

REPORT OF THE STUDY TEAM
ON
AGRICULTURAL CREDIT INSTITUTIONS
IN
BIHAR



RESERVE BANK OF INDIA

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RESERVE BANK OF INDIA
AGRICULTURAL CREDIT DEPARTMENT
BOMBAY

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I BACKGROUND

INTRODUCTION

BIHAR which accounts for about one-tenth of the country's total population and a slightly greater proportion of the rural population, is a major state wherein co-operative agricultural credit has witnessed a very tardy growth. The Expert Group on Institutional Arrangements for Agricultural Credit appointed by the Government of India (GOI) in pursuance of a recommendation of the Conference of the State Ministers of Co-operation held in January 1973 had, therefore, included Bihar for a district-wise study. Subsequently, i.e., in December 1973, at the request of the then Chief Minister of Bihar and in consultation with the GOI, it was decided that the above Expert Group need not continue its study in Bihar and that an indepth and action-oriented study in the state might be undertaken by the Reserve Bank of India (RBI). Accordingly, the Governor of the RBI appointed in February 1974 a Study Team on Agricultural Credit Institutions in Bihar to go into the factors inhibiting the growth of co-operative agricultural credit institutions in the state, to identify, district-wise, areas of potential development, estimate their credit needs, suggest the appropriate credit agencies for meeting them, examine the position of overdues and recommend remedial measures to tackle the problem, etc.

Composition of the Team

2 The composition of the Study Team was as follows when first constituted:

- | | | |
|---|--|----------|
| 1 | Dr C. D. Datey
Executive Director
Reserve Bank of India
Bombay | Chairman |
| 2 | Shri M. P. Singh
Chairman
Bihar State Co-operative Bank
Ltd.
Patna | Member |

- | | | |
|---|--|------------------|
| 3 | Shri Jageshwar Mandal ¹
Chairman
Bihar State Co-operative
Organization
Patna | Member |
| 4 | Dr Divakar Jha
Member
State Planning Board
Government of Bihar
Patna | Member |
| 5 | Shri Arun Prasad
Additional Agricultural
Production Commissioner
Government of Bihar
Patna | Member |
| 6 | Shri B. Prasad
Registrar
Co-operative Societies
Bihar
Patna | Member |
| 7 | Shri M. K. Mukharji
Joint Secretary
Government of India
Ministry of Agriculture
and Irrigation
Department of Agriculture
New Delhi | Member |
| 8 | Shri P. N. Khanna
Chief Officer
Department of Banking
Operations and Development
Reserve Bank of India
Bombay | Member |
| 9 | Shri P. N. T. Chary
Joint Chief Officer
Agricultural Credit Department
Reserve Bank of India
Bombay | Member-Secretary |

¹ Shri Jageshwar Mandal has ceased to be the Chairman but continues as a director of the Bihar State Co-operative Organization, Patna.

Consequent on his co-option as Chairman of the Bihar State Co-operative Bank Ltd. (BSCB) in May 1975, Shri Nagina Rai was nominated as a member of the Team in place of Shri M. P. Singh. Shri B. L. Das who took over as Additional Agricultural Production Commissioner, Government of Bihar (GOB) from Shri Arun Prasad in 1974, was a member of the Team until his transfer to the GOI in the Ministry of Foreign Trade in June 1976. Since then Shri A. J. S. Sodhi, Agricultural Production Commissioner, functioned as a nominee of the GOB on the Team. There were frequent changes in the incumbents to the post of the Registrar of Co-operative Societies (RCS), Bihar and, therefore, the following officials represented the state government on the Team in lieu of Shri B. Prasad for the periods noted against their names:

Shri M. A. M. Gilani	:	June 1974 to June 1975
Shri K. B. Saxena	:	July 1975 to April 1976
Shri P. P. Sharma	:	May-June 1976
Shri A. K. Sarkar	:	July 1976 onwards

3 Shri B. K. Bhujabal, Deputy Secretary in the Department of Rural Development of the Union Ministry of Agriculture and Irrigation, attended the second meeting of the Study Team on behalf of Shri Mukharji as the latter had proceeded on leave. Subsequently, i.e., in July 1976, Shri S. L. Sharma, Joint Secretary, Ministry of Agriculture and Irrigation, Department of Rural Development, GOI, New Delhi was nominated as a member of the Team in lieu of Shri Mukharji. However, Shri R. Srinivasan, Director (Credit) in the same Department and the Ministry of the GOI, attended on behalf of Shri Sharma the third meeting of the Study Team held at Patna on 24 August 1976. Besides, Shri P. V. Rao, Deputy Secretary, Tribal Welfare Department in the Ministry of Home Affairs attended on special invitation the third meeting of the Team held at Patna on 24 and 25 August 1976 when the draft chapter relating to the problems of tribal areas was considered.

4 Shri P. N. T. Chary proceeded on long leave in December 1974 and later retired from the service of the RBI. Shri R. R. Pradhan, Joint Chief Officer, Agricultural Credit Department (ACD), RBI, Bombay, was, therefore, appointed as the Member-Secretary of the Team.

5 Shri R. K. Srivastava, Secretary, Co-operation Department, GOB and Shri A. N. Choksi, Joint Chief Officer, ACD, RBI, Calcutta attended some of the discussions and meetings of the Team on special invitation. Similarly, Shri S. K. Sinha, Managing Director (MD), BSCB, Shri Iqbal Singh, Deputy Chief Officer, Department of Banking Operations and Development (DBOD), RBI, Patna and the Deputy Chief Officers in charge of the regional office of the Reserve Bank's ACD at Patna, attended the discussions and meetings of the Study Team as invitees.

Terms of reference

6 The terms of reference of the Study Team were as follows:

(i) to examine the financial and organizational position of the state and central co-operative banks in Bihar and to suggest a unit-wise programme for reorganization and rehabilitation where necessary;

(ii) to identify, district-wise, areas of agricultural development and examine generally the co-operative credit structure in those areas which will be in a position in the near future to meet the requirements of agricultural credit and if not to suggest alternative institutional arrangements in this behalf which may include (a) state co-operative bank or commercial banks financing primary agricultural credit societies by-passing the central co-operative banks, (b) central co-operative banks financing individual agriculturists directly by-passing the primary agricultural credit societies and (c) the state co-operative bank or the commercial banks financing individuals directly through their branches and also to identify, district-wise, the areas where one or more of these alternatives may be adopted;

(iii) to examine further and in some detail whether there is at

all any justification for continuing the intermediate level institutions of the three-tier structure of the co-operative credit system in the state and if such a step is not considered advisable and necessary for the state as a whole, whether in any particular district it would be advantageous to eliminate the central co-operative bank and in that case suggest the steps necessary to enable the state co-operative bank or the commercial banks to take the place of the central bank to discharge the responsibility more effectively and efficiently than the latter;

(iv) to examine the position of overdues at the various levels of the co-operative credit structure with a view to considering the feasibility of, and the financial assistance required for, rescheduling the overdues in respect of non-wilful defaulters so that the line of credit to institutions and individuals is reopened and to suggest measures necessary for recovery of the overdues from wilful defaulters;

(v) to examine the lending policies of the state and central co-operative banks in regard to the provisions for production and investment credit and to suggest modifications where necessary in the interest of ensuring soundness and adequacy of credit facilities *vis-a-vis* the developmental programmes in the state;

(vi) to examine with reference to such data as may be collected, the organization at the primary level of the three-tier co-operative credit structure and the arrangements for supervision and to suggest the lines on which reorganization of societies may be done taking into account the credit and other range of services that may be provided by them as also identification of the areas suitable for formation of farmers service societies;

(vii) to examine whether the entire production finance by way of cash and kind loans required by the sugarcane growers be routed through the primary agricultural credit societies and if the view is that the cane unions can also play their part in giving production credit, whether it would suffice to route the credit through the primary credit societies on an agency basis;

(viii) to study in greater detail the problems of tribal areas

and the credit institutions, laws, etc., operating in such areas and suggest, if necessary, special financial assistance and a different organizational pattern for such areas;

(ix) to suggest the nature and extent of financial and administrative assistance that may be necessary from the State Government, the Government of India and the Reserve Bank of India in the matter of reorganization and rehabilitation of the co-operative credit structure in the state; and

(x) to make any other recommendations which are incidental to or related to the above terms of reference.

Collection of data

7 Recognizing the fact that a thorough examination of the issues referred to above would entail collection of voluminous data, both district-wise and block-wise, by the GOB and the state and central co-operative banks, the Team at its first meeting held at Patna on 29 April 1974 approved for the purpose two sets of proformas devised by the Member-Secretary. Besides, it was also decided that the Deputy Chief Officer in charge of the Reserve Bank's DBOD at Patna should arrange to collect district-wise data about the branch net-work, deposit mobilization, financing of priority sectors including agriculture and the recovery position in respect of the agricultural loans, from the commercial banks operating in Bihar.

Special studies

8 The terms of reference of the Team necessitated close examination of certain specific issues and the problems faced by the institutions at the primary level. It was, therefore, decided at the first meeting that on-the-spot studies of about 200 select primary agricultural credit societies (pacs) might be undertaken so as to enable the Team to consider the position and causes of heavy overdues as also decide on the lines on which the reorganization at the primary level might be undertaken. The studies were also taken up with a view to assessing the performance of the pacs in the matter of extent of coverage of rural population,

their lending policies, performance in meeting credit needs, recovery of dues and extending relief by way of conversions during the years of natural calamities. The Member-Secretary devised suitable proformas and guidelines for undertaking these studies which were entrusted to the officers of the Reserve Bank's regional office of the ACD at Patna, the BSCB and the GOB. The studies were expected to cover a representative sample of societies including large-sized societies, cane societies and societies functioning in tribal areas.

9 In view of the concentration of tribal population in the Chotanagpur region of South Bihar, the Team was required to examine in greater detail the problems of tribal areas in the state and the credit institutions, laws, etc., operating in such areas and suggest, if necessary, special financial assistance and a different organizational pattern for such areas. In order to have a first hand knowledge of the nature and dimensions of the problems of the tribal areas, the officers of the secretariat of the Team at Bombay undertook studies in the tribal districts of Singhbhum and Ranchi.

10 The Team was also required to examine whether the entire production finance by way of cash and kind loans required by sugarcane growers be routed through pacs and if the cane unions can also play their role in giving production credit whether it would suffice to route the credit through the pacs on an agency basis. Accordingly, studies of the working of five Co-operative Development and Cane Marketing Unions (CDCM unions) in North Bihar were undertaken by the officers of the secretariat of the Team.

11 At the zonal meetings referred to later, attention was drawn to certain difficulties experienced by central co-operative banks (ccbs) in their daily operations. The officers of the secretariat were, therefore, deputed to visit the Begusarai and Purnea ccbs and study the problems.

12 The studies of the problems of tribal areas, CDCM unions and operational aspects of the working of the ccbs were personally supervised and guided by the Member-Secretary.

Delay in completion of work

13 Although the proformas and guidelines for collection of data and field studies were finalized as early as May 1974, there was inordinate delay in getting the requisite data from the state government, the ccbs and other agencies. Besides, there was practically no progress in completion of the field studies of pacs entrusted to the officers of the BSCB. The position was, therefore, reviewed at the second meeting of the Team held at Patna on 28 July 1975. On the same day, the Chairman of the Team met the Chief Minister and the Minister for Finance and Co-operation and brought to their notice the general apathy in this respect in the concerned quarters. He also indicated that it would not be possible for the Team to deal with the task assigned to it satisfactorily unless the required data were collected and the field studies completed. The position regarding the receipt of data/study reports improved slightly thereafter but soon received a setback due to the unprecedented floods that ravaged the state in August/September 1975. The matter was, therefore, again brought to the notice of the Chief Minister in November 1975 through a letter addressed by the Governor of the RBI. In such circumstances, the Study Team could really take up for consideration the task assigned to it only after December 1975 when the data/study reports started coming in.

Zonal discussions

14 With a view to ascertaining the views of the concerned officials and non-officials on the terms of reference and allied issues, the Team held two zonal discussions, the first at Jamshedpur on 1 March 1976 with the representatives from South Bihar and the second at Muzaffarpur on 9 July 1976 with the representatives from North Bihar. Discussions were held with the representatives of the commercial banks operating in the state on 1 March 1976 when the Team had the privilege of discussing with them their role in financing agriculture in the state.

Meetings and visits of the Team

15 The Team held in all four meetings. The first two meetings

were held at Patna on 29 April 1974 and 28 July 1975. The third meeting was also held at Patna on 24 and 25 August 1976 when the Team considered the preliminary draft report prepared by the Member-Secretary. In the light of the discussions held and decisions taken at this meeting, a final draft of the report was prepared and placed for consideration at the fourth meeting held on 22 September 1976 at Bombay when the report was finalized and signed by the members.

Pattern of the report

16 The report is divided into four parts and a summary of recommendations. The four parts are further sub-divided into nine chapters as under:

- I BACKGROUND
 - Introduction
 - Chapter 1 : Agricultural environment and production credit needs
- II CO-OPERATIVE CREDIT AGENCIES—
APPRAISAL OF PERFORMANCE
 - Chapter 2 : Bihar State Co-operative Bank
 - Chapter 3 : Central co-operative banks
 - Chapter 4 : Primary agricultural credit societies
- III MEASURES FOR DEVELOPMENT OF
CO-OPERATIVE CREDIT
 - Chapter 5 : State and central co-operative banks
 - Chapter 6 : Primary credit structure
 - Chapter 7 : Problem of overdues
- IV ARRANGEMENTS FOR FILLING
CREDIT GAPS
 - Chapter 8 : Credit gaps and role of commercial banks
 - Chapter 9 : Other operational matters
- V SUMMARY OF RECOMMENDATIONS

Acknowledgements

17 We are extremely grateful to the officers of the state government, the honorary secretaries and the chief executives of the ccbs, other non-official co-operators and the representatives of commercial banks who made it convenient to meet us for discussions. Their valuable suggestions on the terms of reference and allied problems enabled us to get an insight into the various difficulties faced in the dispensation of agricultural credit and recovery thereof.

18 We are also grateful to the BSCB, the ccbs, commercial banks, Co-operation and Agriculture Departments of the state government and the regional offices of the Reserve Bank's ACD and DBOD at Patna for their co-operation in furnishing the required data and to the officers of the BSCB, the GOB and the Reserve Bank's ACD at Patna for undertaking on-the-spot studies of pacs. We would like to specially thank Shri S. B. Lal, Deputy Director (Statistics), Co-operation Department who was appointed as the Liaison Officer by the state government as also Shri S. K. Sinha, MD, BSCB for the assistance extended by them to our secretariat in collection of required information and data especially during the final stages of our work.

19 The Team would like to place on record its sincere appreciation for the work done by the secretariat in collecting a vast mass of data and information, tabulating and analysing the same and finally producing drafts of the various chapters. We would like to mention in this connection the services rendered by Sarvashri B. K. Godbole, Assistant Chief Officer and A. G. Sule, Rural Credit Officer and Shri H. N. Bhohe and Shrimati S. Aiyer, Staff Officers all of whom spared no pains in completing the work in a short period.

20 Finally, the rest of us would like to thank Shri R. R. Pradhan, Joint Chief Officer, who as Member-Secretary ably co-ordinated the work of the secretariat and assisted in no small measure the Team in finishing the task assigned to it.

CHAPTER 1

AGRICULTURAL ENVIRONMENT AND PRODUCTION CREDIT NEEDS

1.01 THE main task assigned to us requires us to identify district-wise areas of agricultural development, estimate their credit needs and suggest suitable institutional arrangements for meeting the credit gaps. We have, therefore, in this chapter reviewed the agricultural situation obtaining in Bihar, indicated in brief the developments that are likely to take place in the near future and in the light of these closely linked aspects proceeded to make district-wise estimates of the credit needs for short-term agricultural production.

Administrative set up

1.02 Bihar along with Orissa originally formed part of the province of undivided Bengal. In 1912, the provinces of Bihar and Orissa were separated from Bengal and again in 1937 Orissa was formed into a separate province. Since then Bihar has continued to function as a province/state by itself. For administrative purposes, the state was until 1 October 1972 divided into four revenue divisions and 17 districts. On 2 October 1972, however, 12 new districts were formed by bifurcation of some of the then existing districts. Two more districts were added in July 1973 when Gopalganj and Katihar districts were carved out from the areas of Siwan and Purnea districts respectively. Thus, as indicated in Annexure 1, there are at present 31 districts in Bihar which are grouped under seven revenue divisions, viz., Tirhut, Darbhanga and Kosi to the north of the Ganga and Patna, Bhagalpur, Hazaribagh (North Chotanagpur) and Ranchi (South Chotanagpur) to the south of the Ganga. The thirty-one districts in the state are further divided into 76 sub-divisions and 587 development blocks. There are as many as 67566 villages having 93.93 lakh rural households in Bihar.

Principal regions

1.03 The state of Bihar which lies in eastern part of the country, shares to the north an international frontier with the Kingdom of Nepal, to the east its boundary merges with that of West Bengal, to the south it is bounded by Orissa and to the south-west and west lie the states of Madhya Pradesh and Uttar Pradesh respectively. Almost the entire southern half of the state consists of hills and plateaus, while the northern half is a flat alluvial plain excepting a small range of hills in the extreme north-west. Thus, the state comprises two distinct topographical units, viz., the plains and the plateau regions.

1.04 The river Ganga which flows from west to east in Bihar for a distance of about 550 kms divides the 'Plains region' into two unequal parts, viz., the plain of North Bihar and the plain of South Bihar. The North Bihar plain which comprises the area between Nepal border in the north, and the river Ganga in the south, has an area of 0.54 lakh sq. kms. A host of rivers which have their origin in the Himalayan terrain and which ultimately meet the Ganga, divide the North Bihar plain into belts of varying fertility. The main rivers proceeding from west to east are the Gogra, the Gandak, the Burhi Gandak, the Bagmati, the Kamla, the Kosi and the Mahananda. These rivers which possess large catchment areas, are perennial in character and are equally notorious for the uncertainty of their courses. They become swollen with rain water and melted snow during the monsoon season flooding large tracts of land on both sides of their banks.

1.05 The South Bihar plain covers an area of approximately 0.40 sq. kms between the river Ganga and the southern high lands. It differs in many respects from the North Bihar plain. While the crops in the North Bihar are often damaged by devastating floods, the South Bihar plain is stable and not subject to floods except in areas close to the river banks. The Sone, the Poonpoo, the Falgu and the Kiul are important rivers which traverse the South Bihar plain from south to north and drain into the Ganga. A wide network of canals branches out from the Sone on either side of the river.

1.06 The plateau region of Bihar known as the Chotanagpur plateau, covers an area of 0.80 lakh sq. kms or 46 per cent of the total area of the state. The characteristic feature of the Chotanagpur plateau is the huge isolated denuded or conical rocks of granite which elevate suddenly from the general level and are visible for many miles. The principal rivers draining the southern portion of the plateau region are the South Koel and the Suvarnarekha and those draining eastern portion are the Damodar and the Barakar. The northern belt of the plateau region is the primary source of high quality mica, while the southern belt is the chief source of Bihar's iron ore, copper, chromite and manganese. Rich coal deposits exist in the plateau region. Four districts from the plateau region, viz., Palamau, Ranchi, Santhal Parganas and Singhbhum account for a major portion of Bihar's tribal population.

1.07 On the basis of the above analysis primarily and taking into account factors like agro-climatic conditions, cropping pattern and contiguity of the area, we have for the purpose of consideration of issues referred to us, presentation of our views and possible solutions thereon, divided the state into three regions with bifurcation of the plateau region into two distinct areas as given in Table 1.

TABLE 1

Region	Districts	
	Names	No.
North Bihar plain (NB)	Begusarai, Darbhanga, East Champaran, Gopalganj, Katihar, Madhubani, Muzaffarpur, Purnea, Saharsa, Samastipur, Saran, Sitamarhi, Siwan, Vaishali, West Champaran	15
South Bihar plain (SB)	Aurangabad, Bhagalpur, Bhojpur, Gaya, Monghyr, Nalanda, Nawadah, Patna, Rohtas	9
Chotanagpur plateau (CP)		
Tribal area (TA)	Palamau, Ranchi, Santhal Parganas, Singhbhum	4
Other area (OA)	Dhanbad, Giridih, Hazaribagh	3

Population

1.08 With a population of 563.53 lakhs (1971 Census), Bihar ranks second, i.e., next to Uttar Pradesh, among all the states in the country. However, in terms of geographical area (1.74 lakh sq. kms) it ranks ninth among all the states. Bihar, therefore, has a very high density of population of 324 per sq. km. as compared with only 182 for the country and in this respect it occupies third position next to Kerala and West Bengal. The state has a high proportion of rural population. Ninety per cent of the total population of the state is rural; the relevant percentage for all-India being 80. Eighty-two per cent of the total number of workers in Bihar at 174.89 lakhs are engaged in agriculture. These include 75.80 lakh cultivators and more or less an equal number of agricultural labourers at 68.06 lakhs.

1.09 The scheduled castes and tribes form 14 per cent and 9 per cent respectively of the total population of the state. Over eighty per cent of the tribal population of the state, in order of the strength in numbers, is from the districts of Ranchi, Singhbhum, Santhal Parganas and Palamau.

1.10 The North Bihar plain has the highest density of population as may be seen from the region-wise position given in Table 2.

TABLE 2

Region	Density per sq. km.
NB	489
SB	392
CP	178

The variation in the district-wise density of population is very wide ranging between 119 per sq. km. for Palamau district and 707 per sq. km. for Patna district. The district-wise position in this respect is given in Table 3.

TABLE 3

Density of population per sq. km.	Region-wise (districts)			
	NB	SB	CPTA	CPOA
600 and above	Begusarai Darbhanga Muzaffarpur Samastipur Saran Siwan Vaishali	Patna	—	—
450-599	Gopalganj East Champaran Madhubani Sitamarhi	Bhojpur Nalanda	—	Dhanbad
324-449	Katihar Purnea Saharsa West Champaran	Bhagalpur Gaya Monghyr Nawadah	—	—
182-323	—	Aurangabad Rohtas	Santhal Parganas	Giridih
100-181	—	—	Ranchi Singhbhum Palamau	Hazaribagh

All the fifteen districts from the plain of North Bihar and seven out of nine districts from the plain of South Bihar have in each case density of population exceeding the state average. These include eight districts having density of population exceeding 600 per sq. km. in each case which figure incidentally is even higher than the average of 549 for the most thickly populated state of Kerala. In contrast, three out of four districts from the Tribal area and the district of Hazaribagh from the Other area of plateau region are sparsely populated; the density of population in their cases being far less than the average for all-India.

1.11 Pressure of population on land is thus a major problem in Bihar. The situation is paradoxical inasmuch as the popula-

tion is most dense in areas which are agriculturally prosperous. These areas, therefore, present a picture of poverty in the land of plenty.

Agro-climatic conditions

1.12 The state enjoys generally a tropical and sub-tropical climate. The soils in the plains on either side of the Ganga are rich and alluvial. The Chotanagpur plateau has, however, either red and brown or mixed red and black, hilly soil. The entire state, and in particular the Chotanagpur plateau, gets rainfall from both branches of the monsoon, viz., the one which originates in the Bay of Bengal and the other rising from the Arabian sea. The average annual rainfall in the plains is between 40" and 50" (1000 to 1250 mm) and in the plateau around 60" (1500 mm). Bulk of the rainfall (80 per cent) is received during the three-month period from the middle of June to the middle of September and the balance during the post-monsoon period, i.e., late September and early October.

1.13 From the view point of agricultural operations the main monsoon as well as the post-monsoon rainfalls are of considerable importance. The former rainfall, if normal, ensures the success of *kharif* crops, while the latter ensures adequate soil moisture for the sowing of *rabi* crops. Excessive rainfall, however, brings floods and partial or complete failure of monsoon, its untimely advent, uneven distribution, etc., causes drought. While the plain of North Bihar and the riverine tracts of the plain of South Bihar suffer more from floods, the rest of the state, particularly the Chotanagpur plateau, is susceptible to drought.

Land use

1.14 The total geographical area of the state according to the Surveyor General of India at 1.74 lakh sq. kms corresponds to 174.14 lakh hectares. However, according to the Revenue records the same is 173.30 lakh hectares. In 1970-71, the use of the total available land in the state was as indicated in Table 4. Subsequently, i.e., in 1973-4, because of some fallow land having been brought under cultivation, the net area sown in the state

TABLE 4

Land use	Area in lakh hectares	Percentage to geographical area
Forests	29.28	16.8
Barren land	10.60	6.1
Land put to non-agricultural use	15.45	8.9
Permanent pastures, land under trees/ groves and other waste land	8.91	5.2
Current fallows and other fallow land	24.52	14.2
Net area sown	84.54	48.8
Total	173.30	100.0

has increased to 87.20 lakh hectares forming about 50 per cent of the total geographical area as per the village records. Of the total net area sown at 87.20 lakh hectares, about 30 per cent of the area at 25.77 lakh hectares is sown more than once. Thus, the total cropped area for the state as a whole is of the order of 112.97 lakh hectares. According to the physical target fixed in the Fifth Five Year Plan of the state, the total gross cropped area is expected to increase to 120 lakh hectares in 1978-9.

Size of holdings

1.15 The number of small/marginal and economically weak farmers in the state is relatively large. About 64 per cent of the operational holdings in Bihar are marginal, i.e., less than one hectare in size. Another 15 per cent measure between one hectare and two hectares and thus can be classified as small, as may be seen from the position for the state as a whole in 1970-71 given in Table 5. Thus, the holdings other than small or marginal,

TABLE 5

Size of holdings in hectares	Number of holdings in lakhs	Percentage to total number of holdings	Area of holdings in lakh hectares	Percentage to total area
Below 1	48.74	64.3	18.45	16.1
1-2	11.09	14.6	15.63	13.6
2-4	9.15	12.1	25.37	22.1
Above 4	6.79	9.0	55.35	48.2
Total	75.77	100.0	114.80	100.0

which form only 21 per cent of the total number, account for 70 per cent of the area of the total holdings. The district-wise position of the size of holdings is given in Annexure 2. The same is tabulated in Table 6 for ready reference. The data are

TABLE 6

Proportion of small and marginal holdings to total number of holdings (per cent)	Districts			
	NB	SB	CPTA	CPOA
80 and above	Begusarai Darbhanga East Champaran Gopalganj Madhubani Muzaffarpur Samastipur Saran Sitamarhi Siwan Vaishali West Champaran	Gaya Monghyr Nalanda Nawadah Patna	—	—
75-79	Katihar Saharsa	Aurangabad Bhagalpur Bhojpur	Singhbhum	—
70-74	Purnea	Rohtas	—	Dhanbad Giridih Hazaribagh
60-69	—	—	Palamau Santhal Parganas	—
54	—	—	Ranchi	—

indicative of the fact that districts with relatively favourable agricultural situation have larger proportion of small and marginal holdings. Besides, the relevant proportion is quite substantial in

the case of the districts from the Chotanagpur plateau including the four tribal districts *vis-a-vis* the position in this respect obtaining in comparable areas of other states.

Fragmentation of holdings

1.16 Existence of highly fragmented holdings is yet another problem which has acted as a major impediment to the development of agriculture in Bihar. A sample survey undertaken in 1954-5 disclosed that an operational area of one acre contained on an average two fragmentations, i.e., average size of a plot was about half an acre. The Bihar Consolidation of Holdings and Prevention of Fragmentation Act was, therefore, enacted in 1956 and the rules and executive instructions thereunder were framed in 1957-8. But for various reasons, a comprehensive and systematic programme of consolidation could be undertaken only in 1970-71 and that too in the existing seven out of the thirty-one reorganized districts. The programme was extended to five more districts in 1973-4. During the period of the Fifth Five Year Plan, the GOB have proposed to complete the on-going work in these twelve districts and also cover four additional districts. The programme of consolidation of holdings can be extended to the remaining 15 districts only during the period of Sixth Five Year Plan.

Land tenure and records

1.17 Until the advent of Independence, almost all the lands in Bihar were covered by the permanently settled estates, the proprietors of which known as *zamindars* enjoyed all future increases of revenue as also unrestricted rights to alienate their proprietary rights either in whole or in part. Below the proprietors came the tenure-holders or *raiya*s who had acquired from a proprietor the right to hold land for the purpose of cultivation or bringing it under cultivation by establishing tenants on it known as *under-raiya*s most of whom were share-croppers. Since Independence, a number of enactments have been passed for abolition of the *zamindari* system and conferring rights of ownership and occupancy on *raiya*s if they are themselves cultivating land or to their *under-raiya*s as also for imposing a ceiling on agricultural holdings. However, in spite of all these provisions in

law, the economic and social position of the share-cropper continues to remain weak inasmuch as he does not enjoy any right to transfer whatever interest he has in the land in favour of a credit agency and consequently he cannot make a capital investment in the land by borrowing from such an agency which will improve its productive capacity. Under the various tenancy acts, only the officially recorded rights are recognized. Besides, a good number of share-croppers, forming a significant proportion of the total cultivating households, are oral lessees. This has acted as a further handicap in recording the rights of share-croppers and in facilitating the provision of credit. In view of the inability to secure institutional investment credit, there is general apathy amongst the share-croppers towards improvement in their land with a view to maximizing the output from it. The Bihar Tenants Holdings (Maintenance of Land Records) Bill which was passed by the state assembly in March 1975 and which has yet to come into force, seeks to remedy the above situation.

Cropping pattern

1.18 The cropping pattern in Bihar is dominated by food crops. A statement showing the district-wise position of the net area sown, its percentage to total geographical area, the total cropped area, gross irrigated area, the area under food crops cultivated during *kharif* and *rabi* seasons in 1973-4 and the major crops grown in each district, is given in Annexure 3. Although the seven districts from the Chotanagpur plateau cover 46 per cent of the geographical area of the state, they together account for only 25 per cent of the total cropped area at 112.97 lakh hectares. Thus, three-fourths of the total cropped area in the state is situated in the plains. *Kharif* is the main cultivation season throughout the state. Sixty-five per cent of the gross cropped area under foodgrains in the state is brought under cultivation during the *kharif* season and the balance area is sown during the *rabi* season.

1.19 Eighty-six per cent of the total cropped area in the state is covered by foodgrains. Paddy is the main crop grown throughout the state. While wheat, maize and pulses are extensively

grown in the North and South Bihar plains, maize (in addition to paddy) is an important crop of the Chotanagpur plateau. Among the cash crops, sugarcane and jute are important and are grown in the North Bihar plain. While sugarcane is extensively grown in the districts of East Champaran, Gopalganj, Madhubani, Muzzaffarpur, Siwan, Samastipur and West Champaran which broadly form the western half of the North Bihar plain, jute is mainly grown in the districts of Purnea, Saharsa and Katihar which are situated in the eastern part of the North Bihar plain. Significantly, the cropping pattern in the South Bihar plain is completely dominated by foodgrains, although the nine districts located in the region are blessed with substantially better irrigation facilities.

1.20 The area under different crops in Bihar in 1973-4 with percentage to total cropped area is given in Table 7.

TABLE 7

Crop	Lakh Hectares	
	Area covered	Percentage to total cropped area
<i>Foodgrains</i>		
Paddy	50.57	44.8
Wheat	15.78	14.0
Maize	9.11	8.0
Pulses	11.82	10.5
Gram	2.64	2.3
Arhar	1.17	1.0
Other cereals	5.88	5.2
Sub-total	96.97	85.8
<i>Non-foodgrains</i>		
Sugarcane	1.49	1.3
Jute	1.44	1.3
Mesta	0.38	0.3
Rape and Mustard	0.93	0.8
Linseed	0.75	0.7
Seasamum	0.26	0.2
Potato	1.07	1.0
Groundnut, castor, tobacco, chillies, other oil seeds/vegetables/fruits	9.68	8.6
Sub total	16.00	14.2
Total	112.97	100.0

Crop production

1.21 The share of Bihar in the total foodgrains production of the country during the last five years ranged between 7.3 per cent and 8.6 per cent as may be seen from Table 8. Of the

TABLE 8

Year	Outturn		Million Tonnes
	Bihar	India	Percentage of col. (2) to col. (3)
(1)	(2)	(3)	(4)
1970-71	7.87	108.40	7.3
1971-2	9.00	104.70	8.6
1972-3	8.34	97.10	8.6
1973-4	7.77	103.60	7.5
1974-5	8.25	104.00	7.9

total estimated foodgrains production of the state at 82.50 lakh tonnes in 1974-5, rice and wheat outturn was estimated at 45.38 lakh tonnes and 17.14 lakh tonnes respectively. As per the physical target fixed in the state's Fifth Five Year Plan, the total foodgrains production in Bihar should increase to 120 lakh tonnes in 1978-9. Taking into account the achievement during 1974-5, which was far below the target fixed at 103 lakh tonnes, earnest efforts are called for if the Fifth Plan target is to be realized. In fact, the foodgrains production in the state had almost stagnated since 1970-71. However the position in this respect has improved substantially in 1975-6 when, as per the preliminary estimates the state's total foodgrains production is reportedly around 95 lakh tonnes.

1.22 Comparative performance of Bihar in the production of its two main crops, viz., rice and wheat, can be assessed from the data for the year 1971-2 given in Table 9. Average yield of rice in Bihar has been far below the relevant average for principal rice growing states. Bihar had exceptionally good wheat crop in 1971-2. The average per hectare yield of wheat in the state, however, ranged between 1129 kgs and 1236 kgs during the

TABLE 9

State	Area in Lakh Hectares Outturn in Lakh Tonnes Yield in Kgs per Hectare		
	Area	Outturn	Average yield
Rice			
Andhra Pradesh	27.24	43.02	1579
Bihar	52.06	50.06	962
Kerala	8.72	13.36	1533
Tamil Nadu	26.68	53.62	2010
West Bengal	49.92	65.08	1304
All-India	373.34	427.35	1145
Wheat			
Bihar	14.31	25.59	1788
Haryana	11.72	23.94	2043
Madhya Pradesh	35.09	30.46	868
Punjab	23.20	55.98	2413
Rajasthan	15.24	19.04	1249
Uttar Pradesh	60.46	75.49	1249
All-India	191.63	264.77	1382

years 1972-3 to 1974-5 in which case its performance can be rated as better in relation to Madhya Pradesh only.

1.23 The fact that the rate of increase in production of foodgrains in Bihar since Independence has not been on par with the relevant rate for the country as a whole, is evident from the indices of foodgrains production with triennium ending 1950-51 = 100 as base given in Table 10. In the case of cash crops,

TABLE 10

Indices of foodgrains production— Triennium ending	Bihar	All-India
1950-51	100	100
1960-61	135.5	148.7
1970-71	141.9	190.4
1973-4	161.8	192.8

the situation can be deemed as alarming inasmuch as while the production of sugarcane has been on the decline since 1970-71,

that of jute has progressively declined since 1960-61, as may be seen from the indices of yield of major crops in Bihar with triennium ending 1950-51 = 100 as base given in Table 11.

TABLE 11

Crop	Indices of yield Triennium ending			
	1950-51	1960-61	1970-71	1973-4
Rice	100	152.9	136.7	164.7
Wheat	100	124.8	172.3	249.8
Maize	100	176.3	184.7	155.4
Sugarcane	100	210.4	216.6	187.9
Jute	100	152.8	126.8	123.9

Intensification of agriculture

1.24 The relatively slow expansion of agricultural production in the state despite existence of favourable natural conditions, indicates that farmers in Bihar have been slow in taking to progressive and modern cultivation practices. The average per hectare consumption of chemical fertilizers in the state in 1973-4 was 8.8 kgs as against the all-India average of 16.8 kgs. The state average reportedly increased to about 11 kgs in 1974-5. The relevant average in 1973-4 for the neighbouring states of Uttar Pradesh and West Bengal have been 20 kgs and 14 kgs respectively and as high as 58.6 kgs for Punjab. Saran-Chapra district from North Bihar plain and districts of Patna, Monghyr and Shahabad from South Bihar plain are the only four out of the seventeen districts before reorganization in which the per hectare consumption of fertilizers in 1973-4 exceeded the all-India average.

1.25 The total annual consumption of chemical fertilizers in the state has ranged between 0.97 lakh tonnes and 1.18 lakh tonnes during the last five years ending with 1974-5 as may be seen from Table 12. The state's Fifth Five Year Plan aims at increasing the total annual consumption of chemical fertilizers to 7 lakh tonnes in 1978-9. The target fixed in the Annual Plan for 1974-5 was 3.5 lakh tonnes, the actual achievement being hardly 33 per cent of the target.

TABLE 12

Year	Lakh Tonnes	
	Consumption of chemical fertilizers	
1970-71	0.99	
1971-2	1.08	
1972-3	1.18	
1973-4	0.97	
1974-5	1.17	

1.26 The High yielding Varieties Programme (HVP) in Bihar covers three main crops, viz., paddy, wheat and maize. The targets fixed and the actual achievement in 1974-5 are given in Table 13. The performance during 1974-5 is indicative of the fact that strenuous efforts, both for popularizing the programme and for providing cultivators with the necessary credit and inputs, are called for if the Fifth Five Year Plan target of extending the programme to 36.50 lakh hectares, is to be reached.

TABLE 13

Crop	Lakh Hectares		
	1974-5		Target for 1975-6
	Target	Achievement	
Paddy	7.50	6.45	8.00
Wheat	17.00	8.90	17.50
Maize	3.00	1.57	3.55
Total	27.50	16.92	29.05

1.27 The success of the state government's efforts towards intensification of agriculture will also depend on tapping to the extent possible the available irrigation potential in the state which has been placed at 80 lakh hectares by the Irrigation Commission 1972 appointed by the GOI. As against this position, the gross irrigated area in the state at 26.82 lakh hectares (in 1973-4) constitutes 24 per cent of the total cropped area and is near about the all-India percentage of 23. The district-wise position in this respect is available in Annexure 3. The region-wise position with the districts accounting for the maximum and minimum proportion

of the irrigated area within each region is given in Table 14. Seven out of the nine districts from South Bihar plain are bestowed with very good irrigation facilities. Even in the case of the remaining two districts, viz., Bhagalpur and Monghyr, the proportion of gross irrigated area to the total cropped area exceeds the state average. As against this position, the irrigation facilities are very poor in all the districts from the Chotanagpur plateau barring Palamau as also in Sitamarhi and Vaishali districts from the North Bihar plain. Existence of irrigation facilities is more or less on par with the position for the state as a whole in the case of Gopalganj, Siwan and West Champaran districts from the North Bihar plain. In the case of the remaining ten districts from this plain, the proportion of gross irrigated area ranges between 7 per cent and 19 per cent. But the irrigation facilities are expected to substantially increase by 1978-9 especially in the districts forming the western half of the North Bihar plain with the full exploitation of the potential created by the Gandak project. Besides, the entire plain of North Bihar has adequate sub-soil moisture particularly at the time of sowing of the *rabi* crops and therefore, the proportion of area sown more than once to the net area sown at 38 per cent for North Bihar plain is higher than the state average of 30 per cent; the state average itself being twice the national average. In the light of the observations made above, the Fifth Five Year Plan target of increasing the gross irrigated area in the state by 6 lakh hectares to 32.82 lakh hectares in 1978-9 can be expected to be achieved fully.

TABLE 14

	Percentage of gross irrigated area to total cropped area		
	Average	Maximum	Minimum
NB	13	29 (West Champaran)	3 (Sitamarhi)
SB	52	66 (Rohtas)	25 (Monghyr)
CPTA	7	24 (Palamau)	3 (Ranchi)
CPOA	4	5 (Hazaribagh)	3 (Giridih)

Special schemes

1.28 Of the total ultimate irrigation potential in Bihar at 80 lakh hectares as estimated by the Irrigation Commission 1972, groundwater resources account for one-fourth or 20 lakh hectares; the source for the balance potential being surface water. The classification of gross irrigated area by source in 1973-4 is given in Table 15. Thus, ground-water resources account for about 8.50 lakh hectares of the gross irrigated area. A major project for further exploitation of the available ground-water resources which is under implementation in the state, is the Bihar Agricultural Credit Project, financed by the Agricultural Refinance and Development Corporation (ARDC). The project envisages construction of 55130 new diesel and electric powered shallow/medium tube wells and installation of 28869 pumpsets at a total investment of Rs. 43.52 crores. The project mainly covers the districts of Darbhanga, East Champaran, Gopalganj, Muzaffarpur, Saran, Sitamarhi, Siwan, Vaishali and West Champaran from the North Bihar plain and was originally scheduled to be completed by the end of 1976. Up to 30 June 1976, the construction of 27695 tube-wells and the installation of 6038 pumpsets had been completed. In view of this position the GOB are considering to seek the extension of the project period by two years, i.e., up to 31.12.1978.

TABLE 15

Source	Gross irrigated area (Lakh hectares)	Percentage to total gross irrigated area
Canals*	10.90	41
Tube-wells	6.40	24
Wells	2.10	8
Tanks	1.40	6
Other sources	6.02	21
Total	26.82	100

* Mainly Sone canal system and Kosi and Gandak projects.

1.29 Another major project under implementation in the state with assistance from the ARDC is the Bihar Market Yards Project. This project, the first of its kind in the country, envisages development of 50 selected regulated markets at a total investment

of Rs 16.95 crores. The project is expected to benefit 15 lakh cultivators in the state and aims at improving their earnings from the sale of agricultural produce. The project is expected to be completed by 30 June 1978. Of the 20 market yards expected to be ready by the end of 1976, as many as 16 are situated in the command areas of the Gandak and Kosi in the North Bihar plain and the Sone in the South Bihar plain. The progress in the implementation of the project during the initial period was reportedly slow mainly due to delays in acquiring lands for market yards and handing over possession thereof to the market committees.

1.30 The Gandak Command Area Project continues to be under implementation in the state. Through its canal system when completed in 1978-9, the project is expected to provide irrigation to a culturable area of 9.60 lakh hectares (cropped area of 11.52 lakh hectares) in Bihar. The present achievement has, however, reportedly fallen short of the schedule originally fixed.

Concluding observations

1.31 In a nutshell, although Bihar has basically an agricultural economy, it presents somewhat a picture of relatively slow growth in the agricultural sector. Heavy pressure of population on land, existence of small and highly fragmented operational holdings, inability of a section of farmers to obtain investment credit against the security of their land, occurrence of floods in the relatively fertile North Bihar plain and recurring droughts in the Chotanagpur plateau, are the major problems. While the necessary steps for consolidation of holdings, for providing transferable occupancy rights to share-croppers and oral lessees for providing access to investment credit from institutions and for controlling the menace of floods should be vigorously pursued by the state government, the main thrust for ensuring success of the agricultural development programmes would have to be directed towards tapping the available irrigation potential, persuading the farmers, most of whom are small or marginal, to adopt modern agricultural practices and ensuring adequate institutional credit support to them for their agricultural operations. In order to assess the magnitude of the responsibility that will devolve on the

agricultural credit institutions for the fulfilment of this urgent task, we have to estimate district-wise credit needs for short-term agricultural production and the possible level to which they may increase over the period of the next five years.

PRODUCTION CREDIT NEEDS

1.32 The total requirements of credit for short-term agricultural production in any area would depend on the cropping pattern and the average per hectare outlay in respect of each crop. As observed by the Study Team on Agricultural Credit Institutions in Madhya Pradesh 1976 (MP Study Team), therefore, "the more scientific method of assessing the credit requirements is to ascertain the realistic scales of finance and the area under different crops and multiply the area under each crop with the relevant scale of finance fixed for the purpose so as to arrive at the total outlay on raising the different crops. Forty or fifty per cent of the outlay so calculated can be deemed as the short-term credit needs on the assumption that not all the cultivators require credit and, therefore, become members of pacs, not all the cultivators in need of credit resort to institutional agencies and not all the borrower-members of pacs borrow to the full extent of the outlay on crops raised by them." But an assessment of the credit potential on the above basis is feasible if accurate data about the cropping pattern in respect of not only each district but also each development block are available as the basic objective behind the whole exercise is to identify blocks wherein large credit gaps exist. In the case of Bihar, for want of the requisite data, in particular block-wise, an alternative method which is simple enough to facilitate estimation of block-wise credit needs, has to be adopted. The best course will be to proceed on the basis of expected average credit supply per hectare of irrigated and unirrigated cropped area as was done by the Working Group on Co-operation for the Fifth Five Year Plan (Fifth Plan Working Group) for estimating the short-term agricultural credit requirements for entire country in 1978-9. The Working Group had arrived at the estimate of Rs 3000 crores on the basis of Rs 250 per hectare of irrigated land and Rs 125 per hectare of unirrigated land keeping in view the fact that the norms adopted should take into account two factors, viz., (i) every farmer in need of credit may not necessarily

resort to institutional agencies and (ii) every borrower may not necessarily borrow to the full extent of his requirements as he is expected to plough back a part of his savings. Taking all these aspects of the matter into account, we consider it appropriate to adopt the same norms as fixed by the above Working Group for the purpose of calculating the short-term production credit potential for each district/block in Bihar, subject to marginal changes indicated below:

(i) Four districts from western part of the North Bihar plain, viz., East and West Champaran, Gopalganj and Siwan, together account for about 60 per cent of the area under sugarcane in the state. Besides, another high-value crop, viz., potato, is extensively grown in these districts. The farmers in these districts are progressive in view of relatively better average per hectare consumption of fertilizers. The short-term agricultural credit potential for these districts and the blocks in them may, therefore, be calculated at the rate of Rs 375 per hectare of irrigated land and Rs 175 per hectare of dry land.

(ii) On the other hand, with the exception of Palamau district, the remaining six districts in the Chotanagpur plateau, viz., Dhanbad, Giridih, Hazaribagh, Ranchi, Santhal Parganas and Singhbhum, have poor soils, practically no irrigation facilities and the cultivation in these districts is carried on mainly on traditional lines by the tribal farmers who are in majority. Paddy and maize are the main crops of these districts. The short-term credit potential for these six districts and the blocks in them may, therefore, be calculated at the rate of Rs 250 per hectare of irrigated land and Rs 100 per hectare of unirrigated land.

1.33 On the basis indicated in paragraph 1.32 above, the short-term agricultural credit potential for Bihar as a whole for total gross cropped area of 112.97 lakh hectares (86.15 lakh hectares unirrigated and 26.82 lakh hectares irrigated) works out to Rs 177.76 crores or, say, Rs 178 crores. The district-wise position is indicated in Annexure 4. The region-wise position is given in Table 16. With the measures that are being taken for increasing the irrigation facilities, bringing more culturable fallow land under cultivation, extending the area under high-yielding varieties of crops and for popularizing the use of chemical fertilizers, the short-term credit potential for the state as a whole

should, even on a conservative estimate, increase by at least 10 per cent over the period of the next five years and can, therefore, be placed at Rs 195 crores in 1980-81. It may be pertinent to note that the above estimates of the existing as well as the projected level of short-term agricultural credit potential in 1980-81, have been kept to the minimum keeping in view the present level of per hectare finance made available by the co-operative agricultural credit institutions in Bihar and their capacity to meet such credit needs over the next five years. For, on the basis of the recommended doses of fertilizers and other inputs, the actual credit requirements would be substantially higher.

TABLE 16

	Cropped area (Lakh hectares)			Credit potential (Rs crores)
	Irrigated	Un-irri- gated	Total	
NB	6.54	42.91	49.45	78.92
SB	18.43	17.29	35.72	67.68
CPTA	1.65	20.90	22.55	25.62
CPOA	0.20	5.05	5.25	5.54
Total	26.82	86.15	112.97	177.76

1.34 As against the above estimate of credit potential the pacs in the state can be deemed to have met in 1974-5 credit requirements to the extent of short-term agricultural loans issued by them in that year (Rs 11.91 crores) plus overdues in respect of such loans as on 30 June 1974 (Rs 16.44 crores), i.e., to the extent of Rs 28.33 crores leaving a credit gap of Rs 150 crores or 84 per cent of the existing potential at Rs 178 crores. For the purpose of estimating the credit needs met by the pacs in the state, their overdue short-term loans have been reckoned, as even those who have not repaid their dues can be said to have enjoyed the benefit of co-operative credit.

1.35 As may be seen from Annexure 4, with the exception of agriculturally less developed district of Dhanbad the credit gaps are very wide in all districts throughout the state and as a percentage of credit potential, they range between 69 and 96. This shows that the co-operative agricultural credit institutions operat-

ing in the state will have to considerably tone up their working, both financially and administratively, if they are to fulfil at least a major portion of the responsibility devolving on them. It is in this context that we have appraised the performance so far of the co-operative credit institutions in Bihar in Part II of our report (Chapters 2 to 4), suggested measures for toning up their working in Part III (Chapters 5 to 7) and have devoted Part IV (Chapter 8) of the report for recommending the steps necessary for involving the commercial banks and the regional rural banks so as to ensure that all institutional sources by their combined effort meet the wide credit gaps to as large an extent as may be feasible.

II CO-OPERATIVE CREDIT AGENCIES APPRAISAL OF PERFORMANCE

CHAPTER 2

BIHAR STATE CO-OPERATIVE BANK

2.01 As the apex institution of the co-operative credit structure, a state co-operative bank has basically two-fold responsibilities, the first of building up a sufficiently strong position to meet adequately the stresses and strains arising out of weaknesses of the institutions at the lower two levels and the second of guiding and co-ordinating the activities of the affiliated ccbs and through them of the pacs with a view to ensuring that the co-operative credit structure as a whole is in a position to lend meaningful credit support to the programmes of agricultural development in all areas of the state. We have assessed in this chapter how far the Bihar State Co-operative Bank has been able to fulfil the above objectives. Our recommendations for improvement as already stated are, however, contained in Chapter 5.

2.02 The BSCB which is in existence for over six decades, was registered in 1914 and commenced business during the same year. It was included in the Second Schedule to the Reserve Bank of India Act, 1934 in July 1966. Until 1936, the bank served the Provinces of Orissa and Bihar. The area covered by Orissa went out of its jurisdiction with the formation of separate Orissa Province in 1937. The activities of the bank received a serious setback on account of the depression of the 'thirties'. With a view to rehabilitating the bank and the co-operative credit structure, therefore, the state government assumed control of the BSCB in September 1941 and undertook to bear its losses. The bank had then commenced transacting trading activities as one of the measures to tide over the crisis. Subsequently, i.e., in 1958, on the advice of the RBI, these activities were transferred to the Bihar State Co-operative Marketing Union and since then the bank has been concentrating primarily on the expansion of its agricultural credit business.

