIRCS, both among cultivators and non-cultivators. The agriculturist money-lender became the most important source of credit during 1961-62, especially for the cultivators. However, the agriculturist money-lender did not share, during 1961-62, the same proportion of the cultivators' borrowings which the professional money-lender shared during 1950-51. This was one reason why the borrowings of cultivators during 1961-62 were more evenly distributed among the several credit agencies as compared with the situation in 1950-51.

It is difficult to say whether the shift in the importance of the professional money-lender and the agriculturist money-lender indicates a real change in the sources of credit available to the rural households. If, as has been suggested earlier in the note, the shift indicates a change (real or imaginary) in the relative importance of income derived by the money-lender from money-lending and agriculture, there is no real change in the source of credit. However, if the professional money-lender has left the counryside due to the legal restrictions on money-lending and transfer of land and has migrated to urban areas for a more profitable employment of his capital there, then the shift indicates a real substitution of the professional money-lender by the agriculturist money-lender.

At the all-India level, the proportionate borrowings of cultivators from co-operatives show a five-fold increase between 1950-51 and 1961-62. Corresponding to this rise, co-operatives assumed the second place of importance among the cultivators in the latter year. In four of the six States (Assam, Bihar, Rajasthan and West Bengal), however, co-operatives continued to occupy a place of lower importance. The change in the importance of co-operatives among the non-cultivators was not appreciable.

Taking the country as a whole, the proportionate borrowings, both of cultivators and non-cultivators, from Government and commercial banks showed a dimunition. Thus, among the institutional agencies, co-operatives showed the highest progress over the inter-Survey period.

February 7, 1969.

EXPLANATORY NOTE ON TABLES ON BORROWING AND OUTSTANDING DEBT

I. All-India Rural Credit Survey, 1951-52:

The Survey provides estimates of borrowings and outstanding debt at the district level for the 75 selected districts. Estimation at the State level or All-India level has not been attempted as the Survey was not statistically designed to yield State-wise or All-India estimates. The data presented in the tables relate to cultivators, non-cultivators and all rural families. The cultivator families were further classified into four groups according to size of cultivated holding, *viz.*, Big/Large, Medium and Small. The data on borrowings classified according to purpose and credit agency relate to the period April 1951-March 1952. The data on outstanding debt are as on the date of visit by the investigator which was mostly during the period December 1951-March 1952 and as such the debt position refers to the above four months. The proportion of indebted families and average debt per indebted family have been presented in a table.

II. All-India Rural Debt & Investment Survey, 1961-62.

The Survey provides estimates of borrowings and outstanding debt at the State level and all-India level. District-wise estimates are not available as in the sampling design, each State was divided into homogeneous strata and sampling units were drawn from a stratum instead of a district. The tables are presented for cultivators, non-cultivators and all rural households grouped into 7 asset classes, classified according to value of assets as on 31-12-1961. The data on borrowings classified according to credit agency and purpose relate to the period July 1961 to June 1962 and the estimates of outstanding debt (classified in the same manner as borrowings) are as on June 30, 1962.

TABLE 1—ALL-INDIA RURAL CREDIT SURVEY, 1951-52
PROPORTION OF INDEBTED FAMILIES AND AVERAGE DEBT PER INDEBTED FAMILY

State / District	BIG CULTIVATORS		LARGE CULTIVATORS		MEDIUM CULTIVATORS		SMALL CULTIVATORS		ALL CULTIVATORS		NON-CULTIVATORS		ALL FAMILIES	
	Proportion (Per cent)	Amount (Rs.)	Proportion (Per cent)	Amount (Rs.)	Proportion (Per cent)	Amount (Rs.)	Proportion (Per cent)	Amount (Rs.)	Proportion (Per cent)	Amount (Rs.)	Proportion (Per cent)	Amount (Rs.)	Proportion (Per cent)	Amount (Rs.)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Assam														
Lakhimpur ..	*40·0*	716	*31·9*	472	*36·8*	194	*36·0*	153	*35·0*	263	*6·5*	155	*25·4*	253
Cachar	*57·0*	315	*66·7*	309	*82·4*	196	*60·3*	149	*70·6*	214	*54·2*	182	*66·1*	207
Kamrup	*87·7*	875	*89·6*	587	*80·4*	261	*82·0*	247	*83·6*	300	*62·6*	425	*77·6*	375
Tripura														
Tripura ..	*69·6*	556	*60·7*	489	*58·7*	354	*49·8*	302	*56·8*	387	*18·1*	264	*46·3*	374
West Bengal														
Jalpaiguri ..	*52·7*	219	*55·5*	201	*64·1*	113	*50·0*	135	*57·2*	145	*16·3*	192	*51·2*	147
Malda	*69·2*	524	*65·8*	421	*56·1*	174	*46·0*	149	*56·1*	257	*43·9*	178	*50·0*	223
Burdwan	*74·6*	720	*70·6*	558	*70·9*	296	*77·0*	261	*72·6*	306	*59·1*	228	*66·7*	312
Midnapore ..	*45·3*	599	*53·5*	387	*65·1*	200	*65·7*	149	*61·8*	233	*42·9*	89	*58·6*	215
Bihar														
Bhagalpur	*79·3*	928	*84·3*	644	*97·2*	372	*97·3*	403	*93·2*	459	*86·8*	222	*91·5*	399
Monghyr	*68·5*	1,599	*73·9*	948	*81·6*	425	*86·3*	208	*80·6*	501	*68·9*	166	*75·1*	356
Hazaribagh ..	*46·5*	306	*67·6*	180	*75·4*	163	*74·2*	75	*72·6*	140	*46·0*	62	*67·6*	130
Palamau	*69·6*	593	*64·6*	470	*74·7*	216	*91·1*	157	*76·8*	260	*77·7*	81	*77·0*	223
Uttar Pradesh														
Mirzapur	*80·3*	463	*75·8*	406	*72·9*	268	*77·4*	197	*75·2*	288	*48·5*	102	*67·3*	235
Ballia	*62·9*	773	*65·5*	613	*77·3*	342	*81·6*	323	*75·0*	407	*64·4*	276	*71·6*	369
Deoria	*86·5*	876	*90·0*	901	*95·7*	533	*88·8*	250	*91·8*	561	*46·4*	260	*88·8*	547
Jaunpur	*68·8*	710	*70·7*	559	*76·9*	336	*75·0*	264	*74·4*	378	*54·7*	278	*69·8*	359
Sultanpur ..	*81·6*	435	*74·4*	333	*85·8*	161	*83·6*	105	*81·5*	194	*54·4*	107	*79·1*	188
Sitapur	*26·1*	426	*33·6*	251	*35·2*	194	*24·7*	131	*31·5*	198	*10·9*	178	*28·2*	196
Kanpur	*47·4*	1,109	*55·2*	651	*61·2*	377	*54·3*	329	*57·3*	444	*35·2*	231	*52·2*	412

TABLE 1—(*Continued*).

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Hamirpur	*58·2*	844	*59·8*	642	*69·3*	352	*69·2*	305	*66·3*	419	*49·1*	246	*59·7*	366
Shahjahanpur ..	*48·0*	1,709	*53·0*	906	*60·9*	297	*54·1*	204	*56·3*	459	*49·6*	180	*55·4*	424
Agra	*69·7*	1,428	*64·3*	1,110	*71·0*	651	*58·0*	458	*65·1*	738	*54·3*	358	*62·3*	653
Aligarh	*55·8*	1,188	*55·6*	755	*67·4*	348	*72·5*	254	*65·4*	422	*55·5*	248	*60·6*	342
Nainital	*72·1*	4,427	*64·4*	2,477	*81·0*	552	*76·7*	460	*74·2*	1,091	*46·9*	517	*67·5*	1,568
Meerut	*51·6*	1,432	*55·7*	1,006	*59·6*	612	*69·6*	483	*61·4*	675	*59·4*	334	*60·8*	545
Himachal Pradesh														
Sirmoor	*72·7*	477	*64·6*	356	*70·5*	289	*51·4*	453	*62·8*	352	*49·7*	269	*60·6*	340
Punjab														
Hoshiarpur ..	*53·4*	1,587	*62·1*	801	*88·4*	349	*82·0*	305	*78·4*	446	*61·1*	351	*70·9*	410
Jullundur	*53·8*	1,524	*61·4*	964	*60·8*	752	*67·2*	764	*62·9*	825	*61·6*	355	*61·9*	455
Hissar	*34·4*	1,991	*40·5*	1,788	*36·5*	841	*34·8*	588	*37·4*	1,118	*34·9*	423	*36·7*	938
Pepsu														
Bhatinda	*51·5*	3,251	*56·6*	2,602	*67·2*	2,220	*66·2*	1,642	*63·6*	2,142	*73·7*	1,115	*67·2*	1,740
Mohindergarh ..	*52·7*	1,910	*58·1*	1,565	*68·9*	1,235	*71·5*	1,179	*66·4*	1,305	*67·3*	704	*66·5*	1,236
Rajasthan														
Churu	*35·8*	1,203	*39·5*	938	*39·5*	554	*32·8*	493	*37·5*	662	*5·1*	237	*34·1*	654
Barmer	*58·8*	2,202	*60·6*	1,434	*63·7*	741	*46·8*	494	*57·6*	900	*52·6*	408	*57·2*	865
Sirohi	*46·6*	941	*44·9*	712	*45·7*	556	*36·4*	1,204	*42·6*	772	*32·5*	1,211	*39·5*	883
Jaipur	*76·9*	1,680	*80·5*	1,081	*78·2*	937	*87·9*	717	*81·9*	910	*49·4*	405	*73·4*	821
Sawai Madhopur ..	*81·3*	1,089	*79·8*	971	*82·5*	756	*75·1*	684	*79·4*	801	*53·0*	653	*75·5*	785
Chittorgarh ..	*68·5*	904	*81·1*	749	*81·8*	522	*78·2*	323	*80·5*	532	*52·1*	670	*71·9*	562
Madhya Bharat														
Jhabua ..	*78·4*	418	*88·5*	355	*84·3*	196	*74·3*	172	*82·4*	242	*7·0*	140	*79·2*	242
Shivpuri	*55·8*	1,199	*62·2*	699	*66·9*	304	*66·4*	204	*65·3*	387	*36·6*	261	*60·6*	375
Shajapur	*75·3*	1,020	*74·4*	766	*75·7*	451	*73·5*	263	*74·6*	402	*52·8*	272	*67·3*	434
Bhilsa	*87·9*	2,206	*88·3*	1,124	*81·1*	465	*77·5*	298	*82·3*	645	*67·4*	186	*76·0*	476
Bhopal														
Raisen ..	*50·0*	898	*50·3*	608	*58·3*	289	*62·5*	171	*57·0*	338	*46·6*	211	*52·4*	290
Vindhya Pradesh														
Satna	*53·2*	476	*57·0*	263	*42·0*	121	*42·9*	82	*46·9*	164	*26·0*	78	*41·8*	151
Rewa	*65·8*	904	*73·0*	438	*51·8*	226	*52·8*	123	*59·0*	283	*37·2*	94	*51·4*	236

TABLE 1—(*Concluded*).

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Orissa														
Sambalpur	57·5	391	71·2	234	60·4	118	55·9	73	62·7	150	56·6	50	60·7	120
Puri	71·8	522	73·5	369	79·7	160	72·7	112	75·6	206	56·6	142	68·4	186
Koraput	59·3	243	39·7	218	33·8	106	44·4	175	39·0	166	13·9	31	24·2	121
Madhya Pradesh														
Bilaspur	35·9	740	46·4	447	52·0	242	55·2	205	51·3	286	14·5	192	46·5	283
Durg	47·9	280	55·5	244	50·6	119	40·0	116	48·8	162	22·3	59	44·1	153
Chanda	77·6	1,008	75·6	767	76·5	239	70·1	153	74·2	379	42·9	119	60·4	298
Nagpur	50·9	1,398	63·4	759	61·6	311	58·0	138	61·0	405	36·8	176	49·2	322
Sagar	88·5	1,747	94·1	1,180	95·9	348	80·7	326	90·2	629	43·8	182	77·1	557
Akola	38·8	1,685	36·3	1,098	40·0	352	32·4	109	36·5	520	14·7	196	24·8	417
Saurashtra														
Sorath	46·3	470	55·2	407	71·8	504	62·2	289	63·6	415	49·4	304	59·0	385
Bombay														
Ahmedabad ..	75·9	1,833	81·0	1,498	82·2	796	66·0	843	77·1	1,037	47·9	489	63·7	848
Broach	83·6	1,622	75·3	1,208	80·0	657	65·7	340	74·3	749	28·9	252	54·6	635
West Khandesh ..	75·0	1,851	67·9	1,214	57·6	469	35·7	296	54·0	719	12·7	307	37·7	664
Poona	71·6	1,495	61·8	1,076	64·7	597	50·5	490	59·7	724	29·7	438	49·6	666
Ratnagiri	52·6	554	58·1	353	60·3	325	55·1	286	58·1	323	38·6	475	53·4	349
Kolhapur	63·2	675	62·8	484	55·5	315	46·0	250	54·9	358	27·7	281	51·1	352
Bijapur	66·2	1,066	67·5	689	64·5	395	53·9	260	62·3	457	45·7	260	57·1	408
Hyderabad														
Osmanabad ..	70·9	1,568	56·3	937	65·6	388	64·6	231	62·5	489	56·2	205	59·7	370
Parbhani	56·3	533	48·3	397	45·5	350	43·0	264	45·6	340	25·2	310	35·4	329
Nizamabad ..	53·1	906	71·5	643	70·2	372	60·2	288	67·6	436	43·9	288	63·1	417
Mahbubnagar ..	67·8	1,029	81·8	663	88·8	387	83·7	246	85·2	428	67·1	223	77·3	351
Mysore														
Hassan	83·7	1,462	82·8	947	86·6	474	83·5	346	84·5	580	38·6	444	73·8	563
Bangalore ..	84·9	1,237	90·4	754	88·0	436	81·7	301	86·8	501	60·1	316	81·1	472
Madras														
Coimbatore ..	82·6	5,251	82·8	2,999	77·9	1,068	66·7	583	76·0	1,583	54·1	262	63·7	953
Cuddapah	80·2	2,794	85·7	1,760	86·2	726	82·0	359	84·8	938	73·7	342	82·4	822
Kurnool	91·7	3,140	92·1	1,792	90·0	593	85·6	332	89·3	897	71·4	281	84·0	741
West Godavari ..	87·8	4,515	89·2	2,210	84·1	580	82·8	301	85·3	1,022	70·8	312	77·8	687
Chingleput ..	95·5	2,080	94·4	1,268	93·0	361	84·0	197	90·8	604	73·7	255	84·6	494
Ramanathapuram	80·9	2,757	84·0	1,504	92·5	561	88·5	325	88·6	767	64·0	327	84·4	709
Malabar	82·6	2,679	88·6	1,487	92·1	453	89·6	219	90·3	692	59·3	107	85·1	624
Travancore-Cochin														
Quilon	71·8	1,350	77·1	827	75·2	274	73·2	132	75·2	404	69·3	132	73·4	326

TABLE 2—ALL-INDIA RURAL CREDIT SURVEY, 1951-52

AVERAGE AMOUNT BORROWED PER FAMILY CLASSIFIED ACCORDING TO PURPOSE AND CREDIT AGENCY (*Continued*)

(In rupees)

District/Group	PURPOSE							CREDIT AGENCY								
	Capital expenditure on farm	Current expenditure on farm	Non-farm business expenditure	Family expenditure	Other expenditure	More than one purpose	Total Borrowing	Government	Co-operatives	Relatives	Landlords*	Agriculturist money lenders	Professional (private money lenders)	Traders and commission agents	Commercial banks	Others
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
								Assam								
Lakhimpur																
Big cultivators ..	18	—	75	76	172	—	**340**	—	—	74	—	36	231	—	—	—
Large cultivators ..	8	—	25	65	63	—	**160**	—	—	37	—	25	97	—	—	1
Medium cultivators ..	6	—	—	57	5	—	**68**	—	—	33	—	9	25	—	—	—
Small cultivators ..	2	—	10	39	9	—	**60**	—	—	39	—	15	6	—	—	—
Cultivators ..	5	—	11	54	25	—	**95**	—	—	36	—	16	43	—	—	—
Non-cultivators	—	—	—	6	—	—	**6**	—	—	5	—	—	1	—	—	—
All families ..	4	—	7	38	16	—	**65**	—	—	25	—	11	29	—	—	—
Cachar																
Big cultivators ..	35	5	—	40	10	—	**91**	12	—	47	—	31	—	—	—	—
Large cultivators ..	76	3	—	71	5	—	**155**	21	6	94	—	31	—	—	—	3
Medium cultivators ..	26	—	—	65	8	—	**99**	4	—	64	—	25	1	—	—	5
Small cultivators ..	11	—	—	39	2	—	**52**	2	—	32	—	18	—	—	—	—
Cultivators	35	1	—	59	5		**100**	8	2	62	—	24	—	—	—	3
Non-cultivators ..	11	—	—	45	—		**56**	11	—	27	—	18	—	—	—	—
All families	29	1	—	55	4	—	**88**	9	1	52	—	23	—	—	—	2
Kamrup																
Big cultivators ..	99	—	214	97	1	—	**411**	1	—	379	4	26	1	—	—	—
Large cultivators ..	77	—	83	73	10		**243**	1	—	193	1	34	2	7	—	4

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Medium cultivators ..	32	2	14	56	1	—	**104**	16	—	67	—	16	5	—	—	1
Small cultivators ..	34	2	5	58	5	—	**104**	9	—	72	—	18	3	—	—	1
Cultivators	46	1	32	62	5	—	**145**	10	—	106	—	22	3	2	—	2
Non-cultivators ..	1	—	11	104	17	—	**133**	4	—	95	—	17	1	16	—	—
All families	33	1	26	74	8	—	**142**	8	—	103	—	21	3	6	—	1
							Tripura									
Tripura																
Big cultivators ..	126	1	28	100	8	—	**263**	64	—	122	—	28	38	8	—	2
Large cultivators	98	3	13	68	6	2	**189**	68	—	47	—	26	37	10	—	2
Medium cultivators ..	64	1	3	52	5	1	**125**	55	—	26	—	13	25	2	—	5
Small cultivators ..	42	—	11	34	1	2	**89**	42	—	31	—	7	6	2	—	2
Cultivators ..	69	1	8	52	4	1	**136**	56	—	34	—	15	23	5	—	3
Non-cultivators	14	3	1	8	—	—	**25**	11	—	5	—	2	4	3	—	—
All families ..	54	1	6	40	3	1	**106**	44	—	26	—	12	18	4	—	2
							West Bengal									
Jalpaiguri																
Big cultivators ..	21	—	—	104	5	—	**131**	—	—	63	52	—	16	—	—	—
Large cultivators ..	13	—	—	111	2	—	**127**	1	—	57	50	—	15	3	—	—
Medium cultivators ..	3	—	—	74	1	—	**78**	—	—	23	46	—	7	1	—	1
Small cultivators ..	8	—	—	49	2	—	**59**	2	—	23	19	1	15	—	—	—
Cultivators ..	8	—	—	78	1	—	**87**	1	—	34	39	—	12	1	—	—
Non-cultivators	—	—	3	17	—	—	**21**	3	—	5	—	—	12	—	—	1
All families ..	7	—	—	69	1	—	**78**	1	—	29	34	—	12	1	—	—
Malda																
Big cultivators ..	81	18	273	195	—	—	**567**	—	3	188	—	—	377	—	—	—
Large cultivators ..	76	12	104	156	3	—	**351**	2	2	109	1	—	237	—	—	—
Medium cultivators ..	24	4	1	50	1	—	**80**	2	1	41	3	—	32	—	—	—
Small cultivators ..	7	2	1	42	—	—	**52**	—	1	20	—	—	31	—	—	—
Cultivators	35	6	33	80	1	—	**155**	2	1	56	1	—	95	—	—	—
Non-cultivators ..	5	—	23	42	2	—	**72**	—	—	23	—	—	29	20	—	—
All families	20	3	28	61	1	—	**114**	1	1	39	1	—	62	10	—	—

TABLE 2—(*Continued*)

(In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
West Bengal (*Continued*)																
Burdwan																
Big cultivators ..	12	2	1	359	—	—	**373**	—	3	151	—	23	196	—	—	1
Large cultivators ..	13	5	6	190	4	—	**218**	4	2	82	—	16	113	—	—	—
Medium cultivators ..	19	2	4	64	7	—	**95**	5	2	34	—	10	44	—	—	—
Small cultivators ..	16	2	16	83	—	—	**117**	9	2	17	—	10	78	1	—	—
Cultivators ..	16	3	8	109	4	—	**140**	6	2	44	—	12	76	—	—	—
Non-cultivators	3	—	—	35	1	—	**40**	3	—	13	—	2	22	—	—	—
All families ..	11	2	4	77	3	—	**96**	5	1	30	—	7	52	—	—	—
Midnapore																
Big cultivators ..	37	7	5	120	8	—	**177**	3	3	49	—	—	117	5	—	—
Large cultivators ..	31	4	3	113	6	—	**156**	1	4	57	—	—	92	2	—	—
Medium cultivators ..	22	1	2	84	7	—	**117**	1	2	32	—	—	82	—	—	—
Small cultivators ..	16	—	1	63	3	—	**83**	—	1	22	—	—	60	—	—	—
Cultivators ..	23	2	2	86	5	—	**118**	1	2	36	—	—	79	1	—	—
Non-cultivators	2	—	3	28	1	—	**34**	—	—	16	—	—	18	—	—	—
All families ..	19	1	2	76	5	—	**104**	1	2	33	—	—	68	1	—	—
Bihar																
Bhagalpur																
Big cultivators ..	103	91	—	188	39	—	**420**	14	3	6	—	53	344	—	—	—
Large cultivators ..	87	85	—	172	14	—	**358**	17	2	12	—	55	272	—	—	—
Medium cultivators ..	38	55	—	168	4	—	**265**	8	—	5	—	60	191	—	—	—
Small cultivators ..	40	29	—	139	—	—	**209**	9	—	2	—	26	171	—	—	—
Cultivators ..	54	57	—	160	6	—	**277**	11	1	6	—	48	211	—	—	—
Non-cultivators	7	—	—	124	—	—	**132**	—	—	12	—	22	98	—	—	—
All families ..	42	42	—	151	4	—	**239**	8	1	8	—	41	181	—	—	—
Monghyr																
Big cultivators ..	171	—	—	496	55	—	**721**	26	—	95	19	—	582	—	—	—
Large cultivators ..	104	—	—	270	42	—	**416**	19	1	39	30	—	327	—	—	—
Medium cultivators ..	39	—	—	114	48	—	**201**	10	—	8	19	—	163	—	—	—
Small cultivators ..	14	—	—	66	1	—	**81**	2	—	6	11	—	62	—	—	1

TABLE 2—(*Continued*)

(In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Bihar (*Continued*)									
Cultivators ..	52	—	—	147	32	—	**230**	10	—	17	20	—	182	—	—	1
Non-cultivators	—	—	—	59	—	—	**59**	1	—	4	17	—	38	—	—	—
All families ..	27	—	—	105	17	—	**149**	6	—	11	19	—	114	—	—	—
Hazaribagh																
Big cultivators ..	40	9	1	38	3	—	**90**	9	—	14	1	1	65	—	—	—
Large cultivators ..	24	11	—	40	2	—	**78**	6	—	6	—	27	38	—	—	1
Medium cultivators ..	13	12	—	44	2	—	**70**	6	—	4	—	14	45	—	—	1
Small cultivators ..	4	7	—	19	—	—	**30**	4	—	3	—	2	21	—	—	—
Cultivators	14	10	—	35	1	—	**60**	6	—	4	—	14	35	—	—	1
Non-cultivators	5	—	—	9	—	—	**14**	1	—	1	—	3	8	—	—	—
All families ..	12	8	—	30	1	—	**51**	5	—	3	—	12	30	—	—	1
Palamau																
Big cultivators ..	27	39	26	18	81	—	**222**	4	—	—	—	—	218	—	—	—
Large cultivators ..	56	49	18	38	37	—	**199**	3	—	2	—	—	193	—	—	—
Medium cultivators ..	16	20	14	40	13	—	**103**	1	—	2	—	—	100	—	—	—
Small cultivators ..	8	18	18	32	8	—	**84**	—	—	—	—	—	84	—	—	—
Cultivators ..	26	28	17	37	19	—	**126**	1	—	1	—	—	124	—	—	—
Non-cultivators	1	—	16	21	—	—	**39**	—	—	1	—	—	38	—	—	—
All families ..	21	23	17	34	15	—	**109**	1	—	1	—	—	106	—	—	—
							Uttar Pradesh									
Mirzapur																
Big cultivators ..	58	180	—	53	4	—	**296**	98	7	16	—	141	4	29	—	—
Large cultivators ..	28	97	1	66	16	—	**208**	39	5	6	2	117	12	26	—	—
Medium cultivators ..	14	45	2	35	10	—	**106**	12	5	2	—	65	13	9	—	—
Small cultivators ..	14	35	1	50	1	—	**100**	13	2	2	2	63	10	9	—	—
Cultivators ..	18	58	1	49	9	—	**135**	21	4	3	1	80	12	14	—	—
Non-cultivators	—	—	2	19	—	—	**21**	—	—	2	3	14	—	1	—	—
All families ..	12	39	1	39	6	—	**97**	14	3	3	2	58	8	9	—	—
Ballia																
Big cultivators	39	19	2	90	61	—	**212**	19	6	41	—	71	73	—	—	2

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Uttar Pradesh (*Continued*)																
Large cultivators ..	31	16	2	93	25	—	**167**	6	3	26	—	50	75	6	—	1
Medium cultivators ..	17	14	3	50	8	—	**92**	1	1	19	—	34	37	1	—	—
Small cultivators ..	13	9	—	82	5	—	**110**	—	—	8	1	42	53	5	—	1
Cultivators	20	13	2	73	12	—	**120**	2	1	18	—	41	53	4	—	1
Non-cultivators ..	—	1	4	72	4	—	**82**	—	—	8	5	41	20	8	—	—
All families	13	9	3	73	10	—	**108**	2	1	15	2	41	42	5	—	1
Deoria																
Big cultivators ..	99	101	13	295	69	1	**579**	1	46	23	5	54	448	—	—	8
Large cultivators ..	77	78	9	223	32	1	**420**	—	31	12	4	56	309	—	—	8
Medium cultivators ..	26	51	5	160	27	—	**269**	—	10	3	5	101	143	—	—	7
Small cultivators ..	6	30	4	127	10	—	**178**	—	6	3	3	65	97	—	1	3
Cultivators	36	53	6	170	23	1	**288**	—	15	6	4	76	181	—	—	6
Non-cultivators ..	1	6	31	38	7	—	**83**	1	12	6	—	9	46	—	1	9
All families	33	50	8	160	22	1	**273**	—	15	6	4	71	171	—	—	6
Jaunpur																
Big cultivators ..	43	39	12	163	41	—	**298**	4	8	57	1	141	72	2	—	14
Large cultivators ..	55	32	14	111	32	—	**245**	2	5	45	—	119	63	4	—	7
Medium cultivators ..	29	20	28	93	15	1	**179**	—	1	52	—	90	26	6	—	5
Small cultivators ..	12	11	10	70	7	—	**111**	—	—	14	—	74	20	—	—	2
Cultivators	32	21	16	91	18	—	**179**	1	2	38	—	95	35	3	—	5
Non-cultivators ..	2	—	48	35	6	—	**90**	—	—	9	1	28	49	3	—	—
All families	25	16	23	78	15	—	**157**	—	2	31	—	78	39	3	—	4
Sultanpur																
Big cultivators ..	58	19	9	56	41	—	**184**	—	—	85	—	10	33	15	—	41
Large cultivators ..	33	21	4	54	22	3	**136**	—	—	52	—	9	27	10	—	37
Medium cultivators ..	20	18	—	46	6	2	**91**	—	—	27	—	6	20	6	—	32
Small cultivators ..	4	8	2	32	4	2	**52**	—	—	14	—	3	18	2	—	16
Cultivators	19	16	2	44	10	2	**94**	—	—	31	—	6	22	6	—	28
Non-cultivators ..	1	—	3	30	3	—	**37**	—	—	12	—	—	17	3	—	6
All families	17	14	2	43	10	2	**89**	—	—	29	—	6	21	6	—	26

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Uttar Pradesh (*Continued*)									
Sitapur																
Big cultivators ..	4	5	1	30	9	—	**48**	—	7	37	1	—	4	—	—	—
Large cultivators ..	11	2	1	48	3	—	**65**	—	3	50	—	—	11	—	—	—
Medium cultivators ..	11	1	—	25	1	—	**39**	—	1	27	—	—	11	—	—	—
Small cultivators ..	18	—	5	8	1	—	**31**	—	1	27	—	—	3	—	—	—
Cultivators	13	1	2	27	2	—	**44**	—	2	34	—	—	8	—	—	—
Non-cultivators ..	—	—	2	6	1	—	**9**	—	—	6	—	—	2	—	—	—
All families	11	1	2	23	1	—	**39**	—	2	30	—	—	7	—	—	—
Kanpur																
Big cultivators ..	156	7	7	252	84	—	**505**	—	—	311	3	39	153	—	—	—
Large cultivators ..	115	5	4	159	51	—	**333**	—	—	181	7	24	118	2	—	1
Medium cultivators ..	64	3	9	95	14	—	**184**	—	—	76	13	8	83	5	—	—
Small cultivators ..	35	1	6	76	11	—	**129**	—	—	44	8	—	76	—	—	—
Cultivators	71	3	6	109	24	—	**213**	—	—	98	10	10	91	3	—	1
Non-cultivators ..	7	—	8	38	3	—	**56**	—	—	12	13	8	22	1	—	—
All families	56	2	7	92	19	—	**177**	—	—	78	10	10	76	2	—	—
Hamirpur																
Big cultivators ..	169	1	1	104	4	—	**268**	—	3	137	30	—	97	—	—	1
Large cultivators ..	137	—	2	94	4	—	**237**	1	3	65	31	—	135	—	—	1
Medium cultivators ..	72	—	2	59	6	—	**139**	—	2	10	13	1	114	—	—	—
Small cultivators ..	28	—	1	66	2	—	**97**	—	1	3	19	1	74	—	—	—
Cultivators	79	—	2	72	4	—	**157**	—	2	25	20	1	109	—	—	—
Non-cultivators ..	2	—	1	51	2	—	**56**	—	—	2	17	—	36	—	—	—
All families	50	—	2	64	3	—	**119**	—	1	16	19	—	82	—	—	—
Shahjahanpur																
Big cultivators ..	242	35	163	419	19	—	**879**	13	4	30	—	10	813	10	—	—
Large cultivators ..	148	17	59	250	49	—	**523**	5	5	22	—	10	469	12	—	—
Medium cultivators ..	49	4	3	114	16	—	**185**	—	3	10	1	8	154	10	—	—
Small cultivators ..	32	5	1	64	3	—	**105**	—	1	5	7	7	84	1	—	1

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Uttar Pradesh (*Continued*)																
Cultivators ..	76	9	21	144	23	—	**272**	2	3	12	2	8	237	8	—	—
Non-cultivators	1	—	32	42	1	—	**77**	—	2	4	—	7	37	25	—	2
All families ..	66	8	23	130	20	—	**246**	1	3	11	2	8	209	11	—	—
Agra																
Big cultivators ..	207	2	14	181	32	—	**527**	3	—	6	—	7	502	—	—	8
Large cultivators ..	202	5	12	201	23	—	**443**	4	2	5	—	9	421	—	—	3
Medium cultivators ..	121	1	13	134	10	—	**278**	1	2	3	1	18	252	1	—	1
Small cultivators ..	36	—	10	136	7	—	**188**	—	2	2	—	7	177	—	—	—
Cultivators	120	2	12	155	13	—	**302**	2	2	3	—	12	281	—	—	2
Non-cultivators ..	9	—	22	85	3	—	**119**	2	—	6	—	—	108	1	—	2
All families	92	1	14	137	10	—	**255**	2	2	4	—	9	237	—	—	2
Aligarh																
Big cultivators ..	244	3	—	173	—	—	**420**	—	6	53	—	—	360	—	—	—
Large cultivators ..	168	3	6	132	19	—	**328**	—	7	45	—	—	273	2	—	—
Medium cultivators ..	79	2	8	61	11	—	**161**	—	2	27	—	—	128	3	—	1
Small cultivators ..	47	3	12	71	6	—	**139**	—	1	33	—	—	104	1	—	1
Cultivators ..	97	2	9	86	12	—	**206**	—	4	34	—	—	165	2	—	1
Non-cultivators	8	1	12	65	2	—	**88**	—	—	13	—	—	73	1	—	1
All families ..	53	2	11	75	8	—	**148**	—	2	24	—	—	120	1	—	1
Nainital																
Big cultivators ..	272	—	80	230	6	—	**589**	19	9	114	2	—	370	—	74	—
Large cultivators ..	150	2	32	234	3	—	**421**	7	4	57	1	—	323	—	28	—
Medium cultivators ..	58	3	7	47	44	—	**158**	3	5	9	5	—	133	—	—	3
Small cultivators ..	27	1	13	147	8	—	**197**	—	2	9	13	—	172	—	—	—
Cultivators ..	81	2	17	137	20	—	**258**	4	4	25	6	—	208	—	10	1
Non-cultivators	22	1	26	47	—	—	**96**	1	—	14	2	—	69	8	—	2
All families ..	60	4	532	128	10	—	**734**	2	2	18	7	—	195	3	5	503

TABLE 2—(*Continued*)

(In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Uttar Pradesh (*Continued*)									
Meerut																
Big cultivators ..	212	1	11	402	—	—	**626**	1	4	309	—	245	31	37	—	—
Large cultivators ..	218	1	19	234	5	—	**477**	—	4	217	—	183	27	45	—	—
Medium cultivators ..	123	2	21	153	19	—	**319**	—	3	94	3	163	1	55	—	—
Small cultivators ..	81	—	46	80	6	—	**214**	—	2	34	1	129	8	40	—	—
Cultivators	139	1	28	156	11	—	**335**	—	3	113	2	159	11	47	—	—
Non-cultivators ..	7	—	29	104	2	—	**143**	—	—	35	2	76	8	19	—	2
All families	88	1	28	136	7	—	**260**	—	2	82	2	128	10	36	—	1
Sirmoor							Himachal Pradesh									
Big cultivators	52	29	23	154	18	—	**276**	—	1	165	33	25	9	27	—	16
Large cultivators	31	16	13	80	17	—	**157**	3	6	75	17	11	20	11	9	6
Medium cultivators ..	27	3	—	61	21	—	**112**	—	1	33	15	25	19	19	—	—
Small cultivators ..	27	1	1	27	1	—	**57**	—	—	26	7	1	11	1	1	11
Cultivators ..	28	6	5	57	14	—	**109**	1	2	44	13	13	17	11	3	5
Non-cultivators	6	—	2	25	5	—	**38**	—	—	19	7	5	7	—	—	—
All families ..	24	5	4	52	12	—	**98**	1	2	40	12	12	15	9	2	4
							Punjab									
Hoshiarpur																
Big cultivators ..	531	—	—	252	22	—	**806**	446	36	266	—	—	57	—	—	—
Large cultivators ..	264	1	—	187	8	—	**460**	192	17	226	2	—	24	—	—	—
Medium cultivators ..	131	—	—	102	1	—	**234**	73	10	134	1	—	16	—	—	—
Small cultivators ..	29	—	2	111	3	1	**145**	—	9	82	20	—	35	—	—	—
Cultivators	142	—	—	131	4	—	**277**	88	12	147	6	—	24	—	—	—
Non-cultivators ..	1	—	2	97	2	—	**102**	1	7	58	26	—	10	—	—	—
All families	81	—	1	116	3	—	**201**	50	10	108	15	—	18	—	—	—
Jullundur																
Big cultivators ..	292	—	—	168	25	—	**485**	17	56	369	—	—	42	—	—	—
Large cultivators ..	176	—	—	107	18	—	**301**	11	40	179	2	—	68	—	—	—
Medium cultivators ..	104	6	2	81	15	—	**209**	6	17	114	8	—	63	—	—	—
Small cultivators ..	127	1	16	114	3	—	**260**	1	10	154	11	—	84	—	—	—

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Punjab (*Continued*)																
Cultivators	135	3	5	99	12	—	**254**	6	23	148	7	—	70	—	—	—
Non-cultivators ..	2	—	16	80	5	—	**103**	1	5	56	6	—	35	—	—	—
All families	30	1	14	84	6	—	**135**	2	9	75	6	—	42	—	—	—
Hissar																
Big cultivators ..	22	3	4	116	13	—	**158**	—	—	49	11	15	84	—	—	—
Large cultivators ..	39	5	4	133	14	—	**195**	1	1	60	8	6	119	—	1	—
Medium cultivators ..	39	5	6	66	2	—	**118**	1	—	33	7	1	76	—	—	—
Small cultivators ..	13	5	1	76	3	—	**98**	—	—	27	5	1	64	—	—	1
Cultivators ..	32	5	4	91	6	—	**138**	1	—	41	7	2	87	—	—	—
Non-cultivators	—	—	8	36	1	—	**46**	1	—	9	9	1	19	7	—	—
All families ..	24	4	5	76	5	—	**113**	1	—	32	7	2	69	2	—	—
Pepsu																
Bhatinda																
Big cultivators ..	157	3	—	379	123	—	**661**	4	—	134	—	279	223	20	—	2
Large cultivators	134	6	—	297	138	—	**575**	5	—	90	24	226	201	17	11	1
Medium cultivators ..	95	11	—	221	105	—	**432**	—	—	70	16	220	104	23	—	—
Small cultivators ..	75	1	5	144	73	—	**298**	—	—	24	30	186	42	15	—	1
Cultivators	101	6	1	221	106	—	**436**	2	—	62	22	212	115	19	3	1
Non-cultivators ..	11	—	9	156	56	—	**233**	—	—	22	33	144	25	6	2	—
All families	69	4	4	198	88	—	**363**	1	—	48	26	187	83	14	3	1
Mohindergarh ..																
Big cultivators ..	199	40	—	325	1	—	**565**	—	1	20	6	516	22	—	—	—
Large cultivators ..	183	33	—	309	—	—	**525**	—	—	65	2	429	29	—	—	1
Medium cultivators ..	110	12	—	289	1	—	**411**	—	—	2	—	392	15	—	—	3
Small cultivators ..	27	6	10	224	22	—	**288**	—	—	—	—	270	12	2	—	4
Cultivators	107	17	3	275	7	—	**409**	—	—	21	1	366	18	1	—	2
Non-cultivators ..	—	—	—	166	—	—	**167**	—	—	—	—	151	16	—	—	—
All families	95	15	3	263	6	—	**382**	—	—	18	1	342	18	1	—	2

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Rajasthan									
Churu																
Big cultivators ..	49	14	—	156	12	5	**236**	—	—	25	—	—	129	—	—	82
Large cultivators ..	59	32	—	110	6	2	**209**	—	—	31	3	—	102	—	—	73
Medium cultivators ..	52	23	—	61	—	4	**141**	—	—	9	—	—	99	—	—	32
Small cultivators ..	29	16	—	42	—	—	**87**	—	—	4	—	—	38	—	—	45
Cultivators ..	47	24	—	71	2	2	**146**	—	—	14	1	—	81	—	—	49
Non-cultivators	3	4	—	1	—	—	**8**	—	—	—	—	—	6	—	—	2
All families ..	43	21	—	63	2	2	**131**	—	—	13	1	—	73	—	—	44
Barmer																
Big cultivators ..	333	—	—	601	5	—	**939**	—	—	53	—	—	886	—	—	—
Large cultivators ..	163	30	—	372	3	—	**567**	—	—	121	—	—	446	—	—	—
Medium cultivators ..	35	—	—	157	1	—	**194**	2	—	102	—	—	89	—	—	—
Small cultivators ..	24	—	—	42	3	—	**68**	—	—	21	—	—	48	—	—	—
Cultivators ..	70	9	—	186	2	—	**268**	1	—	83	—	—	184	—	—	—
Non-cultivators	—	—	—	22	—	—	**22**	—	—	16	—	—	5	—	—	—
All families ..	65	9	—	174	2	—	**249**	1	—	78	—	—	171	—	—	—
Sirohi																
Big cultivators ..	46	—	—	48	1	—	**96**	1	—	8	5	—	82	—	—	—
Large cultivators ..	19	—	—	25	—	—	**45**	—	—	3	2	—	40	—	—	—
Medium cultivators ..	9	—	—	14	—	—	**23**	—	—	—	—	—	22	—	—	—
Small cultivators ..	13	—	—	11	—	—	**24**	—	—	3	3	—	18	—	—	—
Cultivators ..	13	—	—	16	—	—	**30**	—	—	2	2	—	25	—	—	—
Non-cultivators	—	—	2	19	—	—	**21**	—	—	1	—	—	20	—	—	—
All families ..	9	—	1	17	—	—	**27**	—	—	2	1	—	24	—	—	—
Jaipur																
Big cultivators ..	235	3	5	218	1	—	**462**	—	—	11	—	—	451	—	—	—
Large cultivators ..	204	1	2	213	8	—	**429**	—	—	32	—	—	397	—	—	—
Medium cultivators ..	210	—	—	136	4	—	**350**	—	—	40	—	—	310	—	—	—
Small cultivators ..	107	—	1	191	—	—	**300**	—	—	19	1	—	277	—	—	3

