



**STUDY**  
**OF**  
**UTILIZATION**  
**OF**  
**COOPERATIVE LOANS**



**Programme Evaluation Organisation**  
**PLANNING COMMISSION**  
**GOVERNMENT OF INDIA**  
**1965**

## FOREWORD

Some of the important problems facing our farmers today grow out of the difficulty of obtaining adequate credit, making proper use of it, and meeting the resulting financial obligations as and when they fall due. The present study deals with the second aspect, viz., the utilization of cooperative loans. It is well known that a part of the loans taken are not utilised for the purposes for which they are sanctioned. This creates what is called the problem of diversion in the utilisation of cooperative loans. The study covers the nature and magnitude of such diversion in respect of short and medium term loans and the reasons for such diversion. It is hoped that the important findings emerging out of this study will be of interest to both the policy makers as well as others associated with the development of cooperative credit and may also prove to be of some use in improving the present position.

*July, 1966.*

V. K. R. V. RAO,  
*Chairman, Evaluation Advisory Board.*

सत्यमेव जयते

## PREFACE

It was with some misgivings that the P. E. O. undertook, at the instance of the Ministry of Community Development and Cooperation, an enquiry into the utilization of cooperative loans. The Reserve Bank of India had at that time carried out some pilot investigations here and there, the results of which indicated that diversion or mis-utilization of cooperative loans was of a large order. This preliminary probing suggested the need for a larger and a more extensive enquiry into the problem. It was, however, felt that while the problem as such was extremely important, an extensive investigation to assess its statistical magnitude was fraught with uncertainty. After all, the normal methods of socio-economic investigation had not been tested fully for such delicate probings and might not yield reliable information. It was for this reason that a depth study was planned on the hypothesis that diversion of loans was related to the intensity of supervision exercised by the field staff that the cooperative institutions had. This hypothesis made it possible to confine this investigation to a limited area, somewhat on a pilot basis.

It was also felt that in a study of the utilisation of cooperative loans what is important to find out is not only the magnitude of diversion but also the background of the Central banks, primary societies and the borrower members. Accordingly, a detailed enquiry was designed with a fairly large scope covering not only the nature and extent of diversion, the purposes and uses figuring in diversion and the grounds and reasons therefor, but also the changing features of cooperative institutions, the nature of membership and management, the distribution of the credit facilities and their relationship to the needs and expenditure of the households. The results of the investigation have been analysed to throw light on all these aspects and are presented in this volume.

Broadly speaking, the study shows that diversion is an extensive practice among borrowers of both short and medium term co-operative loans, and the magnitude of the diversion is significant. The

supervision exercised by the staff of the Central banks is inadequate in this respect; probably it does not cover this aspect of cooperative credit. Economic exigencies and inadmissibility of purpose are the two most important reasons for diversion in many States; while in some, the institutional deficiencies in the cooperative structure play an important part. There are a number of suggestions that emerge out of this study; and these have been indicated in the report. It is hoped that the results of this study will be found useful by all those who are interested in the growth and development of cooperative credit in the country, along sound lines.

The investigation work for this study was done by the officers and investigators in the field units under the supervision of the Regional Officers of the P.E.O. Analysis of the data and preparation of the report have been done at the headquarters in the Division of Institutional Economics. Cooperation and assistance received in the planning and conduct of this study from the Department of Cooperation, Reserve Bank of India, the State Governments and the Office bearers of the Central banks and societies are gratefully acknowledged.

NEW DELHI

November, 1965.

J. P. BHATTACHARJEE,

*Director,*

*Programme Evaluation Organisation.*



## CONTENTS

	PAGES
CHAPTER I	
<i>INTRODUCTION AND METHODOLOGY</i> . . . . .	1-9
Introduction; Objectives and scope; Methodology; Selection of Banks; Selection of societies; Selection of borrowers; the sample size; Problem of selection; Scheme of analysis; Treatment of data.	
CHAPTER II	
<i>GROWTH OF THE MOVEMENT</i> . . . . .	10-19
Introduction; Growth in membership of primary agricultural societies; Extent of coverage by societies; Occupational distribution of members; Distribution of cultivator-members according to size of holding; Volume of lending by societies to members; Relative share of ST and MT credit in the total credit; Share of total credit according to occupational groups and size of holdings; Share capital of the selected societies; Deposits; Overdues; Overdues for short and medium term credit, Distribution of members in overdue groups; Period of overdues.	
CHAPTER III	
<i>MANAGEMENT AND STAFF</i> . . . . .	20-28
Managing bodies of Central Banks; Character of representation; Mode of representation; Some recent trends in the constitution of bank bodies; Managing Committees of societies; Mode of representation; Meetings; Field staff with Central Banks; Staff for supervision of the utilisation of loans; Secretaries of societies; Other staff of societies.	
CHAPTER IV	
<i>PATTERN OF EXPENDITURE AND RECEIPTS AND BORROWINGS</i> . . . . .	29-60
Volume and nature of current expenditure; Expenditure on Farm and on Household Accounts; Current receipts; Receipts and size of holdings; Acquisition of assets; Disposals; Capital accumulation; Basis of estimation of credit needs; Preparation of production plans as basis of estimation; Level of borrowings by size of holding; Share of cooperatives in the supply of credit; Relationship between short-term borrowing and cash expenditure on current items; Net acquisitions and medium-term borrowings from cooperatives.	
CHAPTER V	
<i>PRACTICE AND MAGNITUDE OF DIVERSION IN THE USE OF LOANS</i> . . . . .	61-92
Practice of diversion; Diversion and intensity of supervision; Magnitude of diversion; Intensity of supervision and magnitude of diversion; Extent of the practice of diversion and economic and social characteristics of diverters; Diversion and educational standard; Practice of diversion among cultivators and non-cultivators; Extent of diversion and size of holdings; Extent of diversion and length of membership; Extent of diversion and membership of managing committee.	

## CHAPTER VI

**PURPOSES AND USES OF LOANS . . . . . 93-115**

Introduction; Short-term-Purposes of borrowing; Purposes of borrowing according to size of holdings; Magnitude of diversion and size of holdings; Direction of diversion and size of holdings; Directions of diversion from specified purposes; Net utilization among specified purposes; Medium-term-Purposes of borrowing and size of holdings; Magnitude of diversion and size of holdings; Directions of diversion and size of holdings; Directions of diversion from specified purposes; Net utilisation among specified purposes.

## CHAPTER VII

**GROUND'S AND REASONS FOR DIVERSION . . . . . 116-130**

Introduction; Knowledge of the rules of use and diversion; Extent of knowledge and economic factors; Knowledge and educational status; Knowledge among borrowers in various holding groups; Knowledge and length of membership; Knowledge and membership of the managing committee; Extent of knowledge and role of officials; Reasons for diversion of Short-term loans; Reasons for diversion of Medium-term loans; Reasons and knowledge.

## CHAPTER VIII

**SUMMARY AND SUGGESTIONS . . . . . 131-142****APPENDIX TABLES . . . . . 143-227**

## CHAPTER I

### INTRODUCTION & METHODOLOGY

#### *Introduction*

1.1 Availability of credit to agriculturists at economic rates of interest, for purposes and at the time credit is needed by them is an essential condition for the healthy functioning of an agricultural economy. Adequacy of credit is only one of the essential elements in a good credit system. In fact, as far as adequacy goes there are private lending agencies who may be able to meet the credit needs of the agriculturists in this country. More important are the qualitative factors among which, besides the rate of interest which has a prime place, other attributes such as the time when, the purposes for which, and the classes of people to whom credit is available are quite important. The case for co-operative credit *vis-a-vis* credit from other agencies rests on the ground of its superiority on the quality counts and for its being a well-intentioned agency aiming at the economic betterment of its clientele. In a planned economy, cooperative credit also plays the essential role of promoting and aiding economic development on charted lines by regulating the volume and distribution of credit in accordance with the plans of agricultural production and development.

1.2 Both these objectives, *viz.*, individual betterment and national planning can be fulfilled if cooperative credit is available to an adequate extent and is used for the purposes for which it is supposed to be used. However ample the credit, however sound the lending policies and however efficient the lending procedures, the growth of an economy in planned directions can take place only if credit is actually used for the allotted purposes. For example, if credit advanced for fertilizers and seeds is used for non-productive purposes, the resultant impact on production will be different from what was expected from its use. Secondly, diversion of credit from productive to consumption purposes leads to inflationary pressures as money, which is not supposed to enter the consumer market, will do so. Thirdly, such diversion may affect the repaying capacity of the borrowers and be a cause of overdues and defaults.

1.3 Above all, mis-utilisation of loans reflects adversely on the character of the cooperative institution. One of the distinguishing features of cooperative credit is that it aims at an improvement of the economic condition of the borrowers. A certain degree of discreetness in the lending policy intended to ensure that loans are given for productive and essential purposes, not for financing non-productive and wasteful expen-

diture is, therefore, not only justified but also necessary. This calls for, amongst other things, an appreciation of cooperative principles and the existence of enlightened self-interest among the members. To the extent to which loans are used for purposes for which they are not obtained, there is a lack of appreciation of these principles amongst the members. If members resort to concealment and other unethical practices, it means that the fundamental principles of cooperation, viz., mutual trust, democratic administration, capitalisation of character are not fully appreciated and/or practised among its members. It, therefore, signifies the existence of a malady in the body cooperative. Utilisation of credit is, therefore, as vital a factor as its availability and as important as efficiency of the credit institutions.

### *Objectives and scope*

1.4 It is this importance of the factor of utilization of cooperative credit that weighed with the Programme Evaluation Organisation in taking up this study at the instance of the Ministry of Community Development and Cooperation. As the problem of utilization is closely related to the efficiency and growth of the cooperative structure, the scope of the study was extended to cover a few aspects of expansion, particularly at the primary level.

1.5 Accordingly, the following objectives were laid down for this study :—

1. to assess the expansion of cooperative credit, and to throw light on some of the qualitative aspects of the growth of cooperative credit such as in respect of membership, financial position, development of thrift, etc.; and
2. to assess the magnitude, extent and forms of diversion between the purposes for which cooperative loans are taken and those for which they are used, and to analyse the reasons for this diversion.

### *Methodology*

1.6 As the working of the credit system constitutes one of the principal aspects of the study, the institutions constituting the cooperative credit structure had to be selected for the purpose of enquiry. This structure consists of four tiers: the primary society, the central bank, the State Bank and the Reserve Bank. Of these, the primaries and the central banks are the most important for an operational study at the field level. Data were collected in respect of these institutions directly from their records and from the officers of the institutions and the departments. A certain number of banks and societies were selected and special schedules designed for this purpose. Information on the problems, credit needs and borrowings, as well as their uses, etc., was gathered directly from the borrowers.

### *Selection of banks*

1.7 It was decided to take up the study in all the States and in Himachal Pradesh. In deciding the number of central banks to be taken up for study in a State, weight was given to the relative advancement of the cooperative movement. Two banks were selected from each of 9 States, Andhra Pradesh, Gujarat, Madhya Pradesh, Madras, Maharashtra, Mysore, Punjab, Rajasthan and Uttar Pradesh. Only one bank was selected in each of the remaining States, Assam, Bihar, Jammu & Kashmir, Kerala, Orissa and West Bengal and in Himachal Pradesh, in consideration of the relatively poor development of cooperative credit or the small number of banks. In Kerala, only 2 and in Jammu & Kashmir only 3 banks had been registered before 1958-59. In Himachal Pradesh there is only one bank known as the apex bank which has 16 branches; of these, only 10 were started before 30-6-58 and of these, again only 4 have got supervisors. Particulars of the banks selected are given in Appendix Table I.

1.8 In view of the special emphasis on the utilisation aspect, the supervision factor was used as the principal criterion for selection of banks. The hypothesis formulated was that adequacy of supervision, its effectiveness and quality, have a vital bearing on the efficiency of a credit system, the working of the credit institutions and the utilisation of loans. It was accordingly decided to use the figures of number of supervisors in the service of banks, cooperative unions and banking unions and the number of primary agricultural credit societies affiliated to the bank during the 3-year period as indicators of the intensity of supervision.

1.9 All the banks in a State registered before 30-6-58 were arranged in the descending order of the average number of societies per supervisor during the last 3 years 1958-59 to 1960-61, or in the ascending order of the intensity of supervision. The restriction about date of registration was imposed to enable the study of problems over time. In the States, where 2 banks were selected, an attempt was made to select those which would provide a contrast in respect of this factor. Accordingly, one was chosen from as near the top and the other from as near the bottom as possible, keeping in view the fact that the volume of lendings in the selected bank should be at least about the average of the lendings in the State. In States where only 1 bank was selected, preference was given to the bank which showed the highest concentration, i.e., the least number of societies per supervisor. In a few cases, in which the number of supervisors and the number of societies were not available readily for 3 years, figures for such years for which they were available were used. The levels of total lending operations and the medium-term lendings were the other considerations kept in mind. In States, where Central Banks had been reorganised recently and their area of operation had undergone changes,

preference was given to those for which data were available for the last 10 years for the area which constituted the area of operation at the time of the survey.

1.10 Some of these conditions were relaxed in some cases to bring in the sample some banks situated in the districts where the intensive agricultural development programme was initiated. This was done in view of the special emphasis on the strengthening and reorganisation of co-operative credit in these areas. Three of the selected banks, *viz.*, Eluru (West Godavari), Raipur (Raipur), Aligarh (Aligarh) are situated in these districts.

### *Selection of Societies*

1.11 The following restrictions were applied to the societies situated within the universe of the selected Central Banks in order to define the population of our study:—

1. Registration before 30-6-58;
2. Societies which had not advanced medium-term loans during the last 3 years were excluded;
3. Only primary agricultural credit societies were included, *i.e.*, non-agricultural societies or non-credit societies were excluded; and
4. Only societies affiliated to the central bank were included. The restriction about the date of registration was applied because the objective was to study the problem over a period of time. The restriction of medium-term loans was applied in order to provide scope for studying the problems in respect of both short-term and medium-term loans.

1.12 The main criterion for the selection of societies was the size of membership, as size has an important influence on the efficiency of a credit institution. While an optimum size is needed for viability, the smaller the size the more effective a given level of supervision can be, and the easier should it be to conform to cooperative principles. Therefore, the representation of a cross-section of different sizes was aimed at. All the societies which became eligible for inclusion in the sample frame were arranged in the descending order of their membership on 30-6-61, and divided into 5 equal sections. A sample of one was drawn at random from each section. Where information for 30-6-61 was not available, figures for 30-6-60 were taken. In case the number of societies available for inclusion in the sample frame fell short of 10, those societies which had medium-term loans outstanding against their members on 1-7-61 were also included in the sample frame. If the number in the frame was 5 or less, all were selected and the balance, if any, was made good from other

societies, i.e., those which had advanced only short-term loans in the corresponding group. In some banks, whose area of jurisdiction was unduly large, the sample frame was confined to a specified part of the jurisdiction.

### *Selection of borrowers*

1.13 Here also, not all members of the sample societies constituted the population but only those who had (a) taken short-term loans in 1961-62 and (b) medium-term loans outstanding on 1-7-61. These were not exclusive groups, as some had taken both types of loans and, therefore, figured on both the lists.

1.14 In each group, an attempt was made to stratify the population so as to give representation to the principal types of borrowers. The short-term borrowers were first classified into those who had holdings as cultivators or owners, and those who did not have any holdings. The former were arranged in the descending order of the size of holdings and divided into 3 equal groups and a sample of 2 borrowers drawn at random from each group. From the remaining short-term borrowers, i.e., those without holdings a sample of 2 was drawn with the help of random numbers.

1.15 The medium-term list was also arranged in the descending order of the size of holding and divided into two equal sections and 2 borrowers selected at random from each section. If the number in the list was 4, all were selected. If the number was less than 4, the deficiency was made good from amongst those who had borrowed medium-term loans during the year 1961-62. If any of the borrowers selected for the medium-term category was found to have been already selected from the short-term list, a substitute was selected from this (medium-term) list. A maximum number of 12 could thus be selected from amongst the short-term and medium-term borrowers.

1.16 In case the requisite number was not forthcoming on the above basis, the following procedure was followed.

*Short-term loans* : In case there were no borrowers in the year 1961-62, the list was prepared for the year 1960-61. If there were no borrowers for 1960-61 as well, the list was prepared for 1959-60. It was not considered advisable to go back further; nor was any shortage made good in case there were some borrowers in a year.

*Medium-term borrowers* : If there was no member against whom there was medium-term loan outstanding on 1-7-61 and none who had taken medium-term loan during 1961-62, members who had medium-term loans outstanding on 1-7-60 were listed. In case this list fell short

of 4, the difference was made up from amongst those who had taken medium-term loans during 1960-61. If there was none in either of these two categories, a list was prepared for 1-7-59 and 1959-60. Here also we did not go back further. In short, listing of borrowers in the preceding year was done only when none was found in a given year. Secondly, we did not go backward beyond 1959-60.

### *The sample size*

1.17 The total number of central banks in the States in which two banks each were selected was 261. Out of these, 251 had been registered before 30-6-58 and were included in the sample frame. From amongst this number, 18 were selected giving an overall percentage of 7. The number of banks per State varied from 8 to 56 and the sample size from 3.6% to 25%. In 6 out of the 9 States in this category the total number of banks was 25 or less, giving a sample size of 8% to 25%. In the States where only one bank was selected, the number of banks eligible for inclusion in the sample frame came to 104 out of a total of 115\*. In all, 7 banks were selected giving a sample size of about 7%. The number of banks\* per State ranged from 2 to 35 and the sample size from 3% to 50%.

1.18 The total number of societies in the sample frame came to 3250. Out of these, 125 were selected, giving an overall sample size of about 4%. The distribution of the selected banks by the number of societies in the sample frame is as follows :—

No. of societies in the sample frame	No. of banks
1	2
Below 25 . . . . .	6
25-less than 100 . . . . .	10
100-less than 200 . . . . .	3
200-641 . . . . .	6

1.19 Using the method as explained earlier, 795 respondents were selected from the group of short-term borrowers and 391 from that of medium-term borrowers. Out of these 786 and 384 respectively or in all 1170 respondents were canvassed. The number of the borrowers selected from each of the banks is given in the Appendix Table I. The number

\*Branches of the apex bank in Himachal Pradesh have been counted as banks.



selected varied from 26 to 60, with an average of about 47. Of these 1170 respondents, 946 had taken short-term loans. As for medium-term loans, the selected borrowers had borrowed loans in one or more of the last 3 years. Since there is no significant degree of duplication, the entries for the 3 years have been aggregated and treated as total borrowers for purposes of analysis. In this way the sub-total for medium-term borrowers comes to 431.

#### *Problem of selection :*

1.20 We were aware of the limitations of our method of sampling. For example, the criterion used for rating the supervision factor was rather rudimentary. There are several factors such as the qualifications of the staff, the place of supervision among their duties, the policies of the bank and the relative strength, qualifications and duties of the departmental staff, which influence the level of supervision. Similarly, the efficiency of a credit society depends on many other factors besides the size of membership. But we adopted these rather simple criteria mainly because of the need for depending on information which could be available at the State headquarters and at the banks, in respect of banks and societies, respectively.

1.21 Unfortunately, our hopes of obtaining even such data as we postulated for were falsified. In certain States, information about the number of societies affiliated to central banks or the dates of registration of banks was not available at the State headquarters. In some others, information regarding the number of supervisors was not available. At the Central Bank level, information about the societies distributing medium-term loans was sometimes not available. In these cases, societies which had been advanced loans by the central banks were included on the presumption that they had, in their turn, disbursed the borrowed amount to their members. Information about the membership of the societies was not available in some banks. In some cases the information obtained from the departmental or bank sources turned out to be incorrect during field investigation, necessitating a revision of the selection. Secondly, the restriction about the advancement of medium-term loans considerably curtailed the number of the societies eligible for inclusion in the sample frame.

#### *Scheme of analysis :*

1.22 The focus of the study is on the analysis of the utilization of cooperative credit. But as this aspect is intimately related with the expansion and functioning of the credit system, we have, in the first few chapters, tried to study certain aspects of the growth of the movement, particularly at the primary level and the working of the credit institutions

through their managing bodies and the staff, etc. As the credit is essentially related to the needs, and the pattern of expenditure and the sources of earnings broadly reflect the form and extent of local needs, a brief analysis of the nature and volume of expenditure and receipts on the basis of data collected from the sample borrowers, has also been included.

1.23 The problem of mis-utilization or diversion of loans has been studied at the ground level, i.e., at the borrower's end. At this end, it means divergence between the purpose stated in the application and the purpose for which it is used. Data on the extent, magnitude and forms of diversion at the borrower's end were obtained in two ways :—

- (a) by interviewing the borrowers, and
- (b) by verifying the use from some knowledgeable persons or impartial agency.

However, it was generally found that the diversion was admitted by the respondents themselves and as such, the verification method provided little additional information. In the analysis, therefore, we have largely dealt with the diversion as disclosed by the respondents themselves.

1.24 After obtaining a picture of the extent, magnitude and forms, an analysis was attempted of the reasons for diversion, followed by an assessment of the relative importance of the two main factors, namely, the weaknesses of the credit system, and the behaviour of the borrowers as well as of the various elements of each of these *inter-se*.

#### *Treatment of the data :*

1.25 The sample data collected at the various levels have been aggregated at the bank level and the State level; but the analysis has generally been presented in terms of States and groups of States. Each State is represented by two/one banks/bank selected for this study. For purposes of grouping, the States have been placed into three categories, A, B & C. Category A comprises of States which are relatively more advanced in the cooperative movement, namely Andhra Pradesh, Gujarat, Madras and Maharashtra. Category C, on the other hand, includes banks of weaker States, viz., those of Assam, Bihar, Kerala, Orissa, West Bengal, Himachal Pradesh and Jammu and Kashmir. Category B constitutes the rest of the States. As far as possible, inter-category and inter-State variations and comparisons have been discussed; and even inter-bank comparisons have been brought out wherever found necessary and useful.

1.26 The data for the different years relate to the cooperative year, i.e., from July to June. However, for 1961-62, they cover the period from July 1961 to April 1962, as the study was initiated in May 1962.

1.27 While the growth of the movement, as indicated by changes in level of membership, volume of lendings, share capital and deposits, etc., has been studied, on one side, with the help of the sample data, the same has been compared with the overall growth in respective States as built up from the Statistical Statements relating to the Cooperative Movement published by the Reserve Bank of India, for the corresponding years. It should be added here that as the banks and societies in the sample were generally selected from among the better ones in each State (the sample was restricted to banks with at least average lendings of the State and to societies which had advanced both short and medium-term credit) the sample data more often depict a relatively better picture as compared with the overall estimates built up from the Reserve Bank Statistics.



## CHAPTER II

### GROWTH OF THE MOVEMENT

#### *Introduction :*

2.1 This chapter attempts a review of the growth of the co-operative movement at the primary level, on the basis of analysis of a few indices like the level of membership, volume of advances, share capital, deposits and the extent of overdues. These indices have been built up, on one side, with the help of the data that were collected for the sample societies of the selected central banks for various points or periods of time and, on the other, computed from the corresponding overall Statewise data available in the Statistical Statements of the Reserve Bank of India for the corresponding reference periods/points. Besides, comparing the two sets of data, an attempt has been made to study a few related aspects like the occupational composition of the members, relative share of short and medium term credit in the advances, the distribution of credit among various occupational and economic groups, distribution of overdues according to period etc., on the basis of the sample data. For these areas of analysis, comparative figures are not available in the Statistical Statements of the Reserve Bank.

2.2 For the analysis of change over time, data have generally been collected for the years 1955-56, 1958-59 to 1961-62 (till 30-4-62). The growth during the Second Plan period has been discussed on the basis of figures for 1955-56 and 1960-61. In some cases, only figures for the 3 years ending 1961-62 have been used.

2.3 It may be mentioned that both the sample data and the Reserve Bank data suffer from some limitations. The area of operation of the central banks and the societies has undergone changes in some cases during this period, because of certain changes in policy. This problem has been partly met by working out averages per member, wherever considered proper. The Reserve Bank data for 1958-59 or the subsequent years are not comparable with those for 1955-56 for some of the States because of the Reorganisation of States.

#### *Growth in membership of primary agricultural societies :*

2.4 The size of membership varies with the type of society-large or small, single village or multi-village-as well as with the size of villages covered. Moreover, during the Second Plan period there occurred changes

in the jurisdiction of societies in a number of cases, as a result sometimes of amalgamation of small societies and sometimes of bifurcation of large ones.

2.5 Figures of the size of average membership per society as on 30-6-56 and the percentage increase that occurred by 30-6-59, 30-6-61 and 30-4-62 as worked out separately, on the basis of data for the sample societies and for all societies from the Statistical Statements of the Reserve Bank, are given in the Appendix Table II. These show that the average membership had been steadily rising; but the increase in average membership for sample societies was relatively higher than the average increase revealed by the Reserve Bank data. The increase in average membership in the sample societies was nearly 69% in the three years, i.e., from 30-6-56 to 30-6-59, against an increase of 42% for the corresponding period for the country, taking only the comparable States. The increase in the subsequent two years was of the order of 15%, and 23%, respectively. The Reserve Bank data for 30-6-59 is not comparable with those for 30-6-56 for some of the States. But the sample data of the PEO. reveals that in these years, i.e., 1956 to 1959, the increase in average membership occurred at a higher rate in the States of category B and C (i.e., the average or weaker States in respect of the development of cooperation) than in category A States (the relatively advanced States in co-operation).

#### *Extent of coverage by societies*

2.6 The growth in membership in relation to the population or the number of households in the villages covered by the primary agricultural societies, would in a way reflect the extent to which the rural families have been brought into the cooperative fold. On the basis of the population of the villages served by the sample societies of the selected banks, estimates have been made of the average membership per 100 households in the different States at the three points, viz., as on 30-6-56, 30-3-59 and 30-6-61. Comparable figures have been worked out for different States and for the aggregate, with the help of the data given in the Statistical Statements of the Reserve Bank of India. The data as analysed from both the sources are given in the Appendix Table III. The figures for 30-6-56 were, however, not available from the Reserve Bank statements.

2.7 On the whole, on 30-6-61, there were nearly 31 members per 100 households in the sample society villages as against 40 for the country, which shows that by the end of the Second Plan nearly 60 to 70% of the rural households in the villages served by the societies had yet to be covered by the cooperatives. In the sample villages, there were nearly 30 to 34 members per 100 households in each of the three categories of the States and not much variation was found in their coverage. But, according to the overall estimates based on the Reserve Bank figures, the

coverage in the advanced States of category A, was much larger than in the other two categories; category C comprising of weaker States. The worst, i.e. only 25 members per 100 house-holds against 60 in category A and 41 in category B. Further, in 7 out of 12 States for which comparable figures are available, there occurred a net decrease in the number of members per 100 households, which shows that in a number of States the increase in membership did not keep pace with the increase in the number of societies and the consequent expansion in the jurisdictional area coming under the cooperatives.

*Occupational distribution of members cultivating and non-cultivating classes :*

2.8 As the cooperative organization is intended to be used for the economic betterment, especially of the weaker sections, an attempt has been made to analyse the economic structure of the members of the sample societies with a view to finding out what changes, if any, took place in this respect in the context of this emphasis. The distribution of members belonging to cultivating and non-cultivating classes and the break-up of the cultivator-members into various size of holding groups, at the end of 1955-56, 1958-59 and 1961-62 (30-4-1962), as collected for the sample societies, are shown in Appendix Table IV.

2.9 Of the total number of members of the primary agricultural societies, for which break-up is available, nearly 12% were non-cultivators and the rest, the overwhelming majority of 88% belonged to cultivating families, as on 30-6-56. The percentage of the non-cultivating members increased, but only slowly during the subsequent years; on 30-6-59, their percentage was about 14 and on 30-4-62 around 16. The absolute number of non-cultivating members in the 122 sample societies, for which comparable data are available, increased from 3615 on 30-6-59 to 4733 on 30-4-62, i.e., by nearly 31% in about 3 years time.

*Distribution of cultivator-members according to size of holdings :*

2.10 The distribution of the cultivator-members of the sample societies by their size of holding on 30-4-1962 shows that a majority of the cultivator-members belonged to lower holding groups. Nearly 63% belonged to households with holdings of less than 5 acres and about 26% had holdings of even less than 2 acres. Another 18% came from families in the holding group of 5 to 10 acres. Only 7% of the members belonged to households with more than 20 acres. It is interesting to note that this structural distribution remained almost unchanged during the next few years, i.e., at the end of June 1956, June 1959 and April 1962, (Vide Appendix Table IV).

2.11 The following table gives the index of change in membership for each of the holding groups, from the period June 1959 to April 1962 for the 123 societies for which comparable data are available:

TABLE 2.1

*Growth in Membership in various size of holding groups from June 1959 to April 1962.*

Size of holding groups	No. of cultivator members on June 1959				Index of members on April 62 with June 59 as base			
	A	B	C	Total	A	B	C	Total
1	2	3	4	5	6	7	8	9
Less than 2 acres . . . . .	1,794	1,339	2,369	5,502	121.5	107.4	111.5	113.8
2—5 . . . . .	2,239	3,303	2,868	8,410	123.2	106.2	103.1	109.7
5—10 . . . . .	1,162	1,866	802	3,830	127.6	120.1	110.0	120.5
10—20 . . . . .	986	1,256	252	2,494	121.1	112.2	111.1	115.6
20 & above . . . . .	714	774	57	1,545	116.8	112.9	107.0	114.5
TOTAL . . . . .	6,895	8,538	6,348	21,781	122.6	110.9	107.6	113.6

The above figures show that the 1962 index of membership (with 1959 as base) in various holding groups varied between 110 and 120. In other words, the difference in growth among the holding groups was not very large. The increase in the membership in the 5-10 acres group was relatively more than in the other groups. This also shows that despite all the emphasis on weaker groups, the increase in membership from the holding group, less than 2 acres was no better.

#### *Volume of lending by societies to members :*

2.12 The volume of lending is another indicator of the growth of the cooperative movement. Accordingly, the average amount lent per member was worked out for the sample societies as well as for all societies Statewise from the Statistical Statements of the Reserve Bank of India, for the years 1955-56 and 1960-61. As there have been various changes due to the Reorganisation of States, the relevant data in Reserve Bank Statistics are not comparable for some of the States. Details of the data as collected and worked out from the two sources are given in the Appendix Table V. Even the data for the sample societies are not strictly comparable, as the number of societies in 1955-56 was much less than those included in 1960-61.

large, there was no change in the share of different occupational groups and that of cultivators in various size of holding groups in 1960-61 compared with 1958-59. There were also very few significant changes in the distribution pattern of credit among the States or banks.

2.17 Another fact which emerges from the above analysis of the distribution patterns of membership and credit is that the average borrowings by the non-cultivator members and members in lower groups are much smaller. Though the non-cultivator members formed about 14% of total membership in 1958-59, they obtained only about 4% of the total credit advanced during the year.

#### *Share capital of the selected societies :*

2.18 Share capital occupies an important place in the financial position of the cooperative societies as it not only forms a part of the owned capital but also serves as a significant constituent of the working capital. The value of average share capital per member in the sample societies at the end of years 1955-56, 1958-59 and 1960-61, along with the corresponding average figure of share capital for each of the States as worked out from the Statistical Statements of the Reserve Bank of India, are given in Appendix Table VI. Data for share capital was available for 89 sample societies on 30-6-56, for 115 on 30-6-59 and for 121 on 30-6-61. As for Reserve Bank data, these have not been worked out for some States because of the element of non-comparability introduced by reorganisation effected in these States.

2.19 The average value of share capital for the sample societies worked to Rs. 38 per member at the end of 1955-56, and rose to Rs. 41 at the end of 1958-59 and to Rs. 48 at the end of 1960-61. Thus there was an increase of only 8% in the first 3 years and 24% in the five years to the end of 1960-61. On the other hand, the Reserve Bank data reveal that the average share capital was about Rs. 25 on 30-6-59 and came to Rs. 34 on 30-6-61, indicating an increase of nearly 37% for the States included in the Statement.

2.20 The data for 1960-61 from both sources show that the average value of share capital was much higher for the relatively advanced States in category A, than the States in the other two categories; and in the category C of weaker States it was appreciably low. Further, the sample data also reveal that the average value of share capital per member rose in the years subsequent to 1956 in all the categories; but the increase was relatively more in the weaker States than the advanced ones. One possible reason for this trend is that Government subscription would have flowed to a relatively higher degree in the weaker States.



### *Deposits :*

2.21 The level of deposits is one of the criteria for judging the success of credit cooperatives, as it is an index of the impact that the movement has made on the habit of thrift and of the confidence it has created not only amongst its members but also others. Figures of deposits held by sample societies at the end of 1955-56, 1958-59 and 1960-61 have been worked out. The comparative figures for the States and the aggregate of the States in the sample have also been worked out from the Reserve Bank Statistical Statements. The average amount of deposits per member as analysed from both the sources are given in Appendix Table VII.

2.22 At the end of 1955-56, there were only 53 societies or nearly 50% of the sample societies which had some deposits. At the end of 1958-59 the number of such societies increased to 73, 59% of the sample of 124, and in 1960-61, the number rose to 76 or 60%. In other words, about 40% of the sample societies even at the end of 1960-61 did not have any deposits with them at all and the growth in the proportion of societies with deposits was very small.

2.23 The average deposits per member came to Rs. 20 on 30-6-56, which declined to Rs. 12 and Rs. 10 on 30-6-59 and 30-6-61, respectively, for the sample societies. The average per member was found to be disproportionately high for Andhra Pradesh; and if Andhra Pradesh is excluded from the sample the average comes to about Rs. 4 for the period ending 30-6-56 and 30-6-59 and Rs. 5 as on 30-6-61. Correspondingly, the average on the basis of the Reserve Bank figures worked to Rs. 4 for 30-6-56 and Rs. 2 for 30-6-59, but rose to Rs. 9 for 30-6-61. Further, the figures for 1961 for the Reserve Bank show that the average amount of deposits for the three categories of States does not show much variation. Moreover, in 11 out of 16 States, the average was found to be less than Rs. 6 on 30-6-1961. Thus, on the whole, we find that there had been very little development of the thrift habit of the members and that the societies had not generally tried to build up their own resources through the raising of deposits from its members.

### *Overdues :*

2.24 The level of overdues not only reflects the efficiency of the co-operative institutions but also affects their financial position and the flow of credit. The overdues are, therefore normally discouraged; and even the loans are often not advanced to defaulting members. An analysis has, therefore, been attempted on the basis of data for the sample societies, of the extent of overdues with the borrowers, the proportion of members defaulting and the length of the period of overdues.

*Level of overdues :*

2.25 The data were collected from the records of the societies about the amounts outstanding as well as overdue for the three years, i.e., at the end of 1959-60, 1960-61 and 1961-62. But in certain cases, either both the figures or the figures relating to overdues were not readily available. In such situations, only those societies were taken into account for which both the figures were available. The data for the different years do not necessarily relate to the same set of societies. A comparative data for each of the States included in the sample was also built up from the Statistical Statements of the Reserve Bank. Both the data as processed are put together in the Appendix Table VIII. The following table sums up the aggregative picture for the three categories of States as revealed by the two sets of data.

TABLE 2.2  
*Level of overdues*

Category of States	Percentage of overdues to outstanding					
	P.E.O. sample data			Reserve Bank data		
	30-6-60	30-6-61	30-4-62	30-6-60	30-6-61	30-6-62
1	2	3	4	5	6	7
A . . . .	17.5	15.3	20.6	20.6	18.2	22.1
B . . . .	20.5	17.7	14.7	19.5	20.8	26.7
C . . . .	21.0	26.4	22.2	32.8	31.0	29.1
TOTAL .	18.6	17.6	19.5	21.2	20.3	24.5

In the sample societies the overdues accounted for nearly 18 to 20% of the outstanding amounts in the 3 years up to 1961-62. This compares somewhat favourably with the overall estimates of the Reserve Bank. According to both the data, the overdues registered a small decrease in 1960 as compared to 1959 and again rose in 1962. Secondly, it is found that the level of overdues has been comparatively higher in category C or weaker States. Among different States, it is noted that the level of overdues was sufficiently high in the States of Rajasthan, Assam, Bihar and Himachal Pradesh. Uttar Pradesh shows the lowest level of overdues.

*Overdues for short and medium term credit :*

2.27 The sample data have also been analysed to find out the extent of overdues, separately for short-term and medium-term credit. All the

societies for which both the outstanding and overdue amounts were available separately for each type of credit were taken into account. The following table gives the relative position :—

TABLE 2.3

*Level of overdues for short and medium term credit.*

Category of States	Percentage of overdues to outstanding					
	Short term			Medium term		
	30-6-60	30-6-61	30-4-62	30-6-60	30-6-61	30-4-62
1	2	3	4	5	6	7
A . . . . .	18.1	15.9	21.7	11.6	10.4	12.0
B . . . . .	21.5	14.2	11.7	12.2	19.8	9.3
C . . . . .	25.8	25.3	21.2	15.0	26.8	31.1
TOTAL . . . . .	19.6	16.5	18.9	13.2	18.3	14.0

The level of overdues for short-term is more or less of the same order as for the total credit; and this is natural as short-term loans formed more than 90% of the total credit. But the extent of overdues for MT loans as compared to short-term has been lower. This may be due to the fact that in a number of societies, these loans had not been advanced earlier and started only in recent years. The amounts involved were also comparatively less. Both in the case of ST and MT credit, the level of overdues for category C States was higher than for States in the other two categories.

सत्यमेव जयते

#### *Distribution of members in overdue groups :*

2.28 The distribution of members of the sample societies in certain overdues groups (% of overdues to outstandings) was collected as on 30-6-61 for the societies for which data were available. The membership of these sample societies for which data were available came to 21.9 thousand on 30-6-61. An overwhelming proportion of the members, i.e., 85%, did not have any overdues or had less than 5% of their outstanding. Thus, the situation in regard to the overdues is not disquieting. The only feature is that a large percentage, i.e., about 10% of the members were found to be having overdues accounting for 75% over and above of their outstanding loans. The intermediate groups accounted for about 5% only.

*Period of overdues :*

2.29 In order to have an idea about the period for which the amounts have been overdue in different societies, the overdue amounts as on 30-6-1961 have been tabulated according to certain period groups. The break-up of overdue amounts according to periods was not available in certain societies and in some cases such break-up was not available for part of the amounts. As such all those amounts for which a full break-up was available were taken into account. The aggregate picture as it emerged from such data is given in the table below, according to categories of States.

TABLE 2.4

*Percentage of overdue amounts according to period groups, as on 30-6-61.*

Category of States	Less than one year	1—2 years	2—3 years	3—5 years	Five years & above
1	2	3	4	5	6
A . . . . .	54.7	13.4	8.5	8.5	14.9
B . . . . .	43.4	30.3	9.6	4.2	12.5
C . . . . .	31.7	21.5	19.6	24.4	2.8
TOTAL . . . . .	46.2	20.2	11.3	10.8	11.5

On the whole, two-thirds of the overdue amount were overdue for less than 2 years on 30-6-61, which means that overdues had generally not been very old ones. But about 12% were overdue for more than five years. In category A, more than half the amount was overdue for less than one year and the percentage of overdues declined with the length of period, except that almost 15% were overdue for more than 5 years. In category C, however larger percentages were overdue for longer periods—nearly 44% were overdue for 2-5 years, but only about 3% were overdue for more than 5 years.

2.30 Thus, our analysis shows that only a small percentage of members had a high percentage of overdues in relation to their outstandings and that the majority of overdues were less than 2 years old. But in terms of the amount in relation to outstanding, the level of overdues has been higher and not shown much change during the 3 years up to 1961-62. As regards the weaker States, the redeeming feature is that the relative share of the old overdues is the lowest.

## CHAPTER III

### MANAGEMENT AND STAFF

3.1 The efficiency of the cooperative institutions depends to a large extent on the nature, composition and quality of the organisations responsible for their day-to-day functioning and management. Even the proper use or otherwise of the loans is, in the last analysis, dependent on the extent to which they perform their functions and obligations honestly and efficiently. We have, therefore, tried in this chapter to study the constitution and composition of the managing body and the strength and quality of staff of the central banks and the primary societies.

#### *Managing Bodies of Central Banks :*

3.2 The total membership of the managing bodies in 24 banks comes to 395, the average membership is about 16 to 17 per body and varies between 10 and 25. As the managing body of the Indore Bank in Madhya Pradesh was under suspension during the period of investigation, it has been excluded from the analysis. The strength of the managing body in category A is generally larger than in other two categories of the States. The popular size of the managing body appears to be 15 to 20 members. In 8 States the managing bodies have their strength of 15 to 20 members. The larger managing bodies consisting more than 20 members are not popular and these are found in only three states.

#### *Character of representation :*

3.3 The representatives of primary societies are generally in a majority in these bodies. About 58% of the members of the managing bodies of banks come from the societies. The next largest group is that of individuals, accounting for 22% of the members. Officials generally do not constitute a recognisable proportion. From the point of distribution of States according to strength of various interests, in all the States of category A, in 4 out of 5 in category B and in 6 out of 7 in category C, more than 40% of the members were representatives of the primary societies. In West Bengal, all the members belonged to this group. Individuals, as members of the managing bodies, constituted between 10 and 40%.

#### *Mode of representation :*

3.4 All the representatives of primary societies are selected by some form of election or the other. Information about the method of election of 57 out of 229 such members was not available. Of the remaining 172,

57 or 33% were elected by ballot, 38 or 22% elected by their respective unions and 19 or 11% by show of hands. Amongst representatives of primary societies, 27 or about 16%, were elected at the general body meeting. Representatives of other societies were also elected in various manners, only 3 out of 20 being nominees. Almost all the individuals also came in through election. Only 2 out of 87 individual members were nominated. Officials were all nominated; and amongst others, 13 out of 18 were nominees. Thus, out of 395 members of managing bodies, only 57 were nominated.

*Some recent trends in the constitution of bank bodies :*

3.5 In the notes sent by the Project Evaluation Officers, a few trends in the constitution of the managing body of central banks have been noted. Firstly, the composition of these bodies has been reorganised in a number of banks. Secondly, official representation has been more often introduced. Thirdly, the nominated chairman has, in some places, been replaced by an elected person. These are discussed below.

3.6 The managing bodies have become broader-based and made more representative in character with a shift from representatives of individuals towards those of rural primary societies. In Poona (Maharashtra) where individual members had been dominating, a shift in favour of representatives of rural societies has taken place since 1956-57; and even in Akola (Maharashtra) where representation was not according to categories of interests, more representation to primary societies has been given since 1959-60. In Indore (M.P.), increasing representation to societies has been effected. In Jaipur (Rajasthan), all the representatives are from primary societies; and in Ajmer (Rajasthan) the constitution was envisaged to be changed at the time of enquiry; and the board of directors was to be composed of representatives of the panchayat samities (one from each), urban societies, individuals and the Government. In U.P., the larger proportion of representatives is drawn from member societies. In Mysore (particularly in Bijapur), each taluka since 1960 is represented by a member elected by the societies.

3.7 The strength of these bodies has changed—in some cases the number has been increased as in Punjab from 12 to 14 and sometimes decreased as in U.P. from 16 to 12. Official representation and nomination has come to be introduced in a number of States. In Punjab, 2 directors are now nominated by the Government and they have even veto powers in financial matters. With State participation, official representation came into existence in Mysore, Madras, Andhra Pradesh and Orissa. The number of representatives, however, varies from bank to bank, normally from one to three. In Himachal Pradesh, their number was highest, 5 or 36% of the total. But it is interesting to note that in Akola (Maharashtra) the

ninees of the Registrar have been withdrawn since 1961 with a view reducing the interference by the Government. However, in J & K there was no Government nominee in the Managing body of the Anantnag Bank.

3.8 Another healthy change that has occurred is that the Chairman is now elected in the banks where as earlier he used to be a Government nominee or an official. In Punjab, U.P., Rajasthan and Himachal Pradesh, he was earlier an official—either Collector or Registrar—used to be the Chairman, now he is elected from among non-officials. Even in Andhra Pradesh, Madras and Mysore the Chairman is elected.

#### *Managing committees of societies :*

3.9 The running of the primary cooperative society is the responsibility of the managing committee or the executive committee, by whichever name it is called. This committee is in direct touch with the ultimate borrowers and is expected to have an intimate knowledge of their credit needs, economic conditions, weaknesses and strength, and to act as a watchdog for the utilisation of credit.

3.10. The management committees of 125 sample societies had 926 members or an average membership of about 7 to 8 per body at the time of survey. In 19 out of 25 banks, i.e., in 76% of the banks, the average strength of this body per society ranged from 5 to 8. In the other banks, viz., Surat (Gujarat), Mandya (Mysore), Jaipur (Rajasthan), Aligarh (U.P.), Arrah (Bihar) and Anantnag (J&K), the average ranged between 9 and 12.

3.11 Out of 125 societies, 114 or 91% have only individuals as members of this committee. In 17 banks, the members of the committees of all the sample societies are only individuals. In 6 out of 8 banks (3 in category A, 3 in category B and 2 in category C) where other types of representatives are found, there is only one society in each of them, in which there are other representatives along with individuals. In Kozhikode (Kerala) Bank, there is one committee in which there are representatives of the Panchayat along with individuals. In Rohtak (Punjab), out of 28 members of 5 committees, 23 belong to this category and only 5 are individuals. In only 11 banks do officials find a place in the managing committees of societies and that, too, usually in one of the 5 sample societies. In 3 banks, Bijapur (Mysore), Jaipur (Rajasthan) and Eluru (Andhra Pradesh), official members are reported in 2 of the sample of 5 societies for each; and in Aligarh (U.P.) in 3 sample societies. The number of officials per society are generally either 2 or 3.

### *Mode of representation :*

3.12 Election is almost the universal mode of selection of individuals. Out of 815 individual members, only 26 or about 3.2% were nominated. In none of the societies in category A States, nomination was reported. Nomination is found in societies of Indore (M.P.), Bijapur and Mandya (Mysore), Jaipur (Rajasthan) and Cachar (Assam). Their proportion is negligible in Mandya and Jaipur, as there is only one such member in a total strength of 58 and 46, respectively. In the other banks, they are in recognisable proportion, numbering 5 out of 27 in Indore, 10 out of 24 in Bijapur and 9 out of 32 in Cachar.

3.13 Thus, the constitution and mode of representation of managing bodies, both at the bank and society levels, fulfil the usually preferred criteria. These bodies are composed predominately of non-officials and are democratically constituted.

### *Meetings :*

3.14 The real effectiveness of these bodies depends on how they function. The responsibility of the members of these committees in regard to the working of the societies is very wide. In fact, there is nothing for which they cannot be held directly or indirectly responsible, subject to the limitations, if any, to their powers imposed by the higher credit institutions or the cooperative department. One of the tests of the interest and activeness of these managing committees is the frequency with which they hold meetings, as that is their principal mode of operation.

3.15 We tried to gather information about the number of meetings held by them in 1960-61 and 1961-62. As our survey was held before the end of the cooperative year 1961-62, figures for this year usually cover only 9 to 10 months. Secondly, information was not available in respect of any society for a number of banks, namely, Indore, Mahasu, Rohtak, Raipur and Madurai. There were some blanks also in a few other banks. As a result, this, information is available only for 84 societies for 1960-61 and for 85 in 1961-62. These societies have been classified by the number of meetings their committees held. In 1961-62, 37 or 44% of the committees did not meet more than 10 times. In 17 or 20% of the societies, the Managing Committee had met 20 times or more, 9 of these societies being situated in Ludhiana, (Punjab), Salem (Madras) and Vijayawada (Andhra Pradesh). The position in 1960-61 was strikingly similar. Thirtythree (39%) of the 84 societies held 10 or fewer meetings and 19 or 22.6% of them had 20 or more meetings.



## Staff

### *Field staff with Central Banks*

3.16 Some broad details were collected about the different categories of staff with the Central Banks. variations in these during the preceding 5 years as well as the expenditure incurred on them. Details of the numerical strength of the staff categorised as field staff by the banks and the amount of expenditure incurred on their pay and allowances during the years ending 30-6-56, 30-6-60 and 30-6-61 are given in Appendix Table IX.

3.17 In some of the States like Punjab, Rajasthan, U.P., H.P. and J & K, there is practically no field staff maintained by the Central Banks. In others, the strength varies considerably. The variations in the strength of field staff can be due to various factors like the number of societies under a bank, the quantum of funds available for the purpose, the need felt for such staff and the existence of the field staff of the cooperative department or cooperative union in the bank area.

3.18 At the end of 1960-61, among 11 States (excluding the five mentioned above) in seven viz., Andhra Pradesh, Gujarat, Maharashtra, Mysore, Assam, Bihar and Orissa, the strength of the field staff in a bank varied between 14 and 40. It was relatively much higher in Madras, Madhya Pradesh and Kerala. It may be mentioned here that these staff generally include supervisory officials with varying designations like Manager, Executive Officer, Chief Inspector, Senior Inspector, Inspector, Assistant Inspector, Supervisor or Secretary. But in some of the banks like Madurai (Madras), Poona (Maharashtra), Indore and Raipur (Madhya Pradesh) and Bijapur (Mysore), these also include the lower level staff like clerks, peons, messengers and field-men. A reference to the Appendix Table will show that the field staff has generally been increasing in strength. Taking the field staff with the banks in the 11 States, their average strength per bank increased from about 46 in 1959-60 to about 50 in 1960-61, i.e., by 7% or so in one year. When compared to the strength 5 years earlier, the average rose from 32 to 50 or by about 56%. The increase was, however, not uniform for all banks.

3.19. The average expenditure per bank per member of this field staff (for the banks for which data on both the strength and the expenditure were available) came to Rs. 1227 for the year 1955-56, rose to Rs. 1400 by the year 1959-60 and to Rs. 1594 in the year 1960-61. In other words, in 1960-61, the expenditure had increased 30% over 1955-56 and 13.5% over the preceding year. The average expenditure per staff member (field staff) varied widely from Rupees 856 to Rs. 2916 among the various banks. The distribution of banks according to average expenditure

groups for the years 1955-56, 1959-60 and 1960-61 according to categories of States is given below :

TABLE 3.3

*Average expenditure per member of field staff in central banks*

Year	Category of States	No. of rel. Banks	Percentage of banks in the yearly expenditure groups			
			below 1000	1000 to 1500	1500 to 2000	2000 & above
1	2	3	4	5	6	7
1955-56 . . .	A . . . .	4	..	50.0	25.0	25.0
	B . . . .	3	33.3	66.7	..	..
	C . . . .	4	50.0	25.0	25.0	..
	TOTAL . . .	11	27.3	45.4	18.2	9.1
1959-60 . . .	A . . . .	4	25.0	..	50.0	25.0
	B . . . .	7	14.3	57.1	..	28.6
	C . . . .	5	80.0	..	20.0	..
	TOTAL . . .	16	37.5	25.0	18.7	18.8
1960-61 . . .	A . . . .	5	..	..	60.0	40.0
	B . . . .	7	..	57.1	14.3	28.6
	C . . . .	5	40.0	40.0	..	20.0
	TOTAL . . .	17	11.8	35.3	23.5	29.4

The banks incurring an average expenditure of Rs. 1,500 and above per member of field staff formed 27% of the sample banks in 1955-56; their proportion rose to 37% in 1959-60 and to 53% in 1960-61. Thus there has been a rise in the levels of salary of the field staff over this period in most States. Secondly, the percentage of banks in the higher expenditure groups is highest in category A States (advanced), and lowest in category C (weaker) States. The field staff were much better paid in the cooperatively advanced States.

#### *Staff for supervision of the Utilisation of loans :*

3.20 An effective credit system should ensure a proper and honest use of the loans by the borrowers. This supervision aspect of ~~the use of~~ loans has not yet been given the attention it desires. It is true that the

functions of the field staff normally include this also. But our enquiries reveal that the field staff are generally so much burdened with the procedural, administrative and accounts work, such as the scrutiny and verification of loan applications, credit and accounts statements, that supervision of the utilisation of loans has hardly received much attention.

3.21 The details of field staff reveal that Gujarat, Maharashtra, Mysore (in Bijapur), Assam and Orissa, the field staff of both the Central banks/or banking unions and the Cooperatives department or co-operative unions are supposed to supervise the utilisation of loans. In Andhra Pradesh, Madras, Madhya Pradesh, Mysore (in Mandya), Kerala and West Bengal, the supervisory staff of *only* the Central banks are entrusted with this task; and in some States like U.P. and Bihar, this is a part of the duty of the field staff of the cooperative department. Finally in Punjab, Rajasthan, Himachal Pradesh and J & K, where there was practically no field staff with the Central banks (except a few in Jaipur, Rajasthan), this function was not being looked after by the Co-operative department too. Thus, while in 7 banks the field staff of both the banks and the cooperative department were charged with this responsibility and in 10, it is only the Bank Staff and in 3 the staff of the Cooperative Department are responsible for this function.

3.22 Of the total supervisory staff, only about 5% did not possess the requisite educational and other qualifications. In the case of 9 out of 19 banks, all the staff whether of the central bank or cooperative department were properly qualified. It is only in a few of the sample banks, viz., the two in Gujarat, Mandya in Mysore, Indore in Madhya Pradesh that a good proportion, ranging between 30 to 52% of such staff did not possess the requisite qualifications.

3.23 The other aspect which was looked into was whether or not the staff had been trained in cooperation. The picture in this respect was found to be quite satisfactory. More than three-fourths of the staff with the Central Banks and 89% of those of the cooperative department were trained in cooperation. In 7 of the 19 banks the entire staff was reported to have been trained in cooperation; and in another 5, a substantial proportion 82 to 95%, had this training

#### *Secretaries of societies :*

3.24 The principal official of a primary society is the secretary. The day-to-day working of the primary cooperative societies depends, to a considerable extent, on the efficiency of the secretary. Information about secretaries is available for all the societies except one in Amreli (Gujarat). The points that were looked into are whether the secretaries

are part-time or full-time, whether they are honorary or paid and what are their qualifications. Of the 124 societies, for which such information is available, everyone had a secretary either part-time or full-time.

