ROLE OF NATIONALISED BANKS IN PROVIDING AGRICULTURAL CREDIT

[A CASE STUDY OF JALGAON DISTRICT]

CHAPTER III: 7

THE LAND DEVELOPMENT BANK

Introduction - Historical background - Objectives - progress of the banks - Purpose wise loan - proportion of loan disbursed - Demand and Recovery - Achievement of the banks - Major defects - Inadequacy of Supervision - Delay in grant of loan - Loan for Specified Project - Lack of research work - Availability of resources - Other defects - Lack of coordination - wasteful working - Trend of employees - Suggestion and Conclusions.
The credit needs of an agriculturist are broadly classified into three categories, namely short term, medium term, and long term. Short-term credit is needed to meet seasonal requirements including family expenses, purchase of seeds, manures, and fertilizers. Medium term loans are needed for the purchase of bullocks, milch cattle, improved implements etc. The farmers require long term finance for permanent improvement on land, construction of wells and tanks, installation of pumping sets and other water lifting appliances, purchasing of tractors and redemption of prior debts etc.

It is felt that in India, bulk of short and long term loans or finances are provided by money lenders and other non-institutional agencies. It is a well established
fact that the credit supplied by the money lenders are costly. Another thing is, commercial banks cannot supply long-term finance as most of them depend on short term deposits. Hence, there is a need to establish land mortgage banks to finance long term credit. They provide adequate, cheap efficient long term credit to the agriculturists whose main objectives would be to attract long term loans and invest them in long period advances against mortgage of land.

Credit plays a crucial role in accelerating the pace of agricultural development. In fact, with the inception of a new agricultural production technology the demand for credit has increased manifold, in this respect, in order to meet the new challenge. The Government decided to adopt a multi-agency approach to agricultural finance and asked to commercial banks to finance agriculture. They, thus entered in the field of the agricultural finance.

It is indeed said that after a social control was imposed on them in 1968 and especially after the nationalisation in 1969 the role of commercial banks in the agricultural finance has been increasing. Though the commercial banks direct advances to agriculture had increased from Rs. 53.6 crores in 1968-69 to Rs. 374.43 crores in 1975-76 and Rs.935.71
crores for the year 1987-88. However a major shares (i.e. 72.5 percent) of the institutional loans extended to agriculture was provided by the cooperatives.*

With the advent of modern technology, irrigation emerged as the most important constituent of the credit package as evidenced by the percentage of the total credit advanced by Land Mortgage/ Land Development Banks for sinking and repairing of wells and banks (33.6 percent) and tubewells (35.8 percent) in 1974-75.**

HISTORICAL BACKGROUND:

It would be observed that at present it is admitted that the most suitable agency for supplying long term financial requirements of the cultivators is the Land Mortgage Bank. These Land Mortgage Banks are land credit institutions have been organised in different countries either on the cooperative principle or on the Joint Stock Company principle.

The Indian Central Banking Enquiry Committee classified these banks into three categories. Viz. Cooperative, the non-cooperative quasi-cooperative respectively. It would be seen that in the countries like Ireland, Canada, England, South Africa and Australia loans are granted by these banks to the farmers for the improvement of land, the provision of irrigation, fencing, transport and drainage facilities and the building necessary for agricultural operations purchase of farms; agricultural implements connected with the development of agriculture and the repayment of past debt. However, it is observed that in India, these banks are not only providing loans for the improvement of land and the method of agriculture, purchase of land and the costly machinery but also give loans for the repayment of old debts.

It is interesting to note that the existing land development banks in India belong to the cooperative type, but since the individuals are also the members of these banks, actually they are semi the semi-cooperative type. They are the association of borrowers as well as non-borrowers, organised in the principle of a limited liability. It is observed that the borrowing capacity of a member is generally determined, according to the number of shares in bank though each member has only one
vote according to the cooperative principles irrespective of the number of shares they hold.