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Rajasthan (*Continued*)									
Cultivators	177	1	1	177	4	—	**359**	—	—	31	—	—	327	—	—	1
Non-cultivators ..	—	—	—	28	—	—	**28**	—	—	—	—	—	28	—	—	—
All families	131	—	1	138	3	—	**273**	—	—	23	—	—	249	—	—	1
Sawai Madhopur																
Big cultivators ..	212	144	6	178	1	5	**547**	44	—	39	—	—	458	3	—	3
Large cultivators ..	224	89	6	157	2	4	**482**	19	—	29	2	—	427	1	—	3
Medium cultivators ..	92	52	8	141	2	3	**298**	2	—	16	3	—	274	—	—	2
Small cultivators ..	54	35	32	121	—	1	**242**	2	—	13	2	—	225	—	—	1
Cultivators	121	58	15	140	1	2	**337**	7	—	19	3	—	306	—	—	2
Non-cultivators ..	—	2	76	94	2	—	**174**	—	—	2	—	—	172	—	—	—
All families	103	50	24	133	1	2	**312**	6	—	17	2	—	286	—	—	2
Chittorgarh																
Big cultivators ..	126	1	—	197	1	—	**325**	—	—	17	—	—	307	—	—	1
Large cultivators ..	148	—	—	154	1	—	**304**	—	—	66	3	—	234	—	—	—
Medium cultivators ..	103	—	2	108	3	—	**216**	1	—	9	2	—	187	12	—	5
Small cultivators ..	38	—	—	69	3	—	**110**	—	—	4	—	—	105	—	—	—
Cultivators ..	96	—	1	110	3	—	**210**	—	—	25	2	—	176	5	—	2
Non-cultivators	10	—	1	57	1	—	**70**	—	—	1	—	—	69	—	—	—
All families ..	70	—	1	94	2	—	**168**	—	—	18	1	—	144	3	—	2
							Madhya Bharat									
Jhabua																
Big cultivators ..	60	7	—	153	3	2	**225**	42	8	—	—	1	172	—	1	1
Large cultivators ..	35	8	1	129	7	3	**183**	24	5	6	—	1	145	—	—	3
Medium cultivators ..	17	7	—	63	1	3	**92**	6	1	—	—	2	78	—	—	6
Small cultivators ..	14	4	15	56	3	6	**97**	8	1	—	—	2	83	—	—	4
Cultivators ..	21	7	5	81	3	4	**122**	12	2	2	—	2	100	—	—	4
Non-cultivators	1	—	—	4	—	—	**5**	—	—	—	—	—	5	—	—	—
All families ..	21	6	5	78	3	4	**117**	11	2	2	—	2	96	—		4

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Madhya Bharat									
Shivpuri																
Big cultivators ..	170	—	—	58	—	—	**229**	154	4	—	—	—	70	—	—	—
Large cultivators ..	79	—	2	95	—	—	**177**	59	2	—	1	—	114	—	—	—
Medium cultivators ..	25	—	—	36	—	—	**61**	9	1	—	—	—	49	—	2	—
Small cultivators ..	9	—	—	39	—	—	**48**	—	—	—	—	—	47	—	1	—
Cultivators ..	37	—	1	55	—	—	**92**	22	1	—	—	—	68	—	1	—
Non-cultivators	2	—	2	26	—	—	**31**	—	—	—	—	—	30	—	—	—
All families ..	31	—	1	50	—	—	**82**	18	1	—	—	—	62	—	1	—
Shajapur																
Big cultivators ..	160	178	—	337	34	—	**710**	26	52	8	—	12	598	12	—	1
Large cultivators ..	124	115	1	269	35	—	**543**	9	32	18	4	8	468	5	—	—
Medium cultivators ..	68	34	13	200	6	—	**321**	—	11	4	2	8	291	6	—	—
Small cultivators ..	35	21	2	144	12	—	**213**	—	5	5	8	7	188	1	—	—
Cultivators ..	75	56	6	204	17	—	**358**	3	16	9	4	8	314	4	—	—
Non-cultivators	10	5	6	84	10	—	**115**	—	—	5	9	11	89	1	—	—
All families ..	53	39	6	164	15	—	**277**	2	11	7	6	9	239	3	—	—
Bhilsa																
Big cultivators ..	736	—	92	373	77	—	**1278**	410	—	37	35	–	773	–	17	6
Large cultivators ..	416	—	47	200	33	—	**695**	148	—	36	12	—	475		15	8
Medium cultivators ..	140	—	20	114	5	—	**278**	3	—	11	2	–	233	–	4	24
Small cultivators ..	89	1	13	80	12	—	**195**	—	—	13	4	—	166		5	6
Cultivators	213	—	26	131	16	—	**387**	49	—	20	6	–	291	—	8	13
Non-cultivators ..	2	—	29	72	—	—	**103**	—	—	1	6	—	89		—	7
All families	125	—	27	107	9	—	**269**	29	—	12	6	—	207		5	11
							Bhopal									
Raisen																
Big cultivators ..	306	28	4	87	—	—	**425**	—	—	239	73	—	113	—	—	—
Large cultivators ..	136	27	1	65	8	—	**237**	—	—	85	77	—	74	—	—	—
Medium cultivators ..	57	26	2	64	6	—	**155**	3	—	5	98	—	40	—	—	8
Small cultivators ..	36	13	—	48	—	—	**96**	—	—	3	44	—	8	2	—	—

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TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Bhopal (*Continued*)									
Cultivators ..	75	22	1	59	5	—	**163**	1	—	29	88	—	41	1	—	3
Non-cultivators	9	2	—	46	1	—	**58**	—	—	—	46	—	12	—	—	—
All families ..	47	14	1	54	3	—	**118**	1	—	17	70	—	29	—	—	2
							Vindya Pradesh									
Satna																
Big cultivators ..	119	4	—	113	3	1	**239**	1	—	3	—	215	10	1	—	10
Large cultivators ..	66	3	1	69	3	—	**142**	—	—	1	2	121	12	1	—	6
Medium cultivators ..	11	1	1	29	2	—	**45**	—	—	—	—	42	2	1	—	—
Small cultivators ..	8	—	1	23	1	—	**33**	—	—	1	2	27	4	—	—	—
Cultivators ..	28	1	1	40	2	—	**72**	—	—	1	1	62	5	1	—	2
Non-cultivators	1	—	3	15	1	—	**20**	—	—	1	—	18	1	—	—	—
All families ..	21	1	1	34	2	—	**59**	—	—	1	1	51	4	1	—	2
Rewa																
Big cultivators ..	224	13	23	46	58	—	**363**	1	—	3	—	104	234	3	19	—
Large cultivators ..	96	14	8	66	41	—	**226**	1	—	1	—	73	142	1	7	—
Medium cultivators ..	17	10	—	52	5	—	**84**	5	—	1	—	10	68	—	—	—
Small cultivators ..	6	6	1	27	1	—	**40**	—	—	1	3	13	24	—	—	—
Cultivators ..	39	10	3	49	15	—	**116**	2	—	1	1	31	79	—	2	—
Non-cultivators	1	1	1	15	1	—	**19**	—	—	—	3	2	14	—	—	—
All families ..	26	7	2	37	10	—	**83**	1	—	1	2	21	56	—	1	—
							Orissa									
Sambalpur																
Big cultivators ..	135	—	1	57	2	—	**194**	—	—	15	—	11	168	—	—	—
Large cultivators ..	67	—	4	52	5	1	**129**	—	—	8	—	17	104	—	—	—
Medium cultivators ..	17	—	—	43	1	—	**60**	1	—	4	—	14	41	—	—	—
Small cultivators ..	6	—	—	27	—	—	**33**	—	—	—	—	3	30	—	—	—
Cultivators ..	30	—	1	41	2	—	**75**	1	—	4	—	12	58	—	—	—
Non-cultivators	1	—	—	21	—	—	**22**	—	—	1	—	4	17	—	—	—
All families ..	21	—	1	35	1	—	**58**	—	—	3	—	9	45	—	—	—

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Orissa (*Continued*)									
Puri																
Big cultivators ..	114	—	13	132	16	—	**275**	3	8	17	—	—	232	3	—	12
Large cultivators ..	95	—	7	93	8	—	**203**	3	7	20	—	—	167	2	—	5
Medium cultivators ..	35	—	2	51	5	—	**93**	2	6	5	—	—	78	—	—	1
Small cultivators ..	10	—	1	42	6	—	**59**	—	2	7	—	—	50	—	—	—
Cultivators ..	45	—	3	61	6	—	**115**	2	5	10	—	—	96	—	—	2
Non-cultivators	5	—	3	38	3	—	**48**	—	2	3	—	—	40	1	—	1
All families ..	30	—	3	52	5	—	**90**	1	4	7	—	—	75	1	—	2
Koraput																
Big cultivators ..	144	—	—	4	—	—	**148**	—	—	16	—	—	133	—	—	—
Large cultivators ..	73	—	—	3	—	—	**76**	—	1	7	—	—	68	—	—	—
Medium cultivators ..	9	—	—	8	5	—	**23**	—	—	—	—	—	22	—	—	—
Small cultivators ..	32	—	—	16	—	—	**47**	—	—	—	—	—	47	—	—	—
Cultivators ..	36	—	—	9	2	—	**47**	—	1	2	—	—	44	—	—	—
Non-cultivators	—	—	—	3	—	—	**3**	—	—	—	—	—	3	—	—	—
All families ..	15	—	—	5	1	—	**21**	—	—	1	—	—	20	—	—	—
							Madhya Pradesh									
Bilaspur																
Big cultivators ..	44	19	3	63	21	—	**150**	4	17	3	—	39	85	—	—	2
Large cultivators ..	52	14	1	67	8	—	**142**	2	18	17	—	55	44	—	—	6
Medium cultivators ..	21	5	—	44	1	—	**71**	—	3	13	—	33	21	—	—	1
Small cultivators ..	11	1	—	29	—	1	**42**	—	2	6	—	20	13	—	—	—
Cultivators	28	6	1	46	3	—	**84**	1	7	12	—	36	26	—	—	2
Non-cultivators	—	1	1	16	1	—	**19**	—	—	9	—	4	7	—	—	—
All families	24	6	1	42	2	—	**75**	1	6	12	—	32	23	—	—	2
Durg																
Big cultivators ..	12	20	—	66	5	2	**106**	15	2	8	—	30	51	—	—	—
Large cultivators ..	35	14	—	48	5	1	**102**	9	2	6	—	51	35	—	—	—
Medium cultivators ..	12	10	—	37	—	—	**59**	7	1	4	—	36	12	—	—	—
Small cultivators ..	2	5	—	24	—	—	**32**	4	—	3	—	19	5	—	—	—

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Madhya Pradesh—*Continued*																
Cultivators	16	10	—	36	2	—	**64**	7	1	4	—	35	17	—	—	—
Non-cultivators	—	—	—	8	—	—	**9**	—	—	1	—	2	5		—	—
All families	13	8	—	31	1	—	**54**	5	1	4	—	29	15	—	—	—
Chanda																
Big cultivators	156	74	14	247	19	32	**542**	53	2	160	1	—	260	55	11	—
Large cultivators ..	82	52	12	154	14	32	**347**	28	2	94	2	1	196	19	6	—
Medium cultivators ..	26	15	6	62	3	15	**126**	9	1	20	5	—	78	1	1	3
Small cultivators ..	11	7	1	35	—	5	**60**	2	—	11	1	—	43	—	2	—
Cultivators ..	39	24	6	82	6	17	**174**	13	1	43	3	—	104	6	3	1
Non-cultivators	1	2	5	19	1	1	**28**	1	—	5	1	—	20	—	—	1
All families ..	22	14	5	55	4	10	**109**	7	—	26	2	—	66	4	2	1
Nagpur																
Big cultivators ..	244	157	1	138	46	4	**590**	7	32	155	5		253	123	—	15
Large cultivators ..	144	100	3	95	32	2	**376**	12	17	88	4	—	168	61	—	27
Medium cultivators ..	60	26	2	44	14	—	**147**	14	9	38	2	—	67	4	—	14
Small cultivators ..	34	3	4	22	6	—	**69**	13	4	16	1	—	26	2	—	7
Cultivators	78	42	3	53	17	1	**195**	13	10	47	2	—	86	21	—	16
Non-cultivators	2	—	15	22	1	—	**40**	1	2	9	3	—	12	9	—	5
All families	41	22	9	38	10	—	**119**	7	6	28	3	—	50	15	—	10
Sagar																
Big cultivators ..	255	147	165	300	163		**1029**	289	2	64	—	2	656	—	—	17
Large cultivators ..	269	134	229	222	60	—	**913**	229	11	88	—	7	559	—	—	20
Medium cultivators ..	83	73	83	61	8	—	**308**	98	9	10	—	10	177	—	—	4
Small cultivators ..	43	22	168	86	2	—	**321**	31	—	6	—	2	282	—	—	1
Cultivators ..	131	76	160	123	23	—	**514**	119	7	34	—	7	339	—	—	8
Non-cultivators ..	4	3	3	45	—	—	**54**	4	—	4	—	—	45	—	—	1
All families ..	95	55	116	101	17		**384**	87	5	26	—	5	256	—	—	6

							Madhhya Pradesh (*Continued*)									
Akola																
Big cultivators ..	60	343	—	34	32	60	**530**	1	38	53	32	46	321	32	1	—
Large cultivators ..	42	195	15	50	13	28	**343**	1	21	33	16	71	167	26	7	1
Medium cultivators ..	12	70	—	33	1	2	**117**	1	9	18	4	44	35	4	—	3
Small cultivators ..	6	11	—	8	2	3	**30**	—	2	9	2	8	8	—	—	—
Cultivators ..	19	91	5	31	5	10	**162**	1	10	20	7	42	69	10	2	1
Non-cultivators	1	2	2	9	6	—	**20**	—	1	4	2	7	3	1	—	2
All families ..	9	44	3	19	5	5	**86**	1	5	12	4	23	33	5	1	2
Sorath							Saurashtra									
Big cultivators ..	48	13	—	253			**314**	5	—	13	—	—	188	108	—	—
Large cultivators ..	52	5	—	207	—	—	**263**	6	—	28	—	—	183	47	—	—
Medium cultivators ..	82	1	—	186	—	—	**268**	28	—	26	—	—	196	14	3	—
Small cultivators ..	22	—	5	143	—	—	**170**	1	—	25	—	—	132	12	—	—
Cultivators ..	5	2	1	180		—	**238**	13		27	—	—	173	24	1	—
Non-cultivators	25	—	62	55		—	**142**	19	—	11	—	—	85	26	—	—
All families ..	45	1	21	140	—	—	**207**	15	—	22	—	—	144	25	1	—
Ahmedabad							Bombay									
Big cultivators ..	363	77	—	206	4		**650**	99	65	196	—	—	210	77	—	4
Large cultivators ..	285	81	—	196	3	—	**565**	54	47	223	11	—	155	70	—	4
Medium cultivators ..	176	36	3	124	1	—	**340**	39	16	88	4	—	140	48	—	6
Small cultivators ..	106	17	—	75	4	—	**202**	16	4	61	—	—	73	45	—	3
Cultivators ..	190	44	1	132	3	—	**370**	37	22	122	5	—	125	54	—	5
Non-cultivators	1	3	13	55	2	—	**74**	—	5	34	—	1	14	18	—	3
All families	103	25	7	97	2	—	**234**	20	14	81	3	—	74	38	—	4
Broach																
Big cultivators	138	223	—	233	12	—	**607**	—	245	198	8	—	18	56	—	81
Large cultivators ..	86	175	—	195	9	2	**466**	5	184	125	9	—	39	56	—	49
Medium cultivators	57	91	3	144	18	1	**313**	—	88	88	13	—	41	47	—	35
Small cultivators ..	55	19	—	50	2	—	**127**	—	16	21	8	—	22	27	—	33

TABLE 2—(*Continued*) (In Rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Bombay (*Continued*)									
Cultivators ..	66	96	1	132	10	1	**306**	2	96	80	10	—	35	44	—	39
Non-cultivators	2	4	2	29	1	—	**38**	1	6	9	8	—	5	2	—	7
All families ..	38	56	1	87	6	1	**190**	1	57	49	9	—	22	26	—	25
West Khandesh																
Big cultivators ..	421	385	—	176	40	—	**1022**	3	293	277	—	68	200	53	128	—
Large cultivators ..	211	189	—	146	45	—	**591**	16	141	167	—	53	103	40	71	—
Medium cultivators	54	33	10	67	7	—	**171**	9	26	42	—	48	31	10	5	—
Small cultivators ..	9	10	1	37	4	—	**61**	1	9	19	—	16	9	5	3	—
Cultivators ..	88	73	4	82	18	—	**266**	9	56	73	—	40	46	17	25	—
Non-cultivators	1	—	2	16	3	—	**21**	—	—	8	—	9	2	2	—	—
All families ..	54	45	3	56	12	—	**169**	5	34	47	—	28	29	11	15	—
Poona																
Big cultivators ..	250	322	—	65	27	—	**664**	85	157	66	2	25	91	94	50	94
Large cultivators ..	139	152	—	33	20	1	**345**	35	88	39	2	8	70	48	16	40
Medium cultivators ..	75	36	10	30	10	—	**162**	15	25	39	1	12	56	9	—	4
Small cultivators ..	40	13	2	13	6	—	**74**	18	8	11	—	5	30	1	1	—
Cultivators ..	85	65	5	26	12	—	**193**	22	39	31	1	9	53	19	5	14
Non-cultivators	4	3	1	26	3	1	**38**	—	4	5	2	—	17	1	—	8
All families ..	58	44	3	26	9	1	**141**	15	28	22	1	6	41	13	4	12
Ratnagiri																
Big cultivators ..	19	2	4	25	1	—	**51**	2	9	16	—	1	15	5	3	—
Large cultivators ..	20	1	2	29	2	—	**54**	1	5	17	—	1	22	6	3	—
Medium cultivators ..	15	—	1	27	1	—	**44**	—	5	11	1	1	21	1	1	4
Small cultivators ..	3	—	—	14	—	—	**18**	1	—	5	—	—	9	1	—	1
Cultivators ..	13	—	1	24	1	—	**39**	1	4	11	—	—	18	2	1	2
Non-Cultivators	9	—	8	22	—	—	**39**	—	2	22	—	—	7	8	—	—
All families ..	12	—	3	23	1	—	**39**	—	3	14	—	—	15	4	1	1

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Kolhapur							Bombay—*Continued*									
Big cultivators ..	66	75	1	86	19	—	**247**	1	48	37	—	—	136	21	4	—
Large cultivators ..	41	45	—	72	14	1	**173**	—	37	32	2	1	88	10	2	—
Medium cultivators ..	12	17	—	40	7	—	**77**	—	19	13	—	—	40	4	1	—
Small cultivators ..	12	5	1	31	2	—	**52**	—	8	12	—	—	29	2	1	—
Cultivators ..	21	22	1	47	8	—	**99**	—	21	18	1	—	51	6	1	—
Non-cultivators	3	1	1	24	2	—	**31**	—	2	3	—	—	22	4	—	—
All families ..	18	19	1	44	7	—	**89**	—	18	16	1	—	47	5	1	—
Bijapur																
Big cultivators ..	174	45	—	189	11	—	**419**	4	25	94	—	218	16	61	—	—
Large cultivators ..	131	34	3	129	20	—	**316**	2	21	63	1	183	10	36	—	—
Medium cultivators ..	64	18	6	88	13	—	**189**	1	11	37	—	116	7	17	—	—
Small cultivators ..	25	6	3	72	3	—	**109**	—	1	17	—	82	3	6	—	—
Cultivators ..	73	19	4	96	12	—	**204**	1	11	39	—	126	7	20	—	—
Non-cultivators	11	1	5	60	6	—	**83**	—	2	24	—	50	6	1	—	—
All families ..	53	14	4	85	10	—	**166**	1	8	34	—	102	6	14	—	—
Osmanabad							Hyderabad									
Big cultivators ..	147	26	27	592	16	5	**812**	13	8	183	4	390	69	133	—	13
Large cultivators ..	77	19	9	255	10	2	**373**	8	4	85	1	192	29	49	—	5
Medium cultivators ..	32	33	1	79	9	2	**156**	4	—	37	1	89	10	10	—	4
Small cultivators ..	23	3	8	69	5	1	**109**	1	—	38	—	61	4	3	—	1
Cultivators ..	43	20	5	129	8	2	**207**	4	1	52	1	112	14	20	—	3
Non-cultivators	4	—	3	41	12	—	**61**	—	—	20	—	32	5	3	—	—
All families ..	25	11	4	90	10	1	**142**	2	1	38	1	76	10	12	—	2

TABLE 2—(*Continued*) (In rupees)

Hyderabad—(*Continued*)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Parbhani																
Big cultivators ..	111	133	7	122	31	—	**403**	6	7	46	49	10	156	121	—	9
Large cultivators ..	56	90	2	85	11	—	**245**	4	4	32	33	8	98	64	—	3
Medium cultivators ..	30	44	—	68	2	—	**144**	2	—	24	23	14	53	27	—	2
Small cultivators ..	20	21	—	60	—	—	**101**	1	1	16	12	10	50	8	—	2
Cultivators ..	35	51	1	71	4	—	**161**	3	1	24	23	11	65	32	—	2
Non-cultivators	18	1	2	28	6	—	**55**	12	1	9	1	7	20	3	—	3
All families ..	26	26	2	49	5	—	**108**	7	1	16	12	9	42	18	—	3
Nizamabad																
Big cultivators ..	128	82	—	77	29	—	**316**	11	14	41	1	64	70	110	—	6
Large cultivators ..	142	59	—	88	11	—	**299**	9	9	14	1	100	87	71	—	8
Medium cultivators ..	70	22	1	49	3	—	**146**	2	5	4	—	54	40	37	—	3
Small cultivators ..	39	5	3	41	—	—	**88**	—	2	2	—	43	33	6	—	1
Cultivators ..	82	28	1	59	5	—	**175**	3	5	7	1	65	52	38	—	4
Non-cultivators	4	1	2	38	—	—	**46**	—	2	3	1	13	27	1	—	—
All families ..	68	23	2	55	4	—	**151**	3	5	6	1	55	48	31	—	3
Mahbubnagar																
Big cultivators	260	63	18	168	39	—	**549**	26	1	25	—	70	410	18	—	—
Large cultivators ..	214	38	7	155	21	—	**436**	14	1	15	—	34	364	9	—	—
Medium cultivators ..	107	22	3	111	8	—	**250**	2	—	2	3	11	232	1	—	—
Small cultivators ..	39	7	3	70	1	—	**121**	—	1	1	—	12	107	1	—	—
Cultivators	120	22	4	113	10	—	**270**	5	1	5	1	18	236	3	—	—
Non-cultivators ..	1	—	26	55	2	—	**85**	—	1	3	—	6	73	1	—	—
All families	69	13	14	88	7	—	**190**	3	1	4	1	13	166	2	—	—

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Hassan							Mysore									
Big cultivators ..	163	4	5	239	21	—	**433**	—	1	4	5	399	—	25	—	—
Large cultivators ..	104	2	2	173	10	—	**292**	—	1	4	3	259	—	24	—	—
Medium cultivators ..	72	2	—	64	27	—	**164**	—	—	1	—	130	—	17	17	—
Small cultivators ..	32	—	—	69	1	—	**102**	—	—	—	—	77	—	25	—	—
Cultivators	70	1	1	99	14	—	**185**	—	—	2	1	154	—	22	6	—
Non-cultivators ..	7	—	13	27	6	—	**54**	—	—	—	—	39	—	14	2	—
All families	55	1	4	83	12	—	**155**	—	—	1	1	127	—	20	5	—
Bangalore																
Big cultivators ..	299	33	10	235	7	—	**583**	—	—	30	1	446	50	6	—	50
Large cultivators ..	135	18	8	174	5	1	**340**	—	—	31	3	244	38	2	—	22
Medium cultivators ..	69	7	—	115	6	—	**198**	—	—	14	3	160	18	1	—	2
Small cultivators ..	34	2	9	79	4	—	**127**	—	—	5	1	100	18	1	—	3
Cultivators	79	9	5	123	5	—	**221**	—	—	16	3	169	24	1	—	9
Non-cultivators ..	9	—	25	50	5	—	**90**	—	—	17	4	44	18	6	—	1
All families	64	7	10	107	5	—	**193**	—	—	16	3	142	23	2	—	7
Coimbatore							Madras									
Big cultivators ..	706	197	82	388	313	36	**1722**	8	33	17	12	828	575	12	236	2
Large cultivators ..	457	118	28	271	163	16	**1054**	4	27	20	8	518	351	5	120	1
Medium cultivators ..	111	55	7	104	19	30	**327**	1	17	4	4	117	168	—	11	4
Small cultivators ..	29	14	3	88	11	2	**148**	1	10	6	1	56	59	4	9	1
Cultivators	192	62	12	151	61	18	**495**	2	18	10	4	221	191	3	44	2
Non-cultivators ..	3	1	5	43	6	—	**59**	—	1	6	1	17	29	1	4	—
All families	86	28	8	90	30	8	**250**	1	9	7	3	106	100	2	21	1
Cuddapah																
Big cultivators ..	299	320	124	438	68	—	**1249**	28	22	5	1	651	526	—	14	3
Large cultivators ..	214	174	57	351	30	—	**826**	21	12	2	—	480	303	—	5	2
Medium cultivators ..	100	51	9	171	10	—	**341**	12	6	2	—	237	85	—	—	—
Small cultivators ..	25	17	19	109	4	—	**174**	—	4	—	—	105	65	—	—	—
Cultivators	112	78	27	207	14	—	**439**	12	7	1	—	271	145	—	2	1
Non-cultivators ..	6	1	39	84	2	—	**132**	—	1	1	1	69	49	—	—	11
All families	89	62	29	180	12	—	**372**	9	6	1	—	228	124	—	1	3

TABLE 2—(*Continued*) (In rupees)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Kurnool							Madras—(*Continued*)									
Big cultivators ..	658	335	90	395	158	—	**1635**	4	114	17	1	809	530	144	15	1
Large cultivators ..	400	178	45	287	66	—	**977**	2	57	14	2	577	245	74	5	—
Medium cultivators ..	157	45	3	115	7	—	**327**	1	2	4	1	251	47	16	2	4
Small cultivators ..	60	19	3	86	2	—	**160**	—	1	2	1	122	26	9	—	—
Cultivators	200	78	16	159	24	—	**476**	1	18	6	1	313	101	32	2	2
Non-cultivators ..	15	1	14	66	2	—	**98**	—	1	5	1	69	13	9	—	—
All families	145	55	15	131	17	—	**364**	1	13	6	1	240	75	25	1	1
West Godavari																
Big cultivators ..	1021	690	444	437	190	1	**2783**	53	82	32	—	1658	531	335	86	6
Large cultivators ..	481	313	166	321	84	—	**1365**	29	44	17	2	838	279	123	29	4
Medium cultivators ..	55	33	27	114	14	—	**272**	6	9	10	1	171	57	15	—	4
Small cultivators ..	55	7	8	92	11	—	**173**	4	4	8	—	102	43	10	—	1
Cultivators	198	111	64	171	34	—	**578**	12	18	12	1	355	121	48	9	3
Non-cultivators ..	9	1	74	69	6	—	**159**	1	3	17	—	85	8	23	21	1
All families	100	54	69	118	20	—	**361**	6	10	14	1	215	63	35	15	2
Chingleput																
Big cultivators ..	781	128	15	159	60	—	**1142**	255	3	50	—	515	294	1	23	1
Large cultivators ..	433	67	14	139	35	—	**689**	113	2	42	11	322	183	3	12	—
Medium cultivators ..	95	11	7	65	9	—	**186**	5	2	16	2	95	59	5	3	—
Small cultivators ..	22	5	1	58	4	—	**91**	—	—	14	1	37	35	3	2	—
Cultivators	177	26	7	86	16	—	**312**	36	2	23	4	148	90	4	5	—
Non-cultivators ..	9	1	16	56	3	—	**86**	1	—	13	13	26	25	3	4	—
All families	116	17	11	75	11	—	**230**	24	1	20	7	104	67	3	5	—
Ramanathapuram																
Big cultivators ..	187	98	—	94	22	—	**401**	8	3	2	—	349	2	38	—	—
Large cultivators ..	104	72	1	100	13	—	**289**	16	3	3	—	250	2	15	—	—
Medium cultivators ..	26	40	1	51	6	—	**124**	10	—	1	—	109	3	—	—	—
Small cultivators ..	9	19	—	27	—	—	**55**	5	—	—	—	48	1	—	—	—
Cultivators	45	43	1	59	6	—	**154**	10	1	2	—	134	2	5	—	—
Non-cultivators ..	—	—	1	29	—	—	**31**	—	—	1	—	15	7	7	—	—
All families	37	36	1	54	5	—	**133**	8	1	1	—	114	3	5	—	—

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
							Madras—(*Concluded*)									
Malabar																
Big cultivators ..	488	102	296	479	108	—	**1473**	3	6	56	—	287	141	926	11	44
Large cultivators ..	253	63	122	324	68	—	**829**	1	5	31	1	198	69	482	6	37
Medium cultivators ..	71	22	9	157	22	—	**280**	—	3	3	—	75	25	156	1	18
Small cultivators ..	23	4	4	102	8	—	**141**	—	—	3	—	40	7	79	—	12
Cultivators	112	29	42	191	32	—	**406**	—	3	12	—	102	33	232	2	22
Non-cultivators ..	2	1	2	44	2	—	**52**	—	—	—	2	10	5	31	—	3
All families	93	24	35	167	27	—	**347**	—	2	10	1	87	28	199	2	19
							Travancore-Cochin									
Quilon																
Big cultivators ..	200	31	174	323	61	17	**806**	—	25	220	5	—	289	211	38	18
Large cultivators ..	104	25	121	247	38	30	**564**	—	31	138	3	—	194	156	31	11
Medium cultivators ..	24	8	37	98	14	6	**187**	—	6	32	4	—	59	61	17	9
Small cultivators ..	7	1	26	66	7	2	**108**	—	3	20	3	—	38	32	7	6
Cultivators	43	11	59	133	19	12	**278**	—	13	61	3	—	94	81	18	8
Non-cultivators ..	2	—	30	49	3	—	**85**	—	11	12	2	—	24	42	2	2
All families	31	8	50	108	15	8	**219**	—	9	46	3	—	72	69	13	6

TABLE 3—ALL INDIA RURAL DEBT &

AVERAGE DEBT OUTSTANDING PER FAMILY ON

CLASSIFIED ACCORDING TO

State/Asset Group	PURPOSE								
	Capital Expenditure in farm business	Current expenditure in farm business	Capital expenditure in non-farm business	Current expenditure in non-farm business	Household expenditure	Expenditure on litigation	Repayment of debt	Financial investment expenditure	Any other purpose
Assets Groups	1	2	3	4	5	6	7	8	9
ANDHRA PRADESH									
				CULTIVATORS					
Less than Rs. 500 ..	19.9	6.4	—	7.3	119.3	1.0	18.2	—	—
Rs. 500—Rs. 1,000 ..	41.1	12.4	—	3.6	130.5	0.9	18.2	0.2	—
Rs. 1,000—Rs. 2,500 ..	94.5	16.6	2.0	3.8	178.3	2.8	19.2	—	—
Rs. 2,500—Rs. 5,000 ..	169.4	46.6	1.6	5.2	237.0	2.3	26.4	0.8	—
Rs. 5,000—Rs. 10,000 ..	230.8	55.4	2.0	26.3	322.2	5.7	53.4	1.2	0.9
Rs. 10,000—Rs. 20,000 ..	383.2	79.0	4.6	9.5	464.8	7.1	91.0	4.0	—
Rs. 20,000 and above ..	963.4	384.4	55.2	33.8	786.4	34.4	202.3	15.8	28.2
All Assets Group ..	224.5	66.0	6.4	11.0	285.3	6.0	49.5	2.2	2.6
				NON-CULTIVATORS					
Less than Rs. 500	3.2	0.7	0.3	1.5	67.1	1.8	3.4	—	—
Rs. 500—Rs. 1,000	8.7	2.4	4.9	11.4	141.6	0.8	9.2	—	—
Rs. 1,000—Rs. 2,500	35.1	3.4	5.3	30.6	149.0	..	10.9	—	—
Rs. 2,500—Rs. 5,000	61.6	5.5	9.5	56.1	200.4	..	68.7	—	—
Rs. 5,000—Rs. 10,000	55.9	7.4	91.8	113.4	335.5	7.6	21.2	—	—
Rs. 10,000—Rs. 20,000	177.2	7.7	—	60.6	300.0	31.2	—	—	—
Rs. 20,000 and above	153.5	8.7	—	334.5	847.8	—	221.7	—	—
All Assets Group	19.1	2.2	5.6	20.4	124.8	1.9	13.4	—	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	7.3	2.1	0.2	2.9	80.1	1.6	7.0	—	—
Rs. 500—Rs. 1,000 ..	26.4	7.8	2.2	7.2	135.6	0.9	14.1	0.1	—
Rs. 1,000—Rs. 2,500 ..	80.4	13.5	2.8	10.1	171.4	2.1	17.2	—	—
Rs. 2,500—Rs. 5,000 ..	153.3	40.4	2.8	12.8	231.5	2.0	32.7	0.7	—
Rs. 5,000—Rs. 10,000 ..	211.7	50.1	11.8	35.8	323.6	5.9	49.9	1.1	0.8
Rs. 10,000—Rs. 20,000 ..	369.3	74.2	4.3	12.9	453.7	8.8	84.9	3.8	—
Rs. 20,000 and above ..	901.0	355.4	50.9	57.0	791.1	31.7	203.8	14.6	26.0
All Assets Group ..	153.4	43.9	6.2	14.2	229.8	4.6	37.8	1.4	1.7
ASSAM				CULTIVATORS					
Less than Rs. 500	4.5	8.7	—	0.1	37.0	0.5	1.1	—	3.0
Rs. 500—Rs. 1,000	5.8	5.8	—	0.6	33.3	—	—	—	—
Rs. 1,000—Rs. 2,500	25.6	12.5	1.2	1.0	44.1	2.1	0.4	—	0.2
Rs. 2,500—Rs. 5,000	36.2	21.6	0.6	0.6	58.4	6.1	2.6	—	4.4
Rs. 5,000—Rs. 10,000	75.1	19.5	4.9	0.4	114.6	3.4	5.0	1.1	—
Rs. 10,000—Rs. 20,000	49.6	52.5	22.3	23.6	153.6	30.7	11.8	—	—
Rs. 20,000 and above	495.1	121.9	—	—	397.0	—	11.8	—	—
All Assets Group	38.2	18.1	2.3	1.8	65.7	4.4	2.3	0.2	1.4

INVESTMENT SURVEY, 1961-62

CASH-LOANS AS ON 30TH JUNE, 1962

PURPOSE AND CREDIT AGENCY

(In rupees)

			CREDIT				AGENCY				
More than one purpose	Purpose not specified	**Total Debt.**	Government	Co-operatives	Commercial banks	Landlords	Agriculturist money-lenders	Professional money-lenders	Traders and commission agents	Relatives	Others
10	11	12	13	14	15	16	17	18	19	20	21
					CULTIVATORS						
9.2	—	**181.2**	0.8	3.9	—	1.8	131.2	12.1	21.9	2.2	7.2
16.3	0.7	**223.9**	0.3	2.9	—	1.7	154.0	25.9	27.6	4.2	7.4
16.4	—	**333.6**	1.5	10.0	0.2	0.8	226.8	40.5	36.4	5.0	12.3
32.7	2.6	**524.6**	4.2	17.4	—	1.2	331.9	68.3	69.5	10.3	21.8
55.8	—	**753.7**	16.2	42.9	0.9	1.4	503.1	84.7	74.4	10.6	19.4
109.6	4.5	**1157.3**	23.2	87.0	7.4	4.2	762.3	105.2	113.7	22.2	32.2
155.8	—	**2662.6**	68.2	376.7	34.9	—	1659.2	202.8	241.4	29.4	50.1
47.7	1.1	**701.3**	12.3	55.6	4.0	1.5	456.2	69.6	72.8	10.6	19.7
					NON-CULTIVATORS						
2.4	—	**80.4**	..	1.4	—	1.7	52.8	7.6	5.8	3.6	7.5
5.0	—	**184.1**	0.5	3.2	—	0.1	123.2	18.6	11.7	10.8	16.1
4.9	—	**239.1**	—	2.6	0.9	1.1	133.3	32.2	40.3	8.3	20.4
9.9	—	**411.7**	0.1	8.4	3.6	—	252.2	43.1	57.0	13.8	33.4
15.0	—	**647.7**	—	11.2	—	—	382.4	55.9	136.4	53.8	8.0
15.9	—	**592.7**	20.1	143.2	46.3	—	138.2	56.3	133.5	50.0	5.2
42.3	—	**1608.5**	82.2	106.4	12.3	—	566.8	87.4	267.3	72.9	413.1
4.9	—	**192.3**	1.6	6.3	1.2	1.1	110.1	18.9	25.2	9.7	18.2
					ALL RURAL HOUSEHOLDS						
4.1	—	**105.4**	0.2	2.1	—	1.7	72.2	8.7	9.8	3.3	7.4
11.2	0.4	**205.8**	0.4	3.0	—	1.0	140.0	22.5	20.4	7.2	11.3
13.6	—	**311.2**	1.2	8.2	0.4	0.9	204.7	38.6	37.4	5.8	14.2
29.3	2.2	**507.8**	3.6	16.0	0.5	1.0	320.0	64.5	67.6	10.8	23.6
51.4	—	**742.1**	14.5	39.4	0.8	1.2	489.9	81.6	81.1	15.5	18.2
103.2	4.2	**1119.3**	23.0	90.8	10.0	3.9	720.2	101.9	115.0	24.0	30.4
149.8	—	**2581.3**	69.3	355.9	33.1	—	1574.9	193.9	243.4	32.8	78.1
32.9	0.7	**525.8**	8.6	38.5	3.1	1.3	336.4	52.1	56.3	10.3	19.2
					CULTIVATORS						
—	—	**54.8**	6.7	2.5	—	0.1	20.1	4.1	7.2	6.9	7.1
—	—	**45.6**	1.7	1.7	—	—	24.6	2.6	2.2	9.3	3.6
2.2	—	**89.2**	12.2	5.1	—	0.5	38.6	11.1	8.1	8.1	5.4
9.7	0.1	**140.3**	8.9	10.7	—	0.3	65.8	26.4	7.9	13.5	6.7
6.3	0.5	**230.8**	20.9	27.4	—	—	84.1	41.9	9.5	25.1	13.5
21.6	—	**365.7**	29.1	28.5	—	4.0	132.8	56.2	40.9	48.3	25.9
—	—	**1025.8**	231.3	87.2	—	—	398.5	44.1	—	255.9	8.8
5.3	0.1	**139.9**	14.1	11.3	—	0.5	58.3	20.8	10.1	16.9	7.8

TABLE

Assets Groups		1	2	3	4	5	6	7	8	9
ASSAM—(*Contd*).										
					NON-CULTIVATORS					
Less than Rs. 500		—	4.2	1.8	2.5	13.0	1.0	—	—	36.4
Rs. 500—Rs. 1,000		1.5	0·2	4.7	1.3	43.5	—	—	—	84.6
Rs. 1,000—Rs 2,500		17.2	3.9	8.1	38.1	78.7	—	3.6	—	8.4
Rs. 2,500—Rs. 5,000		—	1.9	—	12.0	242.3	—	...	—	...
Rs. 5,000—Rs. 10,000		27.8	15.6	22.7	50.0	114.1	—	—	—	—
Rs. 10,000—Rs. 20,000		—	—	—	235.0	326.8	—	5.0	—	—
Rs. 20,000 and above		—	—	—	—	51.9	—	—	—	—
All Assets Group		5.7	3.2	4.7	15.9	61.2	0.4	0.9	—	35.5
					ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	1.4	5.6	1.2	1.8	20.3	0.9	0.4	—	20.1
Rs. 500—Rs. 1,000	..	4.3	3.9	1.7	0.8	36.9	—	—	—	20.6
Rs. 1,000—Rs. 2,500	..	24.0	10.7	2.5	0.2	50.8	1.7	1.0	—	1.8
Rs. 2,500—Rs. 5,000	..	33.2	19.9	0.5	1.5	73.9	5.6	2.4	—	4.0
Rs. 5,000—Rs. 10,000	..	71.0	19.2	6.4	4.6	114.6	3.1	4.6	1.0	—
Rs. 10,000—Rs. 20,000	..	46.5	49.2	20.9	37.0	164.5	28.8	11.3	—	—
Rs. 20,000 and above	..	391.5	96.4	...	..	324.8	—	9.3	—	...
All Assets Group	..	30.2	14.4	2.9	5.3	64.6	3.4	2.0	0.1	9.8
BIHAR					CULTIVATORS					
Less than Rs. 500	..	1·2	2·4	0·2	0·2	85·9	2·0	2·2	—	—
Rs. 500—1,000	..	10·9	5·7	5·6	2·8	122·6	3·7	3·3	—	—
Rs. 1,000—Rs. 2,500	..	21·3	9·0	2·5	3·4	157·6	3·4	7·1	—	0·1
Rs. 2,500—Rs. 5,000	..	36·8	11·9	2·7	6·3	207·7	15·9	16·3	—	0·2
Rs. 5,000—Rs. 10,000	..	64·8	25·8	8·2	8·8	334·7	11·7	29·0	0·2	—
Rs. 10,000—Rs. 20,000	..	80·3	35·1	7·1	6·6	549·1	21·2	42·3	0·3	—
Rs. 20,000 and above	..	159·4	51·8	11·2	16·0	912·4	78·1	96·8	—	0·8
All Assets Group	..	43·8	16·8	4·6	5·6	378·4	14·5	21·6	0·1	0·1
					NON-CULTIVATORS					
Less than Rs. 500	..	0·1	1·8	0·7	2·6	74·4	0·3	4·3	—	—
Rs. 500—Rs. 1,000	..	1·7	5·6	1·4	4·2	145·5	1·5	7·2	—	—
Rs. 1,000—Rs. 2,500	..	4·0	0·3	9·2	7·2	173·4	2·1	19·9	3·3	—
Rs. 2,500—Rs. 5,000	..	21·6	6·5	0·6	58·0	374·8	0·6	8·5	—	—
Rs. 5,000—Rs. 10,000	..	4·2	2·3	127·9	108·3	267·8	21·7	18·0	—	—
Rs. 10,000—Rs. 20,000	..	106·6	17·9	90·0	270·3	329·8	66·8	20·0	—	—
Rs. 20,000 and above	..	271·2	—	—	—	1703·2	28·6	250·0	—	—
All Assets Group	..	5·4	2·6	7·2	12·9	140·2	2·4	10·0	0·5	—
					ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	0·6	2·1	0·5	1·6	79·3	1·0	3·4	—	—
Rs. 500—Rs. 1,000	..	8·2	5·7	4·4	3·2	129·4	3·1	4·4	—	—
Rs. 1,000—Rs. 2,500	..	18·6	7·7	3·6	4·0	160·0	3·2	9·1	0·5	0·1
Rs. 2,500—Rs. 5,000	..	35·7	11·5	2·6	10·0	219·2	14·8	15·8	—	0·2
Rs. 5,000—Rs. 10,000	..	61·5	24·5	14·8	14·3	331·0	12·3	28·4	0·2	—
Rs. 10,000—Rs. 20,000	..	81·0	34·6	9·5	14·2	542·8	22·5	41·7	0·3	—
Rs. 20,000 and above	..	162·3	50·4	10·9	15·6	933·4	76·8	100·8	—	0·8
All Assets Group	..	35·5	13·8	5·2	7·2	248·3	11·8	19·0	0·2	0·1
GUJARAT					CULTIVATORS					
Less than Rs. 500	..	6·4	11·4	—	2·8	117·2	—	—	—	—
Rs. 500—Rs. 1,000	..	15·3	15·4	4·2	—	132·1	1·7	2·1	—	—
Rs. 1,000—Rs. 2,500	..	36·0	20·8	—	1·7	161·5	0·6	1·7	—	—
Rs. 2,500—Rs. 5,000	..	66·9	62·1	1·8	3·8	278·7	0·2	7·8	—	—
Rs. 5,000—Rs. 10,000	..	130·0	123·2	1·8	5·3	344·1	2·2	9·5	0·6	—
Rs. 10,000—Rs. 20,000	..	287·0	230·5	6·1	3·6	503·7	1·3	16·6	0·3	—
Rs. 20,000 and above	..	587·2	325·1	21·5	1·9	507·2	5·0	15·0	0·8	—
All Assets Group	..	164·0	121·4	4·3	3·3	323·5	1·5	8·9	0·3	—

3—(*Continued*).

