

CHAPTER XIII

AN ESTIMATE OF CREDIT REQUIREMENTS OF
SAMPLE FAMILIES

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13.1 Introduction

The present chapter has been designed to make an attempt to estimate the total credit requirements of sample farm-families during the period under study.

13.2 Limitations

The present analysis may suffer from the following limitations :

Firstly, group-wise (on the basis of landholding) and class-wise (on the basis of tenurial class) credit requirements have not been estimated. If the same could be made the present analysis would have been further enriched. But the present attempt is to know the total credit requirements of the farm-families and the emphasis has been given on the estimate of total requirements and not on finding for respective groups or classes in this regard. It is believed that if the said requirements can be estimated group-wise and class-wise

and then the summation of these groups' and classes' requirements is taken into consideration, the said attempt may reveal more meaningful and perhaps, purposeful information. Initially, attempt was made along that line but due to paucity of data and information relevant for this purpose, it was not given effect to ; and secondly, the estimate as presented in this chapter follows a simple method avoiding quantitative techniques of research which might be applied to make the analysis more scholarly but due to lack of requisite data and information, the aforesaid techniques have not been applied here.

13.3 Field Results

From table 13.1, it appears that in 1975-76, the total credit requirements of village 1 was Rs.1,32,452.00 of which Rs. 78,559.00 was for consumption, and Rs. 53,893.00 for production. In village 2, the total credit requirements was Rs. 1,16,590.00 of which Rs. 81,360.00 was required for consumption, and Rs. 35,230.00 was required for production. Rs. 79,182.00 was the total credit requirements of village 3 (Rs. 57,586.00 for consumption and Rs. 21,596.00 for production). Thus, the total credit requirements (consumption + investment) of village 4, village 5 and village 6 were Rs. 72,778.00, Rs.63,474.00 and Rs. 1,16,903.00 respectively (vide Table 13.1).

From the same table it is found that in 1976-77, the total credit requirement of village 1 was Rs.1,15,406.00 of which Rs. 57,038.00 was for consumption and Rs. 58,368.00 was for investment. Rs. 1,09,716.00 was the total requirements of village 2 i.e. Rs. 70,539.00 for consumption and Rs. 39,177.00 for production. Village 3 required a total credit of Rs. 75,553.00 - Rs. 39,595.00 for consumption and Rs. 35,958.00 for production. Thus, the total credit requirements of village 4, village 5 and village 6 were Rs.64,551.00, Rs. 54,998.00 and Rs. 1,12,059.00 respectively (vide Table 13.1).

It appears that the total credit requirements of all villages decreased in 1976-77 in comparison to that of 1975-76. The percentages of decrease of total credit requirements in 1976-77 over that of 1975-76 were as follows :

Village 1	...	12.9
Village 2	...	5.9
Village 3	...	4.6
Village 4	...	11.3
Village 5	...	13.4
Village 6	...	4.1

Such decrease was caused due to decrease in consumption credit requirements in all villages which is

perhaps due to increase of income of the farm-families. Credit requirements for investments increased in all villages in 1976-77 over the previous years' requirements ; such increase was due to increase in the area under cultivation while self-financing was more or less the same in both the years.

13.4 Total Credit Requirements and Credit Co-operative Societies

Co-operative societies have been supplying short-term credit to the farmers who are their members. In 1975-76, Rs. 20,200.00 was advanced by the SKUS in village 1, the percentage on total credit requirements being 15.3. In village 2, SKUS supplied a total credit of Rs. 10,400.00, the percentage on total requirements being 8.9. In village 3, village 4, village 5 and village 6, the credits by SKUS were Rs. 10,500.00, Rs. 3,400.00, Rs. 3,600.00 and Rs. 10,200.00 respectively. The relative percentages on total requirements were 13.3, 11.5, 5.7 and 8.7. In 1976-77, the Co-operative Societies extended credits of Rs.30,600.00 in village 1, Rs.14,100.00 in village 2, Rs. 27,400.00 in village 3, Rs. 19,600.00 in village 4, Rs. 15,600.00 in village 5 and Rs. 16,100.00 in village 6, the relevant percentages on the total credit

requirements of the villages being 26.5, 12.9, 36.3, 30.4, 28.4 and 14.4 respectively.

Fig. 13.1 shows the activities of the co-operative credit societies in the sample villages during the period under study. Co-operative societies supply credit only for investment. If investment credit requirements are considered, the above percentages were 37.5, 29.5, 48.6, 23.4, 27.4 and 34.9 in village 1, village 2, village 3, village 4, village 5 and village 6 respectively in 1975-76. In 1976-77, the co-operative societies provided 52.4 per cent, 36 per cent, 76.2 per cent, 45 per cent, 63.7 per cent and 25.6 per cent of agricultural credit in village 1, village 2, village 3, village 4, village 5 and village 6 respectively.

