CHAPTER IV

LONG-TERM FINANCE FOR SAMPLE WELLS
This chapter deals with the policy and procedure governing sanction of long-term loans for sinking of new wells, period required for sanctioning loans in respect of sample wells, period between two instalments of loans, quantum of loans advanced for sample wells, deductions made from loans by the Ahmednagar District Cooperative Land Development Bank for various purposes and the subsidy granted for sample wells by State Government.

4.1 Policy and Procedure

The Ahmednagar District Cooperative Land Development Bank has been implementing the scheme for grant of loans and subsidy for the construction of new wells according to the policy laid down under the State Government's Resolution No. W&L 1062/F dated 28th December 1962, under which the business of Taccavi loans for new wells has been channelised through the Land Development Banks in the State. The object of the scheme is to give financial assistance to landholders who have lands but no adequate funds to construct a new well to enable them to increase agricultural production with the help of well-irrigation.

A. Policy governing sanction of loan and subsidy

(i) The scheme is under the overall control of the Director of Agriculture, Maharashtra State, who should be approached by the Land Development Banks regarding grant
of subsidy for the cases sanctioned by them. The Five Year Plan targets are communicated to the Registrar, Cooperative Societies, by Government in the Agriculture and Forests Department and the yearly targets are fixed by the Director of Agriculture in consultation with the Registrar, Cooperative Societies, with the approval of Government. The Maharashtra State Cooperative Land Development Bank, Ltd., Bombay arranges for necessary funds in consultation with the Registrar of Cooperative Societies and the Government in the Cooperation and Rural Development Department.

(ii) The subsidy amount is paid by the Director of Agriculture to the Land Development Banks every year on the basis of the number of cases sanctioned for grant of subsidy by the Block Development Officers of the Agricultural Department on completed wells.

(iii) A loan is sanctioned to the extent of the total estimated cost of construction of a new well subject to a maximum of Rs. 2500, provided, however, that the Land Development Banks are competent to advance loans to the maximum extent of Rs. 4000/-, if the Block Development Officer of the area concerned certifies the necessity for grant of enhanced loans in deserving cases to that extent, having regard to the strata, depth and requirements of material and labour in that district. The Banks are entitled to grants-in-aid on account of service charges on such en-
hanced loans. The banks can advance loans in excess of the above mentioned limits but no grants-in-aid on account of the differential rate of interest is admissible on the excess amount.

(iv) The loan is advanced in two instalments, the first to be given before the commencement of the work and the second after verification from documentary proofs or by panchanama and the certificate from either the Block Development Officer/Agricultural Extension Officer or the Bank's Enquiry Officer to the effect that approximately half the work is completed and the full amount of the first instalment is utilized.

(v) The principal shall be recovered in ten annual instalments. The first instalment shall be recovered 12 months after completion of the well or 24 months after the drawal of the first instalment of the loan, whichever is earlier. With effect from the 1st April 1960, interest at 4 1/2 percent per annum shall be charged from the date the loan is disbursed to the borrower.

(vi) The lands offered as security are valued at 300 times of the assessment of the land subject to a minimum of Rs. 300/- per acre. The full cost of the proposed improvement is added to the valuation so arrived at and loan can be sanctioned to the extent of 50 percent of the total valuation.

(vii) The estimated, actual or probable cost shall be
inclusive of the cost of purchasing and installing dead-stock comprising the lifting apparatus necessary for utilising the well for irrigation (not including, however costly machinery such as oil engines, pumps, etc. for the purchase of which taccavi is admissible under another scheme.)

(viii) It shall be incumbent upon the loanee of the Bank to build up the well exactly according to the specifications and details mentioned in the application as approved finally in the order sanctioning the loan and subject further to the condition of the well being actually useful for irrigation. It is open to the Block Development Officer/the Agricultural Extension Officer to decide whether a well is completed or not with reference to the geographical, climatic and soil conditions in their districts and to stipulate additional conditions, if necessary at the stage when a well is to be treated as complete, for the purpose of granting subsidy. The Superintending Agricultural Officer should carry out 5 percent check in this respect each year.

(ix) The subsidy for the construction of a new well shall be equivalent to 25 percent of the actual cost of construction of a new well as estimated by the competent authorities (namely Panchas of the Gram Panchayat or leaders in a village) subject to the maximum of Rs. 500/- per well. This subsidy shall be provisionally sanctioned
in respect of those cultivators who construct a new well within the stipulated period of 12 months from the date of receipt of the first instalment of the loan and finally sanctioned after verification that no less than 3 acres of the land under the command of the well is irrigated for at least 3 consecutive years after completion of the well. If the area falls below this figure in any year, the breach of the condition shall be condoned, provided, the Block Development Officer of the area concerned certifies that it was not possible to fulfill the condition for reasons beyond the control of the cultivator. On provisional sanction of the subsidy the budget allotment for the amount which will have been placed at the disposal of the Land Development Banks by the Director of Agriculture shall be provisionally adjusted immediately after work is finally completed and brought into use. The subsidy shall be in the form of remission of an equivalent amount of the loan advanced.

(x) The Land Development Banks are also entitled to service charges from Government to the extent of difference between their economic lending rate as may be fixed by Government every year and the concessional rate of interest of 4 1/2 percent per annum. These service charges are provided for and paid at the end of each year by Government after ascertaining from the Maharashtra State Cooperative Land Development Bank, the amounts to be fixed.
(xi) The concessions that are granted in respect of failed wells shall be in the form of (a) remission of total interest and (b) remission of 20 percent of the outstanding loans. In individual cases of hardship it would be open to Government to remit the amount of loan up to 50 percent or even more when it is found that the cultivator is not in a position to bear the expenditure on the construction of the well which has failed on account of factors beyond his control. Such cases in respect of cultivators in the areas should be referred to Government. The procedure in doing so is as follows:

(a) The District Agricultural Officer should decide whether the well has failed and report the matter with all the facts regarding the failure to the concerned Land Development Bank.

(b) The Land Development Bank should then verify the financial position of the cultivator by supplying to the District Agricultural Officer all the information regarding the repaying capacity of the cultivator, such as the area cultivated, whether irrigated or not, the nature of crops grown and generally the net profit derived from the land by the cultivator.

(c) On receipt of information from the Land Development Bank, the District Agricultural Officer should examine the position and recommend to the Director of Agriculture whether the concession of the remission of 50 percent of
the outstanding loan would be justified in the particular case or not.

(d) The Director of Agriculture should then forward to Government in Agriculture and Forests Department cases recommended by him. The question would then be further examined by Government.

These concessions will be reimbursed to the Land Development Banks by an equal amount to the Banks from the funds placed at the disposal of the Director of Agriculture for grant of subsidy.

B. Procedure to be followed in grant of loans and subsidy

(i) All applications for loans should be made in the form prescribed by the Maharashtra State Cooperative Land Development Bank with the approval of the Registrar, Cooperative Societies. Copies of the loan application forms should be got printed by the primary land development banks and distributed to the receiving Officers to be appointed by the Land Development Banks. The Receiving Officers would be Block Development Officers, Assistant Block Development Officers, Gram Sevaks, Agricultural Extension Officers as well as members of the staff of the Bank at the head office and the branches as may be considered necessary. As far as possible, the Land Development Banks should appoint Gram Sevaks of the area concerned as Receiving Officers for the purpose of receiving loan.