10	11	12	13	14	15	16	17	18	19	20	21
NON-CULTIVATORS											
2.2	0.8	**61.8**	42.6	0.7	--	--	4.8	3.3	1.3	5.6	3.5
—	--	**135.8**	87.3	3.5	---	..	7.8	4.0	2.0	4.2	27.1
2.6	—	**159.9**	21.0	21.0	—	...	31.8	23.9	9.5	17.8	34.8
9.3	--	**265.5**	7.5	52.0	--	..	89.4	69.4	2.7	14.9	29.6
—	--	**230.2**	38.2	1.0	--	...	44.7	61.8	22.8	51.6	10.0
250.0	..	**816.8**	..	145.8	--	.	—	235.0	56.0	380.0	—
—	--	**51.9**	--	—	—	—	51.9	—	—	—	—
4.8	0.3	**132.6**	43.7	11.7	—	—	20.6	18.3	5.0	14.7	18.6
ALL RURAL HOUSEHOLDS											
1.6	0.5	**59.7**	31.6	1.3	—	..	9.5	3.6	3.1	6.0	4.6
—	--	**77.2**	31.6	2.3	—	—	18.7	3.1	2.1	7.5	11.8
2.2	--	**103.0**	13.0	8.2	—	0.4	37.3	13.6	8.4	10.0	11.1
9.7	0.1	**150.8**	8.7	14.2	—	0.3	67.8	30.0	7.4	13.0	8.7
5.8	0.5	**230.7**	22.4	25.2	—	—	80.7	43.6	18.2	27.4	13.2
36.1	—	**394.2**	27.3	35.9	—	3.8	124.4	67.5	41.8	69.3	24.2
—	--	**822.0**	182.9	69.0	—	—	326.0	34.9	—	202.2	7.0
5.2	0.2	**138.1**	21.4	11.4	—	0.4	49.0	20.2	8.8	16.4	10.5
CULTIVATORS											
0·1	—	**94·3**	0·5	1·0	—	1·3	82·5	3·0	1·2	2·5	2·4
1·6	0·6	**156·9**	4·0	1·6	—	0·2	125·8	11·1	1·9	3·5	8·8
2·8	—	**207·2**	5·5	1·4	—	0·2	162·7	18·8	7·9	6·2	4·4
3·6	0·4	**301·1**	11·8	2·1	—	—	230·7	30·5	8·8	9·6	7·5
5·6	1·0	**489·7**	18·0	4·7	—	0·5	369·2	53·8	7·9	21·5	14·0
21·3	1·5	**764·8**	38·8	6·2	—	—	573·8	91·8	13·8	27·6	12·9
36·7	1·2	**1364·2**	85·9	11·7	—	—	946·8	209·6	39·6	54·7	16·1
7·3	0·6	**393·5**	17·3	3·3	—	0·3	294·7	45·5	9·6	14·3	8·5
NON-CULTIVATORS											
0·5	—	**84·7**	2·2	—	—	0·2	60·4	14·0	2·8	1·8	3·1
2·4	—	**169·5**	5·6	0·4	—	—	118·3	20·2	2·7	12·7	9·5
4·8	---	**224·1**	0·8	6·8	—	—	134·3	49·4	18·3	4·9	9·5
0·8	--	**471·4**	9·8	14·2	—	—	315·2	29·8	89·5	2·4	10·4
---	—	**550·1**	—	11·8	—	—	237·5	242·8	1·4	31·7	24·9
—	—	**901·5**	37·6	37·9	—	—	640·6	85·0	90·0	2·5	7·9
—	—	**2253·0**	271·2	—	—	—	1981·8	—	—	—	—
1·5	—	**182·7**	5·3	2·7	—	0·1	122·5	29·6	11·0	5·2	6·3
ALL RURAL HOUSEHOLDS											
0·3	—	**88·7**	1·5	0·4	—	0·7	69·8	9·3	2·1	2·1	2·8
1·8	0·4	**160·6**	4·5	1·3	—	0·2	123·6	13·8	2·1	6·2	9·0
3·1	—	**209·8**	4·8	2·3	—	0·2	158·3	23·5	9·5	6·0	5·2
3·4	0·4	**313·5**	11·6	3·0	—	—	236·8	30·5	14·7	9·1	7·8
5·3	1·0	**493·1**	17·0	5·1	—	0·5	362·0	64·3	7·6	22·0	14·6
20·7	1·4	**768·7**	38·7	7·1	—	—	575·7	91·6	16·0	20·9	12·7
35·7	1·2	**1387·8**	90·8	11·4	—	—	974·2	204·0	38·6	53·2	15·7
6·1	0·4	**347·5**	14·7	3·2	—	0·3	257·1	42·0	9·9	12·3	8·0
CULTIVATORS											
—	—	**137·9**	—	2·9	—	1·4	13·1	6·2	4·2	63·4	46·7
—	1·4	**172·0**	—	5·1	—	—	19·3	6·8	49·7	29·8	61·4
0·3	1·7	**224·2**	2·2	19·6	—	3·2	22·9	16·6	62·5	35·4	61·5
—	0·9	**422·4**	9·9	59·9	—	—	40·2	51·4	88·9	68·4	103·6
1·6	—	**618·3**	22·7	123·8	—	—	71·3	66·4	91·7	104·0	138·4
3·1	—	**1052·2**	54·7	288·8	—	—	127·7	89·3	92·6	211·2	187·9
2·7	—	**1466·3**	70·9	567·4	—	—	124·7	53·2	144·6	319·1	186·5
1·2	0·6	**629·1**	24·8	155·5	—	0·6	66·3	51·9	87·5	119·0	123·6

TABLE

Assets Groups	1	2	3	4	5	6	7	8	9
GUJARAT—(*Contd*).									
				NON-CULTIVATORS					
Less than Rs. 500 ..	1·7	—	9·7	10·3	150·9	—	4·8	—	—
Rs. 500—Rs. 1,000 ..	1·8	0·8	7·2	7·2	193·7	—	2·1	—	—
Rs. 1,000—Rs. 2,500 ..	7·6	1·9	3·6	32·2	245·0		10·8	—	—
Rs. 2,500—Rs. 5,000 ..	2·2	14·8	70·0	214·0	320·1	—	2·6	—	—
Rs. 5,000—Rs. 10,000 ..	31·9	18·2	64·9	608·3	401·0	—	27·3	—	—
Rs. 10,000—Rs. 20,000 ..	—	—	15·6	643·8	524·9	—	9·4	5·2	—
Rs. 20,000 and above ..	—	—	594·4	2243·4	572·8	—	—	—	—
All Assets Group ..	4·3	2·7	24·3	102·5	219·4		6·3	0·1	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500	2·2	1·0	8·9	9·7	147·9	—	4·4	—	—
Rs. 500—Rs. 1,000	6·3	5·7	6·2	4·8	173·0	0·6	2·1	—	—
Rs. 1,000—Rs. 2,500	25·8	14·0	1·3	12·7	191·5	0·4	4·9	—	—
Rs. 2,500—Rs. 5,000	57·1	54·9	12·2	35·6	285·0	0·2	7·0	—	—
Rs. 5,000—Rs. 10,000	122·2	114·8	6·8	53·6	348·6	2·1	11·0	0·5	—
Rs. 10,000—Rs. 20,000	273·4	219·6	6·5	33·9	504·7	1·2	16·2	0·6	—
Rs. 20,000 and above	550·0	304·5	57·8	144·0	511·3	4·7	14·0	0·7	—
All Assets Group	112·6	83·1	10·8	35·3	289·9	1·0	8·0	0·2	—
JAMMU & KASHMIR									
				CULTIVATORS					
Less than Rs. 500	—	—	—	—	140·0	—	—	—	—
Rs. 500—Rs. 1,000	9·1	1·9	—	—	124·4	—	—	—	—
Rs. 1,000—Rs. 2,500	20·2	0·3	0·6	2·7	182·6	1·3	0·5	—	—
Rs. 2,500—Rs. 5,000	25·6	1·1	0·6	0·3	174·5	8·9	0·6	—	—
Rs. 5,000—Rs. 10,000	31·2	1·6	—	7·9	205·2	12·6	0·6	—	—
Rs. 10,000—Rs. 20,000	19·4	3·6	4·0	24·6	243·4	13·4	0·4	—	—
Rs. 20,000 and above	20·6	5·8	10·6	44·2	295·8	17·0	—	—	—
All Assets Group	24·3	1·6	1·2	7·5	195·8	8·8	0·5	—	—
				NON-CULTIVATORS					
Less than Rs. 500	33·9	—	4·6	44·7	125·7	—	—	—	—
Rs. 500—Rs. 1,000 ..	—	—	—	13·8	96·9	—	—	—	—
Rs. 1,000—Rs. 2,500 ..	54·4	10·0	—	2·2	127·2	5·4	—	—	—
Rs. 2,500—Rs. 5,000 ..	—	—	2·1	54·6	125·7	4·8	2·1	—	—
Rs. 5,000—Rs. 10,000 ..	—	—	—	—	356·6	—	—	—	—
Rs. 10,000—Rs. 20,000 ..	—	—	—	153·8	120·9	—	—	—	—
Rs. 20,000 and above ..	—	—	—	—	—	—	—	—	—
All Assets Group ..	22·4	3·0	1·2	27·3	143·0	2·4	0·4	—	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	24·7	—	3·4	32·6	129·6	—	—	—	—
Rs. 500—Rs. 1,000 ..	5·8	1·2	—	5·1	114·3	—	—	—	—
Rs. 1,000—Rs. 2,500 ..	24·5	1·5	0·6	2·6	175·7	1·8	0·4	—	—
Rs. 2,500—Rs. 5,000 ..	24·4	1·0	0·7	2·9	172·2	8·7	0·6	—	—
Rs. 5,000—Rs. 10,000 ..	30·1	1·5	—	7·6	210·5	12·2	0·6	—	—
Rs. 10,000—Rs. 20,000 ..	18·7	3·5	3·8	28·9	239·3	13·0	0·4	—	—
Rs. 20,000 and above ..	20·5	5·8	10·5	43·9	293·7	16·9	—	—	—
All Assets Group ..	24·2	1·7	1·2	9·3	191·1	8·3	0·5	—	—
KERALA									
				CULTIVATORS					
Less than Rs. 500	3·4	2·5	0·6	0·5	20·2	0·7	1·3	0·2	—
Rs. 500—Rs. 1,000	12·4	3·3	0·7	8·3	48·6	..	4·9	0·4	—
Rs. 1,000—Rs. 2,500 ..	16·1	8·0	3·4	9·0	81·8	0·5	9·0	2·1	—
Rs. 2,500—Rs. 5,000 ..	32·2	15·8	3·1	19·1	129·3	2·3	33·2	4·6	—
Rs. 5,000—Rs. 10,000 ..	74·3	16·7	13·2	24·0	173·2	3·7	57·9	2·2	—
Rs. 10,000—Rs. 20,000 ..	183·4	45·3	8·9	21·7	297·3	7·8	119·6	2·6	—
Rs. 20,000 and above ..	360·0	86·8	3·7	94·8	575·8	—	176·0	1·0	—
All Assets Group ..	61·3	17·4	4·6	17·8	140·1	1·9	39·2	2·0	—

3 (*Continued*)

10	11	12	13	14	15	16	17	18	19	20	21
					NON-CULTIVATORS						
—	—	**177·5**	1·1	3·6	—	—	17·7	6·0	47·3	31·5	70·3
—	—	**212·7**	2·3	4·4	—	—	19·5	26·5	18·2	69·4	72·4
3·7	—	**304·8**	1·7	26·3	—	—	16·6	61·2	41·0	71·3	86·7
2·3	—	**626·0**	19·8	44·7	—	—	40·2	17·7	228·8	94·0	180·8
—	—	**1151·6**	2·1	51·8	—	—	117·1	74·3	448·2	275·6	182·5
—	—	**1198·9**	—	—	95·2		65·6	—	531·3	245·9	260·9
—	—	**3410·5**	—	—	—	—	51·8	39·3	267·4	388·9	2663·2
1·0	—	**360·7**	3·1	14·4	1·7		25·4	27·0	84·6	73·5	131·0
					ALL RURAL HOUSEHOLDS						
—	—	**174·0**	1·0	3·5	—	0·1	17·3	6·0	43·5	34·3	68·2
—	0·5	**199·0**	1·5	4·6	—	—	19·5	19·9	28·8	56·1	68·7
1·5	1·1	**253·2**	2·0	22·0	—	2·1	20·7	32·8	54·8	48·3	70·6
0·4	0·8	**453·2**	11·4	57·6	—	—	40·2	46·3	110·0	72·3	115·3
1·5	—	**661·6**	21·1	118·0	—	—	75·0	67·0	120·3	117·8	142·0
3·0	—	**1059·1**	52·1	275·1	4·5	—	124·8	85·1	113·4	212·9	191·4
2·5	—	**1589·6**	66·4	531·4	—	—	120·0	52·3	152·4	323·5	343·5
1·2	0·4	**542·6**	17·8	110·0	0·5	0·4	53·1	43·9	86·5	104·3	126·0
					CULTIVATORS						
—	—	**140·0**	—	3·0	—	86·6	—	—	7·4	—	42·9
—	0·6	**136·0**	—	11·2	—	1·9	7·8	8·9	30·9	23·0	52·4
0·4	—	**208·6**	0·3	8·5	—	3·0	10·5	9·2	38·2	71·9	67·1
1·9	0·1	**213·5**	0·3	15·5	—	3·7	15·8	15·2	50·6	30·2	82·2
3·3	—	**262·4**	2·1	24·3	1·5	4·1	30·4	16·3	50·0	42·9	90·9
0·5	—	**309·4**	—	48·3	1·3	0·8	16·7	16·2	87·0	62·5	76·6
—	—	**394·0**	—	80·4	—	2·3	2·1	8·8	153·9	37·7	108·7
1·7	..	**241·5**	0·7	22·8	0·6	3·7	17·8	13·8	55·6	45·8	80·6
					NON-CULTIVATORS						
—	—	**208·9**	—	19·0	—	—	—	7·0	29·0	56·0	97·8
—	—	**110·7**	—	15·8	—	4·9	—	14·2	21·1	24·2	30·6
—	—	**199·4**	—	8·0	—	55·5	—	—	36·4	35·0	64·4
—	—	**189·3**	—	7·5	—	—	31·0	—	28·5	82·6	39·6
—	—	**356·6**	—	—	—	—	—	—	209·9	104·6	42·1
—		**274·8**	—	31·1	—	—	—	—	38·9	39·6	165·1
—	—	—	—	—	—	—	—	—	—	—	—
—	—	**199·7**	—	11·6	—	17·6	5·2	4·2	48·1	51·7	61·2
					ALL RURAL HOUSEHOLDS						
—	—	**190·2**	—	14·6	—	23·5	—	5·1	23·2	40·8	82·9
—	0·4	**126·8**	—	12·8	—	3·0	5·0	10·8	27·3	23·4	44·4
0·4	—	**207·4**	0·2	8·4	—	9·5	9·2	8·0	38·0	67·3	66·7
1·8	0·1	**212·4**	0·3	15·1	—	3·5	16·5	14·5	49·5	32·7	80·2
3·2	—	**265·7**	2·0	23·4	1·5	3·9	29·3	15·7	55·6	45·0	89·2
0·5	—	**308·2**	—	47·7	1·2	0·7	16·2	15·7	85·4	61·8	79·5
—	—	**391·2**	—	79·8	—	2·3	2·1	8·8	152·8	37·4	108·0
1·5	..	**237·8**	0·6	21·8	0·5	5·0	16·7	12·9	55·0	46·4	78·9
					CULTIVATORS						
0·1	—	**35·3**	0·8	0·2	0·2	1·2	2·8	1·1	0·6	9·7	18·2
2·4	—	**81·2**	3·6	4·6	1·4	0·2	8·7	1·7	7·7	11·8	41·6
5·2	0·3	**135·2**	2·8	14·1	4·1	4·3	16·2	6·6	12·5	21·8	52·8
8·9	1·0	**249·6**	5·2	26·0	16·2	6·8	50·6	6·8	11·5	23·5	103·0
6·6	2·3	**374·0**	4·2	34·8	17·7	7·6	71·1	25·6	21·2	49·7	142·1
17·4	4·6	**708·5**	32·0	54·7	22·8	52·4	101·1	93·5	26·1	118·1	206·7
37·6	7·9	**1343·6**	132·2	132·2	50·4	14·8	239·0	12·7	75·2	226·6	460·6
7·9	1·5	**293·6**	13·6	26·7	11·8	9·3	48·8	16·5	16·0	44·2	106·2

TABLE

Assets Groups		1	2	3	4	5	6	7	8	9
KERALA—(*Contd*).										
					NON-CULTIVATORS					
Less than Rs. 500	..	1·6	..	0·4	4·0	27·2	—	1·2	..	—
Rs. 500—Rs. 1,000	..	—	—	4·8	1·9	54·1	—	3·6	1·5	—
Rs. 1,000—Rs. 2,500	..	11·1	—	7·6	35·6	129·4	10·6	21·4	—	—
Rs. 2,500—Rs. 5,000	..	38·1	—	—	39·3	14·9	—	78·1	—	—
Rs. 5,000—Rs. 10,000	..	—	—	—	540·8	353·2	—	320·0	—	—
Rs. 10,000—Rs. 20,000	..	—	—	—	—	—	—	—	—	—
Rs. 20,000 and above	..	—	—	—	—	—	—	—	—	—
All Assets Group	..	2·9	..	1·4	11·1	42·9	0·8	7·5	0·2	—
					ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	2·4	1·2	0·5	2·3	26·7	0·3	1·2	0·1	—
Rs. 500—Rs. 1,000	..	10·3	2·7	1·4	7·2	49·6	..	4·7	0·6	—
Rs. 1,000—Rs. 2,500	..	15·7	7·4	3·8	11·2	85·6	1·3	10·7	1·9	—
Rs. 2,500—Rs. 5,000	..	32·1	15·2	3·0	19·9	128·8	2·2	34·8	4·5	—
Rs. 5,000—Rs. 10,000	..	73·4	16·5	13·0	29·8	175·2	3·6	60·8	2·1	—
Rs. 10,000—Rs. 20,000	..	182·5	45·1	8·9	21·6	295·9	7·7	119·0	2·6	—
Rs. 20,000 and above	..	360·0	86·8	3·7	94·8	575·8	—	176·0	1·0	—
All Assets Group	..	49·9	14·0	4·0	16·5	121·1	1·7	33·0	1·6	—
MADHYA PRADESH					CULTIVATORS					
Less than Rs. 500	..	28·7	1·3	0·2	1·3	101·7	—	4·7	—	—
Rs. 500—Rs. 1,000	..	33·1	9·8	0·3	0·8	103·8	—	2·0	0·1	—
Rs. 1,000—Rs. 2,500	..	59·7	13·3	1·4	1·9	153·6	3·8	13·0	—	—
Rs. 2,500—Rs. 5,000	..	115·3	28·9	2·0	0·5	184·8	2·2	15·8	—	—
Rs. 5,000—Rs. 10,000	..	204·7	67·2	..	2·0	251·4	4·8	25·5	1·0	—
Rs. 10,000—Rs. 20,000	..	226·8	103·7	1·8	5·5	365·5	6·0	39·6	3·0	—
Rs. 20,000 and above	..	578·1	226·0	19·5	345·8	505·4	8·7	31·8	—	—
All Assets Group	..	125·9	40·0	1·8	12·3	199·6	3·4	17·2	0·4	—
					NON-CULTIVATORS					
Less than Rs. 500	..	3·3	0·4	0·8	2·6	75·2	0·2	5·6	—	—
Rs. 500—Rs. 1,000	..	10·7	—	0·8	8·4	164·3	—	7·3	—	—
Rs. 1,000—Rs. 2,500	..	12·4	0·5	—	22·6	161·6	5·6	9·1	—	—
Rs. 2,500—Rs. 5,000	..	13·7	—	—	114·7	172·5	—	—	—	—
Rs. 5,000—Rs. 10,000	..	12·4	31·4	—	732·2	90·7	—	8·0	—	—
Rs. 10,000—Rs. 20,000	..	—	—	—	—	548·2	—	—	—	—
Rs. 20,000 and above	..	176·2	22·5	—	4534·5	580·0	—	—	—	—
All Assets Group		7·2	1·8	0·6	42·1	111·7	0·9	6·2	—	—
					ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	8·7	0·6	0·7	2·3	80·8	0·2	5·4	—	—
Rs. 500—Rs. 1,000	..	25·3	6·4	0·5	3·5	125·0	—	3·8	0·1	—
Rs. 1,000—Rs. 2,500	..	54·7	12·0	1·3	4·1	154·5	4·0	12·6	—	—
Rs. 2,500—Rs. 5,000	..	111·8	27·9	2·0	4·4	184·4	2·2	15·2	—	—
Rs. 5,000—Rs. 10,000	..	198·6	66·0	..	25·2	246·1	4·7	24·9	1·0	—
Rs. 10,000—Rs. 20,000	..	225·0	102·5	1·8	5·4	367·7	6·0	39·1	3·0	—
Rs. 20,000 and above	..	566·3	225·9	18·9	469·0	507·6	8·5	30·8	—	—
All Assets Group	..	100·5	31·8	1·5	18·7	180·8	2·8	14·8	0·3	—
MADRAS					CULTIVATORS					
Less than Rs. 500	..	26·8	39·2	32·5	—	103·5	1·3	8·0	—	—
Rs. 500—Rs. 1,000	..	51·6	22·2	0·4	1·3	141·2	1·8	7·7	1·1	—
Rs. 1,000—Rs. 2,500	..	85·3	35·1	2·2	2·6	163·0	3·0	17·9	0·9	—
Rs. 2,500—Rs. 5,000	..	181·8	78·3	5·3	7·5	223·3	6·8	49·8	2·7	—
Rs. 5,000—Rs. 10,000	..	299·0	76·7	5·1	9·0	359·1	9·8	65·7	3·5	—
Rs. 10,000—Rs. 20,000	..	611·6	147·4	10·7	9·1	415·0	27·7	172·5	1·2	—
Rs. 20,000 and above	..	1912·0	362·3	127·5	27·4	709·6	44·7	307·4	7·2	—
All Assets Group	..	333·1	88·2	17·3	7·0	272·1	10·6	70·3	2·2	—

3 (*Continued*)

10	11	12	13	14	15	16	17	18	19	20	21
					NON-CULTIVATORS						
0·1	—	**34·6**	0·2	2·2	1·8	0·7	1·8	1·5	0·4	4·2	21·9
—	—	**65·9**	4·0	5·8	1·2	0·3	0·7	1·6	3·6	6·1	42·7
—	—	**215·6**	12·8	6·5	6·6	—	29·3	2·9	—	13·1	144·5
—	—	**260·5**	—	64·4	—	—	49·2	23·1	—	—	128·8
—	—	**1214·0**	—	104·0	37·0	—	38·2	118·8	—	—	916·0
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
0·1	—	**67·1**	1·6	5·4	2·3	0·6	5·4	3·1	0·7	4·9	43·0
					ALL RURAL HOUSEHOLDS						
0·1	—	**35·0**	0·5	1·5	1·0	0·9	2·2	1·3	0·5	6·8	20·1
2·0	—	**78·6**	3·7	4·8	1·3	0·2	7·3	1·7	7·0	10·8	41·7
4·8	0·2	**141·7**	3·6	13·5	4·3	4·0	17·3	6·3	11·5	21·1	60·2
8·6	0·9	**250·0**	5·0	27·5	15·5	6·6	50·6	7·4	11·1	22·6	103·7
6·6	2·2	**383·4**	4·2	35·5	17·9	7·5	70·7	26·7	21·0	49·1	150·7
17·3	4·6	**705·2**	31·8	54·5	22·7	52·2	101·6	93·1	26·0	117·6	205·8
37·6	7·9	**1343·6**	132·2	132·2	50·4	14·8	239·0	12·7	75·2	226·6	460·6
6·4	1·2	**249·4**	11·2	22·6	10·0	7·6	40·3	13·9	13·0	36·6	94·2
					CULTIVATORS						
2·1		**140·1**	3·6	1·2	—	0·1	74·3	49·1	7·4	2·0	2·5
1·9	–	**151·8**	3·2	6·3	—	0,9	59·6	64·5	11·4	2·3	3·7
2·8	—	**249·7**	10·0	15·8	—	0·3	96·6	100·7	15·2	5·6	5·4
8·2	..	**357·6**	14·5	43·3	—	0·1	154·8	107·0	22·8	7·4	7·7
7·5	0·2	**564·1**	21·6	91·3	—	3·4	249·8	116·2	55·2	10·3	16·3
11·6	—	**763·6**	27·2	125·6	—	0·4	234·2	244·6	97·1	18·5	16·0
20·7	37·9	**1773·9**	166·8	258·3	15·8	—	220·5	722·0	286·3	54·4	49·8
6·2	1·2	**407·8**	18·5	51·3	0·5	0·9	149·9	129·4	38·5	9·0	9·9
					NON-CULTIVATORS						
0·4	—	**88·4**	—	0·3	—	1·7	51·9	18,1	4·4	5·3	6·8
—	—	**191·6**	0·4	0·7	—	1·1	142·6	19·0	12·0	11·6	4·1
5·8	—	**217·7**	1·8	2·2	—	0·1	83·2	65·4	19·0	38·0	8·2
—	—	**300·9**	5·6	—	—	10·0	91·4	104·2	19·0	16·2	7·6
—	—	**874·6**	36·2	43·7	—	—	58·4	43·6	450·6	242·1	—
—	—	**548·2**	—	—	—	—	464·2	71·5	—	—	12·5
—	—	**5513·2**	176·2	222·5	—	—	405·0	4209·5	—	—	500·0
1·0	—	**171·4**	1·9	2·3	—	1·6	78·6	42·6	19·9	16·5	8·0
					ALL RURAL HOUSEHOLDS						
0·7	—	**99·3**	0·8	0·5	—	1·4	56·6	24·6	5·0	4·6	5·8
1·2	—	**165·7**	2·2	4·3	—	1·0	88·7	48·6	11·6	5·6	3·8
3·1	—	**246·3**	9·2	14·4	—	0·3	95·2	96·9	15·6	9·0	5·7
7·9	—	**355·7**	14·2	41·8	—	0·4	152·6	106·0	24·3	7·7	7·7
7·3	0·2	**574·0**	22·1	89·8	—	3·3	243·7	113·9	67·8	17·7	15·8
11·4	—	**761·0**	26·9	124·0	—	0·4	237·0	242·5	95·9	18·3	16·0
20·1	36·8	**1883·9**	167·1	257·3	15·4	—	225·9	824·5	277·9	52·8	63·0
5·1	0·9	**357·3**	15·0	40·8	0·4	1·0	134·6	34·5	110·8	10·6	9·5
					CULTIVATORS						
3·2	—	**214·5**	1·3	7·4	0·7	3·2	152·6	6·8	1·3	37·5	3·7
9·5	—	**236·9**	2·0	7·2	—	1·0	198·2	3·7	1·7	10·3	12·9
17·5	—	**327·5**	5·2	25·4	0·3	0·7	254·8	18·6	8·2	5·1	9·2
29·7	—	**585·2**	14·9	45·2	2·8	2·0	422·5	33·5	22·5	15·0	26·9
69·8	—	**897·6**	24·0	65·2	12·0	0·5	650·7	46·0	15·2	28·8	55·1
79·7	—	**1475·0**	71·3	175·4	41·3	0·9	946·2	80·6	61·8	38·5	58·9
281·2	—	**3779·5**	122·9	480·1	25·7	13·5	2147·4	370·2	369·6	11·6	238·5
54·4	—	**855·2**	20·2	84·5	9·5	2·2	566·2	57·7	44·8	19·9	44·2

TABLE

Assets Groups	1	2	3	4	5	6	7	8	9
MADRAS—(*Contd*).									
				NON-CULTIVATORS					
Less than Rs. 500 ..	4·0	2·2	1·3	2·6	88·4	0·1	3·0	—	—
Rs. 500—Rs. 1,000 ..	13·5	0·6	5·8	21·1	118·6	—	10·7	1·4	—
Rs. 1,000—Rs. 2,500 ..	16·1	13·5	15·4	38·6	177·3	—	18·0	—	—
Rs. 2,500—Rs. 5,000 ..	26·4	5·9	28·6	12·8	302·6	5·2	38·1	9·7	—
Rs. 5,000—Rs. 10,000 ..	92·8	15·4	18·0	102·0	379·9	18·3	61·4	—	—
Rs. 10,000—Rs. 20,000 ..	66·0	12·5	—	181·6	461·5	—	30·0	—	—
Rs. 20,000 and above ..	118·9	404·8	368·7	1956·5	1246·8	—	17·4	—	—
All Assets Group ..	13·6	9·2	10·6	40·4	148·7	1·1	11·3	0·8	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500	9·5	11·2	8·9	1·9	92·1	0·4	4·3	—	—
Rs. 500—R.s 1,000 ..	35·1	12·8	2·8	9·9	131·4	1·0	9·0	1·2	—
Rs. 1,000—Rs. 2,500 ..	67·5	29·5	5·6	11·8	166·7	2·2	18·2	0·7	—
Rs. 2,500—Rs. 5,000 ..	155·8	66·2	9·2	8·4	236·5	6·6	47·8	3·9	—
Rs. 5,000—Rs. 10,000 ..	274·8	69·8	6·5	19·4	361·4	10·7	65·2	3·1	—
Rs. 10,000—Rs. 20,000 ..	575·8	138·6	10·0	20·4	418·0	25·9	163·2	1,1	—
Rs. 20,000 and above ..	1761·0	365·9	147·8	190·0	754·9	41·0	282·9	6·6	—
All Assets Group ..	215·1	59·0	14·8	19·0	226·5	7·1	48·5	1·7	—
MAHARASHTRA				CULTIVATORS					
Less than Rs. 500 ..	14·0	10·0	—	—	60·8	3·5	0·3	—	—
Rs. 500—Rs. 1,000 ..	15·8	29·0	1·6	0·4	65·2	0·6	1·2	—	—
Rs. 1,000—Rs. 2,500 ..	39·0	55·0	1·7	1·9	87·5	0·1	1·0	—	—
Rs. 2.500—Rs. 5,000 ..	67·5	102·4	3·1	2·2	103·1	—	3·5	0·3	—
Rs. 5,000—Rs. 10,000 ..	127·6	149·4	2·7	17·2	117·3	4·3	4·3	2·5	—
Rs. 10,000—Rs. 20,000 ..	201·8	228·7	17·9	12·6	159·2	—	7·8	0·8	—
Rs. 20,000 and above ..	618·2	665·1	309·7	4·5	293·0	0·7	10·6	—	—
All Assets Group ..	131·5	147·5	26·6	6·5	118·2	1·2	3·8	0·7	—
				NON-CULTIVATORS					
Less than Rs. 500 ..	0·8	0·5	1·4	3·5	38·8	0·2	0·8	0·2	—
Rs. 500—Rs. 1,000 ..	6·4	0·5	6·3	6·5	81·8	0·7	1·9	—	—
Rs. 1,000—Rs. 2,500 ..	14·4	4·8	15·3	5·9	101·5	3·1	0·6	—	—
Rs. 2.500—Rs. 5,000 ..	9·1	35·7	—	56·2	227·2	0·8	—	—	—
Rs. 5,000—Rs. 10,000 ..	—	18·7	—	317·3	207·2	48·8	4·9	—	—
Rs. 10,000—Rs. 20,000	53·3	30·1	—	41·7	77·3	—	20·8	—	—
Rs. 20,000 and above ..	210·0	114·2	—	250·0	25·5	—	—	—	—
All Assets Group ..	4·9	3·5	3·9	14·7	66·6	1·7	1·3	0·1	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	2·7	1·9	1·2	3·0	42·0	0·7	0·7	0·2	—
Rs. 500—Rs. 1,000 ..	11·2	15·0	3·9	3·4	73·8	0·7	1·5	—	—
Rs. 1.000—Rs. 2,500 ..	34·1	45·0	4·4	2·7	90·2	0·7	0·9	—	—
Rs. 2.500—Rs. 5,000 ..	62·8	97·0	2·8	6·6	113·1	0·1	3·2	0·3	—
Rs. 5,000—Rs. 10.000 ..	121·4	143·0	2·6	31·8	121·7	6·4	4·4	2·4	—
Rs. 10,000—Rs. 20,000 ..	252·5	219·9	17·1	13·9	155·5	—	8·4	0·8	—
Rs. 20,000 and above ..	612·5	657·4	305·4	7·9	289·3	0·7	10·4	—	—
All Assets Group ..	91·3	101·7	19·4	9·1	101·8	1·4	3·0	0·5	—
MYSORE				CULTIVATORS					
Less than Rs. 500 ..	23·2	22·6	—	0·2	164·4	0·3	5·1	—	—
Rs. 500—Rs. 1,000 ..	53·9	18·8	—	1·3	210·9	—	18·5	2·8	—
Rs. 1,000—Rs. 2,500 ..	94·9	32·5	—	4·2	247·7	2·0	12·5	1·9	—
Rs. 2,500—Rs. 5,000 ..	175·6	50·0	2·8	5·7	341·0	9·0	34·5	1·2	—
Rs. 5,000—Rs. 10.000 ..	263·5	82·5	5·2	8·0	408·0	4·0	50·4	5·0	1·3
Rs. 10,000—Rs. 20,000 ..	363·9	136·7	2·6	10·3	528·0	18·6	106·8	0·5	0·2
Rs. 20,000 and above ..	1045·3	426·0	15·7	95·7	793·1	53·8	229·4	17·4	—
All Assets Group ..	254·4	90·4	3·4	12·8	379·6	10·0	55·4	3·4	0·3

3 (*Continued*)

10	11	12	13	14	15	16	17	18	19	20	21
					NON-CULTIVATORS						
1·4	—	**102·9**	0·3	3·8	0·2	0·1	66·0	4·0	1·5	10·4	16·7
5·9	—	**177·6**	2·2	8·2	—	—	95·1	16·2	3·2	21·4	31·4
0·7	—	**280·5**	4·1	18·4	0·9	—	128·6	35·4	12·1	21·8	59·2
5·9	—	**435·2**	9·9	41·2	2·0	—	228·2	35·1	11·6	37·0	70·2
109·4	—	**787·3**	12·0	40·7	21·2	—	442·8	17·8	—	24·7	228·2
19·7	—	**771·2**	81·1	72·7	16·4	—	271·2	28·0	60·0	52·0	189·9
—	—	**4113·0**	44·1	230·9	518·4	—	1014·7	275·6	1890·4	87·0	52·0
6·7	—	**242·6**	3·8	13·8	7·8	..	118·0	15·8	27·4	17·2	38·7
					ALL RURAL HOUSEHOLDS						
1·8	—	**130·2**	0·5	4·6	0·3	0·8	87·2	4·6	1·5	17·0	13·5
7·9	—	**211·1**	2·1	7·6	—	0·5	153·4	9·1	2·4	15·1	20·9
13·2	—	**315·4**	4·9	23·6	0·5	0·5	222·3	22·9	9·2	9·4	22·9
25·7	—	**560·1**	14·1	44·6	2·7	1·6	390·0	33·7	20·7	18·7	34·1
74·2	—	**885·2**	22·7	62·5	13·0	0·5	627·4	42·8	13·5	28·4	74·5
75·8	—	**1428·9**	72·0	168·7	39·6	0·8	902·1	77·2	61·7	39·4	67·4
257·6	—	**3807·6**	116·2	459·1	67·2	12·4	2052·0	362·2	497·8	18·0	222·8
36·8	—	**628·8**	17·9	58·4	8·8	1·4	400·6	42·2	38·4	18·9	42·2
					CULTIVATORS						
—	—	**88·5**	2·9	10·4	—	0·4	46·0	7·7	0·8	10·0	10·3
1·0	—	**115·8**	10·5	12·9	0·3	2·6	51·4	12·2	1·9	14·7	9·3
4·0	—	**190·0**	13·3	37·7	—	9·5	72·5	15·5	6·2	21·2	14·1
5·0	—	**287·1**	42·6	88·0	—	2·8	74·5	17·6	5·8	36·3	19·4
4·3	—	**429·6**	85·0	136·0	0·2	0·4	71·4	28·0	19·2	55·2	34·2
4·2	—	**693·0**	192·4	200·1	1·0	0·2	103·5	57·1	26·4	84·1	28·2
24·1	—	**1925·8**	466·0	634·4	3·4	1·2	107·7	198·4	67·6	184·1	263·2
5·3	—	**441·2**	90·2	130·2	0·4	3·2	76·1	36·6	15·2	50·5	38·7
					NON-CULTIVATORS						
0·4		**46·5**	0·5	1·3	—	1·5	15·6	5·9	0·4	8·5	12·8
—	—	**104·1**	0·8	8·7	—	—	18·1	21·6	4·2	18·2	32·6
—	—	**145·4**	8·7	8·8	0·6	—	33·5	18·4	1·3	35·3	38·8
2·0		**331·0**	10·5	13·3	—	—	35·3	31·4	57·1	131·2	32·2
..		**596·8**	..	127·3	—	—	53·5	56·4	—	72·3	287·3
-		**223·2**	7·5	30·1	..	-	52·5	—	—	70·8	62·3
..	—	**599·8**	210·0	—	—	—	139·8	—	—	—	250·0
0·3	—	**97·1**	2·5	8·1	0·1	0·9	20·7	12·5	3·6	20·9	27·8
					ALL RURAL HOUSEHOLDS						
0·3		**52·7**	0·8	2·6	—	1·3	20·1	6·2	0·4	8·7	12·4
0·5	..	**110·0**	5·8	10·9	0·2	1·3	35·0	16·8	3·0	16·4	20·7
3·2	..	**181·2**	12·4	32·0	0·1	7·6	64·8	16·1	5·2	24·0	19·0
4·8	—	**290·6**	40·0	83·6	—	2·6	71·4	18·7	10·0	44·0	20·4
4·1	—	**437·7**	80·9	135·6	0·2	0·4	70·5	29·4	18·2	56·1	46·4
4·0	—	**672·2**	184·2	192·6	1·0	0·2	101·2	54·6	25·2	83·5	29·7
23·8	—	**1907·5**	462·4	625·6	3·4	1·2	108·1	195·6	66·6	181·6	263·0
3·7	—	**331·8**	62·3	91·4	0·3	2·5	58·5	28·9	11·5	41·1	35·2
					CULTIVATORS						
—	—	**216·0**	1·3	15·7	—	11·7	133·7	—	15·6	23·9	14·1
—	—	**306·2**	3·0	9·6	0·8	6·1	239·3	2·4	9·2	20·7	15·1
1·3	—	**397·0**	5·9	16·2	0·3	7·4	302·0	4·9	21·3	19·8	19·2
0·2	—	**620·0**	10·5	34·1	—	5·6	452·9	13·2	35·1	46·9	21·6
9·0	0·4	**838·2**	15·9	76·6	2·5	12·9	603·4	13·1	38·7	34·9	40·2
1·5	—	**1169·1**	57·0	136·1	2·7	5·3	746·4	9·8	67·8	45·2	98·9
58·6	91·4	**2826·4**	297·4	609·6	18·9	28·1	1081·2	43·9	351·8	108·2	287·1
7·3	7·1	**823·2**	37·0	94·8	2·5	9·6	512·8	12·0	58·7	39·8	55·1

TABLE

Assets Groups	1	2	3	4	5	6	7	8	9
MYSORE—(*Contd*).									
NON-CULTIVATORS									
Less than Rs. 500	9·2	0·4	—	3·7	93·4	—	5·1	—	—
Rs. 500—Rs. 1,000	14·9	4·4	0·9	34·4	129·1	—	1·3	—	—
Rs. 1,000—Rs. 2,500	12·9	8·6	—	29·2	214·3	10·6	14·4	—	—
Rs. 2,500—Rs. 5,000	40·9	27·9	—	90·1	217·4	4·1	40·2	—	—
Rs. 5,000—Rs. 10,000	92·6	44·6	14·1	128·9	358·1	3·2	64·5	—	—
Rs. 10,000—Rs. 20,000	174·1	61·0	29·5	305·9	508·4	—	2·0	—	—
Rs. 20,000 and above	487·0	—	231·8	1016·7	1248·5	—	485·8	—	—
All Assets Group	30·8	10·5	4·9	61·0	181·2	2·7	20·5	—	—
ALL RURAL HOUSEHOLDS									
Less than Rs. 500	12·1	5·0	—	3·0	108·1	0·1	5·1	—	—
Rs. 500—Rs. 1,000	35·7	12·1	0·4	16·8	172·8	—	10·5	1·5	—
Rs. 1,000—Rs. 2,500	75·2	26·8	—	10·2	239·6	4·0	13·0	1·4	—
Rs. 2,500—Rs. 5,000	155·7	46·7	2·3	18·2	322·8	8·3	35·3	1·0	—
Rs. 5,000—Rs. 10,000	245·2	78·4	6·1	21·0	402·7	3·9	51·9	4·4	1·2
Rs. 10,000—Rs. 20,000	351·9	132·0	4·3	28·9	526·8	17·5	100·2	0·4	0·1
Rs. 20,000 and above	1013·2	401·6	28·1	183·0	819·2	50·7	244·1	16·4	—
All Assets Group	194·7	69·1	3·8	25·7	325·9	8·0	46·1	2·5	0·2
ORISSA									
CULTIVATORS									
Less than Rs. 500	0·8	0·3	—	—	40·4	—	—	—	—
Rs. 500—Rs. 1,000	5·5	0·9	0·1	2·5	44·1	1·6	1·0	—	—
Rs. 1,000—Rs. 2,500	15·0	0·9	1·6	0·5	56·2	0·5	1·4	—	—
Rs. 2,500—Rs. 5,000	31·2	1·2	0·2	2·5	71·8	0·2	2·6	—	..
Rs. 5,000—Rs. 10,000	28·5	7·5	0·8	9·6	121·5	3·9	4·4	3·4	—
Rs. 10,000—Rs. 20,000	69·9	23·7	6·6	11·4	148·3	1·9	3·1	—	—
Rs. 20,000 and above	60·8	20·2	76·6	207·0	324·9	3·4	21·2	—	—
All Assets Croup	25·0	4·0	2·8	8·1	82·0	1·2	2·7	0·6	..
NON-CULTIVATORS									
Less than Rs. 500	0·4	—	—	..	10·3	0·1	—	—	—
Rs. 500—Rs. 1,000	1·1	—	0·3	2·2	18·1	—	..	—	—
Rs. 1,000—Rs. 2,500	8·2	0·2	3·2	—	58·5	1·9	2·1	—	—
Rs. 2,500—Rs. 5,000	5·1	—	—	13·9	143·6	1·1	1·2	—	—
Rs. 5,000—Rs. 10,000	4·7	8·5	3·8	—	138·9	—	—	—	—
Rs. 10,000—Rs. 20,000	3·9	—	—	—	395·9	—	—	—	—
Rs. 20,000 and above	—	—	—	—	184·0	—	—	—	—
All Assets Group	2·4	0·3	0·7	1·4	36·7	0·5	0·4	—	—
ALL RURAL HOUSEHOLDS									
Less than Rs. 500	0·4	..	—	..	15·2	0·1	—	—	—
Rs. 500—Rs. 1,000	3·3	0·4	0·2	2·4	30·8	0·8	0·5	—	—
Rs. 1,000—Rs. 2,500	13·8	0·8	1·9	0·4	56·6	0·8	1·6	—	—
Rs. 2,500—Rs. 5,000	29·1	1·1	0·2	3·4	77·6	0·3	2·5	—	..
Rs. 5,000—Rs. 10,000	26·9	7·6	1·0	8·9	122·6	3·7	4·1	3·2	—
Rs. 10,000—Rs. 20,000	66·2	22·4	6·2	10·8	162·1	1·8	2·9	—	—
Rs. 20,000 and above	58·6	19·5	73·8	199·4	319·7	3·3	20·4	—	—
All Assets Group	18·5	2·9	2·2	6·1	68·9	1·0	2·1	0·4	..
PUNJAB									
CULTIVATORS									
Less than Rs. 500	35·6	7·9	—	4·0	314·6	—	59·0	—	67·5
Rs. 500—Rs. 1,000	104·6	15·8	—	—	314·2	1·0	12·7	—	—
Rs. 1,000—Rs. 2,500	146·6	19·7	1·3	11·9	331·9	9·0	18·9	0·3	—
Rs. 2,500—Rs. 5,000	160·9	25·2	4·6	14·8	386·6	14·5	21·2	—	4·0
Rs. 5,000—Rs. 10,000	230·5	30·2	1·3	13·8	571·5	25·4	33·8	0·2	—
Rs. 10,000—Rs. 20,000	266·9	32·4	14·5	1·5	645·0	44·6	72·3	0·2	—
Rs. 20,000 and above	359·6	34·0	24·9	19·7	725·2	80·6	49·2	1·6	15·2
All Assets Group	241·8	28·9	10·2	11·8	555·5	37·7	41·7	0·5	4·7

3—(*Continued*).