2.03 Despite its existence for over sixty years, the BSCB has not been able to make much headway, although in the recent

years some improvement has been witnessed. In fact, the Informal Group on Institutional Arrangements for Agricultural Credit, 1964 (Informal Group) had attributed the inadequacy of co-operative credit in Bihar to the weak institutional structure at all levels and had, therefore, proposed the establishment of an Agricultural Credit Corporation for Bihar which was intended to function in place of that part, or those parts, of the co-operative credit structure, which for the time being, were deemed unequal to discharge adequately their responsibility, although eventually the Corporation was expected to transfer its work to the co-operative credit structure. This Corporation, however, did not come into being following the extension of social control to commercial banks and the subsequent nationalization of 14 major banks in July 1969.

TABLE 1

Member	Number
1 Central co-operative banks	29*
2 Primary agricultural credit societies	7
3 Non-agricultural credit societies	36
4 Central societies	29
5 Cane development and co-operative marketing unions	14
6 Individuals	27
7 Government	1
	143

* Includes the ccb of Purulia district transferred to West Bengal.

Organization

2.04 The membership of the BSCB comprises the ccbs, other apex co-operative institutions, some primary societies, individuals and the state government. As on 30 June 1975 the total membership was as shown in Table 1. Being the apex body of the co-operative credit structure, the membership of the BSCB should normally be open to the ccbs operating in Bihar and other state level co-operative institutions, in addition to the state government.

However, these members are in minority *vis-a-vis* the other members.

Board of directors

2.05 The board of directors of the bank which is required to meet at least once every month consists of 19 members as in Table 2. The Chairman is elected not by the board of directors, but like other directors (excepting the nominees of the GOB and the MD) by the members present at the annual general body meeting. Any interim vacancy occurring in the office of either the Chairman or an elected director is, however, filled up by co-option by the board. It is pertinent to note in this connexion that as per the byelaws of the bank, each shareholder, irrespective of whether he is an individual or represents an affiliated institution, has one vote. The individual shareholders, therefore, who number 27 and form 20 per cent of the membership along with the representatives of the co-operative institutions other than the state level bodies or the ccbs, can dominate the proceedings of the general body including the election of the Chairman. Thus, the Chairman of the bank may not necessarily represent an affiliated ccb. This is not conducive to the bank discharging the responsibility cast on it of guiding the activities and co-ordinating the policies of the ccbs in the state.

TABLE 2

Chairman	1
Representatives of ccbs (two directors each from Patna, Tirhut, Bhagalpur and Chotanagpur divisions and one director each from Kosi and Darbhanga divisions)	10
Representatives of shareholders other than ccbs	4
Nominees of the GOB	3
MD (ex-officio)	1
Total	19

2.06 Another lacuna in the byelaws of the BSCB and for that matter in the State Co-operative Societies Act or the Rules framed thereunder, is that an individual representing a defaulting society is not debarred from seeking election as director of a federal society nor a director of any federal society is liable to

be disqualified if the society he represents defaults in repayment of dues of the federal society. Thus, representatives of defaulting ccbs can continue as directors of the BSCB and are not, therefore, obliged to use their local influence and contacts in effecting recoveries to clear the defaults of their institutions to the BSCB. It may not be out of place to point out that a very large number of ccbs have been year after year in default to the apex bank but their representatives have continued on the apex bank's board.

2.07 Finally, despite a fairly sizeable proportion of scheduled caste and scheduled tribe population in the state, there is no provision in the byelaws of the BSCB for their specific representation on its board. The present board does not have any member from the scheduled caste or tribe.

Sub-Committees

2.08 In terms of byelaw No. 60, the board of directors of the BSCB can delegate to a committee or committees of directors certain of its powers specified in the said byelaw. However, in practice the board of directors has authorized the Chairman to constitute such committees. Presently six such committees are functioning. The names of these committees, their membership and the number of their meetings held during the three-year period 1973-4 to 1975-6, are given in Table 3. The expenditure on

TABLE 3

Committee	Number of members			Number of meetings held		
	1973-4	1974-5	1975-6	1973-4	1974-5	1975-6
Working Committee	10	11	10	7	5	2
Staff Committee	9	9	9	8	5	6
Loan Sub-Committee	5	5	5	12	4	3
Audit and Implementation Committee	11	11	11	8	5	6
Building Sub-Committee	5	6	6	4	1	5
Planning Committee	19	19	19	1	2	1

travelling/halting allowances and sitting fees paid to the directors for attending the board/committee meetings was of the order of

Rs 1.58 lakhs in 1973-4, Rs 2.19 lakhs in 1974-5 and Rs 2.23 lakhs (provisional) in 1975-6. The relevant expenditure of some leading state co-operative banks is given in Table 4. The number

TABLE 4

State Co-operative Bank	Strength of Board	Rs Lakhs	
		1973-4	1974-5
Gujarat	27	0.98	1.26
Madhya Pradesh	48	0.85	0.77
Maharashtra	36	0.91	1.75
Tamil Nadu	24	0.63	0.84

of sub-committees appointed by the Chairman of the BSCB by virtue of the authority vested in him by the bank's board, seems to be far too many in view of the following reasons:

- (i) The board of directors of the bank has a manageable strength of 19. It is required to meet once in a month. All matters of policy, therefore, can be decided by the board.
- (ii) Urgent matters as also certain specific issues which require detailed examination can, by and large, be looked into by the Working/Executive Committee whose meetings can be convened as and when necessary.

2.09 In addition, the bank has nominated branch advisory committees for six out of its eight branches including the local branches to attend to the following functions:

- (i) to organize the provision of co-operative credit,
- (ii) to raise deposits from member and non-member institutions and individuals,
- (iii) to see that the expenditure of the branch is according to the approved budget,
- (iv) to take stock of the branch property from time to time,
- (v) to allow time for payment of dues and to recommend to head office for waiving ordinary and penal interest on dues from any party in deserving cases,
- (vi) to recommend disciplinary action against officers,

- (vii) to submit to the head office annual report, statement of accounts, profit and loss account and balance sheet,
- (viii) to suggest ways and means to head office for improving and developing the financial position and/or volume of business of the branch and also about the staff position of the branch.

While there may be some justification for having a branch advisory committee for the two branches in Jamshedpur and one such committee for the branch at Barauni strictly for attending to functions at items (i), (ii), (iv), (vii) and (viii), no such committees for the branches in Patna seem necessary.

Chairman

2.10 In terms of byelaw No. 43, the Chairman of the bank shall be in overall charge of the bank and shall exercise general control and supervision over the affairs of the bank and the work of its officers. While we note that the present Chairman of the bank has not been taking part in its day-to-day working, it is quite likely that the wording of the byelaw is such that it may be interpreted to mean that it is the duty and responsibility of the Chairman of the bank to supervise the day-to-day work of the officers in the bank.

Managing Director

2.11 As provided in byelaw No. 63, the MD of the BSCB can be appointed either by the state government on such terms and conditions as the government may decide or by the board with the consent of the state government. But ever since the government assumed responsibility to meet the losses of the bank, the MD is being appointed by the GOB and serves also as Financial Adviser to the GOB who pay his salary and allowances. There have, however, been frequent changes in the incumbents to the post. Between the middle of 1972 and middle of 1974, i.e., within a short span of two years, there were as many as five such changes. In April 1975, the government decided to make future appointments to the post of the MD of the bank from amongst the officers of the RBI. Since June 1975, therefore, a senior officer of the RBI is serving as MD.

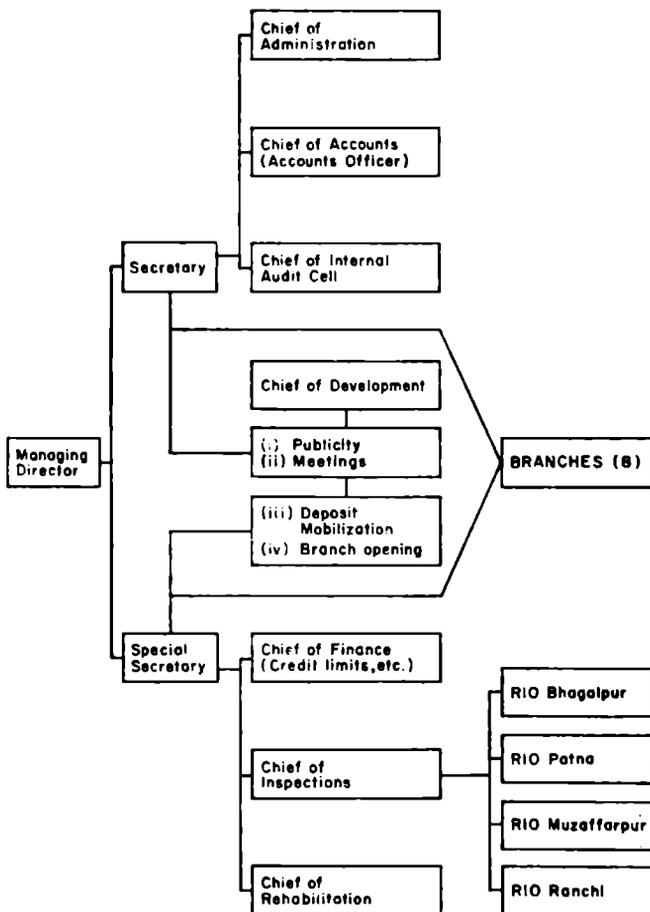
2.12 Byelaw Nos. 61 and 64 deal with the powers of the MD. In terms of byelaw No. 61, the board can delegate to the MD either individually or jointly with other members of the board certain powers on subjects relating to the bank's day-to-day working including the posting and transfer of the paid staff. Besides, byelaw No. 2 authorizes the board to delegate to individual directors the powers of supervision over the activities of the bank and the societies financed by it. The arrangement envisaged in the above byelaw cannot be deemed satisfactory inasmuch as it will result in the division of executive responsibility between the chief executive of the bank who is a full-time paid employee and the directors who are not so.

2.13 We are of the opinion that directors of the Board other than the Chairman and the MD should not be entrusted with any executive responsibility in the affairs of the bank. Byelaws 61 and 62 should, therefore, be amended to exclude reference to other directors. In many business organizations the executive responsibility rests with a single individual, viz., the MD or the Chairman-cum-Managing Director. A co-operative bank is a democratic body in which the Chairman who is elected by the members and is not a wholetime paid servant has to accept some executive responsibility also in addition to presiding over the Committee/Board or general body meetings. At the same time, it is clear that control over the day-to-day administration of the bank should be left exclusively to the MD who will be either a professional banker or a seasoned administrator. Ordinarily one would have preferred to specify in the byelaws the powers and duties of the Chairman and MD clearly to avoid any misunderstanding about what constitutes the sphere of responsibility for each. At the same time, we recognize how difficult it is to draw a clear line of demarcation in this behalf. We feel that the objective can as well be achieved if by convention the duties and responsibilities are settled for the Chairman and the MD in advance by mutual understanding or with the concurrence of the board of directors in such a way that while the Chairman will be in overall charge of the affairs of the bank, the MD will be solely responsible for its day-to-day working.

Key Officers

2.14 The MD is assisted by a Secretary and a Special Secretary

CHART I
ORGANIZATIONAL CHART OF THE BSCB



RIO: Regional Inspection Officer

and a complement of officers as shown in the organizational Chart I. There are four regional offices of the bank at Patna, Bhagalpur, Muzaffarpur and Ranchi each headed by a regional inspecting officer. The branch managers of three main branches, viz., Bankipore and New Secretariat in Patna and Bistupur in Jamshedpur, are in the same cadre as that of the departmental chiefs at the head office and, therefore, there can be inter-transfers between them. Of the 19 officers of the rank of inspecting officers and above, only seven including the Secretary and the Special Secretary have completed training in co-operation and co-operative banking. The responsibility in respect of two important aspects, viz., control over the branches and recovery, has not been assigned specifically to any of the departmental chiefs at the head office of the bank.

2.15 The total strength of the staff as at the end of December 1975 was 313 as given in Annexure 5. Of these, the number of subordinate staff comprising peons, jamadars, havaldars, car drivers, etc. was 133, i.e., 42 per cent of the total strength which seems disproportionate to the total strength.

Financial position

2.16 The bank's comparative financial position as at the end of the co-operative years 1971-2 to 1974-5 and as on 28 May 1976, is given in Annexure 6. Some of the important aspects of the financial position of the BSCB as on 28 May 1976 are compared in Table 5 with the relevant figures for the apex banks in Maharashtra, Orissa, Rajasthan and Tamil Nadu as on 30 June 1975 and with the averages for all-India (exclusive of apex banks of Union Territories) as on 30 June 1974. The achievements of the BSCB in various respects are very poor in relation to those of the two leading apex banks in the country, viz., Maharashtra and Tamil Nadu. In several fields the Rajasthan State Co-operative Bank leads the BSCB. The latter's achievements in various fields excepting that of deposits are also well below the average position of all the apex banks in India as on a date which is almost two years earlier. The position of the BSCB is, however, relatively better excepting in relation to overdues, in comparison with the position of the Orissa State Co-operative Bank. Thus,

TABLE 5

Rs Lakhs

Item	State Co-operative Bank					
	Bihar	Maha- rashtra	Orissa	Rajasthan	Tamil Nadu	All-India*
	(1)	(2)	(3)	(4)	(5)	(6)
Paid-up share capital	147.01	1114.57	104.83	302.88	436.84	254.96
(Of which from state government)	(66.00)	(452.92)	(20.00)	(50.00)	(126.00)	(92.46)
Owned funds	471.34	3495.42	295.48	571.18	936.59	604.43
Deposits	2303.59	16251.51	799.51	941.83	3478.83	2288.27
(Of which from co-operative institutions)	(1391.56)	(13787.77)	(741.51)	(833.64)	(1965.54)	(1760.15)
Outstanding borrowings	605.60	9800.17	540.83	2121.80	4523.03	1375.46
Loans issued for sao	1585.50	7185.20	1446.09	3571.66	7421.00	2630.86
Outstanding advances	2467.42	23368.82	1297.29	3436.01	7378.01	3325.04
(Of which for short-term agricultural purposes)	(1462.15)	4162.56)	(355.55)	(2302.44)	(1988.60)	(1445.50)
Overdues	885.68	638.65	48.03	22.32	19.90	295.87
Dividend for 1974-5 (%)	G.M. not held	7	2	3	6	—

* Excludes apex banks of Union Territories.

the BSCB has to go a long way in building up adequate financial strength so as to be in a position to give worthwhile lead and support to the activities of the affiliated institutions. The progress made by the BSCB during the five-year period from 1971-2 to 1975-6 is discussed in the paragraphs that follow.

Owned funds

2.17 The paid-up share capital of the bank has remained stagnant excepting for an increase of Rs 2.31 lakhs during the year 1974-5. The GOB may have to strengthen the capital base of the BSCB suitably by borrowing from the RBI's Long-term Operations Fund (LTO Fund) if it is to expand its loan business appreciably. The increase in the bank's reserves which is of the order of Rs 111.56 lakhs is accounted mainly by the increase of Rs 34.90 lakhs in the Agricultural Credit Stabilization Fund and the receipt of grant from GOI/GOB of Rs 32.47 lakhs in the rehabilitation fund for weak ccbs.

2.18 The Agricultural Credit Stabilization Fund is of prime importance to the state as it is susceptible to natural calamities like floods and droughts. The Study Team on Overdues of Co-operative Credit Institutions 1974 (Overdues Study Team) has recommended that the BSCB should build up this fund to the level of Rs 269 lakhs by 1978-9 as against the present level of Rs 131.21 lakhs. The shortfall of Rs 138 lakhs will have to be made good in another three years time. We suggest that the GOI may take into consideration the above position while sanctioning future central assistance to strengthen the stabilization fund of the BSCB.

Deposits

2.19 The deposits of the bank have increased substantially since 30 June 1972, but the increase of Rs 1240.30 lakhs, i.e., from Rs 1063.29 lakhs as on 30 June 1972 to Rs 2303.59 lakhs as on 28 May 1976, cannot be deemed as commensurate with the requirements of agricultural credit in the state. Nevertheless the increase in deposits of the bank during the last four years by over 100 per cent has to be noted with satisfaction because of

increase in the deposits from sources other than the co-operatives especially during 1975-6. As on 28 May 1976, such deposits at Rs 912.03 lakhs formed nearly 40 per cent of the total deposits.

2.20 The increase in deposits of the bank during the last four years was mainly accounted by fixed deposits which rose by Rs 924.18 lakhs. The higher proportion of fixed deposits which formed 63 per cent of the total as on 28 May 1976, would increase the average rate on the deposits. Most of the loans of the BSCB are for agricultural purposes on which the return is relatively low and it is, therefore, desirable for the bank to make special efforts to mobilize more of current and savings deposits which as on 28 May 1976 together formed 35 per cent of the total deposits.

2.21 The bank has in all eight branches of which five are in Patna, two in Jamshedpur and one in Barauni. The dates of opening and the deposits mobilized by them as on 30 June 1975 and 28 May 1976 with targets for the year 1975-6, are given in Table 6. The first branch of the bank was opened at Jamshedpur as far back as October 1951. Thereafter for about 18 years the bank did not open any new branch. However, six additional branches (exclusive of the main branch at Bankipore-Patna) were opened during the period April 1969 to May 1973. The branches at Bankipore, Bistupur and Golmuri have exceeded or almost equalled the target of deposits fixed for them. Barring the New Secretariat branch at Patna, the deposits of the remaining branches are far below the targets given to them.

2.22 As already indicated, considering the present loan business of the bank at Rs 2467.42 lakhs as on 28 May 1976, its deposits cannot be deemed as low. But the bank's difficulties mainly stem from the high degree of defaults in repayments by the ccbs and other affiliated institutions. In view of this position and the need to bridge the credit gaps at least substantially, the bank has rightly fixed a target for raising its deposits to Rs 60 crores by 1978-9. However, this would mean maintaining an annual growth rate of about 40 per cent which may be difficult to achieve. It should be deemed as a satisfactory performance, therefore, if the

DEPOSITS

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TABLE 6

Branch	Date of opening	Deposits as on		Target for 1975-6
		30.6.1975	28.5.1976	
Bankipore (Patna)	1.10.1970*	1542.06 (1142.91)	1815.27 (1156.85)	1700.00
New Secretariat (Patna)	16.4.1969	102.42 (10.88)	105.71 (7.87)	150.00
Mussalahpur Hat (Patna)	25.5.1971	16.31	20.48	100.00
Kankarbagh (Patna)	11.5.1973	5.21	5.80	100.00
New Market (Patna)	9.7.1971	23.44 (0.09)	28.52 (0.12)	100.00
Bistupur (Jamshedpur)	16.10.1951	180.45 (149.33)	205.04 (172.36)	200.00
Golmuri (Jamshedpur)	2.4.1969	86.85 (53.23)	94.60 (54.01)	100.00
Bihat (Barauni)	24.2.1970	7.56 (0.01)	9.37 (0.35)	50.00
Head Office	—	16.13@	18.80@	
		1980.43 (1356.45)	2303.59 (1391.56)	2500.00

NB: Figures in brackets indicate deposits from co-operative institutions.

* Represents the date on which banking department of the head office was converted into a branch.

@ Staff security and provident fund deposits.

BSCB achieves the above target at the end of 1980-81 by maintaining an average annual growth rate of 20 per cent in deposits.

Borrowings

2.23 The bank's outstanding borrowings have come down substantially, i.e., from Rs 1091.36 lakhs as on 30 June 1972 to Rs 605.60 lakhs as on 28 May 1976. The percentage of borrowings to total loans and advances at the end of each year during the five-year period ending 1975-6 is given in Table 7. The bank's borrowings are mainly from the RBI under the various types of limits sanctioned to it on behalf of the ccbs.

TABLE 7

Item	Rs Lakhs				
	30-6-72	30-6-73	30-6-74	30-6-75	28-5-76
1 Outstanding loans and advances	1630.89	1927.75	2073.96	2379.48	2467.42
2 Borrowings	1091.36	1110.88	560.47	899.39	605.60
3 Percentage of (2) to (1)	67	58	27	38	25

2.24 A statement regarding the sanction of short-term credit limits by the RBI to the bank on behalf of the ccbs and their utilization during the five-year period 1971-2 to 1975-6 is given in Annexure 7. The position at a glance may be seen in Table 8. Most of the banks have been able to secure limits below the level of Rs 50 lakhs during the five-year period. Another disquieting feature is that the number of ccbs on whose behalf the limits were sanctioned to the BSCB declined from 25 in 1971-2 to 13 in 1974-5. Consequently the aggregate limits sanctioned stood reduced from Rs 989 lakhs to Rs 615 lakhs during the period. In 1975-6, however, the position has registered a slight improvement when the number of banks which were able to secure credit limits increased to 15 and the limits sanctioned aggregated Rs 785 lakhs. The reduction in the amounts of credit limits sanctioned as well as the number of ccbs enjoying such limits, was mainly on account of the defective lending policies adopted by these institutions, laxity in supervision over the loans, the high level of overdues, heavy defaults in repayment of their dues to the apex bank and poor internal resources position of the ccbs. In the case of some ccbs the position was so unsatisfactory that either the ccbs themselves did not apply or their applications for credit limits were not recommended to the RBI by the BSCB. In 1976-7 till the end of July 1976, ten banks were sanctioned limits aggregating Rs 500 lakhs. In view of the reported improved performance of the ccbs in the state during 1975-6, however, it is likely that many of the remaining 18 banks, will become eligible for credit limits from the RBI.

2.25 The amounts of limits sanctioned being moderate the utilization thereof has been generally satisfactory. The names

TABLE 8

Rs Lakhs

	Number of ccbs	RBI short-term (agricultural) credit limit to BSCB on behalf of ccbs									
		1971-2		1972-3		1973-4		1974-5		1975-6	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
NB	11	10	550.00	9	425.00	10	485.00	6	315.00	7	345.00
SB	8	7	267.00	8	237.00	6	255.00	4	195.00	5	335.00
CPTA	6	6	142.00	6	160.00	4	110.00	3	105.00	3	105.00
CPOA	3	2	30.00	2	40.00	—	—	—	—	—	—
Total	28	25	989.00	25	862.00	20	850.00	13	615.00	15	785.00

BORROWINGS

of ccbs which utilized the limits to the extent of 50 per cent or below of the sanctioned amounts are given in Table 9.

TABLE 9

Year	NB	SB	CPTA	CPOA
1971-2	—	—	—	Dhanbad (32)
1972-3	Begusarai (49) National (Bettiah) (45)	Sasaram- Bhabua (49)	—	Dhanbad (nil)
1973-4	National (Bettiah) (24)	—	Daltonganj (50)	—
1974-5	National (Bettiah) (44)	—	—	—
1975-6	—	—	—	—

Figures in brackets indicate percentages.

Deficits in non-overdue cover

2.26 The ccbs which had deficits in the non-overdue cover (noda) in respect of their outstanding borrowings for short-term agricultural purposes from the RBI during the period 1971-2 to 1975-6 (upto 30.4.1976) are shown in Annexure 8. The position is summarized in Table 10. Thus although the utilization of

TABLE 10

	Number of ccbs having deficits in noda				
	1971-2	1972-3	1973-4	1974-5	1975-6
NB	5	5	4	5	3
SB	6	6	5	4	3
CPTA	3	4	3	2	2
CPOA	2	—	—	—	—
Total	16	15	12	11	8
No. of banks sanctioned RBI limit	25	25	20	13	15

limits was satisfactory, a majority of the ccbs to which limits were sanctioned by the RBI failed to maintain adequate noda for the borrowings made by them.

Involvement of the BSCB

2.27 Consequent on the inability of the ccbs to obtain limits from the RBI, their failure to meet their commitments in time as indicated in paragraph 2.33 later and also to provide adequate nodc, the apex bank's funds are involved on a large scale in financing ccbs for meeting their requirements of short-term agricultural advances. The limits sanctioned by the BSCB to the ccbs for the year 1974-5 and 1975-6 when almost 50 per cent of the ccbs could not obtain the RBI limits as well as its actual involvement in the advances to the ccbs as at the end of 30 June 1973, 1974, 1975 and 30 April 1976 are given in Annexure 9. The position at a glance may be seen in Table 11. For the year

TABLE 11

	Rs Lakhs					
	Limits sanctioned		Involvement			
	1974-5	1975-6	30-6-73	30-6-74	30-6-75	30-4-76
NB	862.00	1087.00	248.21	390.25	457.55	560.07
SB	603.00	765.00	156.62	170.10	235.85	323.26
CPTA	337.50	400.00	78.95	131.40	111.78	130.53
CPOA	80.00	110.00	57.28	69.41	48.49	54.54
Total	1882.50	2362.00	541.06	761.16	853.67	1048.40

N.B. Limits sanctioned are inclusive of the RBI limits.

1976-7 the BSCB has sanctioned limits aggregating Rs 2308 lakhs as in Table 12.

TABLE 12

	Rs Lakhs	
	Number of banks	Limit sanctioned
NB	11	1071.00
SB	8	780.00
CPTA	6	357.00
CPOA	3	100.00
Total	28	2308.00

2.28 As for medium-term credit for agricultural purposes, normally not all the banks approach the RBI for a limit every

year and many of the banks which apply are not able to obtain such limits due to heavy overdues and failure to rationalize their medium-term loan policy. The apex bank's own involvement in medium-term loans for agricultural purposes to ccbs has also been low.

Loans and advances

2.29 The outstanding advances of the bank have increased by Rs 836.53 lakhs from Rs 1630.89 lakhs as on 30.6.1972 to Rs 2467.42 lakhs as on 28.5.1976. This increase is mainly due to the increase of Rs 700 lakhs in the outstanding short-term agricultural loans. Loans issued for short-term agricultural purposes have not, however, increased correspondingly inasmuch as these came down from Rs 1168.43 lakhs in 1971-2 to Rs 692.97 lakhs in 1974-5 but registered a sharp increase of about Rs 600 lakhs in 1975-6 when they reached the level of Rs 1585.50 lakhs. This figure, however, is much below the target of Rs 45 crores set by the bank itself. The BSCB, however, needs to maintain an upward trend in its loaning business in view of the wide credit gaps prevailing at present and the tasks which we propose to assign to it. It may not be impracticable to expect the bank to increase the short-term loans for agricultural purposes issued by it to the ccbs annually to about Rs 80 crores by 1980-81, inclusive of the estimated refinance from the RBI at about Rs 50 crores, so that the total short-term credit for production purposes provided to the cultivators by the co-operative sector at the primary level, reaches the level of about Rs 110 crores. This means that the BSCB has to aim at an annual increase of Rs 12 crores to Rs 13 crores in the short-term agricultural loans issued by it.

2.30 The bank's advances for medium-term agricultural purposes are comparatively insignificant. The outstanding advances ranged between Rs 144 lakhs and Rs 190 lakhs, i.e., below Rs 2 crores. The loans issued annually during the five-year period have been around Rs 20 lakhs excepting in the years 1972-3 and 1973-4 when they reached the level of Rs 96 lakhs and Rs 62 lakhs respectively.

2.31 The bank's outstanding medium-term conversion loans have

been around Rs 4 crores and ranged between Rs 472.88 lakhs (30.6.1975) and Rs 397.79 lakhs (30.6.1974). In the year 1971-2, the bank had granted to ccbs medium-term conversion loans aggregating Rs 476.95 lakhs and again in 1974-5 to the extent of Rs 171.09 lakhs. In between these two years, conversion loans allowed were of the order of Rs 164.76 lakhs.

Overdues

2.32 The bank's overdues, their percentage to demand as well as outstandings and the position of overdues *vis-a-vis* the owned funds during the five-year period 1971-2 to 1975-6 are given in Table 13. The percentage of overdues to outstandings as well

TABLE 13

Item	Rs Lakhs				
	As on 30 June				
	1972	1973	1974	1975	1976 (28 May)
Overdues	368.65	681.21	791.04	1117.80	885.68
Percentage to					
(i) Outstandings	23	35	38	47	36
(ii) Demand	18	28	29	41	31
Owned funds	357.20	374.65	406.03	436.44	471.34

as demand showed an upward trend till 1974-5 but declined in 1975-6. Even so, the level of overdues as on 28 May 1976 (when the demand for *rabi* loans had not fallen due) at the apex level can be deemed as very high, particularly when account is taken of the fact that conversion facilities had been extended to the ccbs. The overdues in absolute amount have been far in excess of the owned funds in all the years since 1971-2 and as at the end of 1974-5 in particular. This position has arisen mainly on account of heavy defaults in repayment of their dues by the ccbs.

Defaults by ccbs

2.33 As many as 20 or more out of 28 ccbs in the state were in default to the apex bank as at the end of each of the years

from 1968-9 to 1972-3 with the exception of the year 1969-70 when the number stood at 17. The bank-wise details in respect of defaults as on 30 June 1974, 1975 and 1976 are given in Annexure 10. The position can be seen at a glance in Table 14.

TABLE 14

Date	Rs Lakhs	
	ccbs in default to BSCB	
	Number	Amount
30-6-74	27	777.08
30-6-75	26	909.00
30-6-76	18	633.58

Of the 28 ccbs only Bhagalpur bank as on 30 June 1974, and two banks, viz., Arrah-Buxar and Sasaram-Bhabua as on 30 June 1975 were not in default in repayment of their dues. The position has shown improvement as on 30 June 1976 when ten banks, viz., Begusarai, Gopalganj, Siwan-Chapra (NB), Arrah-Buxar, Bhagalpur, Dinapur-Masaurhi, Monghyr-Jamui, Sasaram-Bhabua (SB), Daltonganj (CPTA) and Dhanbad (CPOA) cleared their defaults to the apex bank. It is in the interest of the state co-operative bank as well as the ccbs that such defaults are cleared and not allowed to recur. It may not be out of place to mention that as at the end of December 1975, of the ten representatives of the ccbs on the board of the BSCB, nine were in default in repayment of their dues to the BSCB. As at the end of June 1976, six defaulting ccbs still had their representatives on the board of the BSCB. This state of affairs is not conducive for improving the recovery climate in the state.

2.34 It may be noted here that in view of such heavy defaults by almost all the ccbs as at the end of each co-operative year, we have not taken note of the defaults during the course of a year but cleared by the end of the year. If these defaults are also considered, it may be difficult to find a ccb in the state which has been meeting regularly its commitments to the apex bank.

Deficits in Cash Reserve and Liquid Assets

2.35 The bank has defaulted on several occasions during the

period 1971-2 to 1975-6 in the maintenance of average daily cash balance under section 42(2) of the RBI Act, 1934 as well as in the maintenance of liquid assets under section 24 of the Banking Regulation Act, 1949. Non-compliance of these statutory requirements has been caused partly by the heavy defaults in repayment by the affiliated ccbs and partly also because of extending credit facilities to the ccbs and others beyond what could be justified by the availability of loanable funds. The situation can be avoided if on the one hand the management of the bank makes concerted efforts at recovery of its dues and on the other takes care to see that its loan portfolio does not get overextended and is kept within the resources available with it.

Earning capacity

2.36 The position of the bank's total resources comprising owned funds, deposits and outstanding borrowings as at the end of each of the years from 1970-71 to 1974-5, its net profit for the respective years and the dividend declared by it, is given in Table 15. The net profits of the BSCB have been $\frac{1}{2}$ per cent or

TABLE 15

Year	Total resources	Net profit	Rs Lakhs
			Dividend declared (per cent)
1970-71	2093.67	11.33	2
1971-2	2511.85	10.56	2
1972-3	2869.49	14.01	2
1973-4	2872.54	9.91	Nil
1974-5	3316.26	19.22	@

@ Annual General Meeting for the year 1974-5 has not so far been held.

even less of the total resources except in 1974-5. This is rather low. Consequently, the bank has not been able to declare dividend in excess of 2 per cent in the five years. We note, however, that the lower net profit of the bank for the years 1973-4 and 1974-5 can be partly attributed to the decision of the GOB to treat a sum of Rs 1 crore out of the undisbursed grants/sub-

sidies (amounting to about Rs 1.54 crores) lying with the BSCB, as fixed deposit carrying interest of 8 per cent per annum as also the indiscriminate loans and advances either without interest or at nominal interest to the members of the staff for purposes such as housing, marriage, conveyance, etc.

Supervision

2.37 As stated earlier, the bank has six inspecting officers. The Inspection section at the head office is under the control of the chief of inspections while the four regional offices are manned by the regional inspecting officers (RIO). These regional offices were opened as far back as 1961 with a view to (i) ensuring better supervision over the indebted societies, (ii) ensuring co-ordination, *inter se*, among non-officials, co-operative department's local staff, block administration and general administration and (iii) helping the ccbs in the organization of normal banking business including deposit banking. In effect, however, these regional offices have not been able to play the role expected of them. The RIOs only visit the ccbs particularly to watch compliance of the RBI inspection reports and ascertain the position of recoveries and do not conduct a regular inspection of the ccbs. They are also not regular in sending their visit notes to the head office which also does not pursue the matter with them. In the absence of a prescribed procedure or system even for these visits, leave aside inspections, the visits are perfunctory. The post of RIO at Bhagalpur is vacant since 1973-4. The inspecting officers in head office also do not undertake any inspections of the indebted institutions which are visited by them incidentally while attending to certain particular issues needing urgent attention. On the whole, the supervision of the BSCB over the affiliated institutions is not effective.

Role as an apex institution

2.38 The analysis of the performance so far of the BSCB contained in the foregoing paragraphs clearly indicates that the bank will have to appreciably improve its working, both administrative-ly and financially, if it is to play the role expected of it as an apex body. Towards this end the various suggestions outlined in

Chapter 5, will have to be considered seriously for adoption/implementation. We hope that in the interest of a speedy development of co-operative credit, which should receive the utmost priority, all concerned will view these suggestions in their right perspective.

CHAPTER 3

CENTRAL CO-OPERATIVE BANKS

3.01 PERHAPS the most important of our terms of reference in the context of the situation obtaining in Bihar, is to examine in detail whether there is at all any justification for continuing the intermediate level institutions of the co-operative credit system in the state and if such a step is not considered advisable and necessary for the state as a whole, whether in any particular district it would be advantageous to eliminate the central co-operative bank. The ccbs in the state are known for their low levels of business and ineffectiveness in either supervising the operations of the affiliated societies or attracting deposits from the public. While this may be the general position, the scope of our enquiry would call for an assessment of the performance of each individual unit *vis-a-vis* the potential of the area it serves, the finding out of the reasons which may have accounted for the unit not accomplishing its assigned task and examining whether the deficiencies are remediable in a reasonably short period of time. This chapter is devoted for the above bank-wise analysis. However, our recommendations regarding the future of each ccb in the state and the steps necessary for toning up the working of the banks which could be allowed continued existence as separate entities, are contained in Chapter 5.

Number of banks

3.02 With the completion of the programme of rationalization suggested by the RBI, the number of ccbs in the state declined from 47 in 1956-7 to 28 in 1967-8. The present number continues to be the same. As against this position, the state had in all 17 districts until their number was increased in 1972-3. At that time, the jurisdiction of each of the 28 ccbs was limited to one district, although in many cases more than one ccb functioned in different parts of the same district. But following the reorganization of the districts, their number increased to 31 whereas the number of ccbs and their areas of operation have remained unchanged.

This was in keeping with the advice given by the RBI not to increase the number until the whole matter was examined by the Study Team. This has created some problems warranting territorial readjustment of the jurisdiction of some ccbs.

3.03 A statement showing the names of ccbs and their areas of operation is given in Annexure 11. On the basis of their jurisdictions, the 28 ccbs in the state can be classified into five broad categories as in Table 1. The GOB is of the view that each bank

TABLE 1

Category	Number of banks
1 Banks which serve one complete district each	12
2 Banks which serve two complete districts each	4
3 Banks which serve one complete district along with another bank registered in the same district	4
4 Banks which serve one or two complete districts plus some blocks of another adjacent district	4
5 Banks which serve a part of a district; the remaining part being served by a bank from category 4 registered in another district	4
Total	28

in category 2 as also the Magadh ccb in category 4 which serves the districts of Aurangabad and Gaya and 3 blocks in Nawadah district, may have to be split-up in two units and that some territorial readjustments of jurisdictions may be necessary in the case of banks in categories 4 and 5. In effect, the state government desire to have in all 33 ccbs in the state, 29 of them serving a district each and the jurisdictions of 4 banks in category 3 located in Ranchi and Santhal Parganas districts remaining unaltered. We would, however, like to consider this issue in Chapter 5, i.e., after the evaluation of the performance so far of each of the 28 ccbs in the state.

Overall financial position

3.04 A consolidated statement showing the trends in the growth of owned funds, deposits, lendings and the position of overdues. etc., of the 28 ccbs in the state for the years 1968-9 to 1974-5

is given in Annexure 12. During this period, the paid-up share capital of the banks increased by Rs 166.40 lakhs from Rs 387.67 lakhs as on 30.6.1969 to Rs 554.07 lakhs as on 30.6.1975. This increase in the share capital was partly on account of the state government's additional share capital contribution of Rs 72.37 lakhs received during this period. The state government's share capital amounted to Rs 230.28 lakhs as on 30.6.1975. The reserves increased by Rs 155.37 lakhs from Rs 67.33 lakhs as on 30.6.1969 to Rs 222.70 lakhs as on 30.6.1975. The total deposits of the banks had increased during this period by Rs 698.78 lakhs from Rs 485.87 lakhs as on 30.6.1969 to Rs 1184.65 lakhs on 30.6.1975. This performance is somewhat unsatisfactory as compared with some ccbs like Kaira, Mehsana and Surat in Gujarat and Ahmednagar and Kolhapur in Maharashtra which have individually deposits exceeding the deposits of all the ccbs in Bihar. The average annual growth rate in the deposits works out to 16 per cent which is low in view of the base itself being small at less than Rs 5 crores. It is pertinent to note in this connexion that the branch network of almost all the ccbs is poor. As against 587 blocks in the state, these ccbs had in all 188 offices as on 30 June 1975. Thus, many a block has no branch of the ccb of the area. Significantly, the geographical coverage of the commercial banks in the state can be, in relative terms, considered very good inasmuch as they had in all 837 offices in Bihar as on the last Friday of September 1975.

3.05 The outstanding borrowings stood at Rs 2140.15 lakhs as on 30.6.1975 as against Rs 1116.75 lakhs as on 30.6.1969. The trend in the growth of loans issued and the total loans outstanding corresponded to the growth of borrowings till 1972-3, but the loans issued declined substantially during 1973-4 obviously on account of the high level of overdues. The trend was, however, reversed in 1974-5. The total loans issued in 1974-5 aggregated Rs 2059.57 lakhs including Rs 1388.73 lakhs issued for short-term agricultural purposes. The loans issued by these banks for agricultural purposes in 1968-9 amounted to Rs 1049.53 lakhs. Thus, there was only a marginal increase in the agricultural loan business of the banks during the seven-year period ending with 1974-5. The recovery position had shown slight improvement during 1971-2, as may be observed from the decrease in the

overdues from Rs 1485.10 lakhs as on 30.6.1971 to Rs 1441.00 lakhs as on 30.6.1972. This again may, however, be due to grant of medium-term conversion loans which stood at Rs 535.22 lakhs as at the end of 1971-2. The overall overdues position is, however, deemed as disquieting inasmuch as throughout the seven-year period the overdues exceeded the internal resources of the banks comprising the owned funds and deposits. The excess of overdues over the internal resources as at the end of June 1975 was of the order of Rs 379.45 lakhs. As on that date the overdues of the 28 ccbs in Bihar formed 69 per cent of their total loans outstanding.

3.06 Another matter of concern is that the number of ccbs in the state incurring losses increased from 6 in 1968-9 to 20 in 1973-4. The number of such banks no doubt declined to 14 in 1974-5 but being one-half of the total, can still be considered as very high.

3.07 The bank-wise position of the number of offices, owned funds, deposits, borrowings, loan business and recovery performance as on 30 June 1975, is given in Annexure 13. It will be seen therefrom that the owned funds of the banks ranged between Rs 11.31 lakhs for Giridih ccb and Rs 63.73 lakhs for Sasaram-Bhabua ccb. Barring the latter, all the other banks had owned funds below Rs 50 lakhs each. With the exception of Dhanbad ccb, all other banks had deposits below Rs 100 lakhs each. In fact, six of them had deposits below Rs 25 lakhs each. The main reason for the difficult position of the ccbs in the state is that while on the one hand their internal resources are poor, their performance in effecting recoveries on the other hand has been equally poor as may be seen from Table 2.

Comparative performance

3.08 Comparative position in respect of six important aspects of business of ccbs given in Table 3 indicates where the ccbs in Bihar stand *vis-a-vis* the ccbs in states like Gujarat, Madhya Pradesh, Maharashtra and Orissa as also in relation to the central banks in the country as a whole. The average owned funds of the banks in Bihar are less than one-sixth of the averages for

TABLE 2

Percentage of overdues to demand as on 30-6-75	Central co-operative banks			
	NB	SB	CPTA	CPOA
60 and above	Motihari (65)	Magadh (66)	Ranchi-Khunti (73)	Dhanbad (66)
	Rohika (74)	Bihar-Barh-Fatwah (70)	Gumla-Simdega (70)	Giridih (82)
	Purnea (80)	Nawadah (63)	Deogarh-Jamtara (78)	Hazaribagh (60)
	Madhipura-Supaul (72)	Dinapur-Masaurhi (69)		
	Muzaffarpur-Hajipur (63)			
50 to 59	National (54)	Monghyr-Jamui (50)	Daltonganj (54)	—
	Laheriasarai-Samastipur-Daulatpur (58)	Sasaram-Bhabua (55)	Dumka-Godda-Rajmahal (55)	
	Gopalganj (50)			
	Siwan-Chapra (42)			
40 to 49	Begusarai (40)	Bhagalpur (48)	—	—
	Siwan-Chapra (42)	Arrah-Buxar (41)		
Below 40	—	—	Singhbhum (35)	—

TABLE 3

Rs Lakhs

	Average per bank in respect of ccbs functioning in					
	Bihar*	Gujarat@	Madhya Pradesh*	Maha-rashtra@	Orissa@	All-India@
Owned funds	27.71	199.52	62.20	180.60	46.95	82.29
Deposits	42.31	710.55	99.26	708.77	67.49	210.73
Borrowings	76.43	484.95	118.27	359.57	48.33	149.26
Working Capital	159.08	1448.24	309.70	1305.35	174.94	467.67
Loans outstanding	120.56	1121.79	234.67	954.07	132.75	341.00
Short-term (agricultural) loans out-standing	70.91	841.45	168.45	576.81	83.56	197.95

* As on 30 June 1975.

@ As on 30 June 1974.

Gujarat and Maharashtra. In respect of deposits and loan business, the averages for the ccbs in Bihar are less than one-tenth and about one-tenth of the averages for Gujarat and Maharashtra respectively. Thus, the ccbs in Bihar stand very low in comparison with the average position of the banks in the co-operatively more developed states of Gujarat and Maharashtra. The averages for the ccbs in the country as a whole, in respect of owned funds and loan business on the one hand and deposits on the other are about thrice and five times respectively of the averages for the ccbs in Bihar. Consequently, the average borrowings of the banks in the country are not even twice the relevant average for Bihar indicating that even for their meagre business, the banks in Bihar rely more on external borrowings. The average borrowings of the ccbs in Bihar formed 64 per cent of their average total loans outstanding as on 30 June 1975; the relevant percentage for all-India being 44.

3.09 The averages in respect of the six important aspects of business of the ccbs for Bihar are also about one-half of the relevant averages for a state like Madhya Pradesh which possesses relatively less favourable agricultural conditions and has one-third of its total population comprising scheduled castes and tribes. Even the ccbs from a state like Orissa, which is a relatively less developed state in comparison with a state like Bihar, have better averages than the ccbs in Bihar. Thus, on the basis of this comparison itself, it can be said as a general statement that the achievements of the ccbs in Bihar so far are not at all satisfactory and that a considerable strengthening of these institutions, both financial and administrative, will be necessary if they are to play effectively the role expected of a central financing agency of a district.

Performance of individual units

3.10 As we have already stated, the consideration of the specific issue referred to us calls for an assessment of the performance of each individual ccb in Bihar. It is now recognized that a ccb can justify its claim for continued existence in preference to a branch of the apex bank, if it satisfied the three criteria, viz., (i) adequate mobilization of resources, (ii) responsiveness to local

needs, and (iii) better recovery performance. Obviously, only a viable institution or the one which has the prospect of attaining a viable status in the near future and which has a minimum level of efficiency will be in a position to fulfil, if not wholly at least adequately, the above three criteria. We have, therefore, no reason to differ with the two Study Teams, one for Rajasthan and the other for Madhya Pradesh, appointed recently by the RBI for examining, among others, a similar issue in respect of the ccbs in the respective states. These two Teams have observed that "the banks which are not likely to attain a viable status within a reasonable period, i.e., are not even potentially viable presently, and are also inefficient cannot perhaps justifiably continue to function as independent units and may have, therefore, to make room for alternative institutional credit agencies". We would also proceed on the same basis for considering the issue before us.

Viability

3.11 Right from the All India Rural Credit Survey Committee 1954 which first fixed the standards of viability for ccbs up to the Study Team on Agricultural Credit Institutions in Rajasthan 1975 (Rajasthan Study Team) which also considered the same question, all the committees/groups had adopted a uniform norm in terms of loan business for determining the viability of ccbs. The only difference was that the norm was suitably revised upwards in view of the increase in the costs of inputs and services and also in the establishment expenditure, the former leading to an automatic increase in loan business and the latter to an increase in the cost of operation of a ccb. The MP Study Team which considered the issue very recently, however, felt that the viability standards cannot be applied uniformly all over Madhya Pradesh and for that matter throughout the country because the areas of operation of the various ccbs differ widely not only in size, but also from the view point of business prospects. Instead of a somewhat *ad hoc* basis adopted by the various earlier committees, therefore, the question was examined more scientifically by the MP Study Team which observed:

Although viability is an economic concept, it should not be construed to mean that a central bank can attain it by unduly limiting its size

and the costs of its operation. For, a ccb will not be in a position to adequately serve the objectives that prompted its establishment unless it ensures an efficient organizational set-up and a good branch network so as to maintain close contacts with the affiliated societies and their cultivator-members as also the depositing public. In other words, a bank adequately staffed with qualified and trained personnel both at the Head Office and the branches and having a certain minimum number of branches in the area it serves, can be deemed as a viable unit if its earnings are adequate to defray its commitments. (pages 47 and 48)

As regards the minimum number of branches which a ccb should have to ensure adequate mobilization of resources from its area and efficient supervision over the end-use of credit, the MP Study Team felt that the most appropriate basis would be to link the minimum number of branches necessary for a ccb with the lending business potential offered by its area of operation. The Team, therefore, suggested:

A branch of a ccb may effectively serve and supervise the operations of about 20 pacs, each having the prospect of reaching a loan business of Rs 2 lakhs and function as a viable unit within the next 4-5 years. The incidental medium-term agricultural or non-agricultural loans business that may follow the short-term agricultural loan business can be handled by the concerned branch. Thus, it can be assumed that a ccb will need one branch to cater to short-term agricultural credit potential of Rs 40 lakhs. While making this assumption, we proceed on the basis that until the question of integration of the two wings of the co-operative credit structure is decided one way or the other, long-term agricultural credit potential need not be taken into account in normal circumstances. (page 49)

3.12 The conditions in Bihar are almost similar to those obtaining in this respect in Madhya Pradesh. In the Chotanagpur plateau, we have on the one hand a bank like Dhanbad which serves 10 blocks having a total short-term agricultural credit potential of Rs 97.18 lakhs only, while on the other hand a bank like Dumka-Godda-Rajmahal which serves 30 blocks having a total short-term credit potential of Rs 559.05 lakhs. In the plains, the relevant credit potential existing in the areas of operation of the various ccbs, ranges between Rs 304.32 lakhs for the Nawadah ccb which serves 10 blocks and Rs 1572.67 lakhs for the Magadh ccb which caters to 36 blocks. For determining the viability norms in respect of ccbs in the state, therefore, we feel that there is no alternative to the basis adopted by the MP Study Team. However,

in view of the flat and plain areas served by most of the ccbs, the viable societies each commanding a potential business of Rs 2.50 lakhs in the area of a ccb in Bihar will be geographically in closer proximity than in Madhya Pradesh. We would, therefore, prefer a slight deviation and suggest that it would suffice if a bank in Bihar has a branch for serving a short-term credit potential of Rs 50 lakhs through 20 viable pacs. On this basis, the number of offices which the ccbs in Bihar should have ranges between 2 for Dhanbad ccb and 31 for Magadh ccb, as indicated in Annexure 14.

3.13 Adopting the same procedure as formulated by the MP Study Team, the 28 ccbs in Bihar can be grouped into six broad categories as in Table 4 and the viability standards in terms of

TABLE 4

Category	Banks which need branches around	Names of banks			
		NB	SB	CPTA	CPOA
I	5	—	Nawadah	Deoghar-Jamtara	Dhanbad Giridih Hazaribagh
II	10	Begusarai Gopalganj Laheriasarai- Samastipur- Daulatpur Rohika Sitamarhi	Dinapur- Masaurhi Monghyr- Jamui	Daltonganj Dumka- Godda- Rajmahal Gumla- Simdega Ranchi- Khunti Singhbhum	—
III	15	Madhipura- Supaul Muzaffarpur- Hajipur	Bhagalpur Bihar-Barh- Fatwa	—	—
IV	20	Motihari National Siwan- Chapra	Arrah- Buxar	—	—
V	25	Purnea	Sasaram- Bhabua	—	—
VI	30	—	Magadh	—	—

loan business can be worked out for these six categories of banks.