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* Village Level Workers.
applications. The Banks should also supply them blank registers in the prescribed form bearing the seal of the Bank for entering loan applications received by them. On receipt of the loan applications by the Receiving Officers, they should put their initials and the date of receipt on them and scrutinise them and obtain and attach to the applications copies of the following documents:

(a) Extracts from Village Record, 7/12 from 1956-57 onwards, to be issued by the Talathi of the village, certifying the present ownership of a particular piece of land.

(b) Village Form No. 8A i.e. Khata Extract, to be issued by the Talathi of the village, certifying the total holding.

(c) Mutation Entries, giving historical aspect of the land or sale-purchases of the past, to be issued by the Talathi or by the Revenue Office.

(d) Documents relating to ownership i.e. sale-deed etc. for establishing the title to the land.

(e) No Dues Certificates - One to be issued by the Revenue Office and the other to be issued by the Chairman of the concerned cooperative society to the effect that the dues of the loans advanced by them are not defaulted by the farmer.

(f) Two copies of the maps of land owned by the farmer.

† Village-Servant.
The Gram Sevaks should, thereafter, make an entry of
the receipt of the application in the register of appli­
cations for loan in chronological order. They should see
that the case is complete in all respects. If anything
is found incomplete in the application, the same should
be got completed by them.

(ii) Along with the loan application, the applicant
should pay all the fees specified by the Maharashtra State
Cooperative Land Development Bank with the approval of the
Registrar, Cooperative societies, and deposit an amount
equivalent to the value of one share of the Bank with the
Receiving Officer. The fees and the deposit so received
by the Receiving Officer should be remitted by him to the
Land Development Bank concerned.

(iii) After scrutiny of the loan applications, the
Receiving Officers should forward them to the Public
Enquiry Officers viz., Block Development Officers. Imme-
diately on receipt of loan applications, the Public Enquiry
Officer proceeds to give at least 8 days' notice in Form
'S' as laid down under Rule 93(8) of Maharashtra Coopera-
tive Societies Rules, 1961. Sufficient number of copies
of the notice are sent to the Talathi of the village con-
cerned and he should give the notice by beat of drum and
also affix a copy of the notice at the Chavdi of the
village where the applicant resides. The village Talathi
should then send a report of compliance within eight days.
The Public Enquiry Officer should also send copies of the notice to the Land Development Bank concerned and its branch for being exhibited at a prominent place in their offices. After ensuring that the notice has been properly served, the Public Enquiry Officer will bear the objections, if any, at the time and place fixed in the notice. On considering these objections submitted to him, the Public Enquiry Officer shall make an order in writing either upholding or over-ruling the objections to the loan from the interested parties on the lands offered in mortgage. If no objections are received within the stipulated time, the Public Enquiry Officer issues no objection certificate.

At the same time, the Enquiry Officer who is the Extension Officer conducts the enquiry of the loan. His duty is to value the lands, estimate the income and the repaying capacity of the applicant on visiting his place. Both the Public Enquiry and the enquiry of loan application are conducted simultaneously to avoid the delay.

The Block Development Officer, with his recommendation and no-objection Certificate should send the application to the Land Development Bank within 15 days.

(iv) On receipt of the reports of the Public Enquiry Officer and of the Enquiry Officer, the Loan Sub-Committee of the Land Development Bank shall consider the loan application and pass final orders, as early as possible and in any case within 30 days. The Bank should, thereafter,
communicate its decision to the applicant within 7 days and shall also lay down the terms and conditions regarding grant of loan, payment of instalments of loan, submission of report on the progress of improvement of land, etc. and the applicant is requested to remain present at the branch office of the Bank on a date fixed for execution of mortgage deed and for receiving the first instalment of loan, therefore, such date shall not ordinarily be later than 15 days from the date of communication of sanction of loan to the applicant. When receiving the first instalment of loan, the applicant shall also purchase shares of the Bank to the extent required under its byelaws and pay the balance of enquiry fees, if any.

(v) In order to get the second instalment of loan, the applicant has to obtain a certificate that half the work has been completed and for that the amount has been utilized for the purpose stipulated in the prescribed form from the Block Development Officer/Agricultural Extension Officer or the Bank’s Enquiry Officer, which is produced before the Land Development Bank and on receipt of which the Bank pays the second instalment of loan.

(vi) The full and final work completion certificate is given by the Block Development Officer/Agricultural Extension Officer of the area concerned in the prescribed form, and subsidy is provisionally sanctioned to the loanee and payment of which is ordered from out of the budget.
allotment placed at his disposal by the Director of Agriculture to the Land Development Bank.

(vii) After three years, the Block Development Officer issues a certificate to the Land Development Bank that the stipulated conditions (viz., construction of a new well within 12 months and bringing under irrigation minimum 3 acres of land for at least 3 consecutive years) have or have not been fulfilled. On receipt of this certificate, the land development bank takes action in regard to final adjustment of the subsidy.

(viii) The loan is to be repaid within a maximum period of 10 years. The maximum due date of payment of yearly instalment of the principal and interest charges (equated annual instalments) is the 31st March every year. If the instalment of loan is not paid up to 31st March, the same is treated as defaulted and the penal rate of 3 percent over and above the concessional rate of interest at 4 1/2 percent is charged on the amount defaulted and from the date of default. Defaulters are issued 8 days' notice, failing which a second notice (under Section 137) is issued; (a copy of the notice is also sent to the District Deputy Registrar of Cooperation).

(ix) As a last method of recovering the loans, the Special Recovery Officer appointed by the Land Development Bank, auctions the property of the farmer (including his landed property mortgaged to the Bank).
As per the policy, the principal should be recovered in 10 annual instalments, and the first instalment of loan should be recovered 12 months after completion of the well or 24 months after the drawal of the first instalment of the loan whichever is earlier. But in practice, this policy was not followed. The first instalment of the loan was recovered on the 31st March if the loan was advanced before January of the same year irrespective of whether the well was completed or not and the crops under the well-irrigation were raised or not. Supposing, the first instalment of the loan was made in November or December 1965, the recovery of the first instalment of the loan was made on or before 31st March 1966 i.e. within 4 months of the disbursement of the first instalment of the loan; and the amount of the first instalment was recovered out of the amount of the second instalment of the loan subsequently disbursed on completion of the work of the first instalment of the loan i.e. out of the amount of the second instalment of the loan, payable to the loanee, the recoverable amount of the first instalment of the loan from him was deducted and the balance was paid to him. There was the general practice of recovering the amount of the first instalment of the loan from the amount of the second instalment of the loan payable to the loanees, if the latter was disbursed from November onwards. This unhealthy practice followed by the Bank has adversely affected the
purpose for which loans were made. Explanations of the bank in this respect were that the Reserve Bank of India which advances loans for long-term purposes to the district cooperative land development banks through the State Cooperative Land Development Bank does not wait for a period of 24 months from the issue of loans for repayment of the first instalment of the loan from them but recovers on the following 31st March. The Reserve Bank of India should examine its policy in this respect and allow the policy of recovering the first instalment after 12 months after the completion of the well or 24 months after the drawal of the first instalment of the loan, that will enable the farmers to complete the well-work in 12 months and in the remaining 12 months they can raise crops under well-irrigation and pay the first instalment out of the sale of these crops.