In our country, 80 percent population depends upon agriculture. Even though, there is no proper attention given to agriculture a money lender, a sehukar and other landlords have given loans to the farmers at an exorbitant rate of interest, with a view to earn more profit on their capital. It is a bad commentary that no suitable agency was found to sanction a long term finances for the agriculturist. Against such background a cooperative institution came forth to advance short term, medium term finance to the small farmers, to remove their bottleneck in respect of long term finance purposes, some land mortgage banks came into existence, in order to the improvement of land and agricultural facilities by providing loans to the farmers. It was in 1935 that a central land development bank was started in Bombay to finance primary land mortgage bank in the State.

As regards the Jalgaon District, the land mortgage bank was organised in pachora taluka in 1927 followed at Jalgaon in 1935. It would be observed that the role of land development bank in the development of agriculture was more or less negligible. However, in the
recent years they have been able to pay a grater attention and significant role towards the development of agriculture. Therefore, however, certain defects on account of an inadequacy of finance delay of sanctioning loans and also inability to provide fund to the weaker sections of the agriculturist.

Further-more it would be observed that the trend of financing loans by these institutions were largely towards the need of only the rich and the big agricultu-

Since 1973 all primary land mortgage banks were merged into the Maharashtra State Cooperative Land Development Bank. These right steps would be much utility in near future and there has been a considerable change in the loan operation policies of the land development banks. It is interesting to note that an analysis of loans issued by these banks are being advanced now, more for the productive purposes and the improvement of land. Loans given for the debts redemption are declining such a change was quite desirable for these institutions which can play a significant role in the increased agricultural production, with the following major —
OBJECTIVES:

(1) To provide a long term finance for the land development purposes i.e. land improvements, sinking of and repairs to wells, irrigation purposes.

(2) To encourage the farmers at a subsidiary business during off session of agriculture and give a subsidiary for Dairying, Fishery, Fruit garden, Poultry farm and Gobar Gas Plant.

(3) To educate the farmers and also the members by way of providing new agriculture technology implements and other facilities in agriculture.

(4) To provide machinery relating to the agriculture activities i.e. Horticulture, Power Tillers etc.

PROGRESS OF THE BANKS:

The following table gives an idea about the progress of the Land Development Banks since 1976-77.

Table contd.....
TABLE No. 7:1

The progress of the Land Development Banks since 1976-77

(Rs. in lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Share Capital</td>
<td>2865</td>
<td>7162</td>
<td>10073</td>
<td>12020</td>
</tr>
<tr>
<td>2</td>
<td>Reserve fund</td>
<td>217</td>
<td>540</td>
<td>1680</td>
<td>6480</td>
</tr>
<tr>
<td>3</td>
<td>Other Fund</td>
<td>501</td>
<td>1150</td>
<td>2375</td>
<td>14100</td>
</tr>
<tr>
<td>4</td>
<td>Debentures</td>
<td>20235</td>
<td>39372</td>
<td>23211</td>
<td>59397</td>
</tr>
<tr>
<td>5</td>
<td>Total investment</td>
<td>9150</td>
<td>18475</td>
<td>57825</td>
<td>27499</td>
</tr>
<tr>
<td>6</td>
<td>Out Loan Redemption Fund</td>
<td>7995</td>
<td>12315</td>
<td>38114</td>
<td>20520</td>
</tr>
<tr>
<td>7</td>
<td>Loan Outstanding</td>
<td>16127</td>
<td>33217</td>
<td>60792</td>
<td>78600</td>
</tr>
<tr>
<td>8</td>
<td>Net profit</td>
<td>85</td>
<td>110</td>
<td>310</td>
<td>564</td>
</tr>
</tbody>
</table>

Source = Annual Reports of Respective years and enquiry on information by personal visit.