3.25 It is significant to note that in none of the banks all the sample societies had full-time secretaries. In nearly one-half of the banks, all the sample societies had only part-time secretaries. Among these, four belonged to category A States-both the sample banks in Madras, Amreli in Gujarat and Akola in Maharashtra, 3 to category B States-both the banks in Punjab and Ajmer in Rajasthan; and in 5 of the 7 banks in category C States-those in Assam, Bihar, Orissa, West Bengal and Himachal Pradesh, all the sample societies had only part-time secretaries. In the remaining banks, 32 or one-half of the sample societies had full-time secretaries and the rest (33 societies) had part-time secretaries. However, in some banks like Surat (Gujarat), Deoria (U.P.), Poona (Maharashtra) and Eluru (Andhra Pradesh) the secretaries in 4 out of 5 sample societies were full-time; and, on the other hand, in Vijaywada (Andhra Pradesh), Raipur (Madhya Pradesh), Kozhikode (Kerala) and in Anantnag (J & K) 4 out of 5 were part-time. Thus, taking all banks, 26% of the total sample societies had full-time and 74% part-time secretaries.

3.26 The majority (61%) of the secretaries were found to be paid, the rest being honorary. In one-half of the banks-those in Gujarat, Maharashtra, Madhya Pradesh, Punjab, Orissa and one of the sample banks in each of the States, Mysore, Uttar Pradesh and Rajasthan-all the secretaries were paid ones; but in one-half of these banks, they were only part-time secretaries. On the other hand, all the secretaries of the sample societies in Madras, Bihar and West Bengal were honorary, and naturally also part-time. There were only very few societies where the secretaries were both full-time and paid.

3.27 Amongst the full-time secretaries, 26 or 81% were educated at least up to the middle standard, and 14 (about 44%) were at least Matriculates. Judging by the educational qualifications, most of the full-time secretaries can generally be regarded as qualified. Amongst the part-time secretaries, a large number, 32 or 35%, had read only up to the primary standard. An equal proportion (35%) was, however, educated up to the middle standard; and another 24% were Matriculates or more. Thus, though the position naturally compares unfavourably with that for the full-time secretaries, it is not as bad as might be apprehended.

#### *Other staff of societies:*

3.28 We also ascertained in the course of the survey whether the societies had any staff other than the secretary. In 8 of the 25 banks, it was found that the societies had no staff other than the secretary.

Besides, in the societies of 5 of these 8 banks, there were only part-time secretaries. Thus, the absence of other staff is not due to the fact that the societies had full-time secretaries. The total number of societies (sample) was 60 in the remaining 17 banks. These had some other staff. All the sample societies in five banks, viz., Eluru (Andhra Pradesh), Amreli (Gujarat), Jaipur (Rajasthan), Aligarh (U.P.) and Anantnag (J & K), reported having additional staff. There 60 societies reported a total staff of 109 with an average of one to two. Only in 4 banks, viz., Eluru (A.P.), Mandya (Mysore), Kozhikode (Kerala) and Anantnag (J & K), the average per society exceeded 2. Nearly one-third (35) of such staff was class IV staff such as peons and watchmen; two-thirds of them were mostly clerical and ministerial or accountant staff. There was practically no staff for field supervision in any of the societies except in Aligarh, where 3 field supervisors were reported to be on the ~~the~~ the sample societies.



## CHAPTER VI

### PURPOSES AND USES OF LOANS

#### *Introduction :*

6.1 It is not only the number of respondents who divert loans and the amount of loans which are diverted, that are important but also the purposes from and to which these diversions are made. This analysis is useful both for getting some idea of the lines on which improvements in the lending policy can be made and for providing an insight into the economic exigencies and other factors which compel or motivate borrowers to divert loans.

6.2 To throw light on this aspect every respondent was asked the purposes for which he had borrowed short-term or medium-term loans and the purposes for which he had used them. The data have been analysed in the following manner. First, the reported purposes have been integrated together under major heads based mainly on the nature of economic activity implied in the purposes. However, the productive and non-productive, the agricultural and non-agricultural nature of purposes has been kept in view and classified separately. Then, the relative share of these purposes in the total credit obtained by borrowers and the relative magnitude of diversion (% of diverted amount to borrowed amount) have been worked out. Thereafter, the variation in regard to purposes of borrowing and diversion magnitude have been examined. Next, the directions in which the diverted amounts have gone and the relative share in the diverted amounts been analysed. Finally, the aggregate picture of diversion, i.e., the direction of diversion from groups of purposes to groups of purposes has been presented. This analysis has been extended to study the variations among the various size of holding groups and as between the various categories of States and between the States. The treatment has been done separately for short-term and medium-term credit.

6.3 The analysis, however useful and interesting, has been extremely complicated and laborious, involving, as it did, recording of the amounts taken for each purpose and for each borrower, then sorting out directions for each purpose. The number of borrowers were about 1,300 and the purposes of borrowing and of diversion, each exceeded 40. In the case of medium-term loans, data for 3 years had also to be integrated.

6.4 Further this multiplicity of purposes presented some problems in classification. First, in quite a number of cases loans have been put to

4.4 On the whole, the sample households incurred an average expenditure of nearly Rs. 1,600 per household in the year 1960-61, the monthly expenditure coming to Rs. 130 or so per household. The average expenditure for 10 months in 1961-62 was Rs. 1,590 or nearly Rs. 160 per month. Thus there was an increase of nearly 23% in the level of average expenditure in about a year's time.

4.5 As the areas of the selected banks fall into regions with varied levels of development, there is a wide variation in the level of expenditure. For 1960-61, the average varies from Rs. 415 in Banki (Orissa) to Rs. 4,100 in Eluru (A.P.). The following table gives the distribution of banks according to the level of expenditure groups (average per month) of the sample of borrower households for the years 1960-61 and 1961-62.

TABLE 4.1

*Distribution of banks according to average expenditure per borrower household :*

Average expenditure group (Rs.)	Percentage of banks	
	1960-61	1961-62
1	2	3
50 or below	12.0	4.0
50—75	20.0	8.0
75—100	8.0	20.0
100—150	28.0	24.0
150-200	16.0	20.0
200—250	8.0	10.0
250—300	4.0	12.0
300 & above	4.0	4.0
Total no. of banks	25	25

In 1960-61, the expenditure per household was less than Rs. 100 in 40% of the banks and in another 28% it ranges between Rs. 100 and 150. Thus in two-thirds of the banks, the average was below Rs. 150. But during the next year, the number increased in the higher expenditure groups; and there was a steady increase in the expenditure level of borrower households in almost all the banks during this period. Looking from the angle of States, it appears that only in 7 of the 16 States (including Himachal Pradesh) A.P., Maharashtra, Mysore, Gujarat, Bihar,

Kerala and H.P.,—the average annual expenditure exceeded Rs. 1,500, in 1960-61. It was highest in Andhra with an average of Rs. 3,440, followed by Maharashtra and Mysore where the average was Rs. 2,490 and Rs. 2,016 respectively. In Orissa, on the other hand, the expenditure was the lowest, nearly Rs. 520 or around Rs. 45 p.m.

*Distribution of respondents according to expenditure groups:*

4.6 The level of expenditure of a household obviously depends on its economic position. Table 4.2 on page 32 gives the distribution of the selected households by the size of their holding and by expenditure groups:





TABLE 4.2

*Distribution of sample households by size of holdings and level of average annual expenditure, 1960-61 and 1961-62.*

Size of holding group	No. of relevant respondents	Percentage of households in expenditure groups (Yearly expenditure in Rs.)														
		1960-61							1961-62							
		Below 500	500 to 1000	1000 to 1500	1500 to 2000	2000 to 3000	3000 to 5000	5000 and above	Below 500	500 to 1000	1000 to 1500	1500 to 2000	2000 to 3000	3000 to 5000	5000 and above	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
No. holding .	94	20.2	39.4	19.1	9.6	8.5	..	3.2	23.7	41.5	13.8	7.4	6.4	..	2.1	
Below 5 acres	406	33.5	39.9	11.3	7.1	4.4	3.0	0.7	36.2	33.2	13.8	3.9	3.7	3.4	0.7	
5-10 acres	234	24.8	33.0	14.1	7.3	8.1	4.7	3.0	22.6	35.5	12.0	12.4	7.3	6.8	3.4	
10-15 acres.	157	19.1	28.0	17.2	8.3	10.8	10.2	6.4	17.2	30.6	20.4	5.1	10.2	10.8	5.7	
15-30 acres	177	13.0	21.5	22.0	13.6	10.7	9.6	9.6	77.3	24.3	18.1	13.1	15.3	13.0	8.4	
30-45 acres	62	3.2	11.3	21.0	3.2	19.4	16.1	28.5	3.2	12.9	11.3	12.9	17.7	21.0	21.0	
45-60 acres	14	..	7.1	..	7.1	28.6	42.9	14.3	..	7.1	..	21.4	21.4	28.6	21.4	
60 & above .	26	..	7.7	15.4	3.8	19.2	19.2	31.6	3.8	..	7.7	11.5	19.2	24.6	23.1	
TOTAL	1,170	22.9	32.5	15.4	8.2	8.7	6.6	5.7	23.1	32.2	14.5	8.4	8.5	8.2	5.0	

The distribution of respondent households among the various expenditure groups for the year 1960-61 reveals that 70% of the households incurred a cash expenditure of less than Rs. 1,500 during the year or less than Rs. 125 per month; and nearly one-fourth (23%) had a cash expenditure of even less than Rs. 500 or Rs. 40 a month or so. Only 12% of the households incurred an expenditure of more than Rs. 3,000 a year.

4.7 As expected, the percentage of households in the higher groups of expenditure is normally higher in the higher sizes of holdings. Among those without agricultural holding, nearly 60% had an expenditure level less than Rs. 1,000, and another 20% in the group Rs. 1,000 to 1,500. Even among smaller cultivators i.e., those with less than 10 acres, 63 to 73% had incurred an expenditure on current items of less than Rs. 1,000 and 18 to 22% between Rs. 1,000 and 2,000 in a year. Among medium cultivators i.e., those with 10 to 30 acres, the majority i.e., 57 to 64% spent less than Rs. 1,500; but 17 to 19% of them had incurred an expenditure of more than Rs. 3,000 a year. But among the larger farmers i.e., those with 45 acres or more of holding, more than one-half incurred an expenditure exceeding Rs. 3,000; and 35% with 60 acres and above spent Rs. 5,000 or more. Thus a good degree of variation exists among the various economic classes as determined by the size of holding.

4.8 The distribution pattern of the households among the various expenditure groups for 1961-62, is, on the whole, similar to that for 1960-61, despite the fact that the data for 1961-62 relate to 10 months upto April 1962. This shows that the expenditure increased in almost all the groups; and the increase in respect of households in the higher groups must have been higher.

#### *Expenditure on Farms and on Household Account :*

4.9 The distribution of expenditure on the farm and the household for the various bank areas is given in the table below :

TABLE 4.3

#### *Proportion of expenditure incurred on Farm and Household Accounts*

(Percentage to total expenditure for each area)

State	Name of the Bank area	@Farm		Households	
		1960-61	1961-62	1960-61	1961-62
1	2	3	4	5	6
A.P.	Eluru . . . .	57.8	60.8	42.2	39.2
	Vijayawada . . . .	46.5	49.9	53.3	50.0
Gujarat . . . .	Surat . . . .	29.2	31.6	70.9	68.3
	Amreli . . . .	57.1	52.5	42.8	47.4

1	2	3	4	5	6
Madras . . . .	Madurai . . . .	29·4	32·4	70·5	67·6
	Salem . . . .	33·5	33·1	66·4	66·9
Maharashtra . . . .	Akola . . . .	47·8	49·3	52·1	50·9
	Poona . . . .	53·2	56·1	46·8	43·9
M.P. . . . .	Indore . . . .	48·0	49·1	52·1	50·9
	Raipur . . . .	37·5	32·3	62·6	67·6
Mysore . . . . .	Bijapur . . . .	35·1	34·2	64·9	65·7
	Mandya . . . .	52·9	44·3	47·1	55·8
Punjab . . . . .	Rohtak . . . .	13·2	18·3	86·9	81·7
	Ludhiana . . . .	27·6	28·6	72·3	71·3
Rajasthan . . . . .	Ajmer . . . . .	21·2	22·2	78·8	77·8
	Jaipur . . . . .	22·4	21·1	77·5	78·9
U.P. . . . .	Deoria . . . . .	27·7	39·3	72·2	60·8
	Aligarh . . . . .	23·3	19·7	76·7	80·2
Assam . . . . .	Cachar . . . . .	21·4	17·9	78·6	82·2
Bihar . . . . .	Arrah . . . . .	15·6	20·8	84·5	79·3
Kerala . . . . .	Kozhikode . . . .	12·1	14·2	87·8	85·6
Orissa . . . . .	Banki . . . . .	17·3	15·1	82·6	84·8
W. Bengal . . . . .	Mughberia . . . .	29·7	31·9	70·3	68·2
H. Pradesh . . . . .	Mahasu . . . . .	19·6	14·8	80·3	85·2
J. & K. . . . .	Anatnag . . . . .	14·6	13·9	84·4	86·2
TOTAL . . . .		38·3	38·2	61·7	61·7

@These include expenditure on wages, hire charges on carts etc. and repairs and a small portion of these relates to non-agricultural items also.

The expenditure on household needs (62%) far exceed the expenditure on business or agricultural items (38%). It is only in 4 bank areas, viz., Eluru (A.P.), Amreli (Gujarat), Poona (Maharashtra) and Mandya (Mysore) that the expenditure on farm exceeded 50% of the total expenditure. In all other areas, the proportion of expenditure on household

exceeded that on the farm. Rather in 13 or nearly 50% of the areas, the latter exceeded 70% and in about 25% it exceeded 80%.

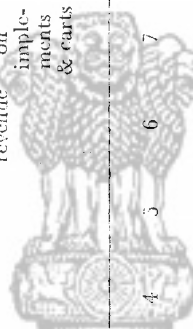
*Relative importance of the items :*

4.10 The average cash expenditure incurred by the respondents on various items and the percentage distribution are given in Appendix Tables X (i and ii). The pattern of distribution of expenditure on various items during the two years 1960-61 and 1961-62 remained almost similar. The expenditure can be classified into two broad groups, one comprising the business or the occupational items, and the other the household or domestic items. In the context of our study, the expenditure on business would mean mostly expenditure on current agricultural inputs or other operational costs. Except for a small proportion of expenditure included under wages and repairs etc., the expenditure incurred on seeds, fertilisers and manures, wages, irrigation charges, rents and land revenue, hire charges on implements and carts etc. would be on the farm account; and expenditure on the rest of the items could be grouped under household requirements. Under the farm account category expenditure incurred on items like seeds and manures, etc. include only cash expenditure and not the computed cost of such items which are not purchased.

4.11 The relative share of total expenditure and average expenditure per household is given in Table 4.4 on next page :



TABLE 4.4  
Relative share of expenditure on various items

Percentage share and average expenditure on													
Year	Farm							Household					
	1	2	3	4	5	6	7	8	9	10	11	12	13
			Seds	Fertili- ser & manu- res	Wages	Irrgn. charges	Rents & land revenue	Hire charges on imple- ments & carts	Re- pairs etc.	H.H. con- sump- tion & other needs	Cere- monies medical needs	Educa- tion & effects	H.H. Others
													
सत्यमेव जयते													
1960-61 :													
Percentage share to total expenditure .	2.8	8.7	15.6	2.1	4.0	1.1	4.0	35.7	11.3	7.6	5.3	1.8	
Av. expenditure (Rs.)	44.50	139.30	248.80	34.20	63.20	17.50	64.00	570.00	180.00	120.70	84.60	28.20	
1961-62 :													
Percentage share to total expenditure .	2.7	9.1	15.5	2.3	3.9	1.0	3.7	35.3	10.4	8.2	5.5	2.3	
Av. expenditure (Rs.)	43.00	144.60	247.00	37.20	62.70	16.50	59.50	560.70	165.30	129.90	87.60	35.80	

Among the different items, cash expenditure on seeds was normally very low except in Amerli (Gujarat). The proportion of expenditure on seeds was below 6%; and in 10 or 40% of the banks it was 1% or less. In 60% of the banks, the expenditure on fertilisers and manures did not exceed 5% of the total expenditure; in 36% of the banks it was 2% or less; and in Rohtak none of the sample borrowers purchased fertilisers. In 4 of the bank areas, Eluru (A.P.), Poona (Maharashtra), Mandya (Mysore) and Salem (Madras), the expenditure on this item formed a good proportion ranging between 10 and 20%. It was highest in Amreli (Gujarat) where it was about 23%. Wages, as we have noted earlier, claimed a relatively higher proportion of expenditure. In three bank areas, *viz.*, Akola (Maharashtra) and in Indore and Raipur (M.P.), the proportion of expenditure incurred on wages (mainly agriculture) alone exceeded 30% and in Vijayawada (A.P.), the percentage was as high as 27. In another 9 or about 36% of the banks, the percentage ranged from 10 to 20%.

4.12 On the whole, nearly 38% of the cash expenditure was incurred on business which included mainly agriculture; and the rest was spent on meeting current household needs. Among the agricultural expense items, seeds, fertilisers including manures and wages claimed nearly two-thirds. Wages alone formed an important constituent claiming 16% of the total expenditure or about 42% of the expenditure on agricultural items. Expenditure on fertilisers and manures accounted for about 9% of the total expenditure or nearly 24% of the expenditure on current agriculture. The 62% of the total expenditure, allocable to current household requirements, is made up of 36% for meeting the consumption needs, 10 to 11% for ceremonies and 8% for education and medical expenses.

4.13 On the household side, the expenditure on consumption and other current needs obviously claims the highest proportion. But since the proportion spent on the household account varies widely, as we have seen earlier, there is also a wide range in the proportion of total expenditure incurred on current consumption. In 11 or 44% of the banks, the expenditure on this item alone varies from 50 to 67% of the total expenditure. Except in Poona where only 10% were spent on this head, nowhere the proportion is less than 20%. Normally, this head claims 50 to 75% of the household expenditure.

4.14 It is further noted that a sizeable proportion of the expenditure is incurred on ceremonies. In 12 or nearly 50% of the banks, the expenditure on ceremonies alone exceeded 10% of the total expenditure. This is particularly so in the States of U.P., Bihar, Orissa, Rajasthan and Punjab. In U.P. and Bihar, the percentage of expenditure on ceremonies was even higher than 30%. In Salem (Madras), Rohtak (Punjab), Jaipur (Rajasthan) and Banki (Orissa), 15 to 22% of the total expenditure were

incurred on ceremonies during 1960-61. Expenditure on household effects is more often nominal. The proportions of expenditure incurred on various items in 1961-62 do not show very much of difference from those for 1960-61.

*Current receipts :*

4.15 We also tried to collect information about the level of cash receipts or earnings accruing to the households of the selected respondents from such items as sale of produce, or disposal of commodities like farm yard manure, non-agricultural produce, milk, ghee, or income from personal services like wages, or income from other sources like rent, hire charges, other investments etc. The appendix Tables XI (i and ii) give the total and average earnings from various items.

4.16 On an average, a household received Rs. 1,775 from the above sources during the year 1960-61 or an average earning from current items of about Rs. 150 per month. Correspondingly, the average earning came to Rs. 1,712 for the year 1961-62 (upto April 1962) or Rs. 170 p.m. Thus, there was an increase of nearly 16% in the earnings over the year.

4.17 The following table gives the distribution of banks according to the level of receipts per month for the years 1960-61 and 1961-62.

TABLE 4.5

*Distribution of banks according to average receipts per month per household*

Average receipt group (p.m.) (Rs.)	Percentage of banks reporting	
	1960-61	1961-62
1	2	3
Below 50 . . . . .	8.0	..
50—75 . . . . .	24.0	28.0
75—100 . . . . .	12.0	4.0
100—150 . . . . .	24.0	24.0
150—200 . . . . .	4.0	16.0
200—250 . . . . .	16.0	12.0
250—350 . . . . .	4.0	4.0
350 and above . . . . .	8.0	12.0

During 1960-61, in 32% of the bank areas, the average receipts were below Rs. 75 p.m. and in another 36%, it ranged between Rs. 75 and 150. Thus, in two-thirds of the bank areas, the average earnings per month were less than the overall average of Rs. 150 p.m. Only in 3 bank areas, viz., Poona (Maharashtra), Eluru (A.P.) and Mandya (Mysore), the average per month exceeded Rs. 250 in 1960-61. The percentage of bank areas in the higher receipt groups, however, showed an increase during the next year.

*Receipts and size of holdings :*

4.18 Size of earnings would obviously be related to the size of holdings. Table 4.6 on next page gives the distribution of selected households by size of holdings and by the level of their annual receipts:





TABLE 4.6

*Distribution of sample households according to size of holdings and level of annual receipts.*

Size of holding group		No. of relevant respondents		Percentage of households in receipt groups (Yearly receipts, Rs.)															
				1960-61										1961-62					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
				Nil	Below 500 to 1000	500 to 1000	1000 to 1500	1500 to 2000	2000 to 3000	3000 to 5000	5000 and above	Nil	Below 500 to 1000	1000 to 1500	1500 to 2000	2000 to 3000	3000 to 5000	5000 and above	
No. holding	.	.	94	3.2	12.8	30.8	21.3	11.7	12.8	6.4	1.1	..	17.0	29.8	22.3	10.6	14.9	4.3	1.1
Below 5 acres	.	.	406	9.2	30.8	36.9	12.6	7.4	6.4	3.4	0.2	4.7	32.8	34.5	13.1	6.6	5.4	2.7	0.2
5-10 acres	.	.	234	2.1	26.5	31.6	15.4	8.1	5.1	6.8	4.3	0.9	29.5	28.2	15.0	10.2	6.0	6.8	3.4
10-15 acres	.	.	157	3.8	18.5	22.3	15.3	12.7	8.9	10.2	8.9	4.4	15.3	22.9	17.2	7.6	15.3	5.1	12.1
15-30 acres	.	.	177	3.4	11.9	21.5	7.3	10.7	18.6	15.3	11.3	3.4	15.3	16.9	11.3	11.3	19.2	11.3	11.3
30-45 acres	.	.	62	3.8	8.1	12.9	12.9	4.8	12.9	9.7	33.9	1.6	11.3	12.9	12.9	4.8	12.9	12.9	30.6
45-60 acres	.	.	14	7.1	..	..	7.1	14.3	14.3	14.3	42.9	..	7.1	7.1	..	14.3	7.1	42.9	21.4
60 and above	.	.	26	..	..	7.7	19.2	3.8	11.5	19.2	38.5	7.7	7.7	3.8	7.7	7.7	3.8	23.1	38.5
TOTAL	.	.	1,170	2.8	21.7	28.7	13.5	9.0	9.4	7.9	7.1	3.2	23.8	26.5	14.2	8.5	10.1	6.8	6.9

It appears from these data that 50% of the households had cash earnings from current items of less than Rs. 1,000 in 1960-61; and about 22% had earnings of even less than Rs. 500 or Rs. 40 per month. On the other hand, 15% of the households reported current cash receipts exceeding Rs. 3,000 over the year or over Rs. 250 per month. Further, the proportion of households is found to be higher in the higher holding groups, as is expected. The foregoing table brings out the disparity that exists in the receipts among the smaller and bigger cultivators. As the data for 1961-62 cover only 10 months, data in the above table show that there occurred an increase in receipts in almost all holding-groups.

*Relative importance of items :*

4.19 The following table shows the share of the various items in the average cash receipts for the years, 1960-61 and 1961-62. More than two-thirds of the cash receipts were on account of the sale of farm produce, the next important sources being other items (13%) and receipts from wages (11%). Sales of milk and ghee contributed about 4% to the total receipts.

TABLE 4.7

*Share of various items in cash receipts per household in 1960-61 and 1961-62*

Year	Percentage share and average receipts from								
	Sale of farm produce	Sale of Farm Yard manure	Rent charges	Hire charges	Wages	Sale of non-agr. produce	Sale of milk and ghee	Investments	Other sources
1	2	3	4	5	6	7	8	9	10
1960-61									
%age share .	68.0	0.1	1.5	1.3	11.3	0.3	3.5	1.3	12.7
Av. earning (Rs.)	1207.50	1.80	25.90	22.60	201.20	5.10	62.60	23.50	225.50
1961-62									
%age share .	66.9	0.1	1.6	1.2	11.3	0.3	3.8	1.4	13.4
Av. earning (Rs.)	1145.40	1.20	26.60	21.10	193.40	5.60	65.70	23.50	229.20
(Upto April 1962)									

4.20 The Appendix Table shows that during 1960-61 in 40% of the sample areas, more than 70% of the cash receipts of households were on account of the sale of farm produce; and in 32% of the areas, more than 80% were from this item. In more than one-half of the bank areas, this was the major source of income. These areas were in A.P., Maharashtra, Mysore, Gujarat, M.P., Punjab, Madras and West Bengal. In the other States, cash income from sale of farm produce accounted for between 25 and 50% of the total cash receipts in the selected bank areas.

4.21 On the other hand, in most of these last bank areas, the share of wages was relatively high. In 5 of the banks, Deoria (U.P.), Ajmer (Rajasthan), Mahasu (H.P.), Kozhikode (Kerala), Anantnag (J. & K.), the receipts from wages alone accounted for 25 to 50% of the total cash receipts. In 36% of all the bank areas, the share of wages was between 10 and 25%. Thus, in more than one-half of the bank areas, wages contributed more than 10% to the receipts from the current items.

4.22 Receipts from farm yard manure were negligible. Cash income from the rent of land or other property was reported in A.P., Madras, Poona (Maharashtra), Mandya (Mysore), Jaipur (Rajasthan), and the selected bank areas in Assam, Bihar, Kerala, J. & K., Orissa and West Bengal. But the share of such income in total cash receipts did not exceed 6% anywhere. Earnings from hire charges on implements, carts, etc. were reported in 80% of the banks; but their share in the total earnings was normally very small except in Orissa where these accounted for about 14% of the total receipts.

4.23 The data also show that among the agricultural households there was hardly much of earnings from the sale of non-agricultural produce or goods. In one of the 9 banks from where such earnings have been reported. In 7, it was less than even 1% of the total earnings. Income from sale of milk and ghee was reported in most of the areas; but its share significant only in 5 bank areas, viz., Amreli (Gujarat), Indore (M.P.), Ajmer and Jaipur in Rajasthan, Aligarh (U.P.). In Indore, it claimed 28% of the entire earnings. Income from investments was significant i.e., 5%, in the Surat area only.

4.24 The pattern of earnings in 1961-62 was more or less similar to that in 1960-61 as will be clear from the data in the Appendix Table.

#### *Acquisition of assets :*

4.25 The Appendix Tables XII (i, ii and iii) give data on the total and average value of acquisition of assets as well as their item-wise distribution. The total value of assets acquired by the sample households during 1958-59 came to Rs. 2.87 lakh which rose to Rs. 5.32 lakh in 1959-60 and to Rs. 6.15 lakh in 1960-61, and was around Rs. 5.83 lakh for the first 10

months of 1961-62. The average acquisition per household rose from Rs. 245 in 1958-59 to Rs. 455 in 1959-60 and to Rs. 526 in 1960-61. In the second year, it almost doubled over that in the first; but in the subsequent year the increase occurred by about 16%. The average value of acquisition of assets per household varied widely in the different bank areas and the States, and even between the years. The distribution of bank areas according to average expenditure on the acquisition of capital assets is given below for the years 1958-59 and 1960-61:

TABLE 4.8

*Distribution of bank areas according to average value of acquisition of assets per household, 1958-59 and 1960-61*

Value of assets acquired (Rs.)	Percentage of Banks	
	1958-59	1960-61
1	2	3
Below 25 . . . . .	..	4.0
25—50 . . . . .	8.3	..
50—100 . . . . .	12.5	..
100—200 . . . . .	25.0	12.0
200—300 . . . . .	20.8	28.0
300—500 . . . . .	20.8	24.0
500—1000 . . . . .	12.5	16.0
1000 & above . . . . .	..	16.0
No. of banks . . . . .	24	25

As against 20% of the sample areas, where the average value of acquisitions was less than Rs. 100 in 1958-59, only 4% reported so in 1960-61. On the other hand, the average value of acquisitions exceeded Rs. 500 in 32% of the bank areas in 1960-61, as against 12.5% in 1958-59. Thus the average value of acquisition of assets recorded an appreciable increase in the course of this three-year period.

*Item-wise distribution of asset-acquisition :*

4.26 The data collected reveal that the major portion of the capital expenditure was incurred on the purchase of land and buildings, live-stock and implements, on investments in the improvement of land and other irrigation sources, and on the construction of house. Details of the distribution of the amount spent on the acquisition of assets among different items are given in the table below :

TABLE 4.9

*Distribution of the expenditure on acquisitions by asset items, 1958-59 to 1960-61*

Year	Percent of total capital expenditure spent on						
	*Pur- chase of land	Invest- ment on land {improve- ment & irrigation sources	Live- stock	Imple- ments	House construc- tion	Invest- ment (in share money etc.)	Others
1	2	3	4	5	6	7	8
1958-59 . .	34.2	13.3	24.2	2.7	15.5	2.3	7.9
1959-60 . .	35.1	16.4	21.8	2.1	13.2	5.5	5.9
1960-61 . .	23.4	16.4	31.3	1.8	15.2	5.6	6.2

\*This also includes a small proportion on buildings.

Nearly one-half of the total capital expenditure was incurred on the purchase of land, and the improvement of land and irrigation sources in 1958-59 and 1959-60. Nearly one-fourth was spent on the purchase of livestock. But in 1960-61, while the percentage of expenditure on the purchase of land declined, that on the purchase of livestock registered a corresponding increase. Among items of non-agricultural investment, house construction has been the most important. It has been accounting for from 13 to 16% of the capital expenditure.

4.27 An indication of the increase in the average expenditure per household on the various capital items between the years 1958-59 and 1960-61 is given in the following table:

TABLE 4.10

*Level of average expenditure per household on various capital items, 1958-59 and 1960-61*

Item	Average expenditure per household (Rs.)		% increase
	1958-59	1960-61	
1	2	3	4
1. Purchase of land and building . . . . .	83.7	123.1	47.1
2. Investment on land improvements & irrigation sources .	32.6	86.1	164.1
3. Livestock . . . . .	59.2	164.7	178.2
4. Implements . . . . .	6.6	9.5	43.9
5. House construction . . . . .	38.0	80.1	110.8
6. Investment (on shares etc.) . . . . .	5.6	29.5	426.8
7. Other . . . . .	19.2	32.8	70.8

These figures show that there had been a large but varying order of increase in the average expenditure on all the capital items between 1958-59 and 1960-61. Among the important items, livestock and land improvement recorded the higher proportionate increases (164-178%), followed by house construction.

4.28 The following table gives the distribution of bank areas according to the percentage of expenditure incurred on some of the important capital items, for the years 1958-59 and 1960-61.

TABLE 4.11

*Distribution of bank areas according to percentage of expenditure on principal capital items.*

Item	Distribution of bank areas in the percentage expenditure groups									
	1958-59					1960-61				
	Nil	Less than 10%	10-25 %	25-50 %	50 & above	Nil	Less than 10%	10-25 %	25-50 %	50 & above
1	2	3	4	5	6	7	8	9	10	11
1. Purchase of land . . . . .	20.0	16.0	80.0	40.0	16.0	24.0	16.0	28.0	24.0	8.0
2. Investment on land-improvement and irrigation sources . . . . .	32.0	28.0	24.0	16.0	..	8.0	36.0	36.0	20.0	..
3. Purchase of livestock . . . . .	4.0	8.0	48.0	24.0	16.0	..	8.0	28.0	44.0	20.0
4. House construction . . . . .	24.0	24.0	24.0	20.0	8.0	28.0	20.0	32.0	16.0	4.0

In 1958-59, in more than one-half (56%) of the bank areas, more than 25% of the capital expenditure was incurred on the purchase of land; but in 1960-61, the corresponding percentage of bank areas declined to 32%. While in the earlier year, in 32% of the bank areas, there was no expenditure on improvement of land and irrigation sources, in 1960-61, this was so in only 8% of the bank areas. Besides, the percentage of bank areas rose in the higher percentage groups. In the case of livestock, 64% of the bank areas recorded more than 25% of capital expenditure on this item in 1960-61, as against only 40% in 1958-59.

#### *Disposals :*

4.29 The Appendix Table XIII (i, ii and iii) give data on the total and average value of the assets disposed of by the selected respondent households during the years 1958-59, 1959-60 and 1960-61. The total value of assets which were disposed of, amounted to Rs. 0.9 lakh, Rs. 2.26 lakh, Rs. 1.66 lakh and Rs. 1.89 lakh in the years 1958-59, 1959-60, 1960-61 and 1961-62 (10 months), respectively. The average receipts per household from such disposals rose from Rs. 78 to Rs. 194 i.e., by about 81% between the first two years and declined by 27% to Rs. 142 in the next year (1960-61).

4.30 The following table gives the distribution of bank areas according to average receipt per household from the disposal of assets, for the years 1958-59 and 1960-61:

TABLE 4.12

*Distribution of banks according to average receipts per household from disposal of capital items*

Average receipt (Rs.)	Percentage of banks in receipt group	
	1958-59	1960-61
1	2	3
Nil . . . . .	20.0	8.0
Below 25 . . . . .	24.0	20.0
25 to 50 . . . . .	16.0	12.0
50 to 100 . . . . .	4.0	20.0
100 to 200 . . . . .	32.0	16.0
200 to 300 . . . . .	..	12.0
300 and above . . . . .	4.0	12.0
Total No. of banks . . . . .	25	25

The proportion of 'banks' in the 'Nil' or smaller receipt groups declined and the percentage in the higher receipt groups rose in 1960-61 as compared to 1958-59, indicating thereby an increase in the value of disposal of assets.

*Relative importance of the items of disposal :*

4.31 As the Appendix Table would show, though disposals of various capital items were made, the main outflow was confined only to two item viz., sale of land (including a part of buildings) and livestock. The relative importance of various item of assets disposed of in the years 1958-59, 1959-60 and 1960-61 is shown in the table below:

TABLE 4.13

*Relative importance of various capital items disposed of in 1958-59 to 1960-61*

Year	Total value of disposals { Rs. (00)	Percentage share of different items			
		*Land	Live- stock	Disinvest- ment in shares etc.	Miscella- neous items
1	2	3	4	5	6
1958-59 . . . . .	916	67.2	25.6	5.0	2.2
1959-60 . . . . .	2,266	72.5	20.8	4.5	2.2
1960-61 . . . . .	1,658	51.7	38.8	3.4	6.0

\*Includes a small proportion on buildings.

Land and livestock accounted for 83 to 93% of the total disposals during the three years under reference. Land has essentially been the major item. However, its relative importance decreased in 1960-61 and correspondingly, the proportion accounted for by livestock registered a marked increase.

4.32 Looking from the angle of average receipts per household from these two items viz., sale of land and livestock, it may be noted that in the case of land the average value of disposals rose from Rs. 53 in 1958-59 to Rs. 73 in 1960-61 or by about 50%, while that of livestock from Rs. 20 to Rs. 55 or more than two and half times. Table 4.14 on next page gives the distribution of bank areas according to the percentage of receipts derived from these two items :



**TABLE 4.14**  
*Distribution of bank areas according to percentage of receipts from the disposal of principal capital items, 1958-59 and 1960-61*

		1958—59								1960—61															
No. of relv. Banks		Nil		Below 25%		25 to 50%		50 to 75%		75 to less than 100%		100 %		No. of rel. banks	Nil		Below 25%		25 to 50%		50 to 75%		75 to less than 100%		100 %
		2	3	4	5	6	7	8	9	10	11	12	13		14	15									
and	20	40.0	10.0	5.0	15.0	30.0	..	23	43.5	8.7	8.7	26.71	8.7	4.3											
ives-	20	..	35.0	15.0	5.0	5.0	40.0	23	4.3	17.6	26.1	17.6	13.0	21.4											

On one side, the percentage of bank areas showing no disposal of land slightly increased (from 40 to 44%); and, on the other, the percentage recording 75% or more of the receipts from sale of land decreased sharply in 1960-61 as compared to 1958-59. The proportion of bank areas claiming higher percentage of receipts from sale of livestock showed an increase, on the whole.

*Capital accumulation :*

4.33 The foregoing discussion has presented a picture of the value and nature of the acquisition as well as disposal of capital assets during the 3 to 4 years upto 1961-62. The balance of these two sets of figures can give an idea of the net addition to capital assets, in other words net capital accumulation that took place in the household sector of the sample of borrowers from cooperative societies. Appendix Table XIV gives the difference in the value of acquisitions and disposals and the proportion of this difference to the acquisitions, for the years 1958-59, 1959-60, 1960-61 and 1961-62.

4.34 For the sample as a whole, the acquisitions amounted to Rs. 2.87 lakh and the disposals to Rs. 0.9 lakh in 1958-59. Thus 68% of the acquisitions resulted in net capital accumulation during 1958-59. The proportion fell to 57% during 1959-60, but rose to 73% in 1960-61. During the 10 months of 1961-62, about 68% of the acquisitions resulted in a net addition to the assets. Thus, the percentage of acquisitions going into net capital accumulation has remained more or less constant over this period.

4.35 The Appendix Table XIV further shows that there are wide variations in these proportions among the bank areas, even in the same State as well as among the different years in the same bank area. The following table gives the overall distribution of banks according to the percentage of acquisitions going into capital accumulation for the years 1958-59 and 1960-61:

TABLE 4.15

*Distribution of bank areas by percentage of acquisitions resulting in capital accumulation, 1958-59 and 1960-61*

Year	No. of relvt. banks	Percentage distribution of banks according to Percentage of acquisition going into capital accumulation					
		Naga-tive	Below 10%	10—25 %	25—50 %	50—75 %	75% and above
1	2	3	4	5	6	7	8
1958-59 . . . .	24	8.3	4.2	4.2	16.7	12.5	54.1
1960-61 . . . .	25	4.0	..	4.0	8.0	24.0	60.0

In most of the bank areas, more than 50%, and in more than one-half of the areas over 75% of the total value of acquisitions resulted in net additions. Further, the percentage of bank areas in the higher capital accumulation groups was larger in 1960-61, than in 1958-59.

4.36 The Appendix Table XIV further shows that, on the whole, the average value of net capital accumulation per household was Rs. 167 for the year 1958-59 and rose to Rs. 261 in 1959-60 and to Rs. 384 in 1960-61. The increase in percentage terms was 56% from 1958-59 to 1959-60 and 32% in the next year. Over these two years, the average capital accumulation more than doubled.

4.37 The following table gives the distribution of bank areas according to the level of average capital accumulation, for the years 1958-59 and 1960-61 :

TABLE 4.16

*Distribution of bank areas by the level of average capital accumulation in 1958-59 and 1960-61*

Year	No. of relv. banks	Distribution (%) of banks according to average capital accumulation per households (Rs.)						
		Naga- tive	Below 50	50— 100	100— 250	250— 500	500— 1000	1000 & above
1	2	3	4	5	6	7	8	9
1958-59	24	8.3	16.7	16.7	29.2	20.8	8.3	..
1960-61	25	4.0	8.0	4.0	20.0	44.0	12.0	8.0

Though in 1958-59, hardly in 29% of the bank areas the average value of net capital accumulation exceeded Rs. 250 in 1960-61, in 64% of the bank areas the value exceeded Rs. 250. While there was no bank area showing a level of Rs. 1,000 and above in 1958-59, the proportion in this level of net accumulation was 8% in 1960-61. Data given in the Appendix Table further show that there had been a general rise in the net acquisitions in 1960-61 over the level in 1958-59.

4.38 It is interesting to note that it was only 42% of the all respondent households who had succeeded in making some net addition to the assets in 1958-59. For the rest of the households, either there was no net addition to their capital assets or there had occurred a net diminution. In 1960-61, however, the percentage of respondents making net addition

rose to 65. The distribution of these respondents according to size of holdings and the level of net capital accumulation is given in the following table :

TABLE 4.17

*Distribution of respondents by the level of average capital accumulation and by size of holdings.*

Holding size (in acres)	Year	Percentage of respondents in various capital accumulation groups (Rs.)					
		Nil or negative	1—500	500—1000	1000—1500	1500—3000	3000 and above
1	2	3	4	5	6	7	8
No. holding	1958—59	68.0	28.7	1.1	1.1	1.1	..
	1960—61	60.6	35.1	1.1	1.1	..	2.1
Below 5	1958—59	57.7	36.2	4.5	0.7	0.7	0.2
	1960—61	38.9	51.6	6.4	1.5	2.8	..
5—10	1958—59	53.4	36.0	10.7	1.3	2.9	..
	1960—61	28.8	53.0	10.7	2.1	2.5	2.9
10—15	1958—59	50.3	33.5	7.7	1.3	3.9	3.3
	1960—61	33.5	42.6	11.0	3.2	5.2	4.5
15—30	1958—59	60.1	26.4	7.3	2.3	2.2	1.7
	1960—61	27.0	38.2	16.8	2.8	9.0	6.2
30—45	1958—59	69.4	19.4	3.2	3.2	0.6	3.2
	1960—61	29.0	41.9	14.5	1.6	4.8	8.1
45—60	1958—59	60.0	13.3	6.7	..	6.7	13.3
	1960—61	20.0	46.7	20.0	..	6.7	6.7
60 & above	1958—59	51.9	7.4	11.1	7.4	11.1	11.1
	1960—61	11.1	22.2	26.0	7.4	14.8	18.5
TOTAL	1958—59	57.9	31.9	5.6	1.5	2.2	1.3
	1960—61	34.7	46.1	9.7	2.1	4.2	3.2

Among the households making a net addition to assets in 1958-59, the majority (about 80%) added items worth less than Rs. 500 per household; and about 17% between Rs. 500 and Rs. 1,500. Only about 8% added

capital worth above Rs. 1,500. The number of respondents as well as the level of capital accumulation, however, increased in 1960-61. Though the majority of the respondents (71%) still added less than Rs. 500, the proportion was less than in 1958-59. About 19% were in the group Rs. 500 to 1,500 as compared to 17% in 1958-59. About 11% added capital worth Rs. 1,500 and above in 1960-61, as compared to 8% in 1958-59.

4.39 The analysis according to size of holding of households, however, reveals that in 1958-59, the proportion of respondents who did not make any net addition to capital assets was not very different (50-69%) in different size groups of holding (except 6-10 acre group). Whatever variations were there, did not point towards any association. But the percentage of respondents accumulating less than Rs. 500 was higher for households with smaller size of holdings; and the proportions accumulating larger amounts were higher in the larger holding groups. In the year 1960-61, however, not only the proportion of the respondents who made no addition to capital assets declined, but the percentage became lower in the higher holding groups, as would be expected. While nearly 61% in the no-holding group made no net addition to their capital assets [which percentage is the same as (68%) in 1958-59], among households with less than 5 acres of holding, the percentage was lower 39% (as against 58% in 1958-59). The percentage of such respondents varies between 27 and 33% in the holding groups between 5 to 45 acres and is only 20% and 11% for those with holdings of 45 to 60 acres and 60 acres and above, respectively. The distribution of respondents in the various capital accumulation groups also shows that generally the percentage of respondents with higher capital accumulation is greater in the larger size of holding groups.

#### *Basis of estimation of credit needs :*

4.40 The pattern of expenditure analysed earlier in this chapter gives an indirect idea about the nature of credit needs. The respondents were also asked about the basis on which they estimated their credit needs. Out of 1170 respondents, 247, or nearly 24%, reported that they adopted no definite basis for this purpose. Among those (76%) reporting some basis, nearly half or 51% reported that they determined their credit needs on the basis of area or acreage under various crops and about one-third determined it according to their consumption needs and other rough estimates of expenditure. About 13% of the respondents did not state any definite basis, but mentioned that they did so on the basis of their past experience. Only a small minority reported that they assessed their credit needs according to their re-paying capacity. In 40% of the bank areas, more than three-fourths of the respondents reportedly based their needs on acreage under crops and agricultural requirements. These areas were in Maharashtra, Madras, M.P., Mysore, Punjab, U.P., Bihar and West Bengal. But, in Rajasthan, Orissa, H.P. and J. & K., all or nearly all the respondents mentioning any basis, reported estimation

on the basis of consumption needs and other expenditure. Only in Andhra, it is the past experience that was reported by majority of the respondents, as the basis.

*Preparation of production plans as basis of estimation :*

4.41 A specific question had been included with a view to finding out if production plans had been prepared by the respondents during the years 1960-61 and 1961-62, as an aid to the estimation of credit needs. The survey revealed that in 6 or nearly 1/4th of 25 sample banks, a beginning had been made in this direction. Even in these banks, hardly about 15% of the total respondents reported to have prepared production plans in 1960-61; but the percentage rose to about 33% in 1961-62. The percentage of respondents preparing production plans in these two years is given below :

TABLE 4.18  
*Percentage of respondents preparing production plans.*

State	Bank	Total No. of respondents	Percentage of respondents preparing production plans in	
			1960-61	1961-62
1	2	3	4	5
A.P.	Eluru	54	1.8	18.5
M.P.	Raipur	50	6.0	24.0
U.P.	Deoria	45	22.2	22.2
U.P.	Aligarh	60	16.7	83.3
Punjab	Ludhiana	59	18.6	11.8
Bihar	Arrah	49	22.5	32.6
TOTAL		317	14.5	33.1

All the above banks except Deoria are, of course, situated in the I.A.D.P. districts. A marked change is observed in Aligarh where in 1961-62, 83% reported having prepared production plans.

4.42. It was also ascertained as to how far the needs of those who had prepared production plans, had been met by the cooperatives. It was found that in 1960-61, 100% needs were met in Eluru, Raipur, Aligarh and Arrah; but in Ludhiana and Deoria only 35 to 38% of the needs were met. In 1961-62, too, all or nearly all the needs were met in 3 of these bank areas (*viz.*, Eluru, Raipur and Arrah) and in Aligarh 78% of needs were met from cooperatives.

4.43 We also asked the respondents who reported the preparation of production plans, as to who prepared or helped in the preparation of plans. The V.L.W. or some other block staff is the agency which ordinarily prepare these plans. Out of 105 respondents reporting preparation of plans, all but 10 got these prepared with the help of V.L.W. or some block official; and this was reported so in all the banks except Deoria (U.P.) where all the 10 reporting respondents said that the plans were prepared with the help of the Board of Directors (Deoria is not an I.A.D.P. district).

*Level of borrowings by size of holding :*

4.44 We shall now analyse the extent of average borrowing made per respondent household and the changes that had taken place in the level of borrowing during the three years, 1958-59 to 1960-61.

4.45 The data on total borrowings by the sample respondents from all the agencies, viz., the cooperatives, money lenders and other outside sources, for years 1958-59 to 1960-61 show that not only the number of borrowers but even the average amount borrowed per borrowing household increased from year to year. The following table indicates the rate of increase according to various size of holding groups :

TABLE 4.19

*Percentage of households borrowing and level of borrowing, by size of holding, 1958-59 to 1960-61.*

Size of holding	Total No. of respon- dent house- holds	1958-59		1959-60		1960-61		
		Per- centage borrow- ing	Average amount borrow- ed	Per- centage borrow- ing	Average amount borrow- ed	Per- centage borrow- ing	Average amount borrowed	Per- centage increased 1958- 59
1	2	3	4	5	6	7	8	9
1. No. holding . . .	94	37.2	251	46.9	247	51.1	306	21.9
2. Below 5 acres . . .	403	48.9	290	61.5	264	61.0	376	29.7
3. 5—10 acres . . .	236	59.7	445	67.8	573	74.6	601	35.1
4. 10—15 acres . . .	155	54.8	1,082	58.1	1,150	80.6	1,024	5.4
5. 15—30 acres . . .	178	55.1	757	69.7	1,079	77.5	1,185	56.5
6. 30—60 acres . . .	77	64.1	1,427	75.3	1,154	87.0	1,463	2.5
7. 60 acres & above . .	27	74.1	1,960	77.8	2,954	88.9	2,187	11.6
TOTAL . . .	1,170	53.5	647	63.7	748	70.4	813	25

The percentage of respondents borrowing from any agency increased from 54% in 1958-59 to 64% in 1959-60 and rose further to 70% in 1960-61. It is noteworthy that the percentage of borrowers increased significantly over the period from 1958-59 to 1960-61, in all the size of holding groups, and the increase was higher in the higher holding groups.

4.46 The average amount of borrowing also at the same time showed a rising trend. While the average borrowing, on the whole, was Rs. 647 in 1958-59, it rose to Rs. 748 in 1959-60 and to Rs. 813 in 1960-61. Thus, there was an increase of nearly 26% over the three-year period, which outstripped the growth proportion for the percentage of borrowers. Further, it may be noted that the average amount of borrowing was generally higher in the higher holding groups.

4.47 While the increase occurred both in the percentage of respondents borrowing and the average amount borrowed per respondent, the increase in the average amount borrowed generally outstripped the increase in number of borrowers in the holding groups below 10 acres where the average amount rose by 22% in 1959-60 to 35% in 1960-61. In the higher holding groups, the rise was much smaller except in the 15-30 acre group. Rather, in the 10-15 acre group there was a decline in average borrowing; and in 30-60 acre group the rise was only by 2.5%. Thus the average amount of borrowing increased at a faster rate among the weaker sections. As the major part of the borrowings came from the cooperatives, the above analysis shows that not only had there been an absolute increase in the availability of credit, but also this increase was proportionately higher in the lower strata.

#### *Share of cooperatives in the supply of credit :*

4.48 One of the essential features of the cooperative movement has been the expansion of cooperative credit with a view to reducing the dependence on the outside agencies. It is, therefore, not only the volume of credit advanced by the cooperatives which is significant, but also its relative share in the total credit requirements of the cultivators. Accordingly, we collected figures of the amount of credit obtained by the households of the sample respondents from the principal credit agencies in the rural areas, namely cooperatives, government (taccavi), money lenders and 'others', separately, in order to find out the share of the cooperative sector and to see how this share has been changing during the years, 1958-59 to 1961-62. In this connection, it may be noted that while cooperative credit is generally available for certain admissible purposes, the requirements of the individual households depend on various other needs. These other needs they meet from 'other' sources; and as a result, the share of the cooperative gets greatly reduced. This has sometimes resulted in wide fluctuations from year to year in individual cases.



4.49 Of the total credit obtained by the sample respondents, 67% were obtained from the cooperative agency in 1961-62. But the figures of the share of cooperatives for the 4 reference years do not disclose any definite trend. The share of cooperatives in 1961-62 was, however, less than that in 1958-59 when it was 70%, but slightly higher than that in 1960-61 when it had fallen from 72% in 1959-60 to 65%. Thus, during these four years the share of cooperatives varied between 65% and 72%.

4.50 Of the total credit, about one-third was provided by sources outside the cooperative sector. The most important agency is the money lender whose share during these years ranged between 15% and 20% of the total. But, whereas in 1958-59 this source was reported in 15 or 60% of the banks, in 1961-62 it was reported in 22 or 88% of the banks. Thus, the hold of this agency rather widened. In 50% of the banks in 1961-62, the proportion of credit provided by money lenders was less than 10%, and among these in 25% it was less than 5%. But in 27% of the banks more than 25% of the total credit obtained was from the money lenders.

4.51 Credit from Taccavi formed only 1 to 2% of the total credit in these years and was reported in 6 to 10 sample banks. The credit from other agencies ranged from 8 to 16% and the proportion was comparatively higher in 1960-61 and 1961-62. The proportion was highest in 1961-62 in the weaker States (category C) where it rose from 12% in 1960-61 to 26% in 1961-62.

*Relationship between short-term borrowing and cash expenditure on current items :*

4.52 In this section we have taken the cash expenditure incurred by the respondents on current items (as explained earlier) and related it to the total short-term credit obtained by the respondents from the cooperatives and also to the short-term borrowings from all sources. The bankwise position with regard to the proportion of borrowings to cash expenditure on current items for the year 1961-62 (upto April 1962) is given in the Appendix Table XV.

4.53 Short-term borrowings from all sources from nearly 29% of the total cash expenditure of the sample households in all the Banks put together. This proportion would in reality be still higher if we take into account the fact that a part of even medium-term credit is directed to items of current expenditure. The degree of dependence on credit for current expenditure, however, varies widely among the different bank areas. It ranges from 8% in Cachar (Assam) to 60% in Poona (Maharashtra).

4.54 Further, the proportion of credit to the current cash agricultural expenses is much higher (53%) than that to the household expenses (14%). But it is interesting to note that in certain bank areas *viz.*, Salem,

(Madras), Poona (Maharashtra), Bijapur (Mysore), Kozhikode (Kerala), Mughberia (West Bengal), the percentage of credit to the current cash expenditure on agriculture is more than 100. This shows that the borrowed amount was larger than what was actually spent on agriculture or there was perhaps concealment of the actual purpose for which loan was needed.

4.55 The following table gives the distribution of banks according to the percentage of total short-term borrowings to the cash expenditure in certain groups :

TABLE 4.20

*Distribution of banks according to percentage of short-term borrowing to cash expenditure on current items*

Percent of borrowing to expenditure	Percent of banks according to borrowing/expenditure percentage for		
	Agricultural expenses	Household expenses	Total expenses
1	2	3	4
Below 10 . . . . .	..	56.0	12.0
10—20 . . . . .	12.0	28.0	28.0
20—40 . . . . .	32.0	16.0	40.0
40—60 . . . . .	16.0	4.0	20.0
60—100 . . . . .	16.0	..	..
Above 100 . . . . .	24.0	..	..