4.2 Difficulties of Farmers in Obtaining Loans

The scheme of constructing new wells was first introduced in Maharashtra State in 1947 under the campaign of "Grow More Food". At that time it was implemented through the Agriculture Department of the State Government. The applications of well-taccavi loans were received by the District Development Board and the Executive Committees of the said Board used to sanction the well-taccavi loans and the admissible subsidy thereon. The disbursement of these
loans was entrusted to the Revenue Authorities.

From 1958-59 to 1960-61, the business of well tacciavi loans was partly routed through the land development banks and from 1961-62 onwards, looking to the achievements of the land development banks in advancing tacciavi loans for new wells, the entire business of tacciavi loans for new wells was transferred to the land development banks. The scheme was, therefore, generally known to the cultivators in the State even prior to its transfer to the land development banks. The Ahmednagar District Co-operative Land Development Bank after having commenced its working from February 1961, had undertaken the propaganda and 'Drive' for disbursement of Tacciavi loans for new wells through it and its branches, throughout the district of Ahmednagar. Pamphlets regarding disbursement of Tacciavi loans through the Bank were supplied to the Gram Sevaks to distribute them to the cultivators in the villages. The Gram Sevaks were also requested to announce the scheme in the villages by beat of drum. In this way, the scheme having been undertaken by the Bank was made popular.

During the course of the Survey, it was observed that about 15 percent of the total sample borrowers came to know the scheme by way of propaganda through the distribution of pamphlets and by beat of drum; about 25 percent of the sample borrowers knew from the Gram Sevaks, Talathis and local leaders; 5 percent from the Directors and staff of
the Bank, other Government and semi-Government servants, and about 55 percent sample borrowers replied that they knew the new scheme from the persons who had already obtained Taccavi loans for wells in their villages.

In the preceding section 4.1, a lengthy procedure in sanctioning a loan application of the farmer has been outlined in detail. A considerable delay caused due to this procedure, and the illiterate farmer had to face great amount of procedural difficulties by way of collecting several certificates and documents from different offices. Due to his ignorance and illiteracy, the farmer was quite vulnerable to corrupt practices followed by officials. Talathis of all the selected villages under the Survey, except one, were reported to be most uncooperative and indifferent in dealing with the farmers. Majority of the sample borrowers reported that they had a lot of difficulties and troubles in getting the necessary documents as explained in the loan procedure, from the Talathis of the villages. In the first two meetings, Talathi generally avoided in giving the certificates under the pretext that the record was in the other village or that they had some important work to attend and hence, they had no time. In case, a Talathi is attached to a group of villages, the farmers had to make frequent visits to find him. In the third meeting, Talathi would generally convey to the farmer that he would not get the Taccavi loan for a
well, giving some reasons that his small holding would not permit him to avail of the loan, or he had some Government dues to repay or the title to the land was not clear or he would direct him to approach the Revenue office for past mutation entries as that record he did not have. In this way, in three/four meetings in a couple of months, when a farmer would get annoyed, he would ultimately request the Talathi to accept his 'Panspari' i.e. gratification and issue him the required documents. If the Talathi is influential man he would, in the first or second meeting, demand his gratification. The farmer would then return and enquire with the other persons who had obtained loans, regarding gratification amount they had paid to Talathi. He would again meet the Talathi and would request for a reduction in the amount of his gratification. Talathi would reply him, if he, at all, wanted loan, he should pay the desired gratification or go back. The farmer ultimately would pay that gratification and would get all the documents at a time. If the farmer had paid less than that desired, the Talathi would not issue all the documents to him at a time. The farmer would be required to approach him again and pay him the balance for the remaining certificate. The gratification amount of Talathi ranged from Rs. 10/- to Rs. 100/- depending on the degree of illiteracy and connections of the applicant with the local leaders of the village.
Sometimes, the mutation entries which were not available with the Talathi, would have to be obtained from the Taluka Revenue Office. The Gram Sevak or Talathi would take the farmer to the Taluka Revenue Office at a time when he (Gram Sevak or Talathi) had some work there, at the expense of the farmer. In the Revenue Office, the clerk in charge of this record, would, in the first instance, refuse to answer, or would answer in an angry mood that he had no time as he was busy with some important work, and would ask him to come some other day. For this also, the farmers had to make 2-3 trips to the Taluka Revenue Office. If the Gram Sevak or Talathi had some common understanding (it was usually) with the clerk of the Revenue Office, he would ask the farmer to give some gratification, which was from Rs. 5 to Rs. 10. Some farmers, thinking that anyhow they would have to incur expenses for transport to visit again, preferred to pay the gratification in the first visit itself.

As regards Gram Sevaks, the sample farmers indicated that they were not as rude as Talathis. The farmers generally being illiterate, approached the Gram Sevaks (village level workers) to help them to fill up the loan application forms obtained from the branches of the Land Development Bank on payment of Re. 1 (The loan application form till 1964-65 was supplied through Gram Sevaks free of cost.) It was reported that the loan application forms
were generally filled by the Gram Sevaks, sometimes by
Talathis and teachers. The amount of demand for loan
was not at the option of the farmer, but the Gram Sevak
put the figures in the loan application in the light of
the formula for demanding loan and without taking into
consideration the probable cost that would be required for
the proposed well. The Gram Sevak, in the beginning,
would tell the farmer that he would be eligible for the
amount of loan which would be less than the amount that
could be arrived at as per the formula. The farmer having
no knowledge of the formula would request the Gram Sevak
to try some way or the other to increase the amount of
loan as the one proposed by him would not be adequate to
meet the requirements of the proposed well. To increase
the amount of loan, the farmer would offer or promise to
pay some gratification to him on receipt of the loan, who
would then bring the amount of demand for loan to the level
under the formula. If the Gram Sevak was an influential
man, he would himself demand his gratification ranging from
Rs. 15 to Rs. 50. Gram Sevak being the Receiving Officer,
would also act as Enquiry Officer on behalf of the Extension
Officer, and would make inquiry of the loan application
with regard to the value of the lands, income, repaying
capacity of the applicant and would also recommend the
amount of demand for loan. The farmer, thinking that
Gram Sevak was the authority for recommendation of loan
application, paid him his gratification.

As regards 'No Overdue Certificate' from the Primary Society, the farmers from the three villages reported that the Secretaries of the societies had issued the said certificates on payment of Rs. 2 to Rs. 5 as gratification.

After having filled up the loan application form, the Gram Sevak would take the applicant to the Taluka Block Development Office at his (applicant's) expenses, and hand over the loan application in the office. After a fortnight or a month the Gram Sevak and the applicant would visit the Branch of the Land Development Bank located at the taluka headquarters as to enquire whether his loan application was received there; at the expense of the applicant. When learnt that the same was not received, then they would visit the Taluka Block Development Office. There also the farmers experienced the same difficulties as they had in the Revenue Office. The farmers indicated that they had to offer gratification from Rs. 2 to Rs. 10 to expedite their applications.

At the Branches of the Land Development Bank, the writer observed that the treatment of the Branch staff to the farmers was not quite cordial. Sometimes, the farmers were asked to come some other day for receiving the loan instalments, giving the reasons that they (Branch staff) were busy with some important office work or that the
Inspector was away or the funds were short. Only two farmers reported that they had to offer gratification of Rs. 25/- to recommend their cases for second instalment to the members of the Branch staff, who had visited the spots for the verification of utilization of the first instalment of loan.