The table number 7:1 depicts that there has been phenomenal growth in the operations of land Development Banks. There has been a considerable increase in the share capital of Rs. 12020 lakh in 1988-89 as compared to the tune of Rs. 2865 lakh in 1976-77. The same
situation is observed near about in the case of the Reserve fund and other funds. The principle source of rising funds for landin loaning was found through the flotation of ordinary debentures in the market. During 1976-77 there has been Rs. 20236 lakh deventures while it is compared to tune of Rs. 59897 in 1988-89. It means that there is a increasing source of debenture for the year 1988-89 but declining source observed since 1987-88 only.

As regards the total investment of these banks it may be stated that there has a significant expansion during last one decades. Their total investment is increased from Rs. 9150 lakh in 1976-77 to Rs. 18475 lakh in 1986-87. However, it is observed that the total investment against decreased toa tune of Rs. 27499 lakh in the 1988-89 year as compared to Rs. 57825 lakh for the previous cooperative year. Similar is the case of the loan redemption fund, due to Government Policies changed from time to time.

As regards, the loan outstanding, there has been an enormous trend of increasing loan outstanding from Rs. 16127 lakh in 1976-77 to Rs. 76600 lakh in 1988-89. It mean that the land development bank have playing a vital role in the loan operation business. It is further observed that the net profit is also increasing from last
foUre years. It is expected that the net profit would be still higher in future, with a view to expansion of its objectives by way of internal finance as source of net profit from business operation.

In keeping with the increasing tempo of the agricultural development, the procedure of land development banks are being rationalised so as to give priority to the agricultural production needs. Loan eligibility is now not related with the security offered for loans. It is being realigned to the assessment of an fruitful share of income of the farmers. The procedure for application of loan is being simplified to avoid delays. In this way, these policies are providing more fruitful share for carrying on agricultural programme efficiently without any hindrance.

The following table indicates the position of land Development Bank in this District in respect of purpose wise loan issued.

Table continued....
### TABLE NO. 7:2

**PURPOSE WISE LOAN ISSUED SINCE 1975-76.**

Rs. in lakhs.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>1</td>
<td>Minor irrigation</td>
<td>1405.41</td>
<td>5710.49</td>
<td>5305.30</td>
<td>5018.20</td>
<td>5517.34</td>
</tr>
<tr>
<td>2</td>
<td>Tractor and Other</td>
<td>341.94</td>
<td>1195.28</td>
<td>685.14</td>
<td>819.10</td>
<td>975.39</td>
</tr>
<tr>
<td></td>
<td>machinery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Lift irrigation</td>
<td>158.36</td>
<td>6237.13</td>
<td>5918.77</td>
<td>6210.13</td>
<td>6370.64</td>
</tr>
<tr>
<td>4</td>
<td>Horticulture</td>
<td>29.80</td>
<td>157.60</td>
<td>148.75</td>
<td>150.18</td>
<td>213.86</td>
</tr>
<tr>
<td>5</td>
<td>Others</td>
<td>376.35*</td>
<td>1384.70</td>
<td>995.38*</td>
<td>1145.10</td>
<td>1514.45</td>
</tr>
<tr>
<td></td>
<td><strong>totals</strong></td>
<td><strong>2311.86</strong></td>
<td><strong>14685.25</strong></td>
<td><strong>13053.34</strong></td>
<td><strong>13342.71</strong></td>
<td><strong>15091.68</strong></td>
</tr>
</tbody>
</table>

Percentage of (1), (2) & (3) to total

|  (1), (2) & (3) | 84.6 | 89.4 | 90.5 | 90.2 | 88.6 |

**Source:** Annual Reports of the land development bank

*Includes advances to M.S.E.C.B. for energisation of pump sets.

*Includes 280.04 lakh for land development in command area of irrigation projects and IRDP.
PURPOSE-WISE LOAN ISSUED - KDB LTD, JALGAON
(RS. IN LAKH)

1970

- MINOR IRRIGATION
- TRACTOR & OTHER MACHINERY
- LIFT IRRIGATION
- HORTICULTURE
- OTHER

Fig. 312
The table number 7:2 reveals that the Land Development Bank are advancing loans on a large scale for agriculture production purposes. Loans advanced for other purposes have achieved a fairly good progress in the field of long term credit. During 1988-89, loans for minor irrigation were Rs. 5517.34 lakhs, purchases of tractors and other machinery were Rs. 975.39 lakh and lift irrigation purposes Rs. 6070.64 lakh. These indicated for over 38.6 percent of the total loans by the banks.