3.14 The quantum of loan business necessary to consider a ccb from each of the six categories as a viable unit, may be arrived at on the same basis as followed by the MP Study Team which is quoted below:

The best course to arrive at the viability and potential viability standards for the above six categories of banks will be to estimate expenditure on (i) salaries and allowances of the staff at Head Office and branches and (ii) other establishment expenditure excluding that on interest on borrowings and deposits, arrive at the margin as percentage of loan business that will be available to meet the said establishment expenditure and calculate the quantum of loan business that will be required to meet the total estimated establishment expenditure. The amount of loan business so reckoned will be the viability norm for each of the six categories of banks. Fifty per cent of the norm for viability may be the potential viability norm on the assumption that a central bank with the existing loan business of, say, Rs 100 lakhs can take up the level of such business to Rs 200 lakhs within the next five years by maintaining an average annual growth rate of 15 per cent which is capable of being achieved. (page 50)

3.15 While estimating the salaries and allowances of the staff at the Head Office and branches, the MP Study Team has assumed certain grades of pay, staffing pattern, etc., which the Team felt that every ccb in Madhya Pradesh might have to adopt in stages and in course of time so as to have well qualified and trained staff to function as a viable and efficient unit. The point for consideration is whether the consolidated salary and the staffing pattern proposed by the MP Study Team should be revised downward which would mean lowering the minimum level of business for recognition as a viable or potentially viable unit. At the same time, it has to be borne in mind that the quantitative and qualitative aspects of the staffing pattern should not be unduly sacrificed by lowering the standards of viability if the affiliated societies and other clientele in its area of operation are to be effectively served by the ccb. Weighing fully the pros and cons of the matter, we are of the view that for the exclusive purpose of working out the viability and potential viability norms, the staffing pattern and the consolidated monthly salary for each grade proposed by the MP Study Team may be retained for the exercise about viability

of ccbs in Bihar. These can be deemed as the ultimate objective to be achieved in stages at the end of the gestation period when a unit finally attains a viable status. During the period of gestation, a ccb should have lower scales of pay as at present and strength of officers and staff which it may increase in stages according to the increase in its loan, etc., business. In other words, the improvement in the scales of pay and other emoluments as well as the increase in the strength of the staff at the various levels should go hand in hand with the improvement in the business of the ccbs. The already poor earning capacity of the ccbs in Bihar should not be loaded further to start with by adopting the staffing pattern which should really emerge side by side with the increase in the business and income of the banks. It is for this reason that while recommending a cadre for key personnel of ccbs in Chapter 5, we have assumed the strength of such officers to start with, i.e., during the initial years, at three instead of four or five such officers considered necessary for a viable unit depending on the number of branches it should have. For, we expect the strength of the cadre officers to be increased to the ideal number in stages in course of time. Similarly, we also expect that a viable bank will pay for its own supervisors in due course although their cost at present is being met by the GOB. We would, therefore, reiterate that the salaries and staffing pattern assumed by us in the exercise about viability/potential viability of the ccbs in Bihar, should not be quoted in support of any demands or claims by the ccbs themselves on the one hand and the staff on the other. They can at best be regarded as the objectives to be attained along with the targets for deposits, loan and advances, etc., over a fairly long period of time.

3.16 On the assumptions as above the viability and potential viability norms adopted by the MP Study Team for the six categories of banks (Table 4) may also be accepted for the ccbs in Bihar. The basis on which the calculations have been made has been given in Annexures 15 to 20 as under:

Annexure 15 : Assumed monthly and annual consolidated salary for various categories of staff.

Annexure 16	Annual expenditure on salaries of staff posted at Head Office.
Annexure 17	Annual expenditure on salaries of staff posted at a branch.
Annexure 18	Total annual expenditure on establishment, i.e., excluding that in respect of interest on deposits, borrowings, etc.
Annexure 19	Margins available for meeting establishment expenditure on a loan business of Rs 100 after providing for interest on deposits, borrowings, appropriations to reserves and for payment of dividend, etc.
Annexure 20	: Viability and potential viability norms in terms of loan business.

For ready reference, the viability and potential viability norms recommended are given in Table 5.

TABLE 5

Category	Banks which need branches around	Rs Lakhs	
		Loan business	
		Viability	Potential viability
I	5	125.00	62.50
II	10	220.00	110.00
III	15	330.00	165.00
IV	20	405.00	202.50
V	25	515.00	257.50
VI	30	595.00	297.50

3.17 However, judging from their present level of business and the conditions in which they are placed, many of the ccbs in Bihar, which have to simultaneously build up the desired level of efficiency (as is evident from the analysis contained in later paragraphs of this chapter), will require longer period than 5 years to attain the status of a viable unit. We are inclined to favourably consider this need because perhaps for the first time a unit-wise, dynamic and integrated approach has been suggested through this report for ensuring an all-round development of the co-operative

credit structure in Bihar. We suggest that the ccbs in the state may be allowed a longer gestation period up to 10 years ending with 1984-5 for attaining the status of a viable unit. This means that assuming an annual growth rate of 15 per cent in the loan business, the ccbs with loan business of Rs 25 lakhs as on 30 June 1975 will be able to take up the level of such business to Rs 100 lakhs by 1984-5. In short, we suggest that a longer gestation period than five years and up to 10 years may be considered in respect of such ccbs in Bihar as have, as on 30 June 1975, a loan business between 25 per cent and 49 per cent of the level of loan business considered necessary to attain the viable status. The banks falling in this group may be, as a special expedient for Bihar, classified as quasi-potentially viable units. A quasi-potentially viable unit will, thus, be one which has the potential to attain the status of a viable unit not in the short run but in the relatively longer run. The norm of quasi-potential viability for the six categories in Table 5 will be as shown in Table 6 and

TABLE 6

Category	Banks which need branches around	Norm of quasi-potential viability in terms of loan business (Rs lakhs)
I	5	31.25
II	10	55.00
III	15	82.50
IV	20	101.25
V	25	128.75
VI	30	148.75

also in Annexure 20. Besides, we are also inclined to classify the ccbs in Bihar which are not viable or potentially viable or quasi-potentially viable as per the norms proposed in Tables 5 and 6, into a separate group under the category of quasi-potentially viable banks on the assumption that such banks, if they have a certain minimum degree of efficiency, may be in a position to attain the status of a viable unit over the period of the next ten years by attaining a higher annual growth rate than 15 per cent in their short-term or medium-term loan business or by integrating such business with the provision of long-term agricultural credit which is being handled at the present by the Bihar State Co-operative Land Development Bank (BSCLDB) through its branches.

3.18 A statement showing the position of ccbs in Bihar on the basis of the proposed norm of viability, potential viability and quasi-potential viability, is given in Annexure 21. The position at a glance is as in Table 7. None of the 20 ccbs in the state is a

TABLE 7

Category	Central co-operative banks			
	NB	SB	CPTA	CPOA
I Viable units	—	—	—	—
II Potentially viable units	Gopalganj Laheriasarai- Samastipur- Daulatpur Muzaffarpur- Hajipur Purnea Rohika Sitamarhi	Nawadah	Dumka- Godda- Rajmahal	Dhanbad Hazaribagh
III Quasi-potentially viable units—				
(i) Group A —ccbs which need to maintain annual growth rate of 15 per cent	Begusarai Motihari Siwan- Chapra	Arrah-Buxar Bhagalpur Bihar-Barh- Fatwah Dinapur- Masaurhi Magadh Monghyr- Jamui Sasaram- Bhabua	Daltonganj Deoghar- Jamtara Ranchi- Khunti Singhbhum	Giridih
(ii) Group B —ccbs which will have to maintain higher growth rate than 15 per cent	Madhipura- Supaul National	—	Gumla- Simdega	—

viable unit on the basis of the norms suggested by us. Ten of them are potentially viable and another 15 in Group A may be in a position to attain the status of a viable unit by 1984-5 by maintaining an annual growth rate of 15 per cent in their loan business. The remaining three banks in Group B, viz., Madhipura-Supaul, National (NB) and Gumla-Simdega (CPTA), will not, however, be able to attain viability unless each one of them is in a position to achieve and sustain during the period of next ten years a higher annual growth rate than 15 per cent in its loan business, by undertaking the long-term agricultural credit business handled now by the land development bank.

Efficiency

3.19 The assessment of the efficiency of a ccb should be done by adopting some objective criteria for translating the three tests (referred to in paragraph 3.10) that justify its establishment. The first such attempt was made by the Rajasthan Study Team which translated these three tests into ten objective norms and rated the performance of each ccb in that state in relation to these ten norms. The methodology adopted by the Rajasthan Study Team was further improved by the MP Study Team by:

- (i) increasing the objective standards (sub-norms) to 15 and grouping them in five categories (major norms) each representing a facet of the responsibility cast on a ccb;
- (ii) giving suitable weightage to each of the 15 standards (sub-norms); and
- (iii) ensuring that the system of rating the performance of a ccb in respect of each aspect has relation to the potential available in that behalf in the area served by the bank.

We consider it appropriate to adopt the basis suggested by the MP Study Team for rating the efficiency of the ccbs in Bihar also with some minor adjustments to suit the local conditions.

3.20 The marks allotted out of a total of 1000 marks for each major norm with their sub-division among the different sub-norms falling under each major norm, are shown in the Chart II. The exact procedure adopted for giving the ratings is indicated in Annexure 22. The rating under each sub-norm as also the aggre-

CHART II
 MAJOR NORMS AND SUB-NORMS
 FOR RATING THE EFFICIENCY OF CCBS

		Marks allotted	% to aggregate marks
Assessment of efficiency of a ccb	Total marks 1,000 (100%)	I Performance in mobilizing adequate internal resources Marks allotted 225 or 22.5%	1 Size of owned funds 50 5
			2 Size of deposits 100 10
			3 Extent of reliance on external borrowings 50 5
			4 Size of working capital 25 2½
		II Performance in meeting credit needs of the area Marks allotted 200 or 20%	5 Total loans outstanding 100 10
			6 Performance in meeting demand for short-term agricultural credit 100 10
		III Performance in ensuring recovery of loans Marks allotted 300 or 30%	7 Level of overdue 100 10
			8 Proportion of chronic defaults 100 10
			9 Coercive steps taken for recovery 100 10
		IV Ability in regard to the efficient management of funds Marks allotted 200 or 20%	10 Defaults in repayment to the apex bank 50 5
			11 Defaults in maintaining prescribed percentage of liquid assets 50 5
			12 Rate of dividend 100 10
		V Role played as federal body of pacs Marks allotted 75 or 7.5%	13 Coverage of pacs 25 2½
			14 Size of loan business of pacs 25 2½
			15 Proportion of pacc with full-time paid managers 25 2½
		<u>1000</u>	<u>100</u>

gate rating received by each ccb in Bihar, are given in Annexure 23.

3.21 The position regarding the aggregate rating received by each of the 28 ccbs in the state is summarised in Table 8. Having rated the performance of each bank in relation to the potential offered by the area served by it, the ccbs with aggregate ratings of less than 40 per cent, i.e., with less than 400 marks out of the total of 1000, should in fact be deemed as inefficient. On this basis, with the exception of the Dhanbad ccb which caters non-agricultural sector more because of the very limited scope for agricultural financing in its area, all the ccbs in Bihar can be rated as inefficient. This is because although as many as 16 out of 28 ccbs qualify for the ratings of 40 per cent or more in so far as the size of their loan business is concerned, the overall ratings received by them are much lower mainly on account of the high levels of overdues and chronic overdues, poor internal resources position and the resultant defaults in repayment to the apex bank as also the defaults in the maintenance of the prescribed percentage of liquid assets. In view of a longer gestation period suggested for the ccbs in Bihar, however, we may consider banks with aggregate ratings between 25 per cent and 40 per cent as having bare minimum efficiency. Still as many as seven ccbs, viz., Madhipura-Supaul, Motihari and National (NB), Bihar-Barh-Fatwah and Magadh (SB), Ranchi-Khunti and Singhbhum (CPTA) with aggregate ratings of less than 25 per cent, have to be classified as inefficient units. The Magadh ccb falls in this category because in relation to the larger area extending to over two districts which it serves, its achievements are very poor.

Rehabilitation of weak ccbs

3.22 Thus, on the basis of the norms adopted by us as many as seven ccbs in the state do not have even the bare minimum efficiency and the efficiency of the rest of them can also be considered as marginally satisfactory. As already stated, one major difficulty with the banks in Bihar has been their poor recovery performance and the high proportion of chronic defaults, i.e., overdues over three years. It is for this reason that all the 28 ccbs in the state have been identified as weak units in terms of

TABLE 8

Banks with aggregate ratings out of a total of 1000 marks received by them in brackets								
	NB		SB		CPTA		CPOA	
500 and above	—		—		—		—	
400 to 499	—		—		—	Dhanbad	(488)	
300 to 399	Begusarai Gopalganj Sitamarhi	(308) (366) (332)	Arrah-Buxar Bhagalpur Sasaram-Bhabua	(383) (326) (309)	Dumka-Godda- Rajmahal	(346)	Hazaribagh	(350)
250 to 299	Laheriasarai- Samastipur- Daulatpur Muzaffarpur- Hajipur Purnea Rohika Siwan-Chapra	(281) (276) (251) (273) (266)	Dinapur- Masaurhi Monghyr- Jamui Nawadah	(285) (273) (291)	Daltonganj Deoghar- Jamtara Gumla-Simdega	(270) (290) (267)	Giridih	(252)
200 to 249	Madhipura- Supaul Motihari	(205) (213)	Bihar-Barh- Fatwah	(216)	Ranchi-Khunti Singhbhum	(208) (222)	—	
Below 200	National	(187)	Magadh	(175)	—		—	

the criteria laid down at the Seminar of the Chief Executives of the Apex Banks held at Pune in September 1970. Sixteen of them have been approved by the GOI for assistance under the Central Sector Plan Scheme. Besides, the cases of five other banks have been recommended for similar assistance by the GOB to the GOI. We feel that the funds available under the Central Sector Plan Scheme can be put to optimum use if the approach to the matter is modified to some extent with a view to ensuring an all-round and accelerated growth of the co-operative credit structure in the state. We have considered this issue at length in a subsequent chapter on the problem of overdues.

Reasons for retarded growth

3.23 Before we complete this appraisal of the performance so far of the ccbs in Bihar, it is desirable to identify broadly the reasons which have led to the present stage of stagnancy. These are enumerated below:

(i) The model byelaws for the ccbs in the state provide for the posts of the Chairman and the Honorary Secretary to be elected by the board from among the non-official directors. In terms of a provision in the said byelaws, in addition to the Chairman of the board, the Honorary Secretary is also empowered to exercise general control and supervision over the affairs of the ccb and the work of its officers. These powers are, however, in practice exercised by the Honorary Secretary. Besides, there are Branch Advisory Committees for such branches as were the head offices of the erstwhile amalgamated units. These committees are headed by a Joint Honorary Secretary. The Joint Honorary Secretary is vested with almost similar powers as that of the Honorary Secretary in so far as the affairs of the branch are concerned. By virtue of the above powers, the Honorary Secretary and the Joint Honorary Secretary may be in a position to acquire a dominant role in the day-to-day administration and working of the ccbs in the state. Besides from a pure management angle, the responsibility cannot be divided among two or three persons. Further this position results in denying full freedom to the chief executive of the concerned ccb in so far as the handling of matters of day-to-day administration are concerned. The above situation may

have affected adversely the smooth functioning of some ccbs in the state. As a logical corollary of the arrangements proposed in this behalf at the level of the BSCB in Chapter 2, the Chairman of every ccb in Bihar should enjoy full powers for deciding all matters of policy in consultation wherever necessary, with other members on the board, and the chief executive of the bank, who may be designated as the General Manager (GM) and made a member of its board, should be responsible for the executive responsibilities, i.e., the day-to-day administration and the working of the institution. Consequently, there does not appear to be any need for the posts of the Honorary Secretary and the Joint Honorary Secretary which may be done away with.

(ii) All the ccbs in the state have been provided on deputation basis with the services of an officer of the Co-operative Department of the rank of Assistant Registrar of Co-operative Societies (ARCS). This officer functions as the chief executive of the ccb to which he is posted, but has been designated as the Executive Officer (EO) and not the Manager. In addition to the EO, the Co-operative Department has deputed senior inspectors to every ccb to work as the GM at the head office and as Assistant Managers (Branch Managers) at such branches as were the headquarters of the erstwhile amalgamated units. The powers of appointment, transfer, punishment, etc., in respect of these officers stand vested in the Co-operative Department. They have no avenues of promotion in the bank or the co-operative banking sector, as these take place in their parent Department on the basis of their seniority, assessment of their work by the Departmental superiors, etc. The control over these officers by the Department often results in frequent changes which adversely affect the smooth functioning of the banks. These officers, therefore, have not been able to get actively involved in the progress of the institution for which they work. Above all, very often, they do not have the theoretical knowledge or practical experience of banking and are not, therefore, properly equipped to discharge their duties.

(iii) Until recently, there was no clear cut division of work and responsibility between the EO and the GM with the result that neither of them was responsible even for important matters like mobilization of deposits, development of loan business, supervision over field staff and recovery. On 24 December 1975, how-

ever, the RCS issued instructions that the EO will be in charge of all office work including development of business whereas the GM will look after all field duties.

(iv) In the circumstances explained above, the staff employed by the ccbs have no prospect of promotion to the level of one of the key officers, nor have they, as explained later, any opportunity to gain experience in field duties. They are expected to attend to work on the banking side. Under the present circumstances, they are (obviously) destined to work at intermediate or subordinate level only. They have, therefore, no incentive for effective and efficient work.

(v) The managements of the ccbs have, by and large, paid scant attention to the aspect of deposit mobilization. At the headquarters of the district, the head offices (inclusive of banking department) of the ccbs are generally located in the premises of the collectorate (known as 'Katchheri', i.e., the District Magistrate's office) and the banks have not opened their branches in market/residential areas to attract deposits. Further, the branch network of the banks is very poor and whatever offices they have, require a good face lift as also arrangements for providing normal banking facilities.

(vi) Supervision has not been the responsibility of the ccbs in Bihar. Supervision over pacs in the state has been entrusted to co-operative supervisors appointed by the state government. These supervisors, whose strength is four per package block and two per other blocks, are under the administrative control of the ARCS posted in each sub-division of a district. Their work is, however, supervised by the co-operative extension officers attached to each block. In January 1976, the GOB decided to transfer the services of the supervisors to the respective ccbs. But the transfer of their services has not actually taken place on account of a writ petition pending in the Patna High Court. Thus, the ccbs in Bihar have no machinery of their own to supervise the credit disbursed by them.

(vii) In the absence of such a machinery, the disbursement of loans at the primary level has all along been entrusted to the departmental supervisors, village level workers, etc., along with the honorary secretary of the borrowing society. This has given

scope for *benami* loans and over financing as also opportunity to resort to corrupt practices. At the instance of the RCS the practice of disbursement of loans by cheques and encashment thereof on production of photo-cum-loan pass book has been introduced by each ccb in some select areas since *rabi* 1975-6 season. But in the absence of adequate branch network of the ccbs, the extension of this procedure to all areas may not be feasible.

(viii) Lack of supervision over the loans issued, absence of control over field staff, inability of the officials of the ccbs to organize a concerted drive for ensuring repayment of loans as also pursuing coercive action against recalcitrant defaulters and indifference in some cases of the non-officials in the sphere of recovery, have together contributed to the existence of heavy overdues at the levels of the pacs and in turn the ccbs. It may be stated here that the representatives of the defaulting societies are not debarred by law from representing their society on the board of the ccb of the area.

(ix) There has been also indifference of the non-officials of the ccbs in functions like increasing the coverage of pacs, their re-organization for weeding out weak units and providing them with paid hands with a view to building up an efficient organizational set up at the base level. These tasks are considered as the exclusive responsibility of the state government.

3.24 Having identified the broad causes for the poor performance of the ccbs in the state, we feel that any programme for ensuring the development of these institutions at the intermediate level in Bihar will have to aim at (i) eradicating the deficiencies noticed in their working and ensuring that such deficiencies do not recur and (ii) placing the institutions on a firm base by evolving some arrangement to take care of the sins of the past which have crippled their working. It is not as if such programme having the above twin objectives would help all the ccbs in the state including those identified as quasi-potentially viable in Group B and also inefficient. For, we are of the view that in some extreme cases, alternative arrangements may have to be thought of. All these issues detailed above, as already indicated, have been considered by us at length in Chapters 5 and 7.

CHAPTER 4

PRIMARY AGRICULTURAL CREDIT SOCIETIES

4.01 THE existence of strong and viable institutions at the primary level is now universally recognized as the most essential pre-requisite of the banking sector, whether co-operative or commercial, is to meet adequately the credit needs of the agricultural sector. In contrast, however, the pacs in Bihar form perhaps the weakest link in the co-operative agricultural credit system obtaining in the state. In view of this position and the fact that the weaknesses at the primary level get reflected in the institutions at the higher levels, an aggressive and dynamic approach is called for to build up strong, viable and efficiently managed institutions at the base level throughout the state. While we have devoted this chapter to locate and pin-point the deficiencies that have so far hampered the development of pacs in Bihar, our suggestions for revitalizing these institutions together with a block-wise plan for their reorganization, have been given in Chapter 6.

4.02 A major problem at the primary level in the cane growing areas of Bihar was that of the overlapping jurisdictions both in terms of area of operation and disbursement of loans of the pacs and cane growers' co-operative societies (cgcs). The latter as their name suggests came into being as associations of the cane growers, by and large, in the sugarcane belt and catered to the credit needs of their members in so far as the sugarcane crop was concerned. This affected the chances of both the pacs and cgcs attaining viability. As far back as 1964-5, therefore, the GOB decided to weed out cgcs in the process of reorganization of the pacs on the basis of the criteria fixed for a viable society at a potential loan business of Rs 1 lakh and non-credit business of Rs 0.25 lakh. The population to be covered was 3000 in the general areas and 2000 in hilly and tribal areas. The GOB had expected that about 15000 societies would be retained at the end of the programme. Accordingly, the number of pacs at 19568 in 1963-4 was reduced to 17151 in 1965-6 and further to 16500

in 1966-7. The work of reorganization, however, was held up thereafter mainly on account of the resistance of cgcs whose merger was contemplated with the pacs. The former societies had then filed several writ petitions in the court which were decided concurrently. The Supreme Court in terms of its judgement dated 4 May 1971 held as null and void all orders of compulsory amalgamations of the cgcs passed by the ARCS before 1 May 1968 on two grounds, viz., the appeal preferred by the societies with the RCS against the orders of the ARCS asking the societies to initiate action for their voluntary amalgamation had not then been disposed of and secondly, the powers of compulsory amalgamation vested in the ARCS in terms of notification dated 16 November 1965 came into effect on 1 May 1968, i.e., the date on which the said notification was published in the official gazette. The number of pacs then rose to 17171 in 1970-71 but was brought down, with the deregistration of some cgcs to 16500 in 1971-2 which has since then remained unchanged. Still some cgcs in a few pockets are yet to be deregistered.

4.03 The result of non-completion of the programme of reorganization has been that most of the pacs in the state continue to be non-viable and organizationally weak units. Most of them are not manned by a paid employee who could devote his full time and attention to ensuring the extension of various services expected of a society. Their affairs continue to be vested in the honorary secretaries who cannot be expected to devote their full time and, therefore, attend to matters relating to the societies according to their convenience. The cumulative effect of all these factors is found in the tardy progress of the pacs in the state as reviewed in Section I of this chapter. Findings of the on-the-spot studies of 202 societies undertaken at our instance to get an insight into the problems faced at the primary level are contained in Section II.

SECTION I

DISTRICT-WISE REVIEW

4.04 The trends in the growth of membership, owned funds, deposits, loan business, overdues, etc., of the pacs in the state

for the years 1970-1 to 1974-5, are available in Annexure 24. The district-wise details as on 30 June 1975 about the coverage of co-operatives, their effective coverage, etc., are given in Annexure 25, while the other particulars regarding their financial position, loan business, size of overdues with period-wise classification, etc., are contained in Annexure 26.

Number of societies

4.05 As already stated, the total number of pacs in the state declined by 671 in 1971-2 and since then has remained unchanged at 16500 till the end of June 1975. As against this position, the total cropped area in the state is 112.97 lakh hectares. The average cropped area served by a society works out to 685 hectares and can be deemed as low from the view point of the prospect of viability of the institutions. In other words, the number of the existing pacs in the state is far greater than what the state can actually support if each society is to be a viable unit. The number of dormant societies has all along been around 1000. The number of state partnered societies has remained unchanged at 1391 since 1972-3 indicating that no new society in the state received share capital contribution from the state government during the three years ending with 1974-5.

Coverage

4.06 As at the end of June 1973, of the 67665 villages in the state, 66276 villages, i.e., 98 per cent of the total and 97 per cent of the population in those villages were being served by the pacs. Although the pacs are having such a wide geographical coverage, their membership as on 30 June 1975 at 28.38 lakhs formed only 30 per cent of the total rural families in the state at 93.93 lakhs. The average membership per society works out to only 172. Region-wise and district-wise coverage of rural families is given in Table 1. In as many as 8 districts not even one-fourth of the total rural families are covered. The coverage of rural families has been slightly better in the tribal areas than in the others including the relatively prosperous plains.

TABLE 1

Coverage as on 30-6-75 of rural families in per cent	Districts with coverage in per cent in brackets			
	NB	SB	CPTA	CPOA
(1)	(2)	(3)	(4)	(5)
50 and above	—	—	—	—
40 to 49	Gopalganj (45) Sitamarhi (41) West Champan (42)	—	Ranchi (46) Santhal Parganas (47)	—
30 to 39	Begusarai (36) Madhubani (35) Vaishali (31)	Bhagalpur (30) Bhojpur (34) Nalanda (32) Rohtas (37)	—	Dhanbad (32) Hazaribagh (31)
25 to 29	East Champan (26) Katihar (27) Purnea (28) Saran (29) Siwan (29)	Gaya (26) Monghyr (29) Nawadah (25)	—	Giridih (25)
20 to 24	Darbhanga (23) Saharsa (22) Samastipur (22)	Aurangabad (24) Patna (24)	Palamau (21)	—
Below 20	Muzaffarpur (19)	—	Singhbhum (19)	—
Region-wise coverage	29	29	35	30

4.07 During the four-year period ending with 1974-5, the number of borrowing members increased by only 1.28 lakhs from 9.10 lakhs in 1970-71 to 10.38 lakhs in 1974-5. The poor increase in the borrowing membership despite adequate scope therefor is attributed to widespread defaults which have not only rendered the defaulters ineligible to borrow afresh but also hindered the ability of the pacs to cover effectively more members as were non-borrowers earlier. As on 30.6.1975 the percentage of borrowing membership to the total number of rural families worked out to only 11 per cent. Thus the effective coverage of the pacs in the state is very low. The region-wise percentages of the borrowing membership to total membership and to the total rural families as on 30.6.1975 are given in Table 2. In the matter of

TABLE 2

	Percentage of borrowing membership to total	
	membership	rural families
NB	37	11
SB	35	10
CPTA	37	13
CPOA	43	13
State	37	11

effective coverage, the position has been slightly better in the tribal areas along with the rest of the plateau region *vis-a-vis* the position obtaining in the plains region.

Financial position

4.08 The owned funds of the pacs have increased by Rs 153.88 lakhs from Rs 578.10 lakhs as on 30 June 1971 to Rs 731.98 lakhs as on 30 June 1975. This increase is accounted for by the increase of Rs 137.46 lakhs in the paid up share capital which in turn has increased largely on account of the additional share capital contribution of Rs 78.03 lakhs made by the GOB.

4.09 During the above period, the deposits of the societies declined by Rs 137.21 lakhs from Rs 297.70 lakhs as on 30 June

1971 to Rs 160.49 lakhs as on 30 June 1975. As against this position, the borrowings of the pacs increased by Rs 613.96 lakhs and stood at Rs 2436.21 lakhs as on 30 June 1975. Thus, the societies have mainly relied on outside assistance for transacting their loan business. The highest deposits of pacs are in Ranchi district which stood at Rs 128.45 lakhs as on 30.6.1975. The figure, however, cannot be deemed to show the correct position of the deposits of the pacs in the district inasmuch as it includes the deposits mobilized by a society managed by a church for catering to the needs of the tribals in the district. This society is not affiliated to any of the two ccbs in the district although it is classified as a primary agricultural credit society.

Loan business

4.10 The number of societies advancing loans registered a sharp decline in 1971-2 inasmuch as, it came down to 10783 from 16174 in 1970-71. Although the number of societies advancing loans increased in the year 1972-3, it has since then stagnated at around 13000. The loans issued by these societies, however, have shown a progressive increase from Rs 1246.45 lakhs in 1970-71 to Rs 1649.00 lakhs in 1974-5. The loans issued for short-term agricultural purposes increased from Rs 1133.49 lakhs to Rs 1299.02 lakhs, i.e., by Rs 165.53 lakhs during the same period.

4.11 As against the above increase of about Rs 400 lakhs in the loans issued by the pacs in the state, the loans outstanding at their level increased by Rs 836.41 lakhs from Rs 1991.55 lakhs as on 30 June 1971 to Rs 2827.96 lakhs as on 30 June 1975. The latter figure includes outstanding short-term agricultural loans at Rs 2256.77 lakhs. The increase in the loans outstanding at the level of pacs in the state has been twice the increase in the loans issued by them because of the progressive increase in the loans overdue at their level.

4.12 As on 30 June 1975, the average of the outstanding loans per society works out to Rs 17150 which forms only 8.5 per cent of the minimum of Rs 2 lakhs considered necessary for a society to employ a paid employee and function as a viable unit. The classification of the pacs in the state according to the size

TABLE 3

Loan business (Rs thousands)	Number of pacs
(1)	(2)
Dormant	1590
Below 5	3138
5-10	2542
10-20	2176
20-30	1480
30-40	1514
40-50	1495
50-60	1329
60-70	789
Above 70	447
Total	16500

of their loan business as on 30 June 1974 is given in Table 3. Eighty-four per cent of the pacs have loan business of less than Rs 0.50 lakh each. Hardly 3 per cent of the societies have business above Rs 0.70 lakh each and it is these institutions which can expect to attain within the period of next 5 years the norm of viability of a loan business of Rs 2 lakhs per society. The number of societies having loan business above Rs 1 lakh is not readily available, but such societies may be very few.

4.13 The region-wise position of the average loan business of the pacs and the relevant state position may be seen from the averages for 1974-5 contained in Table 4. Although the averages

TABLE 4

	Amount Rupees				
	Average per society				
	NB	SB	CPTA	CPOA	State
(i) Loans issued	10163	13873	7044	2799	10000
(ii) Of (i) above, short-term agricultural	6889	10347	5560	1929	7218
(iii) Loans outstanding	20551	16314	13146	13767	17150
(iv) Of (iii) above, short-term agricultural	16976	12397	10361	10651	13686

for the tribal and other areas of the Chotanagpur plateau are somewhat lower, the averages for the relatively prosperous North and South Bihar plains are also meagre indicating that the average size of loan business of the pacs is poor throughout the state.

Overdues

4.14 Overdues constitute a very high proportion of the outstanding loans at the primary level in Bihar and this has been a major cause of stagnation of the primary credit structure in the state. The overdues of the pacs in Bihar have also been mounting from year to year and far exceed their internal resources comprising the owned funds and deposits. The position in this behalf may be seen at a glance in Table 5. The period-wise classification

TABLE 5

Year	Overdues	Percentage of overdues to outstandings	Rs Lakhs
			Internal resources
1970-71	1248.22	63	875.80
1971-2	1320.82	63	747.76
1972-3	1402.24	55	888.82
1973-4
1974-5	1901.74	67	892.47

of the overdues as on 30 June 1975 is given in Table 6. The chronic overdues, i.e., overdues over 3 years form 26 per cent of the total overdues as on 30 June 1975 and 77 per cent of the owned funds of the pacs as on that date. However, the proportion of the chronic overdues to the total overdues indicated

TABLE 6

Period (in years)	Amount (Rs lakhs)
Below 1	674.82
1-2	400.74
2-3	335.21
Over 3	490.97
Total	1901.74

above may not be the actual position because some of the overdues under three years may not actually be so, as it is reported that book adjustments resorted to by some pacs conceal the real age of overdue loans.

4.15 The district-wise and region-wise proportion of the overdue loans to total outstandings at the primary level, is given for ready reference in Table 7. There is not a single district in the state in which percentage of overdues to outstandings at the primary level is below 55. Thus, the overdues can be deemed as very high throughout the state. Region-wise the position is still worse in all the districts from South Bihar plain barring Bhagalpur as also in the three districts comprising the other area of the Chotanagpur plateau. The position is equally bad in the districts of Darbhanga, Katihar, Saharsa, Samastipur and above all Saran from the North Bihar plain. Significantly, the level of overdues at the primary level is relatively lower in the four districts comprising the Tribal area of Chotanagpur plateau.

Audit classification

4.16 Information regarding the audit of pacs in the state is available only for the year 1972-3. Out of the 16500 pacs in the state 12300 were audited in that year. The audit classification of these societies is given in Table 8. Hardly 468 pacs or four

TABLE 8

Audit class	Number of pacs
A	70
B	398
C	7609
D	3152
E	307
Not classified	764
Total	12300

per cent of the total societies audited were placed in audit class 'A' or 'B'. This position speaks for itself about the unsatisfactory working of the pacs in the state.

TABLE 7

Proportion of overdues to outstandings in per cent	Names of districts with the percentage of overdues to outstandings in brackets						
	NB		SB		CPTA		CPOA
80 and above	Katihar Saran	(87) (89)	Bhojpur	(82)	—	—	—
70 to 79	Darbhanga Saharsa Samastipur	(76) (70) (71)	Aurangabad Nalanda Nawadah Patna Rohtas	(76) (74) (78) (72) (78)	—	Dhanbad Giridih Hazaribagh	(77) (78) (79)
60 to 69	East Champan Gopalganj Madhubani Muzaffarpur Siwan Vaishali	(60) (62) (62) (62) (68) (62)	Bhagalpur Gaya Monghyr	(60) (68) (68)	Palamau Santhal Parganas Singhbhum	(68) (69) (65)	—
55 to 59	Begusarai Purnea Sitamarhi West Champan	(59) (56) (58) (55)	—	—	Ranchi	(58)	—
Region-wise position		64		73		65	78

Full-time paid managers

4.17 Another major disquieting feature is that as high as 88 per cent of the total number of pacs in the state do not have a full-time paid manager. Even in the case of the remaining 12 per cent or 2000 societies, the paid managers are not necessarily full-time. Besides, most of them have not received adequate training and are so ill-paid that it will be unrealistic to expect them to discharge their duties wholeheartedly. Thus, the day-to-day affairs of the pacs are, by and large, entrusted to the honorary secretaries who cannot devote adequate time and attention to attend to the multifarious functions (including recovery of loans) expected of the pacs. The lower coverage of the pacs in the state, their lower borrowing membership as also inability to supply timely credit and inputs and above all their disappointing performance in the sphere of recovery, can to some extent be attributed to the non-availability of the services of an independent, trained and adequately qualified paid manager to almost all the pacs in the state.

Comparative performance

4.18 The various disabilities to which the pacs in the state are exposed have resulted in their relative performance being unsatisfactory as may be seen from Table 9 in which some important aspects of the working of the pacs in the state as on 30 June 1975 are compared with the relevant averages as on 30 June 1974 obtaining in the states of Maharashtra, Orissa, Rajasthan and Tamil Nadu as well as the averages for all-India. Between the averages per society for the pacs in Maharashtra, Rajasthan, Orissa, Tamil Nadu and also the all-India, the averages for Rajasthan are the lowest followed by Orissa. However, between Rajasthan and Orissa, as far as borrowing membership and the overdues are concerned, the position of pacs in Rajasthan is better than the pacs in Orissa. The relevant averages for the pacs in Bihar, even on a date later by one year, are much below the averages for the pacs in Rajasthan, a state which in comparison with Bihar has large tracts having adverse natural conditions. As between the averages for the pacs in Maharashtra or Tamil Nadu

TABLE 9

Amount Rupees

	Average per society					
	Bihar	Maha- rashtra	Orissa	Rajas- than	Tamil Nadu	All- India
1 Membership	172	184	486	194	932	227
2 Borrowing membership	63	79	109	121	152	85
3 (i) Paid-up share capital	3870	30088	25279	13141	34689	17623
(ii) Of (i) from state govern- ment	802	706	7226	2786	4303	1884
4 Deposits	973	3018	5712	2593	12800	5805
5 Borrowings	14774	91579	63304	43018	124385	59698
6 Working capital	26670	141123	169016	69577	226524	102743
7 (i) Loans advanced	10000	68355	40114	32939	147131	49521
(ii) Of (i) for sao	7218	62910	35843	30572	134501	41838
8 (i) Loans outstanding	17150	103553	93527	42406	156653	68590
(ii) Of (i) for short-term (agricultural) purposes	13686	64946	78089	35038	133288	52441
9 Overdues	11526	4000	63305	16295	43137	28818
10 Percentage of overdues to outstandings, i.e., 9 to 8(i)	67	4	68	38	27	42

on the one hand and Bihar on the other, there cannot be any worthwhile comparison.

4.19 Thus, the foregoing analysis of the performance of pacs in Bihar brings out how critical is the position of the primary credit structure throughout the state. It also shows that a package of steps will be necessary if these institutions are to make strides towards helping the agricultural sector adequately. However, the findings of the on-the-spot studies of pacs in Bihar might pinpoint some disabilities which are not revealed by analysis of

the district-wise position and these may have to be taken note of before deciding on the future course of action.

SECTION II

FIELD STUDIES

4.20 The on-the-spot studies of 202 pacs taken up at our instance relate mostly to their position in 1973-4. The societies selected include large-sized societies, societies functioning in cane growing areas and also those operating in tribal areas. The societies had a total membership of 34750 including 18903 indebted members of whom 13741 were defaulters.

Coverage

4.21 Table 10 gives the region-wise position of the number of societies selected for field study, the number of cultivating fami-

TABLE 10

	NB	SB	CPTA	CPOA	Total
(i) No. of pacs covered	101	49	32	20	202
(ii) No. of cultivating families in their area	51758	24576	17148	10347	103829
(iii) Membership	17877	8700	5788	2385	34750
(iv) Percentage of (iii) to (ii)	34	35	34	23	33
(v) Of (iii) above, small farmers	14371	6250	4443	1834	26898
(vi) Percentage of (v) to (iii)	80	72	77	77	77

lies in their area, their total membership and the membership comprising the small farmers with holdings below 5 acres each.

The coverage of the societies whose working was looked into during the field studies more or less represents the state position and is low. The proportion of membership of small farmers to the total membership in each region also broadly corresponds to the region-wise proportion of small and marginal holdings to the total holdings and this indicates that small and marginal farmers are not denied membership.

4.22 The region-wise position of the proportion of the borrowing membership and of the indebted membership to total membership with relevant proportion for the small farmers separately in respect of the societies covered by the field studies, is given in Table 11. The proportion of small farmers among borrowing

TABLE 11

	NB	SB	CPTA	CPOA	Total
1 Membership					
(a) Total	17877	8700	5788	2385	34750
(b) Small farmers	14371	6250	4443	1834	26898
(c) % of (b) to (a)	80	72	77	77	77
2 Borrowing membership					
(a) Total	4632	2280	1417	355	8684
(b) Small farmers	3475	1429	975	240	6119
(c) % of (b) to (a)	75	63	69	68	70
3 Indebted membership					
(a) Total	9974	4137	3565	1227	18903
(b) Small farmers	8112	2119	2808	931	14770
(c) % of (b) to (a)	81	51	79	76	78
4					
(a) % of 2(a) to 1(a)	26	26	24	15	25
(b) % of 2(b) to 1(b)	24	23	22	13	23
5					
(a) % of 3(a) to 1(a)	56	48	62	51	54
(b) % of 3(b) to 1(b)	56	34	63	51	55

members to total borrowing members in each region is lower than the proportion of small farmer members to total membership. But the proportion of small farmers among the indebted members to total indebted membership is more or less on par with the proportion of small farmer members to total membership in all the regions except South Bihar plain. This is indicative of the fact that the possibility of discrimination against the members who are small and marginal farmers in so far as the provision of credit is concerned in the South Bihar plain cannot be ruled out. This is further confirmed by the fact that in respect of the societies from the South Bihar plain the proportion of the total indebted membership to the total membership is far greater than the proportion of the indebted members who are small farmers to the total small farmer membership.

4.23 The proportion of borrowing membership to the total membership is about one-fourth in all the regions excepting the Chotanagpur plateau—Other area wherein it is as low as 15 per cent. The effective coverage is, therefore, very low in all the regions and in particular the Chotanagpur plateau—Other area as the membership itself forms about one-third of the total cultivating families. The proportion of indebted members to total membership, however, ranges between 48 per cent for South Bihar plain and 62 per cent for the Chotanagpur plateau—Tribal area indicating that many of the indebted members are ineligible to borrow afresh because of defaults in repayments by them.

4.24 The reasons for low coverage and lower borrowing membership of the pacs as revealed by the field studies are summarized below:

(i) The general apathy of the managements of the societies towards increasing the coverage of their institutions. In fact, several instances of the managing committee members who have not been interested in attending the meetings of the committee came to light during the field studies. The cases of Lohasubhankerpur mpcs (Madhubani), Kamarthi mpcs (Muzaffarpur), Fatehpur mpcs (Saharsa), Suherd, Murha and Eranda-Murjuli mpcs (Ranchi) and Karma-Bhagwan mpcs (Aurangabad), can be cited as instances in point.

(ii) The managements of the ccbs as also the district staff of the Co-operation Department have not been undertaking any drive/programme for enrolment of fresh members with a view to increasing the co-operative coverage.

(iii) Inability of the societies to purvey adequate and timely credit as also offer any services, results in the non-member cultivators being not interested in joining the society of their area. In this connexion, it may be stated that most of the societies visited during the course of the field studies, have not been handling any non-credit business.

(iv) Widespread defaults including those amongst the office bearers have so tarnished the image of the societies that let alone non-members, but some of the member-cultivators themselves desire to keep away from whatever little activity is undertaken by the society of their area. In Lachhamipur-Parsowana (East Champaran), Kasaundhi (Gopalganj), Basantpur (Katihar) and Radhanagar (Purnea) mpcs, a majority of the managing committee members are defaulters. In the case of Baghmara (Purnea), Pararia (Saharsa), Dahuguta (Ranchi) and Motia (Santhal Parganas) mpcs, the position is still worse inasmuch as in their cases all the managing committee members are defaulters. Such defaults are as old as of ten years in the case of Gamuanwa mpcs in Aurangabad district.

(v) Unscrupulous hold of the members of a family or the members of the managing committee on the affairs of the society for furthering their interests on one hand acts as a disincentive for others to join the society and on the other hand the elements controlling the affairs of the society are themselves not interested in associating those who do not belong to their group. In the case of Roll mpcs from Palamau district nine out of eleven managing committee members belonged to the same family. Two office bearers (the President and an exsecretary) of the Basopatti mpcs (Madhubani) have been availing of loans for themselves or for issuing only to their relatives including minors. Among the societies visited in Monghyr district, it was commonly observed that the managing committee members have been keen on looking after their own interest first rather than of the needy from the area.

(vi) Widespread defaults in repayment of the dues by the managing committee members themselves and, therefore, inaction on their part for recovery have greatly affected the overall recovery position of many societies visited during the course of field studies rendering them ineligible to borrow afresh from the higher financing agencies. In a few cases even though the societies could have obtained fresh finance from the ccb of their area, the managing committee members being defaulters have not shown any interest in approaching the ccb for the purpose thereby denying the benefit of the credit facilities to eligible members.

Loan business

4.25 The low coverage and still lower effective coverage as also the small jurisdictions extending on an average to three/four villages commanding a cropped area of 600 to 700 hectares, have together resulted in the average loan business of the societies visited being poor. The district-wise analysis contained in Section I also brings out the existence of a similar position throughout the state. The region-wise position in this regard in respect of the societies covered by the field studies is given in Table 12.

TABLE 12

	Rs Lakhs				
	Total	NB	SB	CPTA	CPOA
Societies studied	202	101	49	32	20
Loans issued in 1973-4	37.09	18.18	12.23	4.65	2.03
Average loans issued per society	0.18	0.18	0.25	0.15	0.10
Loans outstanding	59.72	34.40	14.40	7.29	3.63
Average loans outstanding per society	0.30	0.34	0.29	0.23	0.18

The average loans issued per society as also the average outstanding loans per society in respect of the 202 societies covered by

the field studies are no doubt higher than the relevant state averages, but still can be deemed as low especially when the societies visited are from among those as have not been dormant or marginally functioning. Of these 202 societies, only a few like Dekha mpcs and Jindhana egcs (East Champaran), Alisarai mpcs (Muzaffarpur) and Murha Impcs (Ranchi) had a loan business of above Rs 0.50 lakh each, but none of them had a loan business of Rs 1 lakh or more. The average loan business of the societies in the plateau region is somewhat lower than the already low average for the societies from the North and South Bihar plains.

4.26 In many of the societies visited, the books of account including the loan ledgers in which the signatures of the principal borrower and his sureties are obtained, were not properly maintained. In particular, instances were not uncommon in which the columns provided for obtaining the signatures of the borrowers and their sureties had not been filled in thereby raising doubts about the genuineness of the relevant loan transactions. The cases of Pandoril mpcs (Madhubani) and Silam mpcs (Ranchi) are glaring instances in point. Besides, two societies, viz., Bhagmaral mpcs (Purnea) and Motia mpcs (Santhal Parganas), had freely issued fresh finance to their defaulter members. The Dumka Impcs in Santhal Parganas had issued to some borrowers pledge loans without taking possession of produce of adequate value as security for such loans. Some societies like the Belaganj mpcs in Gaya district had been greatly handicapped because of the inordinate delay in the sanction of credit limits to them on the part of their higher financing agencies.

Conversion facilities

4.27 As is generally well known, large tracts from the North Bihar plain are often visited by floods during the monsoons whereas some regions in South Bihar, especially Chotanagpur plateau are susceptible to frequent droughts. It may be, therefore, worthwhile to ascertain the performance of the 202 societies covered by the field studies in extending conversion facilities to their affected borrower members. The data collected in this respect for the year 1973-4 are given in Table 13. Thus, in 1973-4, all those

TABLE 13

	NB	SB	CPTA	CPOA	Total
(i) No. of villages served by the societies visited	263	220	176	109	768
(ii) No. of villages with <i>annevari</i> of 6 annas or less in 1973-4	49	13	25	12	99
(iii) % of (ii) to (i)	19	6	14	11	13
(iv) No. of members who borrowed loans in 1973-4	4632	2280	1417	355	8684
(v) No. of members who approached for conversion loans	—	100	130	—	230
(vi) % of (v) to (iv)	—	4	9	—	3
(vii) No. of members who were granted conversion facilities	—	100	130	—	230

affected cultivators who approached for conversion facilities were given the benefit of such facilities. But, although 13 per cent of the villages served by the 202 societies had *annevari* of 6 annas or less in 1973-4, only 3 per cent of the 8684 members who borrowed loans in 1973-4 approached their societies for conversion loans. Significantly, although 19 per cent and 11 per cent of the villages served were affected from the North Bihar plain and the Chotanagpur plateau—Other area respectively, none of the borrowing members from these two regions approached his society for conversion facility. It may not, therefore, be incorrect to conclude that, for one reason or the other, not all those who are affected by some natural calamity approach the society of their area for assistance under the stabilization arrangements. Many of the otherwise eligible borrowers may not perhaps be aware of the availability of conversion assistance. At the same

time, it is also true that some others had refrained from approaching their society as they had defaulted in the repayment of some other types of loans taken from their society and were considered ineligible for the conversion loan facility.

4.28 The field studies of the 202 pacs further reveal that the above statement (in relation to the position in 1973-4) to the effect that all those who approached for conversion facilities were actually extended such assistance, does not hold good for the years 1970-71 to 1972-3 as may be seen from Table 14. The

TABLE 14

	NB	SB	CPTA	CPOA	Total
(i) No. of members who applied for conversion facilities in					
1970-71	23	247	—	22	292
1971-2	412	171	130	61	774
1972-3	293	232	356	2	883
(ii) No. of members actually granted conversion facilities in					
1970-71	23	228	—	22	273
1971-2	402	171	128	11	712
1972-3	221	217	175	2	615
(iii) No. of members denied conversion assistance in					
1970-71	—	19	—	—	19
1971-2	10	—	2	50	62
1972-3	72	15	181	—	268

number of affected borrowers who approached their societies for conversion loans but were denied the facility, was particularly more in 1972-3 in respect of the societies visited from the North Bihar plain and the Tribal area of the Chotanagpur plateau.

In that year, Motia mpcs and Makhani mpcs from the Santhal Parganas district had in particular denied conversion assistance to a large number of their affected borrowers.

Overdues

4.29 The region-wise position of the overdues at the level of the 202 pacs as at the end of 1973-4, is given in Table 15.

TABLE 15

	Rs Lakhs				
	Total	NB	SB	CPTA	CPOA
1 Indebted members	18903	9974	4137	3565	1227
2 Defaulting members	13741	7196	2960	2482	1103
3 Percentage of (2) to (1)	73	72	71	70	90
4 Loans outstanding	59.72	34.40	14.40	7.29	3.63
5 Loans overdue	34.78	20.26	7.17	4.30	3.05
6 Percentage of (5) to (4)	58	59	50	59	84
7 Period-wise classification of overdues					
(i) Below one year	11.87	6.14	2.97	1.70	1.06
(ii) 1-3 years	14.45	9.38	2.68	1.59	0.80
(iii) Above 3 years	8.46	4.74	1.52	1.01	1.19
8 Percentage of (7iii) to (5)	24	23	21	23	39

The proportion of the number of defaulters to total indebted members has been high at around or little over 70 per cent in all the regions barring the Chotanagpur plateau—Other area wherein it is very high at 90 per cent. Accordingly, in this region, the overdues formed 84 per cent of the total outstandings as against 50 per cent in the South Bihar plain and 59 per cent each in the North Bihar plain and the Tribal area of the Chotanagpur plateau. Considering that the institutions selected for indepth studies are relatively better functioning, the proportion of overdues to outstandings can be deemed as high even in respect of the institutions from the North and South Bihar plains and the Tribal Area of the Chotanagpur plateau. The chronic overdues formed about one-fourth of the total overdues in all the regions with the exception of again the Chotanagpur plateau—Other area wherein the relevant proportion is as high as 39 per cent.

4.30 Although a portion of the overdues can be attributed to denial of conversion facilities to otherwise eligible borrowers, the field studies revealed that the defaults have been, by and large, wilful arising mainly on account of the reasons given below:

(i) Lack of will and efforts therefor on the part of the non-officials on the managements of the societies some of whom being defaulters themselves have not been keen on initiating coercive action even against the recalcitrant defaulters.

(ii) Absence of a paid manager in almost all the societies who could devote his time to persuade the borrowers to repay their dues by issuing them reminders, notices, etc., and also prepare arbitration cases for the recovery of recalcitrant defaults.

(iii) Inability of the ccbs, which have no control over the field staff, to launch a drive for effecting recoveries of the dues of their affiliated institutions and also help the latter effectively in pursuing coercive action against recalcitrant defaulters.

(iv) Absence of involvement of the departmental officials posted in districts in the general recovery drive. It may be stated in this connexion that a whole-hearted involvement of the departmental staff for effecting recoveries during 1975-6 at the instance of the RCS, has yielded very encouraging results.