In 60% of the banks, more than 20% of the total cash expenditure on current items were met out of short-term borrowings and in 20% of the banks more than 40%. As regards agricultural expenses, in 40% of the banks, more than 60% of the cash expenditure on current agricultural items were met out of short-term borrowings. The share of credit in the household expenditure in more than one-half of the banks was very small i.e., below 10%; but in 20% of the banks the share exceeded 20%.

4.56 From the Appendix Table XV, it is clear that the short-term borrowings are mainly from the cooperative sources. While the total short-term borrowings formed 29% of the cash expenditure, the cooperative credit formed 19% of the total cash expenditure. The proportion of cooperative credit for agricultural purposes to the current expenditure for such purposes was relatively much higher (43%). Further in a majority of the banks, the greater proportion of the credit spent on

current agricultural items came out of the cooperative sources. In 9 or 36% of the banks, short-term cooperative credit formed more than 60% of the total cash expenditure on current agricultural items. In Poona (Maharashtra), Bijapur (Mysore) and Kozhikode (Kerala), the total short-term cooperative loans obtained for agricultural purposes exceeded the total expenditure incurred on these items.

4.57 The Appendix Table also shows that cooperative loans were not sanctioned for household purposes in 10 banks out of the total of 25 in the sample. In another 10 banks, such loans formed less than 5% of the expenditure on household items. Andhra and J. & K. are the only States where cooperative loans for such purposes formed more than 10% of the cash expenditure on such items.

*Net acquisitions and medium-term borrowings from Cooperatives :*

4.58 We have noted earlier that the total value of assets acquired were much higher than the corresponding disposals occurring during the 3 to 4 years ending 1961-62. Thus there occurred a net capital accumulation among the sample borrowers. We can now examine as to how much of these can be attributed to the medium-term borrowings from the co-operatives. The Appendix Table XV gives the proportion which medium-term borrowing from cooperatives form of the net capital accumulation, for the various bank areas, for the years 1959-60, 1960-61 and 1961-62 (up-to April, 1962). In 1959-60, the medium-term borrowings formed about 39% of the net acquisitions of the capital assets for the year. In other words, a good proportion of the net capital accumulation was financed from medium-term cooperative borrowings.

4.59 But the proportion was relatively much smaller in the subsequent years—20% for 1960-61 and 27% for 1961-62. Since the value of net capital accumulation increased in these years as compared to 1959-60, it shows that the capacity of the respondents to pay for these items also improved. To some extent, the decrease in the proportion of cooperative loans was made up by an increase in the borrowings from other sources in these two years.

4.60 The Appendix Table further shows that the proportion of medium-term borrowings to net acquisitions or accumulation varied among bank areas from nearly 6% to 244% in 1959-60, and between 1% to 306% in 1960-61; and in certain cases there was no corresponding borrowings. In these cases where either there was a small amount or no amount of borrowing, the value of capital accumulation was also in many such cases relatively small. In a few cases, like those in Surat (Gujarat) and Raipur (M.P.) in 1959-60, Bijapur (Mysore) in 1960-61, and Arrah (Bihar) in 1961-62, the medium-term borrowing was much higher than the corresponding value of net acquisitions, which indicates the outflow of these

medium-term borrowings from cooperatives to other uses on non-capital items. The following table gives the distribution of banks according to the proportion of medium-term borrowings and the net capital accumulation in various groups :

TABLE 4.21

*Distribution of banks according to percentage amount of M.T. borrowing to value of net acquisitions*

Percentage of M.T. borrowing to net acquisition (groups)	Percent of banks		
	1959-60	1960-61	1961-62 (upto April, 1962)
1	2	3	4
Below 10 (including nil)	20.8	45.8	41.6
10-20	16.7	12.5	8.3
20-40	25.0	20.8	16.7
40-60	25.0	4.2	25.0
60-100	4.2	12.5	4.2
Above 100	3.3	4.2	4.2
No. of banks with net accumulation	24	24	24

In 1959-60, in more than one-third of the banks, more than 40% of the value of net accumulation was accounted for by the medium-term credit from the cooperatives. The proportion fell to 21% in 1960-61 but rose to 34 in 1961-62. On the other hand, in the latter two years, the proportion of banks in the below 10% (including nil borrowing) group was much higher as compared to 1959-60. This again shows that in some areas, net accumulation of assets was perhaps partly financed from own resources and partly from borrowings from other sources than cooperatives.

4.61 The following are the general inferences which emerge from the foregoing analysis of the relationship between short-term borrowings and cash expenditure on current items and between medium-term loans and net acquisitions :—

- (i) Total short-term borrowings from all sources form a significant proportion (29%) of the total current cash expenditure of the sample households.

- (ii) The proportions of both total and cooperative credit to the current cash agricultural expenses are much higher (53% and 43%, respectively) than those in relation to the household expenses (14% & 4.5%, respectively).
- (iii) In some Bank areas the percentage of short-term borrowings to the current cash expenditure on agriculture was more than 100, indicating a situation of over-financing.
- (iv) A good proportion of the net capital accumulation was financed from medium-term cooperative borrowings.
- (v) In a few Bank areas the medium-term loans from cooperatives was much higher than the corresponding value of net acquisitions.

4.62 Even in areas where the total and cooperative short-term borrowings for agricultural purposes were larger than the current cash expenditure on agricultural items, it may be due to the fact that imputed wages of family labour which were not included in cash expenditure were provided for, in full or in part, in the loans. But our investigations revealed that in none of the Banks imputed wages of family labour was one of the items taken into account for determining the credit requirements of members.



## CHAPTER V

### PRACTICE AND MAGNITUDE OF DIVERSION IN THE USE OF LOANS

5.1 Diversion in the use of loans has been ascertained in two ways. Firstly, respondents were asked to state the purpose for which they had borrowed and those for which they had used them. Those who replied that they had used the loans for purposes other than those for which they had obtained them, are considered to have diverted the use of loans and are, hereafter, expressed as D. R. for the sake of brevity. The proportion of these is considered to represent the extent of diversion and has been dealt with in the first part of this chapter. Secondly, an attempt was made to verify the truth of the statement of respondents who reported that they had used the loans for the very purposes for which they had borrowed, from some persons who were both knowledgeable and likely to have no bias for or against the respondents.

5.2 Further, in order to bring out the significant features as prevailing in various States, the analysis has been broadly made on the basis of States, though the bankwise situations have been highlighted where necessary. (The States have been further grouped into three categories:—Category A, which comprises of the relatively better advanced States in cooperation *viz.*, A.P., Gujarat, Madras and Maharashtra; Category C including the weaker States in respect of Cooperation *viz.*, Assam, Bihar, Kerala, Orissa, West Bengal, H.P. and J. & K; the rest of the States being put in Category B.)

*Practice of diversion :*

5.3 The following table shows the extent of the practice of diversion as divulged by the respondents themselves (DR) and as discovered on verification :

TABLE 5.1  
*Practice of diversion of loans among different categories of borrowers*

Kind of borrower	No. admitting diversion				% D.R.	No. of borrowers		No. whose loans were verified	No. diverting			
	Total borrowers	Who-ly	Partly	Total		No.	No. not verified		Who-ly	Partly	Total	
	1	2	3	4	5	6	7	8	9	10	11	12
1. S.T. . . . .	946	159	217	376	39.7	570	99	471	6	12	18	
M.T. . . . .												
2. 1961—62 . . .	121	30	18	48	39.7	73	36	37	..	1	1	
3. 1960—61 . . .	140	35	31	66	47.1	74		Verification not done				
4. 1959—60 . . .	170	43	34	77	45.3	93		Do.				
5. Sub-total (M.T.)	431	108	83	191	44.3	240	203	37	..	1	1	
6. G. Total . . .	1,377	267	300	567	41.2	810	302	508	6	13	19	

\* D. R. : Diverting respondents.

Out of 946 borrowers of short-term credit, 159 or 17% had diverted the use of loans wholly and 217 or 23% partly. Thus, in all, about 40% of the borrowers had diverted the use of their loans. Out of 570 short-term borrowers (STB) whose loans were to be verified, verification could not be done in respect of 99. Out of 471 whose loan-uses were verified, only 18 or about 4% were reported to have diverted their loans.

5.4 In the sample, the number of borrowers of medium-term credit (MTB) was 121 in 1961-62, 140 in 1960-61, and 170 in 1959-60 or 431 in all. The percentage of borrowers in this category, who had diverted their loans wholly was around 25% during each of these years. But the proportion of those who diverted their loans partly varied greatly. While it was between 20 to 22% in the first two years, it came down sharply in 1961-62 to about 15%. Taking both types of diversion, the percentage ranged between 40 in 1961-62 and 47 in 1960-61. It recorded a rise of about 2% during 1960-61 but came down in 1961-62.

5.5 Taking both types of borrowers, 41% diverted their loans; 19% wholly and 22% partly. Comparing the data for 1961-62, it is observed that both for ST and MT loans, the proportion of borrowers who diverted the loans was almost equal. However, the proportion of those who diverted wholly is larger (25%) for MT loans than for ST loans (17%).

5.6 As it was found that the bulk of diversion was admitted by the respondents themselves, the analysis in the succeeding sections has been confined to only such respondents (referred to as DR).

5.7 Appendix Table XVI shows the practice of diversion in the areas of sample banks of various States, separately in terms of proportion of borrowers of short-term and medium term credit, and the total of the two.

#### Short-term :

5.8 Considering the different categories of States, it is noticed that the practice of diversion in short term loans was considerably less in category A, which comprises more advanced States in cooperation, than in the other categories. Nearly 25% of S. T. borrowers diverted in category A States, while in category B nearly one-half (i.e., 49%) and in category C States, 45% diverted the short term loans. In category A, in the States of Andhra and Gujarat the percentage of those who diverted was only 10 and 18 respectively; but in Madras and Maharashtra the percentage was much higher, 38 and 40% respectively. Four out of 5 States in Category B showed a more extensive practice of diversion. The highest diversion was in Rajasthan where nearly 3/4th of the short-term borrowers diverted the loans from the avowed purposes of borrowing.

Even in U.P., more than one-half (53%) of the borrowers diverted the short-term loans. Among category C States which comprise weaker States, the diversion was low (10 to 10.5%) in Bihar and J. & K. and was lower than the overall average in H.P. and Assam where 29 and 33% diverted the short-term loans. In Kerala, Orissa and West Bengal the diversion of short term loans was of high order, ranging from 64% and 69% in Kerala and Orissa respectively, to cent per cent in West Bengal. In West Bengal, in a number of cases, though the borrowers had drawn the money, they reported to have not utilized the loans till the time of enquiry, which shows they had not utilized the money for the purposes for which they borrowed.

#### *Medium Term :*

5.9 In the case of medium term loans, as we have noted earlier, 44% of the borrowers on the whole had diverted the loans. The percentage of diversion for Category A States was about 40% i.e., less than the total average; and in category C States it was around the total average, i.e., 43%. But in Category B States, it was slightly higher, 48%.

5.10 Among Category A States, in Andhra the diversion was considerably high, about 64%. In Gujarat and Maharashtra the diversion was relatively low, 14 and 28% respectively. Among Category B States, Rajasthan as in the case of short term, also showed the highest diversion 81% for medium term loans also. In Punjab, the practice of diversion was quite large, (63%) followed by that in U.P. (50%). In M.P. and Mysore, it was 20 and 30% respectively. Among category C States Kerala and Orissa which showed a high degree of diversion for short-term loans also showed diversion of high order, 80% and 84% respectively, for medium term loans. In Bihar where diversion was low for short term loans showed relatively lower diversion, 29%, in the case of medium term loans also. In West Bengal, while there was cent per cent diversion among borrowers of short term credit, there was no diversion at all for M.T. credit.

5.11 Taking both types of loans, short and medium term together, the practice of diversion in Category A States was much lower, 30%, than the total average of 41%; but diversion in Category B and C States was however higher, 49% and 45%, respectively. Gujarat, among the Category A States, showed the least diversion with 16.5%, followed by Andhra where 26% of the borrowers diverted loans. In Maharashtra, it was less than the total average but in Madras it was about that. Among Category B States, in Rajasthan the highest percentage (77%) of the borrowers diverted the loans. In Punjab & U.P., about one-half of the borrowers diverted the loans. Among weaker States, diversion was of high degree in Kerala, Orissa and West Bengal ranging from 57 to 76%. Diversion was comparatively low in J. & K., H.P. & Bihar where 10 to 25% of borrowers diverted the loans.



5.12 The following table gives the aggregate picture on the practice of diversion as based on the distribution of sample banks according to diversion groups :

TABLE 5.2

*Frequency distribution of banks by the practice of diversion*

% practice of diversion	Distribution of selected banks					
	Short term		Medium term		Both kinds	
	Banks		Banks		Banks	
	No.	%	No.	%	No.	%
1	2	3	4	5	6	7
Nil						
0—20 . . . .	8	32·0	5	20·8	8	32·0
20—40 . . . .	5	20·0	7	29·2	6	24·0
40—60 . . . .	4	16·0	4	16·7	5	20·0
60 & above . . . .	8	32·0	8	33·3	6	24·0
TOTAL .	25	100·0	*24	100·0	*25	100·0

\*No M.T. borrower in one bank.

Taking both types of borrowers, at least 60% of the borrowers diverted their loans in about 25% of the banks, and at least 40% in about 45% of the banks. Between short-term and medium term borrowers, the former fare better inasmuch as a higher percentage of them showed a diversion proportion of less than 20%; and in other groups of diversion too, the percentage of banks in short-term is lower than that in the medium term. If we refer to the figures of individual banks in the Appendix Table, we find that the percentage of DR is higher among the medium term i.e., in 13 out of 23 banks (leaving out Anantnag where there was no medium term credit and Akola where the percentage of DR was equal in both). The difference is marked in some of these viz. Eluru, and Vijayawada (A.P.), Madurai (Madras), Mandya (Mysore), Rohtak and Ludhiana (Punjab), Ajmer (Rajasthan), Arrah (Bihar) and Banki (Orissa). Contrarywise, the percentage is much higher for short term borrowers in a few cases such as Amreli (Gujarat), Bijapur (Mysore), Poona (Maharashtra) and Mughberia (West Bengal). Thus, there is a tendency for one to vary inversely with the other and only in few cases both are comparable.

### *Diversion and intensity of supervision :*

5.13 Let us now see whether there is any relationship between the intensity of supervision and the extent of the practice of diversion. As has been explained in the first chapter, in every state where two banks were selected, one represented the higher level of intensity of supervision and the other the lower one. Thus 18 banks in 9 States (wherein two banks were selected), have been grouped into two categories—one comprising of banks with higher intensity of supervision and the other those with lower ones, for purposes of this analysis. Moreover, as the extent of practice of diversion depends on several factors other than the number of supervisors and societies, we have also tried to find the extent of practice of diversion as between the different states.

### *Short-term :*

5.14 The data on the percentage of borrowers diverting loans for use for purposes other than those for which the short term loans were taken, to the total number of borrowers for each of the 90 societies spread over the 9 States—10 in each—were grouped into two categories according to the intensity of supervision as explained above. The technique of variance analysis has been applied to find out whether the intensity of supervision has any effect on the extent of practice of diversion. In the analysis, the effect due to supervision and that due to States were isolated from the total variance, and the residual variance used as error for testing the following two hypotheses :

- (i) supervision has no effect on the extent of diversion,
- (ii) between States, there is no variation in the extent of diversion.

The table based on variance analysis in respect of number of diverters is given below:

TABLE 5.3

*Analysis of variance for percentage of borrowers diverting (Short term)*

Sl. No.	Source of variation	D.F.	Percentage of borrowers diverting		
			S.S.	M.S.	F
1	2	3	4	5	6
1.	Between categories of Supervision	1	188.73	188.73	0.22
2.	Between States	8	31,190.43	3,898.80	4.47**
3.	Error	80	69,687.38	871.09	..
4.	Total	89	101,066.54	..	..

\*\* Significant at 1% level.

DF—Degree of freedom.

SS—Sum of Squares.

MS—Mean square.

The observed value of  $F$  to test the hypothesis that "supervision has no effect" is not found significant which shows that the supervision does not seem to have any relationship with diversion, as between the two banks of each of these States. On the other hand, the value of  $F$  due to variation between the States is found to be highly significant, which means that there does exist a wide variation in diversion among various States which is equally corroborated by the figures of diversion as given in Appendix Table. However, the following table gives the inter-state variations in the percentage of diverting borrowers as examined for pairs of States by the  $t$ -test.

TABLE 5.4

*Results of  $t$ -test of significance of variance between pairs of States, based on percentage of DR (Short-term)*

States	AP	Gujarat	Madras	Maharashtra	MP	Mysore	Punjab	Rajasthan	UP
1	2	3	4	5	6	7	8	9	10
<i>Category A</i>									
1. A.P.	—								
2. Gujarat	—	—							
3. Madras	*	—	—						
4. Maharashtra	*	—	—	—					
<i>Category B</i>									
5. M.P.	—	—	—	—	—				
6. Mysore	*	—	—	—	—	—			
7. Punjab	**	*	—	—	—	—	—		
8. Rajasthan	**	*	**	**	**	**	*	—	
9. U.P.	**	*	—	—	—	—	—	*	—

\*\*—Significant at 1% level.

\*—Significant at 5% level.

DR—Diverting respondents.

Significant variations are found between some pairs of States. In category A, Madras and Maharashtra are only significantly higher in diversion than A.P. where the extent of diversion is least.

5.15 In category B, Rajasthan fares worst as compared to other States in this category in respect of the practice of diversion. The degree of diversion is significantly higher than in M.P. and Mysore, but less significant as compared to Punjab and U.P. and as between the two categories, while A.P. fares better than all the States in Category B except Rajasthan, and Gujarat fares better than Punjab, Rajasthan and U.P.; Madras and Maharashtra fare better than Rajasthan only. Thus while two States of category A, fare much better than most of the States in category B, the other two States are not significantly different from the States of Category B, except Rajasthan.

*Medium Term :*

5.16 Following the procedure adopted for short-term, it was found that for medium term loans too diversion has no relationship with supervision. The table based on variance analysis in respect of percentage of diverting respondents to total borrowers is given below :

TABLE 5.5

*Analysis of variance for percentage of borrowers diverting (M.T.)*

Source of variation	D.F.	Percentage of borrowers diverting		
		S.S	M.S.	F
1	2	3	4	5
1. Between categories (of supervision)	1	2,798.50	2,798.50	3.16
2. Between States . . . . .	8	39,122.30	4,890.29	5.52**
3. Error . . . . .	74	65,500.83	885.15	..
4. Total . . . . .	83	107,421.63	..	..

\*\*—Significant at 1% level.

DF—Degree of freedom.

SS—Sum of squares.

MS—Mean squares.

Thus, while diversion of medium term loans is not significantly affected by supervision, there is a significant variation in its degree between the States. The variations of the mean percentage of the borrowers diverting

between the pairs of States, as examined by t-test and their results are shown in the table below :

TABLE 5.6

*Results of t-test of significance between pairs of States, based on percentage of DR (Medium Term)*

States	A.P.	Gujarat	Madras	Maharashtra	M.P.	Mysore	Punjab	Rajasthan	U.P.
1	2	3	4	5	6	7	8	9	10
<i>Category A :</i>									
1. A.P.	.	.	.	.	—				
2. Gujarat	.	.	.	.	*	—			
3. Madras	.	.	.	.	—	—			
4. Maharashtra	.	.	.	.	*	—	—		
<i>Category B :</i>									
5. M.P.	.	.	.	.	**	—	—	—	—
6. Mysore	.	.	.	.	*	—	—	—	—
7. Punjab	.	.	.	.	—	**	—	*	*
8. Rajasthan	.	.	.	.	—	**	**	**	**
9. U.P.	.	.	.	.	—	*	—	—	—

\*\*—Significant at 1% level.

\*—Significant at 5% level.

DR—Diverting respondents.

Among category A States, diversion in Andhra Pradesh where in it was highest, varies just significantly *i.e.* at 5% level, from that in Gujarat & Maharashtra. But the States of Gujarat, Maharashtra and Madras do not show much of variance among themselves in the extent of diversion, according to t-test. In category B, diversion in Mysore and M.P. differs just significantly from that in Punjab where the extent of diversion was high; but vary very significantly from that in Rajasthan which shows the highest diversion. Again, Mysore & M.P. do not show much of variation in diversion as compared to category A States except Andhra. Rajasthan which shows the highest extent of diversion varies very significantly from all the category A States except again Andhra where too diversion was high. Diversion in U.P. too compares favourably with that in category A States except Gujarat.

### *Magnitude of diversion :*

5.17 *Degree and extent.*—In order to throw light on the magnitude of diversion, the proportion of amount diverted to the total amount borrowed by all the sample borrowers in each of the States has been analysed. The analysis has been made separately for ST and MT loans. Unfortunately, some respondents who had diverted only part of the loan could not recall the diverted part of the loan. Due to this, out of 217 ST and 83 MT borrowers who had diverted part of the loan, information on the amount diverted was not available in respect of 54 and 10 borrowers whose borrowings came to Rs. 28,117 and 4,760 respectively.

5.18 Appendix Table XXV shows the proportion diverted out of the amounts borrowed (excluding those amounts for which information on the diverted portion was not available) for short-term and medium-term purposes, separately, as well as for the total amount in the sample banks arranged according to States and categories of States.

5.19 During one cooperative year, about Rs. 368 thousand of Short-term credit was obtained by the selected respondents (excluding those for which information on the diverted amount was not available). Out of this, about Rs. 86 thousand or 23.4% were diverted to purposes other than those for which they were taken. About Rs. 264 thousand of medium-term credit was taken by the sample respondents (excluding those for whom information on the diverted amount was not available) in 24 sample banks, (there was no medium-term borrower in Anantnag). Of this, about Rs. 92 thousand or nearly 35% were diverted to purposes other than those for which the loans were obtained. In Mahasu (H.P.), Mughberia (West Bengal) and Amreli (Gujarat), no borrower had diverted medium-term loans. Taking both types of loans, it appears that about 28% of the total amount borrowed was diverted to other purposes.

5.20 Appendix Table XXV further shows that on the whole in Category A States, only 12.5% of the total borrowed amount for short term were diverted, while in Category B States nearly 34%, and in Category C States about 51% were diverted. The extent of diversion ranged from 7 to 19%, 11 to 72% and 7 to 89% in the States of Categories A, B & C respectively. The diversion was relatively high in the States of Rajasthan, Orissa, Kerala and West Bengal where more than 62% of the short term credit were diverted. Thus, both from the angle of proportion of diverting borrowers as well as of the amount of diversion, the category A States fare better than those in the other two categories, and the States of Rajasthan, Orissa, Kerala and West Bengal fare comparatively worse from both points of view.

5.21 As for medium term credit, there was not much divergence in the magnitude of diversion among States in the three categories A, B and

C, the proportion ranging between 31 and 39%. It was lowest for category A, and highest for Category C States. The range of diversion even from the angle of diverting borrowers was also found narrow. In category A, in the States of Andhra Pradesh and Madras, the proportions of the amount diverted were 45 and 41 per cent, respectively. In Category B, in three of the States viz., Punjab, Rajasthan & U.P., the diversion was relatively high ranging between 43 and 60%. Even in category C, out of 4 States (showing diversion) in 3, Assam, Orissa, Kerala, it varied from 47 to 79%. Thus the proportion of the loan amount diverted was larger in the case of medium term than for short term credit. In 9 of the 13 States, in which both type of loans were diverted, the percentage of diversion was greater for medium term credit. In other words, as we noted on the basis of diverting borrowers, here too, we find a tendency for one to inversely with the other.

5.22 Taking both type of loans, nearly 19% of the total credit was diverted in category A, 35% in category B and 47% in Category C States. While among States in Category A, the highest proportion of the loan amount was diverted in Madras (30%) it is still much lower than the highest proportion in the other two categories of States where the highest figures are 60 and 71%, respectively. The distribution of banks according to the magnitude of diversion for different kinds of credit is given in the following table :

TABLE 5.7  
*Magnitude of diversion*

Percentage of diverted amount	Short-term		Medium-term		Both kinds	
	Banks		Banks		Banks	
	No.	%	No.	%	No.	%
1	2	3	4	5	6	7
1. 0—20 . . .	12	48.0	10	41.6	12	48.0
2. 20—40 . . .	6	24.0	2	8.4	5	20.0
3. 40—60 . . .	3	12.0	9	37.5	5	20.0
4. 60 & over . . .	4	16.0	3	12.5	3	12.0
TOTAL .	25	100.0	24	100.0	25	100.0

At least 40% of the total credit was diverted in 32% of the banks and 60% or more in 12% of the banks. The corresponding proportions were much higher for M.T. credit, about 50% and 17%. While the percentage

of banks in the magnitude group of 60% or over was not much different for ST and MT credit, it was considerably low for ST in the 40 to 60% group. Further, in nearly one-half of the banks the percentage of diversion was below 20% for short term and in 42% of the banks in the case of medium term credit.

*Intensity of supervision and magnitude of diversion :*

5.23 Following the same approach of variance analysis as was adopted for the number of diverters, the effect due to supervision and that due to the States have been isolated from the total variance in the magnitude of diversion and the residual variance used as error for testing the following two hypothesis :

- (i) Supervision has no effect on the magnitude of diversion,
- (ii) Between the states, there is no variation in the magnitude of diversion.

The analysis of variance is shown in the following table:—

TABLE 5.8  
*Analysis of variance for percentages of amount diverted*

Source of variation	Short term				Medium term			
	DF	Percentage of loan diverted			DF	Percentage of loan diverted		
		S.S.	M.S.	F		S.S.	M.S.	F
1	2	3	4	5	6	7	8	9
1. Between categories (of supervision)	1	106.34	106.34	0.27**	1	665.04	665.04	0.77**
2. Between States	8	40,283.24	5,035.40	2.62	3	23,645.24	3,580.66	5.25
3. Error	80	31,931.75	399.15	..	74	50,501.77	682.45	..
4. Total	89	72,321.33	..	..	83	79,812.05	..	..

\*\*—Significant at 1% level.

DF—Degree of freedom.

SS—Sum of squares.

MS—Mean square.

Here again as in case of proportion of diverters, the observed value of F to test the hypothesis that supervision has no effect is not significant. In other words, supervision had no effect on the magnitude of diversion for both short and medium term loans between the two banks of the



same state. On the other hand, for both the types of loans, the values of F due to variation between the States are found to be highly significant. Thus, as we found in the case of diverters, here too in the magnitude of diversion of loans we find that there is no relationship between extent of supervision and the magnitude of diversion between the States.

The inter-State variations in the magnitude of diversion between the pairs of states have been examined by t-test for which the relevant data are given in the table below :

TABLE 5.9

*Results of t-test of significance between pairs of States based on percentage*

States	Type of loan	A.P.	Gujarat	Madras	Maharashtra	M.P.	Mysore	Punjab	Rajasthan	U.P.
1	2	3	4	5	6	7	8	9	10	11
1. A. P.	ST	—	—	—	—	—	—	—	—	—
	MT	—	—	—	—	—	—	—	—	—
2. Gujarat	ST	—	—	—	—	—	—	—	—	—
	MT	**	—	—	—	—	—	—	—	—
3. Madras	ST	—	—	—	—	—	—	—	—	—
	MT	—	*	—	—	—	—	—	—	—
4. Maharashtra	ST	—	—	—	—	—	—	—	—	—
	MT	*	—	—	—	—	—	—	—	—
5. M.P.	ST	—	—	—	—	—	—	—	—	—
	MT	**	—	—	—	—	—	—	—	—
6. Mysore	ST	—	—	—	—	—	—	—	—	—
	MT	**	—	—	—	—	—	—	—	—
7. Punjab	ST	**	**	*	**	**	**	—	—	—
	MT	—	**	—	**	**	**	—	—	—
8. Rajasthan	ST	**	**	**	**	**	**	**	—	—
	MT	—	**	*	**	**	**	—	—	—
9. U. P.	ST	*	*	..	*	*	—	—	**	—
	MT	—	*	—	—	—	—	—	*	—

*Short-term :*

5.24 In category A States, there is no significant variation in the magnitude of diversion between the States. In category B, M.P. and Mysore vary very significantly from Panjab and Rajasthan where diversion is of high order but vary slightly from U.P. and Rajasthan, where we find the maximum of diversion varies very significantly from all the States. As between the categories A and B, M.P. and Mysore where diversion is not of high order do not vary from the States of category A; and, on the other hand, Punjab and Rajasthan vary very significantly from all the States of Category A. U.P. does not vary from Madras but does vary as compared to other States (Gujarat, A.P. and Maharashtra) though not very significantly.

*Medium term :*

5.25 In Category A States, A.P. which shows a high order of diversion varies very significantly from Gujarat and Maharashtra where the magnitude is low, but differs to a small extent from Madras where it is somewhat high. In Category B, M.P. and Mysore where the magnitude of diversion is comparatively low, vary very significantly from Punjab and Rajasthan where again the diversion in the amount borrowed is of a high order. As between the categories A and B, A.P., Madras, Punjab, Rajasthan & U.P. do not vary very much from each other as the diversion is relatively high in all these cases. But Gujarat and Maharashtra where diversion is low vary very significantly from Punjab and Rajasthan where it is very high.

*Extent of the practice of diversion and economic & social characteristics of diverters :*

5.26 Let us now examine the relative extent of diversion among respondents differing in respect of economic and social characteristics, such as educational standard, size of holding, length of membership of the cooperative and the membership of the executive committees of the cooperative. Before we take up this analysis, it may be useful to explain here the technique used for finding out whether or not there is an association between these characteristics and the practice of diversion.

5.27 If a characteristic is associated with the diverting respondents, normally, other things being the same, the extent of DR should vary directly with the degree of the characteristics. Firstly, the borrowers of ST and MT credit have been classified in certain groups of the chosen characteristics. Secondly, the proportion of borrowers who diverted the use of loans in each group to the total number of borrowers in the group has been calculated for each sample bank. A comparison of the overall proportion of DR in different groups has been made. The overall proportion of DR in certain groups may be high due to a very high proportion in some banks and may not, therefore, denote an association with

that characteristic group. We have, therefore, further examined the pattern of distribution of banks in certain ranges of the extent of diversion to ascertain the characteristic groups in which a greater proportion of banks fall in the higher groups of diversion. The groups in which a higher percentage of banks show a greater extent of diversion and those in which a lower proportion of banks show a lower extent of diversion may be regarded as directly related (or pre-diversion) groups.

*Diversion and Educational standard :*

5.28 *Short-term.*—The percentage distribution of short-term borrowers in certain categories of educational status and the percentage of borrowers diverting the use of their loans in each of these groups are shown for all the States in Appendix Table XVII.

5.29 Of the respondents who took short-term loans, nearly two-thirds (65%) were illiterate or could read and write only. On the other hand, those who had received more than primary education constituted only about 16%. In one-half of the number of States, more than 75% of the ST borrowers were either illiterate or hardly educated.

5.30 The table below indicates the extent of diversion in short-term credit among borrowers in different educational groups, in the three categories of states.

TABLE 5.10

*Percentage of diverting borrowers according to educational status :  
(Short-term)*

Category of States	Percentage of diversion among borrowers according to educational status				
	Illiterate & Read & Write	Primary	Middle & under Matric	Matric & above	All Borrowers
1	2	3	4	5	6
A . . . . .	34.6	22.4	9.5	Nil	25.3
B . . . . .	50.6	64.3	27.3	16.7	49.1
C . . . . .	42.0	65.4	50.0	14.3	45.3
TOTAL . . . . .	44.6	38.0	23.8	12.5	39.7

On the whole, we find that diversion was highest (45%) among the illiterate and those who could only read and write. It shows a declining association with improvement in educational status.

5.31 In category A States, diversion among the borrowers in all educational groups was much lower than among the borrowers in the corresponding groups in States B & C categories. In category B areas,

those in the primary education group fared no better, rather worse than the illiterate and those who could read and write; but among those with higher educational status, there is definite evidence of decrease in diversion. Similarly, in category C States, though the diversion of short term loans was higher among the 'primary-passed' and those who were in the group 'middle or under-matric' than among the illiterates and those who could barely read and write; the percentage of diversion was significantly lower among the borrowers who were 'Matric and above'. In other words, we find that greater advancement in cooperation appears to have led better educated persons to use the short term loans more properly.

5.32 Data on the practice of diversion of short term loans as related to the educational Status of borrowers in various States are given in the Appendix Table XVII. It appears that in 2 of the 4 States in Category A and 4 of the 7 States in Category C there is a definite decrease in the extent of the practice of diversion, associated with the rise in the educational status of the borrowers. Further, if the percentage of diverters among borrowers in the higher educational groups is compared with the proportions of DR in the Primary-passed and lower groups, it is found that in all the States of category A, in 60% of the States in category B and 71% in category C, there is a smaller extent of diversion among borrowers in the former educational groups. It is only in the States of Punjab, Rajasthan, West Bengal and J. & K., that the data do not show much of bearing of educational status on diversion. On the whole, as mentioned earlier, the practice of diversion bears an inverse relationship with the educational status of borrowers.

5.33 The distribution of relevant banks by the percentage of DR in different educational groups is given in the table below:

TABLE 5.11

*Distribution of relevant banks by the extent of diversion and by educational status of short-term borrowers*

S. No.	Proportion of borrowers diverting loans	Educational Standards							
		Illiterate and Read and write		Primary		Middle and Under-Matric		Matric and above	
		No. of Banks	Per-centage to total	No. of Banks	Per-centage to total	No. of Banks	Per-centage to total	No. of Banks	Per-centage to total
1	2	3	4	5	6	7	8	9	10
1.	Nil . . . . .	1	4.0	5	21.7	9	45.0	10	76.9
2.	Below 20% . . . . .	7	28.0	3	13.0	3	15.0	1	7.7
3.	20—40 % . . . . .	5	20.0	3	13.0	1	5.0	..	..
4.	40—60 % . . . . .	4	16.0	2	8.7	2	10.0	..	..
5.	60 % & above . . . . .	8	32.0	10	43.5	5	25.0	2	15.4
6.	All groups . . . . .	25	100.0	23	100.0	20	100.0	13	100.0

The percentage of banks showing diversion to the extent of 60% or more of the borrowers is high in the lower literacy groups, i.e., illiterates (or able to read and write) and 'primary-passed' (32% and 43%), and declines in the higher educational groups. In other groups of diversion, the percentage of banks is highest among the illiterates, and mostly shows a declining trend in the higher educational groups. Further, in the 'Nil' group, i.e., in respect of borrowers not diverting loans at all, the percentage of banks shows a steady rise in successively higher groups of educational status, indicating a steady decline in the practice of diversion with better education. Thus educational improvement is conducive to proper utilization of short term loans.

**Medium term :**

5.34 The distribution of medium term borrowers among various educational groups and the proportion of diverting borrowers are shown in Appendix Table XVIII.

5.35 Here again, as in the case of short term borrowers, the majority (55%) were either illiterate or just literate and hardly 19% had passed the middle school standard. In 9 States, more than 50% of the MT borrowers, and in five of them more than 70% belonged to the lowest literacy group.

5.36 The following figures show the extent of the practice of diversion of medium term loans in different categories of States, among borrowers with different educational status :

TABLE 5.12

*Percentage of diverting borrowers according to educational status and category of States (medium term)*

States Category		Percentage of borrowers diverting among			
		Illiterates and Read and Write	Primary passed	Middle and under Matric	Matric & above
1		2	3	4	5
A	. . . . .	43.1	45.3	25.9	Nil
B	. . . . .	48.3	44.0	47.8	55.6
C	. . . . .	54.8	55.0	30.0	Nil
TOTAL		47.9	46.9	33.8	29.4

On the whole, we find that while the percentage of the borrowers who diverted medium term loans ranged between 47 and 48 among the illiterates (including those who were able to read and write) and 'primary-passed', it was lower among borrowers with higher educational status 34% among the 'middle-passed' and 29% among the Matriculates and above. Thus education does seem to have some influence on the practice of diversion of the medium-term loans also.

5.37 In both categories A & C of States, the extent of diversion was more or less similar in the lower two groups of educational standards viz., illiterates and the 'primary-passed' and was markedly lower in the next higher group and was 'nil' among the matriculates and above. The degree of diversion was of course, higher in States in category C. But in category B States, the educational status of the MT borrowers does not show any impact on diversion of loans.

5.38 The picture of diversion as related to educational status among States of the three categories is given in Appendix Table XVIII. We have noted earlier that the proportion of diversion was generally found to be lower among borrowers with a level of education higher than Primary. But this relationship does not hold in 3 States—Mysore, Punjab and Rajasthan—out of 5 in category B, and in 3 States—Assam, Bihar and Orissa—out of 6 in category C. In two States viz., West Bengal and H.P. none of the borrowers diverted medium term loan.

5.39 The distribution of sample banks by the extent of diversion among medium-term borrowers in different educational groups is given in the table below :

TABLE 5.13

*Distribution of Sample banks by the extent of diversion among medium-term borrowers in different educational groups*

Group of diversion	Educational groups							
	Illiterate and Read and Write		Primary		Middle and Under-Matric		Matric and above	
	No. of banks	Percentage to total	No. of banks	Percentage to total	No. of banks	Percentage to total	No. of banks	Percentage to total
1	2	3	4	5	6	7	8	9
1. Nil	5	21.7	8	38.1	4	20.0	7	77.8
2. Below 20 %	2	8.7	..	..	..	5.0	..	..
3. 20—40 %	5	21.7	1	4.8	4	20.0	..	..
4. 40—60 %	1	4.3	4	19.0	4	20.0	..	..
5. 60 & above	10	43.5	8	38.1	7	35.0	2	22.2
All Groups	23	100.0	21	100.0	20	100.0	9	100.0

The proportion of banks showing 60% and more of DR was largest (44%) for the illiterate group, and was steadily lower among the successively higher educational groups. On the other hand, the proportion of banks with 'nil' DR was highest (78%) among the 'matriculates and above' and was relatively lower for other groups. Among the other two groups of diversion viz., below 20% and 20 to 40%, too, the proportion of banks was higher for the illiterate group than for the other groups.

5.40 On the whole, this analysis indicates that the practice of diversion of medium-term loans is inversely related to the educational standard of borrowers. Thus, on the whole, the practice of diversion does bear an inverse relationship with the educational standard of the borrowers, both in case of short and medium term loans, though it is more significantly perceptible in the case of short term credit.

*Practice of diversion among cultivators and non-cultivators :*

5.41 The next aspect to be analysed is whether there is any significant difference in the practice of diversion among cultivators and the non-cultivators. This issue is relevant only in respect of the short-term borrowers in our samples as there was only 6 medium-term borrower who was a non-cultivator and has leased out all his land. Even in regard to short-term loans, there were only 15 banks for which the sample respondents included borrowers without land. Thus, the first noteworthy fact is that in the sample societies of 10 out of 25 selected banks, there was no short-term borrower without holding to be included in the sample frame. Among Category A States, in Maharashtra, among category B States, in Madhya Pradesh and Mysore, and among category C States, in Assam, Kerala and Himachal Pradesh, none of the borrowers from the sample societies of the selected banks belonged to non-cultivating households. This was also the situation in Deoria, U.P. Then, again, the number of non-cultivating borrowers in the sample was very small, (1 or 2 in 4 banks—Surat, Arrah, Banki and Anantnag). On the whole, of the total short-term borrowers, about 12% did not have holdings.

5.42. The extent of diversion among non-cultivators was somewhat higher than among the cultivator borrowers. Figures of the proportion of diverting borrowers among cultivators and non-cultivators in the

relevant banks (i.e., where both types of borrowers are found) are given in the table below:

**TABLE 5.14**  
*Percentage of diverting borrowers among cultivators and non-cultivators in the relevant banks*

Sl. No.	State	Bank	Percentage of DR among cultivators	Percentage of DR among non-cultivators
1.	A. P.	Eluru . . .	9.4	14.3
		Vijayawada . . .	6.4	20.0
		SUB-TOTAL . . .	7.6	16.7
2.	Gujarat	Surat . . .	11.8	50.0
		Amreli . . .	22.2	16.7
		SUB-TOTAL . . .	17.1	25.2
3.	Madras	Madurai . . .	4.0	11.1
		Salem . . .	76.3	Nil
		SUB-TOTAL . . .	47.6	5.6
4.	Punjab	Rothak . . .	44.4	50.0
		Ludhiana . . .	47.4	30.0
		SUB-TOTAL . . .	46.2	38.9
5.	Rajasthan	Ajmer . . .	54.5	80.0
		Jaipur . . .	93.8	80.0
		SUB-TOTAL . . .	73.8	80.0
6.	U. P.	Aligarh . . .	76.0	44.4
7.	Bihar	Arrah . . .	5.6	100.0
8.	Orissa	Banki . . .	57.9	100.0
9.	West Bengal	Mughberia . . .	100.0	100.0
10.	J & K	Anantnag . . .	10.3	Nil
		TOTAL	40.1	44.1

On the whole, while 40% of the cultivator-borrowers diverted the short-term loans, the proportion was slightly higher (44%) among non-cultivators. In 8 of 14 banks, the practice of diversion was greater among non-cultivators than among cultivator-borrowers. In one bank Mughberia, diversion was cent per cent for both groups of borrowers. In two banks viz., Salem (Madras) and Anantnag (J. & K.), none of the non-cultivators diverted the short-term loan. Further, the percentage of DR among non-cultivators in Surat (Gujarat), Arrah (Bihar) and Banki (Orissa) was high, as the number of borrowers was too small-ranging between 1 and 2 only.



*Extent of diversion and size of holdings :*

5.43 Data on the percentage distribution of the short-term and medium-term borrowers by size of holding and the percentage of borrowers diverting the use of loans in each of these holding size groups are given for all sample banks in Appendix Table XIX and XX.

*Short-term :*

5.44 The percentage distribution of short-term borrowers in different holding groups and the percentage of respondents in each group who diverted their loans are shown in the following table :

TABLE 5.15

*Distribution of borrowers by size of holding and proportion of borrowers diverting the use of loans in each holding group*

Size of holding	Short-term loans	
	Percentage of borrowers to total	Percentage diverting to borrowers in each group
1	2	3
1. No holding . . . . .	11.7	44.1
2. Below 5 acres . . . . .	33.6	43.4
3. 5—10 acres . . . . .	18.7	37.9
4. 10—30 acres . . . . .	27.3	36.4
5. 30—60 acres . . . . .	6.6	33.9
6. Above 60 Acres . . . . .	2.1	35.0
TOTAL . . . . .	100.0	39.7

The largest proportion (34%) of the short-term borrowers had a holding of less than 5 acres. About 9% had holdings of 30 acres and above; and the remaining (about 46%) had holdings ranging in size from 5 to 30 acres.

5.45 The practice of diversion of short term credit was highest (43%) among the smaller cultivators or those with holdings below 5 acres. The proportion is lower in the higher size groups of holding; but the rate of decline is small. The percentage of cultivators diverting short term loans in the higher size of holding groups ranges from 34 to 38.

5.46 The following table shows the extent of the practice of diversion among borrowers in various size of holding groups, according to categories of States :

TABLE 5.16

*Percentage of diverting borrowers according to size of holding groups (S.T.) in different categories of States*

Category of States	Percentage distribution among borrowers according to size of holding groups					
	No. hold- ing	Below 5 acres	5—10 acres	10—30 acres	30—60 acres	60 and above
1	2	3	4	5	6	7
A . . . . .	14.0	34.3	35.8	19.4	20.0	10.0
B . . . . .	51.3	52.5	40.2	50.3	51.9	60.0
C . . . . .	95.8	43.3	35.1	15.0	..	..
TOTAL	44.1	43.4	37.9	36.4	33.9	35.0

In category A States, the proportion of diverting borrowers is nearly the same (34 and 36%) in both the lower size groups of holdings i.e., less than 5 acres and 5 to 10 acres. But is significantly lower among borrowers with larger holdings. Even in Category C States, the proportion of borrowers diverting ST loans was much less in the 10-30 acre-group than in the smaller holding groups. But this trend is not apparent in the category B States where the percentage of borrowers diverting ST loans ranges narrowly from 40 to 52% in holdings of different sizes up to 60 acres and becomes highest (60%) in the largest size group of holdings (60 acres & above).

5.47 It will however be seen from the Appendix Table XIX that only in 5 to 6 States (Gujarat and Maharashtra among A States, U.P. among B States and Assam and H.P. among C States) that a definite inverse relationship between the practice of diversion and the size of holdings is noticeable. In seven States (*viz.*, Madras in Category A, M.P., Mysore, Punjab and Rajasthan in Category B and in Kerala and Orissa among those in C), no systematic relationship can be traced between diversion and size of holdings; rather it is often higher in the higher holding groups. But even in these States, the figures of individual banks show that in some of the banks there is a tendency, though not marked, for the extent of the practice of diversion to vary inversely with the size of holdings,

particularly in the higher groups such as in Madurai (Madras), Ajmer (Rajasthan) and even both the selected banks in Punjab. What may be inferred is that on the whole, there is probably less diversion among borrowers in the higher holding groups with few exceptional cases particularly in M.P., Mysore and Orissa.

5.48 The analysis of the above relationship has been pursued further into the relative distribution of banks by the extent of diversion among borrowers (of Short-term credit) in different size of holding groups. The relevant data are given below :

TABLE 5.17

*Distribution of relevant banks by the extent of DR according to holding groups (Short-term)*

Percentage of DR (Group)	No of banks & their percentage on size of holding group (acres)											
	Nil		Below 5		5—10		10—30		30—60		60 & above	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	2	3	4	5	6	7	8	9	10	11	12	13
Nil . . . . .	2	33.3	2	8.7	6	24.0	6	26.1	6	4.0	5	62.5
Below 20 . . . . .	3	20.0	6	26.1	5	20.0	6	26.1	2	13.3	..	..
20—40 . . . . .	2	13.3	5	21.7	2	8.0	..	..	3	20.0	..	..
40—60 . . . . .	3	20.0	2	8.7	5	20.0	4	17.4	..	..	1	12.5
60 and above . . . . .	5	33.3	8	34.8	7	28.0	7	30.4	4	26.7	2	25.0
TOTAL . . . . .	15	100.0	23	100.0	25	100.0	23	100.0	15	100.0	8	100.0

The percentage of banks showing 60% or more of diverting borrowers (DR) varies among different size groups of holdings, narrowly between 25 and 35%, but is somewhat higher in the smaller holding groups. On the other hand, the percentage of banks with 'nil' DR is low for the smaller holding groups and much higher for the larger holding groups. As regards the other proportions of DR, no definite trend is noticeable, though the percentage of banks in the larger size groups of holdings is generally smaller or smallest. Thus in a relatively larger number of banks, diversion is larger among those with smaller holdings than among those with larger holdings.

wers by size of holdings and the proportion of MT in each holding group are given in Appendix Table XX. The following table gives the summary picture.

TABLE 5.18

*Distribution of MT borrowers by the proportion of diversion and by size of holdings*

Size of holding (acres)	Percentage of borrowers	Percentage diverting
1	2	3
No holding . . . . .	Negligible	
Below 5 . . . . .	25.8	54.1
5—10 . . . . .	22.5	46.4
10—30 . . . . .	36.9	43.4
30—60 . . . . .	9.3	30.0
60 and above . . . . .	5.3	21.8
TOTAL . . . . .	100.0	44.3

Amongst those who took medium-term loans, cultivators with less than 5 acres constituted about 26% and together with those having 5-10 acres, accounted for 48% of the number of medium-term borrowers. There were no borrowers in the below 5 acre group in 8 out of 24 banks relevant for the analysis of medium-term borrowers; and in 4 of the others, there were no diverting borrowers of medium-term credit. As in the case of short-term credit, the proportion of diverters was the largest among cultivator-borrowers with less than 5 acre holdings. The proportion shows a steadily lower figure for the successively larger size groups of holdings. Thus, one can say that there is an inverse association between these two factors in the case of medium-term credit.

TABLE 5.19

*Percentage of diverting borrowers according to size of holding groups and category of States (medium term)*

Category of State	Percentage of DR according to size of holdings (acres)				
	Below 5	5—10	10—30	30—60	60 and above
1	2	3	4	5	6
A . . . . .	50.0	48.0	40.9	27.3	9.1
B . . . . .	55.9	56.1	46.5	33.3	33.3
C . . . . .	56.4	32.3	31.2	..	..
TOTAL .	54.1	46.4	43.4	30.0	21.7

The percentage of diverting borrowers in the holding groups, below 5 acres and 5 to 10 acres, is higher than in the larger size groups of holdings. In the lowest holding group, the percentage of diverting borrowers ranges from 50 to 56 in the three categories of States. The decline in the percentage of diverting borrowers in higher holding groups is greater in Category A States than in the other categories. In 2 States, West Bengal and H.P., none of the medium term borrowers diverted their loans, and in J. & K. non-borrowed M.T. loan. Out of the remaining 13 States, in 7 (Gujarat, Madras and Maharashtra among A States, Punjab and U.P. among B States and Assam and Kerala among C States) the percentage of borrowers diverting shows a fall with the rise in the size of holdings. In 5 of the States, A.P., M.P., Mysore, Rajasthan and Bihar the inverse relationship between DR and size of holdings is not manifest. But unlike in the case of short-term loans, for medium-term credit, on the whole the association between the diversion and the size of holdings is clearer, specially in States in categories A and C.

5.51 The distribution of banks by the percentage of DR for MT borrowers and by their size of holding is shown below :

TABLE 5.20

*Distribution of banks by the percentage of DR and by size of holdings of MT borrowers*

Percentage of DR	Distribution of banks in size of holding groups (acres)									
	Below 5		5—10		10—30		30—60		60 & above	
	No.	%	No.	%	No.	%	No.	%	No.	%
1	2	3	4	5	6	7	8	9	10	11
1. Nil . . . . .	4	25.0	6	31.6	5	25.0	7	50.0	6	66.7
2. 0—20 . . . . .	..	..	1	5.3	3	15.0	..	..	..	..
3. 20—40 . . . . .	3	18.8	3	15.8	2	10.0	1	7.1	..	..
4. 40—60 . . . . .	1	6.2	3	15.8	3	15.0	3	21.4	2	22.2
5. 60 & above . . . . .	8	50.0	6	31.6	7	35.0	3	21.4	1	11.1
TOTAL . . . . .	16	100.0	19	100.0	20	100.0	14	100.0	9	100.0

The proportion of banks showing 60% or more of DR is by far the highest in smallest size group of holding (less than 5 acres) and is progressively lower for the higher size groups. Similarly, the proportion of banks with nil or less than 20% DR shows a rising tendency with a rise in the size of holding. Thus the evidence is clear that the size of holdings has an inverse association with the extent of the practice of diversion among the medium-term borrowers.

5.52 For both types of loans, the practice of diversion shows a general tendency to decline among borrowers in the higher size groups of holding; but this relationship is more significant in the advanced states (category A). However, the extent of diversion also depends upon other external factors like local conditions, the scope for investment, the economic exigencies with the borrowers or even the institutional factors like delay in receipt of or adequacy of loans for the purposes etc.

*Extent of diversion and length of membership :*

5.53 Normally, the longer a person has been a member of the co-operative, the more he should imbibe the cooperative principles of honesty and thrift and develop faith in them. On the other hand, it is also true

that the older a member is, the more insight he gets into the opportunities for diversion, presented by the loopholes in the rules and regulations and the weaknesses of the members of the committee. It will now be examined as to which way, if any, the length of membership lends its weight. The distribution of the short-term and medium-term borrowers by certain period groups of membership and the percentage of DR in each of these groups is shown for all sample banks in Appendix Tables XXI and XXII respectively.

5.54 The percentage distribution of borrowers by certain period groups of membership and the percentage of DR in each group for short-term borrowers is shown in the following table :

TABLE 5.21

*Length of membership and extent of diversion among short-term borrowers*

Length of membership (Years)				Short-term borrowers	
				Percentage of total borrowers	Percentage DR in specified category
1				2	3
1.	Below 1	.	.	6.9	38.5
2.	1—2	.	.	10.1	38.5
3.	2—3	.	.	13.5	40.6
4.	3—4	.	.	7.0	54.5
5.	4—5	.	.	13.0	37.4
6.	5 and above	.	.	49.3	38.4
7.	N.A.	.	.	0.2	50.0
TOTAL				100.0	39.7

Of the short-term borrowers, almost one-half had a membership standing of 5 years or more. About 70% of the members had a standing of at least 3 years which may be considered sufficient for the purpose of imbibing the principles of cooperation.

5.55 The data do not show that the practice of diversion has much of a relationship with the length of membership. The percentage of DR varies narrowly from 37 to 41% in all period groups of membership, except that of 3-4 years wherein the percentage of borrowers was only 7% and the percentage of DR was the highest (54%).

5.56 The distribution of DR according to the length of membership is given State-wise in Appendix Table XXI. In 3 of the 4 States, A.P., Gujarat, and Madras in category A, the percentage of DR declines with the length of membership (leaving the initial year). This tendency is again observed in H.P. in category C. In all the other States, no systematic relationship can be discerned. Thus diversion in general does not seem to be directly influenced by the length of membership of the co-operative of the members, except in some of the relatively advanced States in cooperation.

5.57 This finding is also supported by the data on distribution of banks by the various diversion groups and the length of membership. The table below gives this distribution.

TABLE 5.22

*Distribution of banks by proportion of STB in different period groups of membership*

Percentage DR	Distribution of banks in different period groups (Years)													
	Below 1		1—2		2—3		3—4		4—5		5 and above			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
1	2	3	4	5	6	7	8	9	10	11	12	13		
Nil	.	.	8	44.4	7	33.3	7	30.4	3	15.8	8	34.8	2	8.0
0—20	.	.	..	..	1	4.8	2	8.7	1	5.3	2	8.7	8	32.0
20—40	.	.	3	16.7	5	23.8	2	8.7	1	5.3	1	4.3	4	16.0
40—60	.	.	1	5.6	3	14.3	5	21.7	2	10.5	6	26.1	4	16.0
60 & above	.	.	6	33.3	5	23.8	7	30.4	12	63.2	6	26.1	7	28.0
TOTAL	.	18	100.0	21	100.0	23	100.0	19	100.0	23	100.0	25	100.0	

The practice of diversion to the extent of 60% or more is relatively most wide spread among the banks in respect of members with 3-4 years of standing. The proportion of banks in other groups varies between 24% and 33%. The proportion of banks with less than 20% DR (including nil) is also by far the least for members of 3-4 years' standing. For other groups no systematic relationship is found.