Till 1964-65, the verification work of utilization of the first instalment of loan was with the Gram Sevaks or the Extension Officers, but from 1965-66 onwards, this work has been assigned to the Bank Inspectors/Supervisors. The sample farmers who had obtained loans prior to 1965-66 reported that the Gram Sevaks used to demand gratification of Rs. 25/- to Rs. 50/- to recommend the cases for disbursement of the second instalment of loan, and particularly when the work of the first instalment of loan was not done as per the specifications given in the loan applications.

The writer himself observed that four farmers who wanted the second instalment of loans, had visited the Branches of the Bank to request the Bank Inspectors/Supervisors to visit their spots for verification. They told the farmers that they were busy in some other important office works, they would not be, therefore, available for at least 15 days. One of these farmers said that last time, the supervisor had promised to visit his spot for verification but he did not turn up. He went to the two villages to meet the supervisor on learning at the branch that the supervisor had gone to those villages. Then he
could not find him there also, he returned to the Branch next day when the writer was there in the Branch office. After having taken so much pains, the farmer expected that the supervisor (who was then present) should accompany him to his village for spot verification the very same day. But when the supervisor told him that he would come after 15 days, the farmer replied him that he had to make the payment to the contractor who had stopped the work and was pressing for payment, and, hence, he wanted the amount of the second instalment early. When the supervisor did not agree to accompany him, the farmer went back with a promise that the supervisor would come on the appointed day.

It was learnt at one of the Branches of the Bank that one of the Directors of the Bank helped the farmers in getting their loan applications sanctioned early. He would take the farmers to the branch and instruct the branch staff to get their loan applications from the Block Development Office if not received, and forward them to the head office of the Bank quickly. He, being the Director of the Bank, would see that these applications were sanctioned early. On receipt of the loan, the farmers were supposed to take the cash to this Director, residing in the same town, and then the Director would take out his commission of 2 percent of the loan received and return the balance to the farmers.
There was also the practice of approaching the local leaders of the village who helped the farmers in obtaining loans, on the understanding that they would pay gratification to them. These local leaders who were village Patils, Chairman of the Society, Presidents of Gram Panchayats or some political leaders, arranged to obtain the necessary documents. The borrowers of one of the villages, reported that they had to pay substantial amounts as gratification to the village Patil who had joined hands with the village Gram Sevak-cum-Talathi, to the extent of Rs. 250/- per case - Rs. 50/- at the time of making an application, Rs. 100/- at the time of disbursement of first instalment and remaining Rs. 100 at the time of disbursement of second instalment of loans. They were also required to pay the bus charges of the Patil and Gram Sevak from their village to Taluka headquarters when they visited the Block Development Office and the Branch of the Bank; and they had to entertain these two persons with refreshment every time. They had to make at least 5/6 such trips - one for obtaining Mutation Entries, from the Revenue Office and handing over the loan applications in the Block Development Office; second visit to see whether the applications were sent to the Branch of the Bank; third for executing the mortgage deeds and obtaining the first instalment of loans; fourth visit to request the Bank Inspector to visit the spot for verification of first

+ During 1964-65, the jobs of the Talathi and Gram-sevak were assigned to one person but again from 1965-66, these two posts were separated and assigned to two different persons.
instalment of loan, and the fifth visit to obtain the second instalment of loans. There would be, sometimes, one more visit in case the Block Development Office had not forwarded the loan application to the Branch of the Bank when they visited first time; or if the Patil or Gram Sevak had any work to attend at the Taluka headquarters, he would ask the farmer that they would go to the Branch of the Bank to enquire whether the application was received back from its head office duly sanctioned. The expenses per trip incurred were about Rs. 10/-. At the time of disbursement of loan, the farmer would hand over the cash to the Patil or Gram Sevak. He would take out his gratification as decided and return the balance to the farmer. No farmer from the village was supposed to visit the branch or any office independently. The total to and fro charges for 6 trips were about Rs. 60/- per case. In this village the farmers were also required to pay Rs. 5/- extra to the Secretary of the village society to issue 'no-overdue certificate'. Over and above this, every borrower was required to stand three special dinner parties - one on receipt of first instalment of loan and on starting the digging work, second party on striking water in the well and the third on starting the construction work of the well. Persons attending these special parties included the village Patil, Gram Sevak, Chairman and Secretary of the Society, and President of the Gram
Panchayat. The items of food served included chicken, chapattis etc. and the last item used to be country-liquor. Expenses per dinner party averaged to Rs. 30/-. The total expenses for three parties amounted to Rs. 90/-. The total expenses per borrower from this village from the time of application till the completion of the well are summarised below:

1. At the time of application: Rs. 50
2. At the time of 1st instalment: Rs. 100
3. At the time of 2nd instalment: Rs. 100
4. Transport and refreshment charges: Rs. 60
5. No-overdue certificate: Rs. 5
6. Three dinner parties: Rs. 90

Total: Rs. 405

It was generally experienced by the writer that the farmers were very reserved and afraid in giving the correct information about the gratification paid to the various officials during the course of obtaining loans, thinking that this person (writer) whom they did not know earlier, might leak out the information and then Talathis, Gram Sevaks, Bank staff and local leaders with whom they would have to come in contact frequently, would start troubling them. After a lot of persuasion, taking them into confidence and making halts at their hutments on the farms during nights, some of the farmers disclosed the correct
information about the prevalent corrupt practices on the
promise that the information given by them would not be
leaked out. The village is located in the interior and
the farmers are generally backward and under the domina-
tion of local leaders. This was the extreme picture
seen during the Survey.

Another extreme picture having the lowest expenses
incurred by the farmers in obtaining loans was from another
village, where the Talathi was the local person, having
some landed property in the village. He was once in the
Army. The borrowers of this village reported that the
Talathi took only Rs. 5/- per case, towards the prescribed
fee at the rate of 13 paise per extract. As per one of
the conditions governing sanction of loan, the applicants
were required to obtain extracts from land records for
the last 12 years. If any farmer held lands bearing
different survey numbers, then for each survey number the
Extracts from land records for 12 years had to be obtained.
The prescribed fee, thus, ranged from Rs. 2 to Rs. 5. The
Gram Sevak attached to the village was also reported to
have not demanded any gratification except that the
farmers paid his transport and refreshment charges. But
In the Revenue office and the Block Development Office,
they had to pay Rs. 5/- in each office. The total expenses
amounted to Rs. 45/- per case as under :-
(1) Fee for obtaining extracts  \text{Rs. 5/-}
(2) Transport and Refreshment Charges (for 6 trips)  \text{Rs. 30/-}
(3) Gratification paid  \text{Rs. 10/-}
\textbf{Total}  \text{Rs. 45/-}

The Branches of the Ahmednagar District Cooperative Land Development Bank issued cheques to the farmers on sanction of their loan applications, drawn on the local branches of the Ahmednagar District Central Cooperative Bank. The farmers took them to these Branches for payment. The proceeds of cheques were paid to the farmers on their identification by one of the account holders of the Branches. Since the farmers did not hold any accounts with the branches they had to request some persons holding accounts with the Branches for this purpose. The farmers of one village reported that they had to pay Rs. 2/- per cheque to a pleader for identifying them to the Branch of the Central Cooperative bank.