Further it is seen that in addition to these, the land development bank has also disbursed the loans to small farmers, institutions and other farmers for the rapid progress in long term finance to be for productive purposes of the agricultural development in all round growth, particularly in the State and Jalgaon district in general.

During 1988-89 the loans for sinking and repairs to wells were Rs. 120.10 lakhs, the purchase of machinery including pumps for new and old wells were Rs. 4214.13 lakh and electric motor irrigation, fruit garden, gardening were Rs. 610.94 lakh, 423.13 lakh, 217.03 lakh, 212.75 lakh respectively. These accounted a valuable growth in all respect by the land development bank.
TABLE No. 7:3

The table showing the relative proportion of loans disbursed to small farmers etc. since '76-77

(Rs. in lakhs)

<table>
<thead>
<tr>
<th>Years</th>
<th>Small farmers</th>
<th>Institution</th>
<th>Other farmers</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>452.05L</td>
<td>1994.10L</td>
<td>1814.19L</td>
<td>2047.20L</td>
</tr>
<tr>
<td></td>
<td>(25.55)</td>
<td>(28.10)</td>
<td>(24.30)</td>
<td>(20.84)</td>
</tr>
<tr>
<td>2</td>
<td>153.51L</td>
<td>1384.20L</td>
<td>1350.04L</td>
<td>1750.42L</td>
</tr>
<tr>
<td></td>
<td>(8.79)</td>
<td>(20.07)</td>
<td>(17.40)</td>
<td>(17.02)</td>
</tr>
<tr>
<td>3</td>
<td>1161.40L</td>
<td>3494.60L</td>
<td>4426.98L</td>
<td>6234.48L</td>
</tr>
<tr>
<td></td>
<td>(65.66)</td>
<td>(51.43)</td>
<td>(58.30)</td>
<td>(62.14)</td>
</tr>
<tr>
<td>4</td>
<td>1768.96L</td>
<td>6872.90L</td>
<td>7591.21L</td>
<td>10032.10L</td>
</tr>
<tr>
<td></td>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
</tr>
</tbody>
</table>

Source = Annual Reports (Figures in the paranthesis denote percentage to total)

The table number 7:3 reveals that there has been tremendous progress in respect of the loan disbursed by Bank, to small farmers stood at Rs. 452.05 lakh in 1976-77 to Rs. 2047.20 lakh in 1988-89. The same situation is observed in the institution finance. Other farmers indicates for over 62.14 percent of the total loans by the bank in 1988-89 (i.e. Rs. 6234.48 lakh, out of total
Proportion of Loans Disbursed to Farmers Since 76-77 (Rs. in lakhs)

- Other farmers
- Small farmers
- Institution

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>500</td>
<td>2000</td>
<td>3000</td>
<td>4500</td>
</tr>
</tbody>
</table>

Fig 7.3
loan Rs. 10032.10 lakhs). In short the land development have been playing significant role since 1976-77 particularly in the Jalgaon District and generally in state. It's working has also improved considerably in this sector.

As regards, the problems of over dues, it is observed that the working of the bank in case of overdues is rather less serve as compared to short-term and medium term credit. However, in certain blocks, the position is far away from satisfactory in a Pachora, Edlabad, Erandol, Chopada blocks. Even though the percentage of over dues to demand at the primary level exceeded 70 percent as on 30th June 1989.