*Medium-term :*

5.58 The corresponding distribution of borrowers according to the length of membership and the percentage of diverters among them is given in the table below for medium term borrowers.

TABLE 5.23

*Length of membership and extent of diversion (medium term)*

Length of membership (period groups-years)	Percentage total borrowers	Percentage of DR in the group
1	2	3
Below 1 . . . . .	2.8	50.0
1—2 . . . . .	7.4	43.8
2—3 . . . . .	13.5	46.6
3—4 . . . . .	6.0	57.7
4—5 . . . . .	9.5	61.0
5 & above . . . . .	60.0	39.8
Not available . . . . .	0.2	Nil
TOTAL . . . . .	100.0	44.3

Amongst the medium term borrowers, there is greater concentration of membership in the 5-year group which accounts for 60% of the total. In no other group is the proportion of borrowers sufficiently large. The 2-3 year group, next in importance, accounts for 13.5% of the total borrowers only.

5.59 Here again, as in case of short-term borrowers, no significant relationship between the length of membership and the extent of diversion is discernible. However, members with a standing of 5 years or more show the least extent of diversion (40%) which is not very different from the overall average proportion of 44%. The percentage of DR is quite high for the members with less than 1 year of standing and witnesses a slight decline in the next two groups rising again and reaches a peak in the 4-5 years group before declining. A reference to the Appendix Table XXII also brings out that in none of the individual States, any systematic correlation is found between the length of membership and the diversion extent. Data for the individual banks except for just a few cases, also bear out this finding.

5.60 The distribution of relevant banks by the extent of diversion among medium term borrowers in different period groups of members is given in the following table.

TABLE 5.24

*Distribution of banks by the percentage of medium-term DR in different period groups of membership*

Percentage of DR	Distribution of banks by period of membership (years)											
	Below 1 year		1—2		2—3		3—4		4—5		5 & above	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	2	3	4	5	6	7	8	9	10	11	12	13
Nil . . . . .	2	28.6	3	23.1	5	23.8	3	25.0	4	33.3	5	20.8
Below 20 . . . . .	..	..	1	7.7	..	..	..	..	..	..	3	12.5
20—40 . . . . .	1	14.3	1	7.7	2	9.5	2	16.7	..	..	5	20.8
40—60 . . . . .	..	..	3	23.1	5	23.8	1	8.3	2	16.7	3	12.5
60 & above . . . . .	4	57.1	5	38.4	9	42.9	6	50.0	6	50.0	8	33.3
TOTAL	7	100.0	13	100.0	21	100.0	12	100.0	12	100.0	24	100.0

The proportion of banks showing 60% or more of DR is the smallest in respect of members with a standing of 5 years or longer, and the highest for those in their initial year. But its significance is marred by the fact that the proportion in the other groups vary directly with the length of membership. Moreover, if the period group of 5 years and above, which accounts for 60% of the borrowers is left out, no systematic relationship between the extent of diversion and the length of membership emerges.

5.61 Thus, for both types of loans, there does not exist any direct association between the extent of diversion and the length of membership, indicating thereby that the mere longer period of membership has not meant the inculcation of the principles of cooperation. The fact that this relationship is somewhat significant in category A or the relatively advanced states, further shows that the reasons of diversion are deeper and that inculcation of the principles of cooperation, though fruitful, may not be a sufficient force for reducing diversion. Another inference may be that in none of the categories of States, education in cooperation is essentially and progressively imparted to members over the years.

*Extent of Diversion and membership of managing committee :*

5.62 Let us now see whether the members of the managing committees who are themselves responsible for the disbursement and supervision of the use of loans have given a better account of themselves in this

respect. The distribution of the sample respondents according to whether they are members of the committee or not and the percentage of DR in each of these 2 categories for the borrowers of short-term and medium-term loans in all banks according to States is shown in Appendix Tables XXIII and XXIV.

*Short-term :*

5.63 Of the short-term borrowers, about 13% turned out to be members of the managing committees of the societies. The overall extent of diversion among these members, being 31.5% was certainly lower than the overall proportion of 40% for the aggregate. Considering the different categories of States, it is noticed that while the extent of diversion among the committee members was lower than among the non-members in States in categories A and B, the divergence is much greater in A than in B States. In all the 4 States and in all the 8 banks in category A, the percentage of DR among non-members of committees was higher than among the members. In category B, in 3 States, Mysore, Rajasthan and U.P., the percentage of DR was higher among the non-members; but in 6 out of the 10 banks, the non-members relatively fared better. In the category C States, though on the whole the percentage of DR was higher among the members, in 4 out of the 7 States, the percentage of DR was higher among the non-members. Thus, on the whole the committee members had done better than the non-members, specially in category A States and to a lesser extent in the States of category B & C.

5.64 The distribution of banks by the extent of diversion for short-term borrowers is given below, separately for members and non-members of managing committees.

TABLE 5.25

*Distribution of banks by the percentage of DR among members and non-members*

Percentage of DR	Members		Non-members	
	No. of banks	Percentage	No. of banks	Percentage
1	2	3	4	5
Nil . . . . .	10	44.0	..	..
Below 20 . . . . .	2	8.0	8	32.0
20—40 . . . . .	2	8.0	4	16.0
40—60 . . . . .	3	12.0	5	20.0
60 & above . . . . .	7	28.0	8	32.0
<b>TOTAL .</b>	<b>25</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>

The proportion of banks showing 60% or more of DR is smaller in respect of committee members than for non-members; and again the percentage of banks showing 'nil' diversion was 44% for the members as against none for the non-members. Even in the other groups of diversion, the percentage of banks was higher for non-members. This again shows that the committee members had given a better account than the non-members.

*Medium-term :*

5.65 A reference to Appendix Table XXIV will show that 19% of those who took medium-term loans turned out to be members of the managing committees. As in case of short-term, so also for medium-term, the extent of diversion was much less among the members than among the non-members, namely 31% and 47% respectively.

5.66 In 3 out of 4 States in category A, in 4 out of 5 States in category B and in 2 out of 3 in category C States (in the other States either none diverted or there was no medium-term member-borrower in the sample), the percentage of DR was lower among the members than among the non-members of committees. Thus the finding is even stronger in the case of medium-term than short-term credit.

5.67 The distribution of sample banks in various diversion groups based on percentage of DR among members and non-members of committees is given in table below :

TABLE 5.26

*Distribution of banks by the range of DR among members and non-members of managing committees for MT*

Percentage of DR	Members		Non-members	
	No. of banks	Percentage	No. of banks	Percentage
1	2	3	4	5
Nil . . . . .	11	55.0	3	12.5
Below 20 . . . . .	1	5.0	2	8.3
20—40 . . . . .	2	10.0	5	20.8
40—60 . . . . .	2	10.0	4	16.7
60 & above . . . . .	4	20.0	10	41.7
TOTAL . . . . .	20	100.0	24	100.0
No. & Percentage of banks showing greater extent of diversion between the groups . . . . .	4	22.2	18	85.7

As in case of short-term, here too the percentage of banks showing 60% or more of DR was much higher among the non-members; and the percentage in the 'nil' group was much less for non-members. Further, even in respect of the other groups, the percentage of banks was higher, for the non-members. This again indicates that the committee members used the medium-term loans more properly than the non-members.

5.68 Thus, on the whole, the fact of membership of the managing committees does seem to have had an influence on the members in the matter of proper use of the loans. This may be partly due to their realization of the slur involved in diversion of the use of loans.



## CHAPTER VI

### PURPOSES AND USES OF LOANS

#### *Introduction :*

6.1 It is not only the number of respondents who divert loans and the amount of loans which are diverted, that are important but also the purposes from and to which these diversions are made. This analysis is useful both for getting some idea of the lines on which improvements in the lending policy can be made and for providing an insight into the economic exigencies and other factors which compel or motivate borrowers to divert loans.

6.2 To throw light on this aspect every respondent was asked the purposes for which he had borrowed short-term or medium-term loans and the purposes for which he had used them. The data have been analysed in the following manner. First, the reported purposes have been integrated together under major heads based mainly on the nature of economic activity implied in the purposes. However, the productive and non-productive, the agricultural and non-agricultural nature of purposes has been kept in view and classified separately. Then, the relative share of these purposes in the total credit obtained by borrowers and the relative magnitude of diversion (% of diverted amount to borrowed amount) have been worked out. Thereafter, the variation in regard to purposes of borrowing and diversion magnitude have been examined. Next, the directions in which the diverted amounts have gone and the relative share in the diverted amounts been analysed. Finally, the aggregate picture of diversion, i.e., the direction of diversion from groups of purposes to groups of purposes has been presented. This analysis has been extended to study the variations among the various size of holding groups and as between the various categories of States and between the States. The treatment has been done separately for short-term and medium-term credit.

6.3 The analysis, however useful and interesting, has been extremely complicated and laborious, involving, as it did, recording of the amounts taken for each purpose and for each borrower, then sorting out directions for each purpose. The number of borrowers were about 1,300 and the purposes of borrowing and of diversion, each exceeded 40. In the case of medium-term loans, data for 3 years had also to be integrated.

6.4 Further this multiplicity of purposes presented some problems in classification. First, in quite a number of cases loans have been put to

more than one use; and secondly, some of such purposes partially overlap with others, which has made it difficult to precisely assign some of them to any of these broad groups.

6.5 Another point that may be noted in this connection is that in some areas, the loans for current agricultural needs are advanced under the broad purpose of 'Agriculture needs' or 'crop loans' etc., in other areas the loans are advanced for each of the items like seeds, fertilizers, payment of wages etc. As such, in order to have uniformity, the use of loans meant for one purpose, for another purpose covered under the broad category of the 'current agricultural expenses' e.g., from seeds to fertilisers or *vice versa*, has not been treated as diversion. Similarly in the case of livestock, the use of loans obtained for the purchase of bullocks actually for purchasing cows or buffaloes or *vice versa*, have not been regarded as diversion.

#### *Purposes of Borrowing (Short-term):*

6.6 Figures showing the value of credit taken for each of the major type of purpose are given in Appendix Table XXVI. Short-term loans were taken by the members from the cooperative societies for a variety of purposes; but a major portion i.e., 94% of these related to three main categories of purpose *viz.* current agricultural expenses, current household needs including consumption, and the purchase of livestock. Nearly 73% of the amount was borrowed for current agricultural purposes alone; 12% for consumption and household expenses (including a small amount for current agricultural expenses again, separate data being not available) and 9% for the purchase of livestock. Short-term credit is given for the purchase of livestock in a few States; and most of these loans occurred in States of M.P., Punjab, Orissa and Bihar.

6.7 The borrowings for other purposes were, of course, small, ranging from 0.1 to 1.6% of the total amount borrowed. These included some for purposes which are not short-term like those relating to the purchase of land and its improvement, purchase of carts etc. for which long or medium-term loans are generally admissible, and also others which are of non-agricultural nature like those relating to business and professional needs, payment of old debts, ceremonies, etc. Borrowings for business and professional needs accounted for 1.6%; but 61% of these were obtained by the non-cultivators. Nearly 1.3% of the total amount was borrowed for medium-type of agricultural purposes *viz.*, for the purchase and improvement of land and for the purchase of carts and implements etc. The other purposes for which S.T. loans were taken related to construction and repair of houses, repayment of debts, payment of rent and revenue, and miscellaneous needs.

*Purposes of borrowing according to size of holdings :*

6.8 Data on the extent to which the borrowers in different size of holding groups borrowed S.T. credit for various types of purposes are also given in Appendix Table XXVI.

6.9 The percentage of amounts borrowed for current agricultural purposes varied from 69 to 82 among cultivators in different size of holding groups—the percentage being highest (82%) among those possessing 15-30 acres or the medium cultivators. Even cultivators possessing 30 to 60 acres obtained 79% of the borrowings for this purpose. The smaller cultivators i.e., those with less than 10 acres of holdings obtained 74 to 75% for current agricultural purposes.

6.10 Since S.T. loans in A.P. are given for the combined purposes of current agricultural and household expenses, if these amounts (shown separately in the table) are added to the current agricultural purposes, it would be seen that 82 to 88% of the loan amounts were borrowed for these purposes by cultivators having more than 15 acres. Thus we find that broadly speaking, the bigger cultivators borrowed a relatively larger proportion for current agricultural purposes than the smaller ones.

6.11 As for borrowings for consumption and other current household needs, it is found that cultivators with more than 15 acres borrowed 4 to 6.5% for these purposes. Thus the smaller cultivators, as can be expected because of their weak economic position, borrowed more for current household needs. The S.T. credit is available for livestock in a few States only; but it appears that there is not much variation in the proportion of amounts borrowed for the purchase of livestock among cultivators in various holding groups, the percentage varying between 5.4 and 7.9 with an exception of 16.2% among cultivators with 10-15 acres of holding. The amounts borrowed for other purposes are small but these occur mostly in case of smaller cultivators.

6.12 The pattern of borrowing among the non-cultivators is obviously of different nature. We have of course a few cases even among the non-cultivators who borrowed S.T. credit for agricultural purposes. A sum of Rs. 1671 or 10.3% of the total amount borrowed by the non-cultivators was borrowed for agricultural purposes. Of this, Rs. 900 was borrowed by the borrowers (one in Jaipur, Rajasthan and another in Salem, Madras) who owned land but had leased it out; but the remaining amount was borrowed by some of the non-cultivators ostensibly for agricultural purposes even though they possessed no land. This shows that perhaps the applications are not carefully scrutinized. Out of 7 such cases, 6 were found in Rajasthan (Jaipur and Ajmer banks) and one in Madurai (Madras). The one more non-cultivator borrowed Rs. 600 or so for the purchase of land which he later leased out and another rentier obtained Rs. 200 for the improvement of land.



6.13 The main types of purposes for which the non-cultivators borrowed S.T. loans were: 37% for consumption and current household needs, 22% for business and professional needs, and 20% for the purchase of livestock.

*Inter-State Variation :*

6.14 There is, however, a considerable variation among the States in the relative importance of the various purposes. The relevant figures for each of the States are given in Appendix Table XXVII. The current agricultural purpose which is by far the most significant purpose for short-term credit occurs in all the States; but the volume varies greatly from a paltry figure of Rs. 428 in Anantnag (J. & K.) to Rs. 89,976 in Maharashtra. In Maharashtra, Mysore, Kerala and West Bengal, the whole or nearly whole of the ST credit, and in another 4 States, Gujarat, Rajasthan, M.P., and Bihar, most of the S.T. Credit (86 to 95%) were obtained for current agricultural purposes. In Madras and U.P. too, this purpose claims the major portion of total credit (66% and 77% respectively). In A.P., a little less than half (49%) was borrowed for current agricultural purposes. In Assam, Orissa and H.P., the percentage varied between 32 and 40 only. But in Punjab and J.&K. only about 10% of the total loans were taken for this purpose.

6.15 The next common purpose, consumption and other current household needs has figured in the loans taken by the sample borrowers in 9 States. However, Andhra alone accounts for more than 71% of the total amount borrowed for this purpose by all the sample borrowers. This includes also some loans taken for current agricultural needs, as ST loans are given in Andhra mainly for two purposes, current agriculture and household needs. In J. & K., nearly 90% of the ST credit were for this purposes; and in H.P., about 36%. Short-term credit for the purchase of livestock has figured in 8 States; but three-fourth of it were accounted for in Punjab alone. The other two States where this formed an important part are M.P. and Orissa. About 11% of the total amount borrowed for this purpose (in the sample) was claimed by each of these States.

6.16 Short-term credit for business and professional needs figures in 6 States and importantly in Madras and Punjab. In Assam however, 61% of total amount borrowed related to other miscellaneous needs which were not specified. Borrowings for other purposes were, however, small and dispersed.

*Magnitude of Diversion (ST) and size of holdings :*

6.17 Appendix Table XXVIII also gives figures of the percentage of borrowed amount diverted from each of the main groups of purposes for which ST loans were obtained, for all the borrowers as well as according

to size of holding groups. In all, about one-fourth of the amount borrowed for short-term was diverted from the avowed purposes of borrowing to other purposes.

#### *Agricultural credit :*

6.18 The major part (73%) of ST credit was obtained for current agricultural expenses, as explained earlier. Out of this, nearly 25% was diverted to purposes other than agricultural. This estimate excludes cases of diversion where loans obtained for one type, are used for another type, of current agricultural purposes, such as loans obtained for seed but used for the purchase of fertilizers. The smaller cultivator diverted a larger proportion of amount borrowed than the bigger cultivators. Cultivators possessing less than 5 acres of holding diverted 40%, and those having 5 to 10 acres diverted nearly 35% of this amount borrowed for current agricultural purposes. The percentage of diversion varied between 25 to 28 among those with 10 to 30 acres, but fell to 12% and 5.6% in the case of those in the holding groups of 30 to 60 acres, and 60 acres and above respectively.

6.19 Among non-cultivator borrowers, there were two who owned land but did not cultivate it: one did utilise the whole amount of Rs. 500 borrowed for agricultural purposes (for deepening of well etc.), while the other diverted the whole amount of Rs. 400 to non-agricultural purposes. All the other 7 non-cultivator-borrowers who borrowed for agricultural purposes diverted cent per cent of the loan amount for non-agricultural purposes.

6.20 It appears that the smaller cultivators tend to use loans obtained for productive agricultural purposes, for 'non-productive' purposes. On the other hand, the bigger cultivators use the greater proportion of such loans for productive purposes. The non-cultivators misused even more the loans obtained for agricultural purposes.

#### *Consumption Credit :*

6.21 Nearly 10% of the ST loans amount was borrowed for consumption and other current household needs. The diversion from this purpose was relatively small; only 10% had been diverted. The purpose being non-productive and broad, which is quite understandable. No diversion took place among the big cultivators. Cultivators with less than 5 acres diverted only about 2%; and those with 5 to 10 acres diverted 11%. The diversion among the non-cultivators was, however, highest (27%).

#### *Loans for livestock purchase :*

6.22. The next in importance from the point of view of the amount involved are loans for the purpose of purchase of livestock. About 41%

of the amount borrowed for this purpose was diverted. While only 35% was diverted by small cultivators with less than 5 acres, those possessing 5-10 acres diverted nearly 55% and those possessing 15 to 30 acres 64%. The non-cultivators diverted nearly 42%. The magnitude of diversion from this purposes seems to rise in the larger sizes of holdings.

*Other purposes :*

6.23 The ST loans taken for other purposes formed only a very small proportion, i.e. 8%, of the total amount. However, 90% of the amount borrowed for the purchase of implements and carts was diverted; and 26% of the amount borrowed for purchase and improvement of land. No diversion took place for the small amounts which were borrowed for house construction and repayment of debts and payment of share money.

*Inter-State variations :*

6.24 Current Agricultural Credit.—There is also a great variation in the magnitude of diversion from various purposes, among different States. The relevant figures are given in Appendix Table XXVII. From current agriculture purposes, no diversion took place in Bihar and J. & K. In the first State, 88% of the total ST credit was obtained for this purpose. In other States, the proportion of the amount diverted to that borrowed ranged from about 11% in A.P. and Mysore to 97% in Orissa. The distribution of States by the magnitude of diversion from current agriculture purposes is shown in the table below :

TABLE 6.1

*Distribution of States by the magnitude of diversion of ST agricultural credit*

Diversion magnitude (Percentage to borrowed amount)	Distribution of States	
	No.	Percentage to total
1	2	3
Nil . . . . .	2	12.5
Below 20 . . . . .	6	37.5
40 to 60 . . . . .	2	12.5
60 and above . . . . .	6	37.5

In about 38% of the States, 60% or more, and in 50% of the States 40% or more of the credit obtained for current agricultural purposes were diverted. As between the categories of States, it is found that the

magnitude of diversion was much less in category A States where only 15% of the amount was diverted from this purpose. In the other categories, B and C, of States, the corresponding proportions were 32% and 61%, respectively. Category C States thus fares the worst.

#### *Consumption Credit :*

6.25 Of the ST credit taken for consumption and other current household needs, there was no diversion in H.P. and Madras. The magnitude was small in A.P. where 5% was diverted; and about 8% was diverted in J. & K. wherein 90% of the ST credit related to this purpose.

6.26 In 3 States of category B viz., Punjab, Rajasthan and U.P., the percentage of diversion varied between 42 to 71% of the borrowed amount, the proportion being highest in Rajasthan. And as between categories of States, here also the magnitude of diversion in category A States was significantly lower than in category B 4.8% compared to 57%. In category C States, the percentage was 10 only, though in Orissa it was 37%.

#### *Purchase of live-stock :*

6.27 In Punjab where about 71% of the ST credit was obtained by the sample borrowers for this purpose, nearly 38% was diverted. In another State, Orissa where more than one-half of the credit related to this purpose, nearly 52% was diverted. The largest magnitude of diversion took place in Bihar where 80% of the credit obtained for this purpose was used for other purposes. In M.P. and H.P., too, 50 to 52% of such credit was used for other purposes. No diversion was, however, reported in A.P., Madras and U.P.; but the amount borrowed for this purpose formed only a nominal proportion of the total ST credit in these States (as per sample borrowers).

#### *Credit for other purposes :*

6.28 Among other sundry purposes, 90% of the credit obtained for the purchase of cart was diverted; this occurred only in one bank, Ludhiana (Punjab). Of the credit obtained for the purchase of land and land improvement, cent per cent was diverted in Rohtak (Punjab) and 33% in Mahasu (H.P.). Though credit for business and professional needs has figured in 6 States, in four of these no diversion was reported, and in the other two, M.P. and Gujarat, 50% and 17% respectively of such loan amounts were diverted.

#### *Direction of diversion and size of holdings :*

6.29 Appendix Table XXVIII gives the distribution of diverted amounts according to purposes for which these were actually used. As we have seen earlier, nearly one-fourth (23%) of the borrowed amount was diverted. The following table gives the percentage distribution of diverted amounts to some of the main type of purposes :

TABLE 6.2

*Directions of diversion in various sizes of holdings (ST credits)*

Size of holding groups (acres)	Percentage distribution of diverted amounts to some main type of purposes						
	*Current agri. expenses (including payment of rent/rev- enue)	MT agri- culture purposes	Purchase of live- stock	Business/ Profes- sional needs	Consump- tion and other H.H needs	Construc- tion of house etc.	Payment of old debt
1	2	3	4	5	6	7	8
No. holding	..	..	8.6	35.7	20.0	12.0	20.3
Below 5	0.1	6.9	9.4	0.5	51.8	2.9	22.4
5—10	..	8.8	3.0	2.0	25.4	2.8	41.5
10—15	2.5	8.0	12.3	..	41.6	..	11.1
15—30	7.1	12.6	5.6	4.0	13.0	5.4	26.1
30—60	21.6	28.7	..	..	21.4	15.0	12.5
60 and above	5.4	..	..	..	94.6	..	..
All groups	3.7	9.8	7.8	3.6	30.2	4.3	25.2

\*This also includes a small portion on consumption for which break up is not available.

Expenditure on consumption and other current household needs claimed the highest proportion (30%) of the diverted amount. The other purpose to which an equally good proportion (25%) was diverted was repayment of old debts and liabilities. Thus, these two uses together accounted for more than one-half of the diverted amount.

6.30 The smaller cultivators i.e., those possessing less than 5 acres used nearly three-fourth (74%) of the diverted amount for these two purposes—52% for consumption and household needs and 22% for repayment of old debts. The cultivators possessing 30 to 60 acres used nearly 21% of the diverted amount for meeting household consumption and other needs, and about 12% for repayment of loans. But in case of cultivators with 60 and more acres of holding, while only 4.2% of the borrowed amount was diverted on the whole, nearly 95% of the diverted amount went to meet the consumption and household needs. As cultivators in this group are not likely to be indebted for small amounts, there was no diversion towards re-payment of debts. On the whole, it appears that the proportion of diversion of loan towards these purposes falls with rise in the size of holdings.

6.31 The third direction of diversion was towards what can be called productive agricultural purposes. These claimed about 20% of the diverted amount. About 3.7% was used for short-term or current agricultural purposes, 9.8% for medium-term agricultural purposes such as improvement and purchase of land, construction and digging of wells, purchase of carts etc.; and 7.8% for the purchase of livestock. The smaller cultivators, having less than 5 acres and 5-10 acres, used 7 to 9% of the diverted amount for agricultural (current and medium type) expenses. The percentage was much higher in higher holding groups, 20% for 15-30 acres and 50% for 30 to 60 acres, indicating thereby that the smaller cultivators diverted the loans towards less productive use than the bigger cultivators. However, it is the smaller and the medium cultivators who used a part of diverted amount for the purchase of live-stock. Cultivators in the holding groups, less than 5 and 10 acres used nearly 8 to 9% of the diverted amount for this purpose; those with 10-15 acres 12% and those with 15 to 30 acres only 6%. The bigger cultivators did not use the ST loans for these purposes.

6.32 Fourthly, about 4% of the diverted amount was used for productive non-agricultural purposes, mainly in business and professions. More than one-half of this amount was accounted for by non-cultivators who used nearly 36% of the diverted amount for these purposes. It is however, interesting to find that a small amount, though less than 1%, was re-lent by the borrowers, obviously at higher rates of interest. The proportion was higher among non-cultivators who appropriated 3.4% of the diverted amount for this purpose.

6.33 Finally, though short-term credit is normally not admissible for the purpose of construction of house and purchase of house-sites, about 4% of the diverted amount was utilised for this purpose. About 2.7% of the amount had in fact not been utilised by the time the enquiry was conducted. Most of the relevant borrowers were from Mughberia (West Bengal). The rest of the diverted amount was used to meet the miscellaneous non-productive type of needs.

#### *Inter-State variations :*

6.34 The relative importance of the purposes to which the diverted amounts flowed in different States will now be looked into. The figures of the percentage share claimed by the various purposes are given State-wise in Appendix Table XXIX. In category A States, on the whole, 31% went towards re-payment of old debts, and nearly 16% for meeting current households needs and consumption. Another major share (34%) went to meet other non-productive, non-agricultural needs. Only 13% was used for productive agriculture purposes; but these were medium-term, not short-term, purposes like improvement of land or purchase of carts etc. Nearly 3% was used for the purchase of live-stock.

6.35 In Andhra Pradesh and Madras, the larger portion of the diverted amount was used for the repayment of loans but in Gujarat 34% was used for current household needs, nearly an equal proportion (31%) for the purchase of live-stock and about 26% for house construction. In Maharashtra, while nearly one-half of the diverted amount was used for meeting miscellaneous needs, about 19% was used for the medium-term agriculture purposes, and the remaining 31% for meeting household, needs and repayment of loans.

6.36 In category B States, the highest proportion of the amount diverted (39%) was used for consumption and households needs; 20% for repayment of loans; and 13% for the purchase of livestock. In U.P., the major portion (71%) was used for household and consumption needs; in other States in this category the corresponding proportion ranged from 37% to 44%, except in Punjab where it was 22%. In all these States, 9 to 27% went towards re-payment of debt. Live-stock claimed a good proportion in all the category B States except M.P. where it was about 6%. In M.P. and Mysore, a good part of the amount was utilised for agricultural purposes, in the former for the current type of agricultural needs, and in the latter for the medium-term type.

6.37 In category C States, nearly 61% of the diverted amount went to meet the current household needs and repayment of debts. While in Bihar and H.P., the whole of the diverted amount was utilised for meeting consumption and other needs, in Kerala and West Bengal the percentage going to these purposes ranged from 31 to 32. In Kerala, 36% was used for the purchase of land. In Orissa, repayment of debts claimed the major portion (about 63%). In Assam, the greater part (73%) was used for the purchase of live-stock. In West Bengal, though a large proportion of the diverted amount (40%) had been drawn by the borrowers, it had not been utilised for the avowed purpose till the time of the enquiry; but about 7% had been used for relending. In J. & K., nearly three-fourth of the amount were used in business and professions and the rest for construction of house etc.

#### *Directions of diversion from specified purposes :*

6.38 Apart from the directions in which diverted amounts went, it would be useful to find out the directions in which credit diverted from a given purpose had flown. This will show the disparities in amounts taken and used for a given purpose. Figures of amounts diverted from credit taken for specific purpose according to uses to which they were put are given in Appendix Table XXX. The following table indicates

the direction of diversion from some of the principal types of purposes of credit to those of diversion:

TABLE 6.3  
*Directions of diversion of ST credit*

Principal purpose of borrowing	Percentage distribution of diverted amount to purpose						
	Medium-term agri. purposes like Improvement Purchase of land, digging of wells etc.	Purchase of Live-stock	Business/ Professional needs	Consumption and other current household needs	Construction of house/ Purchase of house site	Payment of old debts	Miscellaneous needs
1	2	3	4	5	6	7	8
1. Current agricultural expenses	10.9	9.3	0.8	33.6	2.4	24.6	14.1
2. Purchase of Live-stock . . .	9.6	..	11.4	22.2	15.2	17.4	3.3
3. Business and professional needs . . . . .	..	27.0	..	40.6	..	..	..
4. Consumption and other current household needs . . . .	..	2.3	28.7	..	..	54.8	14.2

The largest proportion (34%) of the amount diverted from current agricultural purposes went to meet domestic consumption and other household needs, and another 14% for other miscellaneous needs. One-fourth (25%) of the diverted amount was used for making re-payment of old debts. The remaining was used for other purposes like purchase of livestock (9%), purchase of land improvement, construction and digging of wells (11%) and a small amount for business and professional needs. Only about 1% was used for re-lending.

6.39 Of the amounts diverted from borrowings for the purchase of live-stock, more than one-half (58%) was used for non-productive purposes—22% for consumption and other household needs, 17% for re-payment of



debts, 15% for construction of house etc. About 10% was used for productive medium-term agricultural purpose such as purchase and improvement of land, digging of wells etc. and another 11% for business and professional needs.

6.40 More than one-half of the diverted amount from loans obtained for consumption and household needs was used for re-payment of old debts, and about 14% for meeting miscellaneous needs. About 29% was used for productive non-agricultural purposes viz. business and professional needs. The amounts of diversion from other purposes were dispersed among various items; and these purposes accounted for only a small proportion of the total diverted amount.

*Net utilisation among specified purposes :*

6.41 It is clear that there were both outflows and inflows of amounts to the same purposes. It would, therefore, be meaningful to examine the net result of the diversion from and the accretion to different purposes which is brought out in terms of net utilization in the Appendix Table XXXI.

6.42 Current agricultural purposes stand out for the fact that more was diverted from this category than into it. The amount diverted was many times more than that received from other groups of purposes. Significantly, in the case of small cultivators i.e., those possessing less than 10 acres, while 32 to 40% of the borrowed amount was diverted from these current agricultural purposes, nothing was diverted into these purposes. Even in the case of the bigger cultivators, the accretions to these purposes was not of a significant magnitude. On the whole, the proportion of the amount of loan utilised for these purposes showed a rise with the rise in the size of holdings of borrowers. While only 60% and 68% of the borrowed amount for this purpose was utilised as such by those in the holding groups of less than 5 acres and 5-10 acres, 94 and 96% was used by those with 30-60 acres and more than 60 acres, respectively.

6.43 Further, though short-term borrowing for medium-term agriculture purposes, (purchase and improvement of land, purchase of carts and implements) formed only 1.3% of the total, nearly 32% was diverted into such use from 3% of the total amount borrowed for other purposes. As a result, the net amount utilised was nearly  $2\frac{1}{2}$  times higher than the amount borrowed for the purpose. The accretions to these purposes were more common among borrowers with smaller holdings than those with larger holdings.

6.44 In the case of live-stock again, we find that a large amount was diverted from this purpose than was diverted to it. The accretions to this purpose were nearly one-half of what was diverted from it. On balance.

this purpose saw the use of 79% of the borrowed amount. Further, among small cultivators, i.e. those possessing less than 5 acres, the amount of accretion to this purpose was larger than the amount diverted from it; and the net utilised was 114% of what was borrowed for it. The corresponding percentages were 77 and 90 for those in the holding of sizes of 5 to 10 and 10-15 acres, and fell sharply to 56 and 66% among those in the 15 to 30 and 30-60 acres groups, respectively. In the case of borrowers with holdings of 60 acres and above, there was not much of diversion from, nor was there accretion to this purpose. Thus, the net utilisation for this purpose was higher among the smaller cultivators than among the bigger ones. In other words, even the bigger cultivators put forward this purpose for the sake of borrowing more than they actually needed for the purpose.

6.45 Very little amount was diverted from the loans obtained, for business and professional needs. But from loans for other purposes, some amount (about 1%) was diverted to these purposes; and on balance the amount utilised for the purpose was 47%, higher than the amount borrowed. The accretions to these purposes came largely among non-cultivators or small holders of land who would perhaps be pursuing some additional occupation to supplement their income.

6.46 The diversion from the general purpose of consumption and household needs was very small; but large amounts nearly 7% of the borrowed amount, was diverted from other purposes to these. Leaving aside the non-cultivators in whose case more was diverted from than diverted to this use, among cultivating households, those with smaller holdings diverted more to those purposes than those with bigger holdings. In other words, the poorer classes used the short-term loans more for current non-productive purposes.

6.47 Though short-term loan is not normally available for purposes like construction of house, about 1% of the total borrowed amount was diverted for this purpose from other purposes. Though only very few households did so, they belonged to different size of holding groups.

6.48 Another interesting feature brought out by the analysis is that though short-term loans are not generally obtained for the purpose of repayment of old debts, quite a significant proportion (6.5%) of the total borrowed amount was used for re-paying the old debts. Except for the big cultivators, i.e., those possessing more than 30 acres (in whose case a relatively small amount was utilised for this purpose), cultivators in all other holding groups used some percentage of their total borrowed amount for this purpose. The proportion ranged from 6 to 7% for non-cultivators and cultivators in the holding group of less than 5 acres. Those in the 5-10 acre group diverted about 12%; the percentage was less (3%) among those in the 10-15 acre group and was again 7 for those having 15-30 acres

6.49 We also find that the use of borrowed amount for miscellaneous or unspecified purposes was not negligible. Nearly 3% of the borrowed amount was used for these miscellaneous purposes.

*Medium term Loans :*

6.50 *Purposes of borrowing and size of holdings:* The Appendix Table XXXII gives the distribution of medium-term (MT) loans borrowed by cultivators for various purposes by their size of holdings. MT loans are obtained for many purposes including those which are not of a medium-term character such as current agricultural expenses, consumption and household needs.

6.51 On the whole 52% of the total MT loan was borrowed for agricultural medium-term purposes like improvement of land, purchase/redemption of land, deepening or construction of irrigation sources, purchase of agricultural equipment like pumping set, cart or improved implements, and construction of cattle shed or farm house. Leaving aside one borrower who had no holding, those with holdings of less than 5 acres, 5-10 and 10-15 acres took 30 to 39% of the MT loans for agricultural medium term purposes; and the cultivators in the higher holding groups booked 59 to 74% of the MT loans for these purposes. Loans for the purpose of improvement of land/reclamation or bunding etc., claimed one-half of the loan amount obtained for MT agricultural purposes and were shared by cultivators in all size of holding groups. The other two important purposes in this (MT) category, which together claimed about 17%, relate to improvement/construction of irrigation sources and purchase of pumping set, etc.

6.52 The other major categories of purposes for which MT loans were obtained relate to the purchase of livestock. This accounted for 38% of the total amount. The smaller cultivators generally had a larger proportion of their MT borrowings for this purpose than the bigger ones. Thus these two purposes, viz., medium-term agricultural purpose and the purchase of livestock, constituted 90% of the total amount borrowed as MT credit. The smaller cultivators with less than 5 acres of land obtained 72% for these two purposes; and the percentage is higher in the successively larger sizes of holding, with an exception in the group 60 acres and above the figure for which was 89%.

6.53 Only a small proportion (1%) of the total was borrowed for non-productive medium-term purpose, namely for the construction of house.

6.54 Though medium-term loans are not normally meant for current agricultural expenses yet we find that 5% of the amount was advanced for such type of purposes. The small cultivators borrowed about 21% of the MT amount for such purposes. Cultivators with 5 to 10 and 10 to

15 acres obtained 5% of the amount. The bigger cultivators, i.e., those with 30 acres and above did not borrow any MT loans for current purposes. It is interesting that though only 3.6% of the total amount advanced as MT, was given for consumption and other current household needs, a very small proportion (0.1% only) was advanced for meeting business needs or repayment of loans.

### *Inter-State variations:*

6.55 Figures relating to the extent of MT borrowings for different purposes are given in Appendix Table XXXIII. In category A States, nearly two-thirds of the amount were borrowed for agricultural medium-term purposes such as purchase and improvement of land, construction or renovation of irrigation sources, purchase of pumping sets or purchase of carts and implements. But in category B States, such purposes claimed a smaller proportion, about 45% of the total amount borrowed. And in category C, the weaker States, only 15% of the MT. borrowings was for such purposes.

6.56 In category A States, the larger share i.e. 41% of the total amount was meant for improvement of land and nearly 20% was borrowed for irrigational purposes including purchase of pumping set. In A.P., the largest proportion (90%) was borrowed for the improvement of land. In Maharashtra, the greater part (64%) was borrowed for irrigational purposes. In Madras, irrigational purposes claimed about 27%. In category B States, 16% was borrowed for the improvement of land, and an equal proportion for irrigational sources. In Mysore, 52% of the total amount was borrowed for improvement of land, and in Punjab 17% for this purpose. In M.P. and Rajasthan, about 25% was taken for irrigational purposes. In category C States, the two medium-term agricultural purposes for which MT loans were taken related to improvement and purchase of land. In H.P., 63% of the total amount was borrowed for the purchase of land. In Kerala, nearly 37% of the amount was borrowed for the improvement of land.

6.57 The other purpose for which substantial amounts were borrowed related to purchase of live-stock. In category A States, 25% of the total amount related to this purpose; but in States in categories B & C, a larger proportion (47 and 42%, respectively) related to this purpose. In Assam and Bihar, 100 per cent, in U.P. 95%, in Orissa 86% and in Gujarat and M.P. more than 50% of the M.T. amount borrowed related to this purpose. Even in Madras, Maharashtra, Mysore, Punjab, Rajasthan and H.P., the proportion varied between 30 to 40%.

6.58 In Kerala, a very large portion (63%) and in Madras, a significant proportion (28%) of MT credit were borrowed for current agricultural purposes for which normally short-term loans are advanced. Even in

Rajasthan, about 8% and in Orissa about 1% of the borrowed amount related to this purpose. Medium-term loans were also advanced for meeting consumption and household needs in some States. In West Bengal, the major part (87%) related to this purpose alone. The other States are Gujarat and Madras in Category A and Punjab and M.P. in Category B. The proportion in these States ranged between 1 and 3%, except in Punjab where it was about 7%.

*Magnitude of Diversion (MT) and size of holdings :*

6.59 Figures of MT credit diverted are also given for each purpose in Appendix Table XXXII. On the aggregate, about 35% of the amount of MT loans was diverted from the avowed purpose of borrowing to other purposes. The magnitude of diversion, however, varied usually with the size of holding. The higher the size of holding the less the diversion. While cultivators with less than 5 acres and 5 to 10 acres diverted 46 and 42% of the borrowed amount, the diversion was smaller in the large **holding groups i.e. 24% in the 30-60 acre group and only 11% among cultivators with more than 60 acres.**

6.60 Though 52% of the total amount was borrowed for medium-term of agricultural purposes, 40% of it was diverted to other purposes. The smaller holders of land borrowed, as seen earlier, relatively less amount (i.e. 30 to 39%) for such purposes, but diverted greater proportions (i.e. 34 to 64%) of the amount borrowed. Those belonging to the larger size of holding groups borrowed relatively larger amounts for these purposes but diverted proportionately less. In other words, the small cultivators did not generally make proper use of the MT loans available for agricultural purposes.

6.61 Again, 38% of the MT loan amount was borrowed for the purchase of live-stock; but 31% of it was diverted. The extent of diversion was again much higher among the smaller cultivators. Cultivators having less than 5 acres diverted 44% of the borrowed amount and those with 5-10 acres diverted 56%. Between 22 and 23% was diverted by those with 10-15 and 15-30 acres; but those having 30 to 60 acres diverted only 4% and those with more than 60 acres diverted 16%.

6.62 Even for loans which were obtained for current agricultural purposes, about 42% of the amount was diverted. The smaller cultivators with less than 5 acres, 21% of the MT amount borrowed by whom was for these purposes, diverted more than half (53%) of the amount. There was of course no diversion of the amount borrowed for consumption or other current household needs.

6.63 Though on the whole 18% of the amount borrowed for construction of house was diverted, it was all due to one cultivator with a holding of less than 5 acres who diverted the full amount. Of the petty

### *Inter-State variations :*

6.64 The magnitude of diversion from each of the broad purposes for which M.T. credit was obtained is given State-wise in Appendix Table XXXIII.

6.65 Out of the loan amount borrowed for the medium-term agriculture purposes in category A States, no diversion took place for loans borrowed for purchase of land, pumping sets or implements. But out of the credit given for the improvement of land for which nearly 41% of total amount was borrowed, almost one-half (47%) was diverted. In Gujarat among the category A States, however, where nearly 17% was borrowed for this purpose nothing was diverted. In Madras and Maharashtra, 17 to 18% of the loans for MT agricultural purposes were borrowed for deepening and construction of wells etc. In Madras, 75% of this amount was diverted, and in Maharashtra about 21%. In category B States, diversion took place from all the medium-term agriculture purposes. A significant degree of diversion took place in the loans borrowed for the improvement of land in Rajasthan (85%) and for the purchase of land in Punjab (56%). Similarly in Rajasthan and Punjab, more than one-half of the amount borrowed for the construction and deepening of wells was utilised for other purposes. Again, though the absolute amount was small, yet the whole of the amount borrowed for purchase of carts and implements in Punjab and for the construction of cattle-shed in Rajasthan was used for other purposes.

6.66 The MT credit taken for the purchase of live-stock was diverted in almost all the States in all the categories. In Orissa where 86% was borrowed for the purpose, 79% was used for other purposes. The diversion in Madras, Punjab, U.P. and Assam ranged from 45% to 54% and in four other States, from 13 to 36%. Thus the purchase of live-stock, for which loans were extensively given, was as a purpose more often used as a simple pretend for obtaining loans required for other non-productive purposes.

6.67 In Kerala where 63% of MT credit was borrowed for current agricultural purposes, nearly two-thirds were diverted. Even in Madras where 28% was borrowed for the purpose, nearly one-fourth was not utilised for these purposes. The amounts borrowed for other purposes were not significant and were normally not diverted. But in Rajasthan the whole of the amount borrowed for house construction was used for some other purposes.

*Directions of Diversion and size of holdings :*

6.68 Figures in Appendix Table XXXIV give the share of different purposes to which credit was diverted. We have seen earlier that nearly 35% of the amount borrowed as MT loans was diverted to purposes other than those for which these were borrowed. The main types of purposes to which the diverted amounts flowed from among the borrowers in the various sizes of holdings are given in the table below:—

TABLE 6.4

*Directions of diversion in various sizes of holdings.*

Sl. No.	Holding Groups (Acres)	Percentage of diverted amount to the total amount diverted in the holding group								
		Current Agri. purposes	MT Agri. purposes	Live-stock	Business/ investments etc.	Rele-nding	Agri. & HH consumption	Repay-ment of loans etc.	House construction	Misc. expenses
1	2	3	4	5	6	7	8	9	10	11
1.	Below 5 acres	9.2	11.0	4.6	5.5	—	29.4	32.8	1.6	4.9
2.	5—10 „	11.0	14.0	2.7	4.4	—	20.9	33.1	9.6	6.3
3.	10—15 „	2.3	16.5	1.4	18.9	—	44.7	12.7	—	3.6
4.	15—30 „	3.4	18.1	1.8	9.0	—	27.0	28.8	5.3	6.6
5.	30—60 „	6.5	10.9	4.3	—	5.4	42.2	21.7	—	8.1
6.	60 and above	—	7.7	57.5	—	—	34.9	—	—	—
7.	All Groups	6.3	14.7	4.5	7.1	0.5	30.3	26.7	4.1	5.7

Of the diverted amount the highest proportion (30%) was used for consumption or other household needs for which medium term credit is not admissible. Though the practice of diversion was comparatively smaller among the bigger cultivators, yet the magnitude of diversion to consumption and household needs was no less among bigger cultivators than the smaller ones. In other words, this did not bear any direct relationship with the size of holding. Nearly 27% was used to pay off the old debts or loans. The proportion was somewhat higher in the smaller holding groups or the weaker sections. The cultivators with less than 5 acres and 5 to 10 acres diverted 33% for this purpose, while the cultivators with 15 to 30 acres diverted 29% and those with 30 to 60 acres, about 22%.

Thus these two purposes together, consumption or household needs and repayment of debts (both non-productive and not normally admissible for MT credit), claimed 57% of the diverted amount.

6.69 About 15% of the diverted amount was, of course, used for medium term agricultural purposes other than those for which the amounts were borrowed by the cultivators. Nearly 7% was diverted to the purchase or redemption of land, 2% for the improvement of land, 4% for irrigation purposes. The other medium-term purposes for which the diverted amount was used were purchase of cart, sugarcane crusher, plantation etc. The proportion of diversion to these purposes ranged between 12 to 14% among cultivators with less than 5 and 10 acres and 16 to 18% among those with 10 to 15 and 15-30 acres, but was lower, 11 and 8%, respectively for those with 30-60 acres and 60 acres and above.

6.70 A relatively small part (6%) of the diverted amount was in fact used for current agricultural purposes or which ST loans should have been utilised. The tendency to do so is more pronounced among smaller cultivators than the bigger cultivators. While smaller cultivators i.e. those with less than 5 acres and 5 to 10 acres diverted 9 to 11% to these purposes, the medium cultivators with 10 to 30 acres diverted only 2 to 3%. Cultivators with 30 to 60 acres, however, diverted 6.5% for these purposes.

6.71 Though 31% of the borrowed amount for the purchase of livestock was diverted by cultivators, only 2 to 5% was diverted back from other purposes to this purpose by the borrowers in the various groups. The only exception is noted in the case of big cultivators possessing more than 60 acres, who used nearly 58% of the diverted amount for the purchase of livestock.

6.72 Other purposes to which the borrowed amounts flowed claimed only small proportions nearly 7% of the diverted amount was utilised for business or investment purposes. This was done by only small or medium-cultivators, the proportion being relatively higher in the group of medium cultivators. Only 4% of the amount was used for the construction of houses and nominal amount (0.50%) was used for relending purposes. Though our presumption was that a large proportion would have flowed to this purpose, it is not so, according to this survey. It may be that such diversion might not have been revealed by the borrowers. The balance of 6% was used for miscellaneous purposes.

#### *Inter-State variations :*

6.73 The relevant figures according to States are given in Appendix Table XXXV. As we have noted earlier, a large percentage of medium term credit was diverted towards meeting consumption and current



household needs. This feature existed in all the States (except Assam) where any amount was diverted. The following is the distribution of relevant States according to the extent of diversion to this purpose :

TABLE 6.5  
*Distribution of States according to diversion groups.*

Magnitude of Diversion	No. of States	Name of States
1	2	3
Nil . . . . .	1	Assam
Below 20 % . . . . .	2	Punjab and Rajasthan
20—40 % . . . . .	5	A. P., Gujarat, Madras, M. P. and Orissa.
40—60 % . . . . .	3	Maharashtra, U. P., Kerala
60 and above . . . . .	2	Mysore and Bihar

6.74 The other important purpose to which diverted amounts flowed related to repayment of old debts. While in Madras and Orissa, a significant proportion (51 and 47%, respectively) was used for this purpose, in the other six States—A. P., Punjab, Rajasthan, U.P., Bihar and Kerala, the proportion varied between 17 and 33%.

6.75 While the above two are the two most common uses to which MT credit was diverted, the importance of other uses varied in different States. Diversion towards current agricultural purposes occurred in 7 States; and in A.P., about 19% was used for these purposes. In Gujarat and Madras, substantial proportions (33% and 14%, respectively) of the diverted amount were used for the improvement of land. In A.P. current agriculture and purchase of land, in Gujarat and Madras the improvement of land, and in Maharashtra the purchase of carts claimed relatively greater proportions. Among category B States, in M.P. 49% was used for the purchase of livestock. In Punjab purchase of land and tube-wells and business purposes, in Rajasthan expenses on livestock and irrigational sources, and in U.P. business and house construction formed the more significant purposes of diversion.

6.76 Among weaker States, in Assam the whole of the loan was used for productive medium-term purposes like the purchase of land and equipments. In Orissa, land purchase and improvement were the relatively more important uses.

*Directions of diversion from specified purposes :*

6.77 The relevant details are given in Appendix Table XXXVI. As we have already seen, more than one-half (57%) was diverted from medium-term loans to two purposes viz. household needs and consumption and repayment of debt. The following table however indicates the main directions of diversion in respect of the principal types of purposes of MT borrowings.

TABLE 6.6  
*Directions of diversion*

Sl. No.	Principal purpose of credit	Percentage share of diverted amount							
		Current Agrl. purposes	MT Agrl. purposes	Live-stock	Business/ investment etc.	H.H. consumption etc. @	Repayment of loans, etc.	House construction	Misc., expenses
1	2	3	4	5	6	7	8	9	10
1.	Current Agrl. needs .	..	0.9	..	..	34.9	40.9	13.9	9.5
2.	Medium-term Agrl. purposes:								
	(i) Improvement of land / reclamation etc. . . . .	16.2	7.0	4.3	0.9	36.3	29.8	1.9	3.7
	(ii) Purchase of land/ redemption of land . . . .	..	62.3	..	..	1.6	36.1	..	..
	(iii) Deepening of well/ construction of irrigation sources .	1.8	20.0	11.3	..	21.0	36.4	4.5	5.0
	(iv) Purchase of pumping sets . . . . .	..	..	100.0	..	..	..	..	..
	(v) Purchase of carts . . . . .	..	72.5	..	..	27.5	..	..	..
	(vi) Purchase of improved implements . . . . .	..	..	..	92.6	..	7.4	..	..
	(vii) Construction of cattle sheds or farm houses . . .	..	14.3	..	..	33.7	..	10.7	41.3
	SUB-TOTAL (i—vii)	8.9	16.0	7.3	9.6	26.2	25.8	2.2	4.0
3.	Purchase of livestock	3.0	15.1	..	2.4	37.8	26.2	5.7	8.1

@Includes a small portion on current agriculture.

From the amount borrowed for current agricultural needs, about 76% was diverted to household consumption & repayment of loans, 35% to the former and about 41% to the latter. Out of the loans, taken for medium-term agricultural purposes, 26% was diverted to household needs and another 26% to repayment of debts etc. Of the loan amount borrowed for the purchase of livestock, 38% was used for the first purpose and 26% for the latter. Thus a good portion of the medium term credit which is essentially available for productive purposes and for a longer period, was diverted to apparently 'non-productive' purposes.

6.78 The magnitude of diversion to uses other than the above two varied for loans taken for different purposes. From the agricultural current purposes, about 14% of the loan amount was diverted to house construction and 10% to other needs. Nearly 16% of the diverted amount borrowed for the purchase and improvement of land flowed to meet the current agricultural needs. The whole of the loan borrowed for the purchase of pumping set was diverted to the purchase of livestock. Of the amount diverted from the purchase of carts much of it was used for productive purposes—43% for the purchase of tube-wells and 29% for purchase or redemption of land. About 74% of the loan obtained for the purchase of implements was diverted; and most of it (93%) was used for business purposes. Of the amount diverted from the purchase of livestock, 15% was diverted to medium term agricultural purposes, and 2 to 3% to current agricultural use and business and professional needs.

*Net utilisation among specified purposes :*

6.79 Figures giving the amount borrowed and the net utilisation by borrowers in different size of holding groups are given according to various purposes in Appendix Table XXXVII.

6.80 On the whole, about Rs. 137 thousand were borrowed for medium term agricultural purposes, out of which nearly Rs. 55 thousand flowed out towards other purposes and a much smaller amount nearly Rs. 13.5 thousand, flowed in towards these purposes. On balance, nearly 68% of the amount borrowed was actually used for these purposes.

6.81 The two major purposes under this class related to improvement of land etc. and expenses on irrigation; and in both of these the net amount utilised fell short substantially of the borrowed amount, in the former about 60%, and in the latter 79% were ultimately utilised. Except for borrowers with 60 acres or larger holdings who fully utilised the amount borrowed for the improvement of land etc., among borrowers in all other groups of holdings, the diversion was much larger than the accretions to the purposes; and net utilisation was as low as 35 and 40% in the case of those with 10-15 and 15-30 acres. Even in the case of those with 30-60 acres, no amount flowed in from other purposes. But among

borrowers with small holdings, below 10 acres, though net utilisation ranged from 52 to 72%, nearly 10 to 12% of these flowed in from other purposes.

6.82 In the case of loans obtained for irrigational works, net utilisation was just one-half of the amount borrowed by cultivators with smaller holdings (below 5 acres). The percentage normally showed a rising trend with the size of holding. It was between 74 and 79% in case of those with 5 to 10 and 10 to 15 acres, and was between 85 and 95% in the higher holding groups. Borrowers in the largest holding group formed an exception, the whole of the amount borrowed by them was diverted from, and nothing diverted to irrigational purposes.