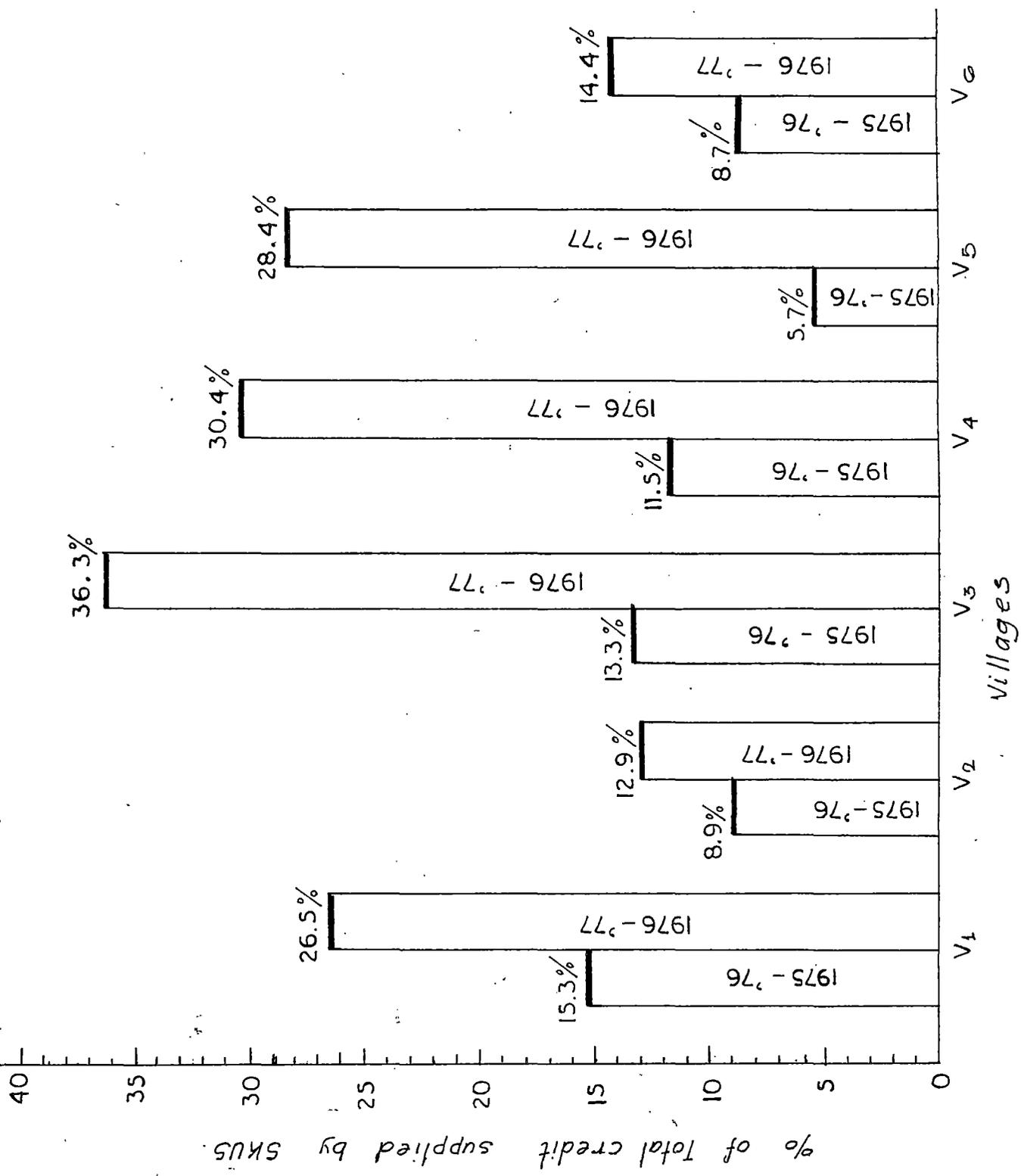


FIG. B.1 - BAR GRAPH SHOWING PERCENTAGE OF TOTAL CREDIT SUPPLIED BY SKUS IN THE SAMPLE VILLAGES DURING THE PERIOD UNDER STUDY.