(v) Lack of will among the borrower members to clear their defaults as they are, in view of their past experience, generally apprehensive about the ability of their societies to issue fresh finance.

(vi) The borrowers are also not concerned about straining their relation with the society of their area as the benefits accruing to them from societies, which do not generally undertake the business of supply of inputs, etc., are very limited and the denial of such benefits by virtue of their defaults, therefore, does not make matters difficult for them.

Overdues in relation to size of holdings of defaulters

4.31 The data collected in the course of the field studies, which is given in Table 16, confirm that as elsewhere in the country,

TABLE 16

	NB	SB	CPTA	CPOA
1 Percentage of indebted members in each size-wise group to total indebted members—				
Above 10 acres	4	7	5	6
5-10 acres	14	23	16	18
3- 5 acres	21	26	26	28
Below 3 acres	60	44	53	48
Tenants and agricultural labourers	1	—	—	—
Total	100	100	100	100
2 Percentage of defaulters in each size-wise group to total defaulters—				
Above 10 acres	4	6	6	5
5-10 acres	12	20	18	18
3- 5 acres	22	25	23	28
Below 3 acres	61	48	53	49
Tenants and agricultural labourers	1	1	—	—
Total	100	100	100	100

the incidence of defaults among big farmers (holding above 10 acres), medium farmers (5-10 acres), small farmers (3-5 acres) and the smallest of small farmers (holding below 3 acres), has been more or less of the same degree, also in Bihar. The proportion of indebted members in each size-wise group to the total indebted members is more or less identical to the proportion of defaulter members in the respective size-wise group to the total defaulter members, in all the regions. Thus, the degree of the will to default is common among all the categories of farmers throughout the state.

Full-time paid managers

4.32 Out of 202 societies covered, just one society, viz., Puska large-size multi-purpose co-operative society from Palamau district, has an independent paid manager itself. A few other societies have part-time paid managers inasmuch as the latter have more than one society under their charge. The performance of the Puska Impcs has been far superior to the general performance of the pacs visited. In 1973-4, this society could ensure recoveries to the extent of 90 per cent of the demand. While the credit for this splendid results should legitimately go to the non-officials at the helm of the affairs of the society, the fact cannot be denied that they have been ably aided in their task by the full-time paid manager attached exclusively to their society.

FUTURE STRATEGY

4.33 The district-wise review of the position of the pacs in Bihar contained in Section I as well as the findings of the field studies of 202 select societies in Section II lead us to one inescapable conclusion that the institutions at the base level to be effective instruments of the development of agricultural credit must not only purvey adequate and timely credit but also offer a variety of services to the cultivators in their area. This is particularly true of Bihar wherein around four-fifths of the cultivators are small or marginal. This being so each society must have for itself the services of an independent full-time, adequately qualified and trained as also well paid manager in addition to an office with godown facilities. The honorary secretaries who have a vocation of their own, cannot meet the requirements of the situation and have, therefore, no place in the day-to-day management of the institutions which has, in the present context, become a very complex task. But in order to support a well paid and full-time employee as also to pay for the office and a godown, the societies should be in a position to command adequate business at least within a reasonable period of time. For, the institutions cannot be expected to function on subsidies indefinitely. The creation of strong and viable institutions, therefore, assumes paramount importance. All these considerations have been fully appreciated by the non-official leadership in the state as also by the concerned

authorities in the GOB. Suitable plans have been or are being drawn to achieve the desired objectives. Our work, therefore, is to suggest suitable modifications in these plans to make them workable, economically viable to all concerned and worthy of implementation within as short a time as feasible. We have given a careful consideration to these urgent tasks in Chapter 6.

**III MEASURES FOR DEVELOPMENT OF
CO-OPERATIVE CREDIT**

CHAPTER 5

STATE AND CENTRAL CO-OPERATIVE BANKS

5.01 In the preceding three chapters, we have made a quantitative and qualitative assessment of the performance so far of the institutions representing the three tiers of the co-operative credit structure in Bihar. We proceed to deal in this chapter and the next two chapters with the organizational, operational and other related improvements which, within the framework of the already accepted policies, can be and need to be brought about for gearing up the working of these institutions. For, our main objective is to ensure that the co-operative credit structure as a whole is in a position to shoulder within as short a period as feasible, a major share of the responsibility in meeting adequately the credit needs of short-term agricultural production in Bihar. This chapter is divided into two sections, the first dealing with the BSCB and the second concerning the ccbs in the state.

SECTION I

BIHAR STATE CO-OPERATIVE BANK

5.02 Our analysis in Chapter 2 has brought out certain organizational, administrative and financial deficiencies in the working of the BSCB. It is needless to mention that prompt steps on the lines indicated in the paragraphs that follow, are necessary for the removal of these deficiencies so that the apex bank is in a position to provide the necessary lead and backing for the development of co-operative agricultural credit in the state.

Organizational issues

5.03 An apex bank is basically a federation of the ccbs in the state and its main role is to support, co-ordinate and guide the activities of the affiliated ccbs. It is but natural, therefore, that the Chairman of the bank who is in overall charge of its affairs,

should not only be a representative of an affiliated ccb but also these affiliated banks should have a major say in his election. The latter objective can be achieved if the Chairman is elected by the board which has directors representing the ccbs in majority. We recommend, therefore, that byelaw Nos 46 and 49 of the BSCB may be amended to provide for the election of the Chairman of the bank in the first board meeting to be held within a specified period from the date of the Annual General Meeting in which the elections of the directors are held. Besides, the said byelaws should also provide that the Chairman of the bank shall be the representative of an affiliated ccb.

5.04 As in any other co-operative society, every member of the BSCB irrespective of whether he is an individual or represents an institution, has a vote each in the general meetings. Consequently, the representatives of co-operative institutions other than the ccbs or the state level bodies as also the individual shareholders of the bank who together constitute 59 per cent of the bank's total membership, may be in a position to play a deciding role when important matters requiring the approval of the general body are put up for its consideration. In fact, there is no reason why an apex bank like the BSCB organized primarily as a federation of the constituent ccbs, should have on its membership not only individuals but also co-operative institutions operating at the primary level or within a district. We suggest, therefore, that by virtue of amendment of either the byelaws of the BSCB or the State Co-operative Societies Act/Rules, as the GOB may consider necessary, membership of the BSCB may be open exclusively to the ccbs in the state, other state level co-operative institutions and the state government. Once this is done, the BSCB may have to take suitable follow-up action to remove from its membership the individuals and the institutions not covered by the above categories or alternatively restrict their voting rights by converting their status to that of nominal members.

5.05 Byelaw No. 46 of the BSCB also provides that out of the ten directors representing the ccbs on the board of the apex bank, two each shall be from the Patna, Tirhut, Bhagalpur and Chota-Nagpur divisions and one each shall be from the Kosi and Darbhanga divisions. Thus, the stipulated representation is

slightly in favour of the four ccbs from the Bhagalpur division inasmuch as they have the same number of representatives in the board as the six banks each from the Patna and Tirhut divisions and seven banks from the Chotanagpur division have. Incidentally the last mentioned division has since been bifurcated into two administrative divisions, viz., North Chotanagpur with headquarters at Hazaribagh and South Chotanagpur with headquarters at Ranchi. The South Chotanagpur division has predominantly tribal population. In view of the above position as also our suggestion in paragraph 5.04 above to restrict the membership of the bank only to two categories of co-operative institutions and the need to give suitable representation to the scheduled castes/tribes, we suggest that of the 19 directors on the board of the BSCB, 15 may represent the affiliated ccbs, one may represent the other state level co-operative institutions and the remaining three may as at present be nominated by the GOB. The representation to the 20 ccbs and six District Co-operative Development Banks (DCDBs) which will ultimately remain affiliated to the BSCB as per our recommendations contained in paragraph 5.26 later, may be as indicated in Table 1. Besides, the relevant byelaw may also

TABLE 1

Administrative division	No. of ccbs/DCDBs that will remain in the division	Proposed representation on the board of the BSCB
Patna	6	3
Tirhut	6	3
Bhagalpur	3	2
Darbhanga	3	2
Kosi	2	1
North Chotanagpur	3	2
South Chotanagpur	3	2
Total	26	15

provide that out of the two representatives from the South Chotanagpur division, at least one shall be from a scheduled tribe and that a director from any other division shall belong to a scheduled caste. If the election of a director each from the scheduled castes and tribes is not possible due to the non-availability of such

representatives, the byelaw may provide for co-option by the board of two additional directors for the purpose of ensuring the proposed representation. This recommendation is in line with the spirit of the proviso incorporated in terms of the Bihar Co-operative Societies (Fourth Amendment) Ordinance 1976, in sub-section (2) of section 14 of the Bihar and Orissa Co-operative Societies Act 1935. The said proviso lays down "that on the Managing Committee of such societies or class of societies and in such areas as the State Government may by general or special order direct, at least two seats shall be reserved for the members belonging to the Scheduled Castes or Scheduled Tribes and three seats for small or marginal farmers in such manner as may be determined by the State Government. . . .". Although our recommendation does not ensure three seats on the board to small/marginal farmers, we do not think it necessary to provide for the same in the byelaws of the BSCB as the bank will be really a federation of ccbs and state co-operatives and will have no individual representatives. We do not, therefore, consider it necessary for the RCS to bring the BSCB within the ambit of the above mentioned proviso in view of the recommendations made by us for ensuring representation of scheduled castes and scheduled tribes.

5.06 Byelaw No. 45 of the BSCB relating to the composition of its board of directors provides for three nominees of the GOB. The obvious purpose behind this provision is that officers of the state government concerned with agricultural production, co-operation and finance should be intimately associated with the functioning of the apex bank. However, the GOB have presently nominated two individuals and the RCS on the board of the BSCB. We suggest that the state government may consider nominating the Special Secretary, Finance Department and the Director of Agriculture on the apex bank's board in lieu of the two individuals.

5.07 At the end of June 1976, six out of the ten ccbs which have their representatives on the board of the apex bank, had defaulted in repayment of their dues to the BSCB. The relevant number stood at nine as at the end of December 1975. A similar situation, by and large, exists at the level of the ccbs in the state in that a large number of pacs having representation on the boards of the ccbs are defaulters to the concerned ccbs. The Bihar and

Orissa Co-operative Societies Act 1935 or the Bihar Co-operative Societies Rules 1959 do not contain any provision to remove from the management of the co-operative institutions such office-bearers representing defaulting societies although in terms of rule Nos. 23 and 24, an individual defaulter is not eligible for election to the managing committee of a society and anyone incurring such a disqualification ceases to be a member of the managing committee. Our analysis of the overdue position of the BSCB and the ccbs in the state contained in Chapters 2 and 3, brings out the high incidence of defaults at the levels of these institutions which can in part be attributed to the "inefficient or unsatisfactory leadership of persons who are not themselves conscious of, and faithful in observing, the canons of co-operative conduct" as was observed by the Informal Group as far back as 1964. Considering the conditions prevailing in Bihar, it is now high time for those who are on the managements of the BSCB and the ccbs to appreciate as well as realize their duties and responsibilities towards ensuring prompt repayment of the dues of their institutions, to the higher financing agencies. We, therefore, recommend that rule Nos. 23 and 24 of the Bihar Co-operative Societies Rules 1959 may be amended suitably to deny representation to a defaulting society/ccb on the board of directors of any ccb/the BSCB. However, in order to give adequate time to the concerned societies/ccbs to clear their defaults, we suggest that the amended rules may be made effective from 1 July 1978.

5.08 In view of the detailed analysis contained in paragraphs 2.08 and 2.09 of Chapter 2, we suggest that with the exception of the Working/Executive Committee which may be properly constituted by the board of directors by passing a suitable resolution at the first meeting of the newly elected board, all the other committees/sub-committees constituted by the Chairman of the BSCB by virtue of the powers vested in him by the bank's board, may be done away with. However, byelaw No. 60 of the BSCB may be so amended as to empower the bank's board to constitute from time to time one sub-committee for the purpose of looking into any important aspect which may require detailed consideration by a small group of directors well conversant with the issue in question. Such a step, if taken, may result in saving in the annual

expenditure considerably and help the BSCB to improve its net profits.

Administrative matters

5.09 In Chapter 2, we have stated the need for adherence to certain code of conduct whereby the Chairman of the BSCB has full authority to exercise general supervision over the affairs of the bank and decide all matters of policy and that none of the non-official functionaries is required to deal with matters connected with the bank's day-to-day administration and working for which the MD should be exclusively responsible. For, the complexities of the responsibilities which we have decided to place on the BSCB, would warrant its day-to-day affairs being handled by a professionally competent wholtime officer who should be accountable for effective implementation of the policies of the bank as laid down by the board through the various categories of staff who should work directly under him. While the powers to decide on the recruitment policy as also the authority to remove, promote and take disciplinary action in respect of all paid staff on the basis of the recommendations of the MD, should legitimately be vested in the board of directors, the MD should have, in the interest of ensuring efficient work, full freedom to decide on the delegation of duties and posting of the said staff. In view of the urgent need to tone up the quality of work and infuse a sense of responsibility for disciplined and efficient work at the various levels in the BSCB, we hope that the whole question will be viewed by all concerned dispassionately. We would, therefore, suggest that in the light of the above observations and the observations contained in paragraphs 2.10 to 2.13 of Chapter 2, the BSCB in consultation with the RCS may initiate action for amending the relevant provisions in its bye-laws concerning the powers of the board of directors, the Chairman and the MD.

5.10 At the same time, we would not, as observed by the Informal Group referred to in paragraph 5.07 above, "favour officialization to the point of curbing the initiative of local non-official leadership." At present the appointment of the MD of the BSCB is made by the GOB although the relevant bye-law No. 63

of the bank also authorizes its board to make the said appointment with the approval of the GOB. The present arrangement may not necessarily ensure that the MD of the bank owes full allegiance to the institution and its board and unless this is ensured he may not be able to function very effectively in the interest of the bank. The board of the BSCB should, therefore, have a decisive voice in the appointment of the bank's MD, although the appointment so made should have the approval of the GOB who are not only a major partner in the bank's share capital but have also a considerable stake in the health of the co-operative movement of which the BSCB is the leader. Besides, the responsibilities of managing an institution like the apex bank are so immense as would warrant full time and attention of its chief executive. We suggest, therefore, that the GOB may relieve the MD of the BSCB of the responsibility of functioning as the Financial Adviser to the state government.

5.11 It is also essential that the MD of the BSCB is assisted in his task by a complement of experienced officers to man the key positions at the head office and the regional offices of the bank. The functions entrusted to the apex bank are such as would require of these officers full knowledge and practical experience of the working of the ccbs. We would, therefore, recommend that every officer in the BSCB below the level of the two secretaries and up to the level of the inspecting officers, is from the common cadre proposed by us later in this chapter for the key personnel of the ccbs and that the postings of all such officers in the apex bank on one hand and the officers from the common cadre occupying key positions in the ccbs on the other hand, should be made interchangeable. In view of this recommendation of ours, we have while deciding the strength of officers required in the common cadre of key personnel for ccbs, taken note of the requirements of the BSCB and have also proposed common grades. It follows logically, therefore, that selection of officers of the apex bank who will be from the common cadre will be entrusted to the state level committee for the cadre officers of the ccbs, which also has been proposed later.

5.12 In order to decide tentatively the strength of officers in the above common cadre, it is necessary first to estimate the require-

ments of the BSCB. For this purpose, we have assumed the division of functions and the strength of officers in each department of the BSCB as given in Table 2. Thus, for the purpose in view,

TABLE 2

• Department	Main functions	Strength of officers of the rank of	
		Departmental Heads	Supporting Officers
(1)	(2)	(3)	(4)
1 Administration	(a) Administration of the bank's personnel (b) Other establishment matters including premises (c) Management of the common cadre (d) Training of the staff of BSCB/ccbs (e) Legal matters	1	3@
2 Accounts	(a) Maintenance of accounts (b) Financial management including investments (c) Preparation of returns and statements, balance sheet and Profit and Loss account, etc. (d) State/All India Mutual Arrangement Scheme	1	2£
3 Internal Audit	(a) Inspections of branches/regional offices (b) Follow-up action on RBI inspection report and Government's audit report	1	1
4 Inspection and Supervision	(a) Visits/inspections of ccbs and other indebted institutions and follow-up action thereon (b) Recovery	1	2*
5 Operations	(a) Scrutiny and sanction of credit limit applications of ccbs, etc. (b) Borrowings from RBI, Government, etc.	1	1

TABLE 2—*Contd.*

(1)	(2)	(3)	(4)
6 Planning and Development	(a) Meetings of board, working committee, etc.	1	1
	(b) Preparation of schemes for mobilization of deposits by branches/regional offices		
	(c) Preparation of special schemes for development in the state and their implementation		
	(d) Publicity		
	(e) Special studies		
7 Rehabilitation	(a) Rehabilitation of weak ccbs	1	1
	(b) Watching progress of District Level Review Committees and preparation of notes, etc. for State Level Review Committee		
	(c) Mobilization of deposits by ccbs		
	Regional Offices	4	4
	Bhagalpur		
	Darbhanga (A)		
	Muzaffarpur		
	Ranchi (B)		
	Branches	4	4
	It is presumed that Branch Managers of 4 big branches will be of the rank of departmental heads		
		15	19

@ Inclusive of one each for common cadre section and training.

£ Inclusive of one for returns, statements and statistics section.

* Inclusive of Regional Inspecting Officer for ccbs in Patna division.

A For ccbs in Darbhanga and Kosi divisions.

B For ccbs in North and South Chotanagpur divisions.

we place roughly the requirements of the BSCB in respect of the officers from the common cadre at 15 in Grade I and 19 in Grade II exclusive of the leave reserves. We may, however, add that for deciding on the actual division of duties and the strength in each department, the management of the BSCB may take into account the findings of the indepth staffing pattern study proposed by us in paragraph 5.16 later.

Deposit mobilization

5.13 As has been indicated in paragraph 2.26 of Chapter 2, the involvement of the BSCB in short-term agricultural loans to ccbs has, during the last four years, ranged between Rs 5.68 crores and Rs 10.48 crores. With the measures proposed by us in this report to streamline the working of the pacs and the ccbs, the burden on the apex bank arising out of the defaults of the ccbs, is expected to be reduced substantially. But, even after a liberal view taken by the RBI of the requirements of the ccbs, the BSCB will have to participate with the RBI in making available larger credit facilities to the affiliated ccbs for meeting the credit gaps as much as possible. It is in this context that we have placed the target for deposits of the BSCB at Rs 60 crores in 1980-81. This would mean maintaining an average annual growth rate in deposits at 20 per cent as against a growth rate of 15 per cent actually achieved during the period 1971-2 to 1975-6. The point for consideration, therefore, is that whether the BSCB may be allowed to open its places of business strictly for mobilizing deposits from the public at important divisional headquarters like Bhagalpur, Darbhanga, Muzzaffarpur and Ranchi. One main argument in favour of this proposal is that the ccbs operating in the above centres have not so far been able to tap the available deposit potential and have thereby deprived the co-operative banking sector of some resources that could have been used for meeting credit needs of agriculturists in the area. We are of the view that if the proposed places of business of the BSCB are prohibited from accepting deposits from the co-operative institutions at the primary level, whether agricultural or non-agricultural, they would not be claiming a cut from the business of the ccbs concerned. Taking a dispassionate view of the whole matter, we recommend that the RBI may consider allowing the BSCB to open its places of business at Bhagalpur, Darbhanga, Muzaffarpur and Ranchi subject to the condition that the said offices will not accept deposits from co-operative institutions registered and operating within the respective districts excepting the ccbs and urban co-operative banks. We hope that full advantage of the opportunity that may be given by the RBI will be taken by the BSCB by adopting an aggressive approach in the sphere of deposit mobilization by starting special schemes, extending efficient banking service and

giving proper face-lift to its proposed as well as the existing branches/offices.

Supervision over ccbs

5.14 As a first step towards streamlining the supervision of the BSCB over the affiliated ccbs, which is not very effective at present, it is necessary to increase the strength of the RIOs suitably so as to ensure that the charge per Inspecting Officer does not exceed 6 or 7 institutions. Secondly, it is important that these Inspecting Officers adopt uniform standards for their visits/inspections. Thirdly, the scope of their work should cover not merely the loan policies and procedures of the ccbs but also the spheres of recovery and deposit mobilization. Above all, the work of the Inspecting Officers should be under constant watch and review. The BSCB has four Regional Offices at Patna, Bhagalpur, Muzaffarpur and Ranchi. We feel that the BSCB may open one more Regional Office at Darbhanga in addition to the above four. The ccbs in Darbhanga and Kosi divisions may be under the charge of the RIO at Darbhanga. As suggested in paragraph 5.13, each of the above Regional Offices should have a banking section to mobilize deposits from the public and should be under the charge of a Regional Manager who may be, as in the case of Branch Managers of the main branches, an officer in Grade I from the common cadre. The RIO posted at each Regional Office may be an officer in Grade II from the common cadre and should work under the overall control of the Regional Manager. The RIO for the ccbs in Patna division may be attached to and should work under the direct control of the Chief of Inspections and Supervision at the head office of the BSCB. Besides, the MD of the BSCB may lay down suitable guidelines for the visits/inspections of the RIOs and also prescribe separate formats for their visit and inspection notes. It must be well understood that the BSCB and the ccbs in the state while being separate financial entities, are closely interlinked in so far as their objectives are concerned and the former cannot succeed without ensuring the success of the latter. Supervision over the ccbs assumes, therefore, a great importance, for there is no alternative to utilizing the medium of visits to and inspections of the ccbs to co-ordinate their policies and improve their working.

Management of funds

5.15 We have noted that the BSCB, which is expected to give a proper lead and guidance to the affiliated ccbs, did not during 1975-6 and earlier, maintain the minimum statutory liquidity on many occasions. While the shortfalls in this respect might have arisen on some occasions due to the defaults by the ccbs, the deficits which continued at times for long periods could have been avoided if the management of the BSCB had taken adequate care to make a judicious investment of funds keeping in view the probable defaults of the ccbs. The position has since been regularized. Even then we would urge on the management of the BSCB to give their utmost attention to the aspects of liquidity, profitability and development priorities while deciding on the deployment of the bank's funds especially in large advances or for term loans or in loans and advances which are not relatively self-liquidating.

Need to improve earnings

5.16 In order to build-up its reserves including the Agricultural Credit Stabilization Fund as also to be in a position to pay a reasonable dividend on its shares, the BSCB will have to devise ways and means to improve its earning capacity. Towards this end, we have already proposed reduction in the number of committees/sub-committees which the bank has presently constituted. Another area where some economy of expenditure may be possible, is the strength of junior level personnel. For instance, as at the end of December 1975, the strength of subordinate staff comprising peons, havaldars, drivers, etc., at 133 formed 42 per cent of the total strength which appears somewhat disproportionate. In such a situation, no fresh recruitment to the posts of peons, etc. may be necessary for providing staff to the proposed new offices. However, the whole question of staffing pattern and strength needs careful consideration and an indepth study may be necessary for that purpose. In the recent past at the request of the concerned state governments/apex banks, some quick studies, among others, for the above purpose have been conducted by the RBI in a few states. We suggest that the GOB and the BSCB may request the RBI to depute a team of its officers for undertaking a detailed study of the existing staffing pattern of the BSCB and the ccbs in

the state so that depending on the recommendations of the said team suitable follow-up action to avoid wasteful expenditure without sacrificing the required degree of efficiency, can be instituted. Besides, the bank may have also to review the whole question of allowing liberal advances to the members of its staff so as to ensure that its involvement in loans yielding no or low return is kept to the minimum.

Financial assistance

5.17 The measures suggested in the foregoing paragraphs for streamlining the working of the BSCB cover various aspects like the division of responsibility between the Chairman on the one hand and the MD on the other, administrative set-up, mobilization of deposits, supervision over the ccbs and management of resources, etc. We have also recommended in Chapter 2 suitable additional contribution by the GOB to the share capital of the BSCB as also the need for strengthening the bank's Agricultural Credit Stabilization Fund. In addition, some financial assistance from the GOB/GOI may be necessary to tide over certain intrinsic deficiencies, which may have their origin in the institutions at the lower two tiers. This issue, therefore, needs to be considered from the view point of the requirements of the co-operative credit structure as a whole and has been dealt with at suitable places subsequently in this report.

SECTION II

CENTRAL CO-OPERATIVE BANKS

5.18 The analysis of the position and the identification of the problems of the ccbs in Bihar contained in Chapter 3, would require us first to decide on the future of the units which may have to ensure a higher annual growth rate than 15 per cent in their business and are simultaneously rated as inefficient. A careful consideration of this issue which is our major term of reference, has to be followed by a detailed account of the measures necessary to improve the working of these institutions so that they are in a position to shoulder the responsibilities which we have envisaged

for them. The problem of overdues which calls for a special treatment, has, however, been examined in a separate chapter.

Approach in respect of weak units

5.19 On the basis of the assessment of the performance so far of each individual ccb in Bihar contained in Chapter 3, the banks in Bihar can be classified broadly into five categories as in Table 3.

TABLE 3

Category	NB	SB	CPTA	CPOA
I Banks which are potentially viable and also have been rated as at least having marginally satisfactory efficiency, i.e., aggregate ratings above 25 per cent	Gopalganj Laheriasarai-Samastipur Muzaffarpur-Hajipur Purnea Rohika Sitamarhi	Nawadah	Dumka-Godda-Rajmahal	Dhanbad Hazaribagh
II Banks which are quasi-potentially viable in Group A and have also been rated as having marginally satisfactory efficiency	Begusarai Siwan- Chapra	Arrah-Buxar Bhagalpur Dinapur-Masaurhi Monghyr-Jamui Sasaram-Bhabua	Dalton-ganj Deogarh-Jamtara	Giridih
III Banks which are quasi-potentially viable in Group A but have been rated as not having even the marginally satisfactory efficiency	Motihari	Bihar-Barh-Fatwah Magadh	Ranchi-Khunti Singhbhum	—

TABLE 3—Contd.

Category	NB	SB	CPTA	CPOA
IV Quasi - potentially viable banks in Group B having just marginally satisfactory efficiency	—	—	Gumla-Simdega	—
V Quasi - potentially viable banks in Group B which are also rated inefficient	Madhipura-Supaul National	—	—	—

Note: For classification of quasi-potentially viable banks in Groups A and B, refer paragraph 3.17 of Chapter 3.

Strictly speaking only the ten ccbs in category I which are potentially viable and also rated as having marginally satisfactory efficiency have justification to claim continued existence as independent entities. But, as a special expedient for Bihar, we have proposed that the ccbs in the state may be allowed a longer gestation period ranging up to 10 years to attain viability. In view of this consideration, another ten ccbs in category II can also claim continuance as independent entities. On the same analogy, the five banks in category III may also be allowed continued existence provided they make strenuous efforts to improve their efficiency which at present falls short of the standard prescribed for being rated as a unit having at least marginally satisfactory efficiency, by 5 per cent marks or less. It is only the three ccbs in categories IV and V, viz., Gumla-Simdega (CPTA) and Madhipura-Supaul and National (NB) and in particular the last two (which have not received even 20 per cent aggregate ratings each), which have no claim for continued existence as they may not be in a position to attain viability despite a longer gestation period of 10 years, if they continue to provide only short-term and medium-term loans for agricultural purposes.

5.20 While the above is the general position, certain other related issues will also have to be taken into account. Firstly, a ccb may have presently the status of a potentially viable or quasi-potentially viable unit. But it will have the prospect of attaining the status of a viable unit in the course of the next five or ten years, as the case may be, only if the area served by it offers enough business potential to enable the unit to attain the level of business necessary to function as a viable unit. In short, the capacity of the ccb is one facet and the credit potential offered by its area of operation is another and unless both these are in favour, the ccb cannot hope to attain viability. For instance, a bank like Dhanbad ccb whose area of operation, viz., the whole of Dhanbad district, offers a total short-term agricultural credit potential of Rs 97.18 lakhs only, can never hope to attain the status of a viable unit on the basis of agricultural loan business alone unless its scope of activity is increased to cover other types of loans. But the Dhanbad ccb caters to sizeable non-agricultural credit business because of the existence of a large number of societies of mine workers, etc. and, therefore, can hope to attain a viable status within a short period. But this position does not hold good in respect of two other ccbs. The Deoghar-Jamtara and Giridih ccbs, whose areas of operation offer a short-term credit potential of Rs 229.41 lakhs and Rs 146.93 lakhs respectively, have no prospect of reaching the level of business of Rs 125 lakhs each and attain the status of a viable unit especially when a part of the credit requirements in the area of each bank will be met by alternative sources including the commercial banks. This position would remain unaltered even if the six blocks of Giridih district presently served by the Hazaribagh ccb and which offer a total short-term credit potential of Rs 56.55 lakhs, are transferred to the area of the Giridih ccb. Such a transfer would not, however, affect the position of the Hazaribagh ccb. Thus, another two ccbs, viz., Deoghar-Jamtara and Giridih, in their present form, do not justify continued existence.

5.21 Secondly, we have to take note of the strategy in the state government's Tribal Sub-plan of organizing special type of societies called the 'LAMPS' in the identified tribal blocks which will provide to the tribals all types of credit facilities including long-term credit for agriculture and a wide range of services. This strategy has the approval of all concerned including the GOB, the GOI and the

RBI; the only point of which there is likely to be a difference of opinion is about the jurisdiction of the LAMPS. It is also recognized by all concerned that it will be advantageous if the ccb which serves the tribal blocks also undertakes the provision of long-term credit to the special societies in the tribal areas along with the short-term and medium-term credit for agriculture. The number of blocks covered by the Tribal Sub-Plan of the GOB and the names of the ccbs in whose area they are located, are given in Table 4. All the blocks in the Ranchi and Singhbhum districts and

TABLE 4

District	ccb/s in the district	Total no. of blocks in the area of the ccb	Of col. (3) no. of blocks covered by Tribal Sub-Plan
(1)	(2)	(3)	(4)
Palamau	Daltonganj	25	9
Ranchi	Ranchi-Khunti	25	25
	Gumla-Simdega	18	18
Santhal Parganas	Dumka-Godda-Rajmahal	30	24
	Deoghar-Jamtara	11	4
	Singhbhum	32	32
		Total tribal blocks	112

a majority of the blocks in the Santhal Parganas district are predominantly tribal and covered by the states Tribal Sub-Plan. We are of the view that the intermediate level institutions functioning at least in these three districts should integrate the provision of short-term and medium-term credit along with the long-term credit for agriculture. In such an event, the ccbs which may have to face a structural re-orientation, are Ranchi-Khunti and Gumla-Simdega (Ranchi district), Dumka-Godda-Rajmahal and Deoghar-Jamtara (Santhal Parganas district) and Singhbhum (Singhbhum district). Of these five ccbs, the Gumla-Simdega bank being non-viable has been identified as a unit which has a doubtful claim to continued existence as an independent entity. For want of potential in its area, the Deoghar-Jamtara bank seems to have little prospect of attaining viability if it continues to function in its present form. Two other banks, viz., Ranchi-Khunti and Singhbhum, rated as

not having even marginally satisfactory efficiency call for special attention from the BSCB. It is only the Dumka-Godda-Rajmahal ccb which can justify continuance in its existing form, but the needs of the area which is predominantly tribal would require the base level institutions operating therein being affiliated to an institution which meets the long-term agricultural credit requirements as well. In view of these considerations and the advantages of such an integration indicated in subsequent paragraphs of this chapter, we are of the view that the above five banks viz., Dumka-Godda-Rajmahal, Deoghar-Jamtara, Gumla-Simdega, Ranchi-Khunti and Singhbhum, which are operating in three predominantly tribal districts and four of which have doubtful future as independent entities, may undergo a structural change into units which would integrate the provision of short-term and medium-term credit with long-term credit for agriculture.

5.22 This leaves out the cases of three banks, viz., Madhipura-Supaul, National and Giridih which have little prospects of attaining a viable status even within a period as long as ten years. One way may be to consider amalgamation of these three banks with the BSCB which could take up direct financing of the primaries in their respective areas. The question of integration of the ccbs with the state co-operative bank was examined in 1973 by the Study Team on the Two-Tier Co-operative Credit Structure in Kerala (Kerala Study Team) with reference to the position of the concerned institutions in that state. The Kerala Study Team observed:

It seems that the establishment of one unit by integrating the central co-operative banks with the state co-operative bank will enable that unit to present a better image of itself to the depositing public because the owned funds, deposits, loans and advances and the working capital of the unit will be comparable to that of a medium-sized commercial bank, but, at the same time, it will carry on its balance sheet the burden of higher overdues which may, to some extent, tarnish its image. The unit will be in a position to declare a higher rate of dividend than most central banks in the state. This will help reduce the cost of borrowing to the societies directly or indirectly. We have to set off against these advantages the possible increase in the cost of establishment and the loss that will arise from having to maintain a higher percentage of liquid assets. Taking all these aspects into account, the two-tier structure may be able to reduce the cost of funds to primary societies by not more than 0.25 per cent. We feel that such a nominal

reduction in the rate of interest charged to the ultimate borrower should not be the deciding factor on the question whether the central bank could be done away with. We consider that there are certain other factors which are far more important and which may, despite the possibilities of a reduction in the rate of interest, justify the continuance of the units at the intermediate level. (Pages 40 and 41).

The resources of the ccbs in Bihar are so meagre that their merger with the BSCB will not in any way help the resultant intergrated unit to present a better picture than the existing position of the BSCB. On the other hand, the image of the integrated unit will be greatly tarnished because the heavy overdues of the ccbs will be shown in the balance sheets of the BSCB. Besides, the BSCB itself has to face innumerable problems in toning up its working with a view to effectively shouldering the responsibilities expected of it. In our view, therefore, the merger of the three ccbs in question with the BSCB has to be ruled out.

5.23 As an alternative, integration of the type proposed earlier for the three tribal districts, can be considered. A High Level Group of Experts for appropriate Institutional Structure of Rural Credit headed by Shri T. A. Pai, Union Minister for Industries (T. A. Pai Group), has favoured integration of the short-term and long-term wings of the co-operative agricultural credit structure at the primary level from the view point of the convenience of the farmer and the prospect of viability of the pacs. In February 1975, the GOI recommended the Group's suggestion for adoption to all state governments. The possibility of integrating the two wings even at the district level was examined by the MP Study Team, which submitted its report in April 1976, in the context of the unsatisfactory record of a few ccbs in that state. The MP Study Team observed that:

the integration of the two wings of the co-operative agricultural credit structure at the district level will, as in the case of commercial banks, bring about a qualitative improvement in the staffing pattern of the integrated unit without any extra cost and, therefore, has to be preferred to the removal of the short-term credit institution at the district level from the scene altogether in the case of districts wherein the existing ccb has no future. (page 65)

5.24 More recently, the question of integration of the two wings of the co-operative credit structure at all levels has been examined

at the national level by the Committee on Integration of Co-operative Credit Institutions (the Integration Committee) appointed by the RBI with Dr R. K. Hazari, Deputy Governor, RBI as the Chairman. The Integration Committee has observed as under.

Flowing from the arguments cited in favour of the integration in the preceding paragraphs, viz., in the context of national agricultural policy, from the point of view of the farmers' convenience, of taking a comprehensive view of the borrowers requirements, of closer supervision over end use of credit, of improvements in the quality of loans advanced and of better financial discipline among the borrowers, of the cost advantages accruing through better management and better deployment of funds, etc., the case for integration at all levels in the two wings of the co-operative credit structure is well established. (page 73)

The Committee has suggested that integration of the two wings at all levels will emerge following the implementation of a phased programme of integration at the lower two levels. It has also observed that although the process of integration will necessarily begin at the base level, the minimum unit covered should be the area served by a primary land development bank (pldb) or a branch of the state land development bank (sldb), in states where the unitary pattern of the long-term credit structure has been adopted. As for the identification of the districts, the Integration Committee has suggested that:

in selecting the districts, preference may be given to those districts where command area projects or area development schemes approved by the ARDC are in operation. (page 83)

5.25 As regards the pattern of integration, it has been suggested that the reorganised pacs in the identified area may take over either the new long-term credit business of the existing as well as the new business. But the Committee has favoured the latter alternative. At the district level, however, because of the basic structural differences between the short-term credit structure on one hand and the long-term credit structure on the other coupled with the need for keeping the integrated unit clear of the sins of the past, the Committee has favoured registration of a new institution called the "District Co-operative Development Bank (DCDB)". The existing branches in the concerned district of the ccb and the pldb or the sldb, as the case may be, will be the branches of the new DCDB

which will be affiliated to both the state co-operative bank and the sldb. All the reorganized pacs in the district which will purvey short, medium and long-term credit will be affiliated to the DCDB.

5.26 Taking all aspects of the matter as also the views of the above Expert Committees into account, we recommend integration of the two wings of the co-operative credit structure up to the intermediate level for the districts of Giridih, Saharsa (served by Madhipura-Supaul ccb) and West Champaran (served by National-Bettiah ccb) in addition to the tribal districts of Ranchi, Santhal Parganas and Singhbhum, i.e., in all six districts, for each of which a new DCDB will have to be registered. There are two ccbs in each of the two districts of Ranchi and Santhal Parganas. Only one DCDB will be formed in each of these districts so that the total number of ccbs which is 28 at present will come down to 26 inclusive of 6 DCDBs. With reference to the position as on 30 July 1975, the loan business that will be commanded by each of the proposed six DCDBs is given in Table 5. The proposed DCDB for Saharsa district, which is in the Kosi command area, will acquire the status of a viable unit and the proposed DCDB for the West Champaran district, which is in the Gandak command area, as also the DCDBs for Ranchi, Santhal Parganas and Singhbhum districts, will acquire the status of potentially viable units and all of them will not require a period longer than five years to attain viability. If the business in the six blocks of Giridih district presently served by the Hazaribagh ccb is reckoned, even the proposed DCDB for Giridih district will acquire the status of a potentially viable unit without affecting the position of Hazaribagh ccb which will continue to be deemed as a potentially viable bank. We, therefore, suggest that the proposed DCDB for Giridih district should serve the entire district including the six blocks presently served by the Hazaribagh ccb and these blocks may be transferred from the area of the latter to the area of the proposed DCDB.

5.27 In view of the immediate advantages of the proposed integration in six districts in Bihar indicated in the above paragraph, there may possibly be a spontaneous demand for similar integration in other districts also in which case priority may be given for East Champaran (Gandak command area), Nalanda and Gaya/Aurangabad districts served respectively by Motihari, Bihar-

TABLE 5

		Rs Lakhs		
Proposed DCDB	ccbs/No. of branches of the sldb to be integrated	Loans outstanding as on 30-6-75 of the concerned ccb/branches of sldb	Total loan business commanded by the proposed DCDB	No. of offices of the proposed DCDB
NB				
Saharsa	Madhipura-Supaul ccb	73.42	367.52	9
	5 offices of the sldb	294.10		
West Champaran	National-Bettiah ccb	55.36	319.96	6
	3 offices of sldb	264.60		
CPTA				
Ranchi	Ranchi-Khunti ccb	101.09	214.61	18
	Gumla-Simdega ccb	53.48		
	5 offices of sldb	60.04		
Santhal Parganas	Dumka-Godda-Rajmahal ccb	131.35	212.77	14
	Deoghar-Jamtara ccb	59.82		
	3 offices of sldb	21.60		
Singhbhum	Singhbhum ccb	86.15	122.95	8
	3 offices of sldb	36.80		
CPOA				
Giridih	Giridih ccb	49.62	72.37	8
	3 offices of sldb	22.75		

Barh-Fatwah and Magadh ccbs which though quasi-potentially viable have been rated as not having even the marginally satisfactory efficiency despite the fact that the areas served by them, especially the first two are agriculturally prosperous.

5.28 We recommend that, the proposed DCDBs may preferably come into existence by outright transfer of only the realizable assets and corresponding liabilities of the concerned ccbs and the branches of the sldb; their non-realizable assets with corresponding

liabilities being taken on collection basis. This measure is suggested to ensure that the new unit does not start with a heavy load of bad debts and assets. Such type of transfer of assets and liabilities has already been made with success in West Bengal wherein three ccbs were merged with the apex bank and one more ccb was merged with another ccb. Sections 18A and 18B of the Bengal Co-operative Societies Act were specially amended for the purpose. Suitable guidelines in this respect have also been given by the Integration Committee. We, therefore, recommend that the GOB may take action to amend its State Co-operative Societies Act to facilitate establishment of the proposed DCDBs on these lines, in consultation with the RBI.

Proposed number of banks

5.29 As in the case of the proposed DCDB for Giridih district, we are of the view that for the sake of obvious convenience, every ccb in the state should have its area of operation coterminus with that of one or two complete districts. We, therefore, suggest readjustment of the areas of operation of six ccbs as in Table 6

TABLE 6

Blocks	No. of blocks	To be transferred	
		From the jurisdiction of	To the jurisdiction of
Barh, Bhaktiarpur, Fatwah, Mokameh and Pundarakh in Patna district	5	Bihar-Barh-Fatwah ccb	Dinapur-Masaurhi ccb
Wazirganj, Attari and Fatehpur in Nawadah district	3	Magadh ccb	Nawadah ccb
Alauli, Beldaur, Choutham, Gogari, Khagaria and Parbatta from Monghyr district	6	Begusarai ccb	Monghyr-Jamui ccb

in addition to Giridih DCDB. With the readjustment of the area of operation as proposed above and the amalgamation of the two

ccbs in Ranchi and Santhal Parganas districts into one unit, there will be in all 20 ccbs and 6 DCDBs in Bihar. Excepting five ccbs, viz., Laheriasarai-Samastipur-Daulatpur, Muzaffarpur-Hajipur, Purnea, Siwan-Chapra (NB) and Magadh (SB), all others will serve a district each. The point for consideration is whether the above referred five ccbs should be bifurcated into two units each, i.e., in all ten units, so that each one of them serves a district each. Of the five banks in question, three are potentially viable and two are quasi-potentially viable. Instead of creating ten weak units, either quasi-potentially viable or even non-viable, out of them it is desirable that the concerned ccbs concentrate their full attention on upgrading their efficiency and attaining viability as quickly as possible. In view of this position and the fact that there cannot be any objection to a ccb serving two districts, it may be advantageous to postpone to a later date the consideration of the question of division of these five banks so that one ccb serves only one district. We would, however, prefer to leave this matter for consideration by the GOB at later date. While doing so the government may review the position of each ccb and decide whether a particular ccb be divided into two units each serving only one district, keeping in view the aspects of viability and efficiency of each of the new units. It is possible that for securing viability and ensuring efficiency some of the new units which do not have the prospect of attaining a viable status for want of adequate short-term and medium-term agricultural credit potential in their area, may have also to provide long-term credit for agriculture. In other words the state government may consider in this context the organization of a DCDB in each such case as we have recommended in six other cases.

Financial assistance

5.30 Of the 20 ccbs which would continue to exist as separate entities as per our suggestion, as many as eleven which are quasi-potentially viable are being allowed further lease of life in view of the special conditions obtaining in Bihar. These banks are expected to attain the status of a viable unit in the course of the next ten years. Until then, it is necessary to compensate them for the loss of income on loan business which falls short of the respective viability norms. We, therefore, recom-

mend that the GOB may contribute Rs 15 lakhs each to the share capital of these eleven ccbs, viz., Begusarai, Motihari and Siwan-Chapra (NB), Arrah-Buxar, Bhagalpur, Bihar-Barh-Fatwah, Dina-pur-Masaurhi, Magadh, Monghyr-Jamui and Sasaram-Bhabua (SB) and Daltonganj (CPOA), by borrowing from the LTO Fund. This should give each bank a minimum income of Rs 1 lakh per annum on the assumption that at least Rs 10 lakhs out of the additional share capital so contributed will be deployed in their business by the respective ccbs. We recommend further that the contribution as proposed above may be made in lump sum in one year and that for this purpose the RBI may relax its normal conditions governing the grant of loans from its LTO Fund. Besides, on similar consideration, we suggest that the remaining nine ccbs, viz., Gopalganj, Laheriasarai-Samastipur-Daultapur, Muzaffarpur-Hajipur, Purnea, Rohika and Sitamarhi (NB), Nawadah (SB) and Dhanbad and Hazaribagh (CPOA), which are presently potentially viable may be given by the GOB additional share capital contribution of Rs 10 lakhs each by borrowing from the LTO Fund. We also suggest that the RBI may consider sympathetically the applications in respect of the proposed six DCDBs and sanction loans from the LTO Fund to the GOB by relaxing the usual conditions, where necessary, to enable the latter to contribute suitably to the share capital of the new institutions.

Closer supervision

5.31 If the eleven quasi-potentially viable ccbs are to achieve the anticipated progress and attain first the potential viability and thereafter the viability levels, their affairs will have to be subjected to a closer supervision by the BSCB. The periodicity of visits to/inspections of these eleven banks by the apex bank's officers should be relatively frequent and the progress made by them should be under constant review. In particular, if any of these eleven ccbs fails to attain the level of a potentially viable unit by 1979-80, it should have no justification to function further as an independent unit and action as proposed by us in respect of the quasi-potentially viable ccbs in Group B which have also been rated inefficient, may have to be considered by the GOB in respect of the concerned ccb.

5.32 Three of the eleven ccbs identified as quasi-potentially viable in Group A are not having presently even the marginally satisfactory efficiency. These are Motihari (NB), Bihar-Barh-Fatwah and Magadh (SB) ccbs. Particular care of these banks will have to be taken by the BSCB to tone up their efficiency as also ensure progressive increase in their business. Towards this end, special attention will have to be bestowed on these ccbs and necessary guidance provided to them from time to time. The best course to achieve this objective will be that the GOB may nominate the MD of the BSCB or his nominee on the boards of each of the three banks to guide them in their affairs. The agreements relating to state partnership arrangements entered into by the BSCB with the concerned ccbs as also byelaw No. 29 of the model byelaws already empower the GOB to nominate two directors on the board of every ccb. We, therefore, recommend that the GOB may nominate as a director the MD, BSCB on the boards of the Motihari, Bihar-Barh-Fatwah and Magadh ccbs.

Management of ccbs

5.33 We have already proposed that there may not be any need for a non-official executive functionary to deal with the matters of day-to-day working at the level of the BSCB and this executive responsibility may be assigned to the MD of the bank. On the same analogy, it follows that at the level of ccbs, the EO who is the chief executive, should be required to deal exclusively with the executive and administrative matters of day-to-day interest. Thus, there may not be any need for the posts of the Honorary Secretary and Joint Honorary Secretary at the level of the ccbs. For, as already indicated in Chapter 3, the Chairman of every ccb should have the complete authority to exercise general supervision over the affairs of the bank and decide all matters of policy. We recommend, therefore, that the RCS may initiate action for amending the model byelaws for the ccbs in Bihar to do away with the posts of the Honorary Secretary and the Joint Honorary Secretary. Similarly, it should be possible to evolve a code of conduct for broadly outlining the duties and responsibilities attached to the offices of the chairman and the Chief Executive Officer. Besides, the EO in every ccb may be designated as the General Manager (GM) and by virtue of an amendment of the model byelaws, made

ex-officio member of the board of the concerned ccb. Further, the RCS may also ensure the adoption of the model byelaws by all the ccbs in the state especially in relation to the total strength of the board which is specified at 11, as reportedly some ccbs are having boards comprising as many as 17 directors. The representation to the individual members on the board may also be reduced from two to one. The above recommendations in relation to the ccbs will have to be given due consideration by the RCS while framing model byelaws for the proposed DCDBs.

Common Cadre for key personnel

5.34 In paragraph 3.23 of Chapter 3, we have pointed out that the two top executive functionaries in the ccbs in Bihar, viz., the EO and the GM as also, in some cases, the Branch Managers of some main branches, are government employees on deputation who cannot be expected to have a sustained interest in the progress of the ccb as they are liable to be shifted to other posts in the department. Nor are some of them properly equipped to discharge their duties as bankers. Besides, the staff belonging to the ccbs cannot aspire to be elevated to these superior positions and have, therefore, no incentive for efficient work. It is in the context of somewhat similar conditions which obtained in Rajasthan that the Rajasthan Study Team recommended the introduction of a common cadre of key personnel for the ccbs in that state. We reiterate the above recommendation for adoption in Bihar in order to ensure that the key officers of the ccbs in the state are persons who have selected banking as their career, have opportunity to gain in course of time the requisite banking experience and above all are in a position to enjoy freedom from external interference in the discharge of their responsibilities.

5.35 Being the federal body of the ccbs, the BSCB is the most suitable agency to administer such a cadre. Besides, as recommended by us in paragraph 5.11 earlier, officers below the rank of the two secretaries in the BSCB should also be from the common cadre. The EO, who shall be the overall incharge and designated as the GM, assisted by the Manager (Banking) who may be incharge of the banking side instead of the existing GM and one more officer called, say, the Manager (Field), who may be incharge

of the loans portfolio and field work including recovery, should comprise the key officers in a ccb. These key officers may also be provided to the proposed DCDBs. There may be two grades in the cadre. The proposed GM may be an officer from Grade I and the two Managers may be the officers in Grade II. For 20 ccbs and six DCDBs which are expected to finally emerge, the total requirement of officers in Grade I will be 26 and that in Grade II will be 52. Adding the requirements of the BSCB estimated in paragraph 5.12 earlier, the number of officers works out to 41 in Grade I and 71 in Grade II. Taking into account the need for leave reserves, the total strength of the cadre may be placed at 45 officers in Grade I and 75 officers in Grade II.

5.36 In order to attract talented hands, the scale of pay for officers in Grade I may be the one fixed for Deputy Secretary in the BSCB, i.e., Rs 550—Rs 1300 and for officers in Grade II it may be the one presently fixed by the BSCB for the chiefs of departments, i.e., Rs 450—Rs 1250. The average gross monthly salary of an officer in Grade I may be placed at Rs 1000 and of an officer in Grade II at Rs 850. On this basis the total annual expenditure on the required number of cadre officers work out to Rs 13.05 lakhs.