6.83 Though on the whole, only 3% of the MT credit was borrowed for the purchase of land, the diversion from this purpose was relatively much smaller than what was utilised for it from other purposes. On balance, the utilization was higher than the amount borrowed by about 36%. This excess utilisation occurred among borrowing cultivators in all holding groups, except the 15-30 acre-group (where it fell short marginally by 1% only). The net amount utilised formed 189% of the borrowed amount for those with 5-10 acres holdings and 243% for those with 30-60 acres.

6.84 Purchase of livestock is the other important purpose of M.T. credit. Here too, much more was diverted away from the purpose than what flowed to it. On balance, despite the inflow, only 73% of the borrowed amount was utilised for the purpose. Interestingly, in the case of the smaller holders, the percentage of net utilisation was very low—61 and 46% for those with less than 5 acres and 5-10 acres, respectively. It rose to 78 to 80% for those with 10-15 and 15-30 acres, and in the higher groups, the net amount utilised exceeded the borrowed amount. This indicates that while diversion takes place among borrowers in all holding groups, the purpose-wise misutilisation is much higher in the lower holding groups; but among the bigger cultivators, there is a positive tendency to add to or improve the cattle wealth.

6.85 We have seen earlier that MT credit is both borrowed and used for current agricultural purposes. While among smaller cultivators much is diverted from than is diverted to this purpose, in all other holding groups there is a tendency to divert some portion of MT credit to this purpose too. The other purpose for which only a small amount was borrowed but nearly two times the amount actually utilised, related to house construction.

6.86 Another interesting feature that the study reveals is that in case of both small and big cultivators, there is an urge to divert even MT loan to meet current and household needs. On the whole, the amount utilised for the purpose was 4 times what was actually borrowed for it. Further, there occurred a large extent of accretions to purpose like repayment of loans, business and investments and other miscellaneous needs.

## CHAPTER VII

### GROUND'S AND REASONS FOR DIVERSION

7.1 *Introduction* : In the last analysis, the problem of diversion can arise only from two grounds, ignorance and dishonesty. The officials of the cooperative department and the members of the managing committee of the cooperative societies are supposed not only to inform the borrowers that loans are to be used for the same purpose for which they are taken, but also to supervise the use of loans and to take steps against those who divert them. But the way this responsibility is discharged leaves much to be desired. Consequently, in actual fact, a large number of members of societies are ignorant of their obligations in this behalf. This acts as a factor in favour of diversion. Though, when a loan is obtained and given in the name of some purpose, a moral obligation to use it for the same purpose is implied, the obligation is not direct and explicit in the case of such members. Those who divert the use of loans in spite of a definite knowledge of their obligation not to do so, obviously commit a breach of contract and a moral wrong.

7.2 But, the extent and magnitude of the problem depend on certain objective situations including the functioning of the credit system, which provide the economic and other reasons. Chief among these circumstances are the exigencies of the economic situation because of which borrowers use loans for purposes other than the avowed ones. These exigencies consist of a shift in requirements or change in needs of farm credit. Another set of fundamental reasons spring from the weaknesses of the credit system. These play their part in two ways. Firstly, there are imperfections in the credit system because of which the borrower is often led to divert loans. Some of these are inadequacy of credit, over-lending, delayed credit, inadmissibility of loans for the required purposes. Secondly, as it is the duty of cooperative institutions to supervise the use of loans, the prevalence of this malady shows the inefficiency of the institutions in discharging this responsibility.

7.3 The discussion of the grounds and reasons for diversion in this chapter follows this line of analysis.

*Knowledge of the rules of use and diversion :*

7.4 The respondents were asked whether they knew that the loans taken by them were to be utilised for the same purposes for which these were obtained. Figures showing the proportion of selected respondents in the sample banks who answered this question in the affirmative and of those who replied that they were not aware of this fact and the extent of diversion in each of these categories are given in Appendix Table ; XXXVIII and XXXIX, separately for short-term and medium-term loans.

### *Short-term :*

7.5 In all, 77% of the short-term borrowers admitted that they knew that the loans taken by them should be used for the same purpose for which these were granted. Thus, ignorance existed amongst nearly one-fourth of the borrowers. Nearly all the respondents in 7 States, Madras, M.P., Mysore, Punjab, Bihar, Kerala and H.P., and most of the respondents, (73 to 85%) in another 5 States possessed the requisite knowledge. It was only in 3 States, A. P., U.P. and Orissa that such knowledge may not be said to have been widespread, as 41% of the short-term borrowers in A.P. and 52 to 55% in U.P. and Orissa did not report having such knowledge.

7.6. A comparison of the extent of diversion between the two groups, i.e., those who knew and those who did not know, reveals that the former showed somewhat better utilization than the latter. Of those who knew, nearly 39% diverted the short-term loans as against a percentage of 44 for those who did not know. In 6 of the States, the number of borrowers who did not know was too small, (1 to 5) to render a meaningful comparison between the two groups. In West Bengal the diversion was cent per cent in both the groups; and in J. & K., none possessed knowledge. This comparison is therefore meaningful only for 8 States. Among these eight, in three, Punjab, Rajasthan and Orissa, there is no perceptible difference in diversion between the two groups. It is only in five States, all the four in category A, and in Assam in category C, that the extent of diversion among those who did not know was much higher than among those who knew. Thus, knowledge of the honest use seems to have made a favourable impact on the practice of diversion mainly in the better advanced States in the field of cooperation.

### *Medium-term :*

7.7 On the whole, a larger proportion (larger than short-term borrowers) of medium-term borrowers, (85%), admitted knowledge of the requirement for the honest use of loans. In 10 of the States, all or nearly all (90% or above) of the medium-term borrowers possessed this knowledge. But in Orissa the dissemination of such knowledge was relatively poor. As in the case of short-term, here too, the percentage of those diverting was larger among those who did not know than the other group. The number of borrowers among those who did not know is nil or very small in a number of States and as such a comparison in the level of diversion can be made only in case of 4 States. In Orissa and U.P., the percentage diverting among those who did not know was much higher. But in the other two States, A.P., and Rajasthan, the position is the reverse, i.e., the percentage of borrowers diverting was larger among those who admitted knowledge. Though, on the whole, knowledge of the obligation for honest use appears to be somewhat conducive to better utilisation, it is not possible to say so categorically.

7.8. Let us see how far the distribution of relevant banks according to diversion groups in the two types of borrowers throw light on the above findings. The table below gives the relevant distribution.

TABLE 7.1

*Distribution of banks according to diversion groups by knowledge of the obligation for proper use of loans.*

Extent of diversion (Percent of DR to borrowers)	No. and & Percentage of banks							
	Short-term				Medium-term			
	Those who know		Those who did not know		Those who know		Those who did not know	
	No.	Per- cent to total	No.	Per- cent to total	No.	Per- cent to total	No.	Per- cent total
1	2	3	4	5	6	7	8	9
0—20 . . .	9	37.5	8	36.4	7	29.2	3	18.8
20—40 . . .	4	16.7	3	13.6	5	20.9	1	6.3
40—60 . . .	3	12.5	3	13.6	3	12.5	4	25.0
60 & over . . .	8	33.3	8	36.4	9	37.5	8	50.0
TOTAL . . .	24	100.0	22	100.0	24	100.0	16	100.0

The proportion of banks which show a high percentage of diversion (60 and over) for ST borrowers is somewhat higher for those who did not know than for those who knew. *Vice-versa*, the proportion of banks which show less than 20% of DR is smaller in the case of those who did not have knowledge. There is not much of difference in the intermediate diversion groups. Thus in respect of short-term loans, borrowers with knowledge do fare better, though the difference is not marked.

7.9 In the case of the medium-term borrowers, the association between the extent of diversion and the relevant knowledge appears to be more clear out according to this test, the percentage of banks being lower in the lower groups and higher in the higher groups for those who did not know the rules of use.

7.10. On the whole, knowledge of the stipulations and rules of use of loans does seem to have favourably affected the degree of diversion; but the impact has not been significant enough to point to the need for better education as the *main* remedy. It is also possible that some of those who had diverted might have deliberately pleaded ignorance.

*Extent of knowledge and social and economic factors :*

7.11 Having seen that, at least a part of the problem of diversion arises from ignorance of the rules and stipulations, it may be worthwhile to probe further and sort out the economic and social groups in which ignorance is more wide-spread so that efforts in the direction of education could be concentrated among these. This analysis also unfolds the seriousness of the moral element, because it is more of a moral issue for certain categories of persons, such as those sufficiently educated, those having a longer standing as a member and those who are members of the committee, than for other categories of members.

7.12 The economic and social characteristics which have been selected for this analysis are educational standard, side of holding, length of membership of the society and membership of the committee.

7.13 This analysis has been made in respect of the net number of sample respondents, regardless of the fact whether they took short-term or/and medium-term loans. The number of sample respondents, it may be recalled, is 1170.

*Knowledge and educational status :*

7.14 The overall picture of the distribution of the sample borrowers in certain educational groups and the proportion in each group knowing the obligation for honest use of loans is summarised in the table below:

TABLE 7.2

*Extent of knowledge among borrowers in various educational groups.*

Educational status	No. of respondents	Percentage who knew the rule of honesty
1	2	3
1. Illiterate and those who can read & write .	748	74.6
2. Primary . . . . .	232	78.4
3. Middle and under Matric . . . . .	159	91.2
4. Matric and above . . . . .	31	90.3
	1170	73.7



The percentage of respondents who know the obligation for honest use is higher in the higher educational groups. In 9 of the States there is a definitely positive association of this knowledge with the educational standard of the borrowers. In the other States, too, broadly the same trend is observed. Thus, the findings point to the need for more intensive educational effort in this matter among the less educated members of the cooperatives.

*Knowledge among borrowers in various holding groups :*

7.15 The aggregate picture of the distribution of respondents by size of holding and the percentage reporting knowledge of their obligation for the honest use of loans in each of the holding groups is summed up in the table below :

TABLE 7.3

*Distribution of respondents with knowledge according to size of holding groups*

Size of holding (acres)	No. of respondents	Percentage with knowledge
1	2	3
Nil . . . . .	97	67.0
Below 5 . . . . .	400	73.0
5—10 . . . . .	237	73.4
10—30 . . . . .	334	87.4
30—60 . . . . .	76	85.5
60 and above . . . . .	26	96.2
TOTAL . . . . .	1170	73.7

The percentage of those who knew the obligation is consistently higher in the higher size of holding groups, disclosing a positive association between these two factors. The distribution in different States also shows that in a majority of them (11 out of 15 States), the percentage of those with knowledge generally was higher among those with larger holdings. But, in Rajasthan, the opposite seems to be true and in Madras, Gujarat and Orissa, no definite association is noticeable. Thus, it may be said that the educative efforts need more concentration on the weaker groups who are more vulnerable to diversion, specially the smaller farmers and the non-cultivators.

*Knowledge and length of membership :*

7.16 Following is the overall distribution of respondents according to the length of the period of their membership and the percentage of those having knowledge in each of the groups.

TABLE 7.4  
*Extent of knowledge and length of membership*

Length of membership period (in years)	Total No. of respondents	Percentage with knowledge
1	2	3
Less than 1 . . . . .	70	78.6
1—2 . . . . .	116	83.6
2—3 . . . . .	150	78.0
3—4 . . . . .	96	84.4
4—5 . . . . .	144	71.5
5 and above . . . . .	590	77.5
TOTAL . . . . .	*1166	73.0

(\*Length of membership not available for 4 respondents)

The extent of knowledge in regard to the proper use of loans does not vary much with the length of membership. The percentage of those who knew this obligation varies between 72 and 84. A reference to the Appendix Table XLVI also shows that there hardly exists any systematic relationship between the extent of knowledge and the length of membership, in almost all the States. This indicates that the effort for member-education in this regard has neither been continuous nor systematic in the cooperatives.

*Knowledge and membership of the managing committee :*

7.17 On the whole, about 92% of the m.c. members said that they were aware of the need for honesty in utilising the loans, as against 76% of the non-members of m.c. In 13 out of 15 States (in J. & K. none possessed knowledge), all or nearly all the members had knowledge of the fact. In U.P. and Orissa two-thirds of the m.c. members admitted awareness of the obligation. It is not a very gratifying picture that in these States as many as one-third of the m.c. members, according to their own admission, did not know this elementary obligation. As we have seen earlier,

the level of knowledge was quite high in all the States except A.P., U.P. and Orissa and, therefore, m.c. non-members too in these latter States gave a comparatively poorer account.

### *Extent of knowledge and role of officials :*

7.18 As diversion of loans is a general malady, it is worthwhile to know the part that officials played in disseminating knowledge to the borrowers about the proper use of loans. This analysis too has been made in respect of all the sample respondents who were canvassed.

7.19 Of the total number of respondents, a large majority (3/4th) admitted to have knowledge of the obligation for the proper use of loans. In 12 States, more than 75% had such knowledge. In U.P. and Orissa, the knowledge was not widespread, as in these only 53% and 40%, respectively, of the respondents admitted to have such knowledge and in J. & K. none possessed the knowledge.

7.20 Among those who possessed such knowledge, a sizeable proportion (72%) averred that they had acquired it from officials. In M.P. and Bihar where nearly all possessed knowledge, they attributed this mostly to official sources only. And in 7 States, Madras, Maharashtra, Mysore, Rajasthan, U.P., Assam, and Kerala, a large majority (of those who know between 70 and 84%) got it from the cooperative department officials. In Punjab and H.P., 60% attributed it to official sources. In A.P. and Gujarat, officials had played a relatively less important part and in Orissa and West Bengal their role was still less significant. Thus, on the whole, the extension effort on the part of officials to impart knowledge of the obligation for the proper use of loans does seem to have been made on a good scale, except in a few States. But, as we have found earlier, it needs to be more intensive and continuous, selective and systematic so that it can make an effective dent on the problem of misutilization of loans.

### *Reasons for diversion :*

7.21 Those borrowers who said that they did not use the loans for the purpose for which they took them, were asked to mention the reasons for this. The reasons given by the respondents have been tabulated, as given by them, without being checked up for their veracity. Thus in some cases in which the respondent might have stated that the purpose was not admissible, it may be that he was not aware of it but the society was in reality sanctioning loans for that purpose. Secondly, the selection of reasons by the respondents has not always been made on a uniform basis. Thus, some respondents might have reported pressing

household or consumption needs repayment of old debts as a reason, even though loans for such purpose might not be admissible.

7.22 Appendix Table XL and XLI show the classification of reasons given by short-term and medium-term borrowers for the diversion in the use of loans taken by them, to purposes other than those for which these were taken.

*Reasons for diversion of Short-term Loans :*

7.23 Of 946 respondents who borrowed short-term credit, 376 diverted their loans. As some of the respondents had given more than one reason for the diversion, the number of reasons given by 376 STB comes to 406. The reasons adduced have been classified into the following broad categories :

1. Economic Exigencies.
2. Concealment.
3. Credit system

7.24 Economic exigencies comprise reasons like unavoidable or urgent needs for which the expenditure is considered necessary to be incurred even deferring the purpose for which the loan was obtained and for which presumably the respondents do not have other funds at disposal. Such needs can be of various types like those of consumption and other household needs or those relating to agriculture or purchase of livestock or other business purposes. Inadmissibility of purpose falls largely in the second category. It means that the borrower did not disclose the real purpose while applying for the loan. Reasons like delay in receiving loans, inadequacy or excessiveness have been included in the third category. These categories are inter-related. If loans are not given for purposes for which they ought to be given, the credit system is also responsible. Reasons like delay in receipt and imbalance between need and receipt are largely attributable to the credit system. But the borrowers cannot absolve themselves of the responsibility for these. Late receipt may be due to delay in making applications, or in performing certain formalities by the borrowers. Imbalance between receipt and need may be due not only to cuts in the amounts applied for but also to under-estimation or over-estimation by the borrowers themselves as well as to unfulfilment of certain conditions by the borrowers.

7.25 The following table indicates the importance of these three groups of reasons according as these were reported to have induced the

short-term borrowers to divert their loans, in the different categories of States :

TABLE 7.5  
*Distribution of reasons by category of States (ST)*

Category of States	Economic exigencies		Concealment or inadmissibility of purposes	Institutional factor	Others
	Consumption and household needs	Others			
1	2	3	4	5	6
A	51.6	8.8	31.9	7.7	..
B	43.2	9.1	34.9	11.4	1.4
C	25.8	10.3	49.4	4.1	10.3
TOTAL	40.9	9.3	37.7	8.9	3.2

The most important reasons for the diversion of short-term loans are the economic exigencies and the inadmissibility of purposes. Only about 9% of the reasons are attributed to the institutional factors in the credit system.

7.26 In A. & B. categories of States, the economic exigencies are mainly responsible, as more than one-half of the reasons come under this group. But in C, the weaker States, there is greater tendency to conceal the genuine purpose of the loans, as those were used for purposes for which loans were not admissible. Moreover, in category B States, the institutional factor is comparatively more important.

7.27 Among economic exigencies, the unavoidable and urgent needs of consumption and other household needs including expenditure on marriage etc. accounted for the majority of the reasons—52% and 43% in category A & B respectively and 26% in category C. About 5% of the reasons related to the urgent need for repayment of old debts. These were relatively more important in category C States. The needs for agricultural expenses and live-stock accounted for only 2% each of all the reasons.

7.28 Among the institutional factors, late receipt of loans was more widely complained of in category A & C States; but in category B inadequacy of loans was the more important factor. Some others, however, pointed out the excess of credit obtained for the particular purposes which obviously resulted in the diversion of the loans to other purposes.

7.29 Another fact that emerges from the analysis is that there is a tendency for the two reasons, viz., unavoidable or pressing needs of consumption and household and the inadmissibility of purpose, to vary inversely in the sense that where inadmissibility of purpose is more important the unavoidable household needs are less important and *vice versa*. Thus unavoidable needs of consumption and inadmissibility of purpose seem to have supplemented each other as factors for diversion.

7.30 The distribution of 25 sample banks by the range of reasons classified under unavoidable needs of consumption and other household needs and inadmissibility of purpose is shown in the following table.

TABLE 7.6

*Relative importance of unavoidable needs of consumption (including the households needs) and inadmissibility of purpose.*

Percentage of reasons	Unavoidable household needs		Inadmissibility of purpose	
	No. of banks	Percentage to total	No. of banks	Percentage to total
1	2	3	4	5
Nil . . . . .	3	12.0	6	24.0
Below 20 . . . . .	3	12.0	4	16.0
20—40 . . . . .	5	20.0	6	24.0
40—60 . . . . .	5	20.0	1	4.0
60 and above . . . . .	9	36.0	8	32.0
TOTAL	25	100.0	25	100.0

Unavoidable consumption needs accounted for at least 40% of the reasons in 56% of the bank, and inadmissibility of purpose in 36% of the banks.

#### *Importance of various reasons in different States :*

7.31 As for the significance of various reasons in the different States it will be noted from Appendix Table XL that in 7 States, Gujarat, Madras, M.P., Mysore, Bihar, Orissa and H.P., economic exigencies accounted for the greater part of the reasons (between 62 and 100%). In another four States too, Maharashtra, Punjab, Rajasthan and U.P., those factors played an important part, though to a relatively lesser extent than in the above States. And in all these States, except Orissa, the greater proportion of the reasons included in economic

for current agricultural purposes and in Rajasthan the badly felt need for livestock, induced an important proportion of respondents to divert loans to meet the above purposes.

7.32 The practice of use of loans for inadmissible purposes and hence the concealment of the genuine purpose occurred in almost all the States in varying degrees. But in some of the States such as Maharashtra, U.P., Assam, Kerala and West Bengal, the larger proportion of the reasons related to this factor, and even in A.P., Punjab and Rajasthan, quite an important proportion (30 to 38%) of reasons fell in this category.

7.33 Diversion due to late receipt of loans and inadequacy of the amount received for the purpose was reported in 4 States. The former was particularly important in A.P.; and the latter in M.P. In Andhra Pradesh and Rajasthan some borrowers reported having diverted, as they were able to get more credit than was required for the purpose applied for.

*Reasons for diversion of Medium-term loans :*

7.34 The following table gives the relative importance of various types of reasons for diversion by the medium term borrowers for the three categories of the States.

**TABLE 7.7**  
*Distribution of reasons by category of States (MT)*

Category of States	Percentage of reasons for				
	Economic exigencies		Inadmissi- bility of purpose	Institu- tional factors	Others
	H.H. needs	Others			
1	2	3	4	5	6
A . . . . .	16.0	8.0	36.5	36.5	3.2
B . . . . .	27.2	19.3	36.8	11.4	5.3
C . . . . .	13.5	40.5	35.1	8.1	2.7
TOTAL .	21.5	19.7	36.4	18.1	4.2

191 medium-term borrowers who had diverted their loans gave 214 reasons for their behaviour. Inadmissibility of purpose accounted for about 36% of the reasons given. This reason therefore, emerges as much

important for medium term as for short-term credit. Moreover, in all the three categories of States, the percentage of respondents reporting this reason is almost same.

7.35 It is also revealed that even medium-term loans are used, though to a smaller extent than the short-term loans, for unavoidable needs of consumption, household needs and marriage, which accounted for about 22% of the reasons and rank second in importance. Economic exigencies, as a whole, accounted for only 41% of the reasons in the case of MT, as against 50% among the short-term borrowers.

7.36 On the other hand, deficiencies of the credit system are far more important reasons among the MT than among the short-term borrowers. Imbalance between requirement and receipt accounted for about 14%, and time-lag for about 4% of the reasons, as against 7% and 2%, respectively for the short-term borrowers.

7.37 Economic exigencies are much more important reasons for diversion in category B & C than in category A States. On the other hand, the institutional factors are far more important in category A States than in categories B. & C.

7.38 The extent of importance of the two reasons, viz., the inadmissibility of purpose and unavoidable needs of household consumption is shown in the table below :

TABLE 7.8

*Relative importance of inadmissibility of purpose and unavoidable needs of consumption*

Percentage of reasons	Inadmissibility of purpose	Percentage to total	Unavoidable needs of consumption/ h. h. and marriage	Percentage to total
1	2	3	4	5
Nil . . . . .	6	28.6	8	38.1
Less than 20 . . . . .	2	9.5	2	9.5
20—40 . . . . .	5	23.8	4	19.0
40—60 . . . . .	5	23.8	5	23.8
60 and over . . . . .	3	14.3	2	9.5
TOTAL . . . . .	21	100.0	21	100.0



3 banks namely Mahasu, (H.P.), Mughberia (West Bengal) and Amreli (Gujarat) and not report any diversion and no MT loans were given in one bank, Anantnag, (J. & K.). The above table therefore gives figures for 21 banks.

7.39 Inadmissibility of purpose was mentioned as a reason by the respondents in 15, and unavoidable household needs by those in 13 banks. Atleast 40% of the reasons related to inadmissibility in over 38% of the banks, and to unavoidable household needs in about 33% of the banks.

*Importance of various reasons in different States :*

7.40 In 9 of the States, the unavoidable needs of consumption and household purposes were reported as reasons for diversion; but in M.P., Mysore and Bihar these were relatively much more important. As in case of short-term, in Punjab the pressing needs for agricultural purposes and in Rajasthan for livestock led a good proportion of respondents to divert the medium term loans also. But in Orissa, the majority of reasons, and in Madras and Rajasthan a good proportion related diversion to the urgent need to repay old loans and debts.

7.41 As in case of short-term, concealment of real purpose was found among respondents in almost all the States (where diversion took place); but in Andhra Pradesh, U.P., and Kerala this factor was much more important than elsewhere.

7.42 Among the institutional factors, the late receipt of loans led to diversion in 3 States. In Assam, all the respondents reported this factor. The tendency to obtain loans in excess of the requirement for the particular purpose, which partly means concealment of the real purpose, was noticed in majority of the States; but its proportion is not significant. In Gujarat and Maharashtra, the inadequacy of the credit amount received for particular purposes accounted for 40 and 57% respectively, of the total reasons. In the other five States, this was mentioned by a few respondents only.

7.43 Thus, both in the case of short and medium term loans, economic exigencies and the inadmissibility of purpose are the two main types of forces which lead to diversion. These obviously spring from the financial weakness of the respondents. The immediate and urgent needs take priority over the purposes for which loans were applied for. Quite a proportion goes to meet non-production needs like consumption, other household needs, and even to pay off old loans. Urgent needs lead many to conceal the real purposes.

*Reasons and knowledge :*

7.44 Finally, let us see whether there are any significant differences in the reasons given by those who know their obligation from those given

by those without knowledge. The percentage of reasons accounted for, are given below for ST and MT borrowers for these two categories, separately.

TABLE 7.9

*Reasons for diversion among those who know their obligations (KR) and those who are ignorant (IR)*

Reasons for diversion	Percentage of reasons			
	Short-term		Medium-term	
	KR	IR	KR	IR
1	2	3	4	5
1. Concealment of purpose (inadmissibility of purpose)	34.1	48.5	35.9	38.6
2. Economic exigencies :				
(a) H. H. & consumption needs	44.0	31.8	21.8	20.5
(b) Others	8.1	12.8	17.1	29.5
	52.1	44.6	38.9	50.0
3. Credit system :				
(a) Imbalance between need and requirement	7.5	3.9	16.4	6.9
(b) Received too late	2.0	3.0	4.7	Nil
(c) Others	4.3	..	4.1	4.5
TOTAL	100.0	100.0	100.0	100.0

It is revealing that amongst the ST borrowers, those who were aware of their responsibility were as much a prey to the exigencies of the economic situation as others. This shows that the element of economic pressure was quite strong or that in such situations knowledge of responsibility was a very weak deterrent. Secondly, imbalance between need and requirement also constituted a much more important reason in the case of those with knowledge. In other words, knowledge does not necessarily lead borrowers to estimate their credit needs properly nor does it stand in good stead for overcoming the weaknesses of the credit system. The only difference is in regard to the importance of the factor of inadmissibi-

lity of purpose. While it is true that a smaller proportion of reasons come in this category for those with knowledge, it is significant that concealment of the real purpose did constitute one of the most important reasons even for them.

7.45 Among the medium-term borrowers, the exigencies of the economic situation and concealment of purpose were more important amongst those who did not know. This shows that knowledge has had some salutary effect on such (MT) borrowers, from this point of view. But when it comes to the credit system, it tells more severely on the knowledgeable borrowers of medium term loans also.



## CHAPTER VIII

### SUMMARY AND SUGGESTIONS

#### *Objective and method of the study :*

8.1 The study was undertaken at the instance of Ministry of the Community Development and Cooperation mainly to assess the magnitude, extent and forms of diversion in the utilisation of cooperative loans and to analyse the reasons for such diversion. For the purpose of this study a sample of 25 central banks was selected from the 15 States and Himachal Pradesh. From each of the selected banks a sample of five primary agricultural credit societies, and from each society a maximum of 12 member-borrowers were selected for study. These members were so selected as to represent the borrowers of the short-term and medium term credit, separately. A method of stratification by size of land holdings was adopted for sampling of the borrowers in each category. In all 1170 respondents were canvassed.

#### *Growth of Movement :*

8.2 *Growth in membership of primary agricultural societies :* The average membership per society had been steadily rising since June 30, 1956 which was taken as the initial year of the reference period. The increase in average membership over the three years from June 30, 1956 to June 30, 1959, was nearly 69 per cent in the sample societies as against 42 per cent in all relevant societies in the country, taking only the comparable States. According to the sample data, the increase occurred at a higher rate in the States in category B and C than in category A. (Category A comprises of States advanced in the development of cooperation; category C of States backwards in this respect; and category B of the remaining States).

#### *Extent of coverage by societies :*

8.3 It was found that by the end of the Second Plan, nearly sixty to seventy per cent of the rural households in the villages served by the societies had yet to be covered by the credit cooperatives. According to overall estimates of the Reserve Bank, the coverage in advanced States of category A was much larger than in the other two categories and was lowest (25%) in category C comprising of weaker States.

#### *Occupational distribution of members :*

8.4 According to the sample data, on April 30, 1962, nearly 84 per cent of the total members were cultivators, and the rest belonged to non-cultivating households. Among the former, the majority (63%) belonged to households with less than five acres.

*Volume of lending by societies to members :*

8.5 The average amount of lending per member of the sample societies came to Rs. 167 in 1955-56 which went up to Rs. 175 in the year 1960-61, showing a rise of only about five per cent. Of the total credit advanced by the sample societies in 1955-56, ninety-four per cent was short term and six per cent medium term and in 1960-61, medium term proportion rose to eight per cent.

*Share of total credit by occupational groups and size of holdings :*

8.6 Of the credit given in 1960-61, ninety-six per cent went to the cultivators and only about four per cent to others. The share of credit obtained by cultivators, shows a progressive increase with the rise in the size of holding. Only about fifteen per cent of the credit had gone to members having three acres or less as against 39 per cent to those with 5-10 acres and 46 per cent to still larger cultivators. By and large, there was no change in the shares of different occupational groups and those of cultivators in various size of holding groups in 1960-61 compared with 1958-59.

*Share-capital of the selected societies :*

8.7 The average value of share capital for the sample societies worked to Rs. 38 per member at the end of 1955-56, and rose to Rs. 41 at the end of 1958-59 and to Rs. 48 at the end of 1960-61. Thus, there was an increase of eight per cent in the first three years and 24 per cent in the five years to the end of 1960-61. The average value of share capital was much higher for the relatively advanced States in category A than the States in the other two categories, and in the category C of weaker States it was appreciably low.

*Deposits :*

8.8 Even at the end of 1960-61, about 40 per cent of the sample societies did not have any deposits with them at all. Excluding Andhra (where the deposits were disproportionately high) from the sample, the average deposits per member came to about Rs. 4 on 30.6.1956 and 30.6.59 and Rs. 5 as on 30.6.61. The corresponding average on the basis of the Reserve Bank data worked to Rs. 4 for 30.6.56 and Rs. 2 for 30.6.59, but rose to Rs. 9 on 30.6.61. The sample data show that there had been very little development of the thrift habit of the members and that the societies had not generally tried to build up their own resources through the raising of deposits from its members.

*Overdues :*

8.9 In the sample societies, the overdue loans accounted for nearly 18 to 20 per cent of the outstanding amounts in the three years up to 1961-62. This compares somewhat favourably with the overall estimates

of the Reserve Bank. The level of overdues was sufficiently high in the States of Rajasthan, Assam, Bihar and Himachal Pradesh. Uttar Pradesh shows the lowest level of overdues. An overwhelming proportion of the members, (85%) did not have any overdues or had it at less than five per cent of their outstandings. Thus, the situation in regard to the overdues is not disquieting. But, a large proportion i.e., about ten per cent of the members were found to be having overdues accounting for 75 per cent or more of their outstanding loans. On the whole, two-thirds of the overdue amount were overdue for less than two years on 30-6-61, which means that the overdues had generally not been very old ones. Only about 12 per cent were overdue for more than five years. In terms of the amount in relation to outstanding, the level of overdues has been higher than the proportion of members defaulting, and not shown much change during the three years upto 1961-62. In the weaker States, the redeeming feature is that the relative share of the old overdues is the lowest.

#### *Management and staff :*

8.10 *Managing Bodies of Central Banks :* The average strength of membership of the managing bodies is about 16 to 17 per body with a range from 10 to 25. In category A (advanced) States, the strength of the managing body is generally larger than in other two categories of States. The representatives of primary societies are generally in a majority in these bodies. Individuals accounted for only 22 per cent of the members. Officials generally do not constitute a recognisable proportion. All the representatives of primary societies are selected by some form of election or the other. Almost all the individuals also came in through election. On the whole, out of 395 members of managing bodies, only 57 were nominated.

#### *Some recent trends in the constitution of bank bodies :*

8.11 The managing bodies have become broader-based and been made more representative in character. There has been a shift from representatives of individuals towards those of rural primary societies. Secondly, official representation has been introduced in Mysore, Madras, Andhra Pradesh and Orissa. Another healthy change that has occurred is that the Chairman is now elected in the banks where earlier he used to be a Government nominee or an official.

#### *Managing committees of societies :*

8.12 The management committees of 125 sample societies had 926 members or an average membership of about seven to eight per body at the time of survey. Nearly 91 per cent of the societies had only individuals as members of these committees. In only 11 banks, officials find

a place in the managing committees of societies; and this too, was found to be the case usually in one of the five sample societies for each bank. The number of officials per society was generally either two or three. Election is almost the universal mode of selection of individuals.

*Field staff with Central Banks :*

8.13 In some of the States like Punjab, Rajasthan, U.P., Himachal Pradesh and Jammu and Kashmir, there is practically no field staff maintained by the Central Banks. At the end of 1960-61, among the remaining 11 States, in seven the strength of the field staff in a bank varied between 14 and 40. The average expenditure per bank per member of this field staff came to Rs. 1227 for the year 1955-56, rose to Rs. 1400 by the year 1959-60 and to Rs. 1594 in 1960-61. The percentage of banks in the higher expenditure groups was the highest in category A States (advanced), and lowest in category C (weaker) States. Weaker cooperative structure in the C States is responsible for relatively poorer paid staff in the banks in the latter States.

*Staff for supervision of the Utilisation of loans :*

8.14 The field staff are generally so much burdened with the procedural, administrative and accounts work, such as scrutiny and verification of loan applications, credit and accounts statements, that supervision of the utilisation of loans has hardly received much attention. In some States both the Central banks/banking unions and the Cooperative department/cooperative unions/are supposed to supervise the utilisation of loans; in others, the supervisory staff of only the Central banks are entrusted with this task; and in still some others, this is a part of the duty of the field staff of the cooperative department. And in a few States, where there was practically no field staff with the Central banks, this function was not being looked after by the Cooperative department too. Of the total supervisory staff, only about five per cent did not possess the requisite educational and other qualifications. More than three-fourths of the staff with the Central Banks and 89 per cent of those of the cooperative department had received training in cooperation. The position in regard to the qualification and training of the staff was found to be satisfactory.

*Secretaries of societies :*

8.15 It is significant to note that in none of the banks all the sample societies had full-time secretaries. In nearly one-half of the banks all the sample societies had only part-time secretaries. Of these 12 banks, 4 belonged to category A States, 3 to Category B States, and 5 in category C States. The majority (61%) of the secretaries were found to be paid, the rest being honorary. Judging by the educational qualifications, most of the full-time secretaries were found to be sufficiently qualified.

Even among the part-time secretaries, though the position naturally compared unfavourably with that for the full-time secretaries, it was not as bad as might be apprehended.

*Pattern of expenditure & receipts and borrowings :*

8.16 *Volume and nature of current expenditure :* On the whole, the sample households incurred an average cash expenditure of nearly Rs. 1600 per household in the year 1960-61, the monthly expenditure coming to Rs. 130 or so per household. The average expenditure for 10 months in 1961-62 was Rs. 1590 or nearly Rs. 160 per month. Thus there was an increase of nearly 23% in the level of average cash expenditure in about a year's time. In 1960-61 in two-thirds of the banks, the average was below Rs. 150. But during the next year, there was a steady increase in the expenditure level of borrower households in almost all the banks. In 1960-61, 70% of the households incurred a cash expenditure of less than Rs. 125 per month; and nearly one-fourth (23%) had a cash expenditure of even less than Rs. 50 or Rs. 40 a month. Only 12% of the households incurred an expenditure of more than Rs. 3000 a year. As expected, the percentage of households in the higher groups of expenditure was normally higher in the higher sizes of holdings.

*Expenditure on farm & household account :*

8.17 Nearly 38% of the cash expenditure was incurred on business which included mainly agriculture; and the rest was spent on meeting current household needs. Among the agricultural expense items, seeds, fertilisers including manures and wages of hired labour claimed nearly two-thirds. Wages alone formed an important constituent, claiming 16% of the total expenditure or about 42% of the expenditure on agricultural items. On the household side, the expenditure on consumption and other current needs claimed the highest proportion. The proportions of expenditure incurred on various items in 1961-62 do not show very much of difference from those for 1960-61.

*Volume and nature of current receipts :*

8.18 On an average, a household had an earning of about Rs. 150 per month during 1960-61 which rose to Rs. 170 p.m. in 1961-62, from current sources of receipts. In 1960-61, in two-thirds of the bank areas, the average earnings per month were less than the overall average. Further, 50% of the households had cash earnings from current items, amounting to less than Rs. 1000; and about 22% had earnings of even less than Rs. 500 or Rs. 40 per month. More than two-thirds of the cash receipts were on account of the sale of farm produce.

*Acquisition of assets :*

8.19 The average acquisition per household rose from Rs. 245 in 1958-59 to Rs. 455 in 1959-60 and to Rs. 526 in 1960-61. This varied widely in the different bank areas and the States, and even over the years. The



major portion of the capital expenditure was incurred on the purchase of land and buildings, livestock and implements, on investments in the improvement of land and other irrigation sources, and on the construction of dwelling houses.

*Disposals :*

8.20 The average cash receipts per household from disposal of assets rose from Rs. 78 to Rs. 194 during the two years 1958-59 and 1959-60 and declined to Rs. 142 in the next year (1960-61). The main outflow capital items were sale of land (including a part of buildings) and livestock.

*Capital accumulation :*

8.21 68% of the acquisitions resulted in the net capital accumulation during 1958-59. The proportion fell to 57% during 1959-60, but rose to 73% in 1960-61. During the 10 months of 1961-62, about 68% of the acquisitions resulted in a net addition to the assets. Thus, the percentage of acquisitions going into net capital accumulation remained more or less constant over this period. The percentage of bank areas in the higher capital accumulation groups was larger in 1960-61, than in 1958-59. Further, on the whole, the average value of net capital accumulation per household was Rs. 167 for the year 1958-59 and rose to Rs. 261 in 1959-60 and to Rs. 384 in 1960-61. It is interesting to note that it was only 42% of the all respondent households who had succeeded in making some net addition to the assets in 1958-59. In 1960-61, however, the percentage of respondents making net addition rose to 65. Among the households making a net addition to assets in 1958-59, the majority (about 80%) added items worth less than Rs. 500 per household; and about 17% between Rs. 500 and Rs. 1500. Only about 8% added capital worth above Rs. 1500. The number of respondents as well as the level of capital accumulation, however, increased in 1960-61. The distribution of respondents in the various capital accumulation groups, however, showed that generally the proportion of respondents with higher capital accumulation was greater in the larger size of holding groups.

*Level of borrowings by size of holding :*

8.22 The data on total borrowings by the sample respondents from all the agencies, viz., the cooperatives, money lenders and other outside sources, for years 1958-59 to 1960-61 show that not only the number of borrowers but even the average amount borrowed per borrowing household increased from year to year. The average borrowing was Rs. 647 in 1958-59 which rose to Rs. 748 in 1959-60 and to Rs. 813 in 1960-61. The average amount of borrowing increased at a faster rate among the weaker sections.

*Share of cooperatives in the supply of credit :*

8.23 Of the total credit obtained by the sample respondents the share of cooperatives varied between 65% and 72%, during the years 1958-59

to 1961-62. The most important outside agency was the money lender whose share during these years ranged between 15% and 20% of the total.

*Relationship between borrowings and expenditure :*

8.24 The following few general inferences emerge from the analysis of the relationship between short-term borrowings and cash expenditure on current items and between medium-term loans and net acquisitions :

- (i) Total short-term borrowings from all sources form a significant proportion (29%) of the total current cash expenditure of the sample households.
- (ii) The proportions of both total and cooperative credit to the current cash agricultural expenses are much higher (53% and 43%, respectively) than those in relation to the household expenses (14% & 4.5%, respectively).
- (iii) In some Bank areas the percentage of short-term borrowings to the current cash expenditure on agriculture was more than 100, indicating a situation of over-financing.
- (iv) A good proportion of the net capital accumulation was financed from medium-term cooperative borrowings.
- (v) In a few Bank areas the medium-term loans from cooperatives was much higher than the corresponding value of net acquisitions.

*Practice and magnitude of diversion in the use of loans :*

8.25 *Practice of Diversion :* Of the 946 short-term (ST) borrowers, 40% admitted having diverted loans from the avowed purposes—17% wholly and 23% partly. In the sample borrowers of medium-term (MT) loans, the percentage of those who diverted ranged from 40% in 1961-62 to 47% in 1960-61. The proportion of those who diverted MT loans wholly was around 25% during each of the years—1959-60, 1960-61 and 1961-62. But those who diverted partly varied greatly in these years. Taking both types of borrowers (ST and MT), 41% diverted their loans—19% wholly and 22% partly.

8.26 The practice of diversion was considerably less extensive among ST borrowers and somewhat less for MT borrowers in category A i.e. relatively advanced States, than in the other two categories of States. In U.P., Rajasthan, Kerala, and Orissa, the diversion of both ST and MT loans and in Andhra and Punjab, the diversion of MT loans was significantly high. Looking from the angle of banks and taking both types of borrowers, at least 60% of the borrowers diverted their loans in about 25% of the banks and at least 40% in about 45% of the banks. The percentage of diverters was generally higher among the medium-term borrowers. Further the extent of diversion does not seem to have any relationship with the intensity of supervision exercised by the banks among the States.

### *Magnitude of diversion :*

8.27 It was found that 23% of the amount borrowed for short-term purposes was diverted to purposes other than those for which it was borrowed. In respect of medium-term loans, the percentage was higher at 35%. Taking both types, 28% of the total amount was diverted. In respect of short-term, category A States fared better than those in the other two categories. As regards medium-term loans, there was not much divergence in the magnitude of diversion among the three categories of States. Further, the diversion of S.T. credit was significantly high in the States of Rajasthan, Orissa, Kerala and West Bengal and that of MT credit relatively high in Andhra, Madras, Punjab, Rajasthan, U.P., Assam, Orissa and Kerala. As between the ST and MT credit, there was generally found a tendency for diversion in one to vary inversely with the other.

8.28 As in the case of diverters, also in respect of magnitudes too, there was no relationship between the extent of supervision and the magnitude of diversion.

### *Relationship with educational status, size of holding, length of membership etc :*

8.29 The practice of diversion, on the whole, bears an inverse relationship with the educational standard of the borrowers, both for short and medium term loans, though it is more significant in the case of short-term credit.

8.30 The diversion among non-cultivators was found to be somewhat higher than among the cultivator-borrowers. And among the cultivators, on the whole, for both ST and MT credit, it was found that the practice of diversion had a general tendency to decline among the borrowers in the higher size of holding groups. In a number of States, however, no systematic relationship could be traced between the practice of diversion and the size of holding. And in some States, there was even a sort of direct association. The inverse relationship is, however, clearer especially in category A States and in the case of MT loans.

8.31 It was observed that for both the types of loans (ST and MT), the diversion in general does not seem to be directly related to the length of membership of the borrowers in the societies. This indicates that the longer period of membership has not meant the inculcation of the principles of cooperation and that the reasons for diversion are deeper.

8.32 The practice of diversion in the case of both ST and MT credit is found to be much smaller among the members of the managing committees than among the non-members of such committees. The membership of the committees thus had some influence on the members in the matter of proper use of loans.

*Purposes and uses of loans—Short-term :*

8.33 *Purposes of borrowing :* Nearly 73% of the ST loan amount was borrowed for current agricultural purposes, 12% for consumption and household expenses, and 9% for the purchase of livestock. The ST borrowings for other purposes were relatively very small. Borrowings for current agricultural purposes accounted for, between 69 and 82% of the total ST loan amount among cultivators in different size-groups of holding. There is not much variation in the proportion borrowed for the purchase of livestock, among cultivators in various holding groups. The amounts borrowed for other purposes were small; these loans were taken mostly by the small cultivators.

8.34 *Magnitude of diversion :* Nearly 25% of the amount borrowed for current agricultural purposes was diverted to purposes other than agricultural. The small cultivators diverted a larger proportion of the amounts borrowed than the bigger cultivators. On the whole, the bigger cultivators used the greater proportion of such loans for productive purposes. But the small cultivators tended to use loans obtained for productive agricultural purposes for 'non-productive' purposes.

8.35 About 41% of the ST loan amounts borrowed for the purchase of livestock was diverted. The magnitude of diversion from this purpose was generally higher in the larger sizes of holdings. The diversion from consumption credit was, however, relatively small; only 10% had been diverted. The purpose being non-productive and broad, this is quite understandable. No diversion took place among the big cultivators.

8.36 Among the three categories of States, the magnitude of diversion was much smaller in category A States where only 15% of the amount was diverted from current agricultural purposes. In respect of consumption credit too, diversion in category A States was significantly lower than in category B. As regards credit for livestock purchase, the diversion in all the States where borrowings for this purpose took place, was quite high.

8.37 *Directions of diversion :* Expenditure on consumption and other current household needs claimed the highest proportion (30%) of the diverted amount. The other purpose to which an equally good proportion (35%) was diverted was repayment of old debts and liabilities. Thus, these two uses together accounted for more than one-half of the diverted amount. The proportion of loan amounts diverted towards these purposes tends to fall in the higher size groups of holdings. The smaller cultivators diverted the loans towards less productive uses more than the bigger cultivators. While in category A States the largest proportion of the diverted amount was used for repayment of old debts, in States in categories B & C the largest proportion was used for consumption and household purposes.

8.38 The largest proportion (34%) of the amount diverted from current agricultural purposes went to meet domestic consumption and other household needs. Of the amounts diverted from borrowings for the purchase of livestock, more than one-half (58%) was used for non-productive purposes. More than one-half of the diverted amount from loans obtained for consumption and household needs was used for the repayment of old debts.

8.39 Current agricultural purposes stand out for the fact that the amounts diverted from this category were many times larger than those diverted to it from other groups of purposes. The proportion of the borrowed amount to that finally utilised for these purposes shows a positive association with the size of holdings of borrowers.

*Purposes and uses of loans : Medium-term*

8.40 *Purposes of borrowing* : About 52% of the total MT loan amount was borrowed for agricultural medium-term purposes, and 38% for the purchase of livestock. Nearly 5% was borrowed for current agricultural purposes; and about 4% for meeting consumption and other household needs for which the MT loans are not normally meant. In category A States, two-thirds of amount was obtained for medium-term agricultural purposes but such percentage was 45 and 15 in States in categories B & C.

8.41 *Magnitude of diversion* : Nearly 40% of the amount borrowed for medium-term agricultural purposes, 31% of the borrowings for the purchase of livestock and 42% of that for current agricultural purposes were diverted to purposes other than those of borrowing. The smaller holders of land normally diverted larger proportions than the bigger cultivators.

8.42 *Directions of diversion* : Of the diverted amount the highest proportion (30%) was used for consumption or other household needs for which medium-term credit is not admissible. Though the practice of diversion was comparatively smaller among the bigger cultivators, yet the magnitude of diversion (in term of amount) to consumption and household needs was no less among bigger cultivators than the smaller ones. Nearly 27% was used to pay off the old debts or liabilities. The proportion was somewhat higher in the smaller holding groups or the weaker sections.

8.43 About 15% of the diverted amount was, of course, used for medium-term agricultural purposes other than those for which the amounts were borrowed. A relatively smaller part (6.3%) of the diverted amount was in fact used for current agricultural purposes for which ST loans should have been utilised. The tendency to do so is more pronounced among the smaller cultivators than the bigger ones. Other uses to which the diverted amount flowed claimed only small proportions. Thus a good

proportion of the medium-term credit which is essentially available for productive purposes and for longer periods, was diverted to apparently non-productive purposes.

8.44 After adjusting the amounts diverted from the borrowings for medium-term agricultural purposes against amounts diverted to this use, it was found on balance that the amount actually used for these purposes worked out to 68% of the amount borrowed for these.

*Grounds and Reasons for diversion :*

8.45 *Knowledge of the rules of use and diversion :* In all, 77% of the short-term and 85% of medium-term borrowers admitted that they knew that the loans taken by them should be used for the same purpose for which these were granted. A comparison of the extent of the practice of diversion between the two groups, i.e., those who knew and those who did not know revealed that the former showed somewhat better utilisation than the latter, in respect of both short and medium-term loans.

8.46 On the whole, knowledge of the stipulations and rules of use of loans does seem to have favourably affected the degree of diversion; but the impact has not been significant enough to point to the need for better education as the main remedy. It is also possible that some of those who had diverted might have deliberately pleaded ignorance.

*Extent of knowledge and social and economic factors :*

8.47 The proportion of respondents who knew the obligation for honest use is found to be higher in the higher educational groups. This points to the need for more intensive educational effort in this matter among the less educated members of the cooperatives.

8.48 The percentage of those who knew the obligation was consistently higher in the higher size of holding groups, disclosing a positive association between these two factors. However, there was hardly any systematic relationship between the extent of knowledge and the length of membership. This indicates that the effort for member-education in this regard has neither been continuous nor systematic in the cooperatives. The extension effort on the part of officials to impart knowledge of the obligation for the proper use of loans does seem to have been made on a good scale, except in a few States. But it needs to be more intensive and continuous, selective and systematic so that it can make an effective dent on the problem of misutilisation of loans.

*Reasons for diversion of short-term loans :*

8.49 The two most important reasons for the diversion of short-term loans are the economic exigencies and the inadmissibility of purposes. Only about 9% of the reasons are attributed to the institutional factors in the credit system. In A & B categories of States, the economic exigencies are mainly responsible for diversion. But in C, the weaker States,

there is a greater tendency among the borrowers to conceal the genuine purpose of the loans specially since these were used for purposes for which loans were not admissible. However, in category B, States, the institutional factor is comparatively more important.

8.50 Among economic exigencies, the unavoidable and urgent needs of consumption and other household contingencies accounted for the majority of the reasons. Among the institutional factors, late receipt of loans was more widely complained of in States in categories A & C, while in category B States inadequacy of loans was the more important factor.

*Reasons for diversion of medium-term loans :*

8.51 As in the case of short-term, so also for medium-term loans, economic exigencies and inadmissibility of purpose emerge as the main two reasons for diversion. Here too, the unavoidable needs of consumption and other household contingencies accounted for more than one-half of the reasons mentioned under economic exigencies. But deficiencies of the credit system also emerge as a far more important reason among the MT than among the short-term borrowers. Economic exigencies were reported as important reasons for diversion much more in B & C categories of States than in category A States. On the other hand, the institutional factors were mentioned as far more important in category A States than in categories B & C.

8.52 Thus, economic exigencies and the inadmissibility of purpose are the two main types of reasons which lead to diversion. These obviously spring from the weak and vulnerable financial position of the borrowers. The immediate and urgent needs take priority over the purposes for which loans were applied for or were admissible. As a result, a significant proportion of the loan granted goes to meet non-productive needs like consumption, other household needs, and even to pay off old debts. Also, urgent needs lead many to conceal the real purposes.

8.53 It is revealing that amongst the ST borrowers those who were aware of their responsibility were as much a prey to diversion on account of the exigencies of the economic situation as others. This shows that the element of economic pressure was quite strong or that knowledge in such situations was a very weak deterrent. In other words, knowledge does not necessarily lead borrowers to estimate their credit needs properly nor does it stand in good stead for overcoming the weaknesses of the credit system.

8.54 Among the medium-term borrowers, the exigencies of the economic situation and concealment of purpose were the more important reasons for diversion amongst those who did not know. This knowledge of the obligation for honest use has had some salutary effect on the proper use of medium-term loans. But when it comes to the credit system, it tells more severally on the knowledgeable borrowers of medium-term loans also.

## APPENDIX TABLES

### APPENDIX TABLE I

#### *List of selected Central Banks*

State	Place of location of the selected Cen- tral Bank	Date of registration	No. of societies per super- visor	No. of borrowers selected
1	2	3	4	5
<i>Category A.</i>				
1. Andhra Pradesh	Eluru	November, 1918	14	54
	Vijaywada	December, 1918	10	60
2. Gujarat	Surat	June, 1909	39	51
	Amreli	August, 1950	30	50
3. Madras	Madurai	June, 1912	13	52
	Salem	January, 1909	8	58
4. Maharashtra	Akola	February, 1909	51	41
	Poona	September, 1917	36	46
<i>Category B.</i>				
5. Madhya Pradesh	Indore	March, 1916	90	39
	Raipur	January, 1913	17	50
6. Mysore	Bijapur	July, 1919	39	50
	Mandya	October, 1953	25	50
7. Punjab	Rohtak	January, 1914	23	39
	Ludhiana	September, 1916	20	59
8. Rajasthan	Ajmer	February, 1910	28	48
	Jaipur	June, 1951	20	52
9. Uttar Pradesh	Deoria	March, 1906	36	45
	Aligarh	May, 1916	5	60
<i>Category C.</i>				
10. Assam	Cachar	September, 1921	36	34
11. Bihar	Arrah	November, 1951	34	49
12. Kerala	Kozhikode	December, 1917	18	48
13. Orissa	Banki	March, 1910	24	45
14. West Bengal	Mughberia	February, 1924	33	34
15. Himachal Pradesh	*Mahasu	August, 1953	54	26
16. Jammu & Kashmir	Anantnag	September, 1921	5	30

\*Located at Simla



APPENDIX TABLE II  
Average membership (per society) and rate of growth in the primary agricultural societies

Name of State	P. E. O. data										Reserve Bank data									
	30-6-56	30-6-59	% incr- case		30-6-61	30-6-62	% incr- case		30-6-56	30-6-59	% incr- case		30-6-61	30-6-62	% incr- case		30-6-56	30-6-59	% incr- case	
	Aver- age mem- ber- ship	Aver- age mem- ber- ship	1956	1959	Aver- age mem- ber- ship	Aver- age mem- ber- ship	1956	1959	Aver- age mem- ber- ship	Aver- age mem- ber- ship	1956	1959	Aver- age mem- ber- ship	Aver- age mem- ber- ship	1956	1959	Aver- age mem- ber- ship	Aver- age mem- ber- ship	1956	1959
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
<i>Category A.</i>																				
1. A. P. .	371	465	25.3	530	14.0	548	3.3	N.C.	99	N.C.	104	5.8	108	3.3						
2. Gujarat	84	131	56.4	156	18.9	160	2.2	N.C.	N.C.	N.C.	115	N.C.	116	1.0						
3. Maharashtra	66	104	57.1	120	15.6	125	4.3	N.C.	N.C.	N.C.	96	N.C.	102	6.2						
4. Madras	163	207	26.4	346	67.6	371	7.0	107	154	44.7	191	23.4	262	37.4						
Sub-tot. I	161	227	41.0	288	26.8	301	4.5	107	104	-2.3	121	16.0	139	15.2						
<i>Category B.</i>																				
5. M. P.	46	63	35.5	79	26.7	82	3.9	N.C.	N.C.	N.C.	44	21.2	50	15.9						
6. Mysore	193	328	70.0	286	12.9	295	3.3	95	130	37.0	132	1.2	145	10.3						
7. Punjab	48	81	69.3	108	33.5	115	6.5	N.C.	N.C.	N.C.	70	18.7	75	6.5						
8. Rajasthan	123	225	83.1	273	21.1	306	12.3	N.C.	N.C.	N.C.	62	23.2	67	8.3						
9. U. P.	57	335	491.0	383	14.4	403	5.3	32	44	37.3	61	38.4	69	14.5						
Sub-tot. II	89	209	134.8	226	3.1	240	6.2	37	51	39.4	65	26.7	73	12.3						

Category C.	33	54	64.8	63	15.8	66	4.1	22	52	137.6	51	—1.6	56	10.1
10. Assam	16	40	160.6	62	52.4	62	Nil	33	39	19.1	56	43.0	58	3.2
11. Bihar	202	498	146.7	583	17.0	630	8.0	N.C.	N.C.	N.C.	345	37.5	411	19.1
12. Kerala	70	83	18.1	90	8.4	94	4.7	58	54	—7.6	62	14.7	67	7.9
13. Orissa	61	76	24.8	81	5.5	85	5.7	31	44	43.9	57	13.9	53	5.2
14. West Bengal	56	95	70.3	100	6.3	101	0.8	69	92	32.7	85	—7.5	89	4.7
15. H. P.	534	765	43.5	817	6.8	733	—10.3	84	178	112.7	175	—1.5	220	25.1
16. J. & K.														
Sub-total	147	230	56.5	256	11.3	253	—1.2	40	60	49.9	73	22.7	80	9.5
GRAND TOTAL	131	221	68.7	254	14.9	263	3.5	46	65	41.6	80	23.4	92	14.6

N.C.—Not Comparable.