13.5 Meeting-up of the Total Credit Gap

The village co-operative societies have been supplying a very little part of the total credit requirements of the farm-families. Commercial Bank is another agency for supplying agricultural finance. From table 13.2 it is found that in 1975-76, the Commercial Banks extended short-term agricultural credits of Rs. 2,000.00 in village 1, Rs.1,000.00, in village 2, Rs. 5,000.00 in village 3 and Rs. 6,000.00 in village 6. In 1976-77, these figures were Rs. 5,000.00, Rs. 6,000.00, Rs. 4,000.00, Rs. 8,000.00, Rs. 5,000.00 and Rs. 15,000.00 in village 1, village 2, village 3, village 4, village 5, and village 6 respectively. Commercial Banks do not sanction any loan for consumption expenditure. Hence the entire gap between income and consumption expenditure and the gap remaining in investment expenditure over self-financing and other sources of finance like finance from friends and relatives and finance from SKUS and Commercial Banks, is met by the finance given by the village moneylenders i.e. shop-keepers and Mahajans.

From table 13.2 it is found that in 1975-76, Rs. 1,03,752.00 was supplied by the village moneylenders in V_1 which is 78.3 per cent of the total credit need of village 1. In 1976-77, this percentage came down to 62 per cent of the total need.

In 1975-76, village moneylenders supplied Rs. 1,00,990.00 in village 2, representing 86.6 per cent of the total need. This was 74.4 per cent in 1976-77 in village 2. In village 3, village moneylenders lent Rs. 54,582.00 in 1975-76, representing 68.9 per cent of total credit need. This percentage was 47.2 per cent in village 3 in 1976-77. In 1975-76, in village 4, total loan from village moneylenders was Rs. 56,578.00, representing 77.7 per cent of the total credit need ; in 1976-77, this percentage was 45.9. In 1975-76, village moneylenders invested Rs. 51,874.00 in village 5, which was 81.7 per cent of the total credit need, while this percentage was 46.9 in 1976-77. In village 6, in 1975-76, total loan given by village moneylenders was Rs. 89,003.00, representing 76.1 per cent of total credit requirements ; this percentage came down to 62.9 in 1976-77. Thus, it was found that the role of the village moneylenders had been decreasing in all these villages. Perhaps, this is due to the increased participation of credit co-operatives in extending credit to the sample families but no indepth study has been undertaken to test this observation through scientific techniques of research.

13.6 Tables 13.1 to 13.3

Tables 13.1 to 13.3 are presented below :

Table 13.1

Total Credit Requirements of Farm-Families

Villages	1975 - 76			1976 - 77		
	Credit requirements for consumption Rs.	Credit requirements for investment Rs.	Total credit requirements Rs.	Credit requirements for consumption Rs.	Credit requirements for investment Rs.	Total credit requirements Rs.
V ₁	78,559/-	53,893/-	1,32,452/-	57,038/-	58,368/-	1,15,406/-
V ₂	81,360/-	35,230/-	1,16,590/-	70,539/-	39,177/-	1,09,716/-
V ₃	57,586/-	21,596/-	79,182/-	39,595/-	35,958/-	75,553/-
V ₄	36,822/-	35,956/-	72,778/-	20,957/-	43,594/-	64,551/-
V ₅	50,358/-	13,116/-	63,474/-	30,503/-	24,495/-	54,998/-
V ₆	87,674/-	29,229/-	1,16,903/-	49,109/-	62,950/-	1,12,059/-

Table 13.2

Financing of the Total Credit Requirements During 1975-76.

Villages	Total Credit Required	Credit given by SKUS	Credit by Commercial Banks	Loan from Friends & Relatives	Village money-lenders
	Rs.	Rs.	Rs.	Rs.	Rs.
1.	2.	3.	4.	5.	6.
V ₁	1,32,452/-	20,200/-	2,000/-	6,500/-	1,03,752/-
V ₂	1,16,590/-	10,400/-	1,000/-	4,200/-	1,00,990/-
V ₃	79,182/-	10,500/-	5,000/-	9,100/-	54,582/-
V ₄	72,778/-	8,400/-	x	7,800/-	56,578/-
V ₅	63,474/-	3,600/-	x	8,000/-	51,874/-
V ₆	1,16,903/-	10,200/-	6,000/-	11,700/-	89,003/-

Table 13.3

Financing of the Total Credit Requirements During 1976-77.

1.	2.	3.	4.	5.	6.
V ₁	1,15,406/-	30,600/-	5,000/-	8,300/-	71,506/-
V ₂	1,09,716/-	14,100/-	6,000/-	3,800/-	85,816/-
V ₃	75,553/-	27,400/-	4,000/-	8,500/-	35,653/-
V ₄	64,551/-	19,600/-	8,000/-	7,300/-	29,651/-
V ₅	54,998/-	15,600/-	5,000/-	8,600/-	25,798/-
V ₆	1,12,059/-	16,100/-	15,000/-	10,500/-	70,459/-