It would be observed that the higher percentage of over dues in Yawal, Bhadgaon and Raver (i.e. 87 percent 84 percent and 83 percent) of this district are partly due to the rapid expansion in the loaning programme without adequate measures to liquidate the past overdues. Partly it is also due to the administrative and managerial weaknesses. However, the problems have not gone unnoticed and the State Government, have been advised to tackle the problem by adopting suitable measures. Accordingly in some of the Taluka of Jalgaon District, the measures of-the-talu have been adopted for collecting the over dues
which have brought too. The following table showing the demand and Recovery of loan percentage in the district for last three years.

**TABLE No.74**

Table showing the percentage of demand and recovery of loan since 1986-89.

<table>
<thead>
<tr>
<th>Years</th>
<th>Demand Rs. in lakh</th>
<th>Recovery Rs. in lakh</th>
<th>Percentage of recovery to demand</th>
<th>Credit Rs. in lakh</th>
<th>Percentage of overdue dues to demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-87</td>
<td>224.89</td>
<td>156.23</td>
<td>69</td>
<td>68.66</td>
<td>31</td>
</tr>
<tr>
<td>1987-88</td>
<td>224.03</td>
<td>185.77</td>
<td>83</td>
<td>38.26</td>
<td>17</td>
</tr>
<tr>
<td>1988-89</td>
<td>203.28</td>
<td>148.03</td>
<td>73</td>
<td>55.34</td>
<td>73</td>
</tr>
</tbody>
</table>

Source = Annual reports and information on enquiry.

It would be seen from the table number 744 that the percentage of recovery is satisfactory from 69 percent in 1986-87 to 73 percent in 1988-89 but percentage of over due is heavily exceeded by 73 percent compared to 31 percent and 17 percent during 1986-87 and 87-88 respectively.

The block-wise statement of the Demand and Recovery of Loan is presented in table number 7:5.
**TABLE No.7:5**

**Statement showing the position of Demand and Recovery of Loan as on 1988-89.**

(Rs. in lakhs)

<table>
<thead>
<tr>
<th>Sr. Blocks</th>
<th>Demand</th>
<th>Recovery</th>
<th>Percentage of Recovery to demand</th>
<th>Overdue</th>
<th>Percentage of overdue to demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14.53</td>
<td>7.91</td>
<td>54.43</td>
<td>6.62</td>
<td>54</td>
</tr>
<tr>
<td>2</td>
<td>14.05</td>
<td>12.20</td>
<td>86.83</td>
<td>1.85</td>
<td>87</td>
</tr>
<tr>
<td>3</td>
<td>9.47</td>
<td>6.26</td>
<td>66.10</td>
<td>3.21</td>
<td>66</td>
</tr>
<tr>
<td>4</td>
<td>22.51</td>
<td>18.76</td>
<td>83.34</td>
<td>3.75</td>
<td>83</td>
</tr>
<tr>
<td>5</td>
<td>29.75</td>
<td>23.49</td>
<td>78.95</td>
<td>6.26</td>
<td>79</td>
</tr>
<tr>
<td>6</td>
<td>18.39</td>
<td>11.67</td>
<td>63.45</td>
<td>6.72</td>
<td>63</td>
</tr>
<tr>
<td>7</td>
<td>12.46</td>
<td>8.86</td>
<td>71.10</td>
<td>3.60</td>
<td>71</td>
</tr>
<tr>
<td>8</td>
<td>16.64</td>
<td>11.45</td>
<td>68.81</td>
<td>5.19</td>
<td>69</td>
</tr>
<tr>
<td>9</td>
<td>13.81</td>
<td>7.44</td>
<td>53.87</td>
<td>6.37</td>
<td>54</td>
</tr>
<tr>
<td>10</td>
<td>15.69</td>
<td>12.24</td>
<td>78.01</td>
<td>3.54</td>
<td>78</td>
</tr>
<tr>
<td>11</td>
<td>13.01</td>
<td>10.67</td>
<td>82.01</td>
<td>2.94</td>
<td>77</td>
</tr>
<tr>
<td>12</td>
<td>15.97</td>
<td>13.43</td>
<td>84.06</td>
<td>2.54</td>
<td>84</td>
</tr>
<tr>
<td>13</td>
<td>7.00</td>
<td>4.26</td>
<td>60.85</td>
<td>2.74</td>
<td>61</td>
</tr>
</tbody>
</table>