सत्यमेव जयते

APPENDIX TABLE III  
*No. of members per hundred households in the primary agricultural Societies*

State	P. E. O. Data					Reserve Bank Data				
	30-6-56	30-6-59	% increase over 1956	No. of members	% increase over 1959	30-6-56	30-6-59	% increase over 1956	No. of members	% increase over 1959
1	2	3	4	5	6	7	8	9	10	11
<i>Category A.</i>										
1. A. P. . . . .	21	25	20.5	28	14.2	N.A.	100	N.A.	100	Nil
2. Gujarat . . . .	17	27	57.1	32	18.7	N.A.	N.C.	N.A.	34	N.C.
3. Maharashtra . .	22	31	38.4	46	47.0	N.A.	N.C.	N.A.	100	N.C.
4. Madras . . . . .	22	34	57.1	40	15.4	N.A.	71	N.A.	45	-37.0
Sub-total . . . . .	21	27	32.2	34	23.6	N.A.	82	N.A.	60	-27.5
<i>Category B.</i>										
5. M. P. . . . .	13	16	17.2	20	26.8	N.A.	41	N.A.	21	-47.9
6. Mysore . . . . .	29	28	-5.8	24	-12.6	N.A.	58	N.A.	N.A.	N.C.
7. Punjab . . . . .	11	21	86.4	23	14.1	N.A.	100	N.A.	100	Nil
8. Rajasthan . . . .	12	24	106.9	29	21.3	N.A.	33	N.A.	32	-3.9
9. U. P. . . . .	44	44	0.2	51	14.2	N.A.	83	N.A.	39	-52.7
Sub-total . . . . .	18	28	58.4	30	7.1	N.A.	64	N.A.	41	-35.8

Category C.	14	15	10.9	18	16.4	N.A.	19	N.A.	19	1.1
10. Assam	.	14	10.9	18	16.4	N.A.	19	N.A.	19	1.1
11. Bihar	.	4	200.0	19	52.0	N.A.	19	N.A.	24	26.9
12. Kerala	.	10	46.4	17	17.2	N.A.	21	N.A.	25	17.8
13. Orissa	.	18	18.1	23	8.6	N.A.	27	N.A.	25	-10.1
14. West Bengal	.	30	24.7	40	5.5	N.A.	97	N.A.	29	-70.3
15. H. P.	.	18	70.2	33	5.8	N.A.	75	N.A.	N.A.	N.C.
16. J. & K.	.	71	20.1	91	6.8	N.A.	55	N.A.	44	-21.3
Sub-total	.	24	15.7	30	11.4	N.A.	28	N.A.	25	-11.2
GRAND TOTAL	.	21	34.1	31	14.2	N.A.	50	N.A.	40	-19.7

N.C.—Not Comparable.



APPENDIX TABLE IV  
*Distribution of members of Sample societies by size of holding groups (PEO data)*

30-6-1956												30-6-1959		
State	1	2	3	4	5	% age distribution of cultivators in holding groups						No. of socie- ties	Total mem- non-culti- bers vators	% of mem- non-culti- vators
						Less than 2 acres	2-5 acres	5-10 acres	10-20 acres	20 acres and above				
<i>Category A.</i>														
1. A. P. . . . .	.	8	2,970	24.6	25.1	40.2	14.5	13.3	6.9	10	4,650	24.2		
2. Gujarat . . . .	.	10	839	11.1	16.8	22.0	22.2	19.8	19.2	10	1,312	18.8		
3. Madras . . . . .	.	9	1,471	26.0	44.8	38.2	12.4	3.6	1.0	9	1,859	30.4		
4. Maharashtra . .	.	10	660	0.3	4.7	30.2	27.3	22.8	14.9	10*	1,037	1.6		
<i>Sub-total</i> . . . . .	.	37	5,940	20.3	25.5	35.5	17.0	13.4	8.6	39*	8,858	22.0		
<i>Category B.</i>														
5. M. P. . . . .	.	9*	416	Nil	..	19.6	24.6	34.3	21.4	10*	626	Nil		
6. Mysore . . . . .	.	7	1,350	6.6	24.3	31.7	14.3	13.2	16.5	10	3,279	13.1		
7. Punjab . . . . .	.	8	381	47.0	1.0	5.4	37.1	41.1	15.3	9	725	41.7		
8. Rajasthan . . . .	.	6*	738	4.3	7.0	28.2	35.0	20.2	9.5	10	2,252	6.9		
9. U. P. . . . .	.	7	396	3.3	28.7	43.3	19.6	6.3	2.1	10	3,345	18.1		
<i>Sub-total</i> . . . . .	.	37*	3,281	9.5	16.7	29.4	22.5	18.0	13.3	49*	10,227	14.6		

## Category C.

10. Assam . . .	2	66	Nil	34.8	40.9	19.7	4.5	..	5	272	4.8
11. Bihar . . .	2	31	Nil	35.5	19.3	6.5	19.3	19.3	5	202	26.2
12. Kerala . . .	4	808	Nil	62.0	33.7	3.6	0.6	..	4	942	Nil
13. Orissa . . .	5	351	3.4	26.8	46.9	20.6	5.6	..	5	415	2.4
14. West Bengal . . .	5	305	0.3	46.2	33.8	15.7	3.0	1.3	5	382	0.3
15. H. P. . . .	5	279	3.9	11.6	38.4	29.5	16.0	4.5	5	475	3.4
16. J. & K . . .	4	2,133	2.7	23.7	56.0	15.9	3.7	0.7	5	3,827	1.9
<i>Sub-total</i> . . .	27	3,974	2.1	33.1	47.1	14.6	4.2	0.9	34	6,515	2.6
GRAND TOTAL . . .	101*	13,195	12.1	26.0	38.0	17.5	11.4	7.1	122*	25,600	14.1

\*In these cases, the distribution of some cultivators according to size of holdings is not available.

APPENDIX TABLE IV—Contd

State	30-6-1959										30-5-1962									
	%age distribution of cultivators in holding groups										%age distribution of cultivators in holding groups									
	Less than 2 acres	2-5 acres	5-10 acres	10-20 acres	20 acres and above	No. of societies and ties	Total members	% non-cultivators	Less than 2 acres	2-5 acres	5-10 acres	10-20 acres	20 acres and above							
1	13	14	15	16	17	18	19	20	21	22	23	24	25							
Category A.																				
1. A. P. . .	25.3	35.4	14.9	14.3	10.2	10	5,475	24.5	24.5	36.1	15.2	14.4	9.8							
2. Gujarat . .	13.5	21.7	23.1	23.6	18.1	10	1,595	18.7	13.4	21.4	24.2	25.5	18.4							
3. Madras . .	53.7	34.2	8.4	2.6	1.1	10	3,707	26.8	48.4	34.2	12.0	4.4	1.0							
4. Maharashtra .	6.4	31.6	27.8	19.4	14.8	10	1,250	0.8	6.1	33.5	28.3	19.0	13.0							
Sub-total . .	26.0	32.5	16.8	14.3	10.4	40	12,027	21.9	27.5	33.2	17.2	13.2	8.9							
Category B.																				
5. M. P. . .	1.6	16.3	27.2	28.0	26.9	10*	824	Nil	2.7	13.2	27.3	23.6	33.3							
6. Mysore . .	11.9	43.0	21.5	12.9	10.7	10	2,951	13.5	10.2	41.0	22.4	14.1	12.4							
7. Punjab . .	1.4	9.0	38.8	40.0	10.9	10	1,146	45.0	1.1	12.5	38.4	37.6	10.3							
8. Rajasthan . .	7.6	28.6	29.9	20.9	12.9	10*	3,063	8.7	8.3	30.9	31.0	18.9	10.9							
9. U. P. . .	30.3	50.2	12.6	5.8	1.0	10	4,028	22.0	29.9	48.2	15.0	5.9	1.0							
Sub-total . .	15.7	38.7	21.9	14.7	9.1	50*	12,012	17.3	15.1	37.1	23.7	14.8	9.2							

## Category C.

10. Assam . . .	36.7	47.1	12.0	4.2	..	5	328	4.6	36.1	49.5	10.9	3.5	..
11. Bihar . . .	38.9	22.8	17.4	14.8	6.0	5	308	23.1	29.5	23.2	20.3	20.7	6.3
12. Kerala . . .	60.3	35.9	3.3	0.5	..	4	17,314	Nil	63.1	30.9	5.3	0.5	0.2
13. Orissa . . .	26.2	48.9	19.8	5.2	..	5	471	2.3	26.5	48.5	19.8	5.0	0.2
14. West Bengal .	51.7	30.7	13.9	2.4	1.3	5	426	0.2	51.0	31.1	14.4	2.3	1.2
15. H. P. . . .	11.8	41.6	30.1	13.5	3.1	5	506	3.6	12.1	42.6	28.9	13.3	3.1
16. J. & K. . .	34.4	49.8	11.8	3.3	0.8	5	3,664	1.9	34.3	49.5	12.4	3.2	0.6
<i>Sub-total . . .</i>	37.3	45.2	12.6	4.0	0.9	34	7,017	2.7	38.7	43.3	13.0	4.1	0.9
<b>GRAND TOTAL</b>	<b>25.3</b>	<b>38.6</b>	<b>17.6</b>	<b>11.4</b>	<b>7.1</b>	<b>124*</b>	<b>31,056</b>	<b>15.8</b>	<b>25.9</b>	<b>37.3</b>	<b>18.5</b>	<b>11.4</b>	<b>6.9</b>

\*In these cases, the distribution of some cultivators according to size of holdings is not available.





# APPENDIX TABLE V

*Level of lendings (Average per member) by the primary agricultural societies*

State	P.E.O. data			Reserve Bank Data		
	Average per member (Rs.)		Percentage increase/decrease	Average per member (Rs.)		Percentage increase/decrease
	1955-56	1960-61		1955-56	1960-61	
1	2	3	4	5	6	7
<i>Category A</i>						
1. A. P. . . . .	370	348	94·0	NC	132	NC
2. Gujarat . . . . .	76	149	194·5	NC	277	NC
3. Maharashtra . . . . .	420	595	141·9	NC	221	NC
4. Madras . . . . .	92	91	98·9	50	120	140·2
Sub-total . . . . .	267	271	101·6	50	174	249·8
<i>Category B</i>						
5. M. P. . . . .	126	329	261·8	NC	113	NC
6. Mysore . . . . .	98	125	126·7	30	118	296·3
7. Punjab . . . . .	103	183	177·6	NC	91	NC
8. Rajasthan . . . . .	17	105	602·8	NC	84	NC
9. U. P. . . . .	85	137	160·8	40	93	133·2
Sub-total . . . . .	80	146	182·0	38	109	187·0
<i>Category C</i>						
10. Assam . . . . .	NA	NA	NA	72	16	—78·2
11. Bihar . . . . .	4	84	2408·5	13	19	46·9
12. Kerala . . . . .	37	86	236·4	NC	63	NC
13. Orissa . . . . .	99	88	88·8	34	63	82·2
14. West Bengal . . . . .	115	112	97·5	41	52	27·2
15. H. P. . . . .	27	7	25·6	17	13	—23·6
16. Jammu & Kashmir . . . . .	21	66	314·2	18	45	145·9
Sub-total . . . . .	48	74	154·9	23	42	49·3
GRAND TOTAL	167	175	104·7	38	119	214·5

N.A.—Not available.

N.C.—Not comparable.

**APPENDIX TABLE VI**  
*Growth of average share capital per member in the primary Agricultural societies*

State	P. F. O. Data					Reserve Bank Data				
	30-6-56	30-6-59	Average % increase per member over (Rs.) 56	Average % increase per member over (Rs.) 59	30-6-61	30-6-56	30-6-59	Average % increase per member over (Rs.) 56	30-6-61	Average % increase per member over (Rs.) 59
1	2	3	4	5	6	7	8	9	10	11
<i>Category A</i>										
1. A. P.	61	63	2.0	64	2.4	NC	28	NC	26	7.2
2. Gujarat	32	42	32.7	55	31.1	NC	NC	NC	95	40.6
3. Maharashtra	137	177	29.2	236	33.7	NC	NC	NC	66	-2.1
4. Madras	15	16	8.2	20	27.8	11	19	67.0	20	4.8
<i>Sub-total</i>	55	64	17.2	68	6.6	11	22	99.1	46	106.3
<i>Category B</i>										
5. M. P.	16	45	175.9	56	26.0	NC	30	NC	34	14.0
6. Mysore	29	35	20.1	51	44.5	17	33	102.4	39	18.0
7. Punjab	40	49	21.5	45	-9.0	NC	39	NC	37	-5.4
8. Rajasthan	37	31	-15.8	35	12.7	NC	26	NC	29	11.6
9. U. P.	23	42	86.3	47	12.1	19	25	30.7	27	6.0
<i>Sub-total</i>	30	38	27.0	46	19.7	11	30	176.1	30	1.0

APPENDIX TABLE VI—Contd.

1	2	3	4	5	6	7	8	9	10	11
<i>Category C</i>										
10. Assam	.	.	.	NA	NA	NA	21	198.6	17	-18.0
11. Bihar	.	.	.	2	13	525.0	7	12	62.2	11
12. Kerala	.	.	.	20	29	45.4	NC	21	NC	22
13. Orissa	.	.	.	13	40	197.0	10	23	143.8	24
14. West Bengal	.	.	.	14	19	30.8	11	11	6.6	15
15. H. P.	.	.	.	30	43	45.6	25	26	3.5	24
16. J. & K.	.	.	.	4	9	115.0	7	10	43.3	12
<i>Sub-total</i>	.	.	.	14	19	37.9	9	16	73.9	17
<i>Grand Total</i>	.	.	.	38	41	8.2	15	25	70.3	34
NC — Not comparable.				NA — Not available.				N.B.—Averages rounded up.		

## APPENDIX TABLE VII

*Growth of average deposits per member for the primary agricultural societies*

State	P. E. O. Data					Reserve Bank Data				
	30-6-56	30-6-59	30-6-61	30-6-56	30-6-59	30-6-61	30-6-56	30-6-59	30-6-61	
	Average per member (Rs.)	% increase 56 (Rs.)	% increase 59 (Rs.)	Average per member (Rs.)	% increase 56 (Rs.)	% increase 59 (Rs.)	Average per member (Rs.)	% increase 56 (Rs.)	Average per member (Rs.)	% increase 59 (Rs.)
1	2	3	4	5	6	7	8	9	10	11
<i>Category A</i>										
1. A. P.	74.8	47.4	-36.7	33.8	-28.7	1.3	7.0	138.5	6.0	-14.3
2. Gujarat	2.8	3.4	21.4	1.6	-52.9	NC	NC	NC	17.8	60.4
3. Maharashtra	23.9	31.2	30.5	42.5	36.2	NC	NC	NC	5.4	-51.4
4. Madras	0.2	0.1	-75.0	Nil	..	4.4	6.7	52.2	5.4	-19.4
Sub-total	40.5	29.0	-38.4	36.6	26.2	4.7	6.8	44.7	7.3	7.8
<i>Category B</i>										
5. M. P.	6.9	16.0	131.9	27.2	70.0	4.4	6.0	36.4	8.1	35.0
6. Mysore	0.1	0.04	-60.0	0.01	-75.0	0.3	9.9	3200.0	10.2	3.0
7. Punjab	24.6	17.6	-28.5	25.0	42.0	7.5	6.2	-17.3	33.3	437.1
8. Rajasthan	0.8	2.1	162.5	3.7	76.2	7.4	0.3	-95.9	4.0	1333.3
9. U. P.	1.6	3.4	112.5	5.1	50.0	2.7	0.5	-81.5	3.6	720.0
Sub-total	4.1	3.8	7.3	6.5	71.1	3.7	2.0	-45.5	10.5	525.0

APPENDIX TABLE VII—Contd.

1	2	3	4	5	6	7	8	9	10	11
<i>Category C</i>										
10. Assam	.	Nil	Nil	..	Nil	..	2.8	1.6	—42.9	1.6 Nil
11. Bihar	.	0.1	0.9	300.0	2.1	133.3	4.5	1.4	—68.9	5.8 314.3
12. Kerala	.	0.5	0.5	..	0.6	20.0	NC	11.7	NC	15.1 29.1
13. Orissa	.	1.2	3.1	158.3	3.1	Nil	4.3	0.3	—93.0	3.3 1100.0
14. West Bengal	.	6.9	4.4	—36.2	4.5	2.3	1.8	0.5	—72.2	3.8 720.0
15. H. P.	.	11.3	5.1	—54.9	3.2	—37.3	6.4	1.2	—81.2	6.2 416.7
16. J. & K.	.	0.03	0.5	1666.7	0.6	20.0	5.4	1.4	—74.1	2.1 50.0
<i>Sub-total</i>	.	1.6	1.1	—31.2	1.1	Nil	3.9	1.2	—59.2	6.8 166.7
<i>Grand Total</i>	.	19.9	11.6	—42.0	10.1	—12.9	4.0	2.1	—47.5	8.6 309.5

NC -- Not Comparable.

## APPENDIX TABLE VIII

*Overdues as percentage to outstanding amounts for the primary agricultural societies*

State	P. E. O. data (Rupees in thousands)						Reserve Bank data (Rupees in lakhs)					
	1959-60		1960-61		61-62 (upto 30-4-62)		1959-60		1960-61		1961-62	
	Amount out- standing	% of over- dues to out- standing	Amount out- standing	% of over- dues to out- standing	Amount out- standing	% of over- dues to out- standing	Amount out- standing	% of over- dues to out- standing	Amount out- standing	% of over- dues to out- standing	Amount out- standing	% of over- dues to out- standing
1	2	3	4	5	6	7	8	9	10	11	12	13
1. A. P. .	1,732	10.3	1,725	11.4	1,350	19.1	1,911	14.4	2,144	17.1	2,412	18.6
2. Gujarat .	271	15.6	268	17.3	266	29.4	2,077	24.5	2,522	22.2	2,737	24.9
3. Madras .	322	19.8	417	18.1	535	10.8	1,826	11.0	2,532	12.1	3,136	10.4
4. Maharashtra	750	30.9	753	21.9	790	26.9	3,385	26.8	4,296	20.1	5,208	29.4
Sub-total	3,075	17.5	3,162	15.3	2,941	20.6	9,199	20.6	11,494	18.2	13,492	22.1
5. M. P. .	154	35.4	206	23.2	108	Nil	1,472	21.3	1,077	17.9	2,173	29.0
6. Mysore .	427	28.2	405	22.2	549	24.1	1,366	32.7	1,607	34.0	1,834	45.8
7. Punjab .	63	11.2	61	29.4	98	10.5	1,428	26.1	1,616	25.8	1,924	23.0
8. Rajasthan .	13	Nil	76	47.3	11	58.9	464	18.5	634	30.6	654	44.9
9. U. P. .	233	0.2	350	1.0	257	0.6	2,185	5.9	2,574	9.2	3,149	12.3
Sub-total	889	20.5	1,098	17.7	1,024	14.7	6,916	19.5	8,307	20.8	9,733	26.7

APPENDIX TABLE VIII—Contd.

1	2	3	4	5	6	7	8	9	10	11	12	13
10. Assam .	19	68.6	13	81.7	N.A.	N.A.	194	46.8	199	74.0	170	71.2
11. Bihar .	7	71.8	12	57.7	11	41.9	194	55.0	255	45.3	312	47.9
12. Kerala .	348	13.0	377	21.8	110	35.2	388	20.0	514	16.6	708	17.3
13. Orissa .	39	19.1	35	27.2	57	30.7	355	19.6	411	20.0	485	20.3
14. W. Bengal .	62	3.2	57	7.0	69	32.9	318	43.4	378	32.9	500	28.7
15. H. P. .	33	64.1	30	86.6	23	87.6	22	32.9	23	40.2	24	46.7
16. J. & K. .	241	26.3	274	26.2	241	12.6	108	26.0	115	20.8	131	25.0
<i>Sub-total</i> .	749	21.0	799	26.4	511	22.2	1,579	32.8	1,894	31.0	2,329	29.1
<b>GRAND TOTAL</b> .	4,713	18.6	5,059	17.6	4,476	19.5	17,693	21.2	21,696	20.3	25,554	24.5

N.A.—Not Available.

## APPENDIX TABLE IX

Strength of field staff with Central Banks and total and average expenditure incurred on them (per person)

State	Name of the bank	30-6-1956					30-6-60					30-6-61					% increase of average expenditure on 30-6-61					% increase of average expenditure on 30-6-61				
		Strength		Total expenditure (Rs. '000)		Average per person	Strength		Total expenditure (Rs. '000)		Average per person	Strength		Total expenditure (Rs. '000)		Average per person	Over 1956		Over 1960		Over 1956		Over 1960			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	12	13	14	15	12	13	14	15		
1. A. P.	Eidru Vijayawada	27	44	1,636	33	51	1,553	38	58	1,533	40.7	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2		
		N.A.	N.A.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
2. Gujarat	Surat	11	24	2,182	15	35	2,333	20	48	2,400	81.8	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3			
	Amreli	1	1	1,000	11	11	733	18	30	1,663	1703.0	20.0	66.7	127.3	66.7	127.3	66.7	127.3	66.7	127.3	66.7	127.3	66.7			
3. Madras	Madurai	78	76	1,273	165	N.A.	1,726	185	N.A.	2,149	137.2	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1			
	Salem	60	76	1,273	112	193	1,726	112	241	2,149	137.2	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1			
4. Maharashtra	Akola	44	N.A.	..	35	N.A.	..	36	N.A.	..	18.2	2.9	..	..	..	..	..	..	..	..	..	..	..			
	Poona	23	N.A.	..	32	N.A.	..	38	N.A.	..	65.2	18.8	..	..	..	..	..	..	..	..	..	..	..			
5. M. P.	Indore	110	N.A.	891	39	72	1,225	70	97	1,379	N.A.	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6			
	Raipur	22	32	1,451	32	46	1,447	35	51	1,445	59.1	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4			
6. Mysore	Biapur	3	4	1,315	9	11	1,191	14	16	1,178	366.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6			
	Mandya	3	4	1,315	9	11	1,191	14	16	1,178	366.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6			
7. Punjab	Rohtak	Nil	..	..	1	3	2,520	1	3	2,520	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
	Ludhiana	Nil	..	..	1	3	2,916	1	3	2,916	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
8. Rajasthan	Ajmer	Nil	..	..	0.3	0.3	137	3	5	1,767	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
	Jaipur	Nil	..	..	2	274	137	3	5	1,767	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
9. U. P.	Deoria	Nil	..	..	Nil	..	..	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
	Aligarh	Nil	..	..	Nil	..	..	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
10. Assam	Cachar	N.A.	N.A.	..	18	16	914	16	21	1,342	N.A.	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1			
11. Bihar	Arrah	14	18	1,269	19	17	906	23	20	856	64.3	21.1	21.1	21.1	21.1	21.1	21.1	21.1	21.1	21.1	21.1	21.1	21.1			
12. Kerala	Kozhikode	37	65	1,748	63	117	1,862	65	131	2,014	75.7	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2			
13. Orissa	Banki	12	6	505	19	17	903	18	19	1,074	50.0	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3			
14. W. Bengal	Mughberia	5	3	527	7	6	887	7	7	982	40.0	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil			
15. H. P.	Mahasu	Nil	..	..	Nil	..	..	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
16. J. & K.	Anasnaag	Nil	..	..	Nil	..	..	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
GRAND TOTAL		447	371	1,227*	746	720	1,404	841	928	1,594	58.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8			

\*The average expenditure relates to only those banks for which both the number of the staff and expenditure are available.



APPENDIX TABLE X (i)

*Relative importance of different items of cash expenditure—1960-61*

State	Bank	No. of res- pondent H. Hs.	Total expen- diture made (Rs. '000)	Av. expen- diture (Rs. '00)	Distribution and expenditure on various items															
					Seed	Fertiliser & manures		Wages		Irrigation rates		Rent and Land Re- venue		Higher charges on imple- ments, carts etc.						
						Av.	% to total	Av.	%	Av.	%	Av.	%	Av.	%	Av.	%			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
A.P.	Eluru	54	222	41	56	1.4	737	17.9	790	19.2	18	5.3	394	9.6	85	2.1				
	Vijayawada	60	170	28	27	1.0	213	7.5	752	26.5	83	2.9	168	5.9	3.7	1.3				
Gujarat	Surat	51	67	13	2	0.1	54	4.0	242	18.9	3	0.2	27	2.1	11	0.8				
	Amreli	50	97	19	386	20.0	446	22.9	108	5.6	..	..	77	3.9	30	1.5				
Madras	Madurai	12	72	14	14	1.0	93	6.6	184	13.2	2	0.1	71	5.2	20	1.5				
	Salem	18	69	12	58	4.9	156	13.1	72	7.5	..	..	7	0.6	35	2.9				
Maharashtra	Akola	41	88	21	60	2.8	78	3.6	791	37.0	..	..	27	1.2	4	0.2				
	Poona	45	129	28	162	5.8	192	17.5	480	17.1	187	6.7	7	0.2	43	1.5				
M.P.	Indore	39	89	23	61	2.7	82	3.6	831	36.3	..	..	50	2.2	7	0.2				
	Raipur	50	29	5	3	0.6	20	3.4	16	28.1	3	0.5	18	3.0	..	..				
Mysore	Bijapur	50	46	9	43	4.7	65	7.2	142	15.5	27	3.0	13	1.5	4	0.4				
	Mandya	50	156	31	14	0.4	478	15.3	441	14.1	94	3.0	83	2.7	58	1.8				
Punjab	Rohiatak	39	48	12	36	2.9	79	5.3	29	2.4	54	4.4	11	0.1	1	0.1				
	Ludhiana	39	88	15	38	2.6	79	5.3	108	7.3	31	2.0	83	5.6	5	0.3				
Rajasthan	Ajmer	48	18	74	19	2.1	62	7.9	48	6.1	3	0.3	18	2.3	5	0.7				
	Jaipur	52	68	13	13	1.0	4	0.3	105	8.1	..	..	49	3.7	18	1.5				
U.P.	Deoria	45	33	6	1	0.1	2	0.4	104	17.4	6	0.9	18	3.0	11	1.8				
	Aligarh	60	47	8	19	2.5	16	2.0	51	6.5	56	7.2	27	3.5	1	0.2				
Assam	Cachar	34	28	8	1	0.1	1	0.1	90	10.8	..	..	77	9.3	2	0.2				
Bihar	Arrah	49	94	19	19	1.0	14	0.7	143	7.5	11	0.6	72	3.8	9	0.5				
Kerala	Kozhikode	48	775	16	6	0.3	67	4.3	31	2.0	..	..	36	2.3	..	..				
Orissa	Banki	45	23	5	8	1.5	11	2.2	38	7.3	..	..	14	2.7	7	1.3				
W. Bengal	Mughberia	34	22	6	2	0.2	7	1.0	58	9.0	0.1	..	105	16.0	6	0.9				
H.P.	Mahasu	26	43	16	22	1.4	28	1.7	204	12.4	..	..	..	..	..	..				
J. & K.	Anantnag	30	26	9	0.2	..	5	10.5	56	6.4	..	..	45	5.2	..	..				
GRAND TOTAL		1,170	1,866	16	45	2.8	139	8.7	249	15.6	34	2.1	63	4.0	18	1.1				

APPENDIX TABLE X (i)—Contd.

State	Bank	No. of res- pondent H.Hs.	Total expendi- ture made per H.H. (Rs. '000)	Av. expendi- ture per H.H. (Rs. '00)	Distribution and expenditure on various items																	
					Repairs		Consumption & other H.H. needs		Ceremonies		Education & medical needs		Household effects		Other							
					Average	%	Av.	%	Av.	%	Av.	%	Av.	%	Av.	%	Av.	%				
1	2	3	4	5	18	19	20	21	22	23	24	25	26	27	28	29						
A.P.	Eluru	54	222	41	94	2.3	866	21.1	192	4.7	211	5.1	24	0.6	439	10.7						
	Vijaywada	60	170	28	38	1.4	679	23.9	277	9.7	213	7.5	262	9.2	91	3.2						
Gujarat	Surat	51	67	13	40	3.1	667	50.8	84	6.4	100	7.6	44	3.3	36	2.7						
	Amreli	50	97	19	61	3.1	587	30.2	84	4.3	77	3.9	10	0.5	77	3.9						
Madras	Madurai	52	72	14	25	1.8	665	47.9	68	4.9	52	3.8	3	0.2	191	13.7						
	Salem	58	69	12	53	4.5	384	33.3	183	15.4	58	4.8	..	..	165	13.9						
Maharashtra.	Akola	41	83	21	64	3.0	899	39.3	107	5.0	144	6.7	4	0.2	18	0.9						
	Poona	46	129	28	123	4.4	291	10.4	342	12.2	201	7.1	15	0.5	466	16.6						
M.P.	Indore	39	89	23	68	3.0	857	37.5	113	4.9	199	8.7	4	0.2	19	0.8						
	Raipur	50	29	5	11	1.9	191	32.9	74	12.7	75	13.0	1	0.2	22	3.8						
Mysore	Bijapur	50	46	9	25	2.8	481	52.7	20	2.2	47	5.2	6	0.6	38	4.2						
	Mandya	50	156	31	486	15.6	801	25.7	417	13.3	132	4.2	24	0.8	95	3.1						
Punjab	Rohi	39	48	12	41	3.3	683	55.8	231	18.8	82	6.7	5	0.4	64	5.2						
	Ludhiana	59	88	15	67	4.5	622	41.8	206	13.9	127	8.5	31	2.0	91	6.1						
Rajasthan	Ajmer	48	38	74	12	1.5	481	61.0	89	11.3	30	3.8	2	0.3	19	2.4						
	Jaipur	52	68	13	101	7.8	670	51.6	207	15.9	117	9.0	2	0.1	12	0.9						
U.P.	Deoria	45	33	6	25	4.1	196	32.8	211	35.3	22	3.7	3	0.4	..	..						
	Aligarh	60	47	8	11	1.4	266	34.1	219	28.1	103	13.1	5	0.4	8	1.0						
Assam	Cachar	34	28	8	8	0.9	510	61.3	83	10.0	13	1.6	..	..	47	5.7						
Bihar	Arrah	49	94	19	29	1.5	587	30.5	654	34.0	303	15.8	13	0.7	68	3.5						
Kerala	Kozhikode	48	75	16	50	3.2	947	60.6	101	6.4	246	15.7	33	2.1	46	3.0						
Orissa	Banki	45	23	5	12	2.3	255	50.2	113	21.7	47	9.0	7	1.4	1	0.5						
W. Bengal	Mughberia	34	22	6	17	2.6	338	52.2	41	6.4	67	10.3	9	1.4	..	..						
H.P.	Mahasu	26	43	16	68	4.1	923	56.2	115	7.0	268	16.3	14	0.8	..	..						
J. & K.	Anantnag	30	26	9	22	2.5	583	66.9	23	2.7	78	9.0	28	3.2	31	3.6						
GRAND TOTAL		1,170	1,866	16	64	4.0	570	35.7	180	11.3	121	7.6	85	5.3	28	1.8						

N.B.—Averages have been rounded up.

**APPENDIX TABLE X (ii)**  
*Relative importance of different items of expenditure—1961-62*

Distribution of expenditure on various items																
State	Bank	No of respon- dent H.Hs.	Total expen- diture (Rs. '000)	Aver- age ex- pendi- ture per H.H. (Rs. '00)	Seed		Fertilisers and Manures		Wages		Irrigation		Rents			
					Av.	%	Av.	%	Av.	%	Av.	%	Av.	%		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
1. A.P.	Eluru . .	54	216	40	52	1.3	860	21.5	764	19.1	221	5.5	322	8.3		
	Vijayawada .	60	165	27	13	0.5	264	9.6	702	25.6	102	3.7	168	6.1		
2. Gujarat	Surat . .	51	69	14	2	0.1	75	5.5	238	17.5	3	0.2	28	2.0		
	Amreli . .	50	87	17	340	19.6	276	15.9	101	5.8	10	0.6	77	4.4		
3. Madras	Madurai .	52	77	15	18	1.2	104	7.0	177	11.9	2	0.2	71	4.8		
	Salem . .	58	56	10	59	6.0	146	15.1	77	7.9	..	..	..	..		
4. Maharashtra	Akola . .	41	86	21	14	0.6	54	2.6	852	40.4	..	..	25	1.2		
	Poona . .	46	132	29	217	7.5	533	18.6	484	16.8	217	7.6	8	0.3		
5. M.P.	Indore . .	39	87	22	19	0.8	58	2.6	896	40.1	..	..	27	1.2		
	Raipur . .	50	42	8	7	0.9	21	2.6	16	19.5	4	0.4	18	2.1		
6. Mysore	Bijapur .	50	52	10	47	4.6	66	6.4	166	16.1	27	2.6	9	1.8		
	Mandya .	50	140	28	17	0.6	487	17.4	409	14.6	95	3.4	84	3.0		
7. Punjab	Rohatak .	39	65	17	40	2.4	2	0.1	29	1.7	68	4.1	93	5.6		
	Ludhiana .	39	92	16	47	3.0	111	7.1	97	6.2	27	1.7	92	6.2		
8. Rajasthan	Ajmer . .	48	40	8	28	3.4	64	7.8	52	6.3	3	0.4	18	2.2		
	Jaipur . .	52	69	12	15	1.2	7	0.5	92	7.0	..	..	49	3.7		
9. U.P.	Deoria . .	45	23	4	..	..	2	0.5	102	24.7	6	1.4	18	4.4		
	Aligarh . .	60	59	10	21	2.1	25	2.6	51	5.2	51	5.2	27	2.8		
10. Assam	Cachar . .	34	30	9	2	0.2	2	0.2	85	9.7	..	..	52	5.9		
11. Bihar	Arrah . .	49	89	18	27	1.5	37	2.1	161	8.9	11	0.6	95	5.3		
12. Kerala	Kozhikode .	48	60	12	11	0.9	51	4.1	30	2.4	..	..	31	2.5		
13. Orissa	Banki . .	45	25	6	8	1.5	8	1.5	38	6.8	..	..	10	1.8		
14. W. Bengal	Mughberia .	34	20	6	2	2.4	6	1.0	58	9.6	0.1	..	99	16.6		
15. H. P.	Mahasu . .	26	51	20	11	0.6	28	1.4	200	10.2	..	..	..	..		
16. J & K	Anantnag .	30	30	10	0.1	..	10	1.0	56	5.6	..	..	46	4.6		
GRAND TOTAL		1,170	1,860	16	43	2.7	145	9.1	247	15.5	37	2.3	68	3.9		



**APPENDIX TABLE XI (i)**  
*Relative importance of different sources of cash receipts (Current) 1960-61*

State	Bank	Total No. of resps.	Total receipts (Rs. '000)	Avg. H.H. (Rs. 00)	Sale of farm produce		Sale of F.Y. Manure		Rent Char- ges		Hire Char- ges	
					Av.	%	Av.	%	Av.	%	Av.	%
1	2	3	4	5	6	7	8	9	10	11	12	13
A.P.	Eluru . .	54	263	49	3,896	80.1	..	..	121	2.5	31	0.6
	Vijayawada .	60	157	26	2,110	80.4	4	0.1	10	0.4	21	0.8
Gujarat	Surat . .	51	77	15	760	50.6	..	..	..	..	65	4.3
	Amreli . .	50	142	28	2,335	82.3	8	0.3	..	..	9	0.3
Madras	Madurai .	52	57	11	353	32.2	..	..	61	5.5	40	3.6
	Salem . .	58	80	14	1,081	78.6	..	..	48	3.5	7	0.5
Maharashtra	Akola . .	41	101	25	2,146	87.4	..	..	54	1.6	46	1.4
	Poona . .	46	150	33	2,792	85.4	..	..	26	1.5	..	..
M.P.	Indore . .	39	66	17	1,072	63.0	1	0.1	..	..	5	0.8
	Raipur . .	50	30	6	559	94.1	..	..	..	..	5	0.8
Mysore	Bijapur .	50	31	6	496	80.8	..	..	64	1.4	53	1.2
	Mandya .	50	222	44	3,713	83.6	..	..	..	..	..	..
Punjab	Rohtak .	39	27	7	382	55.1	..	..	..	..	..	..
	Ludhiana .	59	144	24	1,804	73.8	..	..	..	..	..	..
Rajasthan	Ajmer . .	48	44	9	370	40.1	17	1.8	..	..	8	0.9
	Jaipur . .	52	90	17	495	28.6	..	..	15	0.9	80	4.6
U.P.	Deoria . .	55	34	6	275	45.0	..	..	..	..	24	3.9
	Aligarh . .	60	40	7	319	48.4	..	..	..	..	12	1.7
Assam	Cachar . .	34	29	8	394	46.4	..	..	29	3.5	13	1.6
Bihar	Arrah . .	49	82	17	780	46.5	..	..	39	2.4	31	1.8
Kerala	Kozhikode .	48	76	16	739	46.6	13	0.8	58	3.6	..	..
Orissa	Banki . .	45	26	6	242	42.4	1	0.1	2	0.4	80	13.7
W. Bengal	Mughberia .	34	25	7	374	51.6	..	..	36	5.0	4	0.5
H.P.	Mahasu . .	26	54	21	798	38.7	..	..	27	1.0	..	..
J. & K.	Anantnag .	30	33	11	402	36.3	..	..	69	6.2	..	..
<b>GRAND TOTAL</b>		1,170	2,077	18	1,208	68.0	2	0.1	26	1.5	23	1.3

H.H.—Households.

APPENDIX TABLE XI (i)—Contd.

State	Bank	Total No. of respsds.	Total receipts (Rs. 1000)	Avg. per H.H. (Rs. 00)	Wages		Sale of non-agr. produce		Sale of Milk and Ghee		Earnings from investment		Other sources	
					Av.	%	Av.	%	Av.	%	Av.	%	Av.	%
1	2	3	4	5	14	15	16	17	18	19	20	21	22	23
A.P.	Biluru	54	263	49	347	7.1	37	0.8	70	1.4	65	1.3	295	6.1
	Vijayawada	60	157	26	228	8.7	..	..	60	2.3	..	..	190	7.2
Gujarat	Surat	51	77	15	276	18.4	..	..	57	3.8	78	5.2	265	17.6
	Ameli	50	142	28	122	4.3	2	0.1	206	7.3	..	..	157	5.5
Madras	Madurai	52	57	11	174	15.9	4	0.3	31	2.8	..	..	435	39.6
	Salem	58	80	14	124	8.8	..	..	35	2.6	..	..	83	6.1
Maharashtra	Akola	41	101	25	218	8.9	..	..	8	0.3	..	..	78	3.2
	Lonala	46	150	33	200	8.1	..	..	..	..	44	1.3	134	4.1
M.P.	Indore	39	66	17	65	3.8	..	..	476	28.0	10	0.6	53	3.1
	Rajpur	50	30	6	22	3.7	..	..	1	0.2	..	..	7	1.2
Mysore	Bijapur	50	31	6	62	10.1	..	..	4	0.7	..	..	47	7.7
	Mandya	50	222	44	70	1.6	8	0.2	45	1.2	119	2.7	360	8.1
Punjab	Rohitak	39	27	7	135	19.4	59	8.5	27	3.8	51	7.4	40	5.8
	Ludhiana	59	144	24	105	4.3	..	..	38	1.6	..	..	496	20.3
Rajasthan	Ajmer	48	44	9	246	26.7	..	..	132	14.3	..	..	24	16.2
	Jaipur	52	90	17	205	11.9	..	..	174	10.0	..	..	761	44.0
U.P.	Deoria	55	34	6	303	49.5	2	0.4	5	0.7	..	..	7	0.4
	Aligarh	60	40	7	76	11.5	..	..	65	9.8	..	..	188	28.5
Assam	Cachar	34	29	8	83	9.8	..	..	17	2.0	..	..	311	36.7
Bihar	Arrah	49	82	17	348	20.8	..	..	51	3.1	74	4.4	352	21.1
Kerala	Kozhikode	48	76	16	528	33.1	2	0.1	4	0.3	42	2.6	203	12.8
Orissa	Bansi	45	26	6	102	17.9	..	..	22	3.8	..	..	124	21.8
W. Bengal	Mughbaria	34	25	7	116	16.0	17	2.3	2	0.2	01	..	177	24.4
H.P.	Mahasu	26	54	21	683	33.1	..	..	..	..	154	7.4	399	19.4
J. & K.	Anantnag	30	33	11	395	35.6	7	0.6	..	..	..	..	235	21.2
GRAND TOTAL		1,170	2,077	18	201	11.3	5	0.3	63	3.5	24	1.3	226	12.7

N.B. : Averages have been rounded up.

**APPENDIX EABLE XI (ii)**  
*Relative importance of different sources of cash receipts (Current) 1961-62 Up to 30-4-62*

State	Bank	Total No. of respon- dents	Total receipts (Rs. 1,000)	Avg. per H.H. (Rs. 00)	Sale of farm produce			Sale of F.Y. Manure			Rent Char- ges			Hire Char- ges		
					Av.	%		Av.	%		Av.	%		Av.	%	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
A.P.	Eluru	54	241	45	2,623	81.2	..	0.1	134	3.0	29	0.6				
	Vijayawada	60	141	23	1,728	73.7	3	0.1	32	1.3	18	0.6				
Gujarat	Surat	51	78	15	809	52.9	..	..	..	..	60	3.9				
	Amreli	50	132	26	2,179	82.5	8	0.3	..	..	11	0.4				
Madras	Madurai	52	64	12	303	24.5	..	..	46	3.7	37	3.2				
	Salem	58	63	11	869	79.7	..	..	31	2.8	6	0.5				
Maharashtra	Akola	41	64	15	1,193	77.0	..	..	..	..	3	0.2				
	Poona	46	162	35	3,043	86.2	..	..	54	1.5	63	1.3				
M.P.	Indore	39	57	15	775	53.1	..	..	26	1.8	..	..				
	Raipur	50	34	7	638	94.1	1	0.2	2	0.4	..	..				
Mysore	Bijapur	50	29	6	468	80.1	..	..	69	1.5	4	0.7				
	Mandya	50	235	47	3,927	83.7	..	..	..	..	53	1.1				
Punjab	Rohtak	39	31	8	406	50.8	..	..	..	..	..	..				
	Ludhiana	59	147	25	2,022	81.1	1	0.03	..	..	..	..				
Rajasthan	Ajmer	48	51	11	402	38.1	15	1.4	..	..	10	1.0				
	Jaipur	52	88	17	499	29.4	..	..	15	0.9	37	2.2				
U.P.	Deoria	45	35	6	295	46.5	..	..	..	..	24	3.8				
	Aligarh	60	39	7	294	44.8	..	..	..	..	24	3.8				
Assam	Cachar	34	31	9	435	48.2	..	..	29	3.3	17	1.9				
Bihar	Arrah	49	85	17	732	42.4	..	..	47	2.7	29	1.7				
Kerala	Kozhikode	48	65	13	715	53.0	..	..	54	4.0	..	..				
Orissa	Banki	45	24	5	218	40.8	1	0.2	2	0.4	79	14.8				
W. Bengal	Mughberia	34	24	7	354	50.2	..	..	37	5.2	4	0.5				
H.P.	Mahasu	26	49	19	780	41.6	..	..	27	1.4	..	..				
J. & K.	Anantnag	30	34	11	411	35.9	..	..	69	6.0	..	..				
GRAND TOTAL		1,170	2,003	17	1,145	66.9	1	0.1	27	1.6	21	1.2				

## APPENDIX XI (ii)—Contd.

State	Bank	Total No. of respon- dents	Total receipts (Rs. 000)	Avg. per H.H. (Rs. 00)	Wages		Sale of non- agr. pro- duce		Sale of Milk and Ghee		Earnings from invest- ment		Other sources	
					Av.	%	Av.	%	Av.	%	Av.	%	Av.	%
1	2	3	4	5	14	15	16	17	18	19	20	21	22	23
A.P.	Eluru	54	241	45	297	6.7	44	1.0	80	1.8	108	2.4	145	3.2
	Vijayawada	60	141	23	216	9.2	..	..	56	2.4	..	..	294	12.5
Gujarat	Surat	51	78	15	271	17.7	..	..	62	4.0	88	5.8	239	15.6
	Amreli	50	132	26	118	4.5	2	0.1	176	6.6	..	..	128	5.6
Madras	Madurai	52	64	12	165	13.3	3	0.2	30	2.4	6	0.5	648	52.3
	Salem	58	63	11	81	7.7	..	..	32	2.9	..	..	68	6.3
Maharashtra	Akola	41	64	15	235	15.2	..	..	21	1.3	..	..	98	6.3
	Poona	46	162	35	216	6.1	..	..	0.4	..	41	1.2	112	3.2
M.P.	Indore	39	57	15	65	4.4	..	..	527	36.1	13	0.9	55	3.7
	Raipur	50	34	7	23	3.3	..	..	1	0.2	..	..	7	1.0
Mysore	Bijapur	50	29	6	63	10.8	..	..	6	1.0	..	..	45	7.6
	Mandya	50	235	47	87	1.9	..	..	62	1.3	131	2.8	356	7.6
Punjab	Rohtak	39	31	8	152	19.1	62	7.7	31	3.9	59	7.4	63	11.1
	Ludhiana	59	147	25	115	4.6	..	..	49	2.0	2	0.1	305	12.2
Rajasthan	Ajmer	48	51	11	254	24.1	..	..	147	13.9	..	..	228	21.6
	Jaipur	52	88	17	210	12.4	..	..	151	8.9	..	..	785	46.3
U.P.	Deoria	45	35	6	301	47.8	2	0.3	4	0.6	..	..	9	1.4
	Aligarh	60	39	7	82	12.5	..	..	82	12.4	..	..	188	28.5
Assam	Cachar	34	31	9	79	8.7	3	0.3	18	2.0	..	..	321	35.6
Bihar	Arrah	49	85	17	374	21.7	..	..	59	3.4	49	2.8	438	25.4
Kerala	Kozhikode	48	65	13	409	30.3	2	..	7	0.5	..	..	163	12.1
Orissa	Banki	45	24	5	94	17.6	..	..	21	4.0	..	..	119	22.2
W. Bengal	Mughberia	34	24	7	103	14.6	17	0.4	3	0.4	2	0.3	186	26.4
H.P.	Mahasu	26	49	19	622	33.1	..	..	..	..	119	6.4	330	17.6
J. & K.	Anantnag	30	34	11	385	33.6	7	0.6	..	..	..	..	274	24.0
GRAND TOTAL		1,170	2,003	17	193	11.3	6	0.3	66	3.8	24	1.4	229	13.4

N.B.—Averages have been rounded up.



**APPENDIX TABLE XII (i)**  
*Value of acquisitions and relative importance of capital item in the acquisition of assets—1958-59*

State	Banks	No. of respon- dents	Total	Distribution of expenditure (percentage & average) according to items														
				Land in- cluding buildings	Improve- ment of land and irrigation sources		Live- stock	Implements		House con- struction	Investments (share money etc.)		Others					
					%	Avg. per H.H.		%	Avg. per H.H.		%	Avg. per H.H.		%	Avg. per H.H.	%	Avg. per H.H.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. A.P.	Eluru	54	28	5,287	40.7	215	12.4	65	12.0	63	2.3	12	24.5	129	0.5	3	7.7	41
	Vijayawada	60	14	286	28.2	67	16.5	39	13.8	33	2.9	7	..	..	..	..	38.5	91
2. Gujarat	Surat	51	10	201	1.0	2	28.2	57	13.5	27	2.6	5	19.6	39	4.7	10	30.5	61
	Amreli	50	7	144	..	..	12.5	18	43.9	64	8.2	12	..	..	6.6	10	28.7	42
3. Madras	Madurai	52	16	315	43.6	138	17.7	56	32.0	101	..	..	1.4	4	0.2	1	5.2	17
	Salem	58	2	32	31.9	10	..	..	68.1	22	..	..	..	..	..	..	..	..
4. Maharashtra	Akola	41	8	200	41.8	34	4.9	10	22.8	46	1.8	4	25.6	51	0.7	2	2.4	5
	Poona	46	18	381	7.3	28	38.9	148	22.4	85	2.7	11	8.5	33	20.2	77	..	..
5. M.P.	Indore	39	8	213	18.1	39	..	..	19.1	41	0.2	0.4	10.2	28	..	..	2.4	5
	Raipur	50	5	95	1.0	1	8.4	8	16.0	15	0.8	1	62.0	60	2.2	2	8.2	8
6. Mysore	Bilapur	50	9	176	34.2	60	24.8	44	35.9	63	0.7	1	3.4	6	..	..	1.0	2
	Mandiya	50	27	544	7.4	40	2.6	14	55.9	304	1.2	7	17.6	96	..	..	15.3	83
7. Punjab	Rohtak	39	15	388	39.6	154	..	..	20.9	81	4.8	19	33.0	128	0.1	0.3	1.7	6
	Ludhiana	59	28	479	54.0	259	11.3	54	15.2	73	2.5	12	14.2	68	0.03	0.2	2.8	13
8. Rajasthan	Ajmer	48	6	116	35.9	42	..	..	29.6	34	..	..	32.3	38	..	1	2.2	3
	Jaipur	52	8	162	25.7	42	1.9	3	61.8	100	..	..	2.4	4	0.6	1	7.7	12
9. U.P.	Deoria	45	..	101	21.4	22	1.7	2	60.5	61	6.0	..	..	..	..	..	10.3	10
	Aligarh	60	6	101	..	..	..	..	..	..	..	..	..	..	..	..	..	..
10. Assam	Cachar	34	2	48	..	..	..	..	16.8	8	4.4	2	42.2	20	36.7	18	..	..
11. Bihar	Arrah	49	10	222	36.8	82	..	..	47.3	104	1.6	4	3.7	8	..	..	10.6	24
12. Kerala	Kozhikode	48	37	770	73.4	566	19.8	152	2.9	22	1.1	8	..	..	2.9	..	..	..
13. Orissa	Banki	45	6	126	71.5	90	1.3	2	10.8	14	4.2	5	9.8	12	..	..	2.5	3
14. W. Bengal	Mughberia	34	2	59	64.2	38	5.2	3	4.3	3	1.1	1	24.7	15	0.5	0.3	..	..
15. H.P.	Mahasu	26	11	427	..	..	37.9	16.2	3.2	14	13.9	59	45.1	192	..	..	..	..
16. J. & K.	Anantnag	30	2	58	..	..	..	..	45.6	27	31.7	19	22.8	13	..	..	..	..
G. TOTAL		1,170	287	245	34.2	84	13.3	33	24.2	60	2.7	7	15.5	38	2.3	6	7.9	19

N.B.— : Average from cols. 6-9 have been rounded up.

H.H.—Household

H.H.—Household      N.B.— : Average from cols. 6-9 have been rounded up.