5.37 For meeting the above expenditure, the BSCB may establish a fund called the 'Key Personnel Cadre Fund'. Contributions to this Fund in lieu of the key personnel provided may be collected from all ccbs/DCDBs at the rate of 0.25 per cent per annum of the short-term agricultural loans advanced to them by the BSCB which also should put its own contribution at the rate of 0.10 per cent per annum of the total short-term agricultural loans advanced to all ccbs/DCDBs for the services of the cadre officers provided to it. The short-term agricultural loans advanced by the BSCB are expected to rise at the annual increase of about Rs 12 to 13 crores from about Rs 16 crores in 1975-6 to Rs 80 crores in 1980-81. If, therefore, the common cadre comes into existence with effect from 1 July 1977, the economics of the scheme will be as indicated in Table 7. Thus, the contributions receivable in the 'Key Personnel Cadre Fund' can be expected to cover the cost of maintaining the cadre officers right from the first year, i.e., 1977-8. The GOB may, however, meet any deficit which may accrue if the projections

TABLE 7

Year	Expected level of short-term loans issued by the BSCB	Contributions to the Cadre Fund			Deficit (—)/ Surplus(+) over the annual expenditure of Rs 13.05 lakhs
		From ccbs and DCDBs at 0.25 per cent of col. (2)	From BSCB at 0.10 per cent of col. (2)	Total	
(1)	(2)	(3)	(4)	(5)	(6)
1977-8	4600.00	11.50	4.60	16.10	+ 3.05
1978-9	5550.00	13.88	5.55	19.43	+ 6.38
1979-80	6700.00	16.75	6.70	23.45	+ 10.40

in respect of the anticipated increase in the loan business assumed by us do not, for one reason or the other materialize. But, on the other hand if the anticipated increase in short-term agricultural credit business materializes, it may be possible to provide more of cadre officers to the participating banks. Besides, in course of time it may be possible to reduce the rate of contribution.

5.38 To start with, the posts of cadre officers may be filled by selection from among the existing departmental officers including senior inspectors and the audit staff of suitable level with experience in co-operative banking, the officers/accountants/superintendents/supervisors with adequate qualifications and experience in the BSCB and the ccbs. Because of the existence of attractive grades and service conditions with prospect of reaching even the superior positions in the BSCB, many may like to join the cadre. Even if there is some short-fall, the same can be met by taking departmental officers on deputation basis. Simultaneously, a suitable number of young people with good academic background may be recruited in the cadre, in a phased programme extending to 3 years, as management trainees who should on completion of their probation period of, say, two years replace the deputationists in the course of the next 3 to 5 years. In fact, in view of the interchangeability of the cadre officers posted in the BSCB and the ccbs, the scheme of management trainees recommended by the

RBI for the BSCB may be made common to the cadre officers who may be posted in either the BSCB or the ccbs/DCDBs.

5.39 The powers relating to the selection, appointment, transfer, punishment, etc., of the officers of the key personnel cadre may be vested in a 'State Level Key Personnel Cadre Committee' to be nominated by the GOB. The constitution of the said Committee may be as under:

Chairman, BSCB	Chairman
Secretary, Co-operation Department, GOB	Member
RCS, Bihar	Member
Two directors of the BSCB one from North Bihar and the other from South Bihar and who are representing the ccbs other than the one represented by the Chairman of the BSCB to be nominated by the BSCB	Members
MD, BSCB	Member-Secretary

5.40 The key personnel cadre officers may form part of the staff of the BSCB itself as it would help the latter to integrate procedures and co-ordinate policies of the affiliated ccbs/DCDBs. The cost of the cadre secretariat and the meetings of the 'State Level Key Personnel Cadre Committee' may be met by the BSCB which may also arrange special job-oriented training programmes for the cadre officers in collaboration with the RBI's College of Agricultural Banking at Pune and the Vaikunth Mehta Institute of Co-operative Management at Pune.

5.41 We are confident that the steps suggested by us in the above paragraphs will help provide professionalized managers to the co-operative banks in Bihar and will be, therefore, wholeheartedly

welcomed by the non-official leadership and others concerned. We, therefore, strongly recommend that the GOB and the BSCB should take early action to constitute a cadre of key personnel for co-operative banks on the lines proposed by us. It may be necessary for the GOB to give proper legal framework to the proposed cadre and the 'State Level Key Personnel Cadre Committee' by amending suitably the Bihar and Orissa State Co-operative Act, 1935.

Supervision over pacs

5.42 The ccbs may find it difficult to tone up the performance of the pacs unless the control over supervisors is vested in them. It is high time now that the issue is settled on a permanent basis as quickly as possible and the ccbs given the necessary control over the supervisors. The GOB have, as already indicated in Chapter 3, recognized the need for transfer of the services of the supervisors to the respective ccbs and suitable orders therefor were issued on 21 January 1976 by the RCS. The RCS had then clearly laid down the powers of the EOs of the ccbs in relation to the administrative and executive control including powers to take or initiate disciplinary action, in respect of the supervisors. The strength of the supervisors available in the area of each bank and the number to be actually transferred to the ccbs are given in Annexure 27. But unfortunately the actual transfer has not taken place due to the proceedings instituted in the High Court.

5.43 The demand of the supervisors is reported to be that they should be entitled to a deputation allowance from the concerned ccbs. This will perhaps be settled soon. But the main point for consideration is whether these supervisors will be able to perform satisfactorily the duties expected of them in the context of the proposed plan for reorganization of the pacs discussed in the next chapter and expected to be pushed through quickly.

5.44 The present grade of pay of co-operative supervisors in Bihar is Rs 220—Rs 315 with allowances ranging between Rs 50 and Rs 60. Thus, the average emoluments drawn by the supervisors is Rs 300 per month. Many among these supervisors are matriculates and have not received any special training in co-ope-

rative agricultural credit. In our opinion, around 2000 out of these supervisors whose total strength is about 2700 can be made available as managers of the reorganized pacs and their services may, therefore, be transferred to the concerned district level authorities to be constituted for management of the cadre of the primary secretaries/managers in pursuance of our recommendations in Chapter 6.

5.45 As for the requirements of the supervisory staff of the ccbs, we suggest that the services of the existing inspectors of co-operative societies, whose average monthly gross salary is around Rs 450, may be transferred to the ccbs, if necessary even on deputation basis initially. Following the implementation of the reorganization plan referred to above, the state is likely to have in all about 5000 pacs. The average loan business of a society is likely to be around Rs 0.70 lakh in 1977-8 rising up to Rs 2.50 lakhs in 1980-81. Thus, the charge of societies per inspector can be 10 to start with. For this purpose, one fss of the smaller model or a JJSS may be reckoned as equivalent to two reorganized pacs. Thus, it will be necessary to transfer the services of about 500 inspectors of co-operative societies (out of a total of about 1000) to the control of the ccbs in the state.

5.46 Such a transfer may be initially for a period of three years during which period the concerned inspectors may be asked to exercise their option. It is likely that with the prospects of promotion to the cadre of key officers many may opt for the service of the ccb. However, in order to meet the short-fall as also to strengthen the number of supervisors, i.e., inspectors, the ccbs may recruit on their own, but in consultation with the BSCB and RCS, Some inspectors in a phased programme by giving preference to the efficient among the existing supervisors who shall be working as the managers of the reorganized pacs.

5.47 The cost of inspectors transferred to the control of the ccbs may be met wholly for the initial period of three years by the GOB. The government may thereafter review the position and consider extension of this assistance for such further period as may be necessary depending on the progress in the level of loan business of the ccbs. This arrangement will give room for the ccbs to

recruit additional inspectors. The GOB should have no objection to accepting the proposed arrangement because firstly, the government would save the existing expenditure on about 2000 supervisors subject to the extent of subsidy which it may have to sanction in the initial years in respect of the cadre of primary secretaries proposed in Chapter 6 and secondly, in course of time the entire cost of their inspectorial staff will be met by the respective ccbs/DCDBs. We, therefore, strongly recommend for adoption in Bihar the arrangements proposed in the above paragraphs which will in course of time help the ccbs/DCDBs in the state to build up a supervisory machinery of their own and thus overcome a serious lacuna in their working which so far had greatly hindered the progress of the co-operative credit structure in the state as a whole.

Concluding remarks

5.48 The suggestions made in this chapter for placing the intermediate level institutions in the state on a sound footing and for equipping them to ensure an accelerated growth rate in their business together with our recommendations for tackling the problem of overdues (Chapter 7) and achieving a breakthrough in the field of deposit mobilization (Chapter 9), should, if adopted, considerably improve the image of the ccbs/DCDBs in Bihar. We, therefore, urge on the officials and the non-officials concerned to accept them without any reservation and ensure their implementation as quickly as possible.

CHAPTER 6

PRIMARY CREDIT STRUCTURE

6.01 THE review of the present position contained in Chapter 4 has revealed that the pacs in Bihar are far away from the minimum level of viability and that the prevalence of thoroughly inadequate infrastructure at the base level throughout the state, has made it almost impossible to ensure the overall development of co-operative agricultural credit. In order, therefore, to remove the weaknesses of the structure at the primary level and enable it to purvey credit on a progressively liberal basis in the state, plans are afoot for the reorganization of the pacs. The steps proposed to be taken in this direction have been considered at length in Section I of this chapter wherein we have made suggestions to overcome the problems which otherwise might not only delay the implementation but also vitiate the very objectives of the programme of reorganization of the pacs. Simultaneously, we have proposed in the said section a block-wise plan for the reorganization of pacs and also a scheme, which in a short period of time would be self-supporting, for providing an independent, full-time paid secretary to each reorganized society. Besides, while drawing the plan for reorganization of the pacs in the state, special requirements of the tribal areas have been given due consideration. A detailed account of the problems of tribals in Bihar on the basis of which the special requirements of the institutions in tribal areas have been identified, is contained in Section II. Further, we have also considered in Section III of this chapter the role of CDCM unions in the state in purveying production credit to sugarcane growers, in the recovery of production finance from out of sale proceeds of sugarcane supplied to the factories and in promoting the development of sugarcane crop.

SECTION I

Reorganization of Primary Agricultural Credit Societies

6.02 The divergent views about the nature and size of the credit institution at the base level reached unanimity with the recommend-

ation of the Fifth Plan Working Group that a society to be viable, should have a minimum loan business of Rs 2 lakhs for enabling it to employ a full-time paid secretary, have an office of its own, provide for various reserves and also declare a reasonable dividend. The RBI in its guidelines on reorganization of pacs has indicated that the reorganized society should normally cover gross cropped area of about 2000 hectares, which will provide the society, even if the entire area is unirrigated, a short-term credit business of not less than Rs 2.00 lakhs. Following the acceptance of this recommendation, various state governments have recognized the need to alter suitably the programmes for reorganization of pacs drawn up by them earlier. The programmes have also taken note of two other important recommendations, the one of the National Commission on Agriculture suggesting the organization of farmers service societies (fss) and the other of organizing large-sized multi-purpose societies (LAMPS) in the tribal areas on the pattern proposed by the Study Team on Co-operatives in Tribal Development Project Areas headed by Shri K. S. Bawa, the then Joint Secretary in the Union Ministry of Agriculture and Irrigation, Department of Rural Development.

Proposal of the GOB

6.03 A programme for the reorganization of pacs in Bihar was approved by the state government in May 1976. This programme envisages generally establishing one society per rural population of 10000 to 12000 or approximately 2000 families. On this basis, it is proposed to have in Bihar in all 4881 societies including 112 LAMPS and 25 fss both of the block-level type. All but six districts, viz., Katihar (NB), Palamau, Santhal Parganas and Singhbhum (CPTA), Dhanbad and Giridih (CPOA), are expected to have one fss of the block-level model each. In fact five such societies have already been registered as shown in Table 1. The 112 LAMPS, again with the whole block as the area of operations are expected to cover all the 75 blocks in the districts of Ranchi and Singhbhum, 28 out of 41 blocks in the Santhal Parganas district and 9 out of 25 blocks in Palamau district. The Ratu block in Ranchi district proposed to be covered by a LAMPS has already been covered by a fss. It will probably be deleted from the list of fss. Out of the 112 tribal blocks identified for organization of

TABLE 1

	District	Block covered by fss	Sponsoring bank
NB	East Champaran	Turkolia	State Bank of India
	Purnea	Purnea East	Central Bank of India
SB	Nalanda	Bihar Sharif	Punjab National Bank
	Rohtas	Sasaram	Punjab National Bank
CPTA	Ranchi	Ratu	Bank of India

LAMPS, 9 blocks each in Palamau and Ranchi districts and 14 blocks in Singhbhum district, i.e., in all 32 blocks have already been covered by LAMPS of the block-level model.

Government's plan

6.04 The state government's original plan for reorganization of the pacs seems to have not taken into account two important aspects of the question. Firstly, the prospect of attaining viability for a society will depend not on the rural population or families covered, but on the loan business potential offered by the area of its operation which in turn will be dependent on the gross cropped acreage within the area. The MP Study Team has observed that in normal conditions, every society should serve a gross cropped area of about 2000 hectares so that the available short-term agricultural credit potential will enable it to reach a level of business of Rs 2 lakhs and attain a viable status. The MP Team has stated that the extent of the area served will have to be bigger still in districts where hardly any irrigation facilities exist and lower in the areas enjoying better irrigation facilities. We are in full agreement with the above observations of the MP Study Team. In the case of Bihar, however, since the state government have decided to reduce the existing number of pacs to about 5000 viable societies inclusive of block-level fss/LAMPS and we expect these reorganized pacs to handle a total short-term agricultural credit business of Rs 140 crores in 1980-81, we have proceeded on the basis of one viable society for handling a short-term credit business of about Rs 2.50 lakhs. We understand that the concerned authorities in the GOB have gone far ahead with the work of fixing jurisdiction of each society to be retained on the basis of the rural population

in its area and it may now be somewhat difficult to modify the action already taken in pursuance of a Government decision in the matter. At the same time, there may still be scope for making suitable adjustments where the plans on the population basis have already been drawn up for taking into account the credit potential as assessed with reference to the gross cropped area. Where the jurisdiction fixed with reference to the population is not likely to prove adequate for a loan business of Rs 2.50 lakhs, the proposed area may cover even a larger population than 10000 to 12000. In that situation the jurisdiction of some other neighbouring society may undergo a revision. As a consequence it may happen that instead of three societies on a population basis there may eventually be only two. Care may, however, be taken to ensure that the area of a *panchayat* is not divided between two societies, i.e., the area of a reorganized unit remains coterminus with the area of a *panchayat* or the areas of two or more *panchayats* as the circumstances may warrant. Where plans as per government resolution have not yet been drawn we suggest for adoption the acreage basis for determining the jurisdiction of a reorganized society as the same has since been advised by the RBI to all states and adopted by many of them. We understand that our suggestion will be received well by the GOB. Assuming, therefore, that our suggestion will be taken into account in finalizing the programmes of reorganization, the block-wise plan of reorganization of pacs given by us later may be the guiding consideration for deciding on the number of pacs which may be retained in each block.

6.05 Secondly, the state government's plan envisages organization of fss/LAMPS covering the whole block in each case. Although we are not against the idea of a block-level unit, such an organization to function efficiently must have the requisite number of branches (a minimum of about ten) with adequate staff right from its inception to integrate effectively credit with supplies and services for the benefit of its members. Besides, an organization with area extending to one whole block and having branches becomes a very complex proposition and often faces the problems of inter-branch accounting and inventory control. This type of organization, therefore, demands a much greater managerial skill and competence than can possibly be found if a large number of societies of the block-level type are envisaged. Moreover, the block-level society

cannot be organized unless all the societies with its areas are amalgamated with it or liquidated. Past experience in Bihar of block-level societies, whether fss or LAMPS, fully substantiates our above observations. None of the block-level fss or LAMPS organized so far has been able to open even one branch although a few of them in Singhbhum district were organized as far back as 1973. They have not been provided with any staff besides the Managing Director who is, therefore, utilizing on an informal basis the services of the supervisors posted in the block. The problems of merging the existing societies have proved unsurmountable in some areas like Turkolia block in East Champaran district. Although the proposed reorganization does involve amalgamations/liquidations of some primary societies, the number of such societies will be very large in the case of a block-level fss. The problems of bringing about emotional integration become more difficult to resolve where a very large number of societies and a very wide area are involved. In view of this position we recommend that the GOB may not go ahead with the organization of fss/LAMPS of the block-level model and consider organizing any more such societies than the 37 already organized after consulting the BSCB, the RBI and the GOI. In fact, we would even suggest reviewing the whole position afresh in the light of our observations and if it is found that the societies already organized have not opened any branches and will not be in a position to do so immediately and will have the difficulty in appointing the necessary complement of staff, any of the 37 societies may be treated as the nucleus society in the proposed reorganization programme or converted into fss of the smaller model, i.e., covering much less an area than the whole block.

6.06 The GOI, on the recommendation of the National Commission on Agriculture, have proposed two models of fss—one covering the whole block and the other approximately 10000 population. The former model is with branches which may be about 10 and the other without any branches. In the case of Bihar, as already observed earlier the density of population is relatively high and the state government have proposed the reorganization of pacs each covering approximately 10000 to 12000 rural population. In the circumstances, we suggest that the smaller model of fss/LAMPS in Bihar may cover a gross cropped area of 4000 to 5000 hectares which will guarantee a short-term agricultural loan business of

Rs 4 to 6 lakhs. This means that a fss/LAMPS of the smaller model in Bihar can be deemed equivalent to two viable pacs that will emerge after the proposed reorganization. In drawing up the block-wise plan of reorganization for the 587 blocks in the state we have proceeded on the above basis but assumed that the block-level fss and LAMPS already registered will remain untouched. If, however, the suggestion made by us in paragraph 6.05 is accepted, the actual number of societies in the 587 blocks will increase correspondingly.

Block-wise plan for reorganization of pacs

6.07 On the basis of one society for a rural population of 10000 Bihar as a whole can support 5060 societies for a total rural population of about 506 lakhs, whereas on the basis of one society for a gross cropped area of 2000 hectares, the state can support 5649 societies for a total gross cropped area of 112.97 lakh hectares. But taking into account the programme envisaged by the GOB and the recent advice of the RBI in the matter, the actual number of pacs which the state should have may, therefore, range between 5000 and 5600 and if some of the societies are to be the fss/LAMPS the final number may still be lower. The smaller number than what would be justified with reference to a minimum loan business of Rs. 2.50 lakhs per society is appropriate in the present situation in Bihar when most societies have very meagre loan business and do not have a full-time paid manager. A larger number of societies will mean correspondingly a larger number of secretaries/managers to be recruited and trained. This is not so easy. Further, a larger number will also mean higher cost of the cadre of secretaries of societies which we have recommended later. Taking all these aspects of the matter into account, we feel that the state government's proposal to have in all 4881 pacs including the fss/LAMPS, is realistic. But, in a state like Bihar where agricultural conditions obtaining in the northern and southern halves widely differ, what is important is the distribution of the total number of societies among the 587 blocks primarily with reference to the gross cropped area of each block. In fact the whole process should start from the block-level and after estimating the number for each block with reference to the area under cultivation, the total number of societies required in each

district and the state as a whole should be arrived at. It is in this context that the block-wise plan for reorganization of pacs assumes importance.

6.08 The most appropriate method of determining the number of societies for a block will be to estimate the level of short-term agricultural credit business that may be handled by these institutions by 1980-81 in each block with reference to the cropped area in it and divide the projected level of credit business so estimated by not less than Rs 2.50 lakhs assuming that the entire 2000 hectares are unirrigated. Where some areas are irrigated, the potential credit business will be more than Rs 2.50 lakhs per society. As advised by the RBI, account should be taken only of the short-term credit potential leaving the other credit business for improving the prospects and quickening the pace of viability of the societies. Since the potential for loan business has been assumed at not less than Rs 2.50 lakhs per society, the extra business should take care of any increase in the costs that may arise in the future and consequently the areas of the societies now demarcated with a minimum of 2000 hectares within the area of each society may not warrant any further reorganization.

6.09 The projected level of credit business that may be handled by the pacs in each block will depend on the available short-term agricultural credit potential in each block. In Chapter 1, we have estimated that the existing short-term credit potential for the state at Rs 178 crores may go up by, say, 10 per cent to Rs 195 crores in 1980-81. On the same basis, the credit potential in 1980-81 in each block may be placed at 110 per cent of the existing credit potential. As against this estimate of the short-term credit potential we expect on the basis of detailed calculations given later in Chapter 8 that the pacs in the state with refinance from the ccbs and the commercial banks together may be in a position to meet total short-term agricultural credit requirements of the order of Rs 140 crores. In view of the prevailing wide disparity in meeting the credit needs the expected level of credit supply will no doubt reduce the credit gaps in each district and the blocks in it, but as between the districts some disparity is inevitable and, therefore, we have assumed that the credit requirements will be met in varying degrees as given in Table 2.

TABLE 2

Existing credit gap (in per cent)	Credit requirements to be met to the extent of (per cent)	District			
		NB	SB	CPTA	CPOA
90 and above	65	E. Champaran Saharsa W. Champaran	Aurangabad Bhagalpur Gaya	—	—
80 to 90	70	Darbhanga Katihar Muzaffarpur Purnea Samastipur Saran Siwan	Monghyr Nalanda Nawadah Patna Rohtas	Palamau Ranchi Singhbhum	—
70 to 80	80	Gopalganj Madhubani Sitamarhi Vaishali	Bhojpur	Santhal Parganas	Giridih Hazaribagh
60 to 70	90	Begusarai	—	—	—
Below 60	95	—	—	—	Dhanbad

6.10 Having agreed on the basis for the estimation of short-term agricultural credit needs in 1980-81 as also the extent to which these needs will be met by the pacs in each district and the blocks in it, we give in Annexure 28 a statement showing the block-wise position in respect of each of the 587 blocks in the state of the existing number of pacs, the present level of credit potential and its estimated level in 1980-81, the projected level of short-term agricultural credit business that will be handled in 1980-81 by the pacs and the number of societies which each block in the state can support. The district-wise position emerging on the basis of the block-wise exercise regarding the number of viable pacs which each one of them can support, is given in Table 3.

TABLE 3

District	Number of pacs		Number of blocks			
	existing	that can be supported	with excess societies	requiring additional societies	which can support existing societies	
NB	1 Begusarai	237	99	11	—	—
	2 Darbhanga	405	76	11	—	—
	3 East Champaran	477	260	19	—	1
	4 Gopalganj	439	179	10	—	—
	5 Katihar	299	102	11	—	—
	6 Madhubani	562	139	18	—	—
	7 Muzaffarpur	443	151	13	—	1
	8 Purnea	502	302	26	1	—
	9 Saharsa	565	204	23	—	—
	10 Samastipur	493	111	15	—	—
	11 Saran	396	98	15	—	—
	12 Sitamarhi	521	151	15	—	—
	13 Siwan	574	185	15	—	—
	14 Vaishali	334	104	11	—	—
	15 West Champaran	507	274	15	1	—
Sub-total	6754	2435	228	2	2	
SB	16 Aurangabad	304	175	11	4	—
	17 Bhagalpur	545	213	21	—	—
	18 Bhojpur	560	347	14	5	—
	19 Gaya	689	219	18	—	—
	20 Monghyr	728	206	26	—	—
	21 Nalanda	450	154	12	—	—
	22 Nawadah	343	146	13	—	—
	23 Patna	579	199	16	—	—
	24 Rohtas	614	395	20	2	—
	Sub-total	4812	2054	151	11	—
CPTA	25 Palamau	664	147	25	—	—
	26 Ranchi	1145	246	43	—	—
	27 Santhal Parganas	1175	269	41	—	—
	28 Singhbhum	720	142	32	—	—
	Sub-total	3704	804	141	—	—
CPOA	29 Dhanbad	241	40	9	1	—
	30 Giridih	464	68	18	—	—
	31 Hazaribagh	515	86	24	—	—
	Sub-total	1220	194	51	1	—
Total	16490	5487	571	14	2	

6.11 Of the 587 blocks, in 571 blocks there are excess societies than what each one of them can support. Only in 14 blocks, i.e., two in North Bihar plain, eleven in South Bihar plain and one in Chotanagpur plateau-Other area, additional societies will have to be set up. In the case of these blocks we suggest that instead of organizing additional societies, attempts may be made to increase the loaning business of the existing societies so that they can attain viability more quickly. Only in respect of two blocks in North Bihar plain, the existing number of societies is just enough to handle the projected level of credit business in 1980-81. Thus, on the assumption that, there will be only viable pacs throughout Bihar, the state should have in all 5487 pacs as against 16490 as at present. But we have also to take note of the plans formulated by the state government for organizing the fss and LAMPS.

Farmers service societies

6.12 As we have indicated earlier, the GOB have formulated a plan to set up 25 fss of the block-level type at the rate of one society for each district barring six districts, viz., Katihar (NB), Palamau, Santhal Parganas, Singhbhum (SB), Dhanbad and Giridih (CPOA). By the end of June 1976, 5 such fss had already been organized in the districts of East Champaran, Purnea (NB), Nalanda, Rohtas (SB) and Ranchi (CPTA). We have also brought out the difficulties that may be faced by an organization with jurisdiction extending to a whole block. Hence we presume and also suggest that in future the smaller model should be adopted for organizing fss in the state.

6.13 An analysis of the performance of ccbs in Chapter 3 indicates that none of them will be for sometime in a position to shoulder the responsibility of sponsoring any fss. The same position holds good in so far as the BSCB is concerned. Keeping in view this position, all the fss will have to be necessarily sponsored by the commercial banks at least for sometime to come. We suggest, therefore, that the fss which may be organized in future should be from such blocks as have been identified for the introduction of commercial banks which will take up financing agriculture through the pacs in select areas in such blocks. In Chapter 8 we have identified the blocks wherein the commercial banks may be asked

to take up financing agriculture through pacs. We, therefore, recommend that, the GOB may now itself identify the centres for the organization of the fss of the smaller model in consultation with the commercial banks. Otherwise the pacs which would be reorganized as per present proposals would have to undergo a further reorganization almost immediately. This has to be avoided.

6.14 The GOI have recently advised the state government to organize at least 20 fss in each of the districts of East Champaran and Rohtas which are the areas of the two Regional Rural Banks (RRBs) organized in Bihar. Some more RRBs are likely to be established in Bihar before 31 December 1976. With a view to carrying out the said instructions of the GOI it is of urgent importance to identify now itself the centres for the establishment of the requisite number of the fss in the areas of the RRBs to avoid any further reorganization of the pacs immediately after the one proposed at present. At present in the districts of Rohtas and East Champaran, i.e., in the areas of the two RRBs, the fss each of the block-level type has already been organized. If these fss are finding it difficult to open the requisite number of branches we suggest that the fss may be converted into the smaller model recommended by us, i.e., covering a gross cropped area of 4000 to 5000 hectares.

6.15 In view of our recommendations regarding organization of fss as above, the number of fss of block-level model may remain unaltered at five unless it is decided to convert some of them into the smaller model fss. Other fss belonging to that model may have to be established as part of the proposed programme of reorganization of the pacs in the state for the reasons given in paragraphs 6.13 and 6.14 above. If, however, the five block-level fss already organized remain, there will be a reduction in the estimated number of viable pacs at 5487 in view of the reduction in the number in the concerned five blocks as shown in Table 4. The number of pacs for the state as a whole estimated at 5487 will thus stand reduced by 60 to 5427.

LAMPS in tribal areas

6.16 We have already stated that the GOB have organized 32 block-level type of LAMPS and one fss in Ratu block of Ranchi

TABLE 4

District	Pacs estimated in blocks where fss organized	Number of fss organized	Reduction in number of societies (col. 2- col. 3)	
(1)	(2)	(3)	(4)	
NB	E. Cham- paran	23	1	22
	Purnea	16	1	15
SB	Nalanda	11	1	10
	Rohtas	12	1	11
CPTA	Ranchi	3	1	2
Total	65	5	60	

district. The problems indicated in the case of fss become much more complex as the level of the tribal economy itself is low as compared to the other areas and as communications in the tribal areas are also much more difficult. Hence, we suggest that the GOB may review the position in this behalf and consider the question of restricting the area of each LAMPS in such a way that there is no need for it to have any branches. In the remaining 79 tribal blocks it has been proposed in Section II that they may have a smaller model of LAMPS covering the area of two re-organized pacs. In view of this position instead of the total number of viable pacs estimated by us for these 111 blocks (reduction in the number of societies in respect of Ratu block in Ranchi district has been taken into account), the actual number of special type of societies (JJSS) suggested for tribal areas will be as in Table 5. Consequent to the organization of JJSS, the number of pacs will be further reduced by 348 and will stand at 5079 (5427-348). This is on the assumption that the number of block-level LAMPS which are reported to have been already set up is not disturbed and are allowed to continue without any attempt at converting them to the pattern we are suggesting for the remaining 79 blocks. If, however, the position is reviewed and some of the block-level LAMPS are reorganized to conform to the smaller model, the number of pacs will not be reduced by 348 but by a correspondingly smaller number. Consequently, the total number of pacs of different types

TABLE 5

District	Pacs estimated in blocks where LAMPS (block- level) organized	Number of LAMPS organized	Pacs estimated in remaining tribal blocks	Smaller model LAMPS, i.e., JJSS to be organized at 1 JJSS for 2 pacs in col. (4)	Total number of societies	
					estimated	to be organized
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Palamau	25	9	Nil	Nil	147	131(A)
Ranchi	73	9	170	85	246	94*
Santhal Parganas	—	—	186	93	269	176(B)
Singhbhum	59	14	83	41	142	55
Total	157	32	439	219	804	456

* Excludes one fss in Ratu block.

(A) Includes 122 viable pacs in non-tribal blocks numbering 16.

(B) Includes 83 viable pacs in non-tribal blocks numbering 13.

emerging in the state will be more than 5079. It will still be less than one-third of the total number that exists at present.

Guidelines for reorganization

6.17 The programme of reorganization, by and large, involves establishment of societies covering a larger area than what is being served by the existing societies. Consequently, the reorganization will mean liquidation or amalgamation of about 2/3 of the existing societies with those which are proposed to be retained or organized afresh. A viable pacs as envisaged in Bihar will thus cover the area of two or three existing societies and in the case of a fss and a LAMPS if it is of the smaller model, i.e., JJSS, it may cover the area of as many as five to six existing societies. At the time of implementing the programme of reorganization, therefore, a number of procedural and legal problems will be encountered. Besides, there will be problems connected with the taking over of liabilities of amalgamated societies by the reorganized or the new units as well as their financing banks if they happen to be commercial banks.

6.18 With a view to overcoming the difficulties of the type mentioned above, the RBI has, in May 1976, circulated to all the state governments certain guidelines in the matter. To start with, it has been proposed that once the area of operation of a reorganized society is decided, a good working society, if available in that area, may be selected for retention. It may be called as nucleus society and all the good working societies in the area may be merged with the nucleus society and the non-viable ones liquidated. Similar procedure may be followed for organizing a fss or a LAMPS. The nucleus society, besides being a good working society, should also be conveniently located from the point of communications, etc., among the villages in its area. Even if only good working societies are amalgamated the question of taking over the bad debts of the amalgamating societies will still arise, because even such societies may have some bad debts, though not sizeable. If, therefore, all the assets and liabilities of the amalgamating societies are taken over by the reorganized or new societies, the real or exchangeable value of the share capital of the latter may be adversely affected. To safeguard the interests of the reorganized

unit the following procedure has been recommended for adoption:

- (i) In the case of a society whose estimated bad debts do not exceed its reserves, it may be straightaway amalgamated with the reorganized unit, i.e., its balance sheet, as it were, may be incorporated with that of the new unit. Since the bad debts are fully covered, the new unit will not in any way be affected by taking over all the assets and liabilities of the amalgamating societies.
- (ii) If the aggregate value of bad debts of a society meant for merger exceeds its reserves but is within its owned funds, firstly, the shares and deposits of a member whose loan has been estimated as bad should be adjusted against its loan, leaving only one share to his credit and secondly, if even after such individual adjustments, bad debts remain, the reserves of the society should be fully adjusted against such bad debts exceeding the reserves, thereby bringing the share capital to its real value.
- (iii) If both the reserves and the share capital of the society are not adequate to cover the bad debts, it would mean that the real value of the share capital of the society is nil and such a society should be liquidated instead of being merged and the ultimate loss, if any, in realizing its assets will have to be borne by the ccb concerned.
- (iv) The procedure in regard to amalgamating societies indicated at (ii) above will apply also to a society meant for retention after reorganization as a viable society or conversion as a fss or LAMPS.
- (v) In the case of those units which are proposed to be amalgamated it will be desirable to arrange for their special audit before amalgamation, to ascertain the realizable value of their assets and the accuracy of their balance sheet and the profit and loss account. If it is not possible to arrange for special audit of a large number of societies at short notice, the latest available audit report may be considered for estimating the bad debts of a society meant for merger.

6.19 Amalgamation of two or more societies as per the procedure suggested above may not be feasible without the necessary statutory sanctions in the Co-operative Law. The most essential power required is that of compulsory amalgamation of two or more

societies and the authority to reduce the value of the share capital of the amalgamating societies. The State Co-operative Societies Acts would, therefore, have to be suitably amended where such provisions do not exist to expedite the process of amalgamation. We, however, understand that suitable action in this respect on the lines of the draft model section proposed (by the RBI) for incorporation in the State Co-operative Societies Act has already been initiated by the concerned authorities in the GOB.

Overdues of reorganized societies

6.20 According to the present policy the commercial banks financing pacs take over only the current liabilities of the ceded societies to the ccbs and the societies continue to be indebted to the latter in respect of the overdue loans. Thus the societies stand indebted to both the financing agencies. It is, however, desirable that every reorganized society should have only one financing agency and hence its liabilities to the ccb should be cleared as quickly as possible if it is indebted and then the society should be attached to a commercial bank for financing. The RBI has already laid down in this behalf detailed guidelines which may be considered for adoption in Bihar.

Time schedule

6.21 We recommend that the GOB may follow the procedure suggested and guidelines given by the RBI to identify nucleus societies and to tide over the difficulties involved in amalgamation and liquidation of pacs.

6.22 Our estimate of the emergence of various types of pacs as in the earlier paragraphs gives only a tentative figure. The actual number can be determined after an assessment, block by block, about the coverage of population and areas as may be necessary to guarantee a minimum level of business of Rs 2.50 lakhs recommended by us. In this connexion we recommend that the entire plan of reorganization may be drawn up with reference to a map for the area of each block showing the location of the existing societies including the dormant ones and that of the societies to be retained with their respective jurisdiction. This exercise at the block-level should be taken up by the District

Co-operative Officer (DCO) in collaboration with the ccb of the area and with the help of the ARCS of the concerned circle and the Block Development Officer of the block. The RCS and BSCB may give suitable guidelines in this behalf particularly in regard to the identification of societies that may be retained and for amalgamation/liquidation of the other existing societies in the area. The GOB are keen on completing the programme of reorganization as quickly as possible, however, with a view to avoiding any further readjustments in the reorganized units the block-wise plan should be prepared first. The implementation of the programme, however, need not be prolonged beyond June 1977 by strictly adhering to the following time schedule.

(i) Issue of guidelines for block-wise identification by the RCS and the BSCB before the end of October 1976.

(ii) Identification of the societies for reorganization, amalgamation and liquidation by the district authorities by the end of December 1976.

(iii) Approval for the plan by the RCS and the BSCB by middle of February 1977.

(iv) Issue of guidelines for amalgamation/liquidation proceedings to the district authorities by the RCS by the end of December 1976.

(v) Initiation of amalgamation, liquidation proceedings by the district authorities on the basis of guidelines furnished from second fortnight of February 1977 and completion of the work by 15 June 1977.

Financial assistance

6.23 We recommend that each one of the reorganized societies may receive government contribution to its share capital at the rates in Table 6. On this basis, the total contribution required for

TABLE 6

Type of society	Amount (Rs)
Viable pacs	10000
fss	20000
*JJSS—Hat level model	25000
LAMPS—Block-level model	50000

* Please see paragraph 6.56.

TABLE 7

Type of society	Number	Amount (Rs lakhs)
Viable pacs	4823@	482.30
fss	5@	1.00
JJSS— <i>Hat</i> level	219	54.75
LAMPS—Block-level	32@	16.00
Total		554.05

@ There may be change if our suggestion regarding reviewing the position of block-level societies is accepted.

the societies estimated by us will be as in Table 7. The pacs in the state have received share capital contribution from the GOB of the order of Rs 132.19 lakhs until the end of June 1975. In 1975-6, a further sum of Rs 1.37 lakhs has been sanctioned by the RBI out of its LTO Fund bringing the total contribution by the government in the share capital of the pacs in Bihar to Rs 133.56 lakhs. The balance contribution necessary works out to Rs 420.49 lakhs. We recommend that the GOB should make necessary provision in the state budgets for the years 1976-7 and 1977-8 for the above amount so that by 30 June 1978 all the reorganized societies will receive the required contribution to their share capital from the state government. The RBI may consider sanctioning corresponding loans to the GOB out of its LTO Fund.

Full-time paid managers

6.24 Even after the organization of pacs and the extension of maximum feasible financial support to them, the institutions cannot become strong unless they are strengthened organizationally as well. The need for a paid secretary to run the affairs of each reorganized society under the guidance of the enlightened non-official leadership can no longer be ignored. We have already noted in Chapter 4 that the honorary secretaries have no place in the day-to-day working of the societies as with the increase in the coverage of societies as well as their activities, the societies require the services of a person who will be in a position to devote his full time and attention to provide timely and adequate services to its members.

6.25 The GOB have recognized the need for a full-time paid manager for each unit and following the suggestions made by the GOI in this behalf in terms of their circular dated 21 February 1974, the former evolved in April 1975 a scheme for the establishment of a 'cadre fund' in each ccb to meet the cost of full-time paid managers. The salient features of the scheme are as under:

- (i) A cadre fund will be created in every ccb by contributions from the GOB, BSCB, ccb and pacs in the ratio of 25:5:3:2.
- (ii) The selection of candidates will be done by a selection board comprising the DCO (chairman), honorary secretary/EO of the ccb, ARCS of the circle and one or two representatives of the pacs.
- (iii) Minimum educational qualifications will be matriculation and pay will be Rs 150 per mensem. Graduates and post-graduates will be paid Rs 200 per mensem. As far as possible selection of candidates will be confined to the area of the operation of a ccb and retrenched managers will be given preference subject to their suitability.
- (iv) These managers will be treated as employees of ccbs and EO will be the controlling authority.

The scheme did not spell out the authority for management of the cadre fund. The state government, however, released a sum of Rs 30.96 lakhs as its contribution through the BSCB on 31 March 1975 which was intended for appointment of 1032 paid managers to start with and further contributions were to be made for appointment of managers for about 3500 pacs. The amount released has been apportioned and placed at the disposal of the 28 ccbs as detailed in Annexure 29.

6.26 The BSCB, the ccbs as well as the pacs did not pay their share of contribution in view of their poor resources position. It was estimated by them that out of the total annual expenditure of Rs 84 lakhs for maintaining 3500 managers at the rate of Rs 2400 per annum per manager, their respective shares would come to Rs 14 lakhs for the BSCB, Rs 8.40 lakhs for the ccbs and Rs 5.60 lakhs for the pacs; the balance of Rs 56 lakhs being contributed by the state government. The board of directors of the BSCB, therefore, rejected the scheme in September 1975. This matter was further considered in the state level meeting of the honorary secretaries and the EOs of the ccbs and the ARCS

held in March 1976 wherein it was unanimously resolved to implement the scheme of appointment of paid managers in such pacs as had a loan business of Rs 0.50 lakh and above. The scheme approved in this meeting was more or less the same as formulated in April 1975 by the GOB with the deviation that the beneficiary society was expected to meet the cost of the paid manager to the extent of 50 per cent in the first year, 75 per cent in the second year and 100 per cent in the third year. The short-falls in the first two years were expected to be shared by the GOB, the BSCB and the ccbs. This scheme too was, however, not implemented.

6.27 The position discussed in the above paragraphs shows that while the concerned authorities in the GOB as well as the non-official leadership in the state have recognized the need for appointment of full-time paid managers, they have not been in a position to formulate a workable scheme. This has been so because the question of providing an independent paid manager to every society is closely linked to the question of reorganization of pacs as every society must be in a position to maintain a paid manager, if not immediately, at least within a short period of time. For, no scheme is feasible of implementation if it requires external assistance perpetually. With the proposed reorganization of pacs in the state, however, the basic condition for introducing the scheme of providing a paid manager to every society, will be fulfilled. Even then, since the average loan business of the reorganized societies will reach the level of Rs 2.50 lakhs per society only in 1980-81 when the 5079 pacs/fss/LAMPS in the state are expected to handle a total short-term credit business of Rs 140 crores, outside assistance will be called for at least in the next few years. It is in the fitness of things that the deficits arising on this account are to the extent possible absorbed within the structure itself by offsetting the surplus contributions collected from the institutions in co-operatively developed districts with the short-falls in the relatively underdeveloped districts. Thus, as observed by the RBI in its guidelines for creation of a state level cadre fund, the pooling of contributions in the cadre fund at the state level will help even out the short-falls in contributions collected in the cadre fund of some ccbs. Even if such pooling of contributions is made in the cadre fund at the state level, we do not envisage that there will be no deficits at all and the fund will be adequate to maintain

the cadre. In the initial years, as observed earlier, there will be overall deficit which will be wiped out in course of time when the business of the pacs as well as the cfas reaches the expected level as is evident from this exercise contained in the later paragraphs.

6.28 The RBI has stated that the caderization scheme may be formulated on the lines in vogue in Maharashtra. In this connexion we have observed that the Rajasthan and MP Study Teams which had recently gone into this question have recommended similar arrangement for Rajasthan and MP. Keeping in view the scheme in existence in Maharashtra and those suggested for Rajasthan and MP, we recommend broadly as follows for Bihar:

(i) The GOB may constitute a cadre of managers for providing their services to the base level organizations, viz., the pacs, fss and Jan Jatiya Sahayog Samiti (JJSS).

(ii) In this cadre there should be two grades, viz., A & B with higher and lower scales of pay and allowances respectively.

(a) Suitable scales of pay and allowances may be fixed by the GOB taking into consideration the conditions obtaining in the state.

(b) The GOB may prescribe suitable qualifications for these grades.

(iii) Allocation of managers by grade to the different societies may be in relation to their loan business.

(a) A society with a loan business of Rs 2.50 lakhs or below may be provided with the services of a manager from Grade B.

(b) A society with the loan business between Rs 2.50 lakhs and Rs 5 lakhs may be given the services of a manager in Grade 'A' and

(c) A society with loan business above Rs 5 lakhs, may be provided two hands from the cadre one each from Grades 'A' and 'B'.

(d) Each society including the fss and JJSS, which will be retained/formed on reorganization of pacs should have an independent full-time paid manager right from the beginning.

(iv) The existing managers in the cadre of ccbs may be absorbed in the various grades with due scrutiny and simultaneously a programme for recruitment may be undertaken to meet the short-falls in the requirements. Preference may be

given to the retrenched managers subject to their fulfilling the qualifications laid down for the purpose.

(v) The managers from the existing cadre of ccbs may as far as possible be absorbed within the same district.

(vi) (a) A State Cadre Co-operative Society (SCCS) for managers may be organized for the management of the state level cadre fund in which contributions from all societies and cfas in the state may be pooled. The SCCS may formulate policy and procedures for administration of the cadre by a district level body for every district which may be known as the District Cadre Co-operative Society (DCCS).

(b) The DCCS will manage appointments, transfers, etc., of the managers within the district and work within the general direction given to it by the state society. The managers will not be the employees of the ccb but the ccbs will be able to exercise control over them through the DCCS as may be seen from the composition of the boards suggested by us.

(vii) (a) The composition of the committees of management of SCCS and DCCS may be as under:

State Cadre Co-operative Society

Chairman, BSCB	Ex-officio Chairman
RCS, Bihar or his nominee	Member
Two non-officials from amongst the directors of the BSCB representing ccbs from the areas/divisions other than the one represented by the Chairman, to be nominated by board of the BSCB	Members
One representative of commercial banks financing pacs to be nominated by the GOB in consultation with the RBI	Member
MD, BSCB	Ex-officio Member-Secretary

District Cadre Co-operative Society

Chairman, ccb	Ex-officio Chairman
DCO or ARCS who is in charge of the district	Member
Two non-officials from amongst the directors of the ccb representing pacs to be nominated by the board of the concerned ccb	Members
A representative of the pacs in the district not on the board of the ccb to be nominated by the	
RCS, Bihar	Member
A nominee of the BSCB	Member
A representative of the Lead Bank in the district	Member
EO, ccb	Ex-officio Member-Secretary

(b) In the case of ccbs/DCDBs serving two districts, the concerned DCCS will control the secretaries posted in the two districts.

(viii) (a) The BSCB will set up a separate cell with necessary staff at its head office to function as the secretariat of the SCCS.

(b) In the case of the DCCS, similar cell will be created by the concerned ccb/DCDB to administer the cadre. These cells will be directly under the charge of the member-secretary of the concerned society.

(ix) The expenses of the meetings, stationery, etc., will be a charge on the cadre fund.

(x) The contributions recovered from the societies in a district should be passed on to the account of the State Cadre Fund with the BSCB by the DCCS according to the directions of the SCCS.

(xi) The management of the 'cadre fund' at the state level should be the responsibility of the SCCS which should make

suitable allocations from the fund to different DCCSs for meeting the salaries of the paid managers.

(xii) The SCCS may require the DCCS to manage that portion of the cadre fund which is earmarked and made available to it.

(xiii) The GOB may also make token contributions to the share capital of the state and district societies.

(xiv) (a) The executive powers for the day-to-day administration of the state as well as district society will vest in the member-secretary of the concerned society.

(b) Removal and dismissal of employees and inter-district transfers, if necessary, will be made by the board of management of the state society on the recommendation of the board of management of the district society.

(xv) The services of a manager from the cadre may also be provided to a society attached for financing to a commercial bank.

(xvi) The posting and transfer of the manager attached to a society financed by a commercial bank should be done by the DCCS with the concurrence of the concerned commercial bank. However, a commercial bank will have option to have a manager of its choice outside the cadre with prior notice to the concerned DCCS. In that case the society may be considered outside the purview of the kaderization scheme till such manager, who will also be a non-cadre employee, continues with the society. In such cases if the society is not in a position to meet the cost of the manager, the commercial bank should give outright grant or subsidy to meet the deficit.

(xvii) Contributions to the cadre fund may be collected from the societies as well as the ccbs in relation to their short-term and medium-term loan business. In the case of societies the contribution may be at the rate of 1.75 per cent of the loans borrowed by a society during the year from the ccb and these may be credited to the state level cadre fund. The ccbs may themselves contribute to the said fund at the rate of 0.25 per cent of the short and medium-term loans issued to them in a year by the BSCB. However, unlike a ccb/DCDB, the commercial banks where they are acting as cfas, may not make contributions to the cadre fund, but lend to the societies financed by them at a rate lower by 0.25 per cent than the rate they would have otherwise charged to the societies and recover from the latter for transfer to the cadre fund a contribution at 2 per cent of the loans issued by them to the societies.

(xviii) There will have to be a built-in mechanism to ensure that there are no arrears in the recovery of the contributions to the cadre fund from the pacs. With a view to ensuring prompt recovery, they may be styled as 'caderization fees', given precedence over the recovery of interest, etc., as in the case of audit fees and should have the first charge on the remittances by the society to the cfas. The cfas should collect the contributions, i.e., the 'caderization fees' along with the recoveries of loans and interest thereon.

(xix) The work of a manager may be evaluated on the basis of a confidential report recorded annually by the board of management of the concerned society. The adverse remarks, if any, should be brought to the notice of the concerned employee. If the management of a pacs is not satisfied with the work of a manager, it should have the right to move the DCCS for suitable/disciplinary action against the erring manager or for his transfer. However, to avoid the possibility of miscarriage of justice against the manager, the confidential reports should be revisable by the DCCS and there should be a built-in provision for appeal against the adverse remarks noted in the confidential reports by the boards of management of the pacs.

6.29 The State Co-operative Societies Act will have to be amended suitably for facilitating the constitution of the state and district cadre societies, employment of all the managers by the latter society and contributions to the fund by the financing banks and the beneficiary societies. The byelaws of the banks and the societies will need suitable amendments to relieve the Honorary Secretaries as well as Treasurers of their responsibilities regarding maintenance of books of accounts, day-to-day administration and the custody of cash, etc.

Arrangements for training

6.30 With a view to equipping a manager to manage the affairs of the society efficiently it is necessary to arrange for a job-oriented training for him. We suggest that such an arrangement for a job-oriented training may be made in the existing co-operative training centres in the state. The duration of the training may be 4-6 months. The facility for training should be extended to all

those managers who will be absorbed in the service of the new cadre and also to the new recruits in the cadre. In the case of new recruits it would be advisable to give them training after their selection, but prior to their posting. The existing training facilities in the state are likely to prove inadequate to arrange for the training of a large number of managers who may be recruited during the next two years as indicated in paragraph 6.33 later. In such a situation the GOB may have to make *ad hoc* arrangements to cope with the sudden increase in the number of managers to be trained. In this connexion the assistance of the College of Agricultural Banking, Pune through the RBI may be secured for designing and preparing the content of the course as also for training the trainers who may be assigned the task of conducting courses for the paid managers.

Avenues for promotion

6.31 Although the training will equip the managers to discharge their duties efficiently, it has to be borne in mind that a person has to be provided with avenues for bettering his career. In this context the MP Study Team have recommended that the ccbs may consider the cadre managers for selection as supervisors in their services and have also endorsed the recommendation of the Rajasthan Study Team that the state government in their recruitment to various subordinate services may give preference to the managers of pacs by giving due weightage to their length of service as manager. A non-cadre manager attached to a society financed by a commercial bank may also be considered eligible for such posts. We endorse the recommendations of the MP Study Team in this behalf.

Strength of managers and recruitment policy

6.32 We have noted in paragraph 6.16 that on the completion of the reorganization programme, there may remain 5079 pacs including five block level fss, 32 block level and 219 smaller model of JJSS. In paragraph 6.28 item (iii), we have suggested two grades for the managers who may be allocated to the societies on the basis of their loan business. We expect that in the initial years the number of societies with loan business of Rs 2.50 lakhs and over

may not exceed 500 and none of them may have loan business exceeding Rs 5 lakhs. For the purpose of working out the strength of the managers, we have, therefore, assumed that while the fss and JJSS numbering 5 and 251 respectively may be provided with the services of managers in Grade A from the cadre, remaining pacs numbering 4823 may need the services of a manager in Grade B.