**Total District** | 203.28 | 198.04 | 72.82 | 55.24 | 73

Source = Office of the Land Development Bank, Jalgaon.
POSITION OF DEMAND AND RECOVERY
OF LOAN AS ON 1988-89
(Rs. in lakh)

Rs. in lakh

DEMAND

RECOVERY

OVERDUES

Fig 7:5
It would be observed from the table number 7:5 that the highest percentage of recovery of loan was seen in Yawal, Bhadgaon, Raver blocks as compared to the demand of loan. While lowest percentage was found in Jamner, Jalgaon blocks. But the percentage of overdues is different from this. Considering the demand side, Chopada block is top-most among all talukas of Jalgaon districts followed by Raver, Chalisgaon, Amalner i.e. Rs. 22.51 lakh, 18.39 lakh and Rs. 16.64 lakhs respectively. While Parola block stood at Rs. 7 lakh only, for the year 1988-89. Further more it would be observed that the percentage of overdues for over 50 percent as on 30th June 1989. Therefore, it is almost important that an attention should be given by administrative, as well as managerial personnel towards the recovery of loan and overdues problems. However, land development bank making earnest efforts to strengthen the administrative arrangement to keep pace with the rapid expansion of their day to day business considerably.

ACHIEVEMENTS OF THE BANKS:

The banks are playing a significant role and have an ambitious programme to be fulfilled particularly for the members and common man in general. The amount of
loans advanced by them have also increased considerably. During 1988-89 Rs. 343 lakh loan sanctioned to 3234 members, out of it Rs. 211 lakh were disbursed to 3234 members. Further it would be observed that the lift irrigation purposes, the bank was disbursed a loan of Rs. 48 lakh to 1819 small and marginal farmers in 1988-89. 

For the achievement of agricultural development, these banks have played very important role in the socio-economic of Jalgaon district in particular and member in general. However, still number of obstacles were found in order to make them more effectively and scientific basis, steps would be taken up to remove the bottleneck in day to day affairs of the banking sector. Some major defects are presented in the following manner.

(1) INADEQUACY OF SUPERVISION AND INSPECTION

There is no proper supervision by the banks on the functions of the day to day affairs and also in the matter of disbursement of loan. The verification of the utilization loans and recovery of instalments on due date, it would be observed that there were no adequate machinery for these purpose with the banks, therefore, the land development banks were not been able to guide and supervise the working of the primary units. Even the staff with the primary units is inadequate and
untrained. Whatever trained staff in connection with the banks have for the supervisory level are observed 469 supervisors trained in 1986-87 followed by 636 in 1987-88 and 1592 in 1988-89 were trained at Gultekadi Training College, Poona, are not manage and inspect the business of large scale operation scattered over all in the district as well as the state level. These units have merely depended on the Government staff for the processing of loan applications.

(2) A DELAY IN GRANT OF LOANS:

A delay in grant of loans an inelasticity in rules governing their grant, an inadequacy of amount, a demand of high loan policy, rugus realisations and quasy instalments not well adopted to the repaying capacity of the borrower are some of the other defects which still linger on.

It would be observed that it takes five to six months to sanction and grant loan. But in recent time several steps have been taken or are being taken to reduce the time taken between the date of application and the date of actual disbursement. Further it is gratifying to note that a second loan is not granted unless the first is cleared off.
(3) **LOANS FOR SPECIFIED PROJECTS**

Although loans are being advanced now on a larger scale for the productive purpose; but no attention is being paid for the specified project loans. Such loans may prove more beneficial to the farmers.