**APPENDIX TABLE XII (ii)**  
*Value of acquisition and relative importance of capital items in the acquisition of assets—1959-60*

State	Bank	No. of respon- dents	Total expen- diture (Rs. 000)	Avg. per h.h. (Rs. 00)	Distribution of expenditure (%age and average) according to items														Others
					Land (incul- ding Building)		Improvement of land & irrigation sources		Live-stock		Implements		House Con- struction		Invest- ments (as share money etc.)				
					%	Avg. per h.h.	%	Avg. per h.h.	%	Avg. per h.h.	%	Avg. per h.h.	%	Avg. per h.h.	%	Avg. per h.h.			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
1. A. P.	Eluru	54	97	13	58.8	1,037	14.5	260	3.0	54	0.4	7	1.1	19	20.8	374	1.4	26	
	Vijayawada	60	70	12	54.8	636	10.6	123	7.2	83	0.6	7	20.1	233	..	..	6.8	79	
2. Gujarat	Surat	51	9	2	3.9	7	33.0	58	44.3	78	4.0	7	2.2	4	5.8	10	6.8	12	
	Amreli	50	22	4	..	..	22.7	100	50.2	220	3.0	13	..	..	0.1	0.4	24.1	106	
3. Madras	Madurai	52	7	1	11.9	15	18.0	23	64.6	83	0.1	0.2	..	..	2.4	3	3.0	4	
	Salem	58	17	3	65.4	194	10.2	30	21.5	64	..	..	2.9	9	..	..	..	..	
4. Maharashtra	Akola	41	19	5	64.1	302	1.0	5	24.6	116	0.1	0.4	5.7	27	3.3	16	1.1	5	
	Poona	46	25	5	18.4	100	45.1	245	13.8	75	10.8	59	..	..	11.8	64	..	..	
5. M. P.	Indore	39	13	3	14.2	46	1.2	4	31.6	109	0.1	0.3	39.4	128	0.2	0.5	13.4	44	
	Raipur	50	5	1	0.9	1	6.4	7	55.0	60	0.1	0.1	36.5	40	1.2	1	..	..	
6. Mysore	Bijapur	50	15	3	50.1	150	8.7	26	18.0	54	0.7	2	8.7	26	0.3	1	13.4	40	
	Mandya	50	45	9	11.0	100	29.4	267	25.5	231	0.3	3	19.8	180	0.6	5	13.5	122	
7. Punjab	Rohtak	39	31	8	11.2	89	6.4	51	25.1	202	2.3	19	52.6	423	0.1	0.8	2.4	19	
	Jadhiana	59	57	10	60.0	593	6.1	59	23.3	226	1.3	13	4.4	43	0.5	5	4.4	42	
8. Rajasthan	Ajmer	48	18	4	8.0	29	39.0	143	14.8	54	0.9	3	24.3	89	7.6	28	5.5	20	
	Jaipur	52	26	5	5.4	26	15.0	78	49.1	242	2.3	12	18.8	93	4.8	24	3.6	18	
9. U. P.	Deoria	45	3	0.7	..	..	12.7	8	50.7	33	8.3	5	27.0	18	1.4	0.9	..	..	
	Aligarh	60	10	2	2.7	5	0.9	2	55.7	92	4.9	8	25.2	42	0.4	0.7	10.1	70	
10. Assam	Cachar	34	5	1	43.0	59	..	38.2	52	7.7	11	3.2	4	4.3	6	3.5	5	5	
	Araoh	49	8	2	11.8	20	5.9	10	71.5	124	1.6	..	..	..	0.5	0.8	8.7	15	
12. Kerala	Kozhikode	48	13	3	..	..	71.1	199	8.4	23	4.8	13	3.0	8	7.9	22	4.9	14	
	Banki	45	4	1	36.1	33	19.6	9	22.4	20	6.2	6	0.4	0.4	0.2	0.2	25.1	23	
14. W. Bengal	Mughberia	34	5	2	44.3	7	0.5	0.7	16.3	28	2.0	3	29.5	47	2.0	3.2	5.4	9	
	Mahasu	26	3	1	..	..	33.4	39	15.0	17	51.6	59	..	..	..	..	..	..	
15. H.P.	Anantnag	30	4	1	4.9	7	..	..	19.0	26	14.7	20	61.3	83	..	..	..	..	
16. J. & K.																			
GRAND TOTAL		1,170	532	5	35.1	160	16.4	75	21.8	99	2.1	10	13.2	80	5.5	25	5.9	27	

hh.—Household.

NB—Averages from cols 2-10 have been rounded up.

**APPENDIX TABLE XII (iii)**  
*Value of acquisition and relative importance of capital items in the acquisition of assets—1960-61*

State	Bank	No. of respon- dents	Distribution of expenditure (%age & average) according to items																															
			Total Total (Rs. 000)	Avg. per H.H. Rs. 00	Land (includ- ing build- ings)				Improvement of land irr. sources				Live-stock				Implements				House-con- struction				Investments (share money etc.)				Others					
					%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.	%	Avg. per H.H.						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19																
1. A. P.	Eluru	54	74	14	60.0	819	19.5	266	7.4	101	4.5	61	2.9	40	2.7	9	5.0	68																
	Vijayawada	60	64	11	30.5	325	22.6	241	12.2	130	0.2	3	15.7	167	15.7	167	3.1	33																
2. Gujarat	Surat	51	15	3	41.1	32	20.7	61	18.3	53	3.4	10	22.9	67	5.4	16	18.2	53																
	Amreli	50	15	3	..	..	11.7	34	31.5	92	3.8	11	3.4	10	15.9	46	33.6	98																
3. Madras	Madurai	52	37	7	54.9	309	4.4	31	21.9	156	0.1	0.4	11.4	81	2.1	15	5.2	37																
	Salern	58	31	5	6.4	35	48.2	260	40.8	221	0.2	0.9	..	..	1.4	7	3.1	17																
4. Maharashtra	Akola	41	12	3	41.7	122	2.3	7	26.0	76	0.2	0.4	..	..	12.2	36	17.7	52																
	Poona	46	21	5	..	..	34.7	162	35.5	165	1.2	5	2.8	13	25.8	120	..	..																
5. M. P.	Indore	39	65	2	..	..	12.9	216	43.5	724	0.4	7	38.8	646	2.2	36	2.2	36																
	Raipur	50	14	3	0.4	1	14.3	39	58.5	160	..	..	..	..	4.8	9	11.2	20																
6. Mysore	Bijapur	50	9	2	29.1	52	29.5	53	35.5	46	..	..	..	..	8.1	1.0	10	17.0																
	Mandya	50	53	11	14.7	154	11.7	123	49.1	577	0.5	8	22.2	115	0.7	4	2.0	10																
7. Punjab	Rohitak	39	20	5	22.2	115	..	..	48.9	255	4.1	22	22.2	237	0.2	2	6.3	57																
	Ludhiana	59	53	9	38.4	347	5.6	51	21.3	193	1.9	17	28.3	237	0.2	2	6.3	57																
8. Rajasthan	Ajmer	48	16	3	20.4	67	4.5	15	37.7	133	1.1	4	20.4	67	7.7	25	8.2	27																
	Jaipur	52	25	5	..	..	17.0	83	41.6	208	..	..	20.7	101	20.0	97	0.7	4																
9. U. P.	Deoria	45	9	2	6.5	13	9.7	20	63.3	129	1.6	3	..	..	4.5	9	14.3	29																
	Aligarh	60	19	3	..	..	5.1	16	62.3	201	0.3	1	23.5	76	4.2	14	4.7	15																
10. Assam	Gachar	34	0.3	9	..	..	..	..	67.8	6	29.0	3	..	..	..	..	..	..																
11. Bihar	Arrah	49	14	3	14.6	41	4.0	11	76.7	215	1.4	4	..	..	0.4	1	2.9	8																
12. Kerala	Kozhikode	48	22	5	23.2	108	45.1	211	10.0	47	1.9	9	12.7	59	7.2	33	..	..																
13. Orissa	Banki	45	7	2	14.9	23	6.3	10	53.9	83	3.7	6	3.2	5	4.8	7	13.2	20																
14. West Bengal	Mughberia	34	4	1	26.4	27	12.1	13	27.7	29	7.3	8	26.2	27	0.3	0.4	..	..																
15. H.P.	Mahasu	26	7	3	35.8	100	28.9	81	14.3	40	21.1	59	..	..	..	..	..	..																
16. J. & K.	Anantnag	30	9	3	5.5	17	0.9	3	20.5	63	7.4	23	65.7	200	..	..	..	..																
GRAND TOTAL		1,170	615	5	23.4	123	16.4	86	31.3	165	1.8	10	15.2	80	5.6	30	6.2	39																

H.H.—Household.

APPENDIX TABLE XIII (1)  
*Value of disposal and relative importance of capital items in the disposal of assets—1938-39*

State	Bank	No. of respon- dents	Total value of dispo- sals	Average per H.H.	Distribution									Live-stock H.H.	Disinvest- ments share money etc.	Others
					(%age & average according to items)											
					Land (including building)	Avg. per H.H.	%	8	9	10	11	12	13			
1	2	3	4	5	6	7	8	9	10	11	12	13				
1. A.P.	Eluru	54	500	9	54.9	53	100.0	9	..	..	..	..	18.0	18		
	Vijayawada	60	5,830	97	2.9	3	15.7	16	81.4	82	..	..	..	..		
2. Gujrat	Surat	51	5,161	101	..	..	..	..	..	..	..	..	..	..		
	Amreli	50	1,870	36	..	..	100.0	36	..	..	..	..	..	..		
3. Madras	Madurai	58	7,270	125	96.3	120	3.7	5	..	..	..	..	..	..		
	Salem	41	1,100	27	..	..	100.0	27	..	..	..	..	..	..		
4. Maharashtra.	Akola	46	5,925	129	84.4	109	15.6	20	..	..	..	..	..	..		
	Poona	39	835	21	..	..	100.0	21	..	..	..	..	..	..		
5. M. P.	Indore	30	..	..	..	..	..	..	..	..	..	..	..	..		
	Raipur	50	8,210	164	97.4	160	2.6	4	..	..	..	..	..	..		
6. Mysore	Bijapur	50	6,200	124	..	..	78.2	97	6.4	8	15.3	19	..	..		
	Mandya	39	5,300	136	56.6	77	43.4	39	..	..	..	..	..	..		
7. Punjab	Rohtak	59	23,215	393	99.1	390	0.7	3	..	..	0.2	1	..	..		
	Ludhiana	48	535	11	..	..	100.0	11	..	..	..	..	..	..		
8. Rajasthan	Ajmer	52	305	6	..	..	100.0	6	..	..	..	..	..	..		
	Jaipur	45	..	..	..	..	..	..	..	..	..	..	..	..		
9. U.P.	Deoria	60	8,400	140	85.7	120	14.3	20	..	..	..	..	..	..		
	Aligarh	34	..	..	..	..	..	..	..	..	..	..	..	..		
10. Assam	Cachar	49	6,495	133	46.2	61	53.8	71	..	..	..	..	..	..		
11. Bihar	Arrah	48	1,010	21	..	..	100.0	21	..	..	..	..	..	..		
12. Kerala	Kozhikode	45	1,097	24	72.9	17	27.1	7	..	..	..	..	..	..		
13. Orissa	Banki	34	1,250	37	96.0	35	4.0	2	..	..	..	..	..	..		
14. W. Bengal	Mughberia	26	..	..	..	..	..	..	..	..	..	..	..	..		
15. H.P.	Mahasu	30	1,140	38	..	..	100.0	38	..	..	..	..	..	..		
16. J. & K.	Anantnag	..	..	..	..	..	..	..	..	..	..	..	..	..		
GRAND TOTAL		1,170	91,648	78	67.2	53	25.6	20	5.0	4	2.2	2				

H. H.—Household. N.B.—Averages rounded up.

APPENDIX TABLE XIII (ii)  
*Value of acquisition and relative importance of capital items in the acquisition of assets—1959-60*

State	Bank	No. of respondents	Total value of disposals (Rs.)	Average per household (Rs.)	Distribution (% age and average) according to items									
					Land (including Building)	Live-stock		Disinvestment (Shares etc.)	Others					
						%	Average per h.h.		%	Average per h.h.	%	Average per h.h.	%	Average per h.h.
1	2	3	4	5	6	7	8	9	10	11	12	13		
1. A. P.	Eluru	54	46,180	855.2	95.2	814	3.6	31	..	..	1.2	10		
	Vijayawada	60	49,735	828.6	91.9	761	5.6	46	..	..	2.6	21		
2. Gujarat	Surat	51	7,744	151.8	13.6	21	17.1	26	66.6	101	2.7	4		
	Amreli	50	2,055	39.5	..	..	..	..	..	..	..	..		
3. Madras	Madurai	52	2,055	39.5	..	..	96.1	38	..	..	3.9	2		
	Salem	58	11,550	199.1	86.6	172	13.4	27	..	..	..	..		
4. Maharashtra	Akola	41	8,730	212.9	90.5	193	9.5	20	..	..	..	..		
	Poona	46	1,880	40.9	37.2	15	62.8	26	..	..	..	..		
5. M. P.	Indore	39	400	10.3	..	..	100.0	10	..	..	..	..		
	Raipur	50	161	3.2	..	..	93.2	3	..	..	6.8	0.2		
6. Mysore	Bijapur	50	4,025	80.5	49.7	40	50.3	41	..	..	..	..		
	Mandya	50	20,685	413.7	38.4	159	53.3	221	..	..	8.2	34		
7. Punjab	Rohatki	39	6,635	170.1	..	..	99.9	167	..	..	2.1	4		
	Ludhiana	59	9,355	158.6	77.0	122	22.0	35	..	..	1.1	2		
8. Rajasthan	Ajmer	48	1,050	21.9	..	..	85.7	19	..	..	14.3	3		
	Jodpur	52	2,045	39.3	..	..	79.5	31	..	..	20.5	8		
9. U. P.	Deoria	45	732	16.3	..	..	76.8	13	..	..	23.2	4		
	Aligarh	60	3,420	57.0	14.6	8	85.4	49	..	..	..	..		
10. Assam	Cachar	34	300	8.8	..	..	100.0	9	..	..	..	..		
11. Bihar	Arrah	49	7,910	161.4	34.1	55	65.9	106	..	..	..	..		
12. Kerala	Kozhikode	48	39,940	832.0	81.6	704	2.4	20	12.5	104	0.5	4		
13. Orissa	Banki	45	427	9.5	..	..	100.0	10	..	..	..	..		
14. W. Bengal	Mughildacia	34	985	29.0	83.8	24	16.2	5	..	..	..	..		
15. H. P.	Mahasu	26	..	..	..	..	..	..	..	..	..	..		
16. J. & K.	Anantnag	30	625	20.8	..	..	100.0	21	..	..	..	..		
GRAND TOTAL		1,170	226,569	193.6	72.5	140	20.8	40	4.5	9	2.2	4		

h.h.—household.

N.B.—Averages from cols. 6 to 13 have been rounded up.

**APPENDIX TABLE XIII (iii)**  
*Value of acquisition and relative importance of capital items in the acquisition of assets—1960-61*

State	Bank	No. of respon- dents	Total value of disposals (Rs.)	Average per household (Rs.)	Distribution (% age and average) according to items												
					Land (including building)			Live-stock			Disinvestment			Others			
					%	Average per H.H.	%	Average per H.H.	%	Average per H.H.	%	Average per H.H.	%	Average per H.H.	%	Average per H.H.	
1	2	3	4	5	6	7	8	9	10	11	12	13					
1. A. P.	Eluru	54	18,380	340	76.7	261	20.2	69	1.4	5	1.7	6					
	Vijayawada	60	24,160	403	73.3	395	23.9	96	..	..	2.9	12					
2. Gujarat	Surat	51	6,153	121	1.6	2	18.1	22	80.2	97	..	..					
	Anreli	50	600	12	..	..	100.0	12	..	..	..	..					
3. Madras	Madurai	52	6,580	127	..	..	88.6	112	..	..	11.4	14					
	Salem	58	4,856	84	..	..	68.6	57	0.5	0.4	30.9	26					
4. Maharashtra	Akola	41	1,789	44	..	..	92.2	40	..	..	7.8	3					
	Poona	46	3,740	81	..	..	63.1	51	9.1	7	27.8	23					
5. M. P.	Indore	39	2,225	57	..	..	100.0	57	..	..	..	..					
	Raipur	50	..	..	..	..	..	..	..	..	..	..					
6. Mysore	Bijapur	50	7,200	144	62.5	90	34.0	49	..	..	3.5	5					
	Mandya	50	29,005	580	44.1	256	44.4	258	..	..	11.4	66					
7. Punjab	Rohtak	39	10,405	267	100.0	267	..	..	..	..	..	..					
	Ludhiana	59	16,885	286	71.1	203	27.6	79	..	..	11.3	4					
8. Rajasthan	Ajmer	48	3,488	73	..	..	94.2	68	..	..	5.8	4					
	Jaipur	52	1,181	23	..	..	94.1	21	..	..	5.9	1					
9. U. P.	Deoria	45	2,982	66	35.6	36	43.7	30	..	..	2.7	2					
	Aligarh	60	6,228	104	9.6	10	68.7	71	..	..	21.0	22					
10. Assam	Cachar	34	7	2	..	..	100.0	0.2	..	..	..	..					
11. Bihar	Arrah	49	14,215	290	67.5	196	32.5	94	..	..	..	..					
12. Kerala	Kozhikode	48	2,305	48	32.5	16	62.3	30	5.2	3	..	..					
13. Orissa	Banki	45	2,362	53	53.3	28	42.4	22	..	..	4.2	2					
14. W. Bengal	Mughberia	34	345	10	87.0	9	13.0	1	..	..	..	..					
15. H. P.	Mahasu	26	..	..	..	..	..	..	..	..	..	..					
16. J. & K.	Anantnag	30	720	24	..	..	100.0	24	..	..	..	..					
GRAND TOTAL		1,170	165,811	142	51.7	73	38.8	55	3.4	5	6.0	9					

H.H.—Household. N.B.—Averages from cols. 5-13 have been rounded up.

H.H.—Household.

N.B.—Averages from cols. 5-13 have been rounded up.

## APPENDIX TABLE XIV

*Value of acquisition and relative importance of capital items in the acquisition of assets—1960-61*

State	Bank	1958-59				1959-60				1960-61				1961-62 (upto 30-4-62)			
		Value of capital growth (Rs. 000)	Average per H.H.	% to acquisitions	Value of capital growth (Rs. 000)	Average per H.H.	% to acquisitions	Value of capital growth (Rs. 000)	% to acquisitions	Value of capital growth (Rs. 000)	Average per H.H.	% to acquisitions	Value of capital growth (Rs. 000)	Average per H.H.	% to acquisitions	Value of capital growth (Rs. 000)	% to acquisitions
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. A. P.	Eluru	28	519	98.2	51	940	52.4	55	1,023	75.0	35	651	71.7				
	Vijayawada	8	139	58.9	20	322	28.6	40	662	62.2	48	799	66.6				
2. Gujarat	Surat	5	99	49.5	12	24	13.6	9	171	58.6	3	57	34.3				
	Amreli	7	145	100.0	22	438	100.0	14	278	93.9	15	308	98.9				
3. Madras	Madurai	15	279	88.6	5	90	69.4	30	578	82.2	14	264	79.2				
	Salem	-5	-93	-286.7	6	97	32.8	26	457	84.5	4	71	73.1				
4. Maharashtra	Akola	7	173	86.6	11	258	54.8	10	249	85.1	10	253	73.9				
	Poona	12	253	66.2	23	503	92.5	18	384	82.5	31	672	91.3				
5. M. P.	Indore	7	192	89.9	12	315	96.8	63	1,609	96.6	10	258	55.4				
	Raipur	5	96	100.0	5	106	97.1	14	273	100.0	11	219	98.6				
6. Mysore	Bijapur	0.6	11	6.4	11	219	73.1	2	35	19.4	13	253	62.4				
	Mandya	21	420	77.2	25	495	54.5	24	473	44.9	5	-109	-18.8				
7. Punjab	Rohatak	10	252	65.0	25	634	78.9	10	254	48.8	25	635	60.9				
	Ludhiana	5	85	17.8	48	813	83.7	36	617	68.3	54	923	82.5				
8. Rajasthan	Ajmer	5	105	90.4	17	344	94.0	12	254	77.8	5	97	72.8				
	Jaipur	8	156	96.4	24	453	92.0	24	464	95.3	10	184	75.2				
9. U. P.	Deoria	-2	-39	-39.0	7	108	65.5	13	219	67.4	18	297	68.3				
	Aligarh	-2	-39	-39.0	7	108	65.5	13	219	67.4	18	297	68.3				
10. Assam	Cachar	2	48	100.0	4	128	93.5	03	9	97.7	8	221	96.8				
11. Bihar	Arrah	4	89	40.2	6	12	6.8	-0.5	-10	-3.6	2	32	6.0				
12. Kerala	Kozhikode	36	750	97.3	-27	-553	-198.1	20	419	89.7	34	711	78.7				
13. Orissa	Banki	5	101	80.5	4	81	89.6	5	101	65.8	8	178	82.1				
14. W. Bengal	Mughberia	1	23	38.2	4	130	81.8	3	93	90.2	2	56	27.4				
15. H. P.	Mahasu	11	427	100.0	3	115	100.0	7	280	100.0	16	623	100.0				
16. J. & M.	Anantnag	0.6	21	35.1	3	115	84.7	8	280	92.1	15	514	93.2				
GRAND TOTAL		195	167	68.0	306	261	57.4	449	384	73.1	394	337	67.6				

*B.—Averages have been rounded up. Value of Capital worth is taken as not difference between the value of acquisition and disposals. H.H.—Household.*

APPENDIX TABLE XV  
*Relationship of short term borrowing to current expenditure of medium-term borrowing to net acquisitions.*

State	Bank	Percentage of short-term borrowing to current cash expenditure					Percentage of medium term cooperative borrowing to net acquisitions				
		Total credit		Cooperative credit			Total		1959-60		
		Agri- culture	House- hold	Agri- culture	House- hold	Total	Agri- culture	House- hold	1959-60	1960-61	1961-62 (Upto April, 1962)
1	2	3	4	5	6	7	8	9	10	11	11
1. Andhra Pradesh	Eluru . . . . .	39.3	31.2	36.1	18.8	18.4	18.7	14.4	13.8	37.6	
	Vijayawada . . . . .	28.6	49.6	59.1	21.0	24.3	22.6	30.1	26.7	3.1	@
2. Gujarat	Surat . . . . .	16.0	10.3	12.1	12.4	1.0	4.6	243.8	28.1	@	
	Anreli . . . . .	53.1	0.2	28.1	53.1	0.2	28.1	52.0	1.8	47.3	@
3. Madras	Madurai . . . . .	31.2	11.6	18.0	23.2	6.4	11.9	63.7	0.8	2.4	@
	Salem . . . . .	103.0	13.4	43.1	87.4	1.6	30.1	31.0	59.8	2.4	@
4. Maharashtra	Akola . . . . .	39.9	2.5	20.9	37.7	Nil	18.6	23.1	@	@	
	Poona . . . . .	102.2	5.7	59.8	100.1	1.0	56.6	25.5	34.2	9.9	
5. M. P.	Indore . . . . .	40.3	3.4	21.6	33.6	Nil	16.5	25.5	15.8	55.9	
	Raipur . . . . .	73.0	4.2	26.4	71.0	Nil	22.9	167.3	65.1	28.0	
6. Mysore	Bijapur . . . . .	145.1	12.3	57.8	107.9	Nil	37.0	12.8	305.5	26.8	*
	Mandya . . . . .	40.5	0.3	18.1	27.8	Nil	12.3	49.3	18.2	*	
7. Punjab	Rohtak . . . . .	18.5	8.1	10.0	8.3	2.2	3.4	50.5	@	50.2	
	Ludhiana . . . . .	32.2	0.8	9.8	23.3	0.8	7.3	17.5	3.6	32.4	
8. Rajasthan	Ajmer . . . . .	92.4	32.7	45.9	90.8	2.3	21.9	37.2	23.8	58.0	
	Jaipur . . . . .	71.5	15.7	27.4	61.8	Nil	13.0	74.4	31.9	17.8	
9. U. P.	Deoria . . . . .	32.6	0.0	12.8	32.3	Nil	12.7	@	@	39.1	
	Aligarh . . . . .	93.6	30.8	43.2	92.9	2.1	20.0	@	@	14.7	@
10. Assam	Cachar . . . . .	17.8	6.0	8.1	17.8	6.0	8.1	19.5	@	@	
11. Bihar	Arrah . . . . .	26.0	16.6	18.6	20.0	Nil	4.1	@	*	339.0	
12. Kerala	Kozhikode . . . . .	161.2	0.7	23.7	157.7	Nil	22.6	*	2.0	1.5	
13. Orissa	Banki . . . . .	112.7	8.2	24.1	51.8	3.0	10.5	59.2	66.7	43.5	
14. W. Bengal	Mughberia . . . . .	100.4	7.5	36.9	92.7	Nil	29.4	58.3	76.7	66.4	
15. H. P.	Mahasu . . . . .	42.9	3.8	9.6	18.9	2.3	4.8	5.7	1.4	2.5	
16. J. & K.	Anantnag . . . . .	11.5	15.2	14.7	10.3	14.8	14.2	@	@	@	
	TOTAL	52.9	13.5	28.6	43.0	4.5	19.3	39.0	20.2	27.0	

@In this case there is no medium-term borrowing.

\*In this case net capital acquisition is nil or negative.



**APPENDIX TABLE XVI**  
*Extent of diversion among borrowers of short-term and medium term credit.*

State	Short Term Credit		Medium Term Credit		Short Term & Medium Term Credit	
	No. of borrowers	% diverting	No. of borrowers	% diverting	Total of borrowers	% diverting
1	2	3	4	5	6	7
<i>Category A</i>						
1. A. P. . . . .	103	9.7	41	63.6	147	25.9
2. Gujarat . . . . .	78	17.9	37	13.5	115	16.5
3. Madras . . . . .	81	38.3	35	45.7	116	40.5
4. Maharashtra . . . . .	78	39.7	25	28.0	103	36.9
<i>Sub-total</i> . . . . .	340	25.3	141	39.7	481	29.5
<i>Category B</i>						
5. M. P. . . . .	76	32.9	50	20.0	126	27.8
6. Mysore . . . . .	80	41.3	33	30.3	113	38.1
7. Punjab . . . . .	83	44.6	30	63.3	113	49.6
8. Rajasthan . . . . .	75	74.7	43	81.4	118	77.1
9. U. P. . . . .	91	52.7	48	50.0	139	51.8
<i>Sub-total</i> . . . . .	405	49.1	204	48.0	609	48.8

Category C

10. Assam	.	.	30	33.3	4	50.0	34	35.3
11. Bihar	.	.	38	10.5	21	28.6	59	16.9
12. Kerala	.	.	28	64.3	10	80.0	38	68.4
13. Orissa	.	.	29	69.0	25	84.0	54	75.9
14. West Bengal	.	.	32	100.0	24	..	56	57.1
15. H. P.	.	.	14	28.6	2	..	16	25.0
16. J. & K.	.	.	30	10.0	Nil		30	10.7
<i>Sub-Total</i>			201	45.3	86	43.0	287	44.6

GRAND TOTAL	946	39.7	431	44.3	1377	41.2
-------------	-----	------	-----	------	------	------



## APPENDIX TABLE XVII

*Percentage distribution of short-term (ST) borrowers in literacy groups and the percentage of borrowers diverting the use of loan in each group.*

**Literacy Group**

State	Total no. of borrowers	Illiterate & Read & Write		Primary		Middle & under Matric		Matric and above	
		A	B	A	B	A	B	A	B
1	2	3	4	5	6	7	8	9	10
<b>Category A</b>									
1. A. P.	103	37.9	15.4	42.7	9.1	19.4	Nil	..	..
2. Gujarat	78	35.9	14.3	44.9	22.9	17.9	14.3	1.3	Nil
3. Madras	81	67.9	52.7	18.5	13.3	12.4	Nil	1.2	Nil
4. Maharashtra	78	43.6	44.1	28.2	54.5	24.4	21.1	3.8	Nil
<i>Sub-total</i>	340	45.9	34.6	34.1	22.4	18.5	9.5	1.5	Nil
<b>Category B</b>									
5. M. P.	76	78.9	31.7	17.1	46.2	3.9	Nil	..	..
6. Mysore	80	60.0	47.9	17.5	64.3	12.5	Nil	10.0	12.5
7. Punjab	83	85.6	40.8	3.6	66.7	9.6	62.5	1.2	100.0
8. Rajasthan	75	86.7	75.4	6.7	80.0	5.3	75.0	1.3	Nil
9. U. P.	91	81.3	55.4	7.7	85.7	8.8	12.5	2.2	Nil
<i>Sub-total</i>	405	78.5	50.6	10.4	64.3	8.1	27.3	3.0	16.7

## Category C

10. Asam	.	.	30	90.0	29.6	6.7	100.0	..	..	3.3	Nil
11. Bihar	.	.	38	57.9	13.6	10.5	Nil	26.3	10.0	5.3	Nil
12. Kerala	.	.	28	35.7	80.0	32.1	66.7	28.6	50.0	3.6	Nil
13. Orissa	.	.	29	89.7	73.1	6.9	50.0	3.4	Nil	..	..
14. West Bengal	.	.	32	43.8	100.0	25.0	100.0	28.1	100.0	3.1	100.0
15. H. P.	.	.	14	92.9	30.8	..	..	7.1	Nil	..	..
16. J. & K.	.	.	30	86.7	7.7	3.3	Nil	3.3	0.0	106.7	Nil
Sub-Total			201	68.7	42.0	12.9	65.4	14.9	50.0	3.5	14.3
GRAND TOTAL			946	64.7	44.6	19.5	38.0	13.3	23.8	2.5	12.5

A — %age of borrowers in the group to total borrowers.

B — %age of diverters to borrowers in the group.



**APPENDIX TABLE XVIII**  
*Percentage distribution of medium-term (MT) borrowers in literacy groups and the percentage of borrowers diverting the use of loan in each group.*

**Literacy Groups**

State	Total no. of borrowers	Illiterate & Read & Write		Primary		Middle & under Matric		Matric and above	
		A	B	A	B	A	B	A	B
1	2	3	4	5	6	7	8	9	10
<b>Category A</b>									
1. A. P. .	44	20.5	77.8	56.8	68.0	20.5	44.4	2.3	Nil
2. Gujarat .	37	35.1	23.1	43.2	6.2	21.6	12.5	..	..
3. Madras .	35	71.4	44.0	14.3	80.0	11.4	25.0	2.9	Nil
4. Maharashtra .	25	44.0	36.4	28.0	28.6	24.0	16.7	4.0	Nil
<i>Sub-total</i>	141	41.1	43.1	37.6	45.3	19.1	25.9	2.1	Nil
<b>Category B</b>									
5. M. P. .	50	78.0	15.4	16.0	37.5	6.0	33.3	..	..
6. Mysore .	33	51.5	23.5	18.2	Nil	15.2	40.0	15.2	80.0
7. Punjab .	30	73.3	68.2	3.3	Nil	20.0	50.0	3.3	100.0
8. Rajasthan .	43	81.4	80.0	11.6	100.0	4.7	100.0	2.3	Nil
9. U. P. .	48	70.8	52.9	10.4	60.0	14.6	42.9	4.2	Nil
<i>Sub-total</i>	204	72.1	48.3	12.3	44.0	11.3	47.8	4.4	55.6

## Category C

10. Assam	.	.	4	..	..	25.0	Nil	75.0	66.7	..	..
11. Bihar	.	.	21	23.8	Nil	47.6	40.0	19.1	50.0	9.5	Nil
12. Kerala	.	.	10	60.0	83.3	10.0	100.0	30.0	66.7	..	..
13. Orissa	.	.	25	64.0	75.0	24.0	100.0	12.7	100.0	..	..
14. West Bengal	.	.	24	12.5	Nil	8.3	Nil	56.7	Nil	12.5	Nil
15. H. P.	.	.	2	50.0	Nil	..	..	50.0	Nil	..	..
16. J. & K.	.	.	..	..	..	..	..	..	..	..	..
<hr/>											
Sub-total	.	.	86	36.0	54.8	23.3	55.0	34.9	30.0	5.8	Nil
<hr/>											
GRAND TOTAL	.	.	431	54.8	47.9	22.7	46.9	18.6	33.8	3.9	29.4

A — % age of borrowers in the group to total borrowers.

B — % age of divertors to borrowers in the group.

**APPENDIX TABLE XIX**  
*Percentage distribution of short-term (ST) borrowers in certain size of holding groups and the percentage of divertors in each group*

**Holding Groups**

State	Total no. of bor- rowers	No holding		Below 5 acres		5-10 acres		10-30 acres		30-60 acres		60 acres & above	
		A	B	A	B	A	B	A	B	A	B	A	B
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Category A</b>													
1. A. P. . . . .	103	23.3	16.7	22.3	8.7	9.7	10.0	28.2	6.9	10.7	9.1	5.8	Nil
2. Gujarat . . . .	78	10.2	25.0	19.2	26.7	20.5	18.8	32.1	8.0	15.4	25.0	2.6	Nil
3. Madras . . . .	81	22.2	5.6	56.8	45.7	9.9	37.5	8.6	71.4	1.2	100.0	1.2	Nil
4. Maharashtra . .	78	..	..	19.2	46.7	24.4	63.2	41.0	28.1	14.1	18.2	1.3	100.0
<i>Sub-total</i> . . . .	340	14.7	14.0	29.1	34.3	15.6	35.8	27.4	19.4	10.3	20.0	2.9	10.0
<b>Category B</b>													
5. M. P. . . . .	76	..	..	5.3	Nil	21.0	18.8	53.9	36.6	11.8	55.6	7.9	33.3
6. Mysore . . . .	80	..	..	22.5	11.1	26.3	28.6	35.0	57.1	11.2	55.6	5.0	100.0
7. Punjab . . . .	83	21.7	38.9	8.4	28.6	10.8	44.4	53.0	52.3	6.0	20.0	..	..
8. Rajasthan . . .	75	13.3	80.0	33.3	80.0	14.7	72.7	33.3	68.0	5.3	75.0	..	..
9. U. P. . . . .	91	9.9	44.4	49.4	62.2	32.9	46.7	7.7	28.6	..	..	..	..
<i>Sub-total</i> . . . .	405	9.1	51.4	24.4	52.5	21.5	40.2	35.8	50.3	6.7	51.9	2.5	60.0

## Category C

10. Assam . . .	30	..	..	93.3	35.7	6.7	Nil	..	..	..	..	..
11. Bihar . . .	38	5.3	100.0	39.5	6.7	21.0	12.5	34.2	Nil	..	..	..
12. Kerala . . .	28	..	..	78.6	68.2	10.7	33.3	10.7	66.7	..	..	..
13. Orissa . . .	29	3.4	100.0	69.0	60.0	27.6	87.5	..	..	..	..	..
14. West Bengal . . .	32	62.5	100.0	28.1	100.0	6.3	100.0	3.1	100.0	..	..	..
15. H. P. . . .	14	..	..	35.7	60.0	50.0	14.3	14.3	Nil	..	..	..
16. J. & K. . . .	30	3.3	Nil	70.0	9.5	23.3	14.3	3.3	Nil	..	..	..
<hr/>												
Sub-total . . .	201	11.9	95.8	59.7	43.3	18.4	35.1	10.0	15.0	..	..	..
<hr/>												
GRAND TOTAL . . .	946	11.7	44.1	33.6	43.4	18.7	37.9	27.3	36.4	6.6	33.9	2.1 35.0

A — % age of borrowers in the group to total borrowers.

B — % age of divertors to borrowers in the group.





## APPENDIX TABLE XX

*Percentage distribution of medium term borrowers in certain size of holding groups and the percentage of divertors in each group.*

State	Total bor- rowers	Below 5 acres		5—10 acres		10—30 acres		30—60 acres		60 and above	
		A	B	A	B	A	B	A	B	A	B
1	2	3	4	5	6	7	8	9	10	11	12
<i>Category A</i>											
1. A. P. . .	44@	13.6	66.7	13.6	66.7	40.9	77.8	18.2	75.0	11.4	Nil
2. Gujarat . .	37	16.2	33.3	18.9	28.6	29.7	9.1	24.3	Nil	10.8	Nil
3. Madras . .	35	65.7	56.5	17.1	50.0	11.4	Nil	2.9	Nil	2.9	Nil
4. Maharashtra .	25	12.0	Nil	24.0	50.0	44.0	27.3	16.0	Nil	4.0	100.0
<i>Sub-total</i> . .	141@	26.9	50.0	17.7	48.0	34.2	40.9	15.6	27.3	7.8	9.1
<i>Category B</i>											
5. M. P. . .	50	..	..	10.0	Nil	58.0	13.8	14.0	28.6	18.0	44.4
6. Mysore . .	33	18.2	33.3	15.2	20.0	39.4	46.2	18.2	16.7	9.1	Nil
7. Punjab . .	30	..	..	..	..	93.3	64.3	6.7	50.0	..	..
8. Rajasthan . .	43	30.2	69.2	20.9	88.9	41.9	88.9	7.0	66.7	..	..
9. U. P. . .	48	31.2	53.3	45.8	63.6	22.9	18.2	..	..	..	..
<i>Sub-total</i> . .	204	16.7	55.9	20.1	56.1	48.5	46.5	8.8	33.3	5.9	33.3

## Category C

13—6 Plan. Com./66

10. Assam . . . . .	4	75.0	66.7	..	..	25.0	Nil	..	..	..	..
11. Bihar . . . . .	21	23.8	Nil	28.6	16.7	47.6	50.0	..	..	..	..
12. Kerala . . . . .	10	90.0	88.9	10.0	Nil	..	..	..	..	..	..
13. Orissa . . . . .	25	60.0	80.0	40.0	90.0	..	..	..	..	..	..
14. W. Bengal . . . . .	24	29.2	Nil	50.0	Nil	20.8	Nil	..	..	..	..
15. H. P. . . . .	2	..	..	100.0	Nil	..	..	..	..	..	..
16. J. & K. . . . .	..	..	..	..	..	..	..	..	..	..	..
<i>Sub-total</i> . . . . .	86	45.3	56.4	36.0	32.3	18.6	31.2	..	..	..	..
<b>GRAND TOTAL</b> . . . . .	431@	25.8	54.1	22.5	46.4	36.9	43.4	9.3	30.0	5.3	21.7

@One borrower of Eluru with no-holding included.

A — %age of borrowers in the group to total borrowers.

B — %age of divortors to borrowers in the group.



APPENDIX TABLE XXI  
*Percentage distribution of short term borrowers in certain period groups of membership and the percentage of  
 divertors in each group*  
 (Membership-period groups).

State	Total borrowers	Below 1 Year		1-2 Years		2-3 Years		3-4 Years		4-5 Years		5 Years & above		Not available	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<i>Category A</i>															
1. A.P.	103	3.9	25.0	8.7	11.1	6.8	28.6	5.8	16.7	20.4	9.5	53.4	5.4	..	..
2. Gujarat	78	9.0	Nil	6.4	40.0	19.2	26.7	5.1	25.0	7.7	Nil	52.6	17.1	..	..
3. Madras	81	12.3	30.0	11.1	33.3	9.9	50.0	4.9	50.0	8.6	14.3	53.1	41.9	..	..
4. Maharashtra	78	9.0	57.1	19.2	60.0	23.1	15.7	10.3	12.5	3.8	33.3	34.6	48.1	..	..
SUB-TOTAL	340	8.2	28.6	11.2	39.5	14.1	27.1	6.5	22.7	10.9	10.8	47.1	24.6	..	..
<i>Category B</i>															
5. M.P.	76	3.9	Nil	9.2	Nil	22.4	23.5	3.9	33.3	6.6	40.0	53.9	45.0	..	..
6. Mysore	80	3.8	Nil	10.0	25.0	5.0	75.0	11.2	33.3	7.5	50.0	62.5	44.0	..	..
7. Punjab	83	7.2	33.3	12.0	10.0	9.6	50.0	13.3	72.7	10.8	44.4	42.0	46.2	..	..
8. Rajasthan	75	5.3	100.0	10.7	75.0	29.3	72.7	4.0	100.0	25.3	78.9	25.3	63.2	..	..
9. U.P.	91	7.7	42.9	11.0	50.0	6.6	66.7	8.3	100.0	22.0	55.0	49.5	48.9	..	..
SUB-TOTAL	405	5.7	39.1	10.6	32.6	14.1	54.4	7.2	62.1	14.6	59.3	47.9	47.4	..	..

## Category C

10. Assam	.	30	..	..	23.3	57.1	13.3	Nil	16.7	80.0	16.7	40.0	30.0	Nil	..	..
11. Bihar	.	38	13.2	Nil	2.6	Nil	15.8	16.7	10.5	75.0	39.5	Nil	18.4	Nil	..	..
12. Kerala	.	28	3.6	Nil	17.6	80.0	14.3	75.0	10.7	100.0	..	..	53.6	53.6	..	..
13. Orissa	.	29	17.2	100.0	6.9	Nil	..	..	3.4	100.0	..	..	72.4	66.7	..	..
14. W. Bengal	.	32	9.4	100.0	..	..	12.5	100.0	3.1	100.0	12.5	100.0	62.5	100.0	..	..
15. H.P.	.	14	..	..	..	..	..	..	7.1	100.0	14.3	50.0	71.5	10.0	7.1	100.0
16. J. & K.	.	30	..	..	..	..	16.7	Nil	..	..	3.3	Nil	76.7	13.1	3.3	Nil
Sub-Total	.	201	7.0	57.1	7.5	53.3	11.4	34.8	7.5	86.7	13.4	25.9	52.2	43.8	1.0	50.0
GRAND TOTAL	.	946	6.9	38.5	10.1	38.5	13.5	40.6	7.0	54.5	13.0	37.4	49.3	38.4	0.2	50.0

A—% age of borrowers on the group to total borrowers.

B—% age of divertors to borrowers in the group.



## APPENDIX TABLE XXII

*Percentage Distribution of Medium-term borrowers in certain groups of membership and percentage of divertors in each group*

State	Total Borrowers	Below 1 Year		1-2 Years		2-3 Years		3-4 Years		4-5 Years		5 Years & above		Not available	
		A		A		A		A		A		A		A	
		B		B		B		B		B		B		B	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<i>Category A</i>															
1. A.P.	44	9.1	25.0	..	..	..	9.1	100.0	..	..	31.8	71.4	50.0	59.1	..
2. Gujarat	37	2.7	100.0	..	..	..	10.8	Nil	2.7	Nil	8.1	Nil	75.7	14.3	..
3. Madras	35	..	..	5.7	100.0	14.3	60.0	8.6	100.0	2.9	Nil	68.6	33.3	..	..
4. Maharashtra	25	..	..	4.0	Nil	32.0	37.5	..	..	4.0	100.0	60.0	20.0	..	..
Sub-Total	141	3.5	40.0	2.1	66.7	14.9	47.6	2.8	75.0	13.5	57.9	63.1	31.5	..	..
<i>Category B</i>															
5. M.P.	50	2.0	Nil	24.0	25.0	10.0	Nil	6.0	33.3	4.0	Nil	54.0	22.2	..	..
6. Mysore	33	..	..	15.2	20.0	9.1	66.7	12.1	25.0	6.1	50.0	57.6	26.3	..	..
7. Punjab	30	3.3	100.0	6.7	50.0	6.7	100.0	10.0	33.3	3.3	100.0	70.0	61.9	..	..
8. Rajasthan	43	..	..	9.3	75.0	16.3	100.0	11.6	60.0	18.6	75.0	44.2	84.2	..	..
9. U.P.	48	4.2	100.0	6.2	33.3	6.2	33.3	2.1	Nil	18.7	66.7	62.5	46.7	..	..
Sub-Total	204	2.0	75.0	12.7	34.6	9.8	60.0	7.8	37.5	10.8	63.6	56.8	46.6	..	..

## Category C

10. Assam	.	.	4	..	..	..	50.0	50.0	25.0	100.0	..	..	25.0	Nil	..	..
11. Bihar	.	.	21	14.3	33.3	..	..	23.8	20.0	..	..	..	61.9	30.8	..	..
12. Kerala	.	.	10	..	..	20.0	100.0	20.0	50.0	20.0	100.0	..	40.0	75.0	..	..
13. Orissa	.	.	25	..	..	4.0	100.0	8.0	100.0	12.0	100.0	..	76.0	78.9	..	..
14. West Bengal	.	.	24	..	..	..	..	25.0	Nil	..	..	..	75.0	Nil	..	..
15. H.P.	.	.	2	..	..	..	..	..	..	..	..	..	50.0	Nil	50.0	Nil
16. J. & K.	.	.	..	..	..	..	..	..	..	..	..	..	..	..	..	..

SUB-TOTAL	.	86	3.5	33.3	3.5	100.0	19.8	29.4	7.0	100.0	..	..	65.1	39.3	1.2	Nil
GRAND TOTAL	.	431	2.8	50.0	7.4	43.8	13.5	46.6	6.0	57.7	9.5	61.0	60.0	39.8	0.2	Nil

A—% age of borrowers in the group to total borrowers.

B—% age of divertors to borrowers in the group.

# APPENDIX TABLE XXIII

*Extent of Diversion among members and non-members of Committee for Short term borrowers (STB)*

State	Total borrowers	Members		Non-members	
		A	B	A	B
1	2	3	4	5	6
<i>Category A</i>					
1. A.P. . . .	103	12·6	Nil	87·4	11·1
2. Gujarat . . .	78	14·1	9·1	85·9	19·4
3. Madras . . .	81	12·3	30·0	87·7	39·4
4. Maharashtra . . .	78	20·5	6·3	79·5	48·4
SUB-TOTAL . . .	340	14·7	10·0	85·3	27·9
<i>Category B</i>					
5. M.P. . . .	76	17·1	69·2	82·9	25·4
6. Mysore . . .	80	13·8	27·3	86·2	43·5
7. Punjab . . .	83	16·9	50·0	83·1	43·5
8. Rajasthan . . .	75	9·3	42·9	90·7	77·9
9. U.P. . . .	91	8·8	25·0	91·2	55·4
SUB-TOTAL . . .	405	13·1	45·3	86·9	49·7
<i>Category C</i>					
10. Assam . . .	30	3·3	Nil	96·7	34·5
11. Bihar . . .	38	21·1	Nil	78·9	13·3
12. Kerala . . .	28	3·6	100·0	96·4	63·0
13. Orissa . . .	29	20·7	83·3	79·3	65·2
14. West Bengal . . .	32	15·6	100·0	84·4	100·0
15. H. P. . . .	14	14·3	Nil	85·7	33·3
16. J. & K. . . .	30	3·3	Nil	96·7	10·3
SUB-TOTAL . . .	201	11·9	45·8	88·1	45·2
GRAND TOTAL . . .	946	13·4	31·5	86·6	41·0

A—Percentage of borrowers in the group to total borrowers.

B—Percentage of divertors to borrowers in the group.

# APPENDIX TABLE XXIV

*Extent of Diversion among the members and non-members of committee for medium term borrowers (MTB)*

State	Total borrowers	Members		Non-Members	
		A	B	A	B
1	2	3	4	5	6
<i>Category A</i>					
1. A.P. . . . .	44	22·7	40·0	77·3	70·6
2. Gujarat . . . .	37	21·6	Nil	78·4	17·2
3. Madras . . . . .	35	22·9	50·0	77·1	44·4
4. Maharashtra . . . .	25	24·0	16·7	76·0	31·6
SUB-TOTAL . . . . .	141	22·7	28·1	77·3	43·1
<i>Category B</i>					
5. M.P. . . . .	50	26·0	7·7	74·0	24·3
6. Mysore . . . . .	33	18·2	Nil	81·8	37·0
7. Punjab . . . . .	30	16·7	40·0	33·3	68·0
8. Rajasthan . . . . .	43	11·6	100·0	88·4	78·9
9. U.P. . . . .	48	8·3	Nil	91·7	54·5
SUB-TOTAL . . . . .	204	16·2	24·2	83·8	52·6
<i>Category C</i>					
10. Assam . . . . .	4	25·0	Nil	75·0	66·7
11. Bihar . . . . .	21	28·6	50·0	71·4	10·0
12. Kerala . . . . .	10	..	..	100·0	80·0
13. Orissa . . . . .	25	32·0	75·0	68·0	88·2
14. West Bengal . . . .	24	12·5	Nil	87·5	Nil
15. H.P. . . . .	2	..	..	100·0	Nil
16. J. & K. . . . .	..	..	..	..	..
SUB TOTAL . . . . .	86	20·9	50·0	79·1	41·2
GRAND TOTAL . . . . .	431	19·3	31·3	80·7	47·4

A—%age of borrowers in the group to total borrowers.

B—%age of divertors to the borrowers in the group.



# APPENDIX TABLE XXV

*Magnitude of diversion (percentage of amount diverted to the amount borrowed) in different kinds of credit (Short term and Medium term and both)*

State	Short term credit		Medium term credit (3 years)		Total credit of S. term & M. Term	
	Total amount borrowed (Rs.)	% of amt. diverted to borrowed	Total amount borrowed (Rs.)	% of amt. diverted to borrowed	Total amount borrowed (Rs.)	% of amt. diverted to borrowed
1	2	3	4	5	6	7
<i>Category A</i>						
1. A.P. . . .	77,003	6·9	43,890	45·3	1,20,893	21·2
2. Gujarat . . .	26,671	9·0	17,070	1·8	43,741	6·2
3. Madras . . .	16,640	11·2	26,600	41·3	43,240	29·7
4. Maharashtra . . .	90,556	18·6	17,000	8·7	1,07,556	17·0
SUB-TOTAL . . .	2,10,870	12·5	1,04,560	31·2	3,15,430	18·7
<i>Category B</i>						
5. M.P. . . .	27,803	15·9	28,052	11·0	55,855	13·4
6. Mysore . . .	22,385	11·1	28,900	14·5	51,285	13·0
7. Punjab . . .	34,839	40·7	30,570	60·0	65,409	49·7
8. Rajasthan . . .	18,284	71·9	34,300	53·4	52,584	59·8
9. U.P. . . .	14,658	37·9	15,454	43·2	30,112	40·6
SUB-TOTAL . . .	1,17,969	33·7	1,37,276	36·9	2,55,245	35·4

1	2	3	4	5	6	7
<i>Category C</i>						
10. Assam . . .	2,424	26·5	850	47·1	3,274	31·9
11. Bihar . . .	4,178	9·6	4,245	20·5	8,423	15·1
12. Kerala . . .	13,325	62·2	5,750	63·5	19,075	62·6
13. Orissa . . .	6,090	64·3	4,900	79·0	10,990	10·8
14. West Bengal . .	6,010	89·1	6,280	..	12,290	43·6
15. H.P. . . .	2,834	33·3	270	..	3,104	30·4
16. J. & K. . . .	4,274	7·3	..	..	4,274	7·3
SUB-TOTAL . . .	39,135	50·8	22,295	39·4	61,430	46·6
GRAND TOTAL . .	3,67,974	23·4	2,64,131	34·8	6,32,105	28·2



# APPENDIX TABLE

## Distribution of short term credit according to purposes of borrowing

Size of holding group (acres)	Total amount borrowed	%age diverted	Main purposes											
			Current Ag- ricultural ex- penses		Payment to- wards rent and revenue		Medium term Agricul- ture purposes		Purchase of live stock		Business and professional needs		A	B
			A	B	A	B	A	B	A	B	A	B		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. No. holding . . .	16,239	27.3	10.3	70.1	..	..	5.2	Nil	..	..	20.0	41.6	21.5	4.3
2. Below 5 acr. . .	57,828	32.1	73.5	40.1	1.5	Nil	..	..	..	..	6.2	34.7	0.6	Nil
3. 5-10 acres . . .	65,457	29.7	75.2	32.3	1.6	2.4	0.5	33.3	..	..	7.5	54.9	1.9	Nil
4. 10-15 acres . . .	55,058	23.6	68.8	27.4	0.2	Nil	0.4	Nil	0.2	60.0	16.2	27.5	1.1	35.5
5. 15-30 acres . . .	97,419	25.5	81.3	22.3	0.9	34.4	2.0	52.9	0.3	100.0	7.0	64.2	..	..
6. 30-60 acres . . .	53,774	9.1	79.3	3.2	3.0	Nil	1.9	Nil	..	..	7.6	34.0	..	..
7. 60 acres & above . . .	22,199	4.2	70.0	5.6	..	..	..	..	..	..	5.4	4.2	..	..
8. All Groups . . .	3,67,974	23.4	73.2	24.7	1.2	7.3	1.2	25.9	0.1	90.0	8.9	41.4	1.6	6.5

A—%age of borrowed amount for the purpose to total borrowed.

B—%age of diverted amount to amount borrowed for the purpose.

(i)—This occurs only in Andhra Pradesh.

# XXVI

*and magnitude of diversion (according to size of holding groups.)*

Main purposes														
Consumption and other current needs		Current agr. and H.H. expenses (@)		House construction & repair		Payment of debt		Payment towards share capital		Misc. needs		% age diverted	Total amount borrowed	Size of holding group (acres)
A	B	A	B	A	B	A	B	A	B	A	B			
16	17	18	19	20	21	22	23	24	25	26	27	3	2	1
37.0	26.8	..	..	3.7	Nil	..	..	..	..	2.3	38.7	27.3	16,239	1. No holding
13.5	2.3	0.6	Nil	0.3	Nil	1.8	Nil	0.3	Nil	1.6	7.8	32.1	57,828	2. Below 5 acres.
9.8	11.3	0.3	Nil	..	..	3.1	Nil	0.1	Nil	0.1	Nil	29.7	65,457	3. 5-10 acres.
12.4	Nil	..	..	..	..	..	..	..	..	0.7	Nil	23.6	55,058	4. 10-15 acres.
4.1	25.0	3.4	Nil	..	..	..	..	0.3	Nil	0.2	Nil	25.5	97,419	5. 15-30 acres.
4.1	Nil	3.7	Nil	..	..	..	..	..	..	..	..	9.1	53,774	6. 30-60 acres.
6.5	Nil	18.0	Nil	..	..	..	..	..	..	..	..	4.2	22,199	7. 60 acres & above
9.5	10.1	2.7	Nil	0.2	Nil	0.8	Nil	0.1	Nil	0.5	11.1	23.4	3,67,974	8. All groups.

A—%age of borrowed amount for the purpose to total borrowed.

B—%age of diverted amount to amount borrowed for the purpose.

@This occurs only in Andhra Pradesh.