6.33 Presently there are about 2200 paid managers in the state and considering the fact that they have been recruited by the various ccbs according to the standards laid down by them, it is quite likely that on their scrutiny for absorption in the cadre, only about 1000 may prove suitable for selection on the basis of standards that may be prescribed by the GOB. In that case arrangements will have to be made to recruit another 4000 managers to meet the requirements of the 5079, i.e., say 5000 societies. We suggest that in view of the reasoning contained in paragraph 5.44 of Chapter 5, the GOB may transfer the services of their co-operative supervisors to the SCCS for posting them as managers in the various societies. The strength of co-operative supervisors is nearly 2700 and of these about 2000 may be available for the proposed cadre. With the posting of these supervisors, the total strength in the cadre will be 3000 leaving a gap of about 2000. These 2000 managers may be recruited in the year 1977-8 at the rate of 1000 in each of the half year in that year which will facilitate arrangements for their training also. Thus by 1 July 1978 all the pacs will have independent paid managers.

6.34 The emoluments of the supervisors will be on an average around Rs 300. We have suggested that there may be two grades of managers. Generally the managers recruited afresh may be paid around Rs 200 per mensem on an average. For the purpose of working out the economics of the cadre, the salary and allowances of a manager have been assumed at a flat rate of Rs 3500 per annum. However, in view of a phased programme of recruitment, all the 5000 managers will not be in position until 1 July 1978. Their strength is expected to be as given in Table 8. The year-wise expenditure then will be as estimated in Table 9.

TABLE 8

<i>Year</i>	<i>No. of Managers</i>
1977-8	3000 during the first half year 4000 during the remaining half year
1978-9 to 1980-81	5000 throughout the year

TABLE 9

<i>Year</i>	<i>Rs lakhs</i> Expenditure
1977-8	122.50
1978-9	175.00
1979-80	175.00
1980-81	175.00

6.35 The contribution by the societies to the state cadre fund will be at the rate of 1.75 per cent of their borrowings from the higher financing agency. In view of the analysis contained in Chapter 8, these borrowings may be as indicated in Table 10. Besides, the contributions of the cfas will be at 0.25 per cent of loans borrowed by the ccbs/DCDBs from the BSCB whereas in the case of commercial banks it will be 0.25 per cent of their loans to the societies. Contributions to the fund during the period 1977-8 to 1980-81 on this basis are also shown in Table 10. It may, however, be noted that in view of the fact that term lendings of the societies are at present meagre and may not increase significantly in the next 3-4 years, the estimates contained in Table 10 are based on the quantum of short-term agricultural loan business only.

TABLE 10

Year	Borrowings (Rs crores)			Contributions to the fund (Rs lakhs)			Total
	ccbs from BSCB	pacs from ccbs	pacs from com. banks	by ccbs [0.25% of col. (2)]	by com. banks [0.25% of col. (4)]	by pacs [1.75% of cols. (3) + (4)]	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1977-8	46.00	60.00	17.00	11.50	4.25	134.75	150.50
1978-9	55.50	71.00	20.00	13.87	5.00	159.25	178.12
1979-80	67.00	84.00	24.00	16.75	6.00	189.00	211.75
1980-81	80.00	98.00	30.00	20.00	7.50	224.00	251.50

6.36 The estimated contributions in the cadre fund and the expenses expected to be incurred on the cadre managers during 1977-8 to 1980-81 are compared in Table 11. Thus, if the projec-

TABLE 11

Rs Lakhs			
Year	Contributions	Expenses	Surplus (+) Deficit (—)
(1)	(2)	(3)	(4)
1977-8	150.50	122.50	(+) 28.00
1978-9	178.12	175.00	(+) 3.12
1979-80	211.75	175.00	(+) 36.75
1980-81	251.50	175.00	(+) 76.50

tions in respect of the level of loan business to be handled by the pacs in the state made by us materialise, the contributions to the cadre fund will be adequate to meet the cost of cadre managers right from the very first year. Besides, there will be some cushion if the amounts released to the ccbs/DCDBs, under the scheme proposed for introduction in 1975, are pooled in the state level cadre fund. If, however, some short-fall in the anticipated increase in the loan business of pacs results in deficit, it may be met by the GOB. We, therefore, feel that the modified scheme proposed by us is workable and economically feasible and will help in solving once and for all the major problem of providing independent full-time paid managers to reorganized societies in Bihar.

SECTION II

INSTITUTIONAL FRAMEWORK FOR TRIBAL AREAS

6.37 Bihar is one of the states having a sizeable tribal population which accounts for 9 per cent of the total. The tribals in the state are concentrated mostly in the southern most part of the state bordering Orissa. All the 75 blocks in the districts of Ranchi and Singhbhum, 28 out of 41 blocks from the district of Santhal Parganas and 9 out of 25 blocks in Palamau district, i.e., in all 112 blocks, have in each case tribal population in excess of 50 per cent of the total and they together account for about three-fourths of the total tribal population in Bihar.

6.38 One of our terms of reference, in the light of the above position, requires us to examine in detail the problems of tribal areas and of institutions, laws, etc., operating in such areas and suggest, if necessary, such arrangements and special financial assistance as are necessary to mitigate the hardships in the sphere of their economic activity faced by the tribals. In order to have a first hand account of the situation in this respect, the officers from our secretariat at Bombay undertook in December 1975, at our instance, a field study in the wholly tribal districts of Ranchi and Singhbhum. The study was supervised and guided by the Member-Secretary of the Team. The findings of this study have been fully taken into account by us to base our views and recommendations contained in paragraphs that follow:

Special features and economic attitudes of tribals

6.39 Broadly the tribal areas in Bihar along with such areas in Orissa, Andhra Pradesh and the Bastar district of Madhya Pradesh, form one composite tribal belt and, therefore, the special features and economic attitudes of the tribal population in Bihar and those obtaining, for instance, in the Bastar district of Madhya Pradesh are more or less similar. They may be summarized as under:

(i) Agriculture is the mainstay of the tribal economy, although it is practiced on traditional lines.

(ii) The tribal supplements his income from agriculture by collection and sale of minor forest produce, wherever it is available, or by working as a casual labourer in mines, etc., during the off-season. *Mahuwa*, lac and tussar cocoons are important forest products in Bihar.

(iii) Tradition continues to be more important for most tribals. Being used to barter economy, they do not realize the benefits of institutional facilities and get bound to a money-lender-cum-trader who buys their agricultural and forest produce in kind and offers in return domestic goods including cloth, silver ornaments, etc., which they need for daily use or for celebrating social functions as in birth, marriage, death, etc. The transactions are so manipulated that the tribal is at great disadvantage both while selling and buying.

(iv) Tribal areas in Bihar are sparsely populated and relatively devoid of communication facilities. The economic life

of a tribal is closely linked with the weekly market place known as the *hat* which he makes it a point to visit every week even if it means footing or trekking long distances. For, this is the centre—social-cum-business contact point—where he can readily sell his produce or buy his requirements. These places are, therefore, full of the money-lenders-cum-traders.

Type of institutions needed

6.40 Thus, if the institutions operating in the tribal areas are conditioned to accept the above economic way of tribal life, they would be best suited to serve the tribals and ensure their economic well being. There is, therefore, a great urgency of developing institutions in the tribal areas which can extend credit not merely for agriculture but also to meet social obligations, supply of inputs as well as consumer goods, undertake marketing of agricultural and forest produce. These institutions would have to operate with the objective of extending service without affecting financial stability and, therefore, the personnel involved will have to work with zeal. The institutions, for obvious reasons, would have to be co-operative organizations.

6.41 In view of the above observations, the base level organization best suited to the requirements of the tribal areas is a multi-purpose co-operative society with headquarters at the important *hat* centre in the area and undertaking, among others, the functions and important activities listed in Annexure 30. Such a society though primarily organized for the benefit of the tribal population, will also cater to the requirements of the non-tribal farmers in the area, for, a separate society, if organized for them, will have no prospect of attaining viability. However, a majority on the management of the society will be from the tribals and the non-tribals will not be eligible for certain facilities for which only the tribals are eligible. In fact, the membership of such a society may be divided on the lines of the provisions in the byelaws of the LAMPS in West Bengal, into two categories, viz., 'A' and 'B'. Membership in category 'A' may be restricted to tribals exclusively and that in category 'B' to non-tribals. On the board of management of the society, the byelaws should provide for a majority, say, two-thirds, to members from category 'A' who should only be eligible to hold

the posts of designated office-bearers like the Chairman, the Vice-Chairman and the Treasurer. Besides, the 'B' class members should not be eligible for certain special facilities like special scales of finance, loans for social purposes, etc., by virtue of a specific provision to this effect in the byelaws of the society.

Government programmes

6.42 Recognizing the need for providing a suitable institutional structure capable of meeting the multifarious needs of the tribals, certain measures have been and are being taken by the GOB on the advice of and assistance from the GOI. To start with, i.e., in January 1969, the GOB set-up a corporation known as the "Bihar State Tribal Co-operative Development Corporation" (BSTDC) to assist, co-ordinate and guide the activities of the forest labour contract societies (fics) and multi-purpose co-operative societies (mpcs) operating in the tribal areas. A little later, i.e., in 1971-2, the GOI sanctioned six pilot projects for integrated tribal development. One of these known as Tribal Development Agency (TDA), Chakradharpur in Singhbhum district has been sanctioned for Bihar. Besides, under the Fifth Five Year Plan, the GOB have prepared a Tribal Sub Plan for ensuring integrated and co-ordinated development of all tribal blocks in the state. All these developments will have to be taken into account for suggesting suitable institutional framework for the tribal areas in Bihar.

BSTDC

6.43 The membership of the Corporation is open to any co-operative society, which in the opinion of the Corporation functions, directly or indirectly, for the benefit of the tribals. The board of directors of the Corporation includes, among others, the chief Conservator of Forests and the RCS or their nominees. The Corporation's head office is located in Ranchi and it has branches in Hazaribagh, Palamau, Santhal Parganas and Singhbhum districts. During the course of field study conducted at our instance, the Corporation's branch at Chaibasa in Singhbhum district was visited.

6.44 The above branch controls in all 27 societies including 13 fics. Its activities are confined to (i) sanction of a few loans

aggregating Rs 0.35 lakh to 5 fics to enable them to pay royalty for forest coups and (ii) purchase of forest produce directly from the tribals (such purchases aggregated Rs 1.31 lakhs in 1974-5). The branch had no resources to advance further loans to fics; the recovery of loans advanced earlier being poor. Above all, the branch has no contacts with the Project Officer, TDA, Chakradharpur and the five block-level societies organized under the project. None of these societies is affiliated to the Corporation.

6.45 For the Corporation as a whole, the total loans advanced as at the end of June 1975 amounted to Rs 2.13 lakhs. The total purchases of forest produce, not through the affiliated institutions but made directly, aggregated Rs 4.28 lakhs. The accumulated loss balance of the Corporation as on 30 June 1975 amounted to Rs 2.99 lakhs as against its paid-up share capital of Rs 1.32 lakhs. Thus, it can be said that the Corporation has not been successful in achieving its objective of assisting and guiding base level institutions functioning in the tribal areas.

TDA, Chakradharpur

6.46 The TDA, Chakradharpur which was launched in January 1972, covers four blocks from the western part of Singhbhum district, viz., Chakradharpur, Bhandgaon, Sonua and Kuchai. The total outlay on the project is Rs 200 lakhs including Rs 50 lakhs for arterial roads. The outlay under the head 'co-operation' relates to sanction of share capital, risk funds, etc., to co-operative institutions.

6.47 Following the recommendations of the Bawa Study Team five multi-purpose societies called the LAMPS intended to undertake almost all the functions listed in Annexure 30 have been organized for the four blocks covered by the project. All the existing credit societies are being starved of credit and their wholesale merger with the LAMPS is in progress. Thus, the LAMPS would carry the overdues and the bad debts of the amalgamating institutions. The chronic defaults of the latter have, however, been converted into three-year loans as recommended by the Bawa Study Team. Each LAMPS has received a share capital of Rs 0.40 lakh from the Project.

6.48 None of the LAMPS has been able to open branches in its area of operation as recommended by the Bawa Study Team. The main difficulty is that with the exception of the services of the ARCS who is the manager, no LAMPS has been provided with even a few out of the 15-20 personnel proposed, to man its head office and branches. Thus, each society is operating from its headquarters alone. The extent of the area of operation and the coverage of cultivating families in respect of the two LAMPS visited during the field study, are given in Table 12. Inability to

TABLE 12

LAMPS	Area of operation	Cultivating families			Membership		
		Non-tribal	Tribal	Total	Non-tribal	Tribal	Total
Chakradharpur	95 villages forming 10 panchayats	6948	2188	9136	1453	767	2220
Sonua	215 villages in a radius of 60 kms forming 22 panchayats	5468	8202	13670	1396	1865	3261

contact the cultivating families residing in the extensive area of operation has been cited as one major constraint for poor coverage.

6.49 Another reason for poor coverage seems to be the inability of the LAMPS to undertake the various functions expected of them barring the provision of short-term agricultural credit and the supply of seeds and fertilizers and against cash payment, of cloth, sugar and foodgrains. Non-availability of staff and, therefore, the branches in the area, lack of credit support for other activities as also the absence of a higher level institution to pool and arrange disposal of the agricultural and minor forest produce collected by the LAMPS, have together contributed to their restricted activities. Thus, the LAMPS are functioning like any other primary agricultural credit society but with a very wide area which at present is unmanageable for them for want of the necessary branch net-work and staff.

6.50 A discussion of the officers from our secretariat entrusted with the field study, with the project officer revealed that there was absolutely no co-ordination between the project officer on the one hand and Singhbhum ccb and the branch-in-charge of the BSTDC's Chaibasa branch on the other. They were not meeting periodically to sort out the problems. In view of the constraints, the LAMPS are not in a position to undertake the business of collection of minor forest produce. In short, the institutional structure of the type envisaged by the Bawa Study Team for the area of the TDA has not come up with the result that tribals in the agency area continue to be subjected to exploitation at the hands of the private agencies/sources and to this extent, full benefits of the TDA, Chakradharpur project can be deemed as not accrued.

Tribal Sub Plan

6.51 A new strategy for tribal development during the period of the Fifth Five Year Plan has been evolved by the GOI in terms of which the programmes for the development of tribals have been extended to all scheduled areas and areas with more than 50 per cent of the tribal population as against areas with more than 66 per cent population covered under the tribal development blocks programme during the period of the Fourth Plan. Further, on the advice of the GOI, each of the concerned states (numbering in all 18) have formulated Sub Plans for tribal areas. The Sub Plans represent the total government effort in the tribal areas including (i) the flow of benefits from the concerned state's main plan, (ii) the resources available under the Central and Centrally Sponsored Schemes, (iii) special Central Assistance to be made available and (iv) finance available from the institutional sources. Of the 12 states whose Sub Plans have been approved so far by the Planning Commission, Bihar is one. The Sub Plan area covers tribal population of 36.76 lakhs out of the total tribal population of 49.33 lakhs in Bihar. The size of the Sub Plan for Bihar is Rs 291 crores and includes outlay earmarked from the state's main plan at Rs 219 crores, funds available under the Central or Centrally sponsored schemes at Rs 20 crores, special Central assistance to be made available at Rs 27 crores and resources available from institutional sources at Rs 25 crores.

6.52 The entire Sub Plan area extending to 112 blocks out of a total of 587 blocks in Bihar, has been divided into 14 viable Integrated Tribal Development Projects (ITDP) which have been classified as either the 'meso' or 'micro' projects depending on the extent of the area covered. The ITDP like the Sub Plan represents the total governmental efforts in that specific area and includes all the programmes taken up in its region by the GOI, the state government, the co-operative institutions and the statutory/semi-autonomous bodies constituted by the government. Besides, the ITDP will take into account the operations and activities of social organizations connected with tribal welfare, agricultural universities, etc. The state government is expected to identify the specific and special problems of each ITDP area and prepare programmes with reference to the problems identified. The GOB have submitted to the GOI for approval detailed individual projects in respect of all the ITDP areas and some of these projects have been already approved by the Union Ministry of Home Affairs. Each ITDP will have a project authority with a Project Officer as executive head. The latter will be assisted by the necessary extension and administrative staff. In the meantime, the GOI have for the first time approved the programme of development for the Tribal Sub Plan areas as a part of the Annual Plan exercises for the current year, i.e., 1976-7 of various states including Bihar. The outlay in the Annual Plan of 1976-7 for Bihar in respect of various schemes to be implemented in the Tribal Sub Plan area in the state, is Rs 46.58 crores.

6.53 The provision of adequate administrative machinery to ensure implementation of the Tribal Sub Plan has been given due priority. Like all other concerned states, the GOB have appointed a Cabinet Sub-Committee for guiding the implementation of the Tribal Sub Plan programmes. The executive committee of the Chotanagpur and Santhal Parganas Development Authority (with headquarters at Ranchi) has been reconstituted to oversee the development of the Tribal Sub Plan area. The state's Development Commissioner has been placed in charge of the Sub Plan at the state level. For, in the changed context, tribal development cannot be considered as the sole responsibility of the GOB's Tribal Welfare Department which is now required to become a strong nodal point at the official level for effective co-ordination of the total

planned development effort in which there is adequate and important role for Agriculture, Co-operation and Forest Departments also. A Regional Development Commissioner has, therefore, been posted at Ranchi who will function as the Principal Secretary to the GOB in the above different Departments in so far as the Tribal Sub Plan area is concerned.

6.54 Elimination of exploitation of tribals is another priority item under the new strategy for tribal development. In pursuance of this approach, follow-up action has been or is being taken in relation to (i) vending of liquor in tribal areas (ii) review of forest policy (iii) land alienation and (iv) problem of indebtedness. The GOB have with effect from April 1976 discontinued vending of liquor in predominantly tribal areas and simultaneously allowed the tribals to prepare their own traditional drink for personal and social purposes, but not for commercial sale. Ways and means are being devised to develop minor forest produce as also to ensure smooth, adequate and sustained supply of such produce required by the tribals. Measures are also being taken to ensure fair wages to the tribals in forest areas and to ensure larger intake of tribals while making recruitment to various posts in the Forest Department. As for land alienation, it has come to light that much of it is informal and is unrecorded. Suitable action has, therefore, been initiated by the GOB for the restoration of tribal lands and efforts in this direction are expected to be vigorously intensified.

6.55 Finally, with a view to providing the tribal all his needs at one place, the GOB have agreed to organize in the tribal areas in a phased programme block level LAMPS which will provide credit for production and consumption purposes, supply of essential consumer commodities, purchase agricultural and minor forest produce and make available agricultural inputs. As stated earlier, 32 such societies have already been organized. We have suggested in Section I of this chapter that the GOB may not only not go ahead with organizing further block level societies in the tribal areas but also review whether those which have been already organized could not have a more restricted jurisdiction to conform to the smaller model of fss. This review is not likely to dislocate the existing arrangements as the block level societies so far organized do not have any branches or the necessary complement of staff to operate

efficiently with the whole block as the area of operation. Moreover, the existing other pacs in the area have not yet been amalgamated with LAMPS.

Base level institutions

6.56 In view of the observation contained in paragraph 6.05 of Section I of this chapter and the difficulties of finding the necessary personnel encountered by the block-level LAMPS in TDA, Chakra-dharpur area, we are of the view that the best suited organization for the tribal areas in Bihar is a multi-purpose society undertaking all the functions listed in Annexure 30 and having a jurisdiction wider than that of a viable primary credit society proposed under the state's reorganization plan, but lesser than that of a whole development block. Such a society may cover a gross cropped area of 4000 to 5000 hectares. On this basis, the number of such societies in a block will be 4 to 5. As a result, if the jurisdiction of the 32 LAMPS which is fixed as a block is restricted taking into account our suggestions in this behalf, the number of LAMPS to be called JJSS may go up by a little over 100. Their headquarters may be located at the main *hat* centres. The proposed cadre for managers of pacs can supply a manager to each *hat* level special society for tribals which may be called the 'Jan Jatiya Sahayog Samiti' (JJSS). The other supporting staff comprising 2 or 3 hands may be recruited locally and their cost appropriately subsidised in the initial years by the state government. While organizing the JJSS, the guidelines contained in paragraphs 6.18 and 6.20 of Section I of this chapter may be specifically adhered to so as to ensure that none of the JJSS carries the burden of the backlog of old overdues and bad debts of the existing pacs. Besides, it should be specifically borne in mind that each JJSS as also the block-level LAMPS which have been already organized, must undertake all the credit and non-credit functions expected of them if they are to give meaningful support to the tribal economy.

6.57 As for the prospect of attaining viability, the proposed JJSS may be in a position to attain the same relatively earlier because of the steps initiated under the Sub Plan/ITDP for development of minor forest produce and ensuring its collection through the tribals. This will be so if the above steps meet with reasonable

success within a short period of say, five years and the business in minor forest produce proves remunerative to the societies. Further, the potential that may be generated for the societies by the business in minor forest produce, cannot at present be quantified. It is possible, therefore, that a society operating in a tribal area may require a longer gestation period to be self-reliant. In view of this consideration and above all, in view of the special responsibility cast on the nation in the matter of social and economic upliftment of tribals under the 20 Point Programme, we suggest that due allowance may be made for the longer gestation period needed by a society, whether a JJSS or a LAMPS, functioning in tribal area and the staff subsidy provided to it as long as necessary.

District Level organization for credit support

6.58 The proposed DCDBs for the districts of Ranchi, Santhal Parganas and Singhbhum should be, with the adoption of measures proposed by us to streamline their working, in a position to provide the needed financial assistance, both short, medium and long-term, for the credit and non-credit functions undertaken by the JJSS/LAMPS in their respective areas. If some areas are allocated to commercial banks for financing, they would provide the needed credit support. In the case of the nine tribal blocks in Palamau district, the responsibility will have to be shared between the Daltonganj ccb and the sldb. Instead of the latter operating through the JJSS/LAMPS directly in so far as the nine tribal blocks are concerned, it is desirable for the sldb to appoint the concerned branches of the ccb as its agents to receive the long-term loan applications, disburse the loans, supervise their end use and ensure the recovery of instalments as and when they fall due. For this service, the ccb may be given a part of the interest margin that is at present enjoyed by the sldb. Above all, in order to ensure that at least one unit of the credit institution at the district level is responsible exclusively for providing the required linkage with the LAMPS/JJSS in each ITDP area, it will be necessary for the district level credit institution to have at least one office for each ITDP area in the district preferably located at the headquarters of the ITDP authority. This aspect may be given due weightage by the concerned ccb/DCDBs while formulating their future plans for branch expansion in the tribal areas. If a part of

the ITDP area is allotted to a commercial bank for financing, it is presumed that the concerned bank will give due weightage to this aspect before opening its office in the area if it has already no such office as indicated in paragraph 8.35 of Chapter 8.

6.59 Besides, it is necessary for the concerned DCDBs, commercial banks or the ccbs to adopt a separate scale of finance in respect of the tribal members of the affiliated societies, the first representing a small cash portion, the second representing the borrower's entitlement to take consumer goods from the stores of the society and the third representing his entitlement to lift fertilizers, etc. The higher level credit institutions will have to provide refinance to the affiliated societies to enable them to sanction to their tribal members loans for social purposes and, as spelt out in detail in Chapter 9, the consumption loans. The entitlement for loans for social purposes may be fixed as a multiple of the balance to the credit of the concerned tribal's thrift deposit account for which a suitable scheme may have to be drawn by the BSCB in consultation with the GOB. The credit institutions at the higher level may insist on the affiliated JJSS/LAMPS to ensure that their tribal members bring their agricultural and forest produce for sale to the societies and the dues of the former are recovered by adjustment of sale proceeds to the extent of not less than 25 per cent but not more than 50 per cent each time.

Higher level organization to support non-credit business

6.60 What is more important is the existence of active organizations at the higher level which will help the JJSS/LAMPS, which will also take over the functions of fics in their areas, in the disposal of the agricultural and forest produce collected by them and also keep them stocked with consumer goods required by their tribal members. In the absence of such a supporting organization, the LAMPS in the area of the TDA, Chakradharpur could not take up many functions expected of them. The BSTDC created to serve the above objectives has not been in a position to fulfil its role. One way may be to revitalize the working of the head office and the branches of the BSTDC by strengthening them organizationally, administratively and financially so that the Corporation is in a position to adequately support the non-credit activities of

the JJSS/LAMPS which may be affiliated to the Corporation. Alternatively, the district level branches of the BSTDC may be converted into district level agricultural and forest produce co-operative marketing societies. Such societies may have either direct dealings with the affiliated LAMPS/JJSS or the linkage with the latter may be through the primary marketing societies in the district. Thus, all the JJSS/LAMPS and the primary marketing societies in a district may be affiliated to the proposed district-level co-operative marketing society. A separate society for each district may prove beneficial as it can enjoy full autonomy in the matter of purchases and sales of commodities handled by it. The state government may have to contribute adequately to the share capital of the proposed district level society which should, in turn, be affiliated to the apex marketing federation (BISCOMAN) as also the state level BSTDC. Due attention may also be given by the state government to provide qualified and trained staff to the proposed district level agricultural and forest produce marketing societies and the cost of the staff may be subsidised by the state government in the initial years under the Tribal Sub Plan. We suggest that the concerned authorities in the GOB may carefully consider both the alternatives and take a final decision as quickly as possible. Whatever alternative is finally adopted, it is necessary that either the BSTDC or the proposed district level marketing society, as the case may be, should have one affiliated primary marketing society or its own branch for the area of each ITDP in its jurisdiction to ensure effective linkage with the affiliated LAMPS/JJSS. The headquarters of such a primary marketing society or the location of the branch may preferably be at the same place where the concerned project authority has its headquarters. For, without an efficient supporting institution at the higher level to assist them in their non-credit functions, the JJSS/LAMPS cannot become effective instruments for ensuring economic upliftment of their tribal members. In so far as the financial requirements of the BSTDC or the district level marketing societies are concerned, the state and/or the ccb/DCDBs may make suitable credit facilities available to them for their marketing business as well as the business of minor forest produce by securing, if and to the extent necessary, refinance facilities for the purpose available from the RBI.

Bihar State Co-operative Lac Marketing Federation (BSCLMF)

6.61 The BSCLMF has a complete lac processing unit located near Ranchi. The unit has been in near dormancy since its inception in 1965-6 because of the absence of organized arrangement for collection of lac and the disposal of the processed stocks. In 1975-6, however, the federation was successful in arranging a contract for supply of processed lac to the State Trading Corporation. Its working, therefore, revived. But it could not keep its obligations in view of the following difficulties:

(i) The promised assistance was not actually released by the NCDC because of inability of the GOB to give necessary staff to the BSCLMF as required under the conditions of sanction. The government could make available only the services of a DCO.

(ii) Because of the weak position of the pacs, as also lack of finance the federation could not push through its scheme of collection of raw material through the pacs by offering advance prices to their members to be followed by a final payment after verification of the lac content in the raw material at the federation's processing unit. With the reorganization of pacs into JJSS/LAMPS and the creation of suitable higher level marketing organizations for supporting their non-credit functions, the proposed marketing organizations can ensure supply of raw lac to the BSCLMF which can, in turn, play very useful role especially when lac is an important item of forest produce. We would, therefore, urge on the RCS to draw a suitable scheme for the purpose so as to ensure that the available infrastructure is put to the best use and advantage of the tribal members of JJSS/LAMPS. In other words, the BSCLMF will concentrate exclusively on the processing of lac.

Co-ordination

6.62 Every JJSS/LAMPS will be functioning in a 'Meso' or 'Micro' area for which there will be a separate project administration headed by a Project Officer. Each project administration is expected to ensure the provision of necessary extension services to the tribals and attend to their problems in the field of agriculture, co-operation and marketing, etc. It is necessary that there should be full co-ordination between the proposed JJSS/LAMPS

and the intermediate level credit and non-credit institutions on one hand and the project authority of each ITDP on the other, so as to ensure that the inter-action among various agencies at the ITDP level is complementary, total and complete. We attach the greatest importance to this aspect and suggest that there should be a permanent arrangement at the three levels for the purpose. At the project level, the project officer of the concerned TDA should convene periodical meetings of the managers of the JJSS/LAMPS in the area where the representatives of the concerned credit and non-credit organizations at the intermediate level should be invited to sort out the problems encountered in their working. At the district level there may be a standing committee under the chairmanship of the Deputy Commissioner with chief executives of the district level credit and non-credit institutions as also a few non-officials representing the JJSS, as members to decide on matters of policy especially relating to the collection and disposal of agricultural and minor forest produce, the supply of inputs and consumer goods to the primaries, the margin that may be made available to societies for handling the non-credit functions, arrangements for transport of stocks, etc. The officer of the Tribal Welfare Department posted in the district and a representative of Forest Department may also be the members of the district level standing committee. At the state level, there may be a high-power body with the Development Commissioner as the chairman, the secretaries for Agriculture and Co-operation departments, the RCS, the Director, Tribal Welfare, the Conservator of Forests, the MD of the BSCB and the MD of the sldb as members and the Regional Development Commissioner at Ranchi as Member-Secretary to review the overall progress and to issue broad guidelines on important matters.

6.63 Finally, we suggest that in the light of the suggestions/recommendations made by us in the above paragraphs, suitable modifications may be made in the state's Tribal Sub Plan. It has to be noted that the outlay on various schemes in each ITDP will be determined by taking into account all elements in the Tribal Sub Plan and that the latter will represent the total investment in all the ITDP areas. A major share of the total outlay on the Sub Plan is expected to flow from the annual plans of the various departments of the state government. These departments, therefore,

will have to give due attention for making suitable provisions in their annual budgets for meeting the requirements of the Tribal Sub Plan and, in turn, of the development programmes in each ITDP. Besides, the state government will have to vigorously pursue the legislative and administrative measures so far taken for restoration of their lands to the tribals as also for adoption of fresh policy best suited to the needs of the tribals. Interim arrangements may also be necessary especially to lend adequate support to the JJSS/LAMPS in their non-credit functions until the infrastructure envisaged under the Tribal Sub Plan with modifications as proposed by us, is finally built up. We would, therefore, urge on the concerned authorities in the GOB and the non-officials/officials connected with the managements of the credit and non-credit institutions to bestow their attention to all the above aspects and put in wholehearted efforts to ensure successful implementation of the plans and policies aimed at ameliorating the lot of tribals. The central theme of our new effort is personal attention and care for the weakest group. The 20 Point programme has added a new dimension to our effort in the tribal areas. What is required is earnest desire and ability in pooling our resources for bringing about a new social order where development should mean a smile on the face of the poorest man. Unless the benefits of the growth reach this class of people, we cannot claim that there is sufficient growth which takes the benefits to all types of the people in the country.

SECTION III

CANE UNIONS

6.64 The recovery of agricultural loans is greatly facilitated if there is an agreement to bring about an effective link between credit and marketing. Towards this end, the organization of CDCM unions in Bihar, which is on the verge of extinction, can be revived and utilized to bring about the linking of credit with marketing in the cane belt.

6.65 Our terms of reference require us to examine whether the entire production finance by way of cash and kind loans required

by sugarcane growers be routed through the pacs and if the view is that the cane unions can also play their part in giving production credit, whether it would suffice to route the credit through the pacs on an agency basis. An indepth study of the working of five CDCM unions in Bihar was, therefore, taken up at our instance by the officers of our secretariat. The Member-Secretary of the Team supervised and guided the study, which was completed in May 1976.

6.66 The names of the CDCM unions covered by the study are given in Table 13. The CDCM unions known popularly as the cane

TABLE 13

CDCM union	District
New Siwan	Siwan
Bettiah	West Champaran
Motihari	East Champaran
Sitamarhi	Sitamarhi
Marhowah	Saran

unions were organized in the cane growing areas of North Bihar well before the commencement of the II World War with the main objectives of (i) regulating the supply of sugarcane to the sugar factories, (ii) securing correct weightment and fair price to the cane growers and (iii) popularizing improved methods of cane cultivation. Unlike such unions in Uttar Pradesh where they are associations of individual cane growers, the CDCM unions in Bihar were organized as the federations of the cgcs within their respective areas of operation and were required to operate through these affiliated institutions. In order to serve their objectives adequately, the CDCM unions undertook the business of supply of credit for sugarcane cultivation in addition to the functions of marketing of sugarcane and development of sugarcane areas.

6.67 A comparative position of the loan business handled by the CDCM unions in Bihar through the affiliated cgcs is given in Table 14.

TABLE 14

	Rs Lakhs		
	1963-4	1967-8	1973-4
	(1)	(2)	(3)
1 Number of CDCM unions	69	72	72
2 Number of cgcs	9098	4231	4670
3 Number of cane grower members of cgcs (in lakhs)	4.62	3.71	@
4 Loans advanced by CDCM unions to affiliated cgcs			
Short-term	47.66	30.68	..
Medium-term	0.92	0.61	..
Total	48.58	31.29	24.00
5 Loans advanced by cgcs to their members			
Short-term	52.76	65.35	@
Medium-term	1.22	0.20	@
Total	53.98	65.55	@
6 Loans outstanding against members at the level of cgcs	87.70	80.15	@
7 Of 6 above, loans overdue	43.07	40.25	@
8 Loans outstanding against cgcs at the level of CDCM unions	67.12	75.50	81.00
9 Of 8 above, loans overdue	29.62	18.42	48.00

@ Explained in the following paragraphs.

6.68 The cgcs were organized in the cane growing areas of North Bihar as associations of sugarcane growers and, therefore, the societies catered to the credit requirements of their members in so far as sugarcane crop was concerned. As for the credit requirements for other crops the member growers were expected to approach the pacs of their area which in addition to this business issued production loans for cultivation of other crops to farmers who were not sugarcane growers. Thus, as indicated in paragraph 4.02 of Chapter 4, an important problem at the primary level in the cane growing areas of Bihar was that of the overlapping jurisdiction both in terms of area of operation and disbursement of loans of the pacs and cgcs. The GOB, however, later proposed to reorganize the pacs and cgcs either by merging the cgcs with an adjoining good working pacs or by converting a group of cgcs into a primary credit society so as to have multi-

purpose primary agricultural credit societies at the base level throughout the state. This proposal, by and large, now stands implemented although there are still a few cgcs which would be deregistered during the proposed reorganization of pacs. This in effect required the CDCM unions, to eschew the credit business transacted through the media of cgcs. But the fact that this discipline was not being followed by a majority of the CDCM unions, is evident from the Table contained in paragraph 6.67 above. It may be seen therefrom that the short-term and medium-term loans issued by the cane unions in Bihar to the affiliated societies amounted to Rs 24.00 lakhs in 1973-4 as against Rs 48.58 lakhs in 1963-4, but were still not insignificant. It may be pertinent to mention that while the 9098 societies affiliated to the CDCM unions at the end of June 1964 were all cgcs of the old model, the 4670 societies affiliated to these unions at the end of June 1974 comprised mainly the mpcs as also some cgcs of the old model which were yet to be weeded out.

6.69 Thus, despite the discipline evolved with the concurrence of all concerned, three out of the five unions visited during the course of field study, viz., CDCM unions at Bettiah (West Champaran district), Sitamarhi (Sitamarhi district) and Marhowah (Saran district) were still transacting the business of supply of credit side by side the respective ccbs and the last named union has been financing the sugarcane growers directly. Some of the cgcs of the old model were yet to be reorganized into mpcs. Besides, it was reported that although some cgcs of the old model along with adjoining societies had been reorganized into mpcs, they continued to finance sugarcane growers only ignoring the credit requirements of other crops grown in their area. The cases of the Chanaur Ikh Seva Sahyog Samiti (Siwan district), a multipurpose society, and the Panchpakar Multi-purpose Co-operative Society (Sitamarhi district) which were visited during the course of the field study, can be cited as instances in point.

6.70 At least three out of the five unions visited, viz., CDCM unions at New Siwan (Siwan district), Sitamarhi (Sitamarhi district) and Marhowah (Saran district), did not offer any help in the matter of recovery of loans for sugarcane crop issued by the ccbs of their respective areas. Proper and effective procedure had

not been introduced in this regard in the areas of the remaining two unions, viz., Bettiah (West Champaran district) and Motihari (East Champaran district). Even the recoveries in respect of the loans issued by the unions themselves either in recent years or in the past, were not satisfactory. The reasons for overdues were as under:

(i) Borrower availing of finance on the basis of acreage well above that actually under cane cultivation.

(ii) Overfinancing in certain areas since a grower was being financed both by the union and the ccb and that too on an *ad hoc* basis, by the former. Besides, it is not uncommon among the growers financed by the ccb and/or the union to avail of advances from the sugar factory of the area by consenting to supply their cane directly to the factory.

(iii) Diversion of cane by a borrower in the name of non-borrower for avoiding recovery.

(iv) The practice of cane poaching, i.e., lifting of sugarcane directly, even from areas notified for compulsory supply through the concerned union, resorted to by the factories (to avoid payment of commission to the union) in collusion with the grower who benefits by avoiding recovery of co-operative dues.

6.71 One of the objectives of organizing CDCM unions in Bihar was that being closely associated with the sugarcane growers in their area of operations they would be in a position to popularise improved cane varieties and ensure introduction of better farming practices and intensive methods of cultivation. Thus the development of sugarcane was one of their important functions. It is for discharging this responsibility adequately that the cane unions in Bihar primarily undertook the function of supply of seeds, manure, fertilizers and agricultural implements against cash payment or on credit. The other developmental programmes carried out by the unions related to improvement of irrigation facilities, controlling sugarcane pests/diseases, construction of link road, etc. As a compensation for the developmental functions discharged by the unions, every sugar factory was required by the Cane Commissioner to pay to the concerned CDCM union a commission at the rate of 7 paise per quintal of cane supply arranged by the union for credit of the cane development fund maintained by the union. This commission of 7 paise was in addition to the commission of 6 paise per quintal

of cane, allowed by the Cane Commissioner for arranging the supply of cane to the factory. Thus, the total commission paid by a factory to the union was 13 paise per quintal of cane supplied.

6.72 However, the Cane Commissioner of the state government announced a policy decision on 3 May 1969 to the effect that the work of development of sugarcane areas would be handled by a Zonal Development Council (ZDC) to be appointed by him for the area of each factory in the state and, therefore, out of the total commission of 13 paise per quintal of cane supplied, payable by a factory, 6 paise would go to the concerned cane union and 7 paise to the ZDC of the area. In effect, the CDCM unions in Bihar were divested of the function of ensuring development of sugarcane in their respective areas.

6.73 The ZDCs were actually appointed after a lapse of over five years, i.e., in October 1974, with the following as members:

Collector of the district	Ex-officio Chairman
District Development Officer	
Assistant Director of Agriculture (Sugarcane)	
District Agricultural Officer	
District Engineer	
Two representatives of CDCM unions linked to the factory	
Two representatives of cane growers from the area	
Cane Manager of the concerned factory	
Cane Officer of the Cane Com- missioners' establishment in charge of the area	Member-Secretary

Although it is now about 2 years since the ZDCs were appointed, most of them have met only once and none of them has formulated

any programme for cane development. Besides, the arrangements for execution of the schemes approved by the ZDCs had reportedly not been evolved.

6.74 Soon after the announcement of the above decision of the state government in May 1969, the sugar factories in the state (twenty-eight out of twenty-nine factories in Bihar are in the private sector) started transferring a commission at the rate of 6 paise per quintal of cane supplied to the concerned CDCM unions and the balance commission of 7 paise per quintal meant for cane development was retained by them on the plea that ZDCs which were appointed in October 1974 were not entitled to get any commission from the factories for the period prior to their constitution. The result has been that large amounts which should have been utilized for financing developmental programmes are lying with the factories. Such funds lying with the three factories in East Champaran district alone amounted to Rs 19.92 lakhs as per details given in Table 16. The Cane Commissioner had recently

TABLE 16

Factory	Commission at the rate of 7 paise per quintal of cane supplied for the period 1968-9 to 1973-4 which should have been transferred to the concerned ZDC (Rs lakhs)
Chakia	6.68
Motihari	9.40
Sugauli	3.84
Total	19.92

advised all the factories to transfer the commission so retained to the concerned ZDC which as per the government schemes was to receive a matching contribution from the state government and undertake a massive programme of cane development in its area. The reaction of the factories is not known.

6.75 Thus, since 1969-70, the function of ensuring development of sugarcane areas is not being attended to either by the CDCM unions or by the ZDCs. The result has been that the total area under sugarcane in the state declined from 1.68 lakh hectares in 1969-70 to 1.49 lakh hectares in 1973-4. The total production

also declined from 65.63 lakh tonnes to 51.57 lakh tonnes during the period; the decline in average per hectare yield during the period being from 39 tonnes to 35 tonnes.

6.76 The CDCM unions are facing the problem of surplus staff originally recruited by them for attending to their developmental functions. This staff, comprising 3-4 inspecting assistants having knowledge of cane cultivation and 1-2 peons, are now being utilized for attending to cane marketing but paid by debit to the 'cane development fund'. The 'cane development funds' of the unions to which no contributions have been made since 1969-70 are fast dwindling as may be seen from the data given in Table 17

TABLE 17

CDCM union	Rs Lakhs	
	Cane development fund as on	
	30-6-1971	30-4-1976
New Siwan	1.25	0.77
Bettiah	1.10	0.78
Motihari	2.23	1.51
Sitamarhi	1.00	0.88
Marhowah	0.97	0.19

in respect of five CDCM unions covered by the field study. Judged from the above figures, it appears that the CDCM unions in Bihar will exhaust their respective 'cane development funds' within a period of the next 6-7 years and in the absence of alternate sources of income, the work of the unions may come to a halt.

6.77 The only function legitimately left with the CDCM unions in Bihar is that of arranging for a regulated supply of cane from the grower members of the affiliated societies to the sugar factory of the area throughout the season on the basis of an agreement with the latter. The area of the sugar factory in the state is generally not coterminous with that of a union and, in most cases, in the command area of the former, 2-3 unions function. For instance, the 29 sugar factories in the state are being served by 72 CDCM unions. The position in respect of the unions visited is given in Table 18. The procedure adopted for regulating supply of cane to

TABLE 18

CDCM union	Sugar factory	Number of unions operating in the area of the factory
New Siwan	New Siwan Sugar Works	3
Bettiah	Champan Sugar Works	1
Motihari	Motihari Sugar Factory	1
Sitamarhi	Belson Sugar Works, Righa	2
Marhowah	Kanpur Sugar Works	3

the sugar factories is discussed below.

6.78 The Cane Commissioner of the state government has 'reserved' an area for the supply of sugarcane to every factory and sugarcane grown in that area has to be supplied to that particular factory. The position in this regard is reviewed every year and the Cane Commissioner, if circumstances so warrant, is authorized to alter, modify, re-allocate or cancel the boundaries of an area 'reserved' by him earlier for any factory. The villages not falling within the area 'reserved' for any of the factories are known as 'free' area villages and the growers from such villages can tender their cane to any factory of their choice.

6.79 Within the area 'reserved' for a factory, the Cane Commissioner notifies what are known as 'compulsory' villages and it is binding on the factory to purchase the cane grown in such villages only through the cgcs/CDCM union of the area. As per existing practice, only such villages in which 65 per cent or more of the cane growers are members of the cgcs of the area, are notified as 'compulsory' villages. The proportion of 'compulsory' villages is generally low because of poor coverage of cgcs despite their re-organization into mpcs, as may be seen from the data given in Table 19. Rest of the villages from the 'reserved' area are deemed as belonging to 'non-compulsory' area. While non-member growers from such area can tender their cane to the sugar factory directly, the member-growers from the area are legally expected to tender their cane to the factory through the concerned cgcs/CDCM unions.

TABLE 19

Sugar factory	No. of villages in the 'reserved' area of the factory	Of col. 2, No. of 'compulsory' villages
(1)	(2)	(3)
Motihari Sugar Factory	158	51
Belson Sugar Works, Righa (Sitamarhi district)	686	48

6.80 Soon after the planting of the cane crop and well before the onset of monsoon, i.e., in April/May every year, a joint measurement of the cane area within the area 'reserved' for a factory is undertaken by the representatives of the factory, the concerned CDCM union and the society and the quantity of cane that may be supplied by the two categories of growers during the ensuing crushing season is estimated. Despite this estimate, the Cane Manager of the factory fixes the quantity of cane that may be pooled through the union after taking into account the performance in this behalf of the union during the preceding three years. An agreement for the estimated supply of cane through the union in the proforma prescribed by the Cane Commissioner is entered into between the factory and the union. As per the agreement, it is binding on the union to arrange for cane supply to the factory at least to the extent of 85 per cent of the quantity contracted. The ratio between the quantity of cane contracted and the quantity of cane estimated to be pooled through the union on the basis of the joint survey, is invariably less than 100 per cent. The union has, therefore, to proportionately cut the society-wise quota and each society is required to apply the cut to every member-grower.

6.81 The actual supply of cane to the factory is regulated by issuing requisition slips popularly known in local language as *purji*. Each *purji* represents an authority for delivery of one bullock cart load of cane or what is known as one tyre of cane to the factory on the date mentioned in the *purji*. The union arranges to issue *purjis* to each affiliated society depending on the quota fixed for the society. The distribution of *purjis* among the member growers is left to the society. The Cane Manager of the

factory also issues *purjis* to the cane growers whose cane is accepted by the factory directly.

6.82 On receipt of *purji's*, whether from the union or the factory, the cane grower is expected to tender his cane on the stipulated date either at the gate of the factory or at the nearest collection centre opened by the factory and is entitled to receive payment at the rate fixed by the Cane Commissioner. The rate per quintal of cane ex-gate of the factory is higher by 75 paise than the ex-centre rate. For instance, during 1975-6 crushing season, while the ex-gate rate was Rs 12.25 per quintal, the ex-centre rate was Rs 11.50 per quintal. The cane grower who has received the *purjis* from the factory, i.e., one who is supplying his cane on his own to the factory directly receives payment for the cane supplied immediately after handing over his cane at the factory's gate/centre. As against this position, the member growers pooling cane on the basis of *purjis* issued by the union, receive a weighment slip from the factory on handing over their cane stock. On the basis of weighment slips so issued, the factory is expected to furnish every fortnight to the union concerned society-wise weighment sheets containing the particulars of cane supplied by each grower member and the payment due to him and also forward a consolidated cheque for the total payment. On receipt of the cheque, the member growers are paid through the society of their area when production of weighment slips issued earlier to them by the factory, is insisted. Recovery of dues to the society/union is also made before making the payment. The factory also forwards a cheque to the union representing commission at 6 paise per quintal of cane pooled on the union's behalf. Two-thirds of the commission at 4 paise per quintal is retained by the union and the balance commission at 2 paise per quintal is transferred to the concerned society.

6.83 The procedure detailed in the foregoing paragraphs suffers from many defects which are summarized below:

(a) Neither the union nor the factory is responsible for chalking out a calendar for planting of the sugarcane by the growers in the area and implementation thereof with a view to ensuring that matured cane in adequate quantity is available continuously throughout the following crushing season of the factory. The result is that while there might be short supply of cane for the

factory during a part of the crushing season, excessive quantity of matured cane than necessary might be ready for crushing during some other part of the season.

(b) The availability of excess cane than necessary during some periods of the crushing season coupled with the anxiety of the growers to send matured cane to the factories with a view to avoiding losses resulting from the decrease in the weight of cane on account of drying, often leads to scramble for *purjis* for which a black market runs during the peak period of supply of cane.

(c) The black market in *purjis* and the accompanying mal-practices are possible for three reasons, viz., (i) the *purjis* are issued by the union on the basis of joint measurement undertaken during the earlier cultivation stage and not on the basis of estimate of yield following an inspection of the crop just before its maturity, with the result that some growers have excess *purjis* than necessary while some others require additional *purjis* to take care of their entire production of cane, (ii) the unscrupulous elements dealing in unauthorized sale of *purjis* can manage to get them from the factories which themselves can issue *purjis* in respect of direct supply of cane and (iii) the harvesting and transportation of cane is left to the growers themselves, irrespective of whether the supply is direct or through the union, thereby giving an opportunity to a grower (innovative in securing more *purjis* on the basis of joint measurement than the actual production) to sell the *purjis* with him to another needy grower.

(d) Lack of control of the union over harvesting and transportation of cane enables a member grower listed for supply of cane through the union, to transfer his cane to the factory, either directly or through a non-member/non-borrower grower. The factories can show such cane as having been received from the free area or from a non-member grower from the non-compulsory area. Factories are interested in direct supply to avoid payment of commission to the unions and the growers are interested in avoiding recovery of dues or in despatching the cane earlier than the appointed time as fixed by the unions or in receiving promptly, directly from the factory, spot payment for the cane supplied. It may not be out of place to mention here that the factories tend to delay as far as possible the payments to the union in respect of cane supplied through it.

(e) Since supply of cane through the unions is contracted and, therefore, assured, the factories concentrate first on securing more and more direct supply and supply through the union gets lower priority. This practice instigates every eager cane grower to divert his cane for direct supply to not only the factory of the area but also the adjoining sugar factory. This gives rise to the unhealthy practice of cane poaching.

(f) The prescribed procedure does not provide for making compulsory deductions from the cane price payable to the growers with a view to building up internal resources of the concerned society/union.

(g) No linking has been prescribed between shareholdings of a borrower of the society of his area and his eligibility to supply cane through the society and the same holds good in so far as the eligibility of the society to transfer cane through the union is concerned. This requirement appears necessary especially because the capital base of the societies/unions, is low.

6.84 The neglect of cane development and the loopholes in the procedure in vogue for supply of cane through the unions, have together contribution to a fall or stagnation in the quantum of sugarcane supplied to the factories through the unions, as may be seen from the data given in Table 20 in respect of the unions

TABLE 20

CDCM union	Quantity of sugarcane supplied through it in lakh quintals in					
	1970-71	1971-2	1972-3	1973-4	1974-5	1975-6
New Siwan	2.34	1.35	1.73	1.83	1.46	2.00
Bettiah	4.52	1.86	3.53	3.06	3.78	2.85
Motihari	4.82	2.96	3.38	3.85	3.53	2.74
Sitamarhi	1.35	0.50	0.90	1.26	0.78	0.45
Marhowah	3.18	1.67	2.65	3.25	2.22	1.95

visited during the course of the field study. The Bettiah and Motihari unions are the only unions operating in the area of the respective factories to which the cane is supplied through them. In 1975-6, the cane supplied through each of the two unions was less than one-third of the quantity crushed and one-sixth of the opti-

imum capacity of either of the two factories. A rough calculation also indicates that the quantity of cane supplied through the CDCM unions in Bihar does not exceed one-third of the total quantity of cane actually crushed by the sugar factories in the state indicating that two-thirds of the requirements of the factories are met by them through direct purchases. This position exists in spite of the fact that most of the twenty-nine factories in the state are working well below their optimum crushing capacity and six of them, including the one in the co-operative sector, have been identified as sick and their working has practically come to a standstill.