It was also observed that the farmers, having close relations and connections with the Talathis, Gram Sevaks, officials of the Bank, Revenue and Block Development offices, the Zilla Parishad and the local leaders, were not required to pay any gratification to any officials. About 20 farmers reported that they knew some of the officials who helped them to obtain loans from the Bank without the payment of any gratification, except the transport and refreshment charges.
The difficulties experienced by the farmers in obtaining loans have been explained in detail. A considerable delay was caused due to the lengthy procedure, and the illiterate farmers had to face great amount of procedural difficulties by way of collecting several certificates and documents from different offices. Due to their ignorance and illiteracy, the farmers were quite vulnerable to the corrupt practices followed by officials and non-officials. They were required to pay from a minimum of Rs. 15/- to a maximum of Rs. 250/- as gratification, plus the transport and refreshment charges ranging from Rs. 30/- to Rs. 155/- for getting their certificates readily available and for early sanction of their loan applications. The total expenses including the gratification were from Rs. 45/- to Rs. 405/-.

4.3 Period Required for sanctioning Loan Applications

In the foregoing Section 4.2, the difficulties encountered by the farmers in obtaining the necessary documents and certificates to be attached with the loan applications have been described in detail. The Gram Sevaks who were receiving Officers, accepted the loan applications only when all the necessary certificates were attached to the applications. To obtain these certificates from the Talathis, and Revenue Office, the farmers required at least from two to four months or even more in some cases. As
explained earlier, the Talathis did not issue the certificates even when the farmers visited two to three times and on agreeing to his 'Pan-supari' (gratification), they issued the certificates. The farmers being hard-pressed for money, did not pay Talathis their gratification in the first meeting, thinking that they would show some sympathy and waive this condition, but when seen, they were adamant in their attitude, the farmers had to yield to them in offering the gratification. Hence, the time taken by the Talathis in issuing certificates, was one and a half months and above. And for obtaining mutation entries of the past from the Taluka Revenue Office, the period required varied from 15 days to a month or even more depending on the willingness of the farmers to pay the gratification to the clerk of the Revenue Office.

About 30 percent of the borrowers could obtain their certificates within two months; about 40 percent within two to four months, about 20 percent within four to six months and 10 percent obtained their certificates after six months. In about 8 cases, the certificates were received after a year. The red-tapism exercised by the Talathis and the Revenue Office, affected a majority of the borrowers that could be seen from the period they took to issue the certificates. To reduce the red-tapism and the delay in obtaining the certificates, it can be suggested that the Bank should be authorized to call the necessary
certificates required by the borrowers from the various offices i.e. Talathi, Revenue Office and Cooperative Society. The above suggestion would not require the Bank to appoint any additional staff for this. If the efficiency of the existing staff at the branches of the Bank is enhanced, the suggestion could easily be implemented. In this respect, the District Collector’s cooperation appears necessary. He should issue the orders to the Revenue Officers to extend full cooperation to the bank officials in issuing the necessary certificates for loan applications.

The receiving Officers i.e. Gram Sevaks, on having checked that the applications were filled in properly and all the necessary certificates were attached to the applications, would accept them and put his initials and the date of receipt of applications. The dates of applications and the dates of their receipts by the Gram Sevaks in most of the cases were found to be the same as the loan applications were filled in by them. The following table 4.1 would reveal the period required from the date of receipt of applications till the disbursement of the first installment of the loans sanctioned.

The table reveals that 55% of the loan applications were sanctioned within four months; about 25% required the period from 4 months to 6 months. Twelve applications were sanctioned after a year. Although the Rule 93(15)
The table below shows the period required for sanction of loans (i.e. the period between the date of application and the date of actual receipt of the first installment of loans) in respect of sample wells.

<table>
<thead>
<tr>
<th>Period required</th>
<th>No. of sample wells</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within and upto 4 months</td>
<td>123</td>
<td>59.13</td>
</tr>
<tr>
<td>4.1 to 8.0 months</td>
<td>51</td>
<td>24.52</td>
</tr>
<tr>
<td>8.1 to 12.0 months</td>
<td>22</td>
<td>10.58</td>
</tr>
<tr>
<td>Beyond 12 months</td>
<td>12</td>
<td>5.77</td>
</tr>
<tr>
<td>Total</td>
<td>208</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Dates of applications not available: 69

Total No. of Sample Wells: 277

Of the Rules of the Maharashtra Cooperative Societies Act 1960, laid down the maximum period of four months for disposal of loan applications, the period taken to sanction 41 percent of the applications exceeded four months. In respect of 69 loan applications, the dates of applications were not recorded in the loan applications, nor were the dates put by the receiving Officers under their signatures.
The Rule 93(6) of the Rules of the Maharashtra Co-operative Societies Act, 1960 states that after an application for loan has been received, the Receiving Officer shall verify whether it contains all the necessary particulars and is accompanied by the necessary documents and forward it to the Public Enquiry Officer (the Block Development Officer or the Extension Officer) to give public notice of the application under Section 118 of the above Act. The Public Enquiry Officer shall give at least eight days' public notice, calling upon all persons interested to present their objections to the loan, if any. If no objection is received, the Public Enquiry Officer, under Rule 93(10), is required to forward the application within two days of their disposal to the Enquiry Officer, who is generally the Extension Officer. He shall make inquiry by actually visiting the land in which the well is to be sunk and the lands offered as security. The Enquiry Officer, under Rule 93(ii), is required to complete his inquiry within 15 days from the date of the receipt of the application by him. As per the above procedure, the Receiving Officer, the Public Enquiry Officer and the Enquiry Officer, belonging to the same department, i.e. the Block Development Office, should require a maximum period of one month for the disposal of loan application to the branch of the Land Development Bank. Although the Rule 93(15) allowed a maximum period
of 4 months for final disposal of the loan application
i.e. two months for the Block Development Office and
another two months for the Land Development Bank (Under
rule 93(14), the bank is required to pass final orders
within 30 days, and convey the decision within 7 days),
the Block Development Office and the Bank as well, have
both taken a period of more than two months, as could be
seen from Table 4.2.

**TABLE 4.2** SHOWING PERIOD TAKEN BY BLOCK DEVELOPMENT
OFFICE TO RECOMMEND LOAN APPLICATIONS AND BY
THE BANK TO SANCTION LOAN APPLICATIONS IN
RESPECT OF SAMPLE WELLS

<table>
<thead>
<tr>
<th>Period taken</th>
<th>Block Development Office</th>
<th>Land Development Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of applications</td>
<td>Percent to total</td>
</tr>
<tr>
<td>Within and up to 2 months</td>
<td>138</td>
<td>70.05</td>
</tr>
<tr>
<td>2.1 to 4.0 months</td>
<td>31</td>
<td>15.74</td>
</tr>
<tr>
<td>4.1 to 8.0 months</td>
<td>17</td>
<td>8.63</td>
</tr>
<tr>
<td>Beyond 8 months</td>
<td>11</td>
<td>5.58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>197</td>
<td>100.00</td>
</tr>
<tr>
<td>Dates not available</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td><strong>Total No. of applications</strong></td>
<td>277</td>
<td></td>
</tr>
</tbody>
</table>
About 30 percent of the loan applications were disposed of by the Block Development Office to the Land Development Bank after two months and the Bank also finally sanctioned and disbursed the first instalment of loan after two months in respect of equal number of loan applications. The dates of receipt and of forwarding the loan applications by the Land Development Bank and the Block Development Office respectively were not available in as much as 80 loan applications. In fact, they should have been put in the loan applications as required under Rule 93 of the Rules of the Maharashtra Cooperative Societies Act.