(4) **LACK OF RESEARCH WORK**

Data regarding the farm income and operating and living expenses are quite meagre. It will be observed that there is no organised study of the agricultural economic condition particularly in the Jalgaon district and generally all over the State; by a Research Bureau attached with government of cooperative or Agricultural Departments, or Agriculture re-finance development corporation. In absence of such studies the repaying capacity of the borrowers is calculated on very high basis which is hardly scientific and accurate. Further more observed that the repayment instalments are not properly adjusted to the normal earning power of the agriculturists and cause to the problem of overdues. Therefore, it is utmost important to note that the Research Organisation should be developed to facilitate recovery of the loan more accurately on the
scientific manner in near future.

(5) **AVAILABILITY OF RESOURCES**

The banks are unable to raise sufficient resources. Debentures is the main source of raising funds as it is already stated earlier. They are able to float debenture because of the support they get from the Government, the Reserve Bank of India and other resources. The Government gives the guarantee for the repayment of the principle and the interest amount. It is utmost important that there working should be improved so that the investors should have a confidence in them and their debenture may find an easy market in banking sector. In this connection, it is necessary that the advice of the Reserve Bank of India should be sought for and there should be greater co-ordination between these banks and the Reserve Bank of India. This will enable the banks to have larger resources and also to provide larger loans.

(6) **OTHER DEFECTS**

Generally speaking and observed that a general charge against the land development bank is in the recent time that the loans advanced by these banks are
mostly going to the large sized holders; small and medium sized farmers are far away from loaning procedure and being ignored as the facilities provided by the bank is not adequate properly too. Therefore, a necessary steps should be taken by the land development bank on the basis of positive and systematic efforts to provide loans to them urgently in time without any hinderance.

(7) LACK OF COORDINATION

It is observed that there is no co-ordination between the Land Development banks and other organisation working in the field of banking sector as well as cooperative sector too. The short term and the medium term loans advanced by cooperative sector and the long term loans advanced by the land development banks are complementary to each other. All these loans are meant for the economic build-up of the agriculturists. If these organizations maintain a close co-ordination in their actual working, it would be more beneficial to their own interest, as well as to the interest of the agriculturists. Thus they help to solving the problems of the overlapping of loans operations. Therefore, in the interest of the entire organization efforts should be made to have close co-ordination amongst these. It is
felt that the apex bank of the district can play an effective role in achieving such a coordination in the land development banks.

(6) UNSOUND WORKING

It would be observed that in many cases, the working is in efficient. In general, the directors of land development banks, lack the necessary initiative. Most of the directors of the bank do not have an experience and lack the ability to manage and guide the affairs of the bank in an efficient manner. Further it would be observed that the managers are also untrained and it is general phenomenon. The banks have not in a position to employ the trained staff for training purposes at the various training institutions for managing their affairs smoothly. The relative information of staff trained are presented in table number 7:6. Secondly the income of the bank is not sufficient to enable them to have an updated organization. The main source of their income is the difference between the rate paid by them to the higher institutions and the one at which they advance loans to agriculturists. The income thus received by them is insufficient to employ even the necessary staff. In this context, Government may take initiative steps to their rescue by
meeting some of these expenses. The rural credit
Review committee has observed in this direction that
"A major problem which land development banks face in
the context of their expanding operations is that of
building up administrative and supervisory staff of
the right quality and requisite scale".

**TABLE NO. 7:6**

**STATEMENT SHOWING THE TRAINED EMPLOYEES**

**MANAGERIAL LEVEL.**

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Institution</th>
<th>Year and Number of employees trained</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>36-37</td>
</tr>
<tr>
<td>1</td>
<td>College of Agricultural Banking Poona</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Agricultural Re-finance Development Corp., Poona</td>
<td>50</td>
</tr>
<tr>
<td>3</td>
<td>Valkunthalal Mehta Institute, Poona</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Dhananjay Rao Coop. Training College Nagpur</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Coop. Training College, Poona</td>
<td>14</td>
</tr>
<tr>
<td>6</td>
<td>Coop Training College, Vallabh, Vidyajyothi, Gujrat</td>
<td>2</td>
</tr>
</tbody>
</table>

**TOTALS** | 72 | 58 | 63

Source = Own collection and information on enquiry.
The table number 7:6 reveals that the administrative staff has been less trained as it appears number of trained staff 72 while it is observed 68 in the year 1987-88 to 1988-89 respectively. Thus it means that the administrative staff for over 74 percent were trained at College of Agricultural Banking Poona and Agriculture Re-finance Development Corporation in the year 1987-88, while it is observed 95 percent in 1988-89. But the total trained staff(Administrative) is less than that of the year 1987-88 as compared for the year 1988-89.