6.85 From what is stated in the foregoing paragraphs it is evident that the cane unions which were envisaged as nerve centres of economic activity for the cane growers in sugarcane areas in the state are drifting towards extinction and may disappear from the scene altogether within a decade or so. This will be most unfortunate because so long as there are in the state private sugar factories on the one hand and large number of cane growers on the other, the need for an organization of the growers themselves handling regulated cane supply to the factories, safeguarding the interests of the growers, planning the development of sugarcane areas and linking credit with marketing, cannot at any cost be overlooked. The CDCM unions in the state can provide such an organization provided they are given (i) a shot in the arm by equipping them with adequate resources and man-power and (ii) the benefit of a co-ordinated approach, so as to ensure that they are in a position to undertake all the functions expected of a co-operative sugar factory barring the processing of cane. Of the 72 cane unions in state, 57 are actually functioning as sugarcane supply societies. Most of these have their own premises and godowns and it may not be difficult to identify at least one union in the area of each factory which will be in a position to function on the lines outlined in the paragraph that follows.

6.86 The future arrangements regarding the supply of credit, recovery thereof through marketing of sugarcane and the development of cane crop in the cane belt of Bihar may be as under:

(i) The business of supply of credit both for short-term and investment purposes should be exclusively entrusted to the normal credit channel in the co-operative sector, viz., the ccbs and their

affiliated pacs, and the work of cane marketing as also the development of sugarcane areas be handled by the cane unions.

(ii) Immediate steps may be taken for weeding out cgcs of the old model which are still existing as also for reorganization of the pacs in the cane belt on priority basis in pursuance of the recent decision of the state government, so as to have large-sized multi-purpose credit societies each served by a full-time paid manager, throughout the cane area in the state.

(iii) The normal credit limit statements of the reorganized pacs, which will meet credit requirements for all crops including cane, be routed through the concerned cane union instead of the Block Development Officer so that the acreage for which finance for sugarcane cultivation has been sought can be certified by the union.

(iv) While the cash component under the scale of finance for sugarcane may be released by the ccbs through the pacs, seeds and fertilizers may be continued to be distributed by the unions on the basis of permits issued by the ccb representing the disbursement of kind component under the credit limit sanctioned to each grower.

(v) The cane unions may be appointed as agents of BISCOMAN for distribution of fertilizers and depots of the latter can be located in the godowns of the unions.

(vi) A union will be in a position to supply adequate cane to the factory of its area only if it involves itself actively in the development of sugarcane crop in its area. Thus, the functions of regulating cane supply and ensuring development of the sugarcane area, are inter-linked and have to be integrated in one organization. The responsibility of cane development may, therefore, have to be entrusted again to the cane unions.

(vii) It may not be necessary, however, to dispense with the ZDCs already appointed by the state government. Planning for development of the area of a factory and approval of schemes therefore may be looked after by the ZDC appointed for that area and the execution of the plans/schemes so approved may be attended to by the union concerned. Thus, the union concerned can play the role of implementing/executing agency and it can bear the expenditure for the meetings of the ZDC of its area.

(viii) It follows, therefore, that the cane unions should be entitled to receive a commission of 13 paise per quintal of cane supplied by them including the commission of 7 paise for transfer

to their 'cane development fund'. Further, a matching contribution to this fund may be made by the state government as per the decision announced while appointing the ZDCs.

(ix) Like a co-operative sugar factory, every cane union should have a separate Agriculture/Development Wing under the charge of an Agricultural Officer having experience of cane cultivation with 5-6 agricultural assistants and a civil overseer under him. The programming for cane supply and sponsoring schemes of minor irrigation, intensive cultivation, etc., for cane development should be the responsibility of this Wing.

(x) In so far as cane supply is concerned, the union should have the monopoly, i.e., it should be made obligatory by law on every factory not to make purchases of cane except through the union of the area.

(xi) For ensuring regulated cane supply throughout the crushing season and in adequate quantity to the factory, the union should involve itself right from the pre-planting stage of the crops. To start with, a list of growers with acreage proposed to be brought under cane cultivation, may be prepared. The growers may thereafter be given a calendar for planting cane which may from area to area be so spread over that after maturity of the crop in one year's time, the union is in a position to maintain continuous cane supply to the factory throughout the crushing season of the following co-operative year. Each credit society in the area of the union should actively help the union in the registration of growers as also in the implementation of the calendar for planting cane.

(xii) As is being done presently, the Agriculture Department of the union along with a representative each of the factory and the credit society of the area should undertake a joint preliminary survey of the area actually covered by cane crop in April-May every year so as to estimate the quantity of cane that will be supplied to the factory during the following crushing season.

(xiii) The Agriculture Department of the union should be in constant touch with the growers and extend them the necessary extension services for ensuring satisfactory growth of their cane crop.

(xiv) The above Department of the union should undertake, along with a representative each of the factory and the credit society of the area, second round of joint survey of the standing crop in September-October to find out the actual quantity of cane that

will be available for crushing. On the basis of this survey, a programme for crushing should be drawn and dates/weeks for harvesting of the crop given to the credit societies and their grower members.

(xv) The harvesting and transportation of cane to the factory on the specified dates should *not* be left to the growers but taken up by the union itself. This is very necessary to dispense with the present practice of issuing *purjis* and to avoid cane poaching or pooling of cane by a borrower in the name of a non-borrower. The discussions during the course of the study revealed that it will not be difficult for unions in Bihar to enagage for this purpose adequate labour and bullock carts/trucks during the crushing season. To meet the cost, the union concerned can make deductions at certain rate which may not exceed 75 paise per quintal, at the time of payment of cane price.

(xvi) The cane price (ex-gate) may as at present be paid to the growers through the union/credit society of the area when the recovery of loan dues on the basis of society-wise demand list furnished by the concerned ccb should be made. Suitable arrangements can also be worked out for the recovery of the dues of the sldb. The ccb/sldb may be required to pay commission to the union at, say, $\frac{1}{2}$ per cent to 1 per cent of the total amount of recovery made by the latter through cane payments. Besides, it should be ensured that every factory makes cane payments promptly, i.e., within a period of 15 days from the date of supply of cane, as prescribed by the government. Penalties on a progressive scale according to the periods of defaults should be imposed on factories responsible for breach of this discipline.

(xvii) In addition, the unions may be permitted to make small compulsory deduction, say, as deposits, at the rate *not* exceeding 50 paise per quintal, one-half of which may be transferred to the credit society of the area. This practice if introduced, will help building-up of the internal resources of the unions/credit societies, in course of time. In fact it may be possible to treat the amount transferred to the primary society not as deposit but as contribution to a separate fund to be utilized by the society to extend full or partial relief by way of write off to cane growers whose cane crop is extensively damaged by a natural calamity like floods, etc.

(xviii) Every cane grower interested in sending his cane to the

sugar factory for crushing will have to apply for and be admitted as a member of the credit society of his area. Besides, the entitlement of a cane grower to send his cane through the credit society/union of his area may be linked to his share holding in the society. This linking, which will be over and above the linking prescribed for credit supply, may be one share of Rs 10 per tonne or 10 quintals of cane routed through the society. Similarly, a slightly different, i.e., lower linking may be prescribed for the cane supplied by a society through the union of its area. This practice, if introduced, will help widening of the capital base of both the credit society and the union concerned. In addition, the state government may consider making a suitable contribution to the share capital of each union.

(xix) The cane supply from a union to the factory of its area can be, as per the arrangement discussed above, properly regulated if the work is entrusted to one organization. It is, therefore, desirable to have as far as possible only one union for the area of a sugar factory by amalgamation of the existing unions if more than one union is presently attached to a factory.

(xx) The state government may have to initially provide suitable staff from the Co-operative/Cane/Agriculture Departments to the cane unions identified for retention so as to ensure successful implementation of the proposed scheme. The Chief Executive of each union known as the 'Organizer' may be at least of the rank of ARCS instead of the Co-operative Inspector as at present.

6.87 The introduction of the proposed scheme as outlined above would mean that the business of supply of agricultural credit cannot be entrusted to the CDCM unions in Bihar which have neither the resources nor the know-how for the purpose. But the cane unions in the state can play useful complementary roles along with the agricultural credit institutions by helping the development of cane crop and ensuring recovery of the loans given therefor. Besides, once the unions stabilize, they may be able to help the growers in marketing of their other agricultural produce by opening a branch in *mandi* or regulated market for it may not be feasible to have a separate general purpose marketing society in a predominantly sugarcane growing area. It is to be noted, however, that the success of the proposed scheme will depend on the full co-ordination between the Co-operative sugar factories and Cane Depart-

ments of state government on the one hand and the cane unions and the ccbs on the other. Besides, wide publicity will have to be given before introduction of the proposed scheme so as to remove misgivings, if any, in the minds of the interested parties. The discussions during the course of the field study revealed that the proposed scheme will be well received not only by the officials and non-officials concerned with the management of the co-operative credit institutions but also by the leadership behind the cane unions. The Bihar State Cane Growers Association (BSCGA), it is hoped, will also welcome the proposition in the interest of cane growers themselves, inasmuch as the BSCGA had so far objected to reorganization of cane growers societies mainly because they had a feeling that with the reorganization of these societies, the cane unions themselves will have to close their operations. But in fact, the cane unions have a substantial role to play and if this is explained to all concerned, the introduction of the proposed arrangement will have smooth sailing.

CONCLUDING OBSERVATIONS

6.88 In the three sections of this chapter, we have made a series of recommendations for the reorganization of pacs, for ensuring the provision of a full-time paid manager to each one of them, for creating such institutional framework in the tribal areas as is fully oriented to the needs of the tribals and for revitalization of CDCM unions with a view to ensuring cane development, fair return to the producers of cane and linking of credit with the supply of sugarcane to the sugar factories. The adoption of these recommendations, we hope, will pave the way for building-up a strong institutional base for the co-operative credit structure in Bihar.

CHAPTER 7

PROBLEMS OF OVERDUES

7.01 ON account of the organizational, operational and financial deficiencies which have been existing in the co-operative credit institutions in Bihar and which we have brought out in detail in Chapters 2 to 4 of this report, the overdues of these institutions have emerged as a major problem. The measures suggested in Chapters 5 and 6 for overcoming these deficiencies will no doubt help the institutions in keeping the overdues within reasonable proportions in future. But what is equally important is to ensure that the existing overdues of these institutions do not seriously undermine the very capacity of these institutions to switch over from a stage of stagnation to one of sustained growth. The problem of overdues of the co-operative credit institutions in Bihar, therefore, merits a careful and perhaps a more sympathetic consideration than in the case of other states. But before attempting this examination, we may first assess the dimensions of the problem of overdues.

Dimensions of the problem

7.02 The ccb-wise position of overdues at the intermediate level and the district position in this regard at the primary level are available in Chapters 3 and 4 respectively. At the primary level, as at the end of June 1975, the overdues of societies at Rs 19.02 crores formed as high as 67 per cent of the outstanding loans at Rs 28.28 crores. The chronic overdues, i.e., overdues for periods over 3 years at Rs 4.91 crores formed 26 per cent of the total overdues. The total overdues of the ccbs at Rs 23.41 crores as on 30 June 1975 formed 69 per cent of the total outstandings at Rs 33.76 crores. The chronic overdues at Rs 6.67 crores formed 29 per cent of the total overdues. The amounts of the total loans outstanding and overdue at the ccb level are greater than the relevant figures at the primary level. This may be so for two reasons, viz., (i) the figures at the ccb level include their non-agricultural lendings which, however, in the case of Bihar are not

large and (ii) the recoveries booked as those of principal at the primary level might have been accounted for as recoveries of interest at the ccb level. Even so, since recoveries from societies are normally adjusted at the ccb level first towards recovery of the old defaults, the level of chronic overdues at the ccb level should have been lower than at the primary level. In actual fact, the position is quite different inasmuch as the chronic overdues at the ccb level at Rs 6.67 crores exceed by Rs 1.76 crores the level of such overdues at the primary level at Rs 4.91 crores. Thus, the possibility of the pacs resorting to the undesirable practice of book adjustments during the three-year period ending on 30 June 1975, which in turn has resulted in the period-wise classification of overdues at their level not revealing the real position, cannot be ruled out and will have, therefore, to be given due consideration.

7.03 For the state as whole the total overdues of the pacs exceed their total internal resources comprising the owned funds and deposits by Rs 11.34 crores. There is not a single district in the state wherein the overdues of pacs are equal to or within their internal resources. In one district, viz., Nalanda (SB), the position is still worse inasmuch as the chronic overdues of pacs in this district at Rs 13.69 lakhs exceed their total internal resources at Rs 12.76 lakhs by Rs 0.93 lakh. In another 15 districts shown in Table 1, the chronic overdues of pacs exceed their disposable internal resources assumed at two-thirds of the total owned funds and deposits.

TABLE 1

Districts in which chronic overdues of pacs exceed their disposable internal resources			
NB	SB	CPTA	CPOA
Begusarai	Bhojpur	Ranchi	Dhanbad
Muzaffarpur	Monghyr		Giridih
Purnea	Nawadah		Hazaribagh
Saran	Patna		
Sitamarhi	Rohtas		
Vaishali			

7.04 Among the ccbs in Bihar, it is only in the Dhanbad central bank that the total overdues, although in excess of owned funds,

are well within its disposable internal resources comprising two-thirds of the owned funds and deposits. In another seven banks shown in Table 2, the total overdues exceed their respective

TABLE 2

ccbs whose total overdues exceed the disposable internal resources but are within the total internal resources			
NB	SB	CPTA	CPOA
Siwan-Chapra Begusarai	Bhagalpur Sasaram-Bhabua	Gumla-Simdega Singhbhum	Hazaribagh

disposable internal resources, but are within their total internal resources. The overdues of the remaining 20 ccbs exceed their respective total internal resources comprising the whole of owned funds and deposits.

7.05 In as many as 12 ccbs shown in Table 3, the chronic over-

TABLE 3

ccbs whose chronic overdues exceed their owned funds			
NB	SB	CPTA	CPOA
Laheriasarai- Samastipur- Daulatpur Madhipura- Supaul Muzaffarpur- Hajipur National Purnea Rohika	Bihar-Barh- Fatwah	Deoghar-Jamtara Ranchi-Khunti	Dhanbad Giridih Hazaribagh

dues exceed their respective owned funds. These include three banks, viz., Laheriasarai-Samastipur-Daulatpur, Madhipura-Supaul (NB) and Giridih (CPOA), whose chronic overdues exceed their respective disposable internal resources placed at two-thirds of the owned funds and deposits.

7.06 Another item of concern is that of the total chronic overdues

at Rs 6.67 crores at the level of the ccbs in Bihar, those amounting to Rs 3.62 crores or 54 per cent of the total chronic overdues and 16 per cent of the total overdues, are for periods over five years. The overdues over five years in two banks, viz., National (NB) and Giridih (CPOA), both of which have been identified for integration with the long-term credit structure, exceed their respective owned funds.

7.07 To sum up, the problem of overdues and of chronic overdues is widespread throughout Bihar. In all the 31 districts at the primary level and in 20 out of 28 banks at the intermediate level, the overdues exceed the total internal resources of the respective institutions with the result that a majority of the ccbs have been in constant default to the BSCB locking up the latter's sizeable internal resources in overdues. As on 30 June 1975, the overdues of the BSCB at Rs 11.18 crores formed as high as 69 per cent of the bank's disposable internal resources at Rs 16.11 crores thereby leaving little room for the apex bank to gainfully employ its funds for supporting the few agricultural credit institutions which are efficient and deserve encouragement or for providing credit facilities to other equally important activities like fertilizer distribution, marketing of produce, etc., in the co-operative sector. This position very well brings out the grave situation in which the co-operative credit institutions at all levels in Bihar are placed on account of their high levels of overdues.

7.08 The overdues in the co-operative credit institutions in Bihar may be divided into two broad categories as the treatment of these overdues will vary in the two categories. In the first category may be included the more recent overdues, i.e., overdues arising in the year 1973-4 and subsequent years ending on 30 June 1976. The second category will consist of all defaults arising in 1972-3 and previous years and subsisting on 30-6-1976. On that date these defaults would have been three or more years old and could thus be classified as chronic overdues. We would have very much liked to take into account the latest position in this behalf, i.e., as on 30 June 1976 but since the age-wise classification on that date has not become available to us we have to be satisfied with the position of chronic overdues as on 30 June 1975. Moreover, the position a year later may not have deteriorated further as the

recoveries during 1975-6 had improved appreciably all over the state as compared to the position obtaining in the previous year. The chronic overdues thus amounted to Rs 6.67 crores at the ccb level and Rs 4.91 crores at the level of the pacs. Since the total overdues at the two levels were Rs 23.41 crores and Rs 19.02 crores, the overdues falling in the first category will amount to Rs 16.74 crores and Rs 14.11 crores respectively at the levels of the ccbs and pacs. The explanation about the level of overdues at the primary level being lower than that at the level of the ccbs has already been given in paragraph 7.02 above.

Non-wilful defaults

7.09 We now consider the problem of overdues falling in the first category. The Overdues Study Team as also the Study Teams appointed by the RBI in the recent past for states like Maharashtra, Rajasthan and Madhya Pradesh have recommended that some relief is called for in the case of such defaulters as have defaulted in repayment of their dues for reasons beyond their control with a view to giving an opportunity to the concerned defaulters and their institutions to rehabilitate themselves. A defaulter of the above category who may be termed as a non-wilful defaulter, can be defined as one who could not repay his dues because his crop was extensively affected by a natural calamity, but in whose case the stabilization assistance which was introduced to meet such a contingency, was unfortunately not extended. The field studies of pacs undertaken at our instance have indicated that there may be a number of borrowers of primary societies belonging to the above category.

7.10 The question is what should be the objective criteria for defining a non-wilful defaulter in so far as the defaulters in Bihar are concerned. A statement showing the district-wise position of villages affected by natural calamity during the years from 1969-70 to 1974-5 is given in Annexure 31. It will be seen therefrom that the crops were extensively damaged throughout the state in the years 1969-70 to 1971-2 and in a majority of the districts during 1972-3. During this period of four years, the number of villages affected ranged between 0.22 lakh in 1969-70 and 0.41 lakh in 1971-2. In terms of percentage to the total number of

villages, the position was as indicated in Table 4. Contrary to

TABLE 4

Year	Percentage of villages affected to total number of villages
1969-70	28
1970-71	35
1971-2	53
1972-3	41

the above position, the incidence of natural calamity was limited to a few districts during 1973-4 and 1974-5 as may be seen from Table 5. For the state as a whole, the percentage of villages

TABLE 5

Year	Districts affected by natural calamity with percentage of villages affected to total villages in each one of them shown in brackets			
	NB	SB	CPTA	CPOA
1973-4	Gopalganj (44)	Gaya (41)	Singhbhum (47)	—
1974-5	Gopalganj (92)	Muzaffarpur including Vaishali (5)	Palamau (39)	Singhbhum (19) —

affected to total number of villages worked out to hardly 7 in 1973-4 and 5 in 1974-5. However, due to the unprecedented floods which ravaged the Bihar plains in 1975-6, the incidence of natural calamity was again widespread in that year.

7.11 In the light of the above analysis, we recommend that all defaulters with cultivated holdings in villages affected by natural calamity in one or more years, i.e., where the *annewari* declared was 6 annas or less, during the three-year period 1973-4 to 1975-6 should be considered as non-wilful and eligible for relief under a rehabilitation programme, provided their defaults had occurred during the period November 1973 to June 1976, with the exception of the following categories of borrowers:

- (a) those who have either deceived the society by showing false land holdings or crops with a view to securing more

credit than they would have been otherwise eligible for or have been issued fresh finance although they were in default to their society;

- (b) those who had obtained loans for cash crop like sugarcane in conjunction with other crops provided the income from the former is at least 75 per cent of their gross agricultural income;
- (c) those whose gross agricultural income is above Rs 5000 per annum;
- (d) those who are income-tax assesseees.

The exclusion of defaulters in category (d) is necessary to deny relief to those who no doubt may have small holdings and, therefore, low agricultural income, but in actual fact are having non-agricultural income of taxable level and are relatively affluent.

7.12. Assuming the repaying capacity of a borrower at 58.33 per cent (60 per cent for convenience of accounting) of the value of gross produce, the Overdues Study Team made an exercise to decide on the nature and extent of relief which might be given to non-wilful defaulters which is given in Annexure 32. We suggest adoption of the recommendations of the Overdues Study Team in this behalf, subject to certain minor modifications which are necessary as a different period has been reckoned to define a non-wilful default. Accordingly, we recommend that in the case of Bihar the nature and extent of relief to non-wilful defaulters defined in paragraph 7.11 may be as under:

(i) *Default under one loan*

If the default is in respect of only one short-term loan, the amount may be converted into three-year medium-term (rehabilitation) loan. The annual repayments in respect of this loan together with the repayment of fresh short-term loan for current agricultural operations will be well within the borrower's repaying capacity.

(ii) *Default under two loans*

A member might have borrowed a short-term as well as a medium-term loan in a year and if that year was affected by

natural calamity and if the member was not granted conversion under the normal stabilization arrangements, the default might be subsisting under both the loans. A six-year rehabilitation loan will be required to accommodate within the repaying capacity, the aggregate burden in respect of these two loans as well as the short-term loan for current agricultural operations.

(iii) *Default under three loans*

If the natural calamity recurs for the second consecutive year and the borrower is granted conversion facilities in the first year but denied rephasing facilities in the second year, the default might be in respect of three loans, viz., a conversion loan, a short-term loan and a medium-term loan, the latter two having been borrowed in the second year of natural calamity. In such a situation, 50 per cent of the conversion loan, the earliest loan in point of time, may have to be written off and the aggregate of balance of this loan and the remaining two loans can then be rescheduled as a seven-year loan which will keep the annual repayments within the repaying capacity.

(iv) *Default under four loans*

If the calamity was for three successive years and if the borrower was granted conversion facilities in the first year followed by rephasing facilities in the second year, but denied rescheduling facility in the third year, the default can be, though it may merely be a theoretical proposition, under four loans, viz., three short-term loans including the one not converted in the third year and a medium-term loan. In such an extreme case the write off may have to be for (i) the full amount of the first conversion loan and (ii) 50 per cent of the second conversion loan. If this is done, the balance of the overdue loans can be rescheduled as a seven-year loan.

(v) *Part repayment of defaulted amount as pre-condition for relief*

The current year (1976-7) may be a normal year from the view-point of agriculture at least in some parts of the State. Besides, most of the defaulters eligible for relief might have enjoyed

the benefit of one or two normal year or years during the three-year period 1973-4 to 1975-6. Such of those as are eligible for inclusion under the rehabilitation programme, but have also enjoyed the benefit of one or two normal years during the three-year period 1973-4 to 1975-6, should pay at least 25 per cent of the aggregate principal amount under default together with overdue interest (but excluding penal interest) to be eligible for relief as indicated at items (i) to (iv) above provided the current year (1976-7) is a normal year for them. However, if the aggregate payment as above exceeds 60 per cent of the value of gross produce of the concerned defaulter, that part of the excess should be reduced from the principal amount required to be paid by the defaulter and the balance converted as a rehabilitation loan. Full payment of overdue interest (exclusive of penal interest) should, however, be insisted even in cases where none of the preceding three years was a normal year. Further, it may be noted that on account of the insistence on the repayment of part amount of principal in default before granting relief, the annual repayment schedule in respect of defaults under two to four loans at items (ii) to (iv) above can be suitably reduced and in the case of defaults under three or four loans, there may not be any need to resort to write off a part of aggregate defaulted principal amount as suggested.

(vi) *Penal interest*

As indicated at item (v) above, the entire overdue interest (exclusive of penal interest) will be recovered in all cases before granting relief under the rehabilitation programme. We, however, suggest that on all overdue loans eligible for inclusion under the rehabilitation programme, penal interest should be waived. Such a waiver will not affect the profits of the society or the ccb as the income by way of penal interest is only a contingent income and the society does not forgo any part of its normal margin.

7.13 It may be worthwhile to have an estimate of the total defaulted amount that may be eligible for relief. A rough estimate of the amount that may qualify for conversion into rehabilitation loans, has been made district by district in Annexure 33 on the basis of overdues up to three years as on 30 June 1975 at the level of the pacs and the proportion of villages affected by natural

calamity to the total number of villages in each of the three years 1972-3, 1973-4 and 1974-5. Although the defaults committed in 1972-3 are not covered by the proposed rehabilitation programme, the estimate made for that year may be a rough indicator of the position in 1975-6 for the whole state in view of the fact that the incidence of natural calamity was more or less of the same degree in 1975-6 as in 1972-3, although the district-wise position may be different as the districts affected in 1975-6 may not be the same as those affected in 1972-3. On this basis the non-wilful default may amount to above Rs 1.70 crores forming about 9 per cent of the total overdues at the primary level at Rs 19.02 crores as on 30 June 1975. But since the districts affected in 1975-6 are from the Bihar plains which account for a larger share of co-operative institutional credit, it may not be incorrect to place the figure of non-wilful default eligible for relief under the proposed rehabilitation programme, at about Rs 2 crores. On this basis the quantum of wilful defaults will be more than Rs 12 crores at the pacs level.

Financial arrangement—Non-wilful defaults

7.14 No separate financial assistance is considered necessary to the concerned ccbs for conversion of non-wilful defaults into medium-term rehabilitation loans as equivalent funds of the banks and/or the BSCB are already locked up in such overdues. All that is necessary for the BSCB is to convert overdues of the concerned ccbs under short-term agricultural loans or the actual amount of such overdues, whichever is lower, into rehabilitation loans, i.e., medium-term loans of suitable duration. However, as a result of such conversions, the term investments of a ccb may exceed its term resources. Besides, the central banks take up higher lending programme to finance, among others, the non-wilful defaulters and may, therefore, face difficulties in ensuring adequate non-overdue cover for the future borrowings from the BSCB. The liberal contribution to share capital of all the ccbs/DCDBs in Bihar at the rate of Rs 15 lakhs in some cases and Rs 10 lakhs in others by the GOB borrowing from the RBI should take care of the liquidity aspect of the banks which will suffer on account of the conversion of short-term loans into medium-term rehabilitation loans on the lines proposed by us.

7.15 In Bihar the period of rehabilitation loans may not go beyond five years and there may not be any necessity to resort to write off as the on-the-spot studies of the 202 pacs have indicated that there are no borrowers having defaults under three or four loans.

7.16 The work of identification of non-wilful defaults and deciding the period of rehabilitation loans in each case may be taken up by the branch-level assessment committees comprising the branch manager of the ccb/DCDB, the concerned inspector/supervisor, the co-operative extension officer of the block and a non-official from the area. The whole work should be completed as early as possible but not later than 31 March 1977 so that the non-wilful defaulters become eligible for fresh finance and are actually released such finance in time for *khari* 1977.

Chronic defaults

7.17 We now turn our attention to the chronic defaults, i.e., the overdues falling in the second category which have been placed at Rs 6.67 crores and Rs 4.91 crores respectively at the ccb and pacs levels. Under the Central Sector Plan Scheme for the Rehabilitation of Weak Central Co-operative Banks, assistance is available for writing off a portion of bad and doubtful debts, accumulated losses and other overdues over three years of cbcs under certain conditions when chronic overdues paralyse their working and render them unserviceable as channels for purveying credit flowing from higher financing agencies. The GOB had solicited assistance in respect of 16 cbcs with reference to their financial position as on 30 June 1973 and the proposal of the GOB for assistance to another 5 cbcs on the basis of overdues as on 30 June 1973 is under the consideration of the GOI. The position of chronic defaults has since worsened as is evident from the figures of such defaults at the end of June 1975. The assistance applied for by the GOB in respect of these banks will, therefore, prove inadequate to cover the quantum of chronic overdues as on 30 June 1975. It will be necessary to revise the proposals on the basis of financial position of these banks as on 30 June 1976. However, since the financial particulars of these banks as on 30 June 1976 were not readily available we have estimated the quantum of

assistance required under the scheme on the basis of particulars as on 30 June 1975.

7.18 We have suggested later in this chapter that similar assistance may be provided to the remaining banks also. In view of the weak financial position of the co-operatives in the state, relaxation will have to be made in the stipulated share of each tier as it may not be realistic to expect that the pacs and the ccbs will be in a position to provide more than 5 per cent each of the amount eligible for write off under the scheme at their levels. The BSCB may not also be in a position to contribute more than 10 per cent of the amount eligible for write off at its level. The balance amount will have, therefore, to be shared equally by the GOB and the GOI. On this basis an exercise in respect of all the 28 ccbs existing at present has been attempted in Annexure 34 with reference to their financial position as on 30 June 1975. However, while actually estimating the quantum of assistance, recoveries in respect of the amount estimated in Annexure 34 during 1975-6 and the overdues which become eligible for inclusion under the scheme will have to be taken note of. It may be observed from Annexure 34 that after allowing the share of co-operative credit structure at Rs 69.58 lakhs at the percentages indicated earlier the balance amount of Rs 301.19 lakhs may have to be shared equally between the GOB and the GOI. The assistance applied for on behalf of the 16 ccbs and that released so far is very small as compared to the eligibility of the banks under the scheme as on 30 June 1975 as may be seen from Table 6. The assistance of the order indicated in the table will hardly improve the liquidity or the financial position of any of the ccbs in Bihar and will not remedy their weaknesses for which the Central Sector Plan Scheme is really intended. We would, therefore, urge on the GOI to take up all the ccbs under the Central Sector Plan Scheme and sanction enhanced assistance on the basis of financial particulars as on 30 June 1976. The total assistance to be provided by the two governments together at about Rs 3 crores appears to be large, but should not be considered as such against the background of the extremely weak condition in which the entire co-operative credit structure stands at present. A small dose of assistance will in no way improve the position of the banks to serve as effective channels of credit provided by the higher financing

TABLE 6

		Rs Lakhs
(i) Amount released by GOI	26.06	
(ii) Amount released by GOB	26.06	
(iii) Amount released by BSCB	13.03	
		65.15
(iv) Transfer of their special bad debt reserves by 4 ccbs		2.02
(v) Amount to be received from GOI		9.12
(vi) Amount to be received from GOB		9.12
(vii) Amount due for contribution by the BSCB		4.56
(viii) Amount of special bad debt reserves to be transferred by the remaining 12 ccbs		Not available
	Total	89.97

agencies and in that case the very assistance may prove a waste of expenditure.

7.19 Assistance under the Central Sector Plan Scheme is provided for improving immediately the liquidity of the ccbs which stands eroded considerably by the chronic overdues. It is to be used in writing off a part of the overdues particularly of the small farmers. In this context, it may be of advantage to have a rough idea of the realisability or otherwise of the chronic defaults of the ccbs in Bihar. Of the 16 ccbs approved for assistance, only six banks have completed a tentative investigation of their chronic overdues as on 30 June 1975. Of the five banks recommended for assistance, only one bank, viz., Nawadah, has attempted similar investigation. The remaining banks including the seven since identified as weak, have either not completed or not attempted such investigation. The figures which are tentative in respect of the seven banks, which have made an *ad hoc* assessment, are given in Table 7. Of the total chronic overdues of these 7 banks at Rs 186.10 lakhs as on 30 June 1975, those amounting to Rs 30.88 lakhs (17 per cent) may prove irrecoverable and those amounting to Rs 84.15 lakhs (45 per cent) may deserve the facility of conversion for recovery. The balance overdues amounting to Rs. 71.07 lakhs (38 per cent) may have, however, to be recovered through coercive

TABLE 7

		Rs Lakhs			
ccb		Chronic overdues as on 30-6-75	Of the overdues in col. (2), those considered		
			Irrecover- able	Recover- able by conversion	Recover- able by coercive action
	(1)	(2)	(3a)	(3b)	(3c)
NB	Siwan-Chapra	39.95	3.41	15.84	20.70
SB	Bhagalpur	15.70	0.30	13.39	2.01
	Nawadah	9.04	0.40	8.59	0.05
CPTA	Daltonganj	8.35	0.94	3.63	3.78
	Ranchi-Khunti	34.93	2.50	13.00	19.43
CPOA	Dhanbad	30.86	14.72	11.16	4.98
	Hazaribagh	47.27	8.61	18.54	20.12
	Total	186.10	30.88	84.15	71.07

process. On the basis of the above findings, the chronic overdues of the ccbs in Bihar may be classified as under:

(i) Dues which are *benami* loans or where the whereabouts of the borrower are not known or the borrower and his surety have no land/assets or the transaction is not supported by proper records/loan documents and may, therefore, be termed as unidentifiable defaults (broadly one-fifth of the total) and may be considered as difficult of recovery.

(ii) Dues which can be recovered by the extension of rescheduling facility (broadly two-fifths of the chronic defaults). It has to be noted that during each of the years 1969-70 to 1972-3, the incidence of natural calamity was widespread.

(iii) Dues which are what may be termed as identifiable defaults and have, therefore, to be recovered through coercive process (broadly again, two-fifths of the total).

On the above reckoning only about 40 per cent of the assistance under the Central Sector Plan Scheme may be ultimately needed to write off bad debts. The ccbs in Bihar are badly in need of assistance immediately to improve their liquid position and not so much to keep the real value of their owned funds intact.

7.20 The progress in implementing the programme of rehabilitation of the weak ccbs in the state has been poor. A number of ccbs whose cases have been approved or recommended for assistance to the GOI and which have been identified as weak have either not commenced or not completed the work of investigation of chronic overdues. Review committees have either not been constituted or not been meeting in the cases of many banks where they have been formed. Even the state level review committee has met only twice, i.e., first in April 1975 to consider the cases of different banks for recommendation for assistance to the GOI and second in November 1975 to review the progress made in identification of overdues by the 16 banks originally identified as weak. The committee has not met since then and, therefore, action has not been initiated so far for recommending to the GOI for assistance the cases of the seven ccbs which have since been identified as weak on the basis of their financial position as on 30 June 1975. The BSCB has not also taken any initiative in ensuring the implementation of the programme. No doubt, the bank has created a separate rehabilitation cell at its head office. But this cell has so far not taken up the work of preparing specific annual programme with definite targets for the different ccbs. In fact, the amounts received by the BSCB from the GOI and the GOB in respect of the 16 ccbs approved for assistance, have not even been transferred to the respective banks for credit to their rehabilitation funds. Thus, the progress in implementing the programme of rehabilitation of weak ccbs in Bihar may be deemed as unsatisfactory. If the ccbs in Bihar are to play a dynamic role and achieve a very fast growth rate which we have envisaged for them the question of rehabilitation of these banks has to receive the highest priority from all concerned. We recommend that the cases of all the ccbs in Bihar be prepared for assistance under the Central Sector Plan Scheme and forwarded to the Government of India latest by 31 December 1976.

7.21 In view of the relatively high proportion of chronic overdues and bad debts and assets, the programme of rehabilitation of weak ccbs in Bihar may have some special features of its own. We have the following suggestions to make in that behalf:

(i) Since all the ccbs in Bihar are more or less in the same financial condition the cases of all of them may be reviewed for

assistance under the Central Sector Plan Scheme on the basis of their financial position as on 30 June 1976. This may mean sanction of substantial assistance to the ccbs by the GOI and GOB. An indication in this respect has been given by us in paragraph 7.18.

(ii) Because of the poor position of the reserves and the general weakness of all the ccbs and also the BSCB, the GOI may agree to modify the Central Sector Plan Scheme to fix the total share of the co-operative credit institutions, viz., the pacs, the ccbs and the BSCB at not more than 20 per cent. The respective shares have been suggested by us at 5, 5 and 10 per cent for the three levels. However, if the pacs or any ccb does not have adequate reserves to meet its share even on the reduced basis, the share of the BSCB may be increased correspondingly. If the BSCB itself does not have the capacity, the GOB may be permitted, as part of the programme of rehabilitation of the ccbs, to grant a loan for a period not exceeding five years to build up the fund. Repayment of the loan should be a charge on the future profits of the BSCB. The accelerated growth of business which we have envisaged for the bank will improve the profits of the BSCB appreciably which should take care of the burden of repayment of the loan.

(iii) In order to segregate the defaults eligible for special treatment (as a last chance to the concerned institutions) from the future chronic defaults, the best course is to block all chronic defaults in a separate collection account within the institutions themselves both at the primary level as well as at the ccb level. At the level of pacs, all loan accounts in default for over three years according to the date of original advance, i.e., ignoring the date on which the loan was, *prima facie*, renewed merely through a book entry, may, inclusive of interest receivable but excluding penal interest, be transferred to a separate loan ledger called 'Loans in collection account' ledger. In the general ledger of the society, a new account styled 'Loans in collection account' may be opened with debit balance equivalent to the total of all loan accounts transferred to the ledger for 'Loans in collection account'. Another new account may be opened in the general ledger of the society styled 'Borrowings from the central bank under collection account' to match the debit balance under 'Loans in collection account'. However, the share capital of the society held by each chronic defaulter should be transferred to a third new account in the general

ledger which may be known as 'Paid-up capital in collection account' and the borrowings from the central bank in collection account should be reduced to that extent. Thus, if the dues from the defaulters in collection account amount to Rs 10,000 and those defaulters have contributed Rs 1,000 to the share capital of the society, the position will be as under:

Credit		Debit	
	Rs		Rs
Paid-up capital in collection account	1,000	Loans in collection account	10,000
Borrowings from the central bank in collection account	9,000		
	<u>10,000</u>		<u>10,000</u>

At the central bank level, a separate ledger as also a new account in the general ledger for loans to societies in collection account will have to be opened. The balance in respect of each society in collection account will correspond to the borrowings from the central bank shown by the society in collection account in its books. Thus, out of the existing outstanding principal and interest against the society at the central bank level, corresponding amount may be transferred to the loan account of the society in collection account in the books of central bank. Simultaneously, an amount equivalent to the total interest receivable brought in collection account may be transferred by the concerned ccbs from the 'Provision for unrealized income to the Rehabilitation fund for weak pacs' account on the liabilities side. As regards the balance amount necessary to match the principal of loans in collection account, action as proposed later may be taken.

(iv) The chronic defaults blocked in collection account as above will be of three types, viz., (a) the defaults which are wilful and can be accounted for and can, therefore, be recovered over a period of time, say, five years, (b) defaults which may deserve rescheduling into medium-term loans upto 5 years because the crop for which the borrower had raised the loan was actually affected by natural calamity, and (c) defaults which are unaccountable representing the cases of loans without documents, misappro-

priation of recoveries, *benami* loans or loans otherwise irrecoverable, etc. The defaults of the third type may have to be written off. It is presumed that assistance available under the Central Sector Plan Scheme and transferred to the 'Rehabilitation Fund for weak pacs' account of each ccb will more than cover at least those defaults which may have to be written off.

(v) Blocking of the chronic defaults in a collection account both at the level of the pacs and the concerned ccbs may be completed by 31 December 1976.

(vi) Branch-level Assessment Committee comprising the branch manager, the concerned inspector/supervisor of the ccb, the co-operative extension officer of the block and a non-official from the area should investigate society-wise every individual loan case to decide whether the defaulted amount can be accounted for and recovered over a period of time or whether the rescheduling facility needs to be extended or whether the default is unaccountable and has to be written off. The investigation of the Assessment Committees should conform to the guidelines for the purpose which may be issued by the RCS.

(vii) The proposals of the Assessment Committees in a district may be put up for final approval to a 'District Level Review Committee' comprising the Chairman and the EO of the ccb/DCDB, the DCO/ARCS of the district and the RIO of the BSCB. The decision of the 'District Level Review Committee' may be ratified by the board of directors of the concerned ccb/DCDB.

(viii) The whole work may be completed by 30 April 1977 by which date the aggregate amount of loans which are to be written off, which are to be rescheduled into medium-term loans and which are to be recovered through coercive action should be available. Coercive action against the small farmers/tribals/scheduled castes among the wilful defaulters whose dues are less than Rs 100 in each case, may not, as far as possible, be taken. These defaulters may be persuaded to repay their dues in small instalments over a period of time not exceeding five years. A suitable agreement in a prescribed form should be taken from them for this purpose as also from the defaulters whose dues are to be rescheduled and recovered over 5 years and in that case they may not be treated as defaulters and allowed fresh finance. But the defaulters whose dues are identified for recovery through coercive process should not be allowed fresh finance unless they repay their dues.

(ix) The procedure for writing off unaccounted defaults may be the same as in the case of the rehabilitation programme. It is, however, recommended that the GOI may not insist on limiting the write off to only small farmers because once the defaulter has been identified as *benami* or not traceable or not having any assets, it is immaterial whether he is a small or big farmer as per loan records. Since assistance under the Central Sector Plan Scheme is given on the basis of chronic defaults, accumulated losses and bad debts and not confined to the amount to be written off there is no point in carrying the bad debts in respect of bigger farmers in the books of the societies and ccbs until they could be written off out of the reserves created by the ccbs themselves. The sooner the ccbs are able to show a cleaner financial position the better it is for all concerned.

(x) In so far as loans in collection account other than those to be written off are concerned, it is suggested that the demand in respect of such loans may be reckoned at 20 per cent of the amount in the collection account thereof at the end of the first co-operative year (viz., 1977-8), 40 per cent at the end of the second year, 60 per cent at the end of the third year, 80 per cent at the end of the fourth year and 100 per cent at the end of the fifth year. We recommend that this arrangement may be accepted by the RBI for the purpose of deciding the eligibility of the ccbs/DCDBs in Bihar for short-term and medium-term agricultural credit limits from it provided the GOB agree to make good the shortfall between the actual recoveries and the demand so reckoned, by way of sanction of a term loan for equivalent amount if the balance available in the 'Rehabilitation fund for weak pacs' account over and above the amount earmarked for write off, is not sufficient to cover the shortfall in recoveries. Such additional assistance from the GOB, if warranted, will go to improve the liquidity of the ccb and also ensure timely repayment of the existing overdue amount to the BSCB which will be rescheduled by the latter bank into a five-year loan. The government loan may be repayable as and when corresponding recoveries are actually made and carry interest at a rate higher by at least 2 per cent than the normal lending rate for short-term agricultural purposes. Besides, the concerned ccb should appropriate out of its profits annually a sum equivalent to five per cent of the shortfall in recovery to the bad debt reserve. The involvement of the GOB as proposed above will ensure that due

pressure is exerted on the ccbs for the recovery of wilful defaults as also instalments of converted loans and that they do not encounter a difficult financial position if the expected level of recoveries is not actually reached.

7.22 If the arrangements proposed in the above paragraphs are accepted by the GOI, the GOB and RBI, the ccbs in Bihar will be greatly helped inasmuch as the burden of old defaults on them will not obstruct their claiming higher credit limits from the RBI thus enabling the banks to shoulder and accept the increased responsibilities in the matter of lendings envisaged by us for them. We would, therefore, urge on the GOI, the GOB and the RBI to accept our proposal as a special consideration for the co-operative credit structure in Bihar.

7.23 At the same time, it must not be forgotten that the Central Sector Plan Scheme for the rehabilitation of weak ccbs is a sort of package deal. Complementary measures such as revitalization of pacs, linking of credit with marketing, entrusting the responsibility for supervising to the ccbs, strengthening the arrangements for supervision, placing a manageable number of societies under the charge of each supervisor, selection of societies for intensive development and full finance, expeditious disposal of arbitration cases and execution proceedings, organization of vigorous collection drives and taking of prompt and stern action against defaulters, etc., are very necessary if the ccbs once covered by the programme are not to revert again to stagnancy. The apex bank's rehabilitation cell is expected to take up the responsibility of preparing a specific annual programme for each central bank with definite targets and follow it up. Judged from the performance so far, it is doubtful whether the BSCB will be in a position to fulfil this role adequately especially when all the ccbs in the state are covered by the programme. We are of the opinion that such an important matter cannot be left to the BSCB alone. In view of this position and taking into account the situation that exists in Bihar, we are of the view that the Regional Office of the RBI's ACD at Patna may have to involve itself directly by constantly deputing its officers and non-officials, both at the state-level and district-level, with a view to ensuring the implementation of the programme in all its aspects and in all areas. We suggest that being the central

banking institution charged with the responsibility of maintaining a sound co-operative banking system, the RBI's ACD may assume this role and create a rehabilitation cell in its Regional Office at Patna with necessary complement of officers and staff. This cell will also automatically take up the task of ensuring implementation of the various recommendations made in our report.

Wilful defaults

7.24 The measures proposed by us for tackling the problem of non-wilful and chronic defaults will take care of overdues amounting to about Rs 8 crores leaving a balance of Rs 12 crores under short and medium-term agricultural loans still to be recovered. The steps suggested by us in the preceding two chapters for improving the administrative and operational efficiency of the credit institutions will place them in a position to take up from time to time strenuous recovery drives and it is hoped that these will be undertaken. Bulk of the overdues of recent origin may be, therefore, recovered through persuasive methods. But it will be necessary to pursue coercive action in respect of defaults blocked in collection account as also against such defaulters as are difficult of being disciplined without resort to coercion. We would, therefore, urge on the ccbs not to show any mercy to the wilful defaulters. The managements of the banks should bear in mind that even after resorting to coercive action, persuasive steps for recovery should be continued and towards this end they should guide and actively help the inspectorial/supervisory staff of their institutions in taking concerted action for recovery.

7.25 The GOB should also fully support the institutions in their efforts for recovery. We would suggest to the government to actively consider the various recommendations made by the Overdues Study Team for their speedy implementation.

7.26 A statement showing the district-wise position of the disposal of award cases and execution petitions during 1973-4, is given in Annexure 35. It will be seen therefrom that as on 30 June 1974 as many as 32938 award cases involving Rs 22.66 lakhs and 71183 execution petitions involving Rs 60.39 lakhs were pending disposal/execution. The pace of disposal of award cases and execu-

tion petitions has not improved since then. In Bihar, the process of execution in particular is long winding. The award passed by the ARCS is required to be referred to the DCO (of the rank of the District Deputy Registrar in Maharashtra) on as many as three occasions before its final execution. Firstly, the award is required to be sent to the DCO for issue of requisition under the Public Demand Recovery Act. Secondly, it has to be referred to the DCO for issue of distress warrant and finally it has to go again to him for the proclamation of sale. The DCO is a very busy officer and the whole process takes an unduly long time. In Madhya Pradesh, each district has one ARCS specially for passing awards. As for execution, one or two senior inspectors of co-operative societies are posted as Recovery Officers in each ccb. The Recovery Officers have all powers in so far as execution of awards are concerned including the one relating to the proclamation of sale and the fixing of auction date. The officers of the ccbs perform the duties of sale officer which is also the case in Bihar. We would urge on the GOB to consider the above procedure, which is in vogue in Madhya Pradesh, for adoption in Bihar with a view to ensuring speedy disposal of arbitration cases and execution petitions.

Conclusion

7.27 We have in this chapter suggested a three-pronged action for tackling the problem of overdues of the co-operative credit institutions in Bihar. The adoption of these measures along with the implementation of our recommendations in the preceding two chapters for streamlining their working should together help these institutions in fulfilling the task of meeting substantially the credit needs of short-term agricultural production. Even then some credit gaps may still continue to exist. Our suggestions for meeting these gaps to the extent possible by involving alternative institutional sources, are contained in Chapter 8.

IV ARRANGEMENTS FOR FILLING CREDIT GAPS

CHAPTER 8

CREDIT GAPS AND ROLE OF COMMERCIAL BANKS

8.01 AS we have noted in Chapters 2 to 4, the present state of affairs in the institutions at all the three levels of the co-operative credit structure in Bihar is such that despite the improvement that may take place as a result of the measures proposed by us, they are unlikely to be in a position for many years to come to meet adequately the short-term credit requirements of agriculture in the state. It is in this context that one of our terms of reference requires us to suggest alternative institutional arrangements which, among other things, may include commercial banks financing either (i) the pacs in certain select areas by-passing the ccbs or (ii) individual cultivators directly through their branches.

8.02 No mention about the RRBs as a possible alternative credit agency has been made in our terms of reference as the policy of organizing such banks was announced subsequent to the appointment of the Team and finalization of its terms of reference. We have, however, taken note of this important development as the RRBs are akin to commercial banks in many respects and in particular in the matter of providing agricultural and other credit facilities in the rural areas.

Credit requirements

8.03 In paragraph 1.33 of Chapter 1, we have placed the existing credit needs for short-term agricultural purpose in Bihar on a conservative basis at Rs 178 crores. Keeping in view the various developmental programmes directed towards increasing agricultural production we have estimated these requirements to increase at least by 10 per cent in the next five years and will reach a level of Rs 195 crores by 1980-81.

8.04 As against the existing credit potential of Rs 178 crores, the co-operatives have met the credit requirements of the order of Rs 28.35 crores as at the end of June 1975, as explained in para-

graph 1.34 in Chapter 1, leaving a credit gap of about Rs 150 crores forming 84 per cent of the existing potential. District-wise, these gaps range between 69 per cent and 96 per cent.

CO-OPERATIVE BANKING SECTOR

8.05 As noted by us in paragraph 8.04 above, the co-operatives have been able to meet only 16 per cent of the estimated short-term agricultural credit requirements which by all standards is a very poor performance. In Chapters 5 to 7 we have given our recommendations for strengthening, both financially and organizationally, all the three tiers of the co-operative credit structure and are confident that with the implementation of these recommendations the co-operative banking structure will be in a position to shoulder a much greater responsibility than at present in meeting the short-term credit requirements of agriculture. In Annexure 36, we have attempted to project the internal resources position of the BSCB, ccbs and pacs in 1980-81 taking into account the various recommendations made by us in earlier chapters regarding deposit mobilization, share capital contribution by the state government out of borrowings from the LTO Fund, etc. It may be pertinent to note that in mobilization of deposits by the ccbs, we have assumed a reasonable annual growth rate of 15 per cent in our exercise though for attaining viable/potentially viable status many of the ccbs may have to maintain a much higher growth rate. It will be observed from Annexure 36 that in 1980-81 the internal resources of the BSCB, ccbs and pacs will be of the order of Rs 70 crores, Rs 40 crores and Rs 25 crores respectively. Taking into account the present involvement of the BSCB and the ccbs in loans for short-term agricultural purposes as also the statutory liquidity, it is estimated that at least 45 per cent of the internal resources will be available for short-term agricultural lendings at these two levels. At the primary level, after providing for share linking for borrowings from ccbs and their other investments and also assuming that some portion of the funds at that level will be involved in medium-term and other types of loans, primaries can be reasonably expected to involve 50 per cent of their internal resources in the short-term agricultural lendings. Thus total internal resources within the structure available for the purpose in 1980-81 can be put at Rs 60 crores as in Table 1.