10	11	12	13	14	15	16	17	18	19	20	21
NON-CULTIVATORS											
0·1	—	**111·8**	—	2·4	0·6	2·6	58·3	0·2	9·8	14·9	23·1
—	—	**185·0**	—	13·9	0·5	0·5	87·1	—	39·0	21·2	22·8
1·1	—	**291·1**	0·9	13·5	3·2	0·8	164·2	...	19·7	31·4	57·3
—	—	**420·6**	0·7	37·3	12·8	—	208·4	4·9	1·4	77·7	77·4
7·2	—	**713·3**	6·5	127·9	—	—	365·3	28·6	11·1	32·2	141·8
—	—	**1080·8**	—	126·4	15·3	—	353·7	—	100·4	13·0	472·0
—	—	**4069·8**	40·9	813·3	400·2	—	141·0	—	83·3	966·7	1624·4
0·8		**312·4**	1·2	33·3	7·8	1·3	131·4	2·8	19·4	39·4	75·8
ALL RURAL HOUSEHOLDS											
..	—	**133·3**	0·3	5·1	0·4	4·4	73·8	0·1	11·0	16·8	21·2
—	—	**249·6**	1·6	11·6	0·6	3·5	168·4	1·3	23·1	20·9	18·7
1·3	—	**371·5**	4·7	15·5	1·0	5·8	268·9	3·7	20·9	22·6	28·4
0·2	—	**590·5**	9·1	34·6	1·9	4·8	416·8	12·0	30·1	51·4	29·9
9·6	0·3	**824·8**	14·9	82·1	2·2	11·6	577·9	14·8	35·8	34·6	51·0
1·4	—	**1163·6**	53·4	135·5	3·5	5·0	721·6	9·2	69·8	43·1	122·4
55·3	86·1	**2897·8**	282·7	621·3	40·8	26·5	1027·2	41·4	336·4	157·5	363·9
5·6	5·2	**686·8**	28·1	78·4	3·9	7·4	411·0	9·5	48·2	39·7	60·6
CULTIVATORS											
0·2	—	**41·7**	0·3	3·7	—	—	9·5	26·8		—	1·3
3·5	—	**59·3**	3·8	0·7	—	1·9	7·7	36·2	0·4	0·3	2·3
4·4	—	**80·6**	8·5	9·6	—	1·2	22·3	32·1	0·2	0·8	5·9
5·6	-	**115·4**	9·2	26·8	—	0·5	30·3	41·9	1·6	2·8	2·3
2·5	—	**182·0**	20·7	25·8	—	0·8	43·3	69·0	10·8	2·9	8·7
2·3	—	**267·2**	67·2	39·4	—	—	56·2	82·6	11·4	2·3	8·1
—	27·2	**741·5**	108·2	93·4	—	27·2	69·7	112·2	109·0	74·4	147·5
3·9	0·6	**131·0**	15·9	20·6	—	1·4	29·6	46·4	5·6	3·4	8·1
NON-CULTIVATORS											
—	—	**10·8**	0·6	—	—	—	3·7	6·0	—	0·3	0·2
—	—	**21·7**	0·4	0·5	—		7·0	9·4	0·2	1·3	3·1
6·7	—	**80·9**	4·0	6·1	—	—	13·4	42·4	—	6·1	8·9
7·2	—	**172·1**	7·1	5·1	—	—	45·3	101·4	—	—	13·2
—	—	**155·9**	19·2	13·2		...	0·4	106·9	...	16·3	—
—	—	**399·8**	288·5	20·0	—	-	19·2	15·8		..	56·2
—	—	**184·0**	—	—	—	—	184·0	—	—	—	—
1·6	—	**44·0**	4·7	2·1	—	...	9·2	22·2	..	2·0	3·7
ALL RURAL HOUSEHOLDS											
..	—	**15·8**	0·6	0·6	—	—	4·7	9·4	-	0·3	0·4
1·7	—	**40·1**	2·0	3·5	—	1·0	7·3	22·5	0·3	0·8	2·7
4·8	—	**80·6**	7·7	8·9	—	1·0	20·7	34·0	0·2	1·7	6·4
5·8	—	**120·0**	9·0	25·0	—	0·4	31·5	46·8	1·5	2·6	3·2
2·3	—	**180·8**	20·6	25·0	—	0·7	40·5	71·5	10·1	3·8	8·1
2·2	—	**274·6**	79·6	38·3	—	—	54·1	78·8	10·8	2·2	10·8
—	26·2	**720·9**	104·2	89·9	—	26·2	74·0	108·0	104·9	71·6	142·0
3·3	0·4	**105·9**	12·7	15·2	—	1·0	23·7	39·4	4·0	3·0	6·8
CULTIVATORS											
10·5	.	**499·1**	—	14·8	—	3·7	206·5	210·4	—	28·4	35·3
—	—	**448·3**	20·6	18·7	—	15·8	201·1	95·1	4·3	36·9	55·8
6·5	—	**546·0**	13·6	27·4	—	26·3	228·7	98·1	30·6	64·4	56·9
3·0	—	**634·9**	15·9	43·2	—	47·3	300·4	84·6	4·1	69·2	70·2
20·2	2·9	**929·8**	38·7	70·0	—	61·3	443·1	138·6	8·0	95·8	74·2
18·3	30·8	**1126·4**	38·0	77·7	—	95·3	537·3	127·8	16·2	162·1	72·1
47·3	29·8	**1387·1**	62·9	104·8	—	77·0	688·0	199·4	31·3	138·9	85·0
20·9	14·4	**968·2**	36·7	68·4	—	64·2	463·2	136·0	16·9	110·0	72·7

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Assets Groups		1	2	3	4	5	6	7	8
PUNJAB—(*Contd.*)									
				NON-CULTIVATORS					
Less than Rs. 500	..	39·7	7·8	14·7	6·7	211·0	6·1	23·0	—
Rs. 500—Rs. 1,000	..	52·8	4·1	1·2	12·8	284·8	4·1	23·6	0·4
Rs. 1,000—Rs. 2,500	..	48·4	7·4	12·7	37·6	338·6	11·0	24·5	0·2
Rs. 2,500—Rs. 5,000	..	112·1	4·2	29·3	79·2	381·7	16·7	60·6	—
Rs. 5,000—Rs. 10,000	..	72·8	1·5	12·7	139·3	573·5	13·8	19·7	—
Rs. 10,000—Rs. 20,000	..	113·5	3·7	145·6	152·5	445·3	4·5	15·7	—
Rs. 20,000 and above	..	250·0	44·9	—	214·4	971·0	16·1	19·7	—
All Assets Group	..	68·5	7·0	19·1	53·1	358·5	9·2	27·0	0·1
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	39·5	7·8	13·8	6·5	217·0	5·8	25·1	—
Rs. 500—Rs. 1,000	..	62·2	6·2	1·0	10·5	290·1	3·5	21·6	0·3
Rs. 1,000—Rs. 2,500	..	83·5	11·8	8·6	28·4	336·2	10·3	22·5	0·2
Rs. 2,500—Rs. 5,000	..	144·9	18·3	12·8	36·0	385·0	15·2	34·2	—
Rs. 5,000—Rs. 10,000	..	196·1	24·0	3·8	41·2	571·9	22·8	30·8	0·2
Rs. 10,000—Rs. 20,000	..	244·5	28·2	33·6	23·5	615·9	38·7	64·1	0·2
Rs. 20,000 and above	..	368·5	35·2	22·4	39·5	750·2	74·0	46·2	1·4
All Assets Group	..	170·6	19·9	13·8	28·8	474·6	26·0	35·7	0·4
RAJASTHAN				CULTIVATORS					
Less than Rs. 500	..	48·5	3·9	—	4·4	253·0	—	7·7	0·5
Rs. 500—Rs. 1,000	..	115·6	18·2	0·5	9·0	327·2	2·4	12·2	—
Rs. 1,000—Rs. 2,500	..	129·1	21·2	1·6	4·4	370·6	2·4	19·0	0·2
Rs. 2,500—Rs. 5,000	..	187·5	33·1	10·0	5·9	494·4	3·3	22·6	1·4
Rs. 5,000—Rs. 10,000	..	241·2	35·0	3·2	17·8	522·2	1·2	27·0	2·2
Rs. 10,000—Rs. 20,000	..	358·9	36·2	22·2	42·6	643·0	12·5	30·7	0·7
Rs. 20,000 and above	..	511·7	92·7	47·1	299·1	792·4	6·1	40·9	37·4
All Assets Group	..	208·9	31·5	8·3	22·8	482·1	3·6	23·3	2·4
				NON-CULTIVATORS					
Less than Rs. 500	..	26·5	2·1	—	36·7	203·5	5·0	11·0	8·2
Rs. 500—Rs. 1,000	..	28·9	1·2	—	21·8	392·8	2·7	17·6	2·7
Rs. 1,000—Rs. 2,500	..	34·9	4·2	2·0	55·0	353·4	4·8	5·2	—
Rs. 2,500—Rs. 5,000	..	28·1	1·9	—	251·3	351·8	3·5	38·8	—
Rs. 5,000—Rs. 10,000	..	19·1	61·3	11·9	292·6	1156·6	—	21·8	6·5
Rs. 10,000—Rs. 20,000	..	85·4	—	29·2	746·0	456·1	17·7	363·2	—
Rs. 20,000 and above	..	—	—	73·6	4060·0	3017·0	122·7	896·7	—
All Assets Group	..	30·3	8·0	3·6	162·8	435·3	5·8	38·4	3·5
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	33·9	2·7	—	25·9	220·0	3·3	9·9	5·6
Rs. 500—Rs. 1,000	..	88·6	12·9	0·3	13·0	347·7	2·5	13·9	0·8
Rs. 1,000—Rs. 2,500	..	115·2	18·7	1·7	11·8	368·1	2·7	17·0	0·2
Rs. 2,500—Rs. 5,000	..	179·2	31·5	9·4	18·8	486·9	3·3	23·4	1·3
Rs. 5,000—Rs. 10,000	..	227·8	36·6	3·7	34·3	560·5	1·2	26·7	2·5
Rs. 10,000—Rs. 20,000	..	347·0	34·6	22·5	73·3	634·8	12·7	45·2	0·7
Rs. 20,000 and above	..	483·7	87·7	48·6	504·7	914·1	12·5	87·7	35·4
All Assets Group	..	185·1	28·4	7·6	41·4	475·9	3·9	25·3	2·3
UTTAR PRADESH				CULTIVATORS					
Less than Rs. 500	..	7·3	7·3	0·4	0·2	75·8	0·6	4·8	—
Rs. 500—Rs. 1,000	..	22·2	6·0	0·2	1·4	94·0	2·9	6·8	—
Rs. 1,000—Rs. 2,500	..	36·4	8·3	2·1	2·8	116·4	6·8	7·6	..
Rs. 2,500—Rs. 5,000	..	54·1	11·1	1·8	5·0	141·4	11·8	13·2	..
Rs. 5,000—Rs. 10,000	..	81·8	12·9	2·6	8·8	183·1	10·4	14·4	0·2
Rs. 10,000—Rs. 20,000	..	143·9	22·4	3·0	8·1	248·1	30·5	32·6	—
Rs. 20,000 and above	..	288·2	50·1	20·1	103·8	374·6	36·0	41·1	—
All Assets Group	..	71·6	13·3	2·9	10·0	159·4	12·2	14·6	..

3—(*Continued*)

10	11	12	13	14	15	16	17	18	19	20	21
				NON-CULTIVATORS							
1·6	—	**310·8**	5·4	17·7	—	33·2	144·2	35·2	2·1	32·3	40·7
0·8	—	**384·5**	12·5	28·5	—	27·6	177·8	60·2	16·3	30·0	31·6
2·9	1·7	**486·7**	10·6	32·7	—	42·2	220·3	73·4	10·4	49·5	47·6
4·3	0·5	**692·2**	45·6	85·8	—	37·2	335·8	42·4	38·3	52·5	54·5
8·0	—	**841·3**	11·4	52·1	—	90·1	408·1	24·9	89·8	72·0	92·9
—	121·1	**1001·8**	33·0	73·5	—	22·5	563·5	74·9	84·8	89·8	59·8
—	—	**1516·2**	78·8	50·1	—	—	1103·3	8·4	181·9	57·3	36·4
2·5	7·1	**553·2**	18·0	39·7	—	38·3	278·7	52·8	31·2	46·7	47·8
				ALL RURAL HOUSEHOLDS							
2·1	—	**321·8**	5·1	17·5	—	31·5	147·8	45·3	2·0	32·1	40·4
0·6	—	**396·0**	14·0	26·8	—	25·4	182·0	66·5	14·1	31·3	36·0
4·2	1·1	**507·9**	11·7	30·8	—	30·5	223·3	82·2	17·6	54·8	50·9
3·4	0·2	**653·7**	25·7	57·2	—	44·0	312·1	70·7	15·3	63·7	65·0
17·5	2·3	**910·5**	32·8	66·1	—	67·6	435·4	113·8	25·9	90·6	78·3
15·6	44·0	**1108·2**	37·2	77·1	—	84·7	541·1	120·1	26·2	151·6	70·3
42·4	26·8	**1400·3**	64·5	99·2	—	69·1	730·3	179·9	46·6	130·6	80·0
13·4	11·4	**797·8**	29·0	56·6	—	53·6	387·4	101·8	22·8	84·0	62·5
				CULTIVATORS							
6·8	—	**324·8**	0·5	1·4	—	—	121·2	135·8	14·4	21·6	30·0
4·9	25·1	**515·1**	5·0	2·3	—	3·7	189·8	175·5	57·9	17·1	63·8
16·6	24·3	**591·1**	6·8	7·8	—	—	193·3	218·6	74·8	34·4	55·4
24·2	10·5	**792·9**	17·9	16·4	—	—	222·8	293·9	137·9	28·7	75·2
18·9	2·6	**871·5**	19·1	19·4	—	—	277·3	321·3	118·9	41·9	73·6
26·5	15·7	**1189·1**	48·3	35·1	—	3·2	356·8	377·0	173·7	81·0	113·8
1·3	—	**1828·7**	168·6	62·7	5·8	30·6	546·6	386·3	360·2	62·2	205·8
19·0	13·0	**815·2**	23·0	17·5	0·2	1·7	250·4	283·5	122·3	39·2	77·4
				NON-CULTIVATORS							
5·4	—	**298·3**	—	1·1	—	—	71·1	156·9	16·9	14·9	37·4
—	14·3	**482·0**	0·3	1·2	—	—	116·0	207·0	58·6	27·1	71·9
2·6	5·6	**467·8**	2·1	4·7		—	99·3	166·6	110·2	18·2	66·6
—	—	**675·3**	—	1·5	—	—	135·3	238·6	146·5	60·9	92·5
—	85·6	**1655·3**	19·6	2·6		—	267·3	487·6	264·7	87·6	522·3
—	—	**1697·8**	—	—	—	—	374·4	504·4	480·7	11·1	327·1
—	71·4	**8241·4**	.	55·6	—	—	—	4453·4	71·4	—	3661·0
2·2	13·6	**703·6**	2·5	3·3	—	—	122·9	278·7	104·2	29·9	162·2
				ALL RURAL HOUSEHOLDS							
5·9	—	**307·2**	0·2	1·2	—	—	87·8	149·9	16·0	17·1	34·9
3·4	21·7	**504·8**	3·5	2·0	—	2·5	166·8	185·3	58·1	20·2	66·3
14·6	21·5	**573·0**	6·1	7·3	—	—	179·5	210·9	80·0	32·0	57·1
22·9	10·0	**786·7**	17·0	15·6	—	—	218·2	291·0	138·4	30·4	76·2
17·7	7·7	**918·8**	19·1	18·6	—	—	276·7	331·4	127·7	44·6	100·7
25·4	15·0	**1211·3**	46·2	33·5	—	3·1	357·6	382·6	187·2	78·0	123·1
1·2	3·9	**2179·4**	159·4	62·3	5·5	28·9	516·7	608·7	344·4	58·8	394·8
10·7	13·0	**800·4**	20·3	15·6	0·2	1·5	233·4	282·8	119·9	38·0	88·7
				CULTIVATORS							
1·4	3·5	**101·7**	1·1	4·3	—	0·9	65·6	20·4	1·0	4·7	3·6
0·6	0·6	**134·7**	0·6	7·2	—	0·9	84·0	24·1	3·9	9·0	5·0
5·0	0·4	**186·3**	2·3	11·7	—	0·6	97·9	44·1	7·2	15·0	7·5
7·2	0·1	**245·8**	4·0	16·2	—	0·1	125·4	57·7	12·9	19·0	10·4
17·1	..	**333·1**	8·1	25·5	—	..	145·5	87·1	16·6	26·5	23·8
15·6	3·9	**513·0**	23·4	46·7	—	—	195·3	130·5	30·4	41·6	45·1
14·0	15·7	**944·8**	80·6	148·8	11·3	—	191·9	171·7	36·4	77·2	227·0
9·0	1·5	**295·5**	9·8	25·5	0·6	0·3	126·9	68·9	13·9	23·4	26·2

TABLE

Assets Groups		1	2	3	4	5	6	7	8	9
UTTAR PRADESH—(*Contd*).										
					NON-CULTIVATORS					
Less than Rs. 500	..	8·0	0·4	1·2	14·2	87·5	1·2	4·8	—	0·3
Rs. 500—Rs. 1,000	..	19·4	0·5	1·4	20·8	131·3	3·0	11·9	..	0·1
Rs. 1,000—Rs. 2,500	..	25·5	1·7	12·6	29·8	153·0	3·0	7·6	0·4	0·4
Rs. 2,500—Rs. 5,000	..	32·2	4·6	12·6	50·7	207·3	1·0	19·1	—	9·4
Rs. 5,000—Rs. 10,000	..	44·0	3·0	21·4	55·3	269·4	9·9	19·4	—	—
Rs. 10,000—Rs. 20,000	..	48·6	—	39·8	167·5	248·0	—	19·0	—	—
Rs. 20,000 and above	..	—	7·5	—	615·4	194·2	90·0	—	—	—
All Assets Group	..	19·2	1·2	6·2	27·8	134·7	2·7	9·3	0·1	1·0
					ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	7·8	2·2	1·0	10·6	84·4	1·0	4·8	—	0·3
Rs. 500—Rs. 1,000	..	21·0	3·6	0·7	9·7	110·0	2·9	9·0	..	..
Rs. 1,000—Rs. 2,500	..	34·4	7·1	4·0	7·8	123·1	6·1	7·7	0·1	0·5
Rs. 2,500—Rs. 5,000	..	52·4	10·6	2·6	8·6	146·6	10·9	13·7	—	0·9
Rs. 5,000—Rs. 10,000	..	79·9	12·4	3·6	11·2	187·5	10·4	14·7	0·2	1·6
Rs. 10,000—Rs. 20,000	..	142·1	22·0	3·8	11·2	248·1	29·9	32·4	—	4·7
Rs. 20,000 and above	..	283·8	49·4	19·8	111·5	371·9	36·8	40·5	—	1·2
All Assets Group	..	61·1	10·9	3·6	13·6	154·4	10·3	13·8	..	1·1
WEST BENGAL					CULTIVATORS					
Less than Rs. 500	..	4.0	6.4	—	1.8	52.3	0.6	1.0	0.6	—
Rs. 500—Rs. 1,000	..	11.4	13.9	0.9	0.3	84.1	1.1	1.5	—	—
Rs. 1,000—Rs. 2,500	..	21.0	25.5	3.3	4.4	130.8	1.5	2.1	—	—
Rs. 2,500—Rs. 5,000	..	23.6	35.3	2.8	7.8	158.4	3.9	4.1	0.1	—
Rs. 5,000—Rs. 10,000	..	40.1	59.5	2.2	14.0	194.7	4.0	11.0	1.3	—
Rs. 10,000—Rs. 20,000	..	64.8	69.4	15.1	36.6	240.3	28.8	10.3	—	—
Rs. 20,000 and above	..	135.0	115.0	6.5	60.5	233.2	9.5	38.0	—	—
All Assets Group	..	30.2	37.3	3.6	11.0	147.2	5.0	6.0	0.3	—
					NON-CULTIVATORS					
Less than Rs. 500	..	4.9	2.9	3.2	4.0	46.9	0.9	1.6	—	0.1
Rs. 500—Rs. 1,000	..	0.3	2.8	12.5	12.2	96.8	1.1	0.5	—	—
Rs. 1,000—Rs. 2,500	..	14.2	4.4	9.9	25.7	163.7	2.7	—	—	—
Rs. 2,500—Rs. 5,000	..	12.8	12.9	—	43.2	185.3	0.2	1.1	—	—
Rs. 5,000—Rs. 10,000	..	16.7	8.7	58.9	36.8	317.6	—	2.9	—	—
Rs. 10,000—Rs. 20,000	..	—	28.8	43.1	629.2	254.8	—	12.5	—	—
Rs. 20,000 and above	..	9.0	58.4	134.6	415.4	224.7	14.1	—	—	—
All Assets Group	..	6.3	5.7	11.0	36.4	99.2	1.3	1.5	—	..
					ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	4.7	3.8	2.4	3.4	48.3	0.8	1.5	0.2	0.1
Rs. 500—Rs. 1,000	..	7.2	9.7	5.3	4.8	88.9	1.1	1.1	—	—
Rs. 1,000—Rs. 2,500	..	19.7	21.3	4.6	8.7	137.3	1.7	1.7	—	—
Rs. 2,500—Rs. 5,000	..	22.2	32.3	2.4	12.6	162.0	3.4	3.7	..	—
Rs. 5,000—Rs. 10,000	..	37.6	54.1	8.2	16.4	207.6	3.5	10.2	1.2	—
Rs. 10,000—Rs. 20,000	..	56.3	64.1	18.8	113.7	242.2	25.0	10.6	—	—
Rs. 20,000 and above	..	111.8	104.5	30.1	125.9	231.6	10.3	31.0	—	—
All Assets Group	..	22.3	26.8	6.0	19.4	131.4	3.8	4.5	0.2	..
ALL INDIA					CULTIVATORS					
Less than Rs. 500	..	11.8	9.3	4.1	1.4	86.6	1.1	5.1	0.1	5.1
Rs. 500—Rs. 1,000	..	27.8	11.4	1.2	2.2	113.8	1.6	6.1	0.2	2.5
Rs. 1,000—Rs. 2,500	..	49.8	17.3	2.0	3.1	147.4	3.3	8.9	0.2	0.6
Rs. 2,500—Rs. 5,000	..	87.8	32.8	2.9	5.1	201.0	6.5	16.5	0.5	0.8
Rs. 5,000—Rs. 10,000	..	143.2	51.5	3.4	11.3	276.8	7.3	25.8	1.5	0.5
Rs. 10,000—Rs. 20,000	..	242.6	86.3	8.7	12.8	390.7	18.3	52.8	0.9	0.9
Rs. 20,000 and above	..	590.7	215.1	56.7	65.9	611.7	38.1	99.8	4.8	5.2
All Assets Group	..	126.7	46.2	6.8	10.0	232.5	8.3	23.8	0.9	1.4

3—(*Continued*)

10	11	12	13	14	15	16	17	18	19	20	21
NON-CULTIVATORS											
1·0	..	**118·7**	0·1	2·2	—	0·9	61·5	32·0	7·4	8·9	5·6
3·5	0·2	**192·1**	0·1	7·5	—	0·4	87·1	56·0	8·6	16·2	16·0
5·5	0·1	**239·6**	2·6	4·8	—	—	83·1	78·5	22·9	21·0	26·7
11·1	—	**348·1**	2·8	10·7	—	—	116·6	131·5	32·1	28·0	26·4
1·9	5·6	**429·9**	7·7	20·8	—	—	148·3	104·2	52·6	35·3	61·0
21·5	—	**544·4**	48·6	31·8	—	—	45·5	170·9	—	47·6	—
—	—	**907·1**	—	—	—	—	279·2	—	477·2	137·5	13·1
3·8	0·3	**206·6**	1·7	6·0	—	0·4	82·4	64·1	17·0	17·3	17·6
ALL RURAL HOUSEHOLDS											
1·1	1·0	**114·2**	0·4	2·8	—	0·9	62·6	29·0	5·7	7·8	5·1
1·9	0·4	**159·3**	0·4	7·3	—	0·7	85·3	37·8	5·9	12·1	9·7
5·1	0·3	**196·1**	2·3	10·4	—	0·5	95·2	50·4	10·1	16·1	11·1
7·5	0·1	**253·8**	3·9	15·8	—	0·1	124·7	63·5	14·2	19·7	11·7
16·3	0·3	**338·1**	8·0	25·3	—	..	145·6	88·0	18·5	26.9	25·8
15·7	3·9	**513·6**	23·9	46·4	—	—	192·4	135·2	29·8	41·7	44·3
13·8	15·5	**944·3**	79·3	146·6	11·1	—	193·2	169·1	43·0	78·2	223·8
7·9	1·3	**277·7**	8·2	21·6	0·5	0·3	118·0	68·0	14·5	22·1	24·5
CULTIVATORS											
—	—	**66·7**	7·8	0·3	—	4·3	25·9	6·9	4·1	9·5	7·8
—	—	**113·3**	25·4	1·4	—	6·1	48·5	3·7	4·4	11·7	12·1
0·1	—	**188·8**	38·1	5·4	—	2·6	80·8	12·5	12·1	21·0	16·2
—	—	**236·1**	47·8	10·3	0·1	1·1	100·2	17·7	13·8	24·3	20·7
—	—	**326·8**	37·4	17·8	0·8	1·3	121·0	30·8	35·6	54·3	14·32
6·2	—	**471·4**	52·9	34·6	0·4	5·1	127·5	43·7	37·9	76·1	93·73
—	—	**597·6**	114·9	51·6	—	—	161·5	7·0	93·2	53·0	116·5
0·6	—	**241·1**	39·9	11·9	0·2	2·8	89·4	17·4	20·0	31·0	28·5
NON-CULTIVATORS											
..	—	**64·7**	20·6	0·9	—	1·0	14·2	4·5	2·1	9·3	12·3
—	—	**126·2**	38·0	0·5	—	0·7	25·8	13·6	10·7	10·7	26·2
—	—	**220·5**	72·8	1·3	—	—	36·0	31·5	7·4	36·2	35·2
—	—	**255·4**	77·6	8·2	—	—	32·7	20·6	5·2	43·7	67·3
—	—	**441·6**	173·7	16·6	—	—	35·2	42·4	5·1	38·1	130·5
—	—	**968·4**	135·5	—	—	—	58·8	31·2	12·5	58·4	672·0
—	—	**856·1**	175·1	19·6	—	—	191·2	15·2	—	75·8	479·4
..	—	**161·6**	44·2	2·3	—	0·6	25·5	13·0	4·8	19·1	52·2
ALL RURAL HOUSEHOLDS											
..	—	**65·2**	17·3	0·8	—	1·8	17·2	5·1	2·6	9·3	11·1
—	—	**118·1**	30·1	1·0	—	4·1	40·0	7·4	6·8	11·3	17·4
..	—	**195·1**	45·0	4·6	—	2·1	72·0	16.3	11.2	24·0	20.0
—	—	**238·7**	51·8	10·0	0·1	1·0	91·1	18·1	12·7	27·0	27·0
—	—	**338·8**	51·7	17·7	0·8	1·2	112·0	32·0	32·4	52·6	38·5
5·4	—	**536·1**	63·6	30·1	0·3	4·5	118·6	42·0	34·6	73·8	168·5
—	—	**645·3**	107·6	45·7	—	—	167·0	8·5	76·0	57·2	183·4
0·4	—	**214·9**	41·3	8·7	0·1	2·1	68·3	16·0	15·0	27·0	36·3
CULTIVATORS											
2·0	0·3	**126·9**	7·0	3·5	0·1	2·0	75·4	13·1	7·7	10·5	7·7
3·4	1·3	**171·4**	7·8	5·3	0·1	1·9	97·7	26·0	10·0	9·2	13·4
5·8	1·4	**239·8**	8·5	13·0	0·2	2·2	124·1	44·7	17·1	14·5	15·6
9·8	1·0	**364·9**	14·8	27·8	0·7	2·2	177·1	64·6	29·9	21·8	26·0
16·7	0·5	**538·5**	24·0	51·0	1·7	4·2	262·0	82·9	36·0	35·6	41·1
25·6	4·4	**843·9**	54·2	94·2	4·6	9·5	381·4	116·3	55·2	65·0	63·6
61·6	13·8	**763·3**	140·9	265·4	11·8	13·8	731·6	203·2	139·6	100·3	156·7
14·0	2·2	**472·7**	26·1	47·0	1·8	4·0	222·8	70·4	34·2	30·2	36·2

TABLE

Assets Groups		1	2	3	4	5	6	7	8	9
ALL INDIA—(*Contd.*)										
					NON-CULTIVATORS					
Less than Rs. 500	..	4.4	1.3	1.8	4.6	71.8	0.8	3.6	0.1	0.8
Rs. 500—Rs. 1,000	..	12.5	1.7	3.7	13.2	137.2	1.2	7.7	0.2	2.7
Rs. 1,000—Rs. 2,500	..	21.7	4.0	8.8	28.4	180.4	3.5	11.2	0.4	0.6
Rs. 2,500—Rs. 5,000	..	34.4	9.2	14.4	71.2	256.0	3.0	26.9	1.0	1.9
Rs. 5,000—Rs. 10,000	..	44·5	15·0	35·7	171·1	378·2	10·3	25·9	0·3	—
Rs. 10,000—Rs. 20,000	..	79·3	14·8	48·5	283·5	357·3	9·2	29·6	0·3	—
Rs. 20,000 and above	..	150·1	78·0	124·3	1016·0	864·9	14·4	113·3	—	—
All Assets Group	..	15·5	4·0	7·7	37·3	142·1	2·2	9·9	0·3	1·2
					ALL RURAL HOUSEHOLDS					
Less than Rs. 500	..	6·4	3·4	2·4	3·8	75·8	0·8	4·0	0·1	2·0
Rs. 500—Rs. 1,000	..	21·4	7·3	2·3	6·8	123·7	1·4	6·8	0·2	2·6
Rs. 1,000—Rs. 2,500	..	44·1	14·6	3·4	8·2	154·1	3·4	9·3	0·3	0·6
Rs. 2,500—Rs. 5,000	..	82·5	30·4	4·1	11·7	206·5	6·2	17·5	0·6	1·0
Rs. 5,000—Rs. 10,000	..	135·9	48·8	5·8	23·2	284·4	7·8	25·8	1·4	0·5
Rs. 10,000—Rs. 20,000	..	234·1	82·5	10·8	27·0	388·9	17·8	51·6	0·9	0·9
Rs. 20,000 and above	..	565·5	207·3	60·5	120·2	626·2	36·7	100·6	4·5	4·9
All Assets Group	..	97·1	35·0	7·0	17·2	208·4	6·7	20·1	0·7	1·4

3—(*Continued*)

10	11	12	13	14	15	16	17	18	19	20	21
					NON-CULTIVATORS						
0·9	..	**90·2**	3·6	2·0	0·1	1·7	43·2	12·2	5·3	8·5	13·8
1·9	0·4	**182·5**	7·6	6·5	..	2·3	81·6	30·9	11·0	18·1	24·5
3·4	0·4	**262·8**	9·2	11·1	0·4	4·7	97·8	52·0	22·2	26·9	38·3
4·9	..	**423·0**	16·4	27·4	1·6	4·1	165·5	62·2	50·6	42·5	52·9
15·1	5·3	**701·4**	23·3	41·6	2·4	12·5	241·5	95·4	90·0	65·1	129·6
9·2	24·9	**856·4**	50·3	56·6	12·8	4·6	262·7	87·5	114·6	67·4	199·8
6·5	2·0	**2369·5**	74·4	115·1	90·3	—	652·3	269·3	479·7	136·6	551·8
2·6	0·8	**223·6**	8·6	10·0	1·5	3·0	87·0	33·6	22·9	20·6	36·4
					ALL RURAL HOUSEHOLDS						
1·2	0·1	**99·9**	4·5	2·4	0·1	1·8	51·7	12·4	5·9	9·0	12·1
2·7	0·9	**176·1**	7·7	5·8	0·1	2·1	90·9	28·0	10·4	13·0	18·1
5·4	1·2	**244·5**	8·6	12·6	0·2	2·7	118·8	46·2	18·1	17·0	20·2
9·3	0·9	**370·6**	15·0	27·7	0·8	2·3	176·0	64·4	31·9	23·9	28·7
16·6	0·9	**550·6**	24·0	50·3	1·7	4·8	260·5	83·8	40·0	37·8	47·7
24·7	5·5	**844·6**	54·0	92·2	5·0	9·2	375·2	114·8	58·3	65·1	70·7
58·4	13·1	**1797·9**	137·1	256·8	16·3	13·0	727·1	206·9	159·0	102·4	179·3
10·9	1·8	**406·3**	21·4	37·1	1·7	3·7	186·6	60·6	31·2	27·7	36·3

TABLE 4.—ALL-INDIA RURAL DEBT

Average amount borrowed per family classified

State/Asset Group	PURPOSE								
	Capital expenditure in farm business	Current expenditure in farm business	Capital expenditure in non-farm business	Current expenditure in non-farm business	Household expenditure	Expenditure on litigation	Repayment of debt	Financial investment expenditure	Any other purpose
	1	2	3	4	5	6	7	8	9
					CULTIVATORS				
ANDHRA PRADESH									
Less than Rs. 500 ..	6·7	5·1	—	0·9	39·2	0·5	5·6	—	—
Rs. 500 — Rs. 1,000	12·5	7·2	—	0·6	50·7	0·9	9·0	0·2	—
Rs. 1,000 — Rs. 2,500	39·0	8·0	0·6	2·5	73·5	0·6	11·9	—	—
Rs. 2,500 — Rs. 5,000	43·7	16·0	0·4	2·5	88·0	0·4	13·3	—	—
Rs. 5,000 — Rs. 10,000	68·5	30·8	0·8	17·2	100·6	2·0	25·1	1·2	—
Rs. 10,000 — Rs. 20,000	126·2	46·5	1·1	7·9	179·4	3·4	37·7	0·2	—
Rs. 20,000 and above ..	283·8	185·8	0·9	33·7	338·9	27·4	54·1	13·8	—
All Assets group ..	69·3	32·5	0·5	7·6	109·5	3·4	19·8	1·4	—
					NON-CULTIVATORS				
Less than Rs. 500 ..	2·0	0·6	0·1	0·9	24·9	0·6	1·4	—	—
Rs. 500 — Rs. 1,000	5·0	0·8	2·6	6·4	50·5	0·3	4·8	—	—
Rs. 1,000 — Rs. 2,500	20·5	1·2	0·7	9·9	57·3	—	5·1	—	—
Rs. 2,500 — Rs. 5,000	20·9	3·2	—	27·1	100·8	—	1·5	—	—
Rs. 5,000 — Rs. 10,000	20·6	2·7	38·7	80·7	114·0	4·1	10·5	—	—
Rs. 10,000 — Rs. 20,000	103·1	7·5	—	43·8	207·8	31·2	—	—	—
Rs. 20,000 and above ..	110·3	8·6	—	277·9	271·2	—	239·7	—	—
All Assets group ..	10·1	1·2	2·0	12·2	48·5	1·0	6·2	—	—
					ALL RURAL HOUSEHOLDS				
Less than Rs. 500 ..	3·2	1·7	0·1	0·9	28·4	0·6	2·5	—	—
Rs. 500 — Rs. 1,000	9·1	4·3	1·2	3·3	50·6	0·6	7·1	0·1	—
Rs. 1,000 — Rs. 2,500	34·6	6·4	0·6	4·3	69·7	0·5	10·3	—	—
Rs. 2,500 — Rs. 5,000	40·3	14·1	0·3	6·1	89·9	0·3	11·5	—	—
Rs. 5,000 — Rs. 10,000	63·2	27·7	4·9	24·1	102·0	2·2	23·5	1·0	—
Rs. 10,000 — Rs. 20,000	124·7	43·9	1·0	10·3	181·3	5·3	35·1	0·2	—
Rs. 20,000 and above ..	270·4	172·2	0·8	52·6	333·7	25·3	68·4	12·8	—
All Assets group ..	48·8	21·6	1·0	9·2	88·4	2·6	15·1	0·9	—
					CULTIVATORS				
ASSAM									
Less than Rs. 500 ..	2·9	—	—	0·7	14·8	—	0·4	—	—
Rs. 500 — Rs. 1,000	2·9	0·8	—	—	15·3	—	—	—	—
Rs. 1,000 — Rs. 2,500	7·2	2·9	..	0·7	13·5	—	0·1	—	0·2
Rs. 2,500 — Rs. 5,000	9·4	3·0	0·2	0·1	19·4	0·4	0·7	—	—
Rs. 5,000 — Rs. 10,000	21·1	2·6	0·4	—	37·6	1·3	3·3	—	—
Rs. 10,000 — Rs. 20,000	7·4	10·8	35·8	1·4	41·5	—	—	—	—
Rs. 20,000 and above ..	5·9	17·6	—	—	5·9	—	—	—	—
All Assets group ..	8·9	3·0	1·9	0·4	20·2	0·3	0·7	—	0·1

according to purpose and credit agency

(In rupees)