सत्यमेव जयते

APPENDIX TABLE XXVII  
*Borrowers magnitude of diversion by purposes of credit (Short-term)*  
*Purpose of credit*

State	Amount borrowed	Current Agricultural expenses		Payment towards rent & revenue	Medium-term agri. purposes				Purchase of live- stock		Business and professional needs		
		A	B		A	B	A	B	A	B	A	B	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Category A													
1. A.P.	.	77,003	49.3	10.9	2.1	Nil	1.5	Nil	..	0.1	Nil	1.1	Nil
2. Gujarat	.	26,671	94.6	8.6	..	..	..	..	..	..	..	3.3	17.1
3. Madras	.	16,640	66.4	16.9	..	..	..	..	..	0.6	Nil	9.3	Nil
4. Maharashtra	.	90,556	99.4	18.7	..	..	..	..	..	..	..	..	..
Sub-TOTAL	.	2,10,870	77.9	15.2	0.8	Nil	0.5	Nil	..	0.1	Nil	1.5	4.6

## Category B

5. M.P.	.	27,803	85.7	9.9	..	..	..	..	..	..	12.7	51.8	1.6	50.1
6. Mysore	.	22,385	100.00	11.1	..	..	..	..	..	..	..	..	..	..
7. Punjab	.	34,839	9.7	64.7	1.6	54.5	8.0	35.7	1.1	90.0	70.8	37.9	3.7	Nil
8. Rajasthan	.	18,284	92.5	74.7	..	..	..	..	..	..	..	..	3.7	Nil
9. U.P.	.	14,658	77.3	45.3	15.7	1.1	..	..	..	..	0.3	Nil	..	..
SUB-TOTAL	.	117,969	66.0	31.9	2.4	11.4	2.4	35.7	0.3	90.0	23.9	39.6	2.1	9.1

## Category C

10. Assam	.	2,424	39.4	60.1	..	..	..	..	..	..	..	..	..	..
11. Bihar	.	4,178	88.0	Nil	..	..	..	..	..	12.0	80.0	..	..	..
12. Kerala	.	13,325	100.0	62.2	..	..	..	..	..	..	..	..	..	..
13. Orissa	.	6,090	32.2	97.2	..	..	..	..	..	..	57.3	51.9	..	..
14. W. Bengal	.	6,010	100.0	89.1	..	..	..	..	..	..	..	..	..	..
15. H.P.】	.	2,834	39.7	57.3	..	..	10.6	33.3	..	..	14.1	50.0	..	..
16. J. & K.	.	4,274	10.0	Nil	..	..	..	..	..	..	..	..	..	..

SUB-TOTAL . 39,135 70.2 61.0 .. .. 0.8 33.3 .. .. 11.2 54.9 .. ..

GRAND TOTAL . 3,67,974 73.2 25.7 1.2 7.3 1.2 25.9 0.1 90.0 8.9 41.4 1.5 6.5

A=% to total borrowing

B=% of diverted amount to borrowed amount for the purpose.



## Category C

10. Assam	.	.	2,424	..	..	..	..	..	..	..	..	..	..	..	..	60.6	4.8
11. Bihar	.	.	4,178	..	..	..	..	..	..	..	..	..	..	..	..	..	..
12. Kerala	.	.	13,325	..	..	..	..	..	..	..	..	..	..	..	..	..	..
13. Orissa	.	.	6,090	8.9	37.0	..	..	..	..	..	..	..	..	..	..	1.6	Nil
14. W. Bengal	.	.	6,010	..	..	..	..	..	..	..	..	..	..	..	..	..	..
15. H. P.	.	.	2,834	35.6	Nil	..	..	..	..	..	..	..	..	..	..	..	..
16. J. & K.	.	.	4,274	90.0	8.1	..	..	..	..	..	..	..	..	..	..	..	..
Sub-Total	.	.	39,135	13.8	9.5	..	..	..	..	..	..	..	..	..	..	4.0	4.5
GRAND TOTAL	.	.	3,67,974	9.5	10.1	2.7	Nil	0.2	Nil	0.8	Nil	0.1	Nil	0.5	11.1		

\*This column is repeated from pre-page.

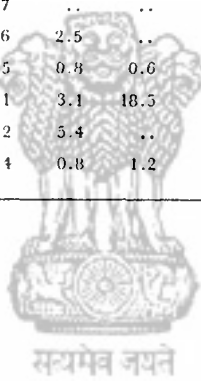




# APPENDIX TABLE

## Directions of diversion of Short Term Loans

%age of diverted amount to total diverted										
Size of holding groups	Amount borrowed	%age diverted	Current agri. expenses	Current Agri. expenses & consumption needs	Payment of rent revenue	Medium term agriculture				
						Improvement of land bunding/trac-tering etc.	Purchase of land	Const. & digging of wells	Purchases of carts and tyres of carts	Purchase of live-stock
1	2	3	4	5	6	7	8	9	10	11
1. No holdings	16,239	27.3	..	..	..	..	..	..	..	8.6
2. Below—5 acres	57,828	32.1	..	..	0.1	0.1	5.9	..	0.9	9.4
3. 5—10 acres	65,457	29.7	..	..	..	0.8	..	7.7	0.3	8.0
4. 10—15 acres	55,058	23.6	2.5	..	..	4.2	3.8	..	..	12.3
5. 15—30 acres	97,419	25.5	0.8	0.6	5.7	5.2	6.9	..	0.5	5.6
6. 30—60 acres	53,774	9.1	3.1	18.5	..	..	..	..	28.7	..
7. 60 acres & above	22,199	4.2	5.4	..	..	..	..	..	..	..
8. All groups	3,67,971	23.4	0.8	1.2	1.7	2.3	3.8	1.7	2.0	7.8

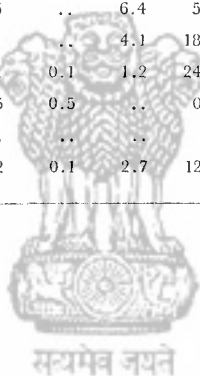


# XXVIII

## according to size of holding groups

for the holding group

For business trade, professional needs	Relending	Domestic consumption & other H.H. needs (incl. for ceremonies)	Const. of house/ purchase of house site	Payment of old debt	Payment towards share capital	Not utilised	Miscellaneous needs	%age diverted	Amount borrowed	Size of holding groups
12	13	14	15	16	17	18	19	3	2	1
35.7	3.4	20.0	12.0	20.3	..	..	..	27.3	16,239	1. No holding
0.5	0.5	51.8	2.9	22.4	..	1.2	4.2	32.1	57,828	2. Below 5 acres.
2.0	..	25.4	2.8	41.5	..	6.4	5.1	29.7	65,457	3. 5—10 acres
..	1.9	41.6	..	11.1	..	4.1	18.4	23.6	55,058	4. 10—15 acres
4.0	..	13.0	5.4	26.1	0.1	1.2	24.9	25.5	97,419	5. 15—30 acres
..	..	21.4	15.0	12.5	0.5	..	0.4	9.1	53,774	6. 30—60 acres
..	..	94.6	..	..	..	..	..	4.2	22,199	7. 60 acres & above
3.6	0.6	30.2	4.3	25.2	0.1	2.7	12.0	23.4	3,67,974	8. All groups



# APPENDIX TABLE

## Directions of diversion Percentage share of purposes

State	Amount diverted	Current Agricultural expenses	Current Agri. ex- pen. & consump- tion needs	Payment of rent/ revenue	Medium term agriculture				
					Improve- ment of land/ bundling	Purcha- se of land	Const. & digg- ing of wells	Purchase of carts and repair of carts	Purch- ase of live- stock
1	2	3	4	5	6	7	8	9	10
<b>Category A</b>									
1. A.P.	5,300	..	..	..	..	..	..	..	1.5
2. Gujarat	2,409	..	..	..	..	..	..	5.2	31.3
3. Madras	1,862	..	..	..	..	..	..	..	..
4. Maharashtra	16,814	..	..	0.1	7.1	..	3.0	8.9	..
SUB-TOTAL	26,385	..	..	0.1	4.5	..	1.9	6.2	3.2
<b>Category B</b>									
5. M.P.	4,417	11.8	23.8	0.5	..	..	..	..	5.7
6. Mysore	2,495	..	..	..	28.1	..	..	..	14.0
7. Punjab	14,197	1.4	..	0.9	..	..	7.0	..	11.9
8. Rajasthan	13,138	..	..	..	0.8	..	..	..	16.3
9. U.P.	5,552	..	..	..	..	..	..	..	11.9
SUB-TOTAL	39,799	1.8	2.6	3.6	2.0	..	2.5	..	12.8
<b>Category C</b>									
10. Assam	643	..	..	..	..	..	..	..	72.8
11. Bihar	400	..	..	..	..	..	..	..	..
12. Kerala	8,288	..	..	..	..	36.2	..	..	1.2
13. Orissa	3,915	..	..	..	..	7.7	..	3.1	4.5
14. W. Bengal	5,355	..	..	..	0.5	..	..	..	..
15. H. P.	944	..	..	..	..	..	..	..	..
16. J. & K.	310	..	..	..	..	..	..	..	..
SUB-TOTAL	19,855	..	..	..	0.1	16.6	..	0.6	3.7
GRAND TOTAL	86,039	0.8	1.2	1.7	2.3	3.8	1.7	2.0	4.8

# XXIX

to which short term credit is diverted

Business trade, professional need	Relending	Consumption and other H.H. needs	Construction of house/ purchase of house	Payment of old debts	Payment towards share capital	Not utilized	Miscellaneous needs	Amount diverted	State
11	12	13	14	15	16	17	18	2	1
<i>Category A</i>									
..	..	4.7	..	90.0	..	..	3.8	5,300	1. A.P.
3.3	..	34.2	25.9	..	..	..	..	2,409	2. Gujarat
..	..	10.7	10.7	54.3	..	..	24.2	1,862	3. Madras
..	..	17.0	0.4	13.7	..	..	49.8	16,814	4. Maharashtra
0.3	..	15.7	3.4	30.6	..	..	34.2	26,385	SUB-TOTAL
<i>Category B</i>									
..	..	37.0	5.2	9.1	0.3	..	6.7	4,417	5. M. P.
..	..	39.9	..	18.0	..	..	..	2,495	6. Mysore
12.3	..	22.4	10.9	19.0	0.2	..	4.9	14,197	7. Punjab
5.7	1.1	44.4	3.6	26.6	0.1	1.4	..	13,138	8. Rajasthan
..	..	70.6	3.9	13.6	..	..	..	5,552	9. U.P.
6.3	0.4	39.1	6.2	19.6	0.1	0.5	2.5	39,799	SUB-TOTAL
<i>Category C</i>									
..	..	16.3	..	10.9	..	..	..	643	10. Assam
..	..	100.0	..	..	..	..	..	400	11. Bihar
..	..	32.5	0.5	26.8	..	..	2.7	8,288	12. Kerala
..	..	12.2	7.2	62.8	..	..	2.6	3,915	13. Orissa
4.7	6.5	31.3	..	17.4	..	39.7	..	5,355	14. W. Bengal
..	..	100.0	..	..	..	..	..	944	15. H.P.
74.2	..	..	25.8	..	..	..	..	310	16. J. & K.
2.4	1.3	31.7	1.6	29.1	..	10.7	1.6	19,855	SUB-TOTAL
3.6	0.6	30.2	4.3	25.2	0.1	2.7	12.0	86,039	GRAND TOTAL

# APPENDIX TABLE

## Distribution of short-term amount diverted by

Purpose of credit	Amount diverted	Current agril. expenses	Payment of rent/revenue	DIRECTIONS OF DIVERSIONS				Purchase of livestock	Business and professional needs	Re-lending
				Impv. of land/bunding etc.	Purchase of land	Constn. & digging of wells	Purchase of carts and repair of carts			
1	2	3	4	5	6	7	8	9	10	11
1. Current agril. expenses .	66,564	..	0.1	3.0	4.5	0.8	2.6	9.3	0.8	0.3
2. Payment towards rent & revenue.	325	..	..	..	..	..	..	92.3	..	..
3. Medium-term agricultural purposes :										
(a) Purchase of land and improvement.	1,100	..	..	..	..	..	..	..	..	..
(b) Implements & cart	360	..	55.6	..	..	..	..	..	..	..
4. Purchase of livestock .	13,585	†12.1	3.8	..	2.2	7.4	..	..	11.4	..
5. Business & professional needs.	370	32.4	..	..	..	..	..	27.0	..	..
6. Consumption & other current household needs.	3,520	..	..	..	..	..	..	2.3	28.7	..
7. *Current Agr. & household needs.	Nil	..	..	..	..	..	..	..	..	..
8. House construction and repair.	Nil	..	..	..	..	..	..	..	..	..
9. Payment of debt .	Nil	..	..	..	..	..	..	..	..	..
10. Payment towards share capital.	Nil	..	..	..	..	..	..	..	..	..
11. Miscellaneous needs .	215	..	..	..	..	..	..	16.3	..	..
12. All purposes .	86,039	0.8	1.7	2.3	3.8	1.7	2.0	7.8	3.6	0.6

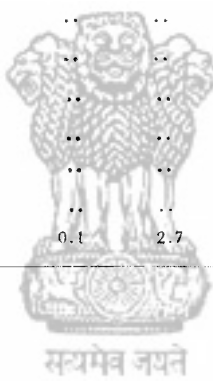
\*This occurs only in Andhra Pradesh.

†Part of consumption is included in it.

XXX

*purposes of credit and that of diversion*

% distribution to various purposes							Purpose	credit
Consumption & other current H.H. needs	Constn. of house/ purchase of house site	Payment of old debt	Payment towards share capital	Not utilised	Miscellaneous needs	Amount diverted		
12	13	14	15	16	17	2	1	
33.6	2.4	24.6	0.04	3.5	14.1	66,564	1. Current Agril. expenses.	
7.7	..	..	..	..	..	3,25	2. Payment towards rent & revenue.	
							3. Medium-term agricultural purposes :	
9.1	..	90.9	..	..	..	1,100	(a) Purchase of land and improvement.	
36.1	..	..	8.3	..	..	360	(b) Implements & carts.	
22.2	13.2	17.4	..	..	3.3	13,585	4. Purchase of livestock	
40.6	..	..	..	..	..	370	5. Business & professional needs	
..	..	54.8	..	..	14.2	3,520	6. Consumption & other current household needs.	
..	..	..	..	..	..	Nil	7. *Current Agr. & household needs.	
..	..	..	..	..	..	Nil	8. House construction and repair.	
..	..	..	..	..	..	Nil	9. Payment of debt.	
..	..	..	..	..	..	Nil	10. Payment towards share capital.	
83.7	..	..	..	..	..	215	11. Miscellaneous needs.	
30.2	4.3	25.2	0.1	2.7	12.0	86,039	12. All purposes.	



## APPENDIX TABLE XXXI

*Amount borrowed and not amount utilised for different purposes (short term credit) according to size of holding groups*

Size of holding group	Purpose of borrowing										
	Current purposes	Agricultural revenue	Payment of rent-	Medium term agri. purposes (land purchase & improvement/ purchase of carts etc).			Purchase of live-stock	Business and other professional needs			
				Amount borrowed utilised	%age net borrowed	%age net utilised					
1	2	3	4	5	6	7	8	9	10	11	
1. No holding	.	1,671	29.9	..	850	100.0	3,245	70.1	3,495	140.9	
2. Less than 5 acres	.	42,903	60.3	858	19.6	.. @ (1285)	3600	113.8	350	128.6	
3. 5—10 acres	.	49,400	67.8	1,021	97.6	300	636.7	4,933	76.7	131.2	
4. 10—15 acres	.	37,898	73.7	90	100.0	300	430.0	8,900	90.4	64.0	
5. 15—30 acres	.	83,024	79.0	880	227.7	2,190	182.7	6,845	56.0	@ (1000)	
6. 30—60 acres	.	44,914	*94.5	1,600	100.0	1000	240.0	4,060	66.0	..	
7. 60 acres & above	.	19,549	95.8	..	..	..	1,200	95.8	..	..	
8. All groups	.	2,79,359	*76.8	4,449	125.0	4,640	253.0	32,783	78.9	5,684 147.33	

APPENDIX TABLE XXXI—*contd.*

Size of holding group	Purpose of borrowing												
	Domestic consump- tion and H.H. needs (inclu- ding ceremonies)			House construction			Payment of debt			Payment to ards share capital		Other misc. needs	
	Amount	%age net borrowed utilised	Amount	%age net borrowed utilised	Amount	%age net borrowed utilised	Amount	%age net borrowed utilised	Amount	%age net borrowed utilised	Amount	%age net borrowed utilised	
1	12	13	14	15	16	17	18	19	20	21			
1. No holding	•	6,003	87.9	600	188.7	..	@(900)	..	..	375	61.3		
2. Less than 5 acres	•	7,817	220.5	200	372.5	1,050	494.9	150	100.0	900	179.1		
3. 5—10 acres	•	6,464	165.2	..	@(540)	2,000	503.6	50	100.0	70	1,511.4		
4. 10—15 acres	•	6,850	179.0	..	..	@(1,450)	..	..	..	400	698.8		
5. 15—30 acres	•	4,000	155.8	..	@(1,335)	..	@(6469)	280	110.7	200	3,182.5		
6. 30—60 acres	•	2,200	147.5	..	@(730)	..	@(610)	..	@(24)	..	@(20)		
7. 60 acres & above	•	1,450	160.4	..	..	..	..	..	..	..	..		
8. All groups	•	34,781	164.6	800	560.2	3,050	809.7	480	111.2	1,945	621.1		

N.B.—Net utilised amount has been worked like this: Borrowed amount for the purpose minus the diverted amount from the purpose plus accretions to the purpose.

@—There is no borrowed amount for the purpose but the absolute amount which has come from other purposes to this purpose has been indicated here.



APPENDIX TABLE XXXII  
*Distribution of medium term credit according to main type of purposes of borrowing and magnitude of diversion according to size of holding groups*

Size of holding groups (acres)	Total amount borrowed	Area diverted	Medium term agriculture purposes																		
			Current agricultural loans		Improvement of land/ land reclamation, bunding, etc.		Purchase of land/ improvement of land		Dredging of well/ construction of irrigation sources		Purchase of pumping sets		Purchase of improved implements		Construction of cattle shed or farm house						
			A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19			
No holding	.	.	1,000	Nil	..	..	100.0	Nil	..	..	..	..	..	..	..	..	..	..			
Less than 5	.	.	39,335	46.4	20.7	53.2	18.8	48.1	3.0	Nil	9.8	50.6	..	..	1.5	Nil	1.3	30.0			
5-10	.	.	49,829	41.9	5.0	39.0	17.3	40.1	1.1	8.8	18.5	45.6	6.1	Nil	0.8	Nil	1.3	Nil			
10-15	.	.	40,303	32.9	5.0	Nil	17.6	65.2	..	..	3.0	62.5	..	..	0.7	Nil	9.0	68.8			
15-30	.	.	72,426	38.4	1.5	38.2	26.5	60.2	8.5	48.6	8.4	44.6	13.5	Nil	1.4	100.0	3.4	100.0			
30-60	.	.	36,068	24.2	..	..	35.8	36.7	1.8	Nil	13.1	28.0	11.8	Nil	11.3	57.0	..	..			
60 & above	.	.	23,170	11.3	..	..	49.2	Nil	..	..	..	..	6.5	100.0	3.0	Nil	..	..			
All groups	.	.	2,64,131	34.8	5.2	41.7	25.8	42.6	3.3	35.3	9.6	43.5	7.1	8.0	2.8	47.3	2.8	73.9			
																		0.5 100.0			

A—Percentage of amount borrowed for the purposes to total.

B—Percentage of amount diverted to total borrowed for the purpose.

APPENDIX TABLE XXXII—*contd.*

Size of holding groups (acres)	Sub-total (cols. 6) to 19)		Purchase of live-stock		Business needs		② Consumption and current household needs		Construction of house		Repayment of loan	
	A	B	A	B	A	B	A	B	A	B	A	B
1	20	21	22	23	24	25	26	27	28	29	30	31
No holding	100.0	Nil	..	..	..	..	..	..	..	..	..	..
Less than 5	34.4	50.3	37.9	44.3	..	..	5.0	Nil	1.3	100.0	0.6	Nil
5-10	39.0	34.2	41.5	56.3	..	..	6.4	Nil	..	..	..	..
10-15	30.3	64.4	57.6	23.2	0.8	Nil	6.3	Nil	..	..	..	..
15-30	63.6	48.0	30.7	22.2	..	..	1.0	Nil	1.1	Nil	..	..
30-60	73.8	31.5	26.2	3.5	..	..	..	..	..	..	..	..
60 and above	58.7	11.0	30.5	15.7	..	..	4.3	Nil	6.5	Nil	..	..
All groups	51.0	40.0	33.0	39.8	0.1	Nil	3.6	Nil	1.1	17.8	0.1	Nil

A—Percentage of amount borrowed for the purposes to total.

B—Percentage of amount diverted to total borrowed for the purpose.

②—Includes small part of current agricultural expenses for which separate data not available.

## APPENDIX TABLE XXXIII

*Magnitude of attention by purposes of credit (Medium-term)*  
*Purpose of credit*

State	Amount borrowed	Current Agricult- ural needs			Improvement of land/reclamation of land/building			Purchase of land/redeem- ption of land			Deepening of well/construc- tion of irri- gation sources			Purchase of pumping sets			Purchase of carts		
		A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
<i>Category A</i>																			
1. A.P.	46,000	..	..	30.3	30.1	4.6	Nil	..	..	..	2.3	Nil	..	..	..	..	..	..	..
2. Gujarat	17,070	..	..	15.5	Nil	..	..	..	..	..	42.3	Nil	14.1	Nil	..	..	..	..	..
3. Madras	26,600	..	..	17.7	3.6	25.7	..	..	..	37.7	74.5	9.4	Nil	..	..	..	..	..	..
4. Maharashtra	17,800	..	..	0.9	Nil	..	..	..	..	16.6	21.1	47.4	Nil	..	..	..	..	..	..
Sum-Local	107,500	7.2	17.7	41.4	36.9	1.9	Nil	7.2	54.3	13.1	Nil	2.3	Nil	..	..	..	..	..	..
<i>Category B</i>																			
5. M. P.	28,052	..	..	3.1	Nil	..	..	14.3	5.0	11.4	46.9	..	..	..	..	..	..	..	..
6. Mysore	70,000	..	..	51.6	14.3	..	..	3.5	Nil	6.9	Nil	6.3	39.6	..	..	..	..	..	..
7. Punjab	30,376	..	..	..	..	17.8	55.9	43.1	50.0	..	..	..	8.2	100.9	..	..	..	..	..
8. Rajasthan	34,600	7.6	33.7	16.9	44.5	..	..	25.5	53.7	..	..	..	..	..	..	..	..	..	..
9. U.P.	13,454	..	..	..	..	3.9	8.5	..	..	..	..	..	..	..	..	..	..	..	..
Sum-Total	1,37,276	1.9	53.7	16.2	31.7	4.3	51.1	12.9	38.9	3.8	28.8	3.6	70.4	..	..	..	..	..	..



APPENDIX TABLE XXXIII—*contd.**Purposes of credit*

State	Amount advanced*	Purchase of improved implements		Construction of cattle shed or farm house		Purchase of live stock		Business needs		Consumption of H.I.I. needs		Construction of house		Repayment of loan	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B
1	2	15	16	17	18	19	20	21	22	23	24	25	26	27	28
<i>Category A</i>															
1. A. P.	43,890	0.3	Nil	..	..	2.0	Nil	..	..	..	..	..	..	..	..
2. Gujarat	17,076	1.8	Nil	..	..	54.2	3.2	..	..	1.2	Nil	..	..	..	..
3. Madras	26,660	..	..	..	..	38.3	56.4	..	..	2.3	Nil	..	..	0.9	Nil
4. Maharashtra	17,000	..	..	..	..	35.0	13.9	..	..	..	..	..	..	..	..
Sub-Total	104,560	0.6	Nil	..	..	25.1	23.1	..	..	0.9	Nil	..	..	0.2	Nil
<i>Category B</i>															
5. M. P.	28,052	..	..	..	..	60.3	8.2	..	..	3.6	Nil	5.3	Nil	..	..
6. Mysore	28,990	..	..	..	..	29.5	12.9	..	..	..	..	..	..	..	..
7. Punjab	30,570	16.4	100.0	..	..	35.7	53.5	..	..	6.5	Nil	2.6	Nil	..	..
8. Rajasthan	34,300	4.4	26.7	4.1	100.0	40.1	36.5	..	..	..	..	1.5	100.0	..	..
9. U. P.	15,454	0.9	Nil	..	..	95.2	45.0	..	..	..	..	..	..	..	..
Sub-Total	137,276	4.8	81.4	1.0	100.0	47.2	30.8	..	..	2.2	Nil	2.0	17.0	..	..

## Category C

10. Assam	.	.	.	850	..	..	..	100.0	47.1	..	..	..	..	..	..	..	..
11. Bihar	.	.	.	4,245	..	..	..	100.0	20.5	..	..	..	..	..	..	..	..
12. Kerala	.	.	.	5,750	..	..	..	..	..	..	..	..	..	..	..	..	..
13. Orissa	.	.	.	4,900	..	..	..	86.3	79.2	..	..	..	..	..	..	..	..
14. W. Bengal	.	.	.	6,280	..	..	..	..	..	5.4	Nil	86.6	Nil	..	..	..	..
15. H. P.	.	.	.	270	..	..	..	37.0	Nil	..	..	..	..	..	..	..	..
16. J. & K.	.	.	.	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sub-TOTAL	.	.	.	22,295	..	..	..	42.3	49.0	1.5	Nil	24.4	Nil	..	..	..	..
GRAND TOTAL	.	.	.	264,131	2.8	73.9	0.5	100.0	38.0	30.8	0.1	Nil	3.6	Nil	1.1	17.9	0.1 Nil

\*This col. 2 is repeated from prepage.

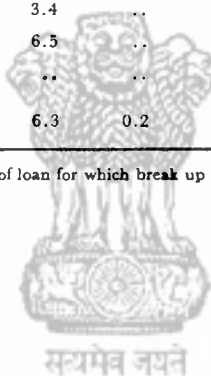


# APPENDIX TABLE

## *Directions of diversion of medium term*

Holding groups (acres)	Amount borrowed	Percentage of diverted amount to bor- rowed amount	Percentage of diverted amount for the purpose to the total amount diverted for						
			Agricul- tural pur- poses	Sugar- cane crusher	Deepen- ing and repair of well	Mortgage/ purchase/ release/ redemp- tion of land	Purchase of cart and re- pair of cart	Tube-well and oil engine	Bullocks, camels, buffalo, goat & other livestock
1	2	3	4	5	6	7	8	9	10
1. No holding	1,000	Nil	..	..	..	..	..	..	..
2. Less than 5 acres.	39,335	46.4	9.2	1.1	..	5.9	..	..	4.6
3. 5—10 acres	49,829	41.9	11.0	..	4.7	1.0	3.5	..	2.7
4. 10—15 acres	40,303	32.9	2.3	..	..	7.5	5.3	3.7	1.4
5. 15—30 acres	72,426	38.4	3.4	..	1.4	10.4	..	5.4	1.8
6. 30—60 acres	38,068	24.2	6.5	..	..	10.9	..	..	4.3
7. 60 acres and above	23,170	11.3	..	..	..	..	7.7	..	57.5
8. All groups	264,131	34.8	6.3	0.2	1.5	6.7	1.8	2.2	4.3

@Includes a small part of the payment of loan for which break up not available.

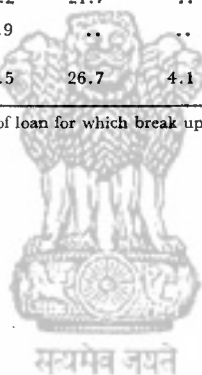


## XXXIV

*loans according to holding groups*

Percentage of diverted amount for the purpose to the total amount diverted for holding										
Tree planta- tion	Bunding & im- prove- ment of land	Business specu- lation invest- ment etc.	Relen- ding	Agri. & H.H. consump- tions, marriage ceremony education etc.	Repay- ment of loans/rede- mption of jewellery/ old debt	House construc- tion	Misc. share money, litigation & other expen- ses			
11	12	13	14	15	16	17	18	3	2	1
..	..	..	..	..	..	..	..	Nil	1,000	1. No holding
..	4.9	5.5	..	29.4	32.8	1.6	4.9	46.4	39,335	2. Less than 5 acres
..	4.8	4.4	..	20.9	33.1	9.6	6.3	41.9	49,829	3. 5—10 acres
..	..	18.9	..	44.7	12.7	..	3.6	32.9	40,303	4. 10—15 acres
0.7	0.2	9.0	..	27.0	28.8	5.3	6.6	38.4	72,426	5. 15—30 acres
..	..	..	5.4	42.2	21.7	..	8.1	24.2	38,068	6. 30—60 acres
..	..	..	..	34.9	..	..	..	11.3	23,170	7. 60 acres and above
0.2	2.1	7.1	0.5	30.5	26.7	4.1	5.7	34.8	264,131	8. All groups

\*Includes a small part of the payment of loan for which break up not available.





## APPENDIX TABLE XXXV

*Directions of diversion and share of purposes to which amounts are diverted (Medium-term)*  
*Directions of diversion*

State	Amount diverted	Current Land agri. ex- penditures	Land im- provement	Pur- chase of land etc.	Depen- ding and repair of well	Tube- well and oil engine	Purch- ase of cart crusher	Sugar cane crusher	Tree plan- tation	Pur- chase of live stock	Business specu- lation, invest- ment	Re lend- ing invest- ment	Consump- tion & other needs	Repay- ment of loans, etc.	House construc- tion	Mis- share of money, liti- ga- tion & other expen- ses
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<b>Category A</b>																
1. A. P.	19,880	18.6	..	5.0	1.3	..	..	..	..	2.0	..	..	38.0	32.6	..	2.5
2. Gujarat	300	..	33.3	..	..	..	..	..	..	..	..	..	33.3	..	..	33.3
3. Madras	10,975	3.6	13.7	..	..	..	..	..	..	..	..	..	25.5	50.8	..	6.4
4. Maharashtra	1,485	..	..	..	..	..	40.4	0.4	..	..	..	..	48.8	..	..	10.8
Sub-Total	32,640	12.6	4.9	3.1	0.8	..	1.8	..	..	1.2	..	..	34.2	36.9	..	4.5
<b>Category B</b>																
5. M. P.	3,083	6.5	1.6	..	..	..	6.5	..	..	48.7	..	..	36.7	..	..	..
6. Mysore	4,190	..	..	..	..	..	..	..	..	6.0	..	..	77.3	..	16.7	..
7. Punjab	18,335	1.4	..	21.3	..	8.2	3.3	..	..	..	27.3	2.7	15.4	16.9	2.5	1.1
8. Rajasthan	18,316	5.5	..	2.7	6.2	2.7	1.2	..	1.1	10.0	2.7	..	17.6	23.8	10.0	16.4
9. U. P.	6,679	3.7	..	1.0	..	..	..	..	..	..	8.2	..	42.4	31.1	7.5	6.0
Sub-total	50,603	3.4	0.1	8.8	2.2	4.0	2.0	..	0.4	7.1	11.9	1.0	26.2	18.8	6.9	7.1

## Category C

10. Assam	400	..	..	50.0	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
11. Bihar	869	..	..	..	..	..	..	..	..	..	..	..	..	..	..	77.0	23.0	..	..
12. Kerala	3,670	..	..	..	..	..	..	..	..	..	..	..	..	..	..	57.5	27.4	8.2	..
13. Orissa	3,870	0.8	7.7	12.9	..	..	..	..	..	..	..	..	..	..	..	21.4	46.8	..	5.2
14. W. Bengal	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
15. H. P.	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
16. J. & K.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sub-total	8,789	0.3	3.4	8.0	..	..	..	..	..	..	..	..	..	..	..	40.9	34.2	3.4	2.3
Grand Total	92,032	6.3	2.1	6.7	1.5	2.2	1.8	0.2	0.3	4.3	7.1	0.5	30.5	26.7	4.1	5.7	..	..	..

## APPENDIX TABLE XXXVI

*Distribution of medium-term amount diverted by purposes of credit and that of diversions  
Directions of diversion (% distribution to various purposes)*

Purpose of credit	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
			Amount Agri. pur- chase (repay- ment & im- provement of land)	Mort- gage, purchase & release of land and	Deve- loping, repair of well and engine	Tube- well & engine repair of cart	Pur- chase of cane & cruther	Sugar- plantation	Tree planting	Bullocks, canals, speculation buffaloes, goat & other live-stock	Business investment etc.	Relen- ding	Agri. & Repay- ment of consump- tion, marriage ceremony, medical, educa- tion etc.	House- hold construction	Misc. share money, litigation & other expenses		
1. Current Agri. needs .	5,735	..	..	..	..	0.9	..	..	..	..	..	..	..	34.9	40.9	13.9	9.5
2. Medium-term agri. purposes:																	
(i) Improvement of land/reclamation, bunding etc.	29,080	16.2	0.2	3.8	1.2	1.7	0.1	..	..	4.3	0.9	..	..	36.3	29.8	1.9	3.7
(ii) Purchase of land/redemption of land.	3,050	..	..	62.3	..	..	..	..	..	..	..	..	..	1.6	36.1	..	..
(iii) Deepening of well/construction of irrigation.	11,000	1.8	9.1	4.5	..	..	6.4	..	..	11.3	..	..	..	21.0	36.4	4.5	5.0
(iv) Purchase of pumping —Sacs.	1,500	..	..	..	..	..	..	..	..	100.0	..	..	..	..	..	..	..
(v) Purchase of carts .	3,450	..	..	29.0	..	43.5	..	..	..	..	..	..	..	27.5	..	..	..
(vi) Purchase of improved implements.	5,400	..	..	..	..	..	..	..	..	..	92.6	..	..	..	7.4	..	..
(vii) Construction of cattle-died or farm house.	1,400	..	..	..	..	..	..	..	14.3	..	..	..	..	33.7	..	10.7	41.3
Sub-Total	54,880	8.9	1.9	0.2	0.6	3.6	1.3	..	0.4	7.3	9.6	..	26.2	25.8	2.2	4.0	

3. Purchase of live-stock	30,917	3.0	2.9	5.4	3.2	..	2.9	0.9	..	..	2.4	1.6	37.8	26.2	5.7	8.1
4. Business needs	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
5. Consumption & Current household needs.	Nil	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
6. Construction of house	500	..	..	..	..	..	..	..	..	..	100.0	..	..	..	..	..
7. Payment of loan all purposes.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..



## APPENDIX TABLE XXXVII

*Amount borrowed and not amount utilised for different purposes (Medium Term Credit)  
according to size of holding groups*

Size of holding group (Acres)	Current Agricultural purposes		Improvement of land (Reclamation and Bunding etc.)		Purchase of land etc.		Irrigational needs (e.g. deepening and repair of well, const. & repair of irri. sources, purchase of pumping set)		Other M.T. agri. purposes (e.g. purchase of carts, im- plements, cattle- shed, plantation etc.)		Livestock	
	Amount borrowed	% net utilised	Amount borrowed	% net utilised	Amount borrowed	% net utilised	Amount borrowed	% net utilised	Amount borrowed	% net utilised	Amount borrowed	% net utilised
1	2	3	4	5	6	7	8	9	10	11	12	13
1. No holding	..	..	1,000	100.0	..	..	..	..	..	..	..	..
2. Less than 5	8,160	67.4	7,400	51.9	1,260	180.2	3,850	49.4	1,100	81.8	14,917	61.4
3. 5-10	2,500	153.0	8,600	71.5	570	126.3	12,250	73.8	1,070	167.8	21,674	46.3
4. 10-15	2,000	115.0	7,080	34.7	..	@ (1,000)	1,200	79.2	3,935	54.3	23,218	77.6
5. 15-30	1,100	148.2	19,200	40.1	6,170	98.4	15,850	95.0	4,900	0.4	23,669	79.9
6. 30-60	..	@ (600)	13,610	63.3	700	242.9	9,560	85.3	4,300	43.0	9,958	100.5
7. 60 and above.	..	..	11,100	100.0	..	..	1,500	Nil	700	128.6	7,070	105.5
8. All groups	13,760	100.7	68,290	60.3	8,610	136.1	44,150	79.4	16,005	48.5	100,506	73.2

*N.B.*—Net utilized amount has been worked like this: Borrowed amount for the purpose minus the diverted amount from the purpose plus accretions to the purpose.

*a.* There is no borrowed amount for the purpose but the absolute amount which has come from other purposes to this purpose has been indicated here.

\* Includes part of Current Agricultural expenses for which break up is not available.

## APPENDIX TABLE XXXVII

*Amount borrowed and net amount utilised for different purposes (Medium Term Credit) according to size of holding groups*

Size of holding group (Acres)	Business		Current household needs (Household consumption, family expenses, education, house repair etc.)		House Construction		Repayment of old debts		Other Miscellaneous needs	
	Amount borrowed	% age net utilised	Amount borrowed	% age net utilised	Amount borrowed	% age net utilised	Amount borrowed	% age net utilised	Amount borrowed	% age net utilised
1	14	15	16	17	18	19	20	21	22	23
1. No holding	..	..	..	..	..	..	..	..	..	..
2. Less than 5	..	@ (1000)	1,958	374.5	500	60.0	250	2495.20	..	@ (900)
3. 5—10	..	@ (5000)	3,165	237.9	..	@ (1998)	..	@ (6929)	..	@ (1315)
4. 10—15	340	835.3	2,530	334.0	..	..	..	@ (1680)	..	@ (475)
5. 15—30	..	@ (2500)	737	1120.8	800	284.0	..	@ (8014)	..	@ (1824)
6. 30—60	..	@ (500)	..	@ (3950)	..	..	..	@ (2000)	..	@ (750)
7. 60 and above	..	..	1,000	191.0	1,500	100.0	..	..	..	..
8. All groups	340	2158.8	9,390	398.6	2,800	216.8	250	9944.40	..	@ (52,64)

*N.B.*—Net utilised amount has been worked like this: Borrowed amount for the purpose minus the diverted amount for the purpose plus accretions to the purpose.

@ There is no borrowed amount for the purpose but the absolute amount which has come from other purposes purpose has been indicated here.

\* Includes part of Current Agricultural expenses for which break up is not available.

# APPENDIX TABLE XXXVIII

*pledge and extent of diversion among short-term purposes*

	Total respondents	Respondents with knowledge		Respondents who do not have knowledge	
		%age to total	%age of diverters	%age to total	%age of diverters
	2	3	4	5	6
<i>Category A</i>					
1. A.P. . . . .	103	59.2	3.3	40.8	19.0
2. Gujarat . . . .	78	80.0	11.1	19.2	46.7
3. Madras . . . . .	81	90.1	37.0	9.9	50.0
4. Maharashtra . .	78	82.1	32.8	17.9	71.4
Sub-total . . . . .	340	76.8	21.8	23.2	36.7
<i>Category B</i>					
5. M.P. . . . .	76	98.7	33.3	1.3	Nil
6. Mysore . . . . .	80	93.8	42.7	6.2	20.0
7. Punjab . . . . .	83	94.0	44.9	6.0	40.0
8. Rajasthan . . . .	75	73.3	74.5	26.7	75.0
9. U.P. . . . .	91	48.4	54.5	51.6	51.1
Sub-total . . . . .	405	80.7	48.0	19.3	53.8
<i>Category C</i>					
10. Assam . . . . .	30	76.7	21.7	23.3	71.4
11. Bihar . . . . .	38	97.4	10.8	2.6	Nil
12. Kerala . . . . .	28	89.3	64.0	10.7	66.7
13. Orissa . . . . .	29	44.8	76.9	55.2	62.5
14. W. Bengal . . . .	32	84.4	100.0	15.6	100.0
15. H.P. . . . .	14	92.9	30.8	37.1	Nil
16. J. & K. . . . .	30	..	..	100.0	10.0
Sub-total . . . . .	201	68.7	47.8	31.3	39.7
Grand Total . . . . .	946	76.7	38.6	23.3	43.6

# APPENDIX TABLE XXXIX

## Extent of knowledge and extent of diversion of medium term credit

State	Total	Respondents who have knowledge		Respondents who do not have knowledge	
		%age to total	%age of diverters	%age to total	%of diverters
1	2	3	4	5	6
<i>Category A</i>					
1. A.P. . . .	44	75.0	72.7	25.0	36.4
2. Gujart . . .	37	89.2	15.2	10.8	Nil
3. Madras . . .	35	91.4	40.6	8.6	100.0
4. Maharashtra . . .	25	80.0	25.0	20.0	40.0
Sub-total . . .	141	83.7	39.8	16.3	39.1
<i>Category B</i>					
5. M.P. . . .	50	100.0	20.0	..	..
6. Mysore . . .	33	90.9	30.0	9.1	33.3
7. Punjab . . .	30	96.7	62.1	3.3	100.0
8. Rajasthan . . .	43	83.7	86.1	16.3	57.1
9. U.P. . . .	48	64.6	41.9	35.4	64.7
Sub-total . . .	204	86.3	46.0	13.7	60.7
<i>Category C</i>					
10. Assam . . .	4	100.0	50.0	..	..
11. Bihar . . .	21	100.0	28.6	..	..
12. Kerala . . .	10	90.0	77.8	10.0	100.0
13. Orissa . . .	25	44.0	72.7	56.0	92.9
14. W. Bengal . . .	24	100.0	..	..	..
15. H.P. . . .	2	100.0	..	..	..
16. J. & K. . . .	..	..	..	..	..
Sub-total . . .	86	82.6	32.4	17.4	93.3
Grand Total . . .	431	84.7	41.4	15.3	60.6



APPENDIX TABLE XL

*Reasons for diversion of short term credit as reported by the respondents*

State	No. of reasons given by the respondents.	%age distribution of reasons														
		Economic exigencies										Institutional Factors				
		Unav- ailable of con- sumption	Press- ing H.H. needs admis- sion	Urgent need of expd. on marri- age etc.	Sub- total	To meet agri. exps. etc.	Neces- sity for the pur- chase of live- stock	Pay- ment of old loans	Urgent business needs	Con- ceal- ment or pur- pose not admis- sible	Late receipt of loan required for the purpose	Obtain- ed more than required	Too inade- quate	Reason not given	Not utilised the amount	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Category A																
1. A.P.	10	10.0	..	..	..	10.0	..	..	..	..	30.0	40.0	20.0	..	..	..
2. Gujarat	15	66.7	6.7	6.7	..	80.0	6.7	6.7	..	..	6.7	..	..	..	..	..
3. Madras	33	60.6	3.0	..	..	63.6	3.0	..	15.2	..	18.2	..	..	..	..	..
4. Maharashtra	33	36.4	..	..	3.0	39.4	..	..	..	..	57.6	..	..	3.0	..	..
Sub-total	91	47.3	2.2	2.2	2.2	51.6	2.2	1.1	5.5	..	31.9	4.4	2.2	1.1	..	..
Category B																
5. M.P.	35	54.3	..	2.9	57.2	2.9	..	..	2.9	..	2.9	..	..	34.3	..	..
6. Mysore	35	65.7	..	5.7	75.4	5.7	..	..	..	..	17.1	2.9	..	2.9	..	..
7. Punjab	42	30.9	11.9	4.8	947.6	9.5	..	..	2.4	..	33.3	..	..	2.4	4.8	..
8. Rajasthan	58	5.2	22.4	1.7	29.3	..	6.9	12.1	..	..	37.9	..	12.1	..	1.7	..
9. U.P.	48	16.7	..	8.3	25.0	..	..	..	..	..	68.8	..	6.2	..	..	..
Sub-total	218	30.3	8.3	4.6	43.2	3.2	1.8	3.7	0.4	34.9	0.4	4.6	6.4	1.4	..	..

## Category C

10. Assam	10	..	..	10.0	10.0	..	..	..	70.0	20.0	..	..	..
11. Bihar	4	..	100.0	..	100.0	..	..	..	..	..	..	..	..
12. Kerala	20	25.0	10.0	..	35.0	..	..	..	60.0	..	..	..	5.0
13. Orissa	24	..	33.3	4.2	37.5	..	8.3	33.3	12.5	8.3	..	..	..
14. W. Bengal	92	..	..	..	..	..	..	..	71.9	..	..	..	28.1
15. H.P.	4	75.0	25.0	..	100.0	..	..	..	..	..	..	..	..
16. J.&K.	3	..	..	..	..	..	..	..	100.0	..	..	..	..
<i>Sub-total</i>	97	8.2	15.5	2.1	25.8	..	2.1	8.2	..	49.4	4.1	..	1.0 9.3
<i>Grand Total</i>	406	28.8	8.6	3.4	40.9	2.2	1.7	5.2	0.2	37.7	2.2	3.0	3.7 1.0 2.2
Those who know the need for hostels.	305	30.8	10.2	3.0	44.0	2.6	1.0	4.2	0.3	34.1	2.0	2.6	4.9 1.3 3.0
Those who do not know this need.	101	22.8	3.9	5.0	31.8	1.0	3.9	7.9	..	48.5	3.0	3.9	.. ..

## APPENDIX TABLE XLI

Reasons for diversion of medium term credit as reported by the respondents

%age distribution of reasons														
State	No. of reasons given by diverting resps.	Economic exigencies							Concealment or purpose not receiving of loan	Institutional factors			Reasons not given	
		Unavoidable needs of consumption	Pressing H.H. needs	Urgent need for resp. on marriage	Sub-total	To meet agri. expenses	Necessity for the purchase of live-stock	Payments of old loans essential		Date received	Obtained more than required	Too inadequate		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Category A														
1. A.P.	33	6.1	..	3.0	9.1	3.0	..	..	51.5	9.1	15.2	6.1	6.1	
2. Gujarat	5	20.0	..	20.0	40.0	..	..	..	..	..	20.0	40.0	..	
3. Madras	18	11.1	11.1	5.6	27.9	5.6	..	16.7	22.2	11.1	11.1	5.6	..	
4. Maharashtra	7	..	..	..	..	..	..	..	28.6	..	14.3	57.1	..	
Sub-total	63	7.9	3.2	4.8	15.9	3.2	..	4.8	36.5	7.9	14.3	14.3	3.2	
Category B														
5. M.P.	10	50.0	..	..	50.0	..	10.0	..	20.0	..	10.0	..	10.0	
6. Mysore	10	50.0	..	10.0	60.0	10.0	..	10.0	20.0	..	..	..	..	
7. Punjab	23	21.7	4.3	..	26.0	21.7	..	..	30.4	..	13.0	8.7	..	
8. Rajasthan	46	2.2	15.2	..	17.4	2.2	19.6	8.7	30.4	..	6.5	4.3	10.9	
9. U.P.	25	20.0	..	4.0	24.0	..	..	..	68.0	..	4.0	4.0	..	
Sub-total	144	18.1	7.0	1.8	27.2	6.1	8.8	4.4	36.8	..	7.0	4.4	5.3	



# PROGRAMME EVALUATION ORGANISATION

## (Planning Commission)

### *List of Publications*

1. \*Group Dynamics in a North Indian Village. (1954)
2. \*Evaluation Report on First Years' Working of Community Projects (May 1954).
3. \*Community Projects—First Reactions. (August 1954).
4. Training of Village Leaders in Bhopal. (September 1954).
5. Cotton Extension in P.E.P.S.U.—A case study. (1955).
6. \*Evaluation Report on Second Years' Working of Community Projects (Vols. I & II). (April 1955).
7. Evaluation Report on Second Years' Working of Community Projects (Summary). (April 1955).
8. \*Training of Village Artisans in Bihar (May 1955).
9. Leadership and Groups in a South Indian Village. (June 1955).
10. Evaluation Report on Working of Community Projects and N.E.S. Blocks (April, 1956).
11. Evaluation Report on Working of Community Projects and N.E.S. Blocks (April, 1956—Summary).
12. \*Bench Mark Survey Report—Batala (Punjab) (February, 1956).
13. \*Bench Mark Survey Report—Bhadrak (Orissa) (1956).
14. \*Three Years of Community Projects (August 1956).
15. Study of Village Artisans (August 1956).
16. \*Bench Mark Survey Report—Kolhapur (Bombay) (July 1956).
17. \*Bench Mark Survey Report—Morsi (Madhya Pradesh) (Nov. 1956).
18. \*Studies in Cooperative Farming (December 1957).
19. Fourth Evaluation Report on Working of Community Projects and N.E.S. Blocks—Vol. I (includes studies on 1. Achievements and Problems of the Community Development Programme, 2. Some Aspects of the Community Development Programme) (April 1957).
20. \*Fourth Evaluation Report on Working of Community Projects and N.E.S. Blocks—Vol. II includes studies on, 1. Some Aspects of Social change, 2. Enquiry into coverage by Project Programme. (May 1957).
21. Bench Mark Survey Reports—Malavalli (Mysore) and Challakudy (Kerala), (July 1957).
22. Bench Mark Survey Reports—Banswada (Andhra), Smalkot (Andhra and Erode) (Madras) Blocks, (July 1957).
23. \*Bench Mark Survey Reports—Pusa (Bihar), Mohd. Bazar (W. Bengal) and Arunachal (Assam) Blocks (July 1957).
24. \*Bench Mark Survey Reports—Pounta (Himachal Pradesh), Bhadson (Punjab) and Bhatat (Uttar Pradesh). Blocks (Oct. 1957).
25. \*Bench Mark Survey Reports—Manavadar (Bombay), Nowgong (Madhya Pradesh) and Rajpur (Madhya Pradesh) Block (October 1957).
26. Fifth Evaluation Report on Working of Community development and N.E.S. Blocks, includes studies on 1. Current Evaluation Study, 2. Acceptance of Practices, 3. Study of Panchayats, 4. Block Records (May 1958).
27. Fifth Evaluation Report on Working of Community Development and N.E.S. Blocks—Summary and Conclusions. (May, 1958).
28. A Study of Panchayats, (May 1958).
29. Evaluation Report on the Working of the Welfare Extension Projects of the Central Social Welfare Board, (April 1959).
30. Evaluation Report on the Working of the Large and Small Sized Co-operative Societies, (April 1959).
31. The Sixth Evaluation Report on Working of Community Development and N.E.S. Blocks : includes studies on 1. Planning Process, 2. Cottage Industries, 3. Social Education, 4. Study of Cooperatives—Large and Small, (June 1959).
32. The Seventh Evaluation Report on C.D. & Some Allied Fields (1960) : includes studies on 1. Current Evaluation Study of 18 selected Blocks, 2. Evaluation of the 1958-59 Rabi Crop Campaign in selected areas in Punjab, Rajasthan and Uttar Pradesh, 3. Case Studies—Panchayats and Co-operatives, 4. Some Aspects of Rural Unemployment, (1960).

---

\* Out of stock.

33. Evaluation of 1958-59 Rabi Crop Campaign in Punjab, Rajasthan and Uttar Pradesh, (1960).
34. Some Successful Panchayats—Case Studies (1960).
35. Some Successful Cooperatives—Case Studies (1960)
36. A Study of the Lok Karya Kahetras of the Bharat Sevak Samaj (1960).
37. Summary of Evaluation Studies (1960-61), (1961).
38. Evaluation of the Gram Sahayak Programme. (1961).
39. Study of the Multiplication and Distribution Programme for Improved Seed. (1961).
40. Study of the Problems of Minor Irrigation (1961).
41. Soil Conservation Programme for Agricultural Land (1962).
42. Case Studies of the Role of Bullock Carts and Trucks in Rurale Transport. (1963).
43. Problems of extension of Primary Education in rural areas. (Under print) (1965).
44. Current Evaluation of the Applied Nutrition Programme, 1964-65 (1965).
45. Report on Evaluation of the Rural Electrification programme, (Under print) (1965).
46. Problems of Coordination in Agricultural Programmes. (Under print). (1965).
47. Re-survey of 18 C.D. Blocks—Notes & Tables (1965) (Cyclostyled).
48. Interim report on Evaluation of Consumer's Cooperatives (1965),

---

\*Out of Stock.



2.13 The average amount of lending per member of the sample societies came to Rs. 167 in 1955-56 which went up to Rs. 175 in the year 1960-61, showing a rise of only about 5% over a period of 5 years. The corresponding average, as calculated from the Reserve Bank figures comes to Rs. 119 for the year 1960-61. The Reserve Bank data show again that relatively better societies were included in the sample, as the average lending by the sample societies in 1960-61 was higher.

*Relative share of ST and MT credit in the total credit :*

2.14 Another aspect studied relates to the proportion of medium-term (MT) credit to total credit given to members. Of the total amount advanced by the sample societies (for which data are available) in 1955-56, nearly 94% was short-term credit and only about 6% medium-term. In about one-half of the banks no medium-term credit was advanced during that year. In the banks where medium-term credit was advanced, the proportion to total credit varied considerably from about 4% to 46%. By 1960-61, the proportion of medium-term credit to total credit advanced by the sample societies increased to about 8% from 6% in 1955-56. However, in 1960-61, medium-term credit was given by the societies in 17 of the 25 selected banks, compared with those in only 12 banks in 1955-56. Among the banks in which sample societies advanced medium-term credit, the proportion of medium-term credit to total credit advanced varied widely from a nominal proportion to about 49%.

*Share of total credit according to occupational groups and size of holdings :*

2.15 The sample data have also been used to study the share of various economic groups in the total of short and medium term credit available to members. The earlier examination of the relative distribution of members by size of holdings has revealed that there had been little change in the structure and composition of membership, from this point of view. The data on the share of credit obtained by borrowers in different groups of principal occupation and by cultivators with different sizes of holding, shows that of the credit given in 1960-61, 96% went to the cultivators and only about 4% to others. From among the non-cultivators, labourers obtained the largest share of credit. Of the credit going to cultivators, only 2 per cent went to those having less than one-acre holdings, 5.6 per cent to members having 1-2 acres, 7.2 per cent to those with 2-3 acres. The share goes on progressively increasing with rise in the size of holding. Only about 15% of the credit had gone to members having 3 acres or less as against 39% to those with 3-10 acres and 46% to still larger cultivators.

2.16 In 1958-59, the share of the cultivators was 96%, which is practically the same as that in 1960-61. Further, one finds that, by and