SUGGESTION AND CONCLUSION:

A number of suggestions were made for the improvements in the working of land development bank major among them are slipted below:

1) In order to avoid the unnecessary delay in the sanctioning of loans as observed at present, because of an increase in the number of applications, and shortages of trained staff to scrutinise the applications, an ignorance of the cultivators regarding the requirements of eligibility for loans. Therefore, it is necessary to publish the pamphlets by the banks indicating the simple words, the procedure and the requirement to be satisfied by the cultivators in obtaining loans.
There should be wide publicity for giving information about these facilities in the rural areas and for this purpose properly trained staff be appointed in the bank, to fulfilled the requirements of loans proposals.

The major requirement is to increase an agriculture output, reduce the cost of production by improving the organization and the efficiency of agricultural operations, all over the country in general and Jalgaon district in particular.

2) The Banks should make vigorous efforts to mobilize saving in the rural area, particularly where development is in progress.

3) The problems of small farmers be specially considered while formulating the general lending policies of these banks.

4) For small cultivators a provision should be made for granting of extensions of the instalments as it existed today for these rules.

5) To establish a machinery for achieving a coordination of credit with cooperative department, agriculture refinance development corporation, assessment of the technical soundness of projects and the verification
of use of the credit and procedure for obtaining loans.

6) The scheme of productive loans should in particular be initiated in the areas newly brought under irrigation or about to be irrigated as well as some of the community project areas.

7) The period of re-payment of loans for the land improvement and production should be related to the purpose of loans different periods should be prescribed for the different purposes.

8) The bank should make vigorous efforts to mobilize saving in the rural areas, particularly where development is in progress.

9) A system of test check by the banks may be initiated which should see the proper utilization of loans and also verify them whether the anticipated benefits of the investment are being derived in actual fact too and removing away from the political leaders.

10) The problems of small farmers be specially considered while formulating the general lending policies of these banks.

11) The re-payment of loans be so fixed as to coincide with the harvest of the major crop of major source of
income of the borrowing cultivators.

12) Measures of co-ordination for all the agricultural programmes and the institutional credit be taken up for this purpose a committee at the district level be appointed. The committee may include a representative for all the institutions concerned with the programmes.

13) Last but one, very important a limited number of agricultural credit societies, satisfying appropriate criteria may be selected for functioning as the agencies of land development banks on sound footing.

14) The Reserve Bank of India and the State Bank of India should take positive steps for the creation of an efficient market for the debentures of the land development banks.

CONCLUSIONS:

It can be concluded that the "Land Development Banks" in this district will play a significant role in the future, in order to carrying on agricultural development in the state in general and Jalgaon district in the particular.
There are the main source for meeting the long-term credit requirement of the agriculturists. The long term capital is needed for other purposes also. Such as a construction of Bando, a setting of pump-sets. Thus all these developments have added much to be the significance of the land development banks. All efforts are, therefore, to be made for their sound organization, development and working on sound footing.

In order to command large resources, it would be supported by the Reserve Bank of India, Government Department and other institution, both in Public as well as in the private sector. It must take up their problems and suggest remedies for them. It may re-present their view to the Government on varied problems such as adequate resources, loan operational policies and procedures, land development policies and other measures for their efficient functioning.

With the increased role of the Land Development Banks in the national economy, the union must expand its activities to cover the various problems hampering their progress all over in India in general and Jalgaon district in particular without any hinderance.