More than one purpose	Purpose not specified	Total borrowings	Government	Co-operatives	Commercial banks	Landlords	Agricultural money-lenders	Professional money-lenders	Traders and commission agents	Relatives	Others
			CREDIT AGENCY								
10	11	12	13	14	15	16	17	18	19	20	21
					CULTIVATORS						
8.7	—	**66.8**	—	3.4	—	1.1	45.4	3.8	7.9	1.8	3.4
14.2	—	**95.5**	—	2.1	—	1.1	61.4	8.5	13.6	3.7	5.0
11.8	—	**147.8**	0.1	7.6	0.2	0.6	92.0	19.6	16.7	2.7	8.3
19.6	1.3	**185.1**	—	11.9	—	0.3	114.1	21.1	23.6	4.7	9.4
38.0	—	**284.0**	1.0	28.8	0.8	0.9	171.9	38.0	25.5	6.1	10.9
53.4	—	**455.8**	4.4	66.2	6.6	3.6	251.6	35.9	61.1	9.3	17.2
123.4	—	**1061.8**	7.8	213.8	37.5	—	611.6	76.1	74.5	2.9	37.6
31.6	0.3	**275.9**	1.4	35.1	4.2	1.0	163.5	26.6	28.2	4.4	11.6
					NON-CULTIVATORS						
2.1	—	**32.7**	—	1.1	—	0.3	21.5	1.4	2.2	1.6	4.6
4.0	—	**74.4**	—	2.6	—	—	42.6	8.8	5.6	3.8	11.0
2.9	—	**97.6**	—	1.6	0.8	0.9	55.1	8.4	8.5	5.1	17.2
7.9	-	**161.4**	0.4	4.1	9.9	—	82.2	13.7	24.8	7.3	19.0
14.9	—	**286.2**	—	1.4	—	—	129.6	28.2	91.1	21.6	14.3
15.6	—	**409.1**	-	124.7	45.9	—	136.9	28.1	3.1	43.8	26.6
10.3	—	**918.1**	—	134.5	40.3	—	94.8	10.3	68.3	17.8	552.1
3.7	—	**84.8**	..	5.4	2.0	0.3	40.6	6.0	9.2	4.5	16.7
					ALL RURAL HOUSEHOLDS						
3.8	—	**41.2**	·	1.7	—	0.5	27.4	2.0	3.6	1.7	4.3
9.6	—	**85.9**	—	2.3	—	0.6	52.9	8.7	10.0	3.8	7.7
9.6	—	**135.9**	0.1	6.2	0.4	0.6	83.3	16.9	14.7	3.3	10.4
17.8	1.1	**181.6**	0.1	10.8	1.5	0.3	109.3	20.0	23.8	5.0	10.8
35.5	—	**284.2**	0.9	25.8	0.8	0.8	167.2	37.0	32.7	7.8	11.3
50.9	—	**452.7**	4.1	70.2	9.2	3.4	243.9	35.4	57.2	11.6	17.8
114.6	—	**1050.7**	7.2	207.7	37.7	—	571.8	71.0	74.0	4.0	77.2
22.0	0.2	**209.8**	0.9	24.8	3.4	0.7	121.0	19.5	21.6	4.4	13.4
					CULTIVATORS						
—	—	**18.8**	—	0.6	—	—	4.8	2.1	1.9	4.0	5.6
—	—	**19.0**	..	0.2	—	—	5.2	1.4	2.5	5.9	3.7
0.2	—	**24.9**	0.4	0.4	—	—	10.2	2.1	3.0	4.9	3.9
0.5	—	**33.6**	0.6	1.2	—	—	11.3	5.7	4.0	7.2	3.6
—	—	**66.2**	0.3	0.5	—	—	30.9	6.5	5.2	15.5	7.3
2.0	—	**99.0**	25.8	—	—	—	32.0	7.6	13.2	12.2	8.2
—	—	**29.4**	—	—	—	—	17.6	—	—	11.8	—
0.3	—	**35.8**	1.6	0.6	—	—	13.6	3.9	3.9	7.6	4.5

TABLE

	1	2	3	4	5	6	7	8	9
					NON-CULTIVATORS				
ASSAM—contd.									
Less than Rs. 500 ..	—	0·1	0·5	—	8·4	0·2	—	—	—
Rs. 500 — Rs. 1,000	1·4	—	2·0	0·2	16·1	—	—	—	—
Rs. 1,000 — Rs. 2,500	—	—	1·0	6·8	23·5	—	—	—	—
Rs. 2,500 — Rs. 5,000	—	—	—	—	43·7	—	—	—	—
Rs. 5,000 — Rs. 10,000	—	—	—	—	35·3	—	—	—	—
Rs. 10,000 — Rs. 20,000	—	—	—	—	15·0	—	—	—	—
Rs. 20,000 and above	—	—	—	—	44·4	—	—	—	—
All Assets Group ..	0·3	..	0·9	1·7	18·0	0·1	—	—	—
					ALL RURAL HOUSEHOLDS				
Less than Rs. 500 ..	0.9	0.1	0.4	0.2	10.4	0.1	0.1	—	—
Rs. 500 — Rs. 1,000	2.4	0.5	0.7	0.1	15.6	—	—	—	—
Rs. 1,000 — Rs. 2,500	5.8	2.3	0.2	1.9	15.5	—	0.1	—	0.2
Rs. 2,500 — Rs. 5,000	8.6	2.7	0.2	0.1	21.5	0.4	0.6	—	—
Rs. 5,000 — Rs. 10,000	19.3	2.4	0.3	..	37.4	1.2	3.0	—	—
Rs. 10,000 — Rs. 20,000	7.0	10.1	33.5	1.3	39.8	—	—	—	—
Rs. 20,000 and above	4.6	14.0	—	—	14.0	—	—	—	—
All Assets Group ..	6.8	2.2	1.6	0.7	19.7	0.2	0.5	—	..
					CULTIVATORS				
BIHAR									
Less than Rs. 500 ..	0.4	1.9	0.1	0.2	23.0	0.1	0.7	—	—
Rs. 500 — Rs. 1,000	3.1	1.6	0.1	2.7	31.1	1.4	0.4	—	—
Rs. 1,000 — Rs. 2,500	8.4	2.7	0.9	1.6	34.6	1.0	1.6	—	0.1
Rs. 2,500 — Rs. 5,000	10.6	2.8	2.2	8.4	50.0	1.4	0.9	—	..
Rs. 5,000 — Rs. 10,000	35.6	7.2	4.3	6.0	82.4	2.2	9.4	0.2	0.1
Rs. 10,000 — Rs. 20,000	19.7	9.4	1.9	4.5	116.4	5.2	2.5	0.3	—
Rs. 20,000 and above	29.5	19.0	18.3	40.0	169.6	28.7	29.5	—	—
All Assets Group ..	14.2	5.1	2.9	6.8	61.6	3.8	4.6	0.1	..
					NON-CULTIVATORS				
Less than Rs. 500 ..	..	0.1	0.1	1.9	25.2	0.2	0.2	—	—
Rs. 500 — Rs. 1,000	2.4	0.2	2.5	68.6	39.1	1.2	1.0	—	—
Rs. 1,000 — Rs. 2,500	2.8	0.1	7.8	15.8	47.8	0.8	3.5	0.7	—
Rs. 2,500 — Rs. 5,000	1.5	2.0	9.1	18.8	42.5	—	1.4	—	—
Rs. 5,000 — Rs. 10,000	1.7	—	—	66.7	24.3	—	—	—	—
Rs. 10,000 — Rs. 20,000	—	5.0	—	30.0	105.0	25.0	—	—	—
Rs. 20,000 and above	—	—	—	—	39.3	—	—	—	—
All Assets Group ..	1.0	0.3	2.2	18.9	33.1	0.7	1.0	0.1	—
					ALL RURAL HOUSEHOLDS				
Less than Rs 500 ..	0.2	0.9	0.1	1.2	24.3	0.2	0.5	—	—
Rs. 500 — Rs. 1,000	2.9	1.2	0.8	22.1	33.5	1.3	0.5	—	—
Rs. 1,000 — Rs. 2,500	7.6	2.3	2.0	3.8	36.7	1.0	1.9	0.1	0.1
Rs. 2,500 — Rs. 5,000	9.9	2.8	2.7	9.1	49.4	1.3	1.0	—	..
Rs. 5,000 — Rs. 10,000	33.7	6.8	4.0	9.4	79.2	2.1	8.8	0.2	0.1
Rs. 10,000 — Rs. 20,000	19.1	9.2	1.8	5.2	116.1	5.8	2.4	0.3	—
Rs. 20,000 and above ..	28.8	18.4	17.8	38.9	166.2	28.0	28.7	—	—
All Assets Group ..	11.3	4.0	2.8	9.4	55.4	3.1	3.8	0.1	..

4.—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					NON-CULTIVATORS						
—	—	**9.3**	—	—	—	—	1.4	0.3	0.3	4.5	2.7
—	—	**19.7**	—	—	—	—	2.6	2.6	0.2	1.9	12.4
—	—	**31.3**	—	—	—	—	8.3	1.6	4.3	7.5	9.8
—	—	**43.7**	—	—	—	—	20.5	—	2.7	8.5	12.0
—	—	**35.3**	—	—	—	—	29.6	—	—	—	5.8
250.0	—	**265.0**	—	—	—	—	—	—	—	250.0	15.0
—	—	**44.4**	—	—	—	—	44.4	—	—	—	—
2.6	—	**23.6**	—	—	—	—	6.4	1.1	1.4	7.2	7.5
					ALL RURAL HOUSEHOLDS						
—	—	**12.2**	—	0.2	—	—	2.4	0.8	0.8	4.4	3.6
—	—	**19.2**	..	0.2	—	—	4.3	1.8	1.7	4.5	6.8
0.2	—	**26.1**	0.3	0.4	—	—	9.8	2.0	3.3	5.4	5.1
0.4	—	**34.5**	0.6	1.1	—	—	12.1	5.2	3.8	7.4	4.3
—	—	**63.6**	0.3	0.4	—	—	30.8	6.0	4.8	14.2	7.1
17.7	—	**109.5**	24.2	—	—	—	30.0	7.1	12.3	27.2	8.6
—	—	**32.6**	—	—	—	—	23.3	—	—	9.3	—
0.9	—	**32.8**	1.2	0.5	—	—	11.8	3.2	3.3	7.5	5.3
					CULTIVATORS						
0.1	—	**26.4**	0.2	0.8	—	0.5	21.5	0.8	0.6	1.2	0.8
1.0	—	**41.2**	..	1.3	—	—	29.5	1.8	3.4	1.8	3.4
1.6	—	**52.6**	0.3	1.2	—	—	35.8	7.1	2.4	3.9	1.9
2.4	—	**78.7**	0.6	1.3	—	—	50.8	8.3	8.5	5.6	3.6
3.8	—	**151.0**	1.4	2.9	—	0.1	99.6	20.8	5.2	9.3	11.6
5.6	—	**165.5**	2.2	4.7	—	—	108.7	21.4	6.7	15.0	6.8
19.1	—	**353.7**	4.6	12.9	—	—	180.0	82.0	30.3	31.2	12.5
3.5	—	**102.5**	1.0	2.7	—	0.1	64.3	15.2	6.5	7.7	5.0
					NON-CULTIVATORS						
0.3	—	**28.3**	0.7	—	—	—	17.4	4.8	1.2	0.9	3.3
0.5	—	**115.4**	0.2	0.3	—	—	28.7	8.9	65.5	5.6	6.2
2.5	—	**81.7**	0.7	4.5	—	—	29.7	14.4	21.1	3.5	7.9
—	—	**75.3**	1.4	14.3	—	—	24.3	2.7	18.4	0.9	13.3
—	—	**92.6**	—	—	—	—	8.4	69.0	3.2	6.2	5.7
—	—	**165.0**	5.0	—	—	—	100.0	45.0	5.0	2.5	7.5
—	—	**39.3**	—	—	—	—	39.3	—	—	—	—
0.6	—	**58.0**	0.7	1.6	—	—	22.5	9.3	16.5	2.3	5.2
					ALL RURAL HOUSEHOLDS						
0.2	—	**27.5**	0.5	0.4	—	0.2	19.2	3.1	0.9	1.0	2.2
0.8	—	**63.1**	0.1	1.0	—	—	29.3	3.9	21.7	2.9	4.2
1.7	—	**57.2**	0.4	1.7	—	—	34.9	8.2	5.3	3.8	2.8
2.3	—	**78.4**	0.7	2.2	—	—	48.9	7.9	9.2	5.3	4.3
3.4	—	**147.8**	1.4	2.7	—	0.1	94.6	23.4	5.1	9.1	11.3
5.4	—	**165.5**	2.3	4.6	—	—	108.4	22.1	6.6	14.6	6.8
18.6	—	**345.3**	4.5	12.6	—	—	176.3	79.9	29.5	30.4	12.2
2.9	—	**92.8**	0.9	2.4	—	0.1	55.2	13.9	8.7	6.5	5.1

TABLE

	1	2	3	4	5	6	7	8	9
					CULTIVATORS				
GUJARAT									
Less than Rs. 500 ..	7.1	4.9	—	2.8	73.7	—	—	—	—
Rs. 500 — Rs. 1,000	9.9	6.7	—	—	55.5	1.7	2.1	—	—
Rs. 1,000 — Rs. 2,500	14.7	15.4	—	0.3	87.9	—	0.4	—	—
Rs. 2,500 — Rs. 5,000	29.9	46.1	1.8	1.0	134.3	—	9.0	—	—
Rs. 5,000 — Rs. 10,000	65.5	79.3	1.6	7.6	199.1	0.2	18.4	0.6	—
Rs. 10,000 — Rs. 20,000	106.6	164.2	3.6	5.0	290.5	1.2	28.2	0.3	—
Rs. 20,000 and above ..	184.7	289.2	30.1	—	416.4	5.0	30.4	0.8	—
All Assets Group ..	63.2	90.8	4.6	3.0	191.6	0.9	14.6	0.3	—
					NON-CULTIVATORS				
Less than Rs. 500 ..	0.1	0.1	0.2	4.1	60.9	—	1.6	—	—
Rs. 500 — Rs. 1,000	1.9	0.5	0.9	5.0	90.1	—	1.8	—	—
Rs. 1,000 — Rs. 2,500	6.1	2.4	2.5	29.2	123.6	—	7.2	—	—
Rs. 2,500 — Rs. 5,000	1.3	13.6	11.1	179.0	165.7	—	2.5	—	—
Rs. 5,000 — Rs. 10,000	—	7.8	—	201.3	172.7	—	26.0	—	—
Rs. 10,000 — Rs. 20,000	—	—	—	453.1	116.6	—	—	5.2	—
Rs. 20,000 and above ..	—	—	—	1214.8	203.9	—	—	—	—
All Assets Group ..	1.9	2.2	1.8	59.6	98.1	—	4.0	0.1	—
					ALL RURAL HOUSEHOLDS				
Less than Rs. 500 ..	0.7	0.5	0.2	4.0	62.0	—	1.4	—	—
Rs. 500 — Rs. 1,000	4.6	2.6	0.6	3.3	78.4	0.6	1.9	—	—
Rs. 1,000 — Rs. 2,500	11.6	10.7	0.9	10.7	100.7	—	2.9	—	—
Rs. 2,500 — Rs. 5,000	25.6	41.2	3.2	27.9	139.0	—	8.0	—	—
Rs. 5,000 — Rs. 10,000	60.3	73.6	1.5	23.1	197.0	0.2	19.0	0.5	—
Rs. 10,000 — Rs. 20,000	101.6	156.4	3.4	26.2	282.3	1.2	26.8	0.6	—
Rs. 20,000 and above ..	173.0	270.8	28.2	77.0	402.9	4.7	28.5	0.7	—
All Assets Group ..	43.4	62.3	3.7	21.2	161.5	0.6	11.1	0.2	—
JAMMU & KASHMIR					*CULTIVATORS*				
Less than Rs. 500 ..	—	—	—	—	36.7	—	—	—	—
Rs. 500 — Rs. 1,000	—	1.9	—	—	69.7	—	—	—	—
Rs. 1,000 — Rs. 2,500	7.3	0.4	0.6	—	100.8	0.9	0.5	—	—
Rs. 2,500 — Rs. 5,000	18.1	0.7	0.2	0.2	108.5	1.5	0.6	—	—
Rs. 5,000 — Rs. 10,000	22.0	1.1	—	6.3	139.9	2.3	0.6	—	—
Rs. 10,000 — Rs. 20,000	15.9	3.6	4.0	18.2	175.7	3.8	0.4	—	—
Rs. 20,000 and above ..	24.1	3.3	10.6	44.2	237.1	4.0	—	—	—
All Assets Group ..	16.2	1.2	1.1	5.8	126.9	1.9	0.5	—	—
					NON-CULTIVATORS				
Less than Rs. 500 ..	—	—	—	37.0	68.3	—	—	—	—
Rs. 500 — Rs. 1,000	—	—	—	13.0	61.5	—	—	—	—
Rs. 1,000 — Rs. 2,500	—	—	—	2.2	90.5	—	—	—	—
Rs. 2,500 — Rs. 5,000	—	—	—	—	48.4	4.8	2.0	—	—
Rs. 5,000 — Rs. 10,000	—	—	—	—	27.6	—	—	—	—
Rs. 10,000 — Rs. 20,000	—	—	—	153.2	80.0	—	—	—	—
Rs. 20,000 and above ..	—	—	—	—	—	—	—	—	—
All Assets Group ..	—	—	—	16.6	66.4	0.8	0.3	—	—

4.—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					CULTIVATORS						
—	—	**88.6**	.	....	—	...	9.4	6.1	3.5	39.8	29.8
—	—	**75.8**	—	4.9	—	—	3.6	0.5	15.8	17.8	33.2
0.3	—	**119.0**	0.7	17.8	—	0.1	8.6	6.7	23.7	16.4	44.8
—	—	**222.0**	1.4	47.2	—	—	15.7	18.8	32.2	32.1	74.8
1.9	—	**374.3**	5.4	87.5	—	—	25.8	30.8	48.1	66.6	110.4
3.3	—	**602.9**	12.5	165.8	—	—	37.1	44.7	64.7	125.4	152.7
4.3	—	**960.8**	2.8	305.1	—	—	33.9	28.1	76.1	280.3	234.7
1.5	—	**370.3**	4.1	95.2	—	..	21.5	23.5	43.0	78.5	104.4
					NON-CULTIVATORS						
—	—	**66.9**	—	2.6	—	—	4.8	2.8	3.5	9.6	43.6
—	—	**100.2**	—	2.4	—	—	3.6	3.3	6.5	40.6	43.8
4.2	—	**175.2**	1.0	23.4	—	—	2.0	16.2	27.2	39.3	66.4
—	—	**373.1**	—	33.2	—	—	3.8	7.6	181.9	22.2	124.0
—	—	**407.8**	—	5.2	—	—	28.6	71.4	60.4	79.6	162.7
—	—	**574.9**	—	—	—	—	—	—	371.9	27.1	175.9
—	—	**1418.7**	—	—	—	..	—	—	1125.9	111.1	181.7
0.9	—	**168.7**	0.2	9.9	—	..	4.7	9.2	50.8	28.7	65.2
					ALL RURAL HOUSEHOLDS						
—	—	**68.8**	—	2.3	—	—	5.2	3.1	3.5	12.2	42.4
—	—	**92.0**	—	3.2	—	..	3.6	2.4	9.6	33.0	40.2
1.7	—	**139.2**	0.8	19.8	—	0.1	6.2	10.1	25.0	24.6	52.4
—	—	**244.9**	1.2	45.1	—	—	13.9	17.1	54.8	30.6	82.3
1.8	—	**377.0**	4.9	80.9	.	—	26.1	34.1	49.1	67.6	114.3
3.1	—	**601.6**	11.9	157.9	—	—	35.3	42.6	79.2	120.7	153.8
4.0	—	**989.8**	2.6	285.7	—	—	31.7	26.3	142.6	269.6	231.3
1.3	—	**305.3**	2.9	67.7	—	..	16.1	18.9	45.6	62.4	91.8
					CULTIVATORS						
—	—	**36.7**	—	—	—	—	—	—	—	—	36.7
—	0.6	**72.2**	—	4.7	—	1.4	7.8	6.6	9.5	0.2	42.1
—	—	**110.5**	—	4.7	—	0.1	6.6	5.7	17.2	24.3	51.9
0.9	0.1	**130.6**	—	11.2	—	0.8	10.5	7.1	23.5	14.2	63.5
1.5	—	**173.7**	—	20.1	1.0	—	15.8	6.6•	25.1	29.9	75.1
0.5	—	**222.1**	—	35.6	—	—	12.4	10.6	57.4	38.0	67.9
—	—	**323.2**	.	74.8	—	2.3	2.1	8.4	95.1	30.8	109.6
0.7	..	**154.4**	—	17.5	0.3	0.4	10.8	7.1	29.1	23.4	65.8
					NON-CULTIVATORS						
—	—	**105.3**	—	8.5	—	—	—	6.8	4.2	9.1	76.7
—	—	**74.5**	—	12.2	—	4.5	—	—	9.0	18.2	30.6
—	—	**92.7**	—	2.6	—	1.1	—	—	19.8	16.6	52.6
—	—	**55.2**	.	5.2	—	—	3.6	—	14.7	8.1	23.5
—	.	**27.6**	—	—	—	...	—		—	6.1	21.5
—	—	**233.3**	—	28.6	—	—	—		—	39.6	165.1
—	—	—	.	—	—	—	—	—	—	—	—
—	—	**84.1**	—	6.9	—	1.2	0.6	1.2	11.0	14.0	49.1

	1	2	3	4	5	6	7	8	9
JAMMU & KASHMIR—Contd.				*ALL RURAL HOUSEHOLDS*					
Less than Rs. 500 ..	—	—	—	26.9	59.7	—	—	—	—
Rs. 500 — Rs. 1,000	—	1.2	—	4.8	66.7	—	—	—	—
Rs. 1,000 — Rs. 2,500	6.4	0.4	0.6	0.3	99.5	0.8	0.4	—	—
Rs. 2,500 — Rs. 5,000	17.2	0.6	0.2	0.2	105.6	1.7	0.6	—	—
Rs. 5,000 — Rs. 10,000	21.3	1.0	—	6.1	136.0	2.2	0.6	—	—
Rs. 10,000 — Rs. 20,000	15.4	3.4	3.8	22.8	172.5	3.7	0.4	—	—
Rs. 20,000 and above ..	24.0	3.3	10.5	43.9	235.4	3.9	—	—	—
All Assets Group ..	14.8	1.1	1.0	6.7	121.6	1.8	0.5	—	—
KERALA				*CULTIVATORS*					
Less than Rs. 500 ..	3.9	0.8	—	1.4	26.5	0.5	1.3	—	—
Rs. 500 — Rs. 1,000	6.3	2.9	0.2	24.8	66.6	..	3.2	..	—
Rs. 1,000 — Rs. 2,500	5.2	6.4	2.6	20.2	82.8	0.1	4.1	1.5	—
Rs. 2,500 — Rs. 5,000	13.0	9.6	2.7	42.8	124.8	1.3	12.3	1.2	—
Rs. 5,000 — Rs. 10,000	24.1	10.4	11.5	17.6	169.8	0.9	29.6	0.6	—
Rs. 10,000 — Rs. 20,000	66.0	23.7	8.8	46.4	262.8	4.2	46.5	2.7	—
Rs. 20,000 and above ..	46.4	51.8	11.0	61.2	269.6	0.7	54.2	0.7	—
All Assets Group ..	17.5	10.5	4.3	26.0	121.6	0.9	15.8	0.9	—
				NON-CULTIVATORS					
Less than Rs. 500 ..	1.0	0.1	0.1	3.9	42.4	—	0.8	—	—
Rs. 500 — Rs. 1,000	—	—	1.4	6.7	75.1	—	—	—	—
Rs. 1,000 — Rs. 2,500	—	1.1	5.2	30.9	99.2	7.8	11.1	2.2	—
Rs. 2,500 — Rs. 5,000	—	—	—	38.1	80.1	—	—	—	—
Rs. 5,000 — Rs. 10,000	—	—	—	—	226.0	—	—	—	—
Rs. 10,000 — Rs. 20,000	—	—	—	—	—	—	—	—	—
Rs. 20,000 and above ..	—	—	—	—	—	—	—	—	—
All Assets Group ..	0.8	0.2	0.6	7.3	52.6	0.6	1.5	0.2	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	2.4	0.5	0.1	2.7	39.5	0.2	1.0	—	—
Rs. 500 — Rs. 1,000	5.2	2.4	0.4	21.7	68.0	..	2.6	..	—
Rs. 1,000 — Rs. 2,500	4.8	6.0	2.8	21.0	84.1	0.7	4.6	1.6	—
Rs. 2,500 — Rs. 5,000	12.5	9.3	2.6	42.6	123.1	1.2	11.8	1.1	—
Rs. 5,000 — Rs. 10,000	23.8	10.2	11.3	17.4	170.4	0.9	29.3	0.6	—
Rs. 10,000 — Rs. 20,000	65.7	23.6	8.8	46.2	261.6	4.2	46.3	2.7	—
Rs. 20,000 and above ..	46.4	51.8	11.0	61.2	269.6	0.7	54.2	0.7	—
All Assets Group ..	14.2	8.5	3.6	22.3	108.1	0.9	13.0	0.8	—
MADHYA PRADESH				*CULTIVATORS*					
Less than Rs. 500 ..	2.6	1.2	0.2	1.3	32.0	0.3	3.7	—	—
Rs. 500 — Rs. 1,000	16.1	4.9	—	1.5	34.6	—	1.8	0.2	0.2
Rs. 1,000 — Rs. 2,500	16.7	7.3	0.1	0.9	58.0	0.2	6.8	—	—
Rs. 2,500 — Rs. 5,000	40.3	18.4	0.4	—	74.4	2.1	11.0	—	—
Rs. 5,000 — Rs. 10,000	72.7	39.7	1.0	0.6	99.0	2.0	17.6	—	—
Rs. 10,000 — Rs. 20,000	74.0	60.8	2.3	8.5	137.8	5.3	31.5	2.4	—
Rs. 20,000 and above ..	145.9	97.8	18.9	295.4	205.7	4.6	18.6	—	—
All Assets Group ..	41.0	22.6	1.1	10.4	77.0	1.5	11.5	0.2	—

4.—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					ALL RURAL HOUSEHOLDS						
—	—	**86.7**	—	6.2	—	..	—	4.9	3.1	6.6	65.9
—	0.4	**73.1**	—	7.5	—	2.5	4.9	4.2	9.3	6.8	37.9
—	—	**108.3**	—	4.4	—	0.3	5.8	5.0	17.5	23.4	52.0
0.8	0.1	**127.0**	—	10.9	—	0.7	10.2	6.7	23.1	13.9	61.6
1.4	—	**168.6**	—	19.4	1.0	—	15.3	6.4	24.3	29.0	73.2
0.5	—	**222.5**	—	35.4	—	—	12.0	10.3	55.5	38.0	71.2
—	—	**321.0**	—	74.3	—	2.3	2.1	8.4	94.4	30.6	108.9
0.7	..	**148.3**	—	16.6	0.2	0.5	10.0	6.6	27.5	22.6	64.3
					CULTIVATORS						
0.4	—	**44.8**	0.2	0.8	0.2	1.0	2.0	1.1	0.6	7.1	31.8
1.6	—	**105.6**	0.6	18.8	0.8	0.2	5.0	1.0	7.6	10.4	61.1
4.3	—	**137.1**	0.2	23.0	3.1	1.0	4.5	1.7	12.0	14.8	66.9
7.9	0.6	**216.2**	2.7	25.0	10.3	0.9	13.8	5.0	21.2	11.7	125.6
5.8	—	**270.2**	1.7	26.3	15.6	6.8	11.7	16.4	23.0	29.9	138.9
14.1	—	**475.1**	11.5	41.7	22.2	5.0	37.8	22.1	41.0	67.8	226.0
19.7	—	**515.2**	3.3	74.3	17.8	5.9	85.0	9.4	35.1	71.5	212.8
6.0	0.1	**203.7**	2.2	24.3	8.2	2.5	14.8	6.7	16.9	23.0	105.2
					NON-CULTIVATORS						
0.1	—	**48.4**	..	3.3	1.3	0.8	0.8	1.7	..	2.2	38.3
—	—	**83.2**	—	5.3	1.7	2.0	2.1	0.5	1.9	2.2	67.3
—	—	**157.4**	—	7.9	4.2	—	—	0.2	—	10.2	135.0
—	—	**118.2**	—	3.1	—	—	—	49.4	—	1.2	64.4
—	—	**226.0**	—	125.0	—	—	—	..	—	—	101.0
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
0.1	—	**63.9**	—	4.7	1.5	0.8	0.9	2.8	0.2	2.8	50.1
					ALL RURAL HOUSEHOLDS						
0.3	—	**46.7**	0.1	2.1	0.8	0.9	1.4	1.4	0.3	4.5	35.2
1.3	—	**101.8**	0.5	16.5	1.0	0.6	4.5	1.0	6.6	9.0	62.2
4.0	—	**129.5**	0.2	21.8	3.2	0.9	4.1	1.6	11.0	14.4	72.3
7.6	0.6	**212.5**	2.6	24.2	9.9	0.9	13.3	6.6	20.4	11.3	123.3
5.7	—	**269.7**	1.7	27.4	15.4	6.7	11.5	16.2	22.8	29.6	138.4
14.0	—	**472·9**	11.4	41.5	22.1	5.0	37.6	22.0	40.8	67.5	225.0
19.7	—	**515.2**	3.3	74.3	17.8	5.9	85.0	9.4	35.1	71.5	212.8
4.8	0.1	**176.4**	1.8	20.5	6.9	2.1	12.0	6.0	13.6	19.1	94.4
					CULTIVATORS						
1.7	—	**43.1**	—	0.7	—	0.1	19.7	13.1	5.6	1.8	2.1
1.6	—	**60.9**	—	4.6	—	0.3	25.7	20.0	6.2	1.5	2.5
2.1	—	**92.0**	0.3	8.7	—	0.2	36.4	30.0	8.0	4.3	4.1
4.3	—	**151.0**	2.2	28.1	—	—	65.8	34.0	9.1	6.3	5.5
4.6	—	**237.1**	3.0	55.6	—	—	82.8	50.6	26.5	8.9	9.8
8.8	—	**331.4**	2.2	78.2	—	—	97.3	77.0	52.8	10.6	13.4
19.7	—	**806.7**	19.0	85.2	15.2	—	101.3	385.3	155.4	7.6	37.8
4.1	—	**169.4**	2.0	29.4	0.5	0.1	57.6	47.6	19.4	5.8	7.0

TABLE

	1	2	3	4	5	6	7	8	9
MADHYA PRADESH—Contd.					*NON-CULTIVATORS*				
Less than Rs. 500 ..	2.1	..	0.8	0.9	34.8	—	0.4	—	—
Rs. 500 — Rs. 1,000	5.6	—	1.2	3.6	52.6	—	3.0	—	—
Rs. 1,000 — Rs. 2,500	6.8	0.7	—	5.0	75.3	1.3	8.2	—	—
Rs. 2,500 — Rs. 5,000	4.2	—	—	66.3	57.3	—	—	—	—
Rs. 5,000 — Rs. 10,000	11.5	30.8	—	446.2	83.9	—	7.7	—	—
Rs. 10,000 — Rs. 20,000	—	—	—	—	275.0	—	—	—	—
Rs. 20,000 and above ..	—	—	—	3077.5	375.0	—	—	—	—
All Assets Group ..	3.7	0.8	0.7	24.8	47.6	0.2	2.1	—	—
					ALL RURAL HOUSEHOLDS				
Less than Rs. 500 ..	2.2	0.3	0.6	1.0	34.2	0.1	1.1	—	—
Rs. 500 — Rs. 1,000	12.4	3.2	0.4	2.2	40.9	—	2.3	0.2	0.2
Rs. 1,000 — Rs. 2,500	15.6	6.6	0.1	1.4	59.8	0.3	7.0	—	—
Rs. 2,500 — Rs. 5,000	39.0	17.8	0.4	2.3	73.8	2.0	10.7	—	—
Rs. 5,000 — Rs. 10,000	70.8	39.4	1.0	14.8	98.5	1.9	17.2	—	—
Rs. 10,000 — Rs. 20,000	73.2	60.1	2.3	8.4	139.4	5.2	31.1	2.1	—
Rs. 20,000 and above ..	141.6	95.0	18.4	377.3	210.7	4.4	18.0	—	—
All Assets Group ..	33.0	18.0	1.0	13.4	70.7	1.2	9.5	0.2	—
MADRAS					*CULTIVATORS*				
Less than Rs. 500 ..	12.9	9.4	0.1	—	34.6	0.2	5.2	—	—
Rs. 500 — Rs. 1,000	24.8	14.9	0.4	0.2	56.2	—	3.8	0.6	—
Rs. 1,000 — Rs. 2,500	26.2	18.2	0.7	0.1	54.1	1.3	7.0	0.3	—
Rs. 2,500 — Rs. 5,000	56.1	33.4	0.5	7.6	91.9	1.9	13.6	0.5	—
Rs. 5,000 — Rs. 10,000	101.7	52.3	1.4	5.9	112.5	0.7	24.0	0.4	—
Rs. 10,000 — Rs. 20,000	193.1	75.1	6.4	9.2	136.9	12.2	90.5	1.2	—
Rs. 20,000 and above ..	407.8	183.9	68.1	33.4	227.7	12.0	137.5	—	—
All Assets Group ..	92.4	45.3	6.6	6.2	92.9	3.1	30.2	0.4	—
					NON-CULTIVATORS				
Less than Rs. 500 ..	2.5	0.3	0.4	4.5	34.3	—	1.5	—	—
Rs. 500 — Rs. 1,000	5.8	0.6	1.3	16.5	60.6	—	6.0	1.9	—
Rs. 1,000 — Rs. 2,500	14.5	2.8	4.2	11.2	65.5	0.1	4.9	—	—
Rs. 2,500 — Rs. 5,000	15.8	2.7	3.1	26.3	132.4	0.1	3.0	10.9	—
Rs. 5,000 — Rs. 10,000	19.3	—	2.7	22.9	96.2	4.4	21.3	—	—
Rs. 10,000 — Rs. 20,000	—	8.0	—	80.0	125.7	—	40.0	—	—
Rs. 20,000 and above ..	—	56.5	—	2855.1	578.3	17.4	17.4	—	—
All Assets Group ..	6.0	1.6	1.3	44.8	58.7	0.4	4.1	1.0	—
					ALL RURAL HOUSEHOLDS				
Less than Rs. 500 ..	5.1	2.5	0.4	3.4	34.4	..	2.4	—	—
Rs. 500 — Rs. 1,000	16.5	8.7	0.8	7.2	58.1	—	4.8	1.2	—
Rs. 1,000 — Rs. 2,500	23.2	14.3	1.6	2.9	57.0	1.0	6.5	0.2	—
Rs. 2,500 — Rs. 5,000	49.4	28.3	0.9	10.7	98.7	1.6	11.8	2.2	—
Rs. 5,000 — Rs. 10,000	92.5	46.5	1.6	7.8	110.7	1.2	23.7	0.4	—
Rs. 10,000 — Rs. 20,000	180.4	70.7	6.0	13.9	136.2	11.4	87.2	1.1	—
Rs. 20,000 and above ..	376.5	173.2	62.4	271.1	257.2	12.4	127.4	—	—
All Assets Group ..	60.4	29.1	4.6	20.5	80.3	2.1	20.6	0.6	—

4.—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					NON-CULTIVATORS						
0.4	—	**39.4**	—	—	—	0.6	16.6	10.2	2.9	4.2	4.9
—	—	**66.0**	—	0.3	—	0.3	36.4	9.6	5.6	10.3	3.5
—	—	**97.2**	2.0	0.7	—	..	40.1	28.9	10.7	7.5	7.4
—	—	**127.8**	1.2	—	—	—	18.8	35.0	46.4	23.8	2.6
—	—	**580.0**	—	57.7	—	—	56.1	26.9	425.1	6.5	7.7
—	—	**275.0**	—	—	—	—	262.5	—	—	—	12.5
—	—	**3452.5**	—	—	—	—	375.0	1777.5	175.0	—	1125.0
0.2	—	**80.0**	0.3	1.4	—	0.4	26.7	19.8	16.0	6.5	8.8
					ALL RURAL HOUSEHOLDS						
0.7	—	**40.1**	—	0.2	—	0.5	17.2	10.8	3.5	3.7	4.3
1.0	—	**62.7**	—	3.1	—	0.3	29.4	16.3	6.0	4.6	2.9
1.9	—	**92.6**	0.5	7.9	—	0.1	36.8	29.9	8.3	4.6	4.4
4.2	—	**150.2**	2.2	27.2	—	—	64.2	34.0	10.4	6.9	5.4
4.4	—	**248.0**	2.9	55.6	—	—	81.9	49.8	39.1	8.8	9.8
8.6	—	**330.8**	2.2	77.2	—	—	99.3	76.1	52.1	10.4	13.4
19.1	—	**884.5**	18.5	82.6	14.7	—	109.3	426.2	156.0	7.4	69.8
3.3	—	**150.3**	1.6	23.4	0.4	0.2	51.0	41.7	18.7	6.0	7.4
					CULTIVATORS						
1·1	—	**63·5**	—	3·3	0·4	1·2	49·3	1·7	1·0	3·3	3·4
4·9	—	**105·8**	0·2	6·1	0·1	0·2	78·5	2·2	1·1	7·6	9·6
8·9	—	**116·9**	1·9	16·4	0·2	0·1	79·8	5·0	4·0	4·0	5·4
14·9	—	**220·4**	1·8	33·3	0·9	0·2	150·8	14·2	2·6	5·4	11·0
13·5	—	**312·5**	6·8	45·0	2·8	0·5	183·4	19·4	2·7	17·8	34·1
53·3	—	**577·9**	33·0	103·8	19·9	0·8	312·1	33·8	14·8	26·8	32·8
89·0	—	**1159·4**	31·4	236·0	7·8	2·0	636·8	110·6	41·4	16·9	76·6
20·7	—	**297·8**	8·1	49·1	3·6	0·6	178·1	20·2	7·0	10·6	20·6
					NON-CULTIVATORS						
0·7	—	**44·2**	—	3·2	..	..	22·2	1·9	0·8	3·2	12·9
4·6	—	**97·2**	0·8	8·5	—	—	49·2	6·4	0·1	13·9	18·4
0·4	—	**103·6**	1·1	6·7	—	—	42·8	17·5	2·8	6·0	26·8
5·9	—	**200·3**	2·9	36·2	0·8	—	84·7	11·0	3·9	12·2	48·6
72·7	—	**239·6**	—	21·3	13·3	—	46·2	17·5	—	24·6	116·7
—	—	**253·7**	—	31·2	—	—	74·0	—	—	52·0	96·5
—	—	**3524·6**	—	56·5	460·9	—	65·2	434·8	1199·4	87·0	1260·9
4·4	—	**122·3**	0·4	8·3	6·2	..	34·9	10·9	15·2	8·1	38·2
					ALL RURAL HOUSEHOLDS						
0·8	—	**48·9**	—	3·2	0·1	0·3	28·8	1·9	0·8	3·2	10·6
4·8	—	**102·0**	0·4	7·1	..	0·1	65·8	4·0	0·7	10·4	13·6
6·7	—	**113·4**	1·7	13·9	0·1	0·1	70·3	8·2	3·7	4·5	10·9
13·4	—	**217·1**	2·0	33·8	0·9	0·2	139·7	13·7	2·9	6·6	17·3
20·1	—	**304·4**	6·0	42·4	4·0	0·5	168·1	19·1	2·4	18·5	43·4
49·8	—	**556·7**	30·9	99·1	18·6	0·8	296·6	31·6	13·9	28·4	37·0
81·5	—	**1358·7**	28·7	220·9	46·0	1·8	588·6	138·0	135·6	22·8	176·4
14·7	—	**233·0**	5·3	34·0	4·6	0·4	125·2	16·8	10·0	9·7	27·1