The loan applications recommended by the Block Development Office, were received by the Branches of the Bank. The Inspector/supervisor of the Branch further scrutinized the loan applications. If there were any deficiencies, the Branch got them completed or returned to the Block Development Office for completion. For scrutiny of loan applications, the Branch would, at the most, require a week and they were forwarded to the Head Office of the Bank. The Bank conducted monthly meetings of its Loan Committee for consideration of these applications. If the applications were received just a few days before holding the meeting, then a week or two would be sufficient to finally pass the orders. The loan papers along with their sanction were returned to the Branches and they in turn, communicated the decisions to the applicants and disbursed the first
instalment of loan. For the above entire procedure, the Bank would take not more than 1 1/2 to 2 months. It was observed that in respect of 20 percent of the loan applications, sanction by the Bank was delayed due to its policy that no disbursement of first instalment of loan should be made in the rainy season, i.e. from July to October as the well-work can not be undertaken in these months due to rains; and in the remaining 10 percent of loan applications, delay occurred on account of deficiencies in the loan applications which were required to be got completed or returned to the Block Development Office for completion.

It was observed that the Block Development Office was not so particular in getting the deficiencies in the loan applications completed and hence the Bank had to get them completed. It was generally reported by the farmers that unless they went and requested the clerks of the Block Development Office, the applications would lie on the table. As observed earlier, the clerks of the Block Development Office expected some gratification from the applicants and hence they kept the applications pending till the farmers went and paid their gratification. This practice appeared to be the cause for the delay in the Block Development Office. In fact, under Rule 93, the Block Development Office and the Bank were required to make reports to the Registrar
of Cooperative Societies, in case applications were delayed more than the prescribed time, stating thereunder the reasons thereof, and act in accordance with such directions as might be issued to them by the Registrar, but this was not followed by them, nor did the Cooperative Department care to enforce the same.

4.4 Period Required for Second Instalment of Loan

The period required to obtain second instalment of loan in respect of sample wells is given in Table 4.3.

**TABLE 4.3 SHOWING PERIOD REQUIRED TO OBTAIN SECOND INSTALMENT OF LOAN IN RESPECT OF SAMPLE WELLS**

(i.e. PERIOD BETWEEN FIRST AND SECOND INSTALMENTS)

<table>
<thead>
<tr>
<th>Period required</th>
<th>No. of sample wells</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than and upto 3 months</td>
<td>103</td>
<td>39.17</td>
</tr>
<tr>
<td>3.1 to 6.0 months</td>
<td>107</td>
<td>40.68</td>
</tr>
<tr>
<td>6.1 to 12.0 months</td>
<td>16</td>
<td>17.19</td>
</tr>
<tr>
<td>Beyond 12 months</td>
<td>7</td>
<td>2.66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>263</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

II Instalment not paid   14

Total No. of sample wells 277
It is observed that the second instalment was received within three months in respect of 103 out of 263 sample wells i.e. 39 percent, and in respect of 107 sample wells i.e. 41 percent between 3 and 6 months. In the case of 7 sample wells, it was received after a year. The applicants are required to mention in their applications, the amount of well-work to be done with the amount of first instalment of loan. The farmers having no knowledge of the strata of their soils, requested the Gram Sevaks to put the reasonable depth and width, and construction of the proposed wells in their applications. If the well-work was not done according to the specifications given in the applications, the Verifying Officers would ask the farmers to carry out the remaining work and then only, they would get the second instalment of the loan. If the farmers had already spent the amount of the first instalment of loan, they would keep the work pending unless the second instalment was received. It would be relevant to state that the Verifying Officer, without going into the specifications of the well-work, given in the loan application, should see that the amount of the first instalment was utilized for the well-work and if so, he should recommend for disbursement of the second instalment. As reported earlier, till 1964-65, Gram Sevaks on behalf of the Extension Officers, used to verify the utilization of the first instalment of
loan and often demanded gratification irrespective of
whether the work was done according to specifications,
or not; whether the amount of the first instalment was
utilized or not. There were several cases (as explained
in Chapter V) where the second instalment was paid even
when the amount of the first instalment of the loan was
not fully utilized. About 50 percent of the sample
farmers reported that they had to pay gratification of
Rs. 10 to Rs. 50 to the Verifying Officers; about 20 percent
reported that they stood dinner parties to them, and the
remaining 30 percent reported that they paid nothing to
the Verifying Officers. Another reason for delay in the
disbursement of the second instalment of loan was that in
majority of the cases the farmers utilized a part of the
amount of the first instalment of loan for purposes other
than the well-work. When asked about the amount spent for
the work, everyone would say double of the amount received
from the Bank (as was experienced by the writer himself
as regard to cost of well). The Verifying Officer who
visited the villages for verification of the loans, could
estimate the probable amount that might have been spent
on the work, by way of general experience. Hence, he
would not recommend the second instalment in cases when
the amount of the first instalment was not fully utilized.

The period required for the well-work to be done with
the amount of the first instalment of loan depended on
various factors viz. (i) amount of first instalment received, (ii) strata of the soil, (iii) diameter of the well and (iv) the strength of the labour employed. But generally it would be ranging from about one month to three months, of which, working days would be from 3 weeks to 2 months. In the normal course, it would not exceed 3 months except for factors beyond control viz. strata of the soil consisting of exceptionally hard rock and rains.

Reasons for delay in the release of the second instalment of loans were mainly three, of which two have been explained earlier i.e. the amount of the first instalment not fully utilized by the borrowers and expectation of gratification by the verifying Officer. The third reason was that most of the loans were sanctioned and issued by the Bank during the period of May and June being the year-end months with a view to reaching the targets fixed for the year. The farmers who received the first instalment of loans could not undertake sinking of wells thinking that the well-work if started in July would be held up due to monsoon and hence they would start the work sometime from October onwards.

In respect of 14 sample wells, the second instalment of loans was not paid for reasons that the first instalment of loans in case of 9 sample wells was misutilized, in the case of two, due to the carelessness of the borrowers, and in one case, the second instalment of loan was not
availed of as the work was left out due to hard rock.
In the case of two sample wells, the work of the first instalment of loans was in progress.