TABLE

	1	2	3	4	5	6	7	8	9
MAHARASHTRA					*CULTIVATORS*				
Less than Rs 500 ..	2.3	7.6	—	—	34.8	1.0	0.3	—	—
Rs. 500 — Rs. 1,000	6.3	16.1	0.6	0.4	26.8	—	—	—	—
Rs. 1,000 — Rs. 2,500	10.7	24.0	1.0	0.2	45.1	0.1	0.9	—	—
Rs. 2,500 — Rs. 5,000	20.8	61.9	0.3	1.9	58.4	0.3	2.2	—	—
Rs. 5,000 — Rs. 10,000	36.0	96.8	1.2	12.6	75.6	0.5	2.4	—	—
Rs. 10,000 — Rs. 20,000	88.6	151.1	9.6	10.8	107.3	—	2.0	—	—
Rs. 20,000 and above ..	196.2	448.8	31.8	5.3	171.2	1.8	9.5	—	—
All Assets Group ..	41.1	93.4	4.2	4.9	69.5	0.4	2.2	—	—
					NON-CULTIVATORS				
Less than Rs. 500 ..	0.9	0.1	0.4	0.5	22.7	0.1	0.8	—	—
Rs. 500 — Rs. 1,000	5.3	0.1	3.8	7.6	41.8	0.1	1.6	—	—
Rs. 1,000 — Rs. 2,500	11.3	4.0	0.9	5.7	53.8	0.8	0.6	—	—
Rs. 2,500 — Rs. 5,000	—	25.1	—	13.0	93.4	0.8	—	—	—
Rs. 5,000 — Rs. 10,000	—	—	—	322.0	41.0	—	4.9	—	—
Rs. 10,000 — Rs. 20,000	4.2	—	—	62.5	62.6	—	—	—	—
Rs. 20,000 and above ..	—	102.5	—	250.0	25.0	—	—	—	—
All Assets Group ..	3.0	1.9	1.1	11.6	34.0	0.2	1.0	—	—
					ALL RURAL HOUSEHOLDS				
Less than Rs. 500 ..	1.1	1.2	0.4	0.5	24.5	0.2	0.7	—	—
Rs. 500 — Rs. 1,000	5.8	8.2	2.1	4.0	34.2	0.1	0.8	—	—
Rs. 1,000 — Rs. 2,500	10.8	20.1	1.0	1.3	46.8	0.2	0.8	—	—
Rs. 2,500 — Rs. 5,000	19.2	58.9	0.3	2.8	61.2	0.4	2.0	—	—
Rs. 5,000 — Rs. 10,000	34.2	92.1	1.2	27.6	73.9	0.5	2.5	—	—
Rs. 10,000 — Rs. 20,000	84.9	144.4	9.2	13.1	105.3	—	1.9	—	—
Rs. 20,000 and above ..	193.5	444.0	31.3	8.6	169.2	1.7	9.3	—	—
All Assets Group ..	29.0	64.3	3.2	7.0	58.2	0.3	1.8	—	—
MYSORE					*CULTIVATORS*				
Less than Rs. 500 ..	5.6	7.2	—	0.7	46.0	0.3	5.0	—	—
Rs. 500 — Rs. 1,000	19.4	10.8	—	1.1	57.4	—	7.3	1.2	—
Rs. 1,000 — Rs 2,500	24.5	15.0	—	2.3	80.7	—	7.7	0.9	—
Rs. 2,500 — Rs. 5,000	53.5	25.1	—	3.0	99.3	3.7	14.7	1.2	—
Rs. 5,000 — Rs 10,000	75.0	49.1	—	8.8	143.1	1.7	25.4	2.9	1.3
Rs. 10,000 — Rs. 20,000	108.3	95.9	0.9	8.0	197.7	5.9	48.8	0.5	0.2
Rs. 20,000 and above ..	404.8	343.9	15.2	98.5	330.2	8.6	121.8	16.8	—
All Assets Group ..	81.8	60.4	1.3	11.9	130.7	2.7	27.4	2.6	0.3
					NON-CULTIVATORS				
Less than Rs. 500 ..	5.4	0.6	—	1.5	41.3	—	4.1	—	—
Rs. 500 — Rs. 1,000	2.7	3.1	—	5.9	51.5	—	1.3	—	—
Rs. 1,000 — Rs. 2,500	3.5	6.9	—	24.5	81.0	—	4.5	—	—
Rs. 2,500 — Rs. 5,000	12.8	3.4	—	1.0	124.7	3.9	2.6	—	—
Rs. 5,000 — Rs. 10,000	55.6	24.4	—	53.5	137.5	0.4	14.1	—	—
Rs. 10,000 — Rs. 20,000	33.7	86.5	13.0	288.5	291.3	—	2.0	—	—
Rs. 20,000 and above ..	—	—	416.7	700.0	320.4	—	633.3	—	—
All Assets Group ..	9.8	6.4	5.6	26.5	76.7	0.4	12.2	—	—

4.—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					CULTIVATORS						
—	—	**46·0**	1·0	8·0	—	0·4	15·6	4·9	1·7	3·8	10·7
0·8	—	**51·0**	3·6	6·9	—	1·4	19·4	2·7	0·6	8·0	8·4
2·0	—	**84·1**	2·8	15·2	—	0·6	29·7	7·6	2·1	13·8	12·2
1·7	—	**147·7**	10·2	51·3	—	1·0	35·7	8·1	3·2	21·3	17·0
3·7	—	**228·7**	18·0	83·0	—	—	36·8	13·7	9·6	42·9	24·9
4·2	—	**373·7**	39·0	133·2	—	—	55·7	35·4	24·8	55·8	29·8
42·5	—	**907·0**	85·3	468·8	3·5	1·2	48·9	99·1	18·8	128·1	53·5
5·3	—	**220·9**	18·3	84·5	0·2	0·6	35·7	18·7	7·9	34·2	20·8
					NON-CULTIVATORS						
0·2	—	**25·8**	..	0·2	—	0·6	8·1	1·3	0·3	7·1	8·2
—	—	**60·4**	—	5·6	—	—	10·5	2·5	2·6	11·7	27·5
—	—	**77·0**	4·4	5·1	0·6	—	18·9	8·0	1·1	12·6	26·4
2·0	—	**134·2**	4·3	22·8	—	—	3·9	16·2	18·2	42·5	26·3
—	—	**367·9**	—	81·1	—	—	7·4	—	97·6	—	181·8
—	—	**129·2**	—	—	—	—	27·3	—	—	27·1	74·8
—	—	**377·5**	—	—	—	—	127·5	—	—	—	250·0
0·2	—	**52·9**	0·7	4·6	0·1	0·4	10·2	2·9	3·7	10·2	20·1
					ALL RURAL HOUSEHOLDS						
0·2	—	**28·8**	0·2	1·4	—	0·6	9·2	1·8	0·5	6·6	8·5
0·4	—	**55·6**	1·8	6·2	—	0·7	15·0	2·6	1·6	9·8	17·8
1·6	—	**82·7**	3·2	13·2	0·1	0·5	27·6	7·7	1·9	13·6	15·0
1·8	—	**146·6**	9·7	49·0	—	0·9	33·1	8·7	4·4	23·0	17·8
3·5	—	**235·5**	17·1	82·9	—	—	35·4	13·0	13·9	40·8	32·5
4·0	—	**362·8**	37·2	127·3	—	—	54·4	33·9	23·7	54·5	31·8
41·9	—	**899·7**	84·1	462·4	3·5	1·2	50·0	97·8	18·6	126·3	156·0
3·7	—	**167·5**	12·7	59·1	0·2	0·5	27·6	13·7	6·6	26·6	20·5
					CULTIVATORS						
—	—	**64·8**	1·3	4·9	—	2·8	27·1	—	10·3	9·3	9·2
—	—	**97·2**	2·3	9·4	0·8	3·3	52·0	1·0	10·1	9·0	9·3
1·2	—	**132·2**	0·7	9·8	0·3	2·9	76·1	1·6	11·3	12·2	17·4
0·2	—	**200·6**	5·6	20·3	—	0·8	110·0	3·0	17·6	27·2	16·1
9·5	—	**316·7**	5·3	47·4	2·0	7·8	176·9	1·8	21·6	20·6	33·1
1·5	—	**467·5**	36·4	88·4	0·7	—	205·7	6·4	30·1	21·4	78·4
22·8	—	**1362·7**	158·5	477·1	15·2	35·5	324·8	8·1	173·2	45·0	125·2
4·4	—	**323·3**	19·8	66·7	1·8	5·7	139·4	3·0	29·8	20·9	36·1
					NON-CULTIVATORS						
—	—	**52·9**	—	1·8	—	0·5	23·6	0·2	3·1	8·5	15·3
—	—	**64·6**	—	4·2	—	0·1	25·4	—	3·9	7·2	23·8
1·1	—	**121·6**	—	8·8	1·5	—	46·4	—	9·7	5·2	60·0
—	—	**148·4**	—	3·4	12·8	—	85·0	1·5	—	14·4	31·4
—	—	**285·6**	—	45·6	—	—	116·6	—	8·4	25·7	89·3
—	—	**715·0**	—	95·6	22·0	—	48·5	—	110·9	4·4	433·7
—	—	**2070·4**	—	283·3	816·2	—	45·8	—	—	66·7	858·3
0·2	—	**138·0**	—	12·9	12·6	0·2	42·8	0·2	7·2	10·2	51·8

	1	2	3	4	5	6	7	8	9
MYSORE—Contd.				*ALL RURAL HOUSEHOLDS*					
Less than Rs. 500 ..	5.5	2.0	—	1.3	42.3	0.1	4.3	—	—
Rs. 500 — Rs. 1,000	11.6	7.2	—	3.3	54.7	—	4.5	0.6	—
Rs. 1,000 — Rs. 2,500	19.4	13.1	—	7.6	80.8	—	6.9	0.7	—
Rs. 2,500 — Rs. 5,000	47.4	21.9	—	2.7	103.0	3.7	13.0	1.0	—
Rs. 5,000 — Rs. 10,000	73.0	46.4	—	13.6	142.5	1.5	24.2	2.6	1.1
Rs. 10,000 — Rs. 20,000	103.6	95.3	1.6	25.7	203.6	5.6	45.8	0.4	0.1
Rs. 20,000 and above ..	381.6	324.2	38.3	133.0	329.6	8.1	151.2	15.8	—
All Assets Group ..	62.5	46.0	2.4	15.8	116.3	2.1	23.4	1.9	0.2
ORISSA				*CULTIVATORS*					
Less than Rs. 500 ..	0.7	0.2	—	—	11.4	—	—	—	—
Rs. 500 — Rs. 1,000	4.0	0.6	0.3	2.5	7.2	1.8	—	—	—
Rs. 1,000 — Rs. 2,500	5.3	0.3	0.7	2.8	16.6	—	0.4	—	—
Rs. 2,500 — Rs. 5,000	14.4	0.5	—	4.6	27.4	0.1	1.4	—	—
Rs. 5,000 — Rs. 10,000	10.6	2.4	0.6	7.5	40.0	2.9	0.9	—	0.3
Rs. 10,000 — Rs. 20,000	17.4	5.1	—	93.6	46.1	0.5	—	—	—
Rs. 20,000 and above ..	23.1	—	18.4	175.0	136.6	3.2	5.1	—	—
All Assets Group ..	9.7	1.0	0.8	13.4	27.2	0.8	0.8	—	0.1
				NON-CULTIVATORS					
Less than Rs. 500 ..	—	—	—	..	5.1	0.6	—	—	—
Rs. 500 — Rs. 1,000	0.4	—	0.3	10.0	6.3	—	—	—	—
Rs. 1,000 — Rs. 2,500	3.2	0.1	3.2	—	21.9	—	0.8	—	—
Rs. 2,500 — Rs. 5,000	1.1	—	—	83.3	56.9	1.1	1.1	—	—
Rs. 5,000 — Rs. 10,000	4.6	—	3.5	—	15.5	3.5	—	—	—
Rs. 10,000 — Rs. 20,000	3.8	—	—	—	73.1	—	—	—	—
Rs. 20,000 and above ..	—	—	—	—	166.7	—	—	—	—
All Assets Group ..	0.9	..	0.7	9.8	12.9	0.4	0.2	—	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	0.1	..	—	..	6.1	0.5	—	—	—
Rs. 500 — Rs. 1,000	2.1	0.3	0.3	10.9	6.8	0.9	—	—	—
Rs. 1,000 — Rs. 2,500	4.9	0.3	1.2	2.3	17.6	—	0.5	—	—
Rs. 2,500 — Rs. 5,000	13.3	0.4	—	11.0	29.8	0.2	1.4	—	—
Rs. 5,000 — Rs. 10,000	10.2	2.3	0.8	7.0	38.4	3.0	0.9	—	0.3
Rs. 10,000 — Rs. 20,000	16.7	4.8	—	86.4	47.6	0.4	—	—	—
Rs. 20,000 and above ..	22.2	—	17.7	168.5	137.8	3.1	4.9	—	—
All Assets Group ..	7.1	0.8	0.8	12.4	23.1	0.7	0.6	—	—
PUNJAB				*CULTIVATORS*					
Less than Rs. 500 ..	—	7.4	—	—	57.5	—	—	—	—
Rs. 500 — Rs. 1,000	29.8	5.5	—	—	142.8	—	4.8	—	—
Rs. 1,000 — Rs. 2,500	68.5	6.2	0.4	8.9	122.8	1.5	8.0	0.2	—
Rs. 2,500 — Rs. 5,000	67.5	14.0	0.7	7.4	191.7	7.1	8.4	—	4.0
Rs. 5,000 — Rs. 10,000	105.7	15.4	1.2	14.1	222.2	5.0	9.6	—	—
Rs. 10,000 — Rs. 20,000	102.5	17.6	5.2	2.0	208.4	3.8	12.1	0.2	—
Rs. 20,000 and above ..	134.0	20.6	7.8	29.7	269.3	13.2	20.5	0.4	9.2
All Assets Group ..	97.6	15.4	3.4	12.8	210.0	6.4	12.1	0.2	2.8

4—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					ALL RURAL HOUSEHOLDS						
—	—	**55·4**	0·3	2·4	—	1·0	24·3	0·1	4·6	8·7	14·1
—	—	**82·0**	1·2	7·0	0·4	1·8	39·0	0·5	7·2	8·2	16·0
1·2	—	**129·6**	0·5	9·5	0·6	2·2	69·0	1·2	10·9	10·5	25·2
0·1	—	**192·9**	4·8	17·8	1·9	0·7	106·3	2·8	15·0	25·3	18·4
8·5	—	**313·4**	4·7	47·2	1·8	7·0	170·5	1·6	20·2	21·2	39·1
1·4	—	**483·1**	34·1	88·8	2·1	—	105·8	6·0	35·2	20·3	100·8
21·5	—	**1403·3**	149·4	466·0	61·2	33·5	308·8	7·7	163·3	46·3	167·3
3·3	—	**273·8**	14·5	52·4	4·7	4·2	113·6	2·3	23·8	18·1	40·3
					CULTIVATORS						
0·7	—	**13·1**	0·1	1·3	—	—	2·2	8·4	—	—	1·6
0·2	—	**16·6**	0·3	3·4	—	—	2·2	9·0	—	0·1	1·1
1·0	—	**27·1**	1·4	4·8	—	0·1	5·9	10·0	2·1	0·5	2·3
1·3	—	**49·6**	1·6	12·6	—	0·2	7·8	18·5	4·9	1·8	2·2
1·2	—	**66·6**	3·3	10·1	—	0·2	11·0	24·0	7·4	4·1	6·5
2·3	—	**165·1**	9·7	14·5	—	—	19·5	17·6	93·6	2·6	7·5
—	—	**361·4**	7·2	41·7	—	—	32·0	36·7	76·9	23·1	143·8
1·1	—	**54·9**	2·3	9.1	—	0·1	8·3	15·8	10·9	2·1	6·3
					NON-CULTIVATORS						
—	—	**5·7**	0·1	—	—	—	1·4	3·6	—	0·2	0·4
—	—	**26·0**	—	—	—	—	2·0	3·7	7·4	0·8	12·1
5·6	—	**34·8**	1·8	3·7	—	—	6·1	15·0	0·1	0·9	7·3
6·7	—	**150·2**	2·1	2·2	—	—	17·6	49·6	—	—	78·7
—	—	**27·1**	—	8·1	—	—	0·4	11·6	—	7·0	—
—	—	**76·9**	3·8	19·2	—	—	—	—	—	—	53·8
—	—	**166·7**	—	—	—	—	166·7	—	—	—	—
1·4	—	**26·3**	0·6	1·2	—	—	3·7	8·7	1·8	0·6	9·8
					ALL RURAL HOUSEHOLDS						
0·1	—	**6·9**	0·1	0·2	—	—	1·5	4·4	—	0·1	0·5
0·1	—	**21·4**	0·2	1·7	—	—	2·1	6·3	3·8	0·5	7·0
1·8	—	**28·5**	1·5	4·6	—	0·1	5·9	10·9	1·7	0·6	3·2
1·7	—	**57·8**	1·6	11·8	—	0·2	8·6	21·0	4·5	1·7	8·4
1·1	—	**64·0**	3·1	9·9	—	0·2	10·3	23·2	6·9	4·3	6·1
2·2	—	**160·1**	9·4	14·8	—	—	18·4	16·6	88·4	2·5	10·1
—	—	**354·2**	6·9	40·1	—	—	37·0	35·4	74·1	22·2	138·5
1·2	—	**46·6**	1·8	6·8	—	0·1	6·9	13·7	8·2	1·7	7·3
					CULTIVATORS						
10.5	—	**75.4**	—	—	—	3.2	18.4	—	—	22.1	31.7
—	—	**182.9**	1.2	6.6	—	15.1	69.0	41.8	3.6	15.8	29.9
—	—	**216.6**	0.6	11.0	—	14.0	76.1	30.5	10.0	31.0	43.3
3.0	—	**303.8**	3.8	20.8	—	12.3	116.0	38.8	4.9	43.2	64.0
4.1	—	**377.4**	6.8	39.0	—	6.0	130.0	67.3	4.5	52.2	69.8
1.5	—	**353.3**	8.9	37.8	—	12.4	103.6	45.6	11.0	67.2	66.8
11.4	—	**516.0**	14.6	70.4	—	23.9	128.9	101.0	32.8	55.0	89.5
4.5	—	**365.1**	7.6	38.5	—	14.0	112.8	60.2	13.1	50.9	68.1

TABLE

	1	2	3	4	5	6	7	8	9
PUNJAB—Contd.				*NON-CULTIVATORS*					
Less than Rs. 500 ..	10.3	1.4	3.7	3.5	87.2	—	17.3	—	0.2
Rs. 500 — Rs. 1,000	20.7	2.2	0.1	12.0	100.4	2.0	16.2	—	—
Rs. 1,000 — Rs. 2,500	21.6	3.0	8.2	43.1	115.3	4.8	13.1	0.2	—
Rs. 2,500 — Rs. 5,000	34.7	1.0	13.3	78.8	136.3	—	27.0	—	—
Rs. 5,000 — Rs. 10,000	42.3	—	9.1	182.6	113.7	—	16.1	—	—
Rs. 10,000 — Rs. 20,000	42.1	—	—	170.2	80.8	—	—	—	—
Rs. 20,000 and above ..	24.4	6.8	—	545.2	106.0	—	19.4	—	—
All Assets Group ..	23.9	2.0	5.4	71.3	107.1	1.8	16.0	0.1	..
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	9.7	1.7	3.5	3.3	85.5	—	16.3	—	0.2
Rs. 500 — Rs. 1,000	22.3	2.8	0.1	9.8	108.0	1.6	14.1	—	—
Rs. 1,000 — Rs. 2,500	38.4	4.2	5.4	30.9	118.0	3.6	11.3	0.2	—
Rs. 2,500 — Rs. 5,000	56.7	9.8	4.8	30.9	173.5	4.8	14.5	—	2.7
Rs. 5,000 — Rs. 10,000	91.9	12.0	2.9	50.9	198.6	4.0	11.0	—	—
Rs. 10,000 — Rs. 20,000	93.7	15.0	4.5	26.5	191.1	3.3	10.4	0.2	—
Rs. 20,000 and above ..	122.8	19.2	7.0	82.2	252.6	11.8	20.4	0.4	8.2
All Assets Group ..	67.4	9.9	4.2	36.8	167.7	4.5	13.7	0.1	1.6
RAJASTHAN				*CULTIVATORS*					
Less than Rs 500 ..	15.5	0.5	—	—	49.5	—	7.5	—	—
Rs. 500 — Rs 1,000	53.2	5.5	—	3.9	94.4	1.9	9.8	—	—
Rs. 1,000 — Rs. 2,500	52.7	12.2	1.0	3.3	141.7	1.7	14.0	..	—
Rs. 2,500 — Rs. 5,000	89.6	19.2	3.3	9.2	195.4	2.1	14.0	0.5	—
Rs. 5,000 — Rs. 10,000	120.6	30.9	0.9	27.0	267.1	1.5	24.0	1.5	—
Rs. 10,000 — Rs. 20,000	172.5	41.2	11.9	32.0	396.6	4.0	18.6	0·7	—
Rs. 20,000 and above ..	141.8	107.6	7.0	191.7	510.0	1.6	29.6	4.4	—
All Assets Group ..	95.1	24.4	3.0	20.2	222.8	2.0	17.0	0.7	—
				NON-CULTIVATORS					
Less than Rs. 500 ..	2.8	1.1	—	30.5	62.0	—	2.2	—	—
Rs. 500 — Rs. 1,000	3.1	1.2	—	10.4	152.2	—	10.5	2.7	—
Rs. 1,000 — Rs. 2,500	11.4	0.6	3.4	20.6	121.7	4.3	6.9	—	—
Rs. 2,500 — Rs. 5,000	11.8	3.6	—	171.6	137.8	—	18.5	—	—
Rs. 5,000 — Rs. 10,000	—	4.3	11.8	263.7	220.1	—	21.4	45.6	—
Rs. 10,000 — Rs. 20,000	—	—	27.8	1546.1	136.6	—	—	—	—
Rs. 20,000 and above ..	—	—	71.4	11100.0	28.6	—	—	—	—
All Assets Group ..	5.7	1.5	3.9	258.1	121.9	1.1	8.7	4.9	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	7.0	0.9	—	20.4	57.8	—	4.0	—	—
Rs. 500 — Rs. 1,000	37.6	4.1	—	5.9	112.4	1.3	10.0	0.8	—
Rs. 1,000 — Rs. 2,500	46.6	10.5	1.3	5.8	138.7	2.1	13.0	..	—
Rs. 2,500 — Rs. 5,000	85.5	18.3	3.1	17.7	192.4	2.0	14.6	0.4	—
Rs. 5,000 — Rs. 10,000	113.3	29.3	1.5	41.2	264.3	1.4	23.8	4.2	—
Rs. 10,000 — Rs. 20,000	164.9	39.4	12.6	98.1	385.2	3.8	17.7	0.6	—
Rs. 20,000 and above ..	134.1	101.7	10.5	788.3	483.7	1.6	28.0	4.1	—
All Assets Group ..	83.2	21.4	3.1	51.9	209.4	1.9	15.9	1.3	—

4—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					NON CULTIVATORS						
1.6	—	**125.2**	2.1	4.0	—	23.5	34.6	6.0	2.0	14.4	38.5
—	—	**153.5**	3.4	12.6	—	20.4	57.9	16.6	3.0	10.3	29.3
0.9	0.3	**210.5**	2.6	19.6	—	19.1	59.1	19.5	21.2	20.5	48.9
3.7	—	**294.9**	1.1	42.3	—	17.9	102.4	7.8	55.6	20.4	47.5
14.6	—	**378.5**	6.6	38.4	—	8.6	13.9	6.0	104.6	56.0	144.3
—	—	**302.2**	5.6	38.3	—	—	30.3	2.2	96.6	46.1	83.0
—	—	**701.7**	9.7	18.6	—	—	45.2	8.1	526.6	43.8	49.9
2.3	0.1	**230.1**	3.3	20.4	—	17.4	53.0	12.3	48.2	22.5	52.9
					ALL RURAL HOUSEHOLDS						
2.1	—	**122.3**	2.0	3.8	—	22.3	33.7	5.6	1.8	14.9	38.2
—	—	**158.8**	3.0	11.6	—	19.4	59.9	21.1	3.2	11.3	29.4
0.6	0.2	**212.7**	1.9	16.5	—	17.3	65.2	23.6	17.2	24.2	46.9
3.2	—	**300.9**	2.9	27.9	—	14.1	111.5	28.6	21.6	35.7	58.6
6.4	—	**377.6**	6.7	38.9	—	7.3	105.4	53.9	26.3	53.1	86.1
1.3	—	**345.9**	8.4	37.8	—	10.6	92.0	39.3	23.5	64.2	69.1
10.3	—	**535.0**	14.1	65.1	—	21.4	120.4	91.5	83.1	53.9	85.4
3.6	—	**309.6**	5.9	31.0	—	15.4	88.2	40.5	27.5	39.2	61.9
					CULTIVATORS						
—	—	**73.0**	—	—	—	—	33.9	16.5	2.5	8.5	13.7
2.1	—	**170.8**	—	2.3	—	—	60.8	50.1	16.6	8.5	32.5
2.3	—	**228.8**	1.6	7.4	—	—	60.4	53.3	38.6	18.2	49.2
3.5	—	**337.0**	2.7	10.5	—	—	82.4	82.7	66.7	24.2	67.8
5.1	—	**478.5**	4.0	16.9	—	—	140.4	118.3	82.5	26.1	90.2
9.1	—	**686.4**	2.5	30.9	—	—	175.7	160.2	132.9	37.4	146.8
1.3	—	**995.2**	24.2	72.9	5.8	—	196.5	188.4	208.6	49.0	249.3
4.0	—	**389.4**	3.2	14.9	0.2	—	102.5	92.8	71.3	24.1	80.2
					NON-CULTIVATORS						
5.4	—	**104.0**	—	1.1	—	—	17.3	13.9	24.1	3.8	43.8
0.6	—	**180.8**	—	1.2	—	—	40.0	46.1	18.5	18.1	56.9
2.6	—	**171.6**	—	3.4	—	—	32.8	35.2	41.0	8.2	50.9
—	—	**343.2**	—	3.0	—	—	60.0	43.8	101.8	18.4	116.2
—	—	**566.9**	19.6	5.9	—	—	90.2	160.9	149.6	12.3	128.4
—	—	**1710.4**	—	8.9	—	—	83.8	291.7	92.2	—	1233.9
—	—	**11200.0**	—	—	—	—	—	528.6	—	—	10671.4
2.3	—	**408.2**	1.9	2.6	—	—	39.7	59.7	49.7	10.2	244.4
					ALL RURAL HOUSEHOLDS						
3.6	—	**93.7**	—	0.7	—	—	22.8	14.8	16.9	4.7	33.8
1.6	—	**173.9**	—	2.0	—	—	54.4	48.8	17.2	11.5	40.1
2.3	—	**220.4**	1.4	6.8	—	—	56.3	50.7	39.0	16.8	49.5
3.3	—	**337.4**	2.6	10.1	—	—	81.2	80.7	68.6	23.9	70.3
4.8	—	**483.8**	4.9	16.2	—	—	137.4	120.8	86.6	25.3	92.6
8.7	—	**731.2**	2.4	30.0	—	—	171.7	165.9	131.1	35.8	194.3
1.2	—	**1553.3**	23.4	68.9	5.5	—	185.7	207.0	197.2	46.3	819.2
3.7	—	**391.9**	3.1	13.3	0.2	—	94.2	88.4	68.4	22.3	102.1

TABLE

	1	2	3	4	5	6	7	8	9
UTTAR PRADESH				*CULTIVATORS*					
Less than Rs. 500 ..	2.4	2.8	0.1	0.2	28.9	—	3.6	—	0.5
Rs. 500 — Rs. 1,000	10.1	6.6	—	0.7	37.2	0.8	6.1	—	—
Rs. 1,000 — Rs. 2,500	18.7	7.0	0.6	1.7	50.6	2.6	7.0	—	0.2
Rs. 2,500 — Rs. 5,000	31.5	8.6	0.7	2.3	68.6	3.9	11.0	—	0.2
Rs. 5,000 — Rs. 10,000	46.2	12.0	2.4	42.1	80.3	3.8	13.3	0.6	0.4
Rs. 10,000 — Rs. 20,000	87.5	22.6	3.0	7.6	130.0	12.4	22.6	—	3.8
Rs. 20,000 and above ..	144.9	48.5	3.1	96.9	172.3	20.5	27.9	—	—
All Assets Group ..	39.6	11.9	1.3	15.0	75.5	4.9	11.8	0.1	0.6
				NON-CULTIVATORS					
Less than Rs. 500 ..	4.0	0.4	0.6	3.5	34.6	0.7	4.1	—	..
Rs. 500 — Rs. 1,000	14.7	0.5	0.6	11.6	58.7	1.7	10.4	..	0.2
Rs. 1,000 — Rs. 2,500	15.3	1.0	6.8	19.8	74.3	2.7	4.5	—	0.4
Rs. 2,500 — Rs. 5,000	17.0	2.7	4.0	82.7	81.4	0.9	11.5	—	—
Rs. 5,000 — Rs. 10,000	23.4	3.0	34.0	29.8	58.3	0.9	19·9	—	—
Rs. 10,000 — Rs. 20,000	47.6	14.3	14.3	128.6	104.8	—	19.0	—	—
Rs. 20,000 and above ..	—	7.5	—	1537.5	191.2	—	—	—	—
All Assets Group ..	11.8	1.0	4.0	23.4	56.8	1.4	7.2	..	0.2
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	3.5	1.0	0.5	2.6	33.2	0.5	4.0	—	0.1
Rs. 500 — Rs. 1,000	12.1	4.0	0.3	5.4	46.4	1.2	7.9	..	0.1
Rs. 1,000 — Rs. 2,500	18.0	5.9	1.7	5.0	54.9	2.6	6.6	—	0.2
Rs. 2,500 — Rs. 5,000	30.4	8.1	1.0	8.8	69.6	3.7	11.0	—	0.2
Rs. 5,000 — Rs. 10,000	45.0	11.5	4.0	41.4	88.6	3.6	13.6	0.6	0.4
Rs. 10,000 — Rs. 20,000	86.7	22.4	3.2	10.0	129.5	12.1	22.5	—	3.7
Rs. 20,000 and above ..	142.7	47.9	3.1	118.6	172.6	20.2	27.5	—	—
All Assets Group ..	34.1	9.8	1.8	16.7	71.8	4.2	10.8	0.1	0.5
WEST BENGAL				*CULTIVATORS*					
Less than Rs. 500 ..	2.2	2.1	—	2.2	33.0	0.5	0.1	0.6	—
Rs. 500 — Rs. 1,000	6.1	5.0	—	0.1	38.7	1.1	1.5	—	—
Rs. 1,000 — Rs. 2,500	10.7	8.2	1.1	2.6	60.2	1.4	1.0	—	—
Rs. 2,500 — Rs. 5,000	12.5	17.8	1.3	2.7	72.6	0.6	3.9	0.1	—
Rs. 5,000 — Rs. 10,000	19.8	26.5	1.7	9.9	108.4	1.3	9.1	1.3	—
Rs. 10,000 — Rs. 20,000	40.9	45.4	9.4	145.2	143.1	7.6	9.2	—	—
Rs. 20,000 and above ..	32.9	111.1	6.5	133.6	220.7	6.8	20.6	—	—
All Assets Group ..	14.7	19.7	1.9	21.2	79.1	1.9	4.4	0.3	—
				NON-CULTIVATORS					
Less than Rs. 500 ..	0.2	0.3	4.4	2.1	30.5	0.4	0.4	—	—
Rs. 500 — Rs. 1,000	..	0.1	1.4	5.1	55.6	0.5	0.3	—	—
Rs. 1,000 — Rs. 2,500	7.0	1.0	1.8	18.0	69.2	0.4	—	—	—
Rs. 2,500 — Rs. 5,000	7.9	4.4	—	94.6	82.9	0.2	0.9	—	—
Rs. 5,000 — Rs. 10,000	4.3	0.6	—	95.0	158.3	—	2.9	—	—
Rs. 10,000 — Rs. 20,000	3.1	3.1	—	968.8	97.6	—	12.5	—	—
Rs. 20,000 and above ..	28.8	42.4	45.4	725.8	151.1	13.6	—	—	—
All Assets Group ..	2.3	1.8	3.8	53.8	52.3	0.6	0.8	—	—
				ALL RURAL HOUSEHOLDS					
Less than Rs. 500 ..	0.7	0.8	3.3	2.1	31.1	0.4	0.3	0.2	—
Rs. 500 — Rs. 1,000	3.8	3.2	0.5	2.0	45.0	0.9	1.1	—	—
Rs. 1,000 — Rs. 2,500	10.0	6.8	1.2	5.6	62.0	1.2	0.8	—	—
Rs. 2,500 — Rs. 5,000	11.8	16.0	1.1	15.1	74.0	0.6	3.5	..	—
Rs. 5,000 — Rs. 10,000	18.2	24.4	1.5	18.8	113.7	1.2	8.5	1.2	—
Rs. 10,000 — Rs. 20,000	36.0	39.9	8.1	252.3	137.2	6.6	9.6	—	—
Rs. 20,000 and above ..	32.1	98.5	13.7	242.7	207.9	8.1	16.8	—	—
all Assets Group ..	10.6	13.8	2.5	32.0	70.2	1.4	3.2	0.2	—

4—Contd.

10	11	12	13	14	15	16	17	18	19	20	21
					CULTIVATORS						
1·7	—	**40·3**	0·9	5·4	—	1·1	20·8	7·2	0·4	2·2	2·5
0·5	—	**62·1**	0·6	8·9	—	0·7	28·8	13·2	2·0	5·5	2·4
3·1	0·1	**91·6**	1·3	13·6	—	0·3	38·6	18·9	3·8	9·8	5·3
4·5	0·1	**131·3**	3·0	10·5	—	0·2	54·7	25·9	8·0	12·9	7·2
11·6	0·2	**222·9**	3·9	32·2	—	..	95·3	41·8	17·7	18·6	13·4
13·7	0·4	**303·4**	6·7	53·0	—	0·5	91·6	76·6	21·7	29·6	24·3
17·0	—	**531·1**	34·4	126·1	13·2	—	82·1	81·3	51·3	44·9	97·8
6·7	0·1	**167·5**	4·4	27·9	0·7	0·3	60·0	33·4	11·6	15·5	13·7
					NON-CULTIVATORS						
1·2	0·2	**49·2**	0·1	2·7	—	0·4	19·9	14·9	2·2	5·2	3·7
2·5	—	**101·1**	—	7·9	—	0·6	36·9	25·9	3·8	10·8	15·3
4·9	0·1	**129·6**	0·2	7·3	—	—	34·4	41·2	8·7	15·6	22·1
7·8	—	**208·2**	0·9	15·3	—	0·3	44·0	42·6	45·4	15·2	44·5
4·2	0·7	**174·2**	7·4	17·4	—	—	30·1	43·5	24·1	18·9	32·7
21·4	—	**350·0**	47·6	38·1	—	—	19·0	197·6	—	47·6	—
—	—	**1736·2**	—	—	—	—	198·8	—	850·0	125·0	562·5
3·3	0·1	**109·3**	0·9	7·2	—	0·3	30·9	29·3	11·6	11·4	17·7
					ALL RURAL HOUSEHOLDS						
1·3	0·1	**46·9**	0·3	3·4	—	0·6	20·1	12·9	1·8	4·4	3·4
1·4	—	**78·8**	0·4	8·5	—	0·7	32·3	18·6	2·8	7·8	7·9
3·4	0·1	**98·5**	1·1	12·4	—	0·2	37·8	23·0	4·7	10·9	8·4
4·7	..	**137·3**	2·8	19·2	—	0·2	53·9	27·2	10·9	13·1	10·1
11·3	0·3	**220·4**	4·0	31·4	—	..	92·0	41·9	18·0	18·6	14·4
13·9	0·4	**304·4**	7·5	52·7	—	0·5	90·2	78·9	21·2	29·5	23·9
16·8	—	**549·3**	33·8	124·2	13·0	—	83·0	80·0	63·3	46·2	104·8
6·0	0·1	**155·8**	3·7	23·7	0·5	0·3	54·2	32·6	11·6	14·7	14·5
					CULTIVATORS						
—	—	**40·6**	2·0	0·2	—	4·5	13·9	0·3	3·0	7·6	0·0
—	—	**52·5**	1·0	0·7	—	3·8	23·4	1·6	2·3	9·2	10·5
—	—	**85·3**	0·8	3·3	—	2·2	33·8	3·5	8·3	16·8	16·6
0·4	—	**111·9**	3·2	7·4	0.1	1·2	45·0	5·2	10·2	19·7	20·1
—	—	**178·1**	3·8	14·4	0·3	1·2	51·1	8·2	23·2	41·2	34·6
0·2	—	**407·0**	7·0	24·6	—	5·6	68·7	22·0	30·8	50·1	198·3
—	—	**532·2**	12·0	32·0	—	—	73·8	4·8	63·7	43·4	301·5
0·6	—	**143·9**	3·0	8·4	0·1	2·4	40·4	5·8	14·0	23·5	46·2
					NON-CULTIVATORS						
—	—	**38·3**	0·2	0·9	—	0·9	7·7	1·0	1·2	7·0	19·3
—	—	**63·0**	0·4	0·3	—	0·7	15·6	6·1	2·3	9·3	28·4
—	—	**97·6**	1·9	—	—	—	13·6	16·9	3·0	21·5	40·7
—	—	**190·9**	0·9	4·0	—	0·2	17·2	8·0	1·1	24·3	135·2
—	—	**267·1**	5·1	5·0	—	—	29·4	17·3	12·1	35·5	162·6
—	—	**1085·1**	7·3	—	—	—	34·6	4·6	10·4	23·1	1005·1
—	—	**1007·1**	10·6	28·8	—	—	65·2	12·1	—	30·3	860·2
—	—	**115·4**	1·1	1·6	—	0·6	13·0	5·3	2·3	12·4	79·0
					ALL RURAL HOUSEHOLDS						
..	—	**38·9**	0·7	0·7	—	1·8	9·3	0·8	1·7	7·2	16·6
—	—	**56·4**	0·7	0·6	—	2·6	20·5	3·3	2·3	9·2	17·2
—	—	**07·7**	1·0	2·6	—	1·7	29·8	6·2	7·2	17·8	21·4
0·4	—	**122·6**	2·9	7·0	0·1	1·0	41·2	5·6	8·9	20·4	35·6
—	—	**187·5**	4·0	13·4	0·3	1·0	48·8	9·2	22·0	40·6	48·0
5·4	—	**495·2**	7·0	21·1	—	4·9	64·2	19·7	28·1	46·6	303·2
—	—	**619·7**	11·8	32·1	—	—	72·2	6·2	52·0	41·0	404·5
0·4	—	**134·4**	2·3	6·2	..	1·8	31·4	5·6	10·2	19·9	57·0

TABLE 5 —ALL-INDIA RURAL DEBT AND

Average amount borrowed per family classified

ALL-

Asset Groups	PURPOSE								
	Capital expenditure in farm business	Current expenditure in farm business	Capital expenditure in non-farm business	Current expenditure in non-farm business	Household expenditure	Expenditure on litigation	Repayment of debt	Financial investment expenditure	Any other purpose
	1	2	3	4	5	6	7	8	9
CULTIVATORS									
Less than Rs. 500	4.2	3.5	..	0.7	32.3	0.3	2.4	0.1	..
Rs. 500 — Rs. 1,000	11.8	6.3	0.1	2.3	42.2	0.7	3.5	0.1	..
Rs. 1,000 — Rs. 2,500	18.8	8.6	0.7	2.4	57.8	1.1	5.2	0.1	0.1
Rs. 2,500 — Rs. 5,000	33.6	17.0	1.0	4.8	83.1	1.9	8.3	0.2	0.1
Rs. 5,000 — Rs. 10,000	56.0	31.7	1.9	16.5	118.1	2.1	14.6	0.6	0.2
Rs. 10,000 — Rs. 20,000	91.8	55.2	5.0	19.7	168.4	5.9	24.8	0.5	0.7
Rs. 20,000 and above ..	173.8	138.8	17.2	65.7	246.5	14.4	42.6	2.8	1.1
All Assets Group ..	45.5	27.8	2.4	11.4	95.7	2.8	11.8	0.4	0.2
NON-CULTIVATORS									
Less than Rs. 500	1.8	0.3	0.8	2.5	31.8	0.2	1.7	—	..
Rs. 500 — Rs. 1,000	6.6	0.6	1.4	14.9	56.5	0.6	4.9	0.2	..
Rs. 1,000 — Rs. 2,500	11.4	1.8	3.9	22.8	73.0	1.4	5.0	0.1	0.1
Rs. 2,500 — Rs. 5,000	12.6	4.4	3.7	70.2	99.7	0.6	6.3	1.2	—
Rs. 5,000 — Rs. 10,000	19.2	5.2	10.8	114.5	104.2	1.2	12.8	2.4	—
Rs. 10,000 — Rs. 20,000	26.5	9.6	3.2	352.7	125.6	4.9	6.8	0.3	—
Rs. 20,000 and above ..	27.8	18.7	33.9	1431.9	215.2	4.3	80.4	—	—
All Assets Group ..	6.6	1.5	2.5	38.8	55.0	0.7	4.6	0.2	..
ALL RURAL HOUSEHOLDS									
Less than Rs. 500	2.4	1.2	0.6	2.0	31.9	0.3	1.9	..	..
Rs. 500 — Rs. 1,000	9.6	3.9	0.7	7.6	48.2	0.7	4.1	0.2	..
Rs. 1,000 — Rs. 2,500	17.3	7.2	1.4	6.5	60.9	1.1	5.2	0.1	0.1
Rs. 2,500 — Rs. 5,000	31.6	16.3	1.2	11.3	84.7	1.8	8.1	0.3	0.1
Rs. 5,000 — Rs. 10,000	54.1	29.7	2.6	23.8	117.1	2.1	14.5	0.8	0.2
Rs. 10,000 — Rs. 20,000	88.4	52.8	4.9	37.2	166.2	5.8	23.9	0.5	0.7
Rs. 20,000 and above ..	165.5	131.9	18.2	143.8	244.7	13.8	44.8	2.6	1.0
All Assets Group ..	35.1	20.8	2.4	18.7	84.8	2.2	9.9	0.4	0.2

INVESTMENT SURVEY, 1961-62

according to purpose and credit agency.