4.5 Quantum of Loan sanctioned for Sample Wells

Long-term loans sanctioned for all sample wells amounted to Rs. 0,70,300. The year-wise sanction of these loans is given in Table 4.4.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of sample wells</th>
<th>Amount of loan sanctioned Rs.</th>
<th>Percent of total loan</th>
<th>Average loan per sample well Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-61</td>
<td>3</td>
<td>6,850</td>
<td>1.02</td>
<td>2,283</td>
</tr>
<tr>
<td>1961-62</td>
<td>72</td>
<td>1,53,450</td>
<td>22.89</td>
<td>2,131</td>
</tr>
<tr>
<td>1962-63</td>
<td>13</td>
<td>99,600</td>
<td>14.87</td>
<td>2,316</td>
</tr>
<tr>
<td>1963-64</td>
<td>68</td>
<td>1,72,800</td>
<td>25.78</td>
<td>2,541</td>
</tr>
<tr>
<td>1964-65</td>
<td>45</td>
<td>1,24,300</td>
<td>18.54</td>
<td>2,762</td>
</tr>
<tr>
<td>1965-66</td>
<td>66</td>
<td>1,13,300</td>
<td>16.90</td>
<td>2,463</td>
</tr>
<tr>
<td>Total of 5 years</td>
<td>277</td>
<td>6,70,300</td>
<td>100.00</td>
<td>2,420</td>
</tr>
</tbody>
</table>

II Install-ment not paid

| Total loan issued | 0,52,900 |
| Total loan issued | -        |
The number of loans in 1960-61 is very small. Hence, if we see the figures for 1961-62, it is observed that from 1961-62 onwards there has been a gradual rise in the average loan per sample well but in 1965-66 the average loan per sample well came down to Rs. 2403 from Rs. 2762 in the preceding year. Financial stringency faced by the Bank in 1965-66 was reported to be the reason for the fall in the average loan in that year. The average loan per sample well during 1960-61 to 1965-66 was Rs. 2120.

In respect of 11 sample wells, the second instalment of loan was not issued, (The reasons for the same have already been given in the preceding section A.H) and in the case of two sample wells, the second instalment of the additional loans also was not issued due to mis-utilization of the first instalments. If the loans already issued were inadequate for the well-work, farmers made applications to the bank for additional loans for completing the incomplete work, provided that they had adequate additional security to offer to the bank, and subject to the maximum limit of Rs. 4000/- (including additional loan). In respect of 15 sample wells, such additional loans were sanctioned by the bank.

The bank sanctioned loans to the farmers for sinking of new wells as per the formula laid down under the well scheme i.e. to the extent of 50 percent of the cost of the proposed well and the value of land offered in mortgage as
security. Lands were valued at 300 times of their assessments. Probable cost of a well was worked out on the basis of the demand for loan and the proposed work as given in the loan application.

The holding-wise and loan size-wise classification of loans sanctioned and issued in respect of sample wells is given in Table 4.5.

From Table 4.5, it will be seen that the farmers whose holding was in between 10 acres and 20 acres, were benefitted more. Of the total loan sanctioned, 37 percent was received by the farmers under this group. Farmers whose holding ranged from 20 to 30 acres were next to the previous group, who received more loans i.e. 23 percent. Farmers holding lands up to 16 acres were less benefitted in terms of quantum of loans received. Only nine and a half percent of the total loan sanctioned was made available to this group due to inadequate landed security to offer to the Bank in mortgage. The average loan sanctioned per well was the lowest i.e. Rs. 173/- in the case of group No. 1 holding lands up to 16 acres and the highest i.e. Rs. 2808/- in the case of group No. 5 holding lands above 16 acres.

Of the total loan sanctioned, 62.31 percent belonged to the size-group of Rs. 2001 and Rs. 3000/-, 18.24 percent and 17.14 percent to the size groups of Rs. 1001 to Rs. 2000/- and Rs. 3000/- to Rs. 4000/- respectively. The average
<table>
<thead>
<tr>
<th>Group number</th>
<th>Size of holding acres</th>
<th>Loan upto Rs. 1000</th>
<th>Loans from Rs. 1001 to Rs. 2000</th>
<th>Loans from Rs. 2001 to Rs. 3000</th>
<th>Loans from Rs. 3001 to Rs. 4000</th>
<th>Total</th>
<th>Percent of total loans sanctioned</th>
<th>Average loan per sample well</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Upto 10.0</td>
<td>8 7700</td>
<td>20 32200</td>
<td>7 17600</td>
<td>2 6600</td>
<td>37 64100</td>
<td>9.56</td>
<td>1732</td>
<td></td>
</tr>
<tr>
<td>2 10.1-20.0</td>
<td>7 6800</td>
<td>33 57350</td>
<td>55 142700</td>
<td>11 41400</td>
<td>106 248250</td>
<td>37.35</td>
<td>2342</td>
<td></td>
</tr>
<tr>
<td>3 20.1-30.0</td>
<td>1 1000</td>
<td>10 18400</td>
<td>43 113750</td>
<td>6 22200</td>
<td>60 155350</td>
<td>23.17</td>
<td>2589</td>
<td></td>
</tr>
<tr>
<td>4 30.1-40.0</td>
<td>-</td>
<td>-</td>
<td>25 6500</td>
<td>5 10700</td>
<td>35 93100</td>
<td>13.89</td>
<td>2460</td>
<td></td>
</tr>
<tr>
<td>5 Above 40.0</td>
<td>-</td>
<td>-</td>
<td>29 7800</td>
<td>7 26000</td>
<td>39 109500</td>
<td>16.33</td>
<td>2808</td>
<td></td>
</tr>
<tr>
<td>Total of 5 groups</td>
<td>16 15500</td>
<td>71 122250</td>
<td>159 417650</td>
<td>31 114900</td>
<td>277 673000</td>
<td>100.00</td>
<td>2420</td>
<td></td>
</tr>
</tbody>
</table>

II installment not paid
- | 2 - 1000 | 2 - 1850 | 10 - 13550 | 2 - 1000 | 14 - 17400 | - | - |

Loan issued
- | 16 14500 | 71 120400 | 159 404100 | 31 113900 | 277 652900 | - | - |

Percent of total loan sanctioned
- | 2.31 | 18.24 | 62.31 | 17.14 | 100.00 | - | - |

Loan sanctioned per well
- | 969 | 1722 | 2627 | 3706 | 2420 | - | - |
loan sanctioned per well in the size-group of Rs. 3001 to Rs. 4000, was Rs. 3706/- and Rs. 969/- in size-group of loan upto Rs. 1000/-. 

Out of the total loan of Rs. 6,70,300 sanctioned for 277 sample wells, Rs. 6,52,900 was issued and Rs. 17,400/- being the amount of the second instalment of loan of 16 wells could not be issued due to misutilization of the first instalment, carelessness of the borrowers and due to progress of the work of the first instalment.

4.6 Deductions from Loans

The Ahmednagar District Cooperative Land Development Bank made deductions from the loans issued to the farmers towards various purposes. The total loans issued for all the 277 sample wells stood at Rs. 6,52,900, from which the deductions made were Rs. 80,785 and the net amount of loans disbursed was Rs. 5,72,115/-. The percentage of the deductions to the total loans issued was 12.37 percent which appears to be quite high. The purposes for which the deductions were made from the loans are given in Table 4.6.

Seventy-one percent of the deductions were made towards the purchase of shares of the Ahmednagar District Cooperative Land Development Bank, 16 percent towards investment in Rural Debentures floated by the Maharashtra State Cooperative Land Development Bank, about 4 percent towards the recovery of the dues of the primary societies.
TABLE 4.6 SHOWING PURPOSE-WISE DEDUCTIONS FROM THE LOANS
ISSUED FOR SAMPLE SELLS

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount deducted Rs.</th>
<th>Percent of total deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shares of Ahmednagar Land Development Bank</td>
<td>57,350</td>
<td>70.99</td>
</tr>
<tr>
<td>2. Rural Debentures of the State Land Development Bank</td>
<td>13,150</td>
<td>16.26</td>
</tr>
<tr>
<td>3. Societies dues</td>
<td>3,460</td>
<td>4.28</td>
</tr>
<tr>
<td>4. Land Valuation Fee</td>
<td>2,918</td>
<td>3.61</td>
</tr>
<tr>
<td>5. Building Fund</td>
<td>1,330</td>
<td>1.66</td>
</tr>
<tr>
<td>6. Printing and Stationary charges</td>
<td>677</td>
<td>0.84</td>
</tr>
<tr>
<td>7. Search Fee</td>
<td>596</td>
<td>0.74</td>
</tr>
<tr>
<td>8. 'B' Class Membership of the Bank</td>
<td>413</td>
<td>0.51</td>
</tr>
<tr>
<td>9. Legal Fee</td>
<td>303</td>
<td>0.37</td>
</tr>
<tr>
<td>10. Entrance Fee</td>
<td>298</td>
<td>0.37</td>
</tr>
<tr>
<td>11. Writing Charges</td>
<td>290</td>
<td>0.36</td>
</tr>
<tr>
<td><strong>Total Deductions</strong></td>
<td><strong>80,765</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

and about another 4 percent towards land valuation fee. The Bank also deducted 1.66 percent of deductions towards its Building Fund. Minor deductions were made towards printing and stationery charges, search fee, 'B' class membership of the Bank, legal fee, entrance fee and writing charges.
The Bank used to deduct 5 percent of the loan issued towards purchase of its shares till 1961-62 and from 1962-63, it has raised the rate from 5 percent to 10 percent. The entrance fee at Rs. 1 and printing and stationery at Rs. 3 per case were collected. 'B' class membership was collected at one rupee per member of the family. The legal fee which was collected at Rs. 3 1/2 per case, has been stopped from April 1963. The land valuation fee which was collected at Rs. 7 1/2 per case, has been raised to Rs. 11/- from April 1963. The writing charges were collected at one rupee per thousand of loan or part thereof. The search fee for obtaining incumbrance certificate from the sub-registrar was collected from April 1964 at Rs. 6 per case.

There was no general rule of collecting Rs. 10/- from the loans towards investment in the rural debentures, but the same was collected from the borrowers who did not know about it and hence could not oppose to the deduction. The farmers who did not have their own funds for sinking of wells, approached the Bank for a loan, and hence, the Bank should not have insisted on purchase of rural debentures, which were supposed to be purchased by such farmers who had surplus income.

The Bank has started collecting Rs. 10/- compulsorily from the loans issued, as donation to its Building Fund from May 1964.
There was also the practice of recovering the dues of the primary society in the beginning. Unless the farmer cleared off his dues of the primary society, 'no-dues certificate' was not issued by it. As the farmer, sometimes, had no money to clear off the society's dues, he requested the Bank to pay the same to the society from the loan sanctioned to him. This practice was discontinued since 1962.

As a matter of fact, the Bank should not collect Rs. 10/- from the loans, towards its Building Fund as the farmers are always hard pressed for money.

As regards rural debentures, the Bank should not put the burden on the farmers who come to it for loans. Investment in rural debentures from the loans appears paradoxical and, hence, the practice of deducting Rs. 100/- from loans needs to be discontinued. The land valuation fee at Rs. 11/- per case appears to be very high. Since the land valuation is the function of the Bank, the fee towards valuation of lands should not be collected from the farmers from their loans.

Reduction at 10 percent of the loan towards purchase of the Bank's shares also appears to be quite a heavy burden on the farmers. They were also required to pay interest on such deductions at usual rate of interest. The borrowers have to face a double loss of (i) not getting any benefits of his share capital (no dividends were paid so far) and (ii) increased burden of interest charges. The Bank, no
doubt, tries to increase its borrowing capacity by increasing its share capital, but it does so only at the expense of poor farmers. While erecting the super-structure of increased credit (from the State Cooperative Land Development Bank), the primary bank overlooks the amount of economic damage done to its marginal peasants. It may, therefore, be suggested that the weaker section of the peasantry i.e. the peasants having a land revenue below Rs. 20/- should be allowed to contribute to the share capital at 5 percent of loans, and from the rest, share capital at 10 percent of loans may be deducted.

4.7 Subsidy Granted for Wells by the Government

Out of 277 sample wells, the Government provisionally sanctioned subsidy of Rs. 43,300 in respect of 86 sample wells till 30-6-1966 except the Ahmednagar taluka where it was upto 30-6-1967. Table 4.7 gives the subsidy granted in respect of sample wells.

In respect of 64 sample wells, a subsidy of Rs. 500 each was granted, in the case of two wells, a subsidy of Rs. 350/- each was granted and in the case of the remaining two wells, a subsidy of Rs. 300 each was granted. It will be observed from the table that the subsidy received by the farmers in the lowest group No. 1 amounted to about 30 percent of the loan sanctioned for them and 56 percent of them received the subsidy; while the subsidy received by the farm
<table>
<thead>
<tr>
<th>Group number</th>
<th>Size of loan Rs.</th>
<th>Total number of sample wells</th>
<th>Loan sanctioned Rs.</th>
<th>Subsidy granted in 1963-64</th>
<th>1964-65</th>
<th>1965-66</th>
<th>1966-67</th>
<th>Total</th>
<th>Percentage of wells granted subsidy to total wells</th>
<th>Percentage of amount of subsidy to loan sanctioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Upto Rs.1,000</td>
<td>16</td>
<td>1550</td>
<td>1 500</td>
<td>4 2000</td>
<td>4 2000</td>
<td>-</td>
<td>9 4500</td>
<td>56</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>1001-2000</td>
<td>71</td>
<td>122250</td>
<td>1 500</td>
<td>9 4200</td>
<td>15 7100</td>
<td>1 500</td>
<td>26 12300</td>
<td>37</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>2001-3000</td>
<td>159</td>
<td>417650</td>
<td>- -</td>
<td>5 2500</td>
<td>34 17000</td>
<td>4 2000</td>
<td>43 21500</td>
<td>27</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>3001-4000</td>
<td>31</td>
<td>114900</td>
<td>- -</td>
<td>1 500</td>
<td>8 4000</td>
<td>1 500</td>
<td>10 5000</td>
<td>32</td>
<td>4</td>
</tr>
<tr>
<td>Total of 4 groups</td>
<td></td>
<td>277</td>
<td>670300</td>
<td>2 1000</td>
<td>19 9200</td>
<td>61 30100</td>
<td>6 3000</td>
<td>88 43300</td>
<td>32</td>
<td>6</td>
</tr>
</tbody>
</table>
in loan-groups from Rs. 2001 to Rs. 3000 and Rs. 3001 to Rs. 4000, amounted to five and four percent of the total loan sanctioned for them respectively. The subsidy granted was equivalent to 25 percent of the actual cost of wells subject to the maximum of Rs. 300/- per well. As reported by the Extension Officers in their reports of verification of final well-work, the subsidy was not granted in respect of many sample wells due to reasons that (i) the well-work was not completed, (ii) wells were not in working conditions, (iii) minimum 3 acres of land was not brought under irrigation and (iv) land holdings exceeded 32 acres. The farmers holding more than 32 acres of land were not eligible for subsidy.