(In rupees)

INDIA

			CREDIT AGENCY								
More than one purpose	Purpose not specified	Total borrowings	Government	Co-operatives	Commercial banks	Landlords	Agricultural money lenders	Professional money lenders	Traders and commission agents	Relatives	Others
10	11	12	13	14	15	16	17	18	19	20	21
					CULTIVATORS						
1.6	—	**45.1**	0.8	2.3	0.1	1.1	23.2	3.3	2.8	4.0	7.6
2.4	..	**69.5**	0.7	5.1	0.1	1.0	32.9	8.8	5.1	5.7	10.0
3.1	..	**97.9**	1.0	9.4	0.2	0.7	41.2	14.9	8.5	8.9	13.1
4.7	0.1	**155.5**	2.8	10.6	0.4	0.6	61.2	22.0	14.4	13.5	21.0
8.2	..	**251.0**	4.8	35.6	0.9	1.2	95.3	34.2	21.4	23.2	34.5
14.2	0.1	**386.2**	13.3	63.6	2.8	1.8	123.3	48.2	37.0	36.8	59.4
34.4	—	**737.2**	30.7	170.4	9.5	5.4	215.9	88.2	62.7	57.5	97.1
7.4	..	**205.4**	5.3	31.9	1.2	1.2	73.9	27.0	18.1	18.1	28.6
					NON-CULTIVATORS						
0.7	..	**39.9**	0.2	1.4	0.1	0.9	14.9	4.1	1.8	4.4	12.1
1.3	—	**87.0**	0.4	4.3	..	1.7	29.1	10.9	9.2	10.3	21.1
2.2	..	**121.9**	1.1	7.2	0.2	2.0	32.6	19.4	12.3	12.7	34.3
3.6	—	**202.2**	1.2	16.2	2.1	1.9	49.6	18.3	44.2	15.4	53.3
11.8	0.1	**282.1**	3.4	22.4	1.4	1.2	47.0	31.4	60.2	26.1	89.0
7.4	—	**537.0**	5.8	35.1	0.7	—	53.3	33.8	84.9	34.0	283.5
1.6	—	**1813.7**	3.8	52.8	112.0	—	70.1	112.2	619.9	44.4	798.7
1.8	..	**111.8**	0.7	6.0	1.6	1.3	25.7	11.9	18.4	9.6	36.6
					ALL RURAL HOUSEHOLDS						
0.9	..	**41.3**	0.3	1.6	0.1	1.0	17.1	3.9	2.0	4.3	10.9
1.9	..	**76.9**	0.6	4.8	..	1.3	31.3	9.7	6.8	7.7	14.7
2.9	..	**102.8**	1.0	9.0	0.2	1.0	39.5	15.8	9.2	9.7	17.4
4.6	0.1	**160.1**	2.6	19.3	0.6	0.7	60.1	21.6	17.4	13.7	24.2
8.5	..	**253.4**	4.7	34.6	1.0	1.2	91.7	34.0	24.3	23.4	38.5
13.8	0.1	**394.1**	12.9	62.1	3.0	1.7	119.6	47.5	39.6	36.6	71.1
32.6	—	**798.7**	29.2	163.6	15.3	5.1	207.6	89.6	94.5	56.7	137.1
6.0	..	**180.4**	4.1	25.0	1.3	1.2	61.1	23.0	18.2	15.8	30.7

DATA ON 52 DISTRICTS UNDER INTENSIVE AGRICULTURAL AREA PROGRAMME

TABLE 1.—DISTRICTS UNDER INTENSIVE AGRICULTURAL AREA PROGRAMME (IAAP)

State/Union Territory	*Names of Districts*
Andhra Pradesh	1. Chittoor
	2. East Godavari
	3. Guntur
	4. Krishna
	5. Kurnool
	6. Nellore
Bihar ..	7. Champaran
	8. Gaya
	9. Monghyr
	10. Patna
	11. Ranchi
	12. Santhal Parganas
Haryana ..	13. Hissar
	14. Karnal
	15. Rohtak
Kerala ..	16. Trichur
Madhya Pradesh ..	17. Balaghat
	18. Bilaspur
	19. Durg
	20. Raipur
Madras	21. Chingleput
	22. Coimbatore
	23. Madurai
	24. Tirunelveli
Maharashtra	25. Chanda
	26. Nasik
	27. Poona
Mysore	28. Raichur
	29. South Kanara
Punjab	30. Amritsar
	31. Ferozepur
	32. Jullundur
	33. Ludhiana
Rajasthan	34. Alwar
	35. Bharatpur
	36. Bhilwara
	37. Chittorgarh
	38. Ganganagar
	39. Jaipur
	40. Udaipur
Uttar Pradesh	41. Aligarh
	42. Banda
	43. Basti
	44. Bulandshahr
	45. Faizabad
	46. Gonda
	47. Meerut
	48. Muzaffarnagar
	49. Varanasi
West Bengal	50. Murshidabad
	51. West Dinajpur
Himachal Pradesh	52. Kangra

State	District	Scheduled Commercial Banks: Number of offices at Rural centres	Semi-urban centres	Urban centres	Total	Non-Scheduled Commercial Banks: Number of offices at Rural centres	Semi-urban centres	Urban centres	Total	Co-operative Banks*: Number of offices at Rural centres	Semi-urban centres	Urban centres	Total	Total number of offices at Rural centres	Semi-urban centres	Urban centres	Grand Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Andhra Pradesh..	1 Chittoor ..	9	13	—	**22**	—	—	—	—	2	6	—	**8**	**11**	**19**	—	**30**
	2. East Godavari ..	11	16	21	**48**	—	—	—	—	2	4	4	**10**	**13**	**20**	**25**	**58**
	3. Guntur ..	7	30	15	**52**	—	—	—	—	2	12	2	**16**	**9**	**42**	**17**	**68**
	4. Krishna ..	7	14	26	**47**	—	—	—	—	1	5	6	**12**	**8**	**19**	**32**	**59**
	5. Kurnool ..	10	17	6	**33**	—	—	—	—	—	4	2	**6**	**10**	**21**	**8**	**39**
	6. Nellore ..	3	8	9	**20**	—	—	—	—	—	2	2	**4**	**3**	**10**	**11**	**24**
Bihar	7. Champaran ..	3	8	—	**11**	—	—	—	—	—	2	—	**2**	**3**	**10**	—	**13**
	8. Gaya ..	—	6	7	**13**	—	—	—	—	—	3	1	**4**	—	**9**	**8**	**17**
	9. Monghyr ..	1	19	—	**20**	—	—	—	—	—	3	—	**3**	**1**	**22**	—	**23**
	10. Patna ..	1	8	24	**33**	—	—	—	—	1	4	2	**7**	**2**	**12**	**26**	**40**
	11. Ranchi ..	6	4	10	**20**	—	—	—	—	1	2	1	**4**	**7**	**6**	**11**	**24**
	12. Santhal Parganas	1	9	—	**10**	—	—	—	—	3	2	—	**5**	**4**	**11**	—	**15**
Haryana	13. Hissar	5	19	—	**24**	—	—	—	—	3	7	—	**10**	**8**	**26**	—	**34**
	14. Karnal	9	19	—	**28**	—	—	—	—	—	4	—	**4**	**9**	**23**	—	**32**
	15. Rohtak	5	19	—	**24**	—	—	—	—	—	5	—	**5**	**5**	**24**	—	**29**
Kerala ..	16. Trichur	19	43	—	**62**	15	30	—	**45**	1	4	—	**5**	**35**	**77**	—	**112**
Madhya Pradesh	17. Balaghat	1	3	—	**4**	—	—	—	—	8	2	—	**10**	**9**	**5**	—	**14**
	18. Bilaspur	4	7	—	**11**	—	—	—	—	24	5	—	**29**	**28**	**12**	—	**40**
	19. Durg	3	18	—	**21**	—	—	—	—	18	6	—	**24**	**21**	**24**	—	**45**
	20. Raipur	4	4	8	**16**	—	—	—	—	16	3	1	**20**	**20**	**7**	**9**	**36**
Madras ..	21. Chingleput	15	35	—	**50**	—	—	—	—	1	9	—	**10**	**16**	**44**	—	**60**
	22. Coimbatore	14	63	39	**116**	1	3	1	**5**	—	10	2	**12**	**15**	**76**	**42**	**133**
	23. Madurai	5	53	37	**95**	—	—	—	—	1	18	4	**23**	**6**	**71**	**41**	**118**
	24. Tirunelveli	7	64	14	**85**	—	—	—	—	—	10	1	**11**	**7**	**74**	**15**	**96**

TABLE 2 (*Contd.*)

TABLE 2 (*Concluded*)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Maharashtra ..	25. Chanda ..	2	8	—	**10**	—	—	—	—	19	3	—	**22**	**21**	**11**	—	**32**
	26. Nasik ..	8	12	16	**36**	—	—	—	—	33	11	6	**50**	**41**	**23**	**22**	**86**
	27. Poona ..	18	20	59	**9**	—	—	—	—	28	10	17	**55**	**46**	**30**	**76**	**152**
Mysore ..	28. Raichur ..	8	10	—	**18**	—	—	—	—	9	4	—	**13**	**17**	**14**	—	**31**
	29. South Kanara ..	64	32	31	**127**	—	—	—	—	—	3	4	**7**	**64**	**35**	**35**	**134**
Punjab ..	30. Amritsar ..	7	7	30	**44**	—	—	2	**2**	6	2	1	**9**	**13**	**9**	**33**	**55**
	31. Ferozepur ..	6	23	—	**29**	—	—	—	—	5	6	—	**11**	**11**	**29**	—	**40**
	32. Jullundur ..	15	9	26	**50**	—	1	—	**1**	6	5	2	**13**	**21**	**15**	**28**	**64**
	33. Ludhiana ..	9	10	24	**43**	—	—	2	**2**	4	3	1	**8**	**13**	**13**	**27**	**53**
Rajasthan ..	34. Alwar ..	7	7	—	**14**	—	—	—	—	3	1	—	**4**	**10**	**8**	—	**18**
	35. Bharatpur ..	5	16	—	**21**	—	—	—	—	—	5	—	**5**	**5**	**21**	—	**26**
	36. Bhilwara ..	6	4	—	**10**	—	—	—	—	4	2	—	**6**	**10**	**6**	—	**16**
	37. Chittorgarh ..	4	5	—	**9**	—	—	—	—	2	3	—	**5**	**6**	**8**	—	**14**
	38. Ganganagar ..	13	10	—	**23**	—	—	—	—	1	3	—	**4**	**14**	**13**	—	**27**
	39. Jaipur ..	11	6	35	**52**	—	—	—	—	2	4	3	**9**	**13**	**10**	**38**	**61**
	40. Udaipur ..	7	3	7	**17**	—	—	—	—	3	1	1	**5**	**10**	**4**	**8**	**22**
Uttar Pradesh ..	41. Aligarh ..	1	6	7	**14**	—	—	—	—	1	1	1	**3**	**2**	**7**	**8**	**17**
	42. Banda ..	1	5	—	**6**	—	—	—	—	1	2	—	**3**	**2**	**7**	—	**9**
	43. Basti ..	3	4	—	**7**	—	—	—	—	2	1	—	**3**	**5**	**5**	—	**10**
	44. Bulandshahr ..	3	12	—	**15**	—	—	—	—	—	1	—	**1**	**3**	**13**	—	**16**
	45. Faizabad ..	3	6	—	**9**	—	—	—	—	1	2	—	**3**	**4**	**8**	—	**12**
	46. Gonda ..	3	8	—	**11**	—	—	—	—	1	4	—	**5**	**4**	**12**	—	**16**
	47. Meerut ..	10	23	15	**48**	—	—	—	—	1	4	1	**6**	**11**	**27**	**16**	**54**
	48. Muzaffarnagar ..	2	17	—	**19**	—	—	—	—	—	3	—	**3**	**2**	**20**	—	**22**
	49. Varanasi ..	5	6	23	**34**	—	—	—	—	3	1	1	**5**	**8**	**7**	**24**	**39**
West Bengal ..	50. Murshidabad ..	1	6	—	**7**	—	—	—	—	—	4	—	**4**	**1**	**10**	—	**11**
	51. West Dinajpur ..	1	4	—	**5**	—	—	—	—	1	2	—	**3**	**2**	**6**	—	**8**
Himachal Pradesh	52. Kangra ..	9	2	—	**11**	—	—	—	—	4	1	—	**5**	**13**	**3**	—	**16**
	Grand Total ..	**382**	**780**	**489**	**1651**	**16**	**34**	**5**	**55**	**224**	**224**	**66**	**514**	**622**	**1038**	**560**	**2220**

Name of State : ANDHRA PRADESH

Name of District : 1.—CHITTOOR

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Andhra Bank	—	2	—	2	Names of 22 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.* as suitable for establishment of bank offices and have been circularised among banks.
Canara Banking Corporation	—	1	—	1	
Indian Bank	1	—	—	1	
Indian Overseas Bank	1	—	—	1	
State Bank of India	6	7	—	13	
State Bank of Mysore ..	1	2	—	3	
Vysya Bank	—	1	—	1	
Total ..	**9**	**13**	—	**22**	
B. **Non-Scheduled Commercial Banks**			- NIL -		
C. **Co-operative Banks***					
Chittoor Central Co-operative Bank	1	1	—	2	
Chittoor Co-operative Town Bank	—	1	—	1	
Chittoor District Co-operative Central Bank	1	1	—	2	
Kalahast Co-operative Town Bank	—	1	—	1	
Madanpalli Co-operative Town Bank	—	1	—	1	
Tirupathi Co-operative Town Bank	—	1	—	1	
Total ..	**2**	**6**	—	**8**	
Grand Total ..	**11**	**19**	—	**30**	

Name of State : ANDHRA PRADESH

Name of District : 2.—EAST GODAVARI

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Andhra Bank	5	8	6	19	Names of 13 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda..	—	—	1	1	
Canara Bank	—	—	2	2	
Central Bank of India.. ..	—	—	2	2	
Indian Bank	—	—	2	2	
Indian Overseas Bank ..	—	—	2	2	
Punjab National Bank ..	—	—	1	1	
State Bank of India	6	8	3	17	
Syndicate Bank	—	—	2	2	
Total ..	**11**	**16**	**21**	**48**	

2.—EAST GODAVARI (Contd.)

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
B. **Non-Scheduled Commercial Banks**		- NIL -			The Reserve Bank has conducted a survey of this district with a view to identifying centres having banking potential. 7 unbanked centres have been identified as suitable for establishment of bank offices. Action is being taken to allot these centres to banks.
C. **Co-operative Banks***					
Aryapuram Co-operative Urban Bank	—	—	1	1	
Innespeta Co-operative Urban Bank	—	—	1	1	
Kakinada Co-operative Central Bank	—	—	1	1	
Pithapuram Co-operative Urban Bank	—	1	—	1	
Rajahmundry Co-operative Central Bank	—	—	1	1	
Ramachandrapuram Co-operative Urban Bank	—	1	—	1	
Razole Urban Co-operative Bank	1	—	—	1	
Sri Konaseema Co-operative Central Bank	1	1	—	2	
Total ..	**2**	**4**	**4**	**10**	
Grand Total ..	**13**	**20**	**25**	**58**	

Name of State : ANDHRA PRADESH

Name of District : 3.—GUNTUR

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Andhra Bank	1	9	2	12	Names of 23 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda..	—	—	1	1	
Canara Bank	—	—	1	1	
Central Bank of India.. ..	—	1	1	2	
Indian Bank	—	4	2	6	
Indian Overseas Bank	—	—	2	2	
Punjab National Bank ..	—	—	1	1	
State Bank of India	6	15	2	23	
Syndicate Bank	—	—	1	1	
Union Bank of India	—	1	1	2	
United Commercial Bank ..	—	—	1	1	
Total ..	**7**	**30**	**15**	**52**	

3.—GUNTUR (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
B. Non-Scheduled Commercial Banks		- NIL -			
C. Co-operative Banks*					
Bapatla Co-operative Urban Bank	—	1	—	1	
Chirala Co-operative Town Bank	—	1	—	1	
Guntur Co-operative Union Bank	—	—	1	1	
Guntur District Co-operative Central Bank	1	8	1	10	
Kolluru Paravli Co-operative Urban Bank	1	—	—	1	
Ongole Co-operative Urban Bank	—	1	—	1	
Rapalle Co-operative Town Bank	—	1	—	1	
Total ..	2	12	2	16	
Grand Total ..	9	42	17	68	

Name of State : ANDHRA PRADESH

Name of District : 4.—KRISHNA

	1	2	3	4	5
A. Scheduled Commercial Banks					
Andhra Bank	1	6	7	14	Names of 13 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. The Reserve Bank has taken up the survey of this district with a view to identifying centres having banking potential; the survey is in progress.
Bank of Baroda..	—	—	1	1	
Canara Bank	—	—	1	1	
Central Bank of India.. ..	—	1	2	3	
Indian Bank	—	1	3	4	
Indian Overseas Bank ..	—	—	3	3	
Punjab National Bank ..	—	—	1	1	
State Bank of India	6	5	4	15	
State Bank of Hyderabad ..	—	1	—	1	
Syndicate Bank	—	—	2	2	
Union Bank of India	—	—	1	1	
United Commercial Bank ..	—	—	1	1	
Total ..	7	14	26	47	
B. Non-Scheduled Commercial Banks		- NIL -			
C. Co-operative Banks*					
Durga Co-operative Urban Bank	—	—	1	1	
Gandhi Co-operative Urban Bank	—	—	1	1	

4.—KRISHNA (Contd.)

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
Gudivada Co-operative Urban Bank	—	1	—	1	
Krishna Co-operative Central Bank	—	1	1	2	
Machilipatnam Co-operative Union Bank	—	—	1	1	
Srikrishna Co-operative Urban Bank	—	—	1	1	
Vijayawada Co-operative Central Bank	1	3	1	5	
Total ..	**1**	**5**	**6**	**12**	
Grand Total ..	**8**	**19**	**32**	**59**	

Name of State : ANDHRA PRADESH

Name of District : 5.—KURNOOL

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Andhra Bank	—	1	1	2	Names of 12 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Canara Bank	—	1	—	1	
Canara Banking Corporation	—	1	—	1	
Central Bank of India	—	1	1	2	
Indian Bank	—	—	1	1	
State Bank of India	9	10	2	21	
Syndicate Bank	1	2	1	4	
Vysya Bank	—	1	—	1	
Total ..	**10**	**17**	**6**	**33**	
B. **Non-Scheduled Commercial Banks**			- NIL -		
C. **Co-operative Banks***					
Kurnool Co-operative Urban Credit Bank	—	—	1	1	
Kurnool District Co-operative Central Bank	—	3	1	4	
Yemmiganur Co-operative Town Bank	—	1	—	1	
Total.. ..	—	**4**	**2**	**6**	
Grand Total ..	**10**	**21**	**8**	**39**	

Name of State : ANDHRA PRADESH

Name of District : 6.—NELLORE

Names of banks operating in the District	Number of offices at: Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Andhra Bank	—	3	1	4	Names of 27 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Canara Bank	—	—	1	1	
Canara Banking Corporation	—	—	1	1	
Indian Bank	—	—	1	1	
Indian Overseas Bank ..	—	—	1	1	
Punjab National Bank ..	—	—	1	1	
State Bank of India	3	5	2	10	
Syndicate Bank	—	—	1	1	
Total ..	3	8	9	20	The Reserve Bank has taken up the survey of this district with a view to identifying centres having banking potential; the survey is in progress.
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Gudur Co-operative Urban Bank	—	1	—	1	
Nellore Co-operative Central Bank	—	1	1	2	
Nellore Co-operative Urban Bank	—	—	1	1	
Total ..	—	2	2	4	
Grand Total ..	3	10	11	24	

Rural centre —Population upto 10,000
Semi-urban centre —Population over 10,000 and upto 1,00,000
Urban centre —Population over 1,00,000
*Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State : BIHAR

Name of District : 7. CHAMPARAN

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Bank of Behar	—	2	—	2	Names of 25 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India ..	1	2	—	3	
Punjab National Bank ..	—	1	—	1	
State Bank of India	2	3	—	5	
Total	3	8	—	11	
B. **Non-Scheduled Commercial Banks**		— NIL —			

7—CHAMPARAN (Contd.)

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
C. Co-operative Banks*					
Bettiah Central Co-operative Bank	—	1	—	1	
Motihari Central Co-operative Bank	—	1	—	1	
Total ..	—	2	—	2	
Grand Total	3	10	—	13	

Name of State : BIHAR

Name of District : 8. GAYA

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Behar	—	1	1	2	Names of 29 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India ..	—	—	1	1	
Hindustan Commercial Bank	—	—	1	1	
Punjab National Bank ..	—	2	1	3	
State Bank of India	—	3	1	4	
United Bank of India	—	—	1	1	
United Commercial Bank ..	—	—	1	1	
Total ..	—	6	7	13	
B. Non-Scheduled Commercial Banks		— NIL —			The Reserve Bank has conducted a survey of this district with a view to identifying centres having banking potential. 1 underbanked and 0 unbanked centres have been identified as suitable for establishment of bank offices. Action is being taken to allot these centres to banks.
C. Co-operative Banks*					
Gaya - Jehanabad - Aurangabad Central Co-operative Bank ..	—	2	1	3	
Nawadah Central Co-operative Bank	—	1	—	1	
Total	—	3	1	4	
GrandTotal ..	—	9	8	17	

Name of State : BIHAR

Name of District : 9. MONGHYR

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	1	—	1	Names of 18 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these, one centre has been taken up by a bank.
Bank of Behar	—	1	—	1	
Bank of India	1	—	—	1	
Central Bank of India ..	—	5	—	5	
Punjab National Bank ..	—	1	—	1	
State Bank of India	—	8	—	8	
United Bank of India ..	—	1	—	1	
United Commercial Bank ..	—	2	—	2	
Total ..	1	19	—	20	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Begusarai Central Co-operative Bank	—	1	—	1	
Monghyr Jamui Central Co-operative Bank	—	2	—	2	
Total	—	3	—	3	
Grand Total ..	1	22	—	23	

Name of State : BIHAR

Name of District : 10. PATNA

	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	—	2	2	Names of 29 unbanked centres have been suggested by the State Government, Chambers of Commercel, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these, 1 centre has been taken up by a bank.
Bank of Baroda	—	—	1	1	
Bank of Behar	1	1	4	6	
Bank of India	—	1	2	3	
Central Bank of India ..	—	1	2	3	
Dena Bank	—	—	1	1	
Punjab National Bank ..	—	2	3	5	
State Bank of Bikaner and Jaipur	—	—	1	1	
State Bank of India	—	3	4	7	
Union Bank of India	—	—	1	1	
United Bank of India ..	—	—	1	1	
United Commercial Bank ..	—	—	1	1	
United Industrial Bank ..	—	—	1	1	
Total ..	1	8	24	33	

10.—PATNA (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
B. **Non-Scheduled Commercial Banks**					
C. **Co-operative Banks***					
Bihar—Barh—Fatwah Central Co-operative Bank	—	3	—	3	
Bihar State Co-operative Bank	—	—	1	1	
Dinapur Masaurhi Central Co-operative Bank	1	1	1	3	
Total ..	1	4	2	7	
Grand Total ..	2	12	26	40	

Name of State : BIHAR

Name of District : 11. RANCHI

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	—	1	1	Names of 28 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda	—	—	1	1	
Bank of Behar	—	—	1	1	
Bank of India	—	—	1	1	
Central Bank of India ..	—	—	1	1	
Punjab National Bank ..	—	—	1	1	
State Bank of India	2	3	1	6	
Union Bank of India	1	—	1	2	
United Bank of India ..	1	1	1	3	
United Commercial Bank ..	2	—	1	3	
Total ..	6	4	10	20	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Gumla Simdega Central Co-operative Bank	—	2	—	2	
Ranchi—Khunti Central Co-operative Bank	1	—	1	2	
Total ..	1	2	1	4	
Grand Total ..	7	6	11	24	

Name of State : BIHAR

Name of Disrict : 12. SANTHAL PARGANAS

Names of Banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. **Scheduled Commercial Banks**					Names of 25 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Allahabad Bank	—	1	—	1	
Central Bank of India ..	—	2	—	2	
State Bank of India	1	4	—	5	
United Commercial Bank ..	—	2	—	2	
Total ..	1	9	—	10	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks*** ..					
Deogarh Jamtara Central Co-operative Bank	1	1	—	2	
Dumka Godda Rajmahal Central Co-operative Bank ..	2	1	—	3	
Total	3	2	—	5	
Grand Total ..	4	11	—	15	

Rural centre — Population upto 10,000.
Semi-urban centre — Population over 10,000 and upto 1,00,000.
Urban centre — Population over 1,00,000.
* Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State : HARYANA

Name of District : 13. HISSAR

	1	2	3	4	5
A. **Scheduled Commercial Banks**					Names of 31 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these, 1 centre has been taken up by a bank.
Central Bank of India	2	4	—	6	
New Bank of India	—	1	—	1	
Punjab National Bank ..	—	4	—	4	
State Bank of Bikaner and Jaipur	—	1	—	1	
State Bank of India	3	7	—	10	
State Bank of Patiala ..	—	1	—	1	
United Commercial Bank ..	—	1	—	1	
Total ..	5	19	—	24	

13.—HISSAR (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Bhiwani Central Co-operative Bank	2	1	—	3	
Hissar Central Co-operative Bank	1	3	—	4	
Sirsa Central Co-operative Bnak	—	3	—	3	
Total	3	7	—	10	
Grand Total ..	8	26	—	34	

Name of State: HARYANA

Name of District: 14. KARNAL

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Central Bank of India ..	5	3	—	8	Names of 24 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these, 4 centres have been taken up by banks.
Lakshmi Commercial Bank ..	1	—	—	1	
New Bank of India	—	3	—	3	
Punjab and Sind Bank ..	—	1	—	1	
Punjab National Bank ..	1	5	—	6	
State Bank of India ..	1	6	—	7	
State Bank of Patiala ..	1	1	—	2	
Total	9	19	—	28	
B. **Non-Scheduled Commercial Banks**		— NIL —			The Reserve Bank has conducted a survey of this district with a view to identifying centres having banking potential. 4 underbanked and 5 unbanked centres have been identified as suitable for establishment of bank offices. All the centres have been taken up by banks.
C. **Co-operative Banks***					
Karnal Central Co-operative Bank	—	4	—	4	
Grand Total ..	9	23	—	32	

Name of State : HARYANA

Name of District : 15. ROHTAK

Names of banks operating in the District	Number of offices at: Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	1	—	1	Names of 42 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India.. ..	1	4	—	5	
New Bank of India	1	3	—	4	
Punjab National Bank ..	1	3	—	4	
State Bank of India	—	4	—	4	
State Bank of Patiala ..	1	2	—	3	
Union Bank of India	—	1	—	1	
United Commercial Bank ..	1	1	—	2	
Total	**5**	**19**	—	**24**	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Rohtak Central Co-operative Bank	—	5	—	5	
Grand Total	**5**	**24**	—	**29**	

Rural centre — Population up to 10,000.
Semi-urban centre — Population over 10,000 and up to 1,00,000.
Urban centre — Population over 1,00,000.
*Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State : KERALA

Name of District : 16. TRICHUR

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Bank of Baroda	—	1	—	1	Names of 12 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Canara Bank	2	6	—	8	
Canara Banking Corporation	—	1	—	1	
Central Bank of India.. ..	—	2	—	2	
Indian Bank	—	1	—	1	
Nedungadi Bank	3	1	—	4	
South Indian Bank	9	16	—	25	
State Bank of India	1	1	—	2	
State Bank of Travancore ..	2	9	—	11	
Syndicate Bank	—	1	—	1	
Union Bank of India	2	3	—	5	
Vijaya Bank	—	1	—	1	
Total ..	**19**	**43**	—	**62**	

16.—TRICHUR (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
B. Non-Scheduled Commercial Banks					
Bank of Cochin	—	4	—	4	
Catholic Syrian Bank ..	6	7	—	13	
Dhanalakshmi Bank	2	9	—	11	
Federal Bank	2	1	—	3	
Lord Krishna Bank	4	9	—	13	
Parur Central Bank	1	—	—	1	
Total	**15**	**30**	—	**45**	
C. Co-operative Banks*					
Guruvayur Co-operative Urban Bank	1	—	—	1	
Trichur District Co-operative Bank	—	4	—	4	
Total	**1**	**4**	—	**5**	
Grand Total	**35**	**77**	—	**112**	

Rural centre — Population up to 10,000.
Semi-urban centre — Population over 10,000 and upto 1,00,000.
Urban centre — Population over 1,00,000.
* Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State: MADHYA PRADESH

Name of District: 17. BALAGHAT

	1	2	3	4	5
A. Scheduled Commercial Banks					Names of 7 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Punjab National Bank	—	1	—	1	
State Bank of India ..	1	2	—	3	
Total ..	**1**	**3**	—	**4**	
B. Non-Scheduled Commercial Banks	— NIL —				
C. Co-operative Banks*					
Balaghat Central Co-operative Bank	8	2	—	10	
Grand Total ..	**9**	**5**	—	**14**	

Name of State : MADHYA PRADESH

Name of District : 18.—BILASPUR

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. Scheduled Commercial Banks					
Central Bank of India.. ..	—	1	—	1	Names of 10 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Punjab National Bank ..	—	1	—	1	
State Bank of India	4	3	—	7	
United Commercial Bank ..	—	2	—	2	
Total ..	**4**	**7**	—	**11**	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Bilaspur Central Co-operative Bank	24	4	—	28	
Dube Co-operative Commercial Bank	—	1	—	1	
Total ..	**24**	**5**	—	**29**	
Grand Total ..	**28**	**12**	—	**40**	

Name of State : MADHYA PRADESH

Name of District : 19 DURG.

	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	2	—	2	Names of 5 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda..	—	1	—	1	
Bank of India	—	1	—	1	
Bank of Maharashtra	—	2	—	2	
Central Bank of India.. ..	—	1	—	1	
Punjab National Bank ..	—	2	—	2	
State Bank of India	3	7	—	10	
United Commercial Bank ..	—	2	—	2	
Total.. ..	**3**	**18**	—	**21**	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Birendra Central Co-operative Bank	17	6	—	23	
Birendra Central Co-operative and Land-mortgage Bank ..	1	—	—	1	
Total	**18**	**6**	—	**24**	
Grand Total ..	**21**	**24**	—	**45**	

Name of State : MADHYA PRADESH

Name of District : 20 RAIPUR

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	—	1	1	Names of 6 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda	—	—	1	1	
Central Bank of India ..	—	1	1	2	
Dena Bank	—	—	1	1	
Punjab National Bank ..	—	—	1	1	
State Bank of India	4	3	1	8	
Union Bank of India	—	—	1	1	
United Commercial Bank ..	—	—	1	1	
Total	**4**	**4**	**8**	**16**	
B. Non-Scheduled Commercial Banks		—NIL—			
C. Co-operative Banks*					
Raipur Central Co-operative Bank	16	3	1	**20**	
Grand Total ..	**20**	**7**	**9**	**36**	

Rural centre — Population upto 10,000.
Semi-urban centre — Population over 10,000 and upto 1,00,000.
Urban centre — Population over 1,00,000
* Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State : MADRAS

Name of District : 21. CHINGLEPUT

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Baroda ..	—	1	—	1	Names of 41 centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. of these two centres have taken by up banks.
Canara Bank	—	4	—	4	
Central Bank of India	—	1	—	1	
Dena Bank	1	—	—	1	
Indian Bank	6	6	—	12	
Indian Overseas Bank ..	5	6	—	11	
Lakshmi Vilas Bank ..	—	1	—	1	
Punjab National Bank ..	—	1	—	1	
South Indian Bank	—	1	—	1	
State Bank of India	2	11	—	13	
Tanjore Permanent Bank ..	—	2	—	2	The Reserve Bank of India has taken up a survey of this district with a view to identifying centres having banking potential; the survey is in progress.
Union Bank of India	1	—	—	1	
United Commercial Bank ..	—	1	—	1	
Total ..	**15**	**35**	—	**50**	

21. CHINGLEPUT (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban-centres	Total number of offices	Remarks
	1	2	3	4	5
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Big Kancheepuram Co-operative Town Bank	—	1	—	1	
Chingleput Co-operative Urban Bank	—	1	—	1	
Kancheepuram Co-operative Central Bank	1	4	—	5	
Little Kancheepuram Co-operative Urban Bank	—	1	—	1	
Maduranthakam Co-operative Urban Bank	—	1	—	1	
Tiruvellore Co-operative Urban Bank	—	1	—	1	
Total	**1**	**9**	—	**10**	
Grand Total ..	**16**	**44**	—	**60**	

Name of State : MADRAS

Name of District: 22. COIMBATORE

	1	2	3	4	5
A. Scheduled Commercial Banks					
Andhra Bank	—	1	1	2	Names of 87 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these one centre has been taken up by a bank.
Bank of Baroda..	—	—	1	1	
Bank of India	—	—	1	1	
Bank of Madura	1	4	1	6	
Canara Bank	2	3	4	9	
Canara Banking Corporation ..	—	2	1	3	
Central Bank of India	—	5	1	6	
Indian Bank	—	7	4	11	
Indian Overseas Bank ..	7	6	7	20	
Karur Vysya Bank	—	7	3	10	
Lakshmi Vilas Bank	—	4	1	5	
Nedungadi Bank	—	—	1	1	
Punjab National Bank ..	—	2	1	3	
South Indian Bank	1	5	1	7	
State Bank of India	2	8	2	12	
State Bank of Mysore ..	—	—	1	1	
State Bank of Bikaner and Jaipur	—	1	1	2	
State Bank of Travancore ..	—	1	1	2	
Syndicate Bank	—	5	2	7	
Tanjore Permanet Bank ..	—	1	—	1	
Union Bank of India	1	1	1	3	
United Bank of India ..	—	—	1	1	
United Commercial Bank ..	—	—	1	1	
Vijaya Bank	—	—	1	1	
Total ..	**14**	**63**	**39**	**116**	

22.—COIMBATORE (Contd.)

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
B. Non-Scheduled Commercial Banks					
Catholic Syrian Bank	1	3	1	5	
C. Co-operative Banks*					
Bhavani Kudal Co-operative Union Bank	—	1	—	1	
Coimbatore City Co-operative Bank	—	—	1	1	
Coimbatore District Co-operative Central Bank	—	1	1	2	
Dharapuram Co-operative Urban Bank	—	1	—	1	
Erode Co-operative Urban Bank	—	1	—	1	
Gobichettipalayam Co-operative Urban Bank	—	1	—	1	
Mettupalayam Co-operative Urban Bank	—	1	—	1	
Pollachi Co-operative Urban Bank	—	1	—	1	
Satyamangalam Co-operative Urban Bank	—	1	—	1	
Tiruppur Co-operative Urban Bank	—	1	—	1	
Udumalpet Co-operative Urban Bank	—	1	—	1	
Total	—	**10**	**2**	**12**	
Grand Total ..	**15**	**76**	**42**	**133**	

Name of State: MADRAS

Name of District: 23. MADURAI

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of India	—	—	1	1	Names of 27 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for bank offices and have been circularised among banks.
Bank of Madura	—	3	3	6	
Canara Bank	1	13	7	21	
Canara Banking Corporation	—	—	1	1	
Central Bank of India.. ..	—	4	1	5	
Indian Bank	—	5	5	10	
Indian Overseas Bank.. ..	—	—	2	2	
Karur Vysya Bank	1	10	2	13	
Lakshmi Vilas Bank	1	3	1	5	
Nedungadi Bank	—	—	1	1	
Punjab National Bank ..	—	—	1	1	
South India Bank	—	1	1	2	
South Indian Bank	—	1	1	2	

23—MADURAI (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
State Bank of India	1	9	4	14	
Syndicate Bank	1	1	1	3	
Tamilnad Mercantile Bank ..	—	2	1	3	
Tanjore Permanent Bank ..	—	1	3	4	
Union Bank of India	—	—	1	1	
Total	**5**	**53**	**37**	**95**	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks* ..					
Bodinayakanur Cardamom & Coffee Planters Co-operative Union Bank	—	1	—	1	
Bodinayakanur Co-operative Urban Bank	—	1	—	1	
Dindigul Co-operative Union Bank	—	1	—	1	
Kodaikanal Co-operative Union Bank	—	1	—	1	
Kombai Coffee Planters Co-operative Union Bank ..	—	1	—	1	
Madurai City Co-operative Urban Bank	—	—	1	1	
Madurai District Co-operative Central Bank	1	7	1	9	
Madurai Saurashtra Co-operative Urban Bank	—	—	1	1	
Melur Co-operative Town Bank	—	1	—	1	
Palani Co-operative Urban Bank	—	1	—	1	
Periyakulam Co-operative Town Bank	—	1	—	1	
Ramanathapuram District Co-operative Central Bank ..	—	—	1	1	
Sholavandan Urban Co-operative Bank	—	1	—	1	
Tirumangalam Urban Co-opetive Bank	—	1	—	1	
Uthamapalayam Co-operative Urban Bank	—	1	—	1	
Total ..	**1**	**18**	**4**	**23**	
Grand Total	**6**	**71**	**41**	**118**	

Name of State : MADRAS

Name of District : 24. TIRUNELVELI

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Madura	1	2	1	4	Names of 28 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Canara Bank	1	18	2	21	
Central Bank of India.. ..	—	5	1	6	
Indian Bank	—	5	1	6	
Indian Overseas Bank ..	1	4	2	7	
National & Grindlays Bank ..	—	—	1	1	
Punjab National Bank ..	—	3	1	4	
South India Bank	2	14	1	17	
South Indian Bank	—	—	1	1	
State Bank of India	1	8	2	11	
State Bank of Travancore ..	—	1	—	1	
Tamilnad Mercantile Bank ..	—	1	1	2	
Tanjore Permanent Bank ..	1	3	—	4	
Total ..	**7**	**64**	**14**	**85**	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Ambasamudram Co-operative Urban Bank	—	1	—	1	
Kovilpatti Co-operative Urban Bank	—	1	—	1	
Nazareth Co-operative Urban Bank	—	1	—	1	
Palayamkottai Co-operative Urban Bank	—	1	—	1	
Tiruchendur Co-operative Town Bank	—	1	—	1	
Tirunelveli District Central Co-operative Bank	—	3	—	3	
Tirunelveli Junction Co-operative Urban Bank	—	1	—	1	
Tuticorin Co-operative Urban Bank	—	—	1	1	
Tuticorin Melur Urban co-operative Bank	—	1	—	1	
Total	—	**10**	**1**	**11**	
Grand Total ..	**7**	**74**	**15**	**96**	

Rural centre — Population upto 10,000.
Semi-urban centre — Population over 10,000 and upto 1,00,000.
Urban centre — Population over 1,00,000.
* Information based on the Statistical Tables relating to Banks, in India, 1966.

Name of State: MAHARASHTRA

Name of District: 25. CHANDA

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	1	—	1	Names of 11 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda	—	2	—	2	
Bank of Maharashtra	—	2	—	2	
Punjab National Bank ..	—	1	—	1	
State Bank of India	2	2	—	4	
Total ..	**2**	**8**	—	**10**	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks*** ..					
Chanda District Central Co-operative Bank	19	3	—	22	
Grand Total ..	**21**	**11**	—	**32**	

Name of State: MAHARASHTRA

Name of District: 26. NASIK

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Bank of Baroda ..	—	2	3	5	Names of 39 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these 2 centres have been taken up by banks.
Bank of India ..	1	1	—	2	
Bank of Maharashtra ..	2	—	1	3	
Central Bank of India..	—	—	2	2	
Dena Bank	—	3	3	6	
Punjab National Bank	—	—	1	1	
Sangli Bank	—	—	2	2	
State Bank of India ..	5	6	2	13	
Union Bank of India ..	—	—	1	1	
United Western Bank ..	—	—	1	1	
Total	**8**	**12**	**16**	**36**	

26—NASIK (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Number of offices at Semi-urban centres	Number of offices at Urban centres	Total number of offices	Remarks
	1	2	3	4	5
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operated Banks***					
Chandwad Merchants Co-operative Bank	1	—	—	1	
Deola Merchants Co-operative Bank	1	—	—	1	
Kalwan Merchants Co-operative Bank	1	—	—	1	
Lasalgaon Merchants Co-operative Bank	1	—	—	1	
Malegaon Merchants Co-operative Bank	—	—	1	1	
Nandgaon Merchants Co-operative Bank	—	1	—	1	
Nasik Peoples Co-operative Bank	—	—	1	1	
Nasik Merchants Co-operative Bank	—	—	1	1	
Nasik District Central Co-operative Bank	26	7	2	35	
Nasik Road Merchants Co-operative Bank	—	—	1	1	
Ozar Merchants Co-operative Bank	1	—	—	1	
Pimpalgaon Merchants Co-operative Bank	1	—	—	1	
Satara Merchants Co-operative Bank	—	1	—	1	
Sinnar Merchants Co-operative Bank	—	1	—	1	
Wani Merchants Co-operative Bank	1	—	—	1	
Yeola Merchants Co-operative Bank	—	1	—	1	
Total	**33**	**11**	**6**	**50**	
Grand Total ..	**41**	**23**	**22**	**86**	

Name of State : MAHARASHTRA

Name of District : 27. POONA

	1	2	3	4	5
A. **Scheduled Commercial Banks**					Names of 19 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these 2 centres have been taken up by banks.
Bank of Baroda.. ..	—	—	5	5	
Bank of India ..	6	4	6	16	
Bank of Karad	—	—	1	1	
Bank of Maharashtra ..	9	4	13	26	
Canara Bank	—	—	2	2	
Central Bank of India..	—	1	6		
Dena Bank	—	2	4	6	
Indian Bank	—	—	1	1	
Indian Overseas Bank	—	—	1	1	

27—POONA (Contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
Punjab National Bank.. ..	—	1	2	**3**	
Sangli Bank	—	1	4	**5**	
State Bank of India	3	6	3	**12**	
Syndicate Bank	—	—	2	**2**	
Union Bank of India	—	—	3	**3**	
United Bank of India ..	—	—	1	**1**	
United Commercial Bank ..	—	1	3	**4**	
United Western Bank	—	—	2	**2**	
Total	**18**	**20**	**59**	**97**	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Cosmos Urban Co-operative Bank	—	—	1	**1**	
Diamond Jubilee Co-operative Bank	—	—	1	**1**	
Janata Sahakari Urban Bank	3	2	1	**6**	
Khed Union Co-operative Bank	—	1	—	**1**	
Muslim National Co-operative Bank	—	—	1	**1**	
No. 1 Defence Accounts Co-operative Bank	—	—	1	**1**	
Poona Contractors Co-operative Bank	—	—	1	**1**	
Poona Corporation Kanishta Servants Co-operative Bank ..	—	—	1	**1**	
Poona District Central Co-operative Bank	25	7	1	**33**	
Poona Merchants Co-operative Bank	—	—	1	**1**	
Poona Municipal Corporation Servant, Co-operative Bank ..	—	—	1	**1**	
Poona People Co-operative Bank	—	—	1	**1**	
Poona Postal Employees Co-operative Bank	—	—	1	**1**	
Poona Co-operative Rupee Bank	—	—	1	**1**	
Poona Urban Co-operative Bank	—	—	1	**1**	
Punjab Co-operative Urban Bank	—	—	1	**1**	
Saraswat Co-operative Bank ..	—	—	1	**1**	
S. T. Employees Co-operative Bank	—	—	1	**1**	
Total ..	**28**	**10**	**17**	**55**	
Grand Total ..	**46**	**30**	**76**	**152**	

Rural — Population up to 10,000.
Semi-urban centre — Population over 10,000 and upto 1,00,000.
Urban centre — Population over 1,00,000.

* Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State: MYSORE

Name of District : 28 RAICHUR

Names of banks operating in the District	Number of offices at: Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. Scheduled Commercial Banks					
Canara Bank	—	1	—	1	Names of 23 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Canara Banking Corporation ..	—	1	—	1	
Central Bank of India.. ..	—	1	—	1	
State Bank of Hyderabad ..	6	3	—	9	
Syndicate Bank	2	3	—	5	
Vysya Bank	—	1	—	1	
Total ..	**8**	**10**	—	**18**	
B. Non-Scheduled Commercial Banks		— NIL —			The Reserve Bank of India has conducted a survey of this district with a view to identifying centres having banking potential; the survey is in progress.
C. Co-operative Banks*					
Raichur District Co-operative Central Bank	8	2	—	10	
Reddi Urban Bank	1	1	—	2	
Raichur District Co-operative Industrial Bank	—	1	—	1	
Total	**9**	**4**	—	**13**	
Grand Total ..	**17**	**14**	—	**31**	

Name of State : MYSORE

Name of District: 29. SOUTH KANARA

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Baroda..	—	—	1	1	Names of 20 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these 1 centre has been taken up by a bank.
Canara Bank	10	6	5	21	
Canara Banking Corporation	1	4	3	8	
Central Bank of India.. ..	—	—	1	1	
Dena Bank	—	—	1	1	
Indian Bank	—	—	1	1	
Indian Overseas Bank ..	—	—	2	2	
Karnataka Bank	3	4	2	9	
South Indian Bank	—	—	1	1	
State Bank of India	1	1	1	3	
State Bank of Mysore ..	—	3	1	4	
Syndicate Bank	42	8	7	57	
Union Bank of India	—	—	1	1	
Vijaya Bank	7	6	4	17	
Total ..	**64**	**32**	**31**	**127**	

29.—SOUTH KANARA (Contd.)

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Mangalore Catholic Co-operative Urban Bank	—	—	1	1	
Mangalore Co-operative Urban Bank	—	—	1	1	
Puttur Town Co-operative Bank	—	1	—	1	
South Kanara District Central Co-operative Bank	—	2	1	3	
South Kanara District Co-operative Industrial Bank ..	—	—	1	1	
Total ..	—	**3**	**4**	**7**	
Grand Total ..	**64**	**35**	**35**	**134**	

Rural centre — Population up to 10,000
Semi-urban centre — Population over 10,000 and upto 1,00,000
Urban centre — Population over 1,00,000

*Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State : PUNJAB

Name of District : 30.—AMRITSAR

	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	—	1	1	Names of 2 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda..	—	—	1	1	
Bank of India	1	—	3	4	
Central Bank of India ..	2	1	4	7	
Chartered Bank	—	—	1	1	
Dena Bank	—	—	1	1	
Hindustan Commercial Bank ..	—	—	1	1	
Indian Overseas Bank ..	—	—	1	1	
National & Grindlays Bank ..	—	—	2	2	
National Bank of Lahore ..	1	—	1	2	
New Bank of India ..	—	—	1	1	
Punjab Co-operative Bank ..	—	—	1	1	
Punjab National Bank ..	3	3	5	11	
Punjab & Sind Bank	—	—	1	1	
State Bank of India	—	1	3	4	
State Bank of Patiala	—	1	1	2	
Union Bank of India	—	—	1	1	
United Commercial Bank ..	—	1	1	2	
Total ..	**7**	**7**	**30**	**44**	

30.—AMRITSAR (contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
B. Non-Scheduled Commercial Banks					
Sahukara Bank	—	—	2	2	
C. Co-operative Banks*					
Amritsar Central Co-operative Bank	4	—	1	5	
Tarn Taran Central Co-operative Bank	2	2	—	4	
Total ..	6	2	1	9	
Grand Total ..	13	9	33	55	

Name of State : PUNJAB

Name of District : 31.—FEROZEPORE

	1	2	3	4	5
A. Scheduled Commercial Banks					
Central Bank of India.. ..	—	3	—	3	Names of 3 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Punjab National Bank ..	3	8	—	11	
State Bank of Bikaner & Jaipur	—	1	—	1	
State Bank of India	2	8	—	10	
State Bank of Patiala ..	1	—	—	1	
United Commercial Bank ..	—	3	—	3	
Total ..	6	23	—	29	
B. Non-Scheduled Commercial Banks	— NIL —				
C. Co-operative Banks*					
Fazilka Central Co-operative Bank	—	4	—	4	
Ferozepur Central Co-operative Bank	2	1	—	3	
Moga Central Co-operative Bank	3	1	—	4	
Total ..	5	6	—	11	
Grand Total ..	11	29	—	40	

Name of State: PUNJAB

Name of District : 32.—JULLUNDUR

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	—	2	2	Name of an unbanked centre has been suggested by the State Government as suitable for establishment of bank office and has been circularised among banks.
Bank of Baroda..	—	—	1	1	
Bank of India	—	—	1	1	
Central Bank of India..	—	—	3	3	
Dena Bank	—	—	1	1	
Hindustan Commercial Bank	—	—	1	1	
Lakshmi Commercial Bank	2	—	1	3	
National Bank of Lahore	—	—	1	1	
New Bank of India	3	—	1	4	
Punjab & Sind Bank ..	—	—	1	1	
Punjab Co-operative Bank	—	—	1	1	
Punjab National Bank	3	4	6	13	
State Bank of India ..	1	2	4	7	
State Bank of Patiala	1	2	—	3	
Union Bank of India ..	3	—	1	4	
United Commercial Bank	2	1	1	4	
Total	**15**	**9**	**26**	**50**	
B. Non-Scheduled Commercial Banks					
Sahukara Bank ..	—	1	—	1	
C. Co-operative Banks*					
Jullundur Central Co-operative Bank	5	1	1	7	
Jullundur Industrial Co-operative Bank	—	—	1	1	
Nakodar Hindu Co-operative Urban Bank	—	1	—	1	
Nawanshahr Central Co-operative Bank	—	2	—	2	
Nawanshahr Srikrishna Co-operative Urban Bank	—	1	—	1	
Nurmahal Co-operative Urban Bank	1	—	—	1	
Total	**6**	**5**	**2**	**13**	
Grand Total	**21**	**15**	**28**	**64**	

Name of State : PUNJAB

Name of District : 33.—LUDHIANA

	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	—	1	1	
Bank of Baroda..	—	—	1	1	

33.—LUDHIANA (contd.)

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
Bank of India	1	—	1	2	
Central Bank of India	1	2	3	6	
Indian Overseas Bank	—	—	1	1	
National Bank of Lahore ..	—	—	1	1	
New Bank of India	—	—	1	1	
Oriental Bank of Commerce ..	1	1	1	3	
Punjab & Sind Bank	1	1	1	3	
Punjab National Bank ..	3	2	5	10	
State Bank of India	—	2	4	6	
State Bank of Patiala	2	2	1	5	
Union Bank of India	—	—	1	1	
United Commercial Bank ..	—	—	2	2	
Total ..	**9**	**10**	**24**	**43**	
B. Non-Scheduled Commercial Banks					
Sahukara Bank	—	—	2	2	
C. Co-operative Banks*					
Ludhiana Central Co-operative Bank	4	3	1	8	
Grand Total	**13**	**13**	**27**	**53**	

Rural centre — Population upto 10,000
Semi-urban centre — Population over 10,000 and upto 1,00,000
Urban centre — Population over 1,00,000
*Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State : RAJASTHAN

Name of District : 34. ALWAR

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Rajasthan	—	1	—	1	Name of an unbanked centre has been suggested by the State Government as suitable for establishment of bank office and has been circularised among banks.
Punjab National Bank	—	1	—	1	
State Bank of Bikaner & Jaipur	5	3	—	8	
State Bank of India	1	1	—	2	
United Commercial Bank ..	1	1	—	2	
Total	**7**	**7**	—	**14**	
B. Non-Scheduled Commercial Banks		—NIL—			
C. Co-operative Banks*					
Alwar Central Co-operative Bank	3	1	—	4	
Grand Total ..	**10**	**8**	—	**18**	

Name of State : RAJASTHAN

Name of District : 35. BHARATPUR

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Rajasthan	—	1	—	1	Names of 5 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India ..	—	1	—	1	
Hindustan Commercial Bank	—	1	—	1	
Punjab National Bank ..	1	4	—	5	
State Bank of India	—	1	—	1	
State Bank of Bikaner & Jaipur	4	7	—	11	
United Commercial Bank ..	—	1	—	1	
Total :	**5**	**16**	—	**21**	
B. Non-Scheduled Commercial Banks		—NIL —			
C. Co-operative Banks*					
Bharatpur Central Co-operative Bank	—	5	—	5	
Grand Total ..	**5**	**21**	—	**26**	

Name of State : RAJASTHAN

Name of District : 36. BHILWARA

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Rajasthan ..	1	1	—	2	Names of 31 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. The Reserve Bank has conducted a survey of this district with a view to identifying centres having banking potential. 4 unbanked centres have been identified as suitable for establishment of bank offices. Action is being taken to allot these centres to banks.
Punjab National Bank ..	—	1	—	1	
State Bank of Bikaner & Jaipur	5	2	—	7	
Total	**6**	**4**	—	**10**	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Bhilwara Central Co-operative Bank	4	2	—	6	
Grand Total ..	**10**	**6**	—	**16**	

Name of State: RAJASTHAN

Name of District: 37. CHITTORGARH

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Rajasthan	1	2	—	3	Name of an unbanked centre has been suggested by the State Government as suitable for establishment of bank office and has been circularised among banks.
State Bank of Bikaner & Jaipur	3	3	—	6	
Total	4	5	—	9	
B. Non-Scheduled Commercial Banks	— NIL —				The Reserve Bank has conducted a survey of this district with a view to identifying centres having banking potential. 3 unbanked centres have been identified as suitable for establishment of bank offices. Action is being taken to allot these centres to banks.
C. Co-operative Banks*					
Chittorgarh Central Co-operative Bank	2	3	—	5	
Grand Total ..	6	8	—	14	

Name of State: RAJASTHAN

Name of District: 38. GANGANAGAR

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Rajasthan ..	—	1	—	1	Names of 2 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India.. ..	—	1	—	1	
Punjab National Bank ..	3	2	—	5	
State Bank of Bikaner & Jaipur	10	5	—	15	
United Commercial Bank ..	—	1	—	1	
Total	13	10	—	23	
B. Non-Scheduled Commercial Banks	— NIL —				
C. Co-operative Banks*					
Ganganagar Central Co-operative Bank	1	3	—	4	
Grand Total ..	14	13	—	27	

Name of Sate : RAJASTHAN

Name of District : 39. JAIPUR

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	—	1	1	Names of 6 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda	—	—	2	2	
Bank of India	1	—	1	2	
Bank of Rajasthan	1	—	7	8	
Central Bank of India.. ..	—	1	2	3	
Dena Bank	—	—	1	1	
Hindustan Commercial Bank	—	—	1	1	
Indian Overseas Bank ..	—	—	1	1	
Punjab National Bank ..	1	1	2	4	
State Bank of Bikaner & Jaipur	8	2	10	20	
State Bank of India	—	1	2	3	
Union Bank of India	—	—	1	1	
United Commercial Bank ..	—	1	4	5	
Total ..	**11**	**6**	**35**	**52**	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Jaipur Central Co-operative Bank	2	4	1	7	
Rajasthan Rajya Audyogik Sahakari Bank	—	—	1	1	
Rajasthan State Co-operative Bank	—	—	1	1	
Total	**2**	**4**	**3**	**9**	
Grand Total ..	**13**	**10**	**38**	**61**	

Name of State : RAJASTHAN

Name of District : 40. UDAIPUR

	1	2	3	4	5
A. Scheduled Commercial Banks					
Bank of Baroda	—	—	1	1	Names of 3 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Rajasthan	1	1	2	4	
Central Bank of India ..	—	—	1	1	
Punjab National Bank ..	—	—	1	1	
State Bank of Bikaner & Jaipur	6	2	1	9	
United Commercial Bank ..	—	—	1	1	
Total	**7**	**3**	**7**	**17**	
B. Non-Scheduled Commercial Banks		—NIL—			

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
C. **Co-operative Banks***					
Udaipur Central Co-operative Bank	3	1	1	5	
Grand Total ..	**10**	**4**	**8**	**22**	

Rural centre — Population upto 10,000.
Semi-urban centre — Population over 10,000 and upto 1,00,000.
Urban centre — Population over 1,00,000.
* Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State : UTTAR PRADESH

Name of District : 41. ALIGARH

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	1	2	**3**	Names of 5 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India ..	—	1	1	**2**	
Punjab National Bank ..	—	1	1	**2**	
State Bank of India	1	3	2	**6**	
United Commercial Bank ..	—	—	1	**1**	
Total	**1**	**6**	**7**	**14**	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Aligarh District Central co-operative Bank	1	1	1	**3**	
Grand Total ..	**2**	**7**	**8**	**17**	

Name of State : UTTAR PRADESH

Name of District : 42. BANDA

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	1	—	**1**	Names of 2 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India ..	—	1	—	**1**	
Punjab National Bank ..	—	1	—	**1**	
State Bank of India	1	2	—	**3**	
Total	**1**	**5**	—	**6**	
B. **Non-Scheduled Commercial Banks**		— NIL —			

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
C. **Co-operative Banks***					
Banda District Central Co-operative Bank	1	2	—	3	
Grand Total ..	2	7	—	9	

Name of State : UTTAR PRADESH

Name of District : 43. BASTI

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Central Bank of India ..	—	1	—	1	Names of 4 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Narang Bank of India ..	—	1	—	1	
State Bank of India	3	2	—	5	
Total	3	4	—	7	
B. **Non-Scheduled Commercial Banks**		—NIL —			
C. **Co-operative Banks***					
Basti Co-operative Banking Union	2	1	—	3	
Grand Total ..	5	5	—	10	

Name of State : UTTAR PRADESH

Name of District : 44. BULANDSHAHR

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	1	—	1	Names of 4 unbanked centres shave been suggested by the State Government, Chambers of Commerce, *etc.* as suitable for establishment of bank offices and have been circularised among banks.
Central Bank of India ..	—	2	—	2	
Punjab National Bank ..	2	4	—	6	
State Bank of India	1	5	—	6	
Total	3	12	—	15	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Bulandshahr District Central Co-operative Bank	—	1	—	1	
Grand Total ..	3	13	—	16	

Name of State : UTTAR PRADESH

Name of District : 45. FAIZABAD

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	1	—	1	Names of 2 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these, a centre has been taken up by a bank.
Central Bank of India	—	1	—	1	
Punjab National Bank	1	2	—	3	
State Bank of India ..	2	2	—	4	
Total	3	6	—	9	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks***					
Faizabad District Central Co-operative Bank	1	2	—	3	
Grand Total ..	4	8	—	12	

Name of State : UTTAR PRADESH

Name of District : 46. GONDA

	1	2	3	4	5
A. **Scheduled Commercial Banks**					
Central Bank of India ..	—	1	—	1	Names of 2 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Hindustan Commercial Bank	—	1	—	1	
Narang Bank of India ..	1	—	—	1	
Punjab National Bank ..	—	2	—	2	
State Bank of India	2	4	—	6	
Total	3	8	—	11	
B. **Non-Scheduled Commercial Banks**		— NIL —			
C. **Co-operative Banks*** ..					
Balrampur Central Co-operative Bank	1	3	—	4	
U.P. State Co-operative Bank	—	1	—	1	
Total	1	4	—	5	
Grand Total ..	4	12	—	16	

Name of State : UTTAR PRADESH

Name of District : 47. MEERUT

Names of banks operating in the District	Number of offices at: Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	3	2	**5**	Names of 21 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda	—	—	1	**1**	
Bank of India	—	1	—	**1**	
Central Bank of India ..	2	4	2	**8**	
Hindustan Commercial Bank	—	—	1	**1**	
Lakshmi Commercial Bank ..	—	1	1	**2**	
Oriental Bank of Commerce ..	1	1	1	**3**	
Punjab National Bank ..	1	5	3	**9**	
State Bank of India	5	8	2	**15**	
Union Bank of India ..	—	—	1	**1**	
United Commercial Bank ..	1	—	1	**2**	
Total	**10**	**23**	**15**	**48**	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks					
Meerut District Central Co-operative Bank	1	4	1	**6**	
Grand Total ..	**11**	**27**	**16**	**54**	

Name of State : UTTAR PRADESH

Name of District : 48. MUZAFFARNAGAR

	1	2	3	4	5
A. Scheduled Commercial Banks					
Allahabad Bank	—	1	—	**1**	Names of 7 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks. Of these, a centre has been taken up by a bank.
Central Bank of India.. ..	1	4	—	**5**	
Punjab National Bank ..	—	3	—	**3**	
State Bank of Bikaner & Jaipur	—	1	—	**1**	
State Bank of India	—	6	—	**6**	
Union Bank of India	1	1	—	**2**	
United Commercial Bank ..	—	1	—	**1**	
Total ..	**2**	**17**	—	**19**	

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-centres	Urban centres		
	1	2	3	4	5
B. **Non-Scheduled Commercial Banks**		— NIL —			The Reserve Bank has conducted a survey of this district with a view to identifying centres having banking potential; the survey is in progress.
C. **Co-operative* Banks**					
Muzaffarnagar District Central Co-operative Bank	—	3	—	3	
Grand Total	**2**	**20**	—	**22**	

Name of State : UTTAR PRADESH

Name of District : 49. VARANASI

Names of banks operating in the District	Rural centres	Semi-centres	Urban centres	Total number of offices	Remarks
A. **Scheduled Commercial Banks**					
Allahabad Bank	—	—	1	1	Names of 4 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Bank of Baroda	—	—	1	1	
Bank of Behar	—	—	1	1	
Bank of India	1	—	1	2	
Benares State Bank	3	3	6	12	
Central Bank of India.. ..	—	—	3	3	
Hindustan Commercial Bank	—	—	1	1	
Punjab National Bank ..	—	1	1	2	
State Bank of India	1	1	5	7	
Union Bank of India	—	—	1	1	
United Bank of India ..	—	—	1	1	
United Commercial Bank ..	—	1	1	2	
Total ..	**5**	**6**	**23**	**34**	
B. **Non-Scheduled Commercial Banks**		—NIL—			
C. **Co-operative Banks**					
Varanasi District Central Co-operative Bank	3	—	1	4	
Ramnagar Central Co-operative Bank	—	1	—	1	
Total ..	**3**	**1**	**1**	**5**	
Grand Total ..	**8**	**7**	**24**	**39**	

Rural centre — Population upto 10,000.
Semi-urban centre — Population over 10,000 and upto 1,00,000.
Urban centre — Population over 1,00,000.
* Information based on the Statistical Tables relating to Banks in India, 1966.

Name of State: WEST BENGAL

Name of District: 50.—MURSHIDABAD

Names of banks operating in the District	Number of offices at			Total number of offices	Remarks
	Rural centres	Semi-urban centres	Urban centres		
	1	2	3	4	5
A. Scheduled Commercial Banks					
State Bank of India	1	5	—	6	Names of 11 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.* as suitable for establishment of bank offices and have been circularised among banks.
United Bank of India ..	—	1	—	1	
Total ..	1	6	—	7	
B. Non-Scheduled Commercial Banks		— NIL —			
C. Co-operative Banks*					
Murshidabad District Central Co-operative Bank	—	4	—	4	
Grand Total ..	1	10	—	11	

Name of State: WEST BENGAL

Name of District: 51.—WEST DINAJPUR

	1	2	3	4	5
A. Scheduled Commercial Banks					
Central Bank of India.. ..	—	1	—	1	Names of 2 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.* as suitable for establishment of bank offices and have been circularised among banks.
State Bank of India	1	3	—	4	
Total ..	1	4	—	5	
B. Non-Scheduled Commercial Banks		— NIL —			

Name of State : HIMACHAL PRADESH (U.T.)

Name of District: 52. KANGRA

Names of banks operating in the District	Number of offices at Rural centres	Semi-urban centres	Urban centres	Total number of offices	Remarks
	1	2	3	4	5
C. Co-operatives Banks*					
Balurghat Central Co-operative Bank	—	1	—	1	
Raiganj Central Co-operative Bank	1	1	—	2	
Total ..	**1**	**2**	—	**3**	
Grand Total ..	**2**	**6**	—	**8**	

Rural centre — Population up to 10,000
Semi-urban centre — Population over 10,000 and up to 1,00,000
Urban centre — Population over 1,00,000

*Information based on the Statistical Tables relating to Banks in India, 1966.

	1	2	3	4	5
A. Scheduled Commercial Banks					
Central Bank of India	1	—	—	1	Names of 17 unbanked centres have been suggested by the State Government, Chambers of Commerce, *etc.*, as suitable for establishment of bank offices and have been circularised among banks.
Punjab National Bank ..	2	1	—	3	
State Bank of India	2	1	—	3	
State Bank of Patiala ..	4	—	—	4	
Total	**9**	**2**	—	**11**	
B. Non-Scheduled Commercial Banks	— NIL —				
C. Co-operative Banks*					
Kangra Central Co-operative Bank	4	1	—	5	
Grand Total ..	**13**	**3**	—	**16**	

Rural centre — Population upto 10,000
Semi-urban centre — Population over 10,000 and upto 1,00,000
Urban centre — Population over 1,00,000
*Information based on the Statistical Tables relating to Banks in India, 1966.

SCOPE FOR INSTITUTIONALISING CREDIT IN CERTAIN RURAL AREAS AND IN RESPECT OF CERTAIN SECTORS*

During the last two years there has been a greater flow of money in the rural sector than ever before. Insofar as at least a part of the increase may be attributed to the strengthening of the agricultural base, it cannot be treated as spurious. Lest the incremental income is frittered away in conspicuous consumption or unproductive saving, it is essential that at least a part of the potential saving should be institutionalised through a deliberate and positive branch expansion programme. But before such a programme could be put into effect it is essential to identify districts/areas which have developed and/or are developing and to find out whether these districts/areas are having adequate banking facility particularly with regard to its spread in rural areas. Consequently, the Economic Department of the Reserve Bank undertook a district-wise study of all the States with a view to identifying those districts which are agriculturally developed or developing but which lack adequate banking facility so that these districts can be accorded priority in the branch expansion programme of commercial banks. This was sought to be achieved by ranking all the districts in each State on the basis of (i) level of agricultural development and soundness of agricultural base and (ii) development of banking facility particularly its spread in rural areas. Studies in respect of all the States, except Jammu and Kashmir, have been completed. On the basis of these studies it is possible to identify at least a few such districts in each State. A list of such districts is given in Statement I.

STATEMENT—I. AGRICULTURALLY DEVELOPED DISTRICTS REQUIRING MORE BANKING FACILITY

State	District	Rank in the State	
		Agricultural development	Banking development
Andhra Pradesh	West Godavari	1	4
	Cuddapah	4	16
	Srikakulam	5	13
	Anantpur	6	12
	Nellore	7	17
Assam	United K. and J. Hills	1	7
	Garo Hills	3	9
	United M. and N. C. Hills	4	No bank
Bihar	Gaya	2	16
	Shahabad	1	12
	Purnea	5	11
	Palamau	6	17
	Champaran	7	14
Gujarat	Mehsana	1	13
	Junagadh	2	8
	Sabarkantha	5	14
	Broach	10	14

* Prepared in the Reserve Bank of India.

STATEMENT—I. AGRICULTURALLY DEVELOPED DISTRICTS REQUIRING MORE BANKING FACILITY—*Concld.*

State	District	Rank in the State: Agricultural development	Rank in the State: Banking development
Haryana	Karnal	1	6
	Hissar	2	4
	Rohtak	3	5
Himachal Pradesh	Mandi	4	7
	Kangra	5	7
Kerala	Trivandrum	1	5
	Quilon	2	6
	Cannanore	3	7
Madhya Pradesh	Balaghat	1	30
	Raipur	2	40
	Tikamgarh	3	21
	Bilaspur	6	16
	Durg	7	33
	East Nimar	9	28
Tamil Nadu	Chinglepet	4	7
	South Arcot	5	10
	North Arcot	6	9
	Thanjavur	1	3
Mysore	Mandya	4	13
	Hassan	7	11
Orissa	Sambalpur	1	9
	Korapur	4	12
	Bandh Khondmals	6	13
Rajasthan	Sawai Madhopur	7	23
	Bhilwara	1	14
	Chittorgarh	3	16
	Bundi	2	17
	Udaipur	4	15
	Bharatpur	5	20
Uttar Pradesh	Muzaffarnagar	2	37
	Aligarh	5	36
	Bulandshahar	4	21
	Mathura	7	24
	Basti	18	47
	Mainpuri	12	34
West Bengal	Birbhum	1	9
	Bankura	6	15
	Midnapore	7	11
	Burdwan	2	6
Punjab	Patiala	2	9
	Sangrur	3	10
	Ferozepore	5	11
Maharashtra	Bhandara	1	19
	Chanda	2	17
	Satara	3	10
	Ahmednagar	4	11
	Bir	9	21

As a sequel to these studies, the Economic Department and the Department of Banking Operations and Development of the Reserve Bank also undertook on-the-spot field studies to assess the banking potential of promising rural and semi-urban centres in selected districts with a view to finding out whether (i) any of the presently unbanked centres have enough potentiality to justify opening of a bank office, and (ii) any of the presently banked centres are in fact under-banked so that more bank offices may be opened there. So far 20 districts in various States have been surveyed; reports in respect of 16 of these districts are ready. Survey work is in progress in another ten districts.

On the basis of these on-the-spot surveys, it was possible to identify many unbanked rural and semi-urban centres where there is need and scope for opening bank offices. Most of these centres are such where lack of banking facility is retarding the growth of trade and small-scale industries. It was also possible to suggest a few banked centres where more bank offices are required. A list of all such centres is given in Statement II. These centres have been brought to the notice of commercial banks likely to be interested and action has been initiated by them with respect to many such centres. The Agricultural Credit Department has also been informed of the results of these surveys so far as the performance of co-operative banks is concerned. Wherever commercial banks have offices but have been found in these surveys to be not doing enough for agriculture or small-scale industries, the matter has been taken up with such banks.

STATEMENT—II. UNBANKED AND UNDERBANKED CENTRES WHERE BANK OFFICES MAY BE OPENED

State	District	Name of centres	
		Unbanked	Underbanked
Maharashtra	Bhandara		Pauni* Tumsar Amaon* Adyar*
Andhra Pradesh	West Godavari	Bhimodol Denduluru Kovvali Pedapadu Peravalli Penumantra Mogalthuru Veeravasaram	
Madhya Pradesh	East Nimar	Shahpur	Bir* Paudhana* Sainthia@
West Bengal	Birbhum	Ahmedpur Kirnahar	
	Bankura	Jhantipahari Sonamukhi	

STATEMENT—II. UNBANKED AND UNDERBANKED CENTRES WHERE BANK OFFICES MAY BE OPENED—(Concld).

		Name of centres	
		Unbanked	Underdanked
Assam	Cachar Goalpara Kamrup		Badarpur* Bangaigoan Barpeta Road@ Rangia*
Mysore	Hassan	Ramanathapura Archalli Yeslur Halebeelu Gorur Daddametikurka	
Haryana	Karnal	Assandh Ismailabad Siwan Jhansa Indri	Thanesar Gharanuda Samalkha
Uttar Pradesh	Basti	Shohratgarh Mehdawal Babhnan Bansi Uska Bazar	Khalilabad Naugarh*@
	Faizabad	Jalalpur Masandha Suchitaganj Baskhari	Akbarpur
	Ghazipur	Nandganj	Dildarnagar* Yusufpur*
Bihar	Shahabad	Nokha Mohania Nasirganj Raghunathpur	Bihia* Bikramganj* Dehri-on-sone
	Purnea	Jogbani	
	Gaya	Dandnagar Manpur Arwal Tikari Sherghati Wazirganj Hisua Barun	

* There is only a branch of the Co-operative bank.
@ There is only a pay office of the State Bank of India.

During the course of the field studies it was observed that lack of institutional credit is retarding the growth of trade and industries in many of the unbanked centres. Even where banking facility is available it is quite inadequate with the result that certain sectors are suffering. Thus in Tanda, in Faizabad district of Uttar Pradesh, which is one of the biggest handloom cloth producing centres in the State, though three bank offices are working, the weavers are suffering for want of any agency which can provide working capital at reasonable rate. It is reported that the handloom industry is presently being financed by *Mahajans* who charge interest at the rate of 35 per cent per annum. Same is the case with Khalilabad in Basti district which is the biggest handloom market in the State but where weavers are not getting any financial assistance from the only commercial bank working in the area. Khalilabad is also a very big feeding market for cotton piece-goods. The importers are also handicapped by the inadequacy of banking facility. Jalalpur in Faizabad and Mehdawal in Basti are other two very important handloom centres; both are without any banks with the result that weavers are suffering. In all these places there is also great demand for purchase of power-looms. But banks are not providing finance for this purpose. The State Bank of India, Tanda, has however recently introduced a scheme whereby it provides upto 70 per cent of the purchase price of power-looms recoverable in five years. The response is reported to be encouraging.

Naugarh and Shohratgarh in Basti district are two very important *mandis* for agricultural produce. Both are important feeding markets. But while the former is served by a pay office, the latter is without any banking institution. At both these places the traders and merchants are greatly handicapped by lack/inadequacy of finance/other banking facility.

Pauni and Adyar in Bhandara district of Maharashtra are also important handloom centres. At both these places handloom cloth production is being financed by master weavers from Nagpur; the weavers are paid wages at the rate of Rs. 2 per loom per day. If arrangements can be made for providing cheap credit, the weavers can be freed from the exploitative hand of master weavers.

Tumsar in Bhandara district of Maharashtra is an important town with six oil mills, one soap making factory, two saw mills, one unit making cycle parts and twelve *beedi*-making establishments. Though an office of a commercial bank is working at this place, it is doing precious little with the result that small industrial units are greatly handicapped. Tirora, another town in the same district, is having only a pay office of State Bank of India with the result that the oil mills and saw mills find it difficult to obtain adequate finance at reasonable rate of interest.

Bhimadol in West Godavari district of Andhra Pradesh is having three ceramic factories and five rice mills but no bank. These units have to depend on banks at Elluru (12 miles) and Kaikaram (6 miles). Similarly, there are no banks at Kovvali, Denduluru, Penumantra or Mogalthuru, in the same district though the first two places are having two rice mills each and the last two are having three rice mills each. Opening of bank offices at these places may lead to establishment of more processing units.

Both Paudhana and Bir in East Nimar district of Madhya Pradesh are having a number of ginning factories, oil mills, processing units and light engineering units. But one is 12 miles away from the nearest commercial bank office and another 22 miles with the result that many of these small-scale units, particularly in Bir, are perforce to depend on money lenders.

Ahmednagar, Kirnahar and Sainthia in Birbhum district of West Bengal are all important *mandis* for agricultural produce. In addition Ahmednagar is having seven rice mills and one big oil mill, Kirnahar is having two rice mills and one saw mill and Sainthia is having two rice mills and three cold storages. Sainthia is having a pay office of the State Bank of India. The other two places are about 15 miles away from the nearest bank office. These industrial processing units are finding it difficult to manage without a bank.

Jhantipahari with 22 rice mills is a very important rice milling centre in Bankura district of West Bengal. Besides there are a number of oil and husking mills. But the nearest place where banking facility is available is 16 miles away. Similarly Sonamukhi town in the same district is an important silk weaving centre. Besides, there are five rice mills, two oil mills and a number of light engineering units. But there is no bank.

Badarpur town in Cachar district of Assam is rich in forest wealth, particularly timber and bamboo which is exported in large quantity. There are a number of saw mills requiring finance for expansion and development. There is also good scope for developing poultry and dairy farming provided finance is made available. But there are no banks.

Bongaigaon town in Goalpara district of Assam with a population of about 56,000 (including the railway colony) and with three oil mills, four soap factories, an aluminium factory and a number of units making *beedis* has only a pay office of the State Bank of India. Most of the small industrial units have perforce to depend on private sources for finance.

Barbeta Road, a town in Kamrup district, is an important marketing centre of agricultural produce and also a big wholesale feeding market. But there is no office of any commercial bank. The traders and merchants are greatly handicapped.

Ramanathapura in Hassan district of Mysore is having one rice mill. One cotton processing unit is under construction. There is scope for setting up more processing units. But there is no arrangement for providing institutional finance. The existing units have to depend on owned resources or private sources. There are other centres also in the same district like Archalli, Gorur and Doddametikurke where the existing processing factories are greatly handicapped because of lack of banking facility. At all these places the nearest commercial bank is at quite a distance.

In Karnal district in Haryana, there are a number of important places like Assandh, Ismailabad, Jhansa and Indri. Two of these centres are important *mandis* ; the other two are developing *mandis*. All are unbanked centres. Thanesar and Gharaunda in the same district are also very big *mandis*. There are a large number of paddy processing units in both these places. But considering the credit requirements of traders/merchants and the processing/industrial units, the banking facility appears to be quite inadequate. Similarly Samalkha, capitalising on its locational advantage is developing into a big industrial estate. In fact, next to Panipat and may be Karnal proper, it has the biggest concentration of industrial units in the district. The two bank offices working in the place are not in a position to meet the credit requirements in full. Inadequacy of institutional finance is reported to be coming in the way of further progress.

Mohania in Shahabad district is supposed to be the biggest grain market of the district with an annual turnover of over Rs. 1,000 lakhs. In addition, there are eight rice mills and a number of saw mills. But there is no commercial bank in or around the place with the result that traders are greatly inconvenienced. Nasirganj in the same district is another big grain *mandi*. In addition there are two rice mills, three saw mills and one soap factory. It is also an important handloom and blanket weaving centre. But there is no bank. Bihia, in the same district, is reported to be one of the biggest commercial centres in rural areas. There are a number of timber merchants and 20 saw mills with annual turnover of nearly Rs. 100 lakhs. There are 20 units manufacturing agricultural implements worth about Rs. 50 lakhs per annum. The traders, merchants and industrial units have to depend on banks at Arrah, 20 miles away. Dehri-on-Sone is an industrial town. The one bank office working in the place is not in a position to meet the credit requirements in full.

Tikari town in Gaya district of Bihar is also a big grain *mandi*. It is also a handloom centre. In the absence of any bank, the money-lenders are flourishing. Sherghati town and Arwal are other two important grain *mandis* in the district lacking banking facility.

Methodology Adopted for Constructing the Composite Index for Inter-District Comparison of (1) Agricultural Development and (2) Spread of Banking Facilities in Rural Area@

(1) Inter-District Comparison of Agricultural Development

For the purpose of comparing the districts in each State on the basis of degree of development of their agriculture, the composite index has been constructed for each district in a particular State on the basis of information on (i)

@ Prepared in the Reserve Bank of India.

the proportion of gross irrigated area to the total gross sown area, (ii) normal rainfall and the degree of its assuredness, (iii) the intensity of cultivation, (iv) the proportion of area under cash crops to the total cropped area, (v) fertility of soil and (vi) cereal surplus.

For working out the composite index, indicating the level of agricultural development of the district, it is necessary to give a greater weightage to the basic factors such as the availability of water and soil fertility so that the districts which are relatively better off in respect of these factors would be considered as ranking high in agricultural strength and soundness. Though the weightage is given to each factor on the basis of its relative importance, the problem of giving weightage necessarily involves an element of arbitrary decision. For the purpose of working out the composite index of agricultural development required for this study, the weights given are: (i) extent of irrigation: 2.00; (ii) intensity of cultivation: 1.50; (iii) average annual rainfall and degree of assuredness of rainfall: 1.00 each; (iv) the proportion of area under cash crops: 1.50, (v) soil fertility: 2.00; and (vi) whether surplus in cereals: 1.00.

All the data except the degree of assuredness of rainfall and the extent of surplus in cereals have been culled out from the Season and Crop Reports in respect of each State. As regards the assuredness of rainfall, we have adopted the classification made by Dr. S. R. Sen.[1] Broadly, all the districts have been classified into four categories: (*a*) Districts with assured water supply both in volume and spread and which are not unduly dependent on vagaries of monsoon; (*b*) Districts where the supply of water is largely dependent on monsoon and is subject to wide fluctuations in terms of volume and spread but where droughts are relatively less frequent; (*c*) same as (*b*) but where droughts are relatively more frequent; and (*d*) Districts where there is no dependable irrigation and where rainfall is scanty and precarious.

Districts in category (*a*) have been given full weightage *i.e.* 1.00; districts in category (*b*) have been given a weightage of 0.60; and those in category (*c*) 0.30. Districts in category (*d*) have not been given any weightage on this account. The index number of rainfall was arrived at by giving the combined weights as regards average annual rainfall and on the basis of the degree of assuredness as classified into above-mentioned four categories. As regards the data on the surplus of cereals, the latest estimates in respect of various districts are not available. The NCAER has, however, divided all the districts in India which are surplus in cereals into 4 groups, *viz.*, those having surplus of (*i*) upto 50,000 tonnes, (*ii*) 51,000 to 100,000 tonnes, (*iii*) 101,000 to 200,000 tonnes and (*iv*) over 200,000 tonnes. We have used the same classification as given by NCAER[2].

1 Dr. S.R. Sen: Growth and Instability in Indian Agriculture & Presidential Address at the 20th Annual Conference of the Indian Society of Agricultural Statistics, 10-12 January, 1967, Waltair.

2 NCAER: Strategy for Agricultural Planning, pp 12-16.

As regards the data on soil fertility, the index ratings of soil prepared by K. B. Shome and S. P. Raychaudhuri[3] on the basis of certain factors *viz.*, (*i*) Character of soil profile, (*ii*) topography, texture and structure and (*iii*) degree of climatic suitability, salinity, stoniness and tendency to erode. Those districts for which the index ratings of the soil were not available, the soil ratings for the neighbouring districts or average for the State have been taken.

The composite index has been worked out as follows: All the district-wise data, except the degree of assuredness of rainfall and cereal surplus, have been converted into weighted index numbers taking the State average as the base. The weighted index in respect of cereal surplus has been worked out by taking the all-India average surplus per surplus district as the base. For working out the weighted index of rainfall, it is assumed that upto a point an increase in rainfall is beneficial; after the optimum is reached, further increase in rainfall does not confer any additional benefit to that district. We have taken the optimum rainfall as 1900 mm. The index numbers in this case have been multiplied by the combined weights of both the average annual rainfall and the weights assigned to the degree of assuredness of rainfall. Thus the districts in category (*a*) were multiplied by 2.00 and so on.

To arrive at the composite index, the weighted index numbers of different indicators of each district were added and then divided by the value of total weights *i.e.*, 10.00. The districts were then ranked in the descending order according to the composite index.

The required data are not uniformly available for all the States. As a result, deviation from the method indicated above was unavoidable in some cases.

Spread of Banking Facilities in Rural Areas

The spread of banking facilities in the rural areas is examined from two angles, *viz.*, position per bank centre and per bank office. The spread of banking has been arrived at on the basis of per bank centre and per bank office in terms of (*i*) the number of villages, (*ii*) total population, (*iii*) gross cultivated area, (*iv*) gross irrigated area and (*v*) cash crop area. While the per bank centre position indicates the spread of banking in rural areas, the per bank office position throws some light on concentration of banking offices within the district. We have ranked all the districts in the particular State by both the per bank centre and per bank office position. It implies that in the case of a district where the number of villages, the area cultivated, *etc.*, per bank centre and per bank office stand at the lowest, the development of banking facilities is considered as the highest.

For the purpose of ranking, marks in respect of each indicator in each State were allotted according to the number of districts in that particular

3 K.B. Shome and S.P. Raychaudhuri: Rating of Soils of India, 1966. Proceedings of the National Institute of Sciences of India, Vol. 26-A (Suppl.-1) 1960.

State. The district gets the marks according to its position for that indicator in the list of districts. For instance, in Maharashtra where there are 26 districts, the highest marks allotted will be 26 and the lowest marks allotted will be one. The marks obtained by each district in respect of all the indicators were then combined and ranks given in the descending order of the aggregate marks. The composite rank was arrived at by adding the marks obtained on the basis of per bank centre and per bank office position. For the purpose of judging the extent of mobilisation of bank deposits the same method has been applied. Higher the level of deposits per village, per area and per person, higher was its ranking in the extent of deposit mobilisation.

February 17, 1969.