TABLE 1

	Rs Crores	
	Total internal resources	Internal resources available for short-term agricultural purposes
BSCB	70	30
ccbs	40	18
pacs	25	12
	Total	60

8.06 It has been pointed out in earlier chapters that because of high percentage of overdues to demand many ccbs were either ineligible or were not sanctioned limits by the RBI. With a concerted drive for recoveries undertaken during 1975-6, the level of overdues has reportedly come down substantially making many banks eligible for the RBI limits. With the implementation of our recommendations regarding blocking of chronic defaults, rehabilitation of non-wilful defaulters, etc., made in Chapter 7, the line of credit will be open for many defaulters who had hitherto been denied credit. The demand for credit at the primary level can, therefore, be expected to go up much higher than at present and the RBI may reasonably be expected to sanction limits equivalent to the aggregate of the involvement of the BSCB and ccbs out of their own resources. On the basis of our estimates made above, the RBI can be expected to sanction limits aggregating Rs 50 crores in 1980-81. Thus the co-operatives can meet in 1980-81 short-term credit needs of the order of Rs 110 crores out of their internal resources and borrowings from the RBI as indicated in Table 2.

TABLE 2

	Rs Crores				
	Estimate of loaning for short-term agricultural purposes by the co-operative banking structure out of				
	internal resources of			borrowings from	Total
	BSCB	ccbs	pacs	RBI	
1976-7	12.00	12.50	6.00	24.50	55.00
1977-8	16.00	14.00	7.50	30.00	67.50
1978-9	20.00	15.50	9.00	35.50	80.00
1979-80	25.00	17.00	10.50	42.00	94.50
1980-81	30.00	18.00	12.00	50.00	110.00

Thus, by 1980-81, the credit gap in relation to the estimated credit needs of Rs 195 crores in that year will be of the order of Rs 85 crores, i.e., 44 per cent of the credit potential.

8.07 It is thus seen that even after strenuous efforts on the part of the co-operatives themselves as well as the state government to revitalize and strengthen the co-operative credit structure, a substantial credit gap will still exist in the state at the end of five years, if reliance is placed only on that structure. Some other agency may have to be thought of in that behalf. The other institutional source which can help to bridge this wide gap is the commercial banks which are financially equipped to step in and which have been, since nationalization in July 1969 of fourteen among them, paying much more attention to financing agriculture than what they used to. Besides, the RRBs which have since been set up or likely to be set up can also be counted upon to share some responsibility in this behalf. However, before assessing the capacity of the commercial banks to lend their support for bridging the wide gaps in the short-term agriculture credit requirements, we have to take into consideration the infrastructure that is available to them as well as the resources they can spare for providing agricultural credit. From this view point we have reviewed in brief in the paragraphs that follow the performance of the commercial banks in Bihar in spreading their branch network, mobilization of deposits, advances, etc. It is too early to assess the performance of the two RRBs which have been organized only recently in the East Champaran and Rohtas districts.

COMMERCIAL BANKS

Branch net-work

8.08 A statement showing the region-wise and district-wise distribution of commercial bank offices and population per branch office as on 30 June 1975 is given in Annexure 37. Region-wise position of offices and their distribution between rural, semi-urban and urban centres is given in Table 3. There are 796 offices in the state of which 343 (43 per cent) are located in rural centres and 284 (36 per cent) in semi-urban centres. Between the regions, the percentage of offices in rural centres was the highest at 51 in the

TABLE 3

	No. of districts	Offices			
		Total	Rural	Semi-urban	Urban
NB	15	259	131 (51)	100 (38)	28 (11)
SB	9	267	106 (40)	65 (24)	96 (36)
CPTA	4	173	76 (44)	52 (30)	45 (26)
CPOA	3	97	30 (31)	67 (69)	Nil
Total	31	796	343 (43)	284 (36)	169 (21)

NB: Figures in brackets are percentages to the respective totals.

North Bihar plains. The percentage of offices in semi-urban centres is the highest at 69 in Chotanagpur plateau-Other area. As between the districts, large number of offices in rural centres are in Santhal Parganas (28) followed by East Champaran (19), Palamau (18), Purnea and Ranchi (17 each). The highest number of offices in semi-urban centres at 44 is in Dhanbad district followed by Purnea at 19 and Monghyr 18. The 169 offices in urban centres in the state are all situated in nine districts, two of North Bihar plain, five of South Bihar plain and two of the Tribal area of the Chotanagpur plateau. The highest number of offices in urban centres is in Patna district at 55 followed by Singhbhum district at 28.

8.09 Although the commercial banks are having a wide branch network in Bihar, it is considered relatively an under-banked state. With a view to minimizing the inter-state disparity in the matter of provision of banking facilities, the RBI has been taking a somewhat liberal view in the matter of opening of offices by the commercial banks in Bihar. Accordingly, the number of offices of commercial banks has increased to 953 as on 30 June 1976 and about 2000 licences issued by the RBI for opening the branches are pending unutilized so far with the commercial banks. Thus the commercial banks will soon have a good coverage in the state when the proposed offices are opened and start functioning.

Coverage

8.10 The population per bank office in the state works out to 71000 as at the end of June 1975 as against the national average of 29000. With the opening of additional offices in the state during 1975-6, the state average per bank office works out to 59000 as on 30 June 1976. The district-wise and region-wise details regarding coverage of population as on 30 June 1975 are in Annexure 37. The position is summarized in Table 4. As noted earlier, the state

TABLE 4

Population per bank office (thousands) as on 30th June 1975			
	Average	Highest	Lowest
NB	98	221 (Gopalganj)	57 (Begusarai)
SB	63	102 (Aurangabad)	28 (Patna)
CPTA	56	78 (Santhal-Parganas)	43 (Singhbhum)
CPOA	46	76 (Giridih)	28 (Dhanbad)
State	71		

as a whole has poor banking facilities but even these are not evenly distributed in the state. The Chotanagpur plateau-Other area has somewhat better banking facilities with the coverage of population at 46000 per office than the North Bihar plain where the population per bank office is 98000. As between districts, Gopalganj district with 2.21 lakhs population per bank office has the poorest banking facilities while in Patna and Dhanbad districts the coverage at 28000 each is even better than the national average at 29000.

Size of business

8.11 The region-wise and district-wise position as on the last Friday of December 1975 of deposits, outstanding total advances, advances for agricultural purposes and the credit-deposit ratio, is given in Annexure 38. A summary of region-wise and district-wise position may be seen at a glance in Table 5.

TABLE 5

Rs Lakhs

	Deposits			Deposits per bank office			Credit deposit ratio (in per cent)			Percentage of agricultural advances in total advances	
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
(1)	(2a)	(2b)	(3a)	(3b)	(3c)	(4a)	(4b)	(4c)	(5a)	(5b)	(5c)
NB	1911.44 (Muzaffar- pur)	235.26 (Gopalganj)	34.98	63.71 (Muzaffar- pur)	17.98 (Vaishali)	41.2	70.9 (Katihar)	19.4 (Madhubani)	37.6	62.1 (West Champaran)	12.6 (Katihar)
SB	11815.34 (Patna)	175.85 (Nawadah)	67.24	125.70 (Patna)	12.56 (Nawadah)	29.4	49.3 (Nalanda)	14.3 (Auranga- bad)	22.5	45.9 (Nalanda)	12.0 (Bhojpur)
CPTA	5341.69 (Singh- bhum)	434.62 (Palamau)	60.01	92.10 (Singh- bhum)	15.52 (Palamau)	96.8	193.0 (Ranchi)	18.2 (Santhal Parganas)	1.6	22.9 (Palamau)	1.4 (Singhbhum)
CPOA	19968.52 (Dhanbad)	667.54 (Giridih)	202.36	344.28 (Dhanbad)	33.38 (Giridih)	24.4	41.1 (Giridih)	23.7 (Dhanbad)	0.2	1.5 (Hazari- bagh)	0.1 (Dhanbad)
State			72.25			41.9			11.4		

SIZE OF BUSINESS

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Deposits

8.12 The deposits of commercial banks in Bihar aggregated Rs 640.93 crores as on the last Friday of December 1975, the average per bank office being Rs 72.25 lakhs. Among the four regions, the deposits per bank office are the highest at Rs 202.36 lakhs in Chotanagpur plateau-Other area and lowest at Rs 34.98 lakhs in North Bihar plain. As between the districts, the deposits per bank office are highest at Rs 344.28 lakhs in Dhanbad and lowest at Rs 12.56 lakhs in Nawadah. In absolute amount the highest deposits almost touched the figure of Rs 200 crores in Dhanbad district followed by Patna at Rs 118 crores, Singhbhum at Rs 53 crores and Ranchi at Rs 49 crores. The deposits mobilized exceeded Rs 10 crores in another nine districts, viz., Muzaffarpur, Purnea (NB), Bhagalpur, Bhojpur, Gaya, Monghyr, Rohtas (SB), Santhal Parganas (CPTA) and Hazaribagh (CPOA). Thus these thirteen districts account for substantial deposits of about Rs 550 crores forming 86 per cent of the total deposits in the state.

Advances

8.13 As on the last Friday of December 1975, the outstanding advances of the banks aggregated Rs 267.76 crores forming 42 per cent of the total deposits. As between the regions, the relevant percentage exceeded the state average only in Chotanagpur plateau-Tribal area and stood at 96.8, mainly on account of a very high level of advances in Ranchi district. The credit-deposit ratio is almost equal to the state average in North Bihar plain and three-fourths of that level or below in the South Bihar plain and the Chotanagpur plateau-Other area. The state percentage is exceeded in ten districts, viz., Ranchi (193.00), Katihar (70.9), East Champaran (69.1), Purnea (57.3), Saharsa (56.8), Gopalganj (52.0), Nalanda (49.3), Rohtas (49.2), West Champaran (45.6) and Vaishali (43.1). Four districts, viz., Ranchi (Rs 94.53 crores), Dhanbad (Rs 47.33 crores), Patna (Rs 34.78 crores) and Singhbhum (Rs 15.81 crores) account for 72 per cent of the total advances in the state at Rs 267.76 crores.

Agricultural financing

8.14 Agricultural advances at Rs 30.54 crores formed 11 per

TABLE 6

Share of agricultural advances in total advances (in per cent)	NB	SB	CPTA	CPOA
Below 2	—	—	Singhbhum (1.4)	Dhanbad (0.1) Giridih (0.5) Hazaribagh (1.5)
2 to 10	—	—	—	—
10-20	Katihar (12.6)	Bhagalpur (12.6) Bhojpur (12.0) Gaya (15.1) Monghyr (18.9) Rohtas (16.6)	Ranchi (10.3)	—
20-30	Begusarai (21.5) Darbhanga (21.8) Gopalganj (22.7) Madhubani (29.3) Muzaffarpur (22.2)	Aurangabad (21.1) Patna (24.7)	Palamau (22.9) Santhal Parganas (20.7)	—
30-45	East Champaran (42.1) Saharsa (44.5) Saran (38.1)	Nalanda (45.9) Nawadah (43.3)	—	—
45-55	Purnea (54.1) Siwan (46.5) Samastipur (48.2)	—	—	—
45-62	Sitamarhi (58.5) Vaishali (58.4) West Champaran (62.1)	—	—	—
Above 62	—	—	—	—

ADVANCES

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TABLE 7

Rs Crores						
	No. of Accounts		Limits sanctioned		Outstandings	
	Dec. 74	Dec. 75	Dec. 74	Dec. 75	Dec. 74	Dec. 75
(i) Direct finance						
Short-term	44966	} 109534	4.63	} 26.84	2.70	} 23.88
Medium/Long-term	31474		14.58		12.43	
(ii) Indirect finance	1088	2283	6.63	6.62	4.07	6.66
Total	77528	111817	25.84	33.46	19.20	30.54

cent of the total advances in the state and 5 per cent of the deposits. As between the regions, the share of agricultural advances is highest at 37.6 per cent of the total advances in North Bihar plain followed by South Bihar plain with the relevant percentage at 22.5. In the case of Chotanagpur plateau region, the proportion of agricultural advances to the total advances is negligible. The district-wise position in this behalf is summarized in Table 6. Barring eleven districts, where the share of agricultural advances ranges between 30 and 62, the lendings for agriculture in the other districts are relatively poor.

8.15 The data relating to the advances for short-term agricultural purposes as on the last Friday of December 1975 are not available separately. These data are, however, available as on the last Friday of December 1974 which indicate that direct advances for short-term agricultural purposes aggregated Rs 2.70 crores as against the total agricultural advances at Rs 19.20 crores. The position in this behalf is given in Table 7.

Advances for priority sectors

8.16. We have given in Annexure 39 the region-wise and district-wise details of advances to the priority sectors as on the last Friday of December 1975. The proportion of advances for agriculture to the advances to priority sectors and of the latter to the total advances as on the last Friday of December 1975, is given in Table 8. The advances to priority sectors form 30 per cent of the

TABLE 8

	Rs Lakhs				
	Total advances	Advances for priority sector	Percentage of (2) to (1)	Advances for agriculture	Percentage of (4) to (2)
	(1)	(2)	(3)	(4)	(5)
NB	4018.09	2525.18	62.8	1511.34	59.9
SB	5996.63	3161.24	52.7	1347.72	42.6
CPTA	11325.31	1593.02	14.1	182.30	11.4
CPOA	5436.38	877.03	16.1	12.31	1.4
State	26776.41	8156.47	30.5	3053.67	37.4

total advances. The share of agricultural advances in the advances to priority sectors is more than one-third.

Recovery performance

8.17 The district-wise position of the demand and the recovery of agricultural advances is available as on last Friday of June 1973 which is given in Annexure 40. Although the data are old, we have given the same here to give an idea of the recovery performance of the commercial banks. As against the total demand at Rs 3.36 crores, the recoveries amounted to Rs 1.53 crores forming 45.6 per cent of the demand, i.e., the overdues formed 54.4 per cent of the demand. The poorest recovery performance was at 1.5 per cent in Gopalganj district. The recovery performance was the highest at 92.9 per cent in Bhojpur and exceeded 75 per cent in Darbhanga (85.8), Vaishali (82.2), East Champaran (79.7) and Sitamarhi (78.8) districts. On the whole, the recovery performance was not satisfactory.

Overall performance

8.18 The review of performance of commercial banks in the earlier paragraphs has revealed that the commercial banks are, by and large, equipped financially to shoulder greater responsibility in financing agriculture in Bihar. The two questions that need consideration, therefore, are how much of their resources these banks will be in a position to spare for financing agriculture and whether any special organizational arrangements will be necessary if these banks are to increase considerably their advances for short-term agricultural purposes.

Estimate of resources

8.19 The deposits of the commercial banks have increased from Rs 459.16 crores as on the last Friday of December 1973 to Rs 541.12 crores in December 1974 and further to Rs 641.65 crores in December 1975 giving an average annual growth rate of 20 per cent as against the national annual growth rate at 15 per cent. Even assuming the annual growth rate of 15 per cent, the deposits of commercial banks in the next five years, i.e., by Decem-

ber 1980 will reach a level of Rs 1280 crores. The present credit-deposit ratio of the commercial banks in Bihar is 42 per cent, while the advances for priority sector form 31 per cent of the total advances and the agricultural lendings form 37 per cent of the advances for the priority sector. However the minimum desirable level of credit-deposit ratio may be assumed at 60 per cent and it may be expected that one-third of the total advances would be to priority sector as at present and further at least one-half of the advances to priority sector will be for agriculture and allied activities. On this basis, the expected level of commercial banks' advances for agriculture and allied activities can be placed at Rs 128 crores in 1980-81. The position in this behalf is given in Table 9. Alter-

TABLE 9

	Existing ratio	Minimum ratio	Position in December 1980 as per	
			Existing ratio	Minimum ratio
Deposits	100	100	1280	1280
Advances				
Total	42	60	537	768
For priority sectors	13	20	166	256
For agriculture	5	10	64	128

NB: Deposits will be Rs 1280 crores in December 1980.

natively, even if the commercial banks make available $7\frac{1}{2}$ per cent of their total deposits for lending to the agricultural sector, an amount of Rs 96 crores will be available in 1980-81 for the purpose. At present the banks' advances for agriculture are Rs 31 crores and additional amount of Rs 65 crores may become available for agriculture.

Agency for purveying credit for agriculture

8.20 As we have already observed in paragraph 5.23 of Chapter 5, the question of the most appropriate institutional arrangement for agricultural credit particularly to small and marginal farmers was examined by the T. A. Pai Group. The Group felt that in view of the infrastructural problems and the relatively high cost of

direct lendings, it would be preferable for the commercial banks to choose an association of the local people, preferably a farmers service society as recommended by the National Commission on Agriculture or a viable multipurpose society which will integrate credit with supplies and services, for providing credit for agricultural production and investment. The Group's recommendations have been accepted by the GOI and the Department of Rural Development in the Union Ministry of Agriculture and Irrigation has issued a circular letter to all the state governments on 7 February 1975 outlining the future policy in this behalf. Commercial banks have been advised that they may examine the possibility of providing credit facilities through farmers service societies or viable primaries before opening their branches below the *mandi* level.

8.21 The Rajasthan and MP Study Teams which recently examined the institutional arrangements for agricultural credit in the respective states have endorsed this policy and recommended that commercial banks should undertake financing agriculture through viable pacs on a larger scale than hitherto and have also assigned a positive role to the commercial banks in this behalf. We have noted in this connexion that in Bihar, a beginning has already been made and the commercial banks are financing primary agricultural credit societies. However, the scheme has hardly made any progress as may be seen from the review of the working of this scheme given in the paragraphs that follow.

8.22 The GOB decided in August 1972 to introduce the scheme initially in the five SFDA and two MFAL areas and the responsibility was given to seven commercial banks, viz., the State Bank of India, Central Bank of India, Allahabad Bank, Punjab National Bank, Union Bank of India, Canara Bank and the United Bank of India. However, until the end of June 1974 not much progress could be made in the transfer of societies to the commercial banks. Till June 1974, only six societies in four districts, viz., East Champaran, Purnea, Ranchi and Patna were transferred to four commercial banks, viz., the State Bank of India, the Central Bank of India, the Allahabad Bank and the Punjab National Bank. In the year 1974-5, 10 more societies were transferred and by the end of June 1975, 16 societies in the above noted districts had been

transferred to the four commercial banks mentioned earlier. Besides, as on that date, the state government were considering transfer of 109 additional societies to seven commercial banks in six districts, the details of which are given in Table 10.

TABLE 10

Bank	District	No. of societies	
State Bank of India	Purnea	20	
	W. Champaran	10	
	Rohtas	10	
	Patna	10	
	E. Champaran	10	60
Central Bank of India	Purnea	10	
	Ranchi	5	
	E. Champaran	15	30
Punjab National Bank	Patna	2	2
Allahabad Bank	Patna	9	9
Union Bank of India	Patna	4	4
Canara Bank	Patna	2	2
United Bank of India	Patna	2	2
			109

8.23 Of the 16 societies transferred to commercial banks by the end of June 1975, only 12 were actually financed by them by that date. The details of these societies as on 30 June 1975 are given in Table 11. The amount of short-term loans disbursed aggregated Rs 4.56 lakhs only giving an average of Rs 0.38 lakh per society. No medium-term loans were issued to any of the societies. The loan business of Rs 2.50 lakhs per society is considered necessary for enabling it to attain a viable status and for operational viability of a branch of a commercial bank and optimum utilization of field staff posted at the branch, normally eight societies with an aggregate business of Rs 20 lakhs are required to be attached to each branch. The average loan business per society worked out to

TABLE 11

Bank	District						Rs Lakhs	
		No. of societies		Short-term loans		Demand	Recovery	
		Taken over	Financed	Disbursed	Outstanding			
State Bank of India	East Champaran	3	3	1.52	1.49	0.17	0.07 (0.10)	
	Purnea	2	1	0.10	0.10	—	—	
Central Bank of India	Ranchi	5	5	0.71	0.63	0.71	0.08 (0.63)	
	Purnea	3	1	0.53	0.49	0.53	0.04 (0.49)	
Allahabad Bank	Patna	1	1	0.61	0.42	0.46	0.19 (0.27)	
Punjab National Bank	Patna	2	1	1.09	0.46	0.63	0.63 (—)	
		16	12	4.56	3.59	2.50	1.01 (1.49)	

NB: Figures in brackets indicate overdues.

Rs 0.30 lakh which was far below the norm for viability. The average number of societies per branch worked out to less than three, i.e., far below the number required for optimum use of the field staff posted at the branch. Only one branch had five societies, two had three societies each and the other three branches had remaining five societies distributed amongst themselves at the rate of 1 or 2 societies each.

8.24 It is reported that as at the end of December 1975, the number of societies taken over by the seven branches of these four commercial banks increased to 23. Of these 23 societies, 19 were actually financed and issued short-term agricultural loans by the end of December 1975 aggregating Rs 2.17 lakhs (Rs 0.42 lakh for *khari* 1975 to four societies and Rs 1.75 lakhs for *rabi* 1975

to fifteen societies). Thus there is hardly any progress in the transfer of societies for financing to the commercial banks.

8.25 The recovery performance was also not satisfactory inasmuch as an amount of Rs 1.49 lakhs was overdue as on 30 June 1975 forming 59 per cent of the demand for the year 1974-5.

8.26 Of the 23 societies transferred by the end of December 1975 only two societies had full-time paid managers. It was reported that apart from the resource constraints there are certain procedural formalities coming in the way of such appointments. Pending arrangements for appointment of regular paid managers the block supervisors were expected to work as managers but reportedly this has not been given effect to.

8.27 Besides, the district-level committees and the state level co-ordination committee had not yet been set up for looking after the functioning of the scheme. In fine, the scheme of financing pacs by the commercial banks has not yet taken firm roots in the state. In this connexion, the observations made by the MP Study Team while examining the scheme in Madhya Pradesh also hold good for Bihar. The MP Study Team observed that:

the affiliation of societies to commercial banks was done more on an *ad hoc* basis than on the basis of area having the widest credit gaps, a large number of societies did not have an independent full-time paid secretary who could have attended to increase in membership and expansion of their business. Above all since the parties concerned adopted an uncompromising attitude, the scheme has not made much headway so far. (page 79)

8.28 The MP Study Team also observed that although the difficulties have been encountered in the working of the scheme of financing pacs by commercial banks, the scheme cannot be given up for it is only through the wholehearted acceptance of the scheme and its implementation that the commercial banks will be able to shoulder higher responsibility in financing agriculture. Moreover, this is also now an accepted national policy. In view of this position, the difficulties and problems encountered in implementing the scheme will have to be effectively dealt with.

8.29 Two major constraints standing in the way of the commercial banks taking over more pacs for financing in Bihar are: (i) general reluctance on the part of societies to get attached to commercial banks and (ii) the absence of a full-time paid manager in almost all the pacs. However, with the implementation of the measures suggested by us in Chapter 6 for the reorganization of pacs a full-time paid manager to every reorganized unit may be assured within a short period. The lack of enthusiasm in the societies to get into the fold of commercial banks may probably be overcome if instead of the *ad hoc* basis an area approach is adopted by all concerned. We would, therefore, recommend for adoption in Bihar the suggestion of the Study Teams on Co-operative Agricultural Credit Institutions in Maharashtra, Rajasthan and Madhya Pradesh that the transfer of societies to commercial banks for financing may be done in areas where the widest credit gaps exist. The identification of blocks should be with reference to some objective criteria keeping this consideration in view, the actual allocation of areas in each block should be done in the District Level Committee in which both the commercial and co-operative banks may be represented. The Collector of the district may act as chairman of the committee. Alternatively, the Lead Bank of the district may take the initiative in convening the meetings to identify actual areas and to attend to subsequent problems. The allocation should be ratified by the State Level Committee. The GOB may take the necessary initiative in setting up and activating the district level committees where they have been established as well as convene more frequently the meetings of the state level committee to allocate the areas among different banks in the blocks identified later in this chapter for introduction of the scheme. Once the allocation is finalized no one should be allowed to alter it unilaterally which may even involve compelling the concerned ccb/DCDB to part with the area and the societies to obtain credit facilities from the commercial banks.

8.30 In paragraph 8.19 we have estimated that Rs 65 crores may be available to the commercial banks for lending for agricultural production. Of this it may not be unreasonable to expect that Rs 30 crores will be available for lending through pacs. This will mean that as many as 1200 reorganized pacs in Bihar (nearly one-fourth of the total number that may emerge after

reorganization) could be attached to commercial banks for financing on the assumption that each society attains a short-term credit business of Rs 2.50 lakhs. In similar situation, the MP Study Team considered two alternatives to ensure the commercial banks financing such a large number of pacs. These two alternatives are (i) compulsory disaffiliation of societies in an identified area from the concerned ccb for being attached to a branch of one or the other commercial bank in the area and (ii) a sort of consortium/participation arrangement between the ccb of the district on one hand and a commercial bank in a given area on the other with a view to financing all the societies in the area and on certain agreed terms and conditions. However, since none of these alternatives has been tried so far in any part of the country, the MP Study Team recommended that both these alternatives may be given a fair trial. The RBI has taken a view that before introducing either or both of these alternatives, it will be advisable to have the full implications thereof first discussed with the interested parties.

8.31 In the case of Bihar, the introduction of consortium/participation arrangement between the ccbs and commercial banks is not considered feasible, for at least some years to come, because none of the ccbs in the state can be considered as viable unit on the basis of the norms adopted by us. On the same basis a large number of them are only quasi potentially viable and some are not considered potentially viable even after allowing a longer gestation period of ten years if they confine themselves to the present jurisdiction or to providing short-term and medium-term loans for agricultural purposes. Besides in the efficiency rating none of the banks has acquitted itself creditably. Some of them have been rated as units with a marginally satisfactory level of efficiency. It is obvious that the banks in Bihar will have to make concerted efforts on the lines proposed by us elsewhere in this report to gain the necessary organizational and financial strength. Otherwise, the participation arrangement may turn out to be a partnership between two unequals which may not bring about the desired results. In the meantime, however, the other alternative of compulsory disaffiliation of societies from the ccb and their attachment to a commercial bank, may be considered for introduction after obtaining a clearance therefor from the

RBI, preferably in those areas where the progress in the voluntary transfer of societies is found to be tardy. An element of compulsion is recommended in the case of Bihar because of the very large credit gaps all over the state which will continue to subsist even in 1980-81 even if the co-operative credit agencies attain the projected level of development. In short, it should be ensured by the GOB and the concerned banks that the introduction of the scheme goes full steam ahead without any hinderance with a view to ensuring that at least a major portion of the demand for short-term agricultural credit is met by the pacs with financial assistance from the co-operative and commercial banks.

Selection of blocks/areas

8.32 Having decided in favour of choosing the medium of viable pacs for financing agriculture by the commercial banks, we consider it necessary to give some objective guidelines to ensure orderly implementation of the programme. These guidelines are given in the paragraphs that follow.

8.33 As already stated, we are of the opinion that the commercial banks may be allotted those areas where the credit gaps are very wide more in terms of absolute amounts than in percentage to credit potential. A block-wise exercise has, therefore, been made to identify areas with wide credit gaps both in terms of percentage and absolute amounts. The block-wise credit gaps have been calculated on the basis of norms indicated in paragraph 1.32 of Chapter 1. The relevant statement is given in Annexure 41. In this connexion it may be noted that in the absence of precise block-wise data regarding the disbursement of short-term loans at the primary level for the year 1974-5 and of the overdues thereunder as on 30.6.1974, suitable adjustments have been made by projection of the relevant block-wise figures for the year 1972-3 so as to tally the totals with the district-wise figures for the year 1974-5.

8.34 In selecting the areas from certain blocks where the pacs may be affiliated to commercial banks, we have taken note of the policy of the Standing Committee on Co-ordination between co-operative and commercial banks of the RBI's ACB that every

branch of the commercial bank may have a minimum number of pacs in a compact area with a potential loan business of Rs 20 lakhs in the aggregate. This is necessary, as already stated, to enable a branch of a commercial bank to ensure the optimum utilization of its field staff. At the same time, care has been taken to see that the remaining area will enable the concerned ccb/DCDB to profitably maintain its own branch. On the basis of this norm we have identified 109 blocks having credit gap each exceeding Rs 40 lakhs in amount in which incidentally the percentage of credit gap to credit potential also exceeds 70 per cent. The region-wise summary may be seen at a glance in Table 12. Thus, with

TABLE 12

	Number of blocks with credit gap exceeding Rs 40 lakhs and percentage of credit gap to credit potential			
	between 70 and 80	between 80 and 90	Above 90	Total
NB	3	17	30	51@
SB	1	23	31	55
CPTA	—	1	2	3
CPOA	—	—	—	—
Total	4	41	63	109

@ Credit gap is 46 per cent of the potential in one block in East Champaran district.

the exception of only three blocks, the remaining 106 blocks belong to the Bihar plains. The actual coverage in terms of loan business by commercial banks in each of these 109 blocks may be as under:

- (a) where the credit gap ranges between Rs 40 lakhs and Rs 60 lakhs, to the extent of Rs 20 lakhs to be handled by one branch;
- (b) where the credit gap ranges between Rs 60 lakhs and Rs 100 lakhs, to the extent of Rs 40 lakhs at the rate of Rs 20 lakhs per branch to be handled by two branches;
- (c) where the credit gap exceeds Rs 100 lakhs, to the extent of Rs 60 lakhs at the rate of Rs 20 lakhs per branch to be handled by three branches.

On this basis, a district-wise statement indicating the number of blocks in which commercial banks may finance pacs as also the number of commercial banks' branches required for the purpose is given in Annexure 42. The number of blocks in category (a) are 77 (77 branches), in category (b) 27 (54 branches) and in category (c) 5 (15 branches). To sum up, 146 branches of commercial banks can take up financing of societies in 109 blocks in 20 districts out of 587 blocks in 31 districts. We have, however, observed that in respect of two blocks in category (c), viz., Arawal in Gaya district and Kargahar in Rohtas district the credit gap is of the order of Rs 141 lakhs and Rs 273 lakhs respectively. In view of such wide credit gaps in these two blocks we suggest that one and three additional branches of commercial banks may take up financing in these two blocks respectively. Thus in all 150 branches may finance the pacs as indicated in Table 13. Assuming an average loan business of Rs 2.50 lakhs

TABLE 13

	Number of		
	districts	blocks	branches of commercial banks
NB	10	51	65
SB	8	55	82
CPTA	2	3	3
CPOA	—	—	—
Total	20	109	150

per society, eight reorganized pacs will normally have to be attached to each of the 150 branches of commercial banks so as to ensure that each branch handles a total short-term agricultural credit business of Rs 20 lakhs. On this basis, the 150 branches of commercial banks can lend through 1200 pacs Rs 30 crores for meeting the short-term production credit needs as estimated by us earlier. Care should, however, be taken to see that the entire responsibility for meeting the credit gap in a block should not be entrusted to a commercial bank. On the basis of the credit potential in each block and that to be tapped by commercial banks in most cases less than 50 per cent of the area of each

block would be served by these banks. It follows therefore that the ccbs would still have enough business to cater to in each block.

8.35 In the absence of information relating to block-wise location of commercial bank branches, it is not possible for us to identify the short-falls in the availability of the required number of commercial bank branches in the identified blocks. We, however, suggest that the RBI may allocate suitable centres to the commercial banks for opening their offices to meet the short-fall in the availability of branches, if any.

8.36 The scheme will have to be introduced in a phased manner over a period of 3 years commencing from 1977-8 to enable the commercial banks to arrange for, apart from opening branches where they do not exist, the appointment of the required staff duly trained to handle the agricultural loan business. Thus 400 societies can be transferred annually beginning from 1977-8.

8.37 We have noted earlier in paragraph 8.24 that as at the end of December 1975, 23 societies had been transferred to the commercial banks. The government also had proposals of transferring another about 100 societies to the commercial banks. In this connexion, we suggest that transfer of societies hereafter to commercial banks may be confined, by and large, to the areas in the blocks identified by us. At the same time, we see no objection to the commercial banks taking over for financing additional pacs over and above the 1200 societies proposed by us, from any of the blocks in the state provided the transfer of such additional societies is by mutual agreement of the concerned parties, viz., the GOB, the ccb concerned, the BSCB and the commercial banks.

Direct financing

8.38 While we are not against the commercial banks financing the agriculturists directly, we are of the opinion that they may not, as far as possible, do so in the areas of the pacs ceded for financing to them. In this connexion we endorse the recommendation of the MP Study Team that "in the interest of viability of the societies attached to the commercial banks, RRBs, they may

have to be selective and not lend directly to at least such cultivators as may have no difficulty in obtaining their full credit requirements through the societies taken over for financing by them". Even if the suggestion is implemented commercial banks will have a large scope for issuing finance direct to the cultivators in the remaining 478 blocks. Their present direct lending for short-term agricultural purposes in Bihar is around Rs 3 crores. It should not be difficult for the banks to increase such lendings by another Rs 7 crores so as to reach a level of at least Rs 10 crores by 1980-81.

Role of Regional Rural Banks

8.39 In Bihar two RRBs, one each in Rohtas and East Champaran districts have been established in December 1975 and March 1976 respectively. In the areas of these RRBs we have identified 11 and 12 blocks respectively for allocation to the commercial banks for providing agricultural credit through pacs. These RRBs may not be, at least in the initial stages, in a position to shoulder the entire responsibility assigned to the commercial banks as the short-term agricultural credit requirements alone in the identified blocks in the East Champaran and Rohtas districts aggregate Rs 2.80 crores and Rs 4.40 crores respectively. However, we would endorse in this behalf the suggestion of the MP Study Team that preference may be shown to the new RRBs *vis-a-vis* the other commercial banks in the allocation of areas and societies from the two districts. The same policy may be pursued as and when the new RRBs are established in some other districts.

Concluding observations

8.40 We have estimated in Chapter 1 that the credit potential for short-term agriculture in Bihar by 1980-81 will be on a conservative basis, of the order of Rs 195 crores. As against this position, the pacs in the state with the financial support from the co-operative banks and the commercial banks/RRBs together will be in a position to meet credit requirements of the order of Rs 140 crores by that year. Besides, at least another Rs 10 crores are likely to be advanced directly by the commercial banks to the individual cultivators for financing their short-term agricultural

production by that year. Thus, the total institutional finance for meeting the production credit requirements will be Rs 150 crores in 1980-81, leaving a credit gap of nearly Rs 45 crores, i.e., 23 per cent of the credit potential at Rs 195 crores. This will have to be carried over to the later years and if sustained efforts proposed by us are continued even after 1980-81, it should be possible for the available institutional sources to meet almost the entire short-term agricultural credit needs in Bihar by about 1985-6. For realization of the projections made by us, however, we would like to endorse the observations made by the MP Study Team which are reproduced below:

We emphasize that the realization of the projections made by us depends on a variety of factors, the foremost among which is the wholehearted co-operation of all the connected parties and sinking once and for all the misgivings about the role of the commercial banks and the RRBs. We are confident that the co-operative and commercial banks operating in the state will complement with greater vigour the efforts of each other for attainment of the common national objective of stepping up agricultural production. We would suggest that the implementation of the recommendations made by us in this chapter may be reviewed at suitable intervals by the Standing Committee on Co-ordination between commercial and co-operative banks of the Reserve Bank's Agricultural Credit Board. (page 92)

CHAPTER 9

OTHER OPERATIONAL MATTERS

9.01 WHILE considering various issues of policy in the earlier chapters in this report, we have emphasized the need for administrative, organizational, financial and legislative reforms for toning up the working of the co-operative credit institutions in the state. During the course of zonal meetings of the ccbs and others convened at our instance, however, it was contended that some inherent difficulties in the day-to-day operations of the institutions especially at the intermediate level had hindered and hampered their progress. Our analysis will not, therefore, be complete unless suitable action is taken to overcome them. In order to have a first hand knowledge of the position in this regard, the officers of our secretariat studied the working of two ccbs, viz., Begusarai and Purnea in detail in the first week of September 1976 under the guidance and supervision of the Member-Secretary. The findings of the study have been taken into account while making suggestions/recommendations on the operational matters dealt with in the paragraphs that follow.

Deposit mobilization

9.02 Lack of adequate internal resources has been identified in Chapter 3 as a major weakness in the working of the ccbs in Bihar as a result of which in almost all the ccbs the overdue loans exceed their internal resources thereby adversely affecting their lending programme. Before suggesting measures to remedy the situation, however, we would first estimate the level of deposits in amount which each ccb in the state will have to reach by 1980-81 to sustain the level of short-term agricultural loan business envisaged by us.

9.03 Under the deposit mobilization scheme, a ccb to qualify for a loan from the RBI at a concessional rate of interest has to put in from its own resources Re 1 for every Rs 2 from the RBI. In other words, the ccb's contribution has to be one-third

of the total advances above the base level. Thus, for every Rs 100 of additional short-term loans, the bank has to invest Rs $33\frac{1}{3}$ from its internal resources to qualify for Rs $66\frac{2}{3}$ from the RBI at a concessional rate of interest. The owned funds ordinarily contribute 5 per cent or Rs 5 leaving Rs $28\frac{1}{3}$ to be put in from the deposits. Taking into account the optimum liquidity requirements, say, at $33\frac{1}{3}$ per cent of deposits, the additional deposits to be mobilized will have to be of the order of Rs 45. This means, a ccb has to mobilize Rs 45 for advancing every Rs 100. The ccb, however, will require higher level of deposits, say, at Rs 80 if it has to provide loans for other purposes. The ccbs in Bihar have at present, by and large, negligible involvement in non-agricultural advances. In view of this position, the deposits to be mobilized for every Rs 100 of short-term agricultural loans outstanding can be reckoned at Rs 66. If the total short-term loans outstanding at the primary level in a district are at Rs 100, the refinance from the concerned ccb can be placed at Rs 90. On the basis assumed above, the ccb will have to ensure that its deposits are around Rs 60 (66 per cent of Rs 90) to enable it to lend Rs 90 to the primaries at which level the loans outstanding will be Rs 100. Thus, the deposits necessary for a ccb can be placed at 60 per cent of the short-term agricultural loans outstanding at the level of pacs affiliated to it.

9.04 In Chapter 8, we have estimated that the total short-term agricultural loans outstanding at the level of pacs in Bihar in 1980-81 may be around Rs 140 crores. Out of this amount, the loan business amounting to Rs 110 crores is expected to be sustained on the basis of financial support from the ccbs/DCDBs in the state. As explained in paragraph 9.03, for achieving this level, the ccbs/DCDBs in the state will have to take up the level of their deposits to Rs 66 crores (60 per cent of Rs 110 crores) by 30 June 1980 as against the level of their deposits at Rs 11.85 crores as on 30 June 1975. This will be feasible if the ccbs/DCDBs in the state ensure an average annual growth rate of about 40 per cent in mobilizing additional deposits.

9.05 While the above is the overall position, Annexure 43 gives the level of the deposits which each of the 26 ccbs/DCCBs in the state will have to reach by 30 June 1980, their actual deposits

as on 30 June 1975 and the average annual growth rate which each bank will have to maintain in mobilizing additional deposits. It will be seen therefrom that the Dhanbad ccb has already the required level of deposits and it will not be difficult at all for the Hazaribagh ccb to reach the expected level of deposits. Both these banks, however, serve areas having very limited potential for short-term agricultural loan business. The position in respect of the remaining 24 ccbs/DCDBs is quite different as may be seen from Table 1. The above table reveals the gravity of the

TABLE 1

Required average annual growth rate in mobilizing additional deposits in per cent	CCBs/DCDBs			
	NB	SB	CPTA	CPOA
60 and above	Madhipura, i.e., Saharsa DCDB Motihari	Magadh Monghyr Nawadah	Daltonganj	—
50 to 59	Laheriasarai Muzaffarpur	—	—	Giridih DCDB
40 to 49	Begusarai National, i.e., W. Champaran DCDB Purnea Rohika Sitamarhi Siwan	Arrah Sasaram	Deoghar/Dumka, i.e., Santhal Parganas DCDB	—
30 to 39	Gopalganj	Bhagalpur Bihar-Barh-Fatwa Dinapur	Gumla/Ranchi, i.e., Ranchi DCDB Singhbhum DCDB	—

to 390 by 1980-81. A comparison of the data contained in column (2) of Annexure 13 with the particulars given in the last column of Annexure 14 would indicate that the banks from the North and South Bihar plains can support more than twice the number of existing offices. The banks from the Tribal area in the Chotanagpur plateau can also increase their number of branches by at least 50 per cent. It is only the three banks from the Other area in the Chotanagpur plateau which have the requisite number of offices. Secondly, the ccbs/DCDBs may have to bestow considerable attention for giving proper face-lift to their existing as well as the proposed offices. For, unless this is done, it may not be possible for the banks to improve their image in the public eye. Towards this end, we suggest that the BSCB may consider sanctioning suitable medium-term loans to the concerned ccbs/DCDBs provided the banks agree to appropriate a portion of their future profits for meeting the repayment of loan instalments. Thirdly, at its headquarters, each ccb/DCDB may have to open a branch in the market area, if it is not already having such branch, for tapping deposits. They may also have to consider opening branches in satellite townships/ghettos like the Barauni industrial complex and the staff colonies in the case of the Begusarai ccb, HSL and HEC colonies at Ranchi and centres like Hatia, Jamshedpur, Dhanbad, Dalmianagar, Hazaribagh, Jharsguda, regulated market yards under ARDC schemes and satellite towns built up in Gandak/Kosi Command Irrigation Project areas. Fourthly, the banks may have to consider introducing new deposit schemes and extend such facilities and services as would accelerate their programmes of deposit mobilization. Finally, the managements of the ccbs/DCDBs would have to fix every year branch-wise realistic targets for the mobilization of deposits and ensure that the targets so fixed are actually achieved. The necessary lead in this regard would have to be provided by the BSCB which may have to actively help the ccbs/DCDBs in the formulation of their branch expansion programmes and the new schemes for deposit mobilization as also for extending at their offices the necessary banking facilities and services. In so far as the branch expansion programmes of the ccbs/DCDBs are concerned, we would suggest that the BSCB should, in consultation with each ccb/DCDB, prepare for every bank a three-year rolling plan for branch expansion for the years 1977-8 to 1979-80

and, in order to avoid delay, the RCS may accord approval to the said plan in advance at least on an annual basis. Further, since the affiliated ccbs/DCDBs can no longer function as mere post offices for the routing of credit, the apex bank should fix bank-wise targets for the mobilization of deposits on the basis of the growth rates indicated by us and also ensure the fulfilment of these targets. Any scheme of giving incentive to the affiliated banks that may be considered by the BSCB, should be linked to not only the performance in the field of recovery but also the performance of the ccb/DCDB concerned in the sphere of deposit mobilization.

Deposit insurance

9.07 During the course of the zonal discussions as also the field study in Begusarai and Purnea districts, it was contended that the commercial banks operating in Bihar have been at an advantage *vis-a-vis* the co-operative banks in so far as deposit mobilization is concerned inasmuch as the deposits of the former banks were covered by the insurance facility made available by the Deposit Insurance Corporation. This is especially so because since 1 July 1976 the limit of insurance cover in respect of a depositor in the same right and capacity stands increased from Rs 10,000 to Rs 20,000. The RBI has already furnished to the GOB the amendments to the Bihar and Orissa State Co-operative Societies Act that are required so that the co-operative banks in Bihar can be deemed as 'eligible banks' under the Deposit Insurance Act and the insurance cover extended to their deposits. We understand that the state government have since amended the Act for the purpose in terms of an Ordinance published on 16 July 1976 in the official gazette. The matter has, however, not been referred thereafter to the RBI so far. We would therefore, urge on the GOB to take suitable follow-up action expeditiously so as to ensure that the facility of deposit insurance is extended to the co-operative banks in Bihar as early as possible and their programmes for the mobilization of deposits are given the needed support.

Deposits of government of semi-government bodies

9.08 Another sphere in which the state government support can

greatly help the BSCB and the ccbs/DCDBs in Bihar in reaching the required level of deposits by 30 June 1980, is the recognition of these banks by the government for receiving deposits from the public corporations, district boards, *panchayats* and other government/semi-government bodies. It is not enough to recognize only the scheduled banks for this purpose as the ccbs or the proposed DCDBs cannot fall in the category of scheduled banks. Besides, such a recognition has to be bestowed not merely by issuing circular instructions but by removing the relevant constraints by suitable amendment to the laws subject to which the above referred government/semi-government bodies function. We recommend that the BSCB may take immediate action to bring to the notice of the concerned authorities in the GOB the provisions in the various enactments or the administrative instructions which hinder the flow of deposits of the above referred corporations/bodies/agencies/project authorities to the state and central co-operative banks in Bihar so as to enable the GOB to take suitable follow-up action as early as possible. We, however, concede that as in the case of Gujarat the proposed recognition will have to be confined to the banks in 'A' or 'B' class of audit. But we expect that with the measures proposed by us for toning up their working and the modified standards suggested later in this chapter for their audit classification on the basis of overall performance, many ccbs/DCDBs in the state will qualify for 'A' or 'B' audit classification.

Provision for unrealized income

9.09 The image of any bank in the public eye very much depends, among other factors, on its ability to work at profit especially when the audited accounts of the bank are published and widely circulated. We have observed in paragraph 3.06 of Chapter 3 that as many as 14 out of the 28 ccbs in the state incurred losses as per their audited and published profit and loss account for the year 1974-5. These include both the Begusarai and Purnea banks covered by the field study. The study revealed that the working of these two banks for the year 1974-5 resulted in loss mainly because the banks were required to make full provision for the entire unrealized income inclusive of interest on current loans, government securities, fixed deposits with the

apex bank, etc., in terms of the RCS circular dated 2 September 1943 read with this circular dated 27 November 1956. This position is clearly brought out in Table 2. In Maharashtra, in

TABLE 2

	Rs Lakhs	
	Begu- sarai ccb	Purnea ccb
(i) Loss for the year 1974-5	1.04	6.18
(ii) Provision of unrealized income as on 30.6.75	5.79	32.90
(iii) Provision for unrealized income as on 30.6.74 reversed	4.52	20.56
(iv) Additional provision out of income for the year 1974-5 (ii)—(iii)	1.27	12.34
(v) Break up of unrealized income as on 30.6.75		
(a) Interest receivable on advances	4.33	32.40
(b) Interest receivable on bad debts	0.12	0.09
(c) Interest receivable on government securities/fixed deposits	0.20	0.33
(d) Rent, income tax, etc., receivable	1.14	0.08
(vi) Of (v)(a) above, overdue interest, i.e., interest accrued on 30.6.74 but unrealized as on 30.6.75	1.57	10.88
(vii) Additional provision out of income for the year 1974-5 necessary if the provision was required to cover items (v)(b) and (vi) only	—	—
(viii) Size of profit if only overdue interest and interest receivable on bad and doubtful debts were required to be provided [(iv)—(i)]	0.23	6.16

terms of the provisions of section 65 of the Maharashtra Co-operative Societies Act 1960 prior to the amendment in 1963, the co-operative banks before arriving at their profit/loss, i.e., the working results, were required to make full provision for the interest receivable on bad and doubtful debts as also the entire overdue interest. On this basis both the ccbs covered by the field study would have shown a profit for the year 1974-5. These provisions in the Maharashtra Act were made slightly rigorous

by virtue of the amendment carried out in 1963 in terms of which the banks in that state are now required to fully provide for interest on bad and doubtful assets and the entire interest, whether overdue or current, on all overdue loan accounts. But still the provisions in the Maharashtra Act are less rigorous than the practice in vogue in this respect in Bihar. In fact, as per the procedure followed in Bihar, the profit/loss of a co-operative bank does not show a fair and true picture of its working as required under section 29 of the Banking Regulation Act, 1949 inasmuch as the co-operative banks in the state have to make a provision from their income for interest receivable on not only the current loans but also its liquid investments in the form of fixed deposits with the BSCB, government/trustee securities, etc. In view of this position we recommend that the RCS may issue revised instructions in this regard on the lines of the amended provisions of section 65 of the Maharashtra Co-operative Societies Act 1960 with a view to ensuring that the published profit/loss of a co-operative bank in Bihar shows a true and fair picture of its working.

Interest margin/rebate

9.10 In Bihar, at present a margin of $2\frac{1}{2}$ per cent is retained at the level of pacs in respect of short-term agricultural loans, the margin retained at the levels of the ccbs and the BSCB being 2 per cent and 0.75 per cent respectively. This is in conformity with the principle that the highest margin should be available to the institution at the lowest level as also with the recommendations in this respect made by the Rajasthan Study Team. We would not, therefore, suggest any change in the procedure in vogue in Bihar wherein the short-term loans borrowed at 7 per cent, i.e., 2 per cent below the Bank Rate at the apex level are advanced at the primary level at $13\frac{1}{4}$ per cent. An extra margin of 1 per cent is available to the BSCB which is a scheduled bank, for meeting its liability towards income-tax on interest earned by it.

9.11 However, the operation of the scheme of linking the cost of borrowing from the RBI with the deposit mobilization led in practice to a watering down of the available margin on their

short-term agricultural loan business during the years 1973-4 and 1974-5 for the ccbs in the state. In terms of the scheme, the ccbs coming under its purview were, during the years 1973-4 and 1974-5, advanced short-term loans by the BSCB at $10\frac{1}{4}$ per cent subject to a rebate of $1\frac{1}{2}$ per cent on the base level as also on their additional lending if their own involvement was one-third of the total additional loans. So long as the limit sanctioned by the BSCB to a ccb was the same as the one sanctioned to the former by the RBI on behalf of the concerned ccb, no difficulties arose because the entire rebate allowed by the RBI could be passed on to the ccb concerned. But as we have indicated earlier many ccbs in the state were not sanctioned any limit by the RBI during any or all of the last three years. For instance, the Purnea ccb visited during the course of the field study was not sanctioned any limit by the RBI for the years 1974-5 and 1975-6, the limit sanctioned to the bank for these years by the BSCB being Rs 110 lakhs and Rs 125 lakhs respectively. The Purnea bank received from the BSCB the rebate for which it was entitled for the year 1973-4 only to the extent of its borrowings under the limit sanctioned by the RBI. The bank, however, has not so far received any rebate for the year 1974-5. The result has been that the bank virtually operated on an interest margin of 0.50 per cent during the year 1974-5. Thus, the basic question is whether a ccb should be entitled to a rebate if its borrowings are from the internal resources of the apex bank. The scheme in question obviously presupposes the adoption of a pooled rate of lending by an apex bank and, therefore, a ccb depending on the internal resources of the apex bank, either wholly or partly for its borrowings should be entitled for the rebate envisaged under the scheme. This presumption is further confirmed by the fact that under the revised procedure introduced from 1975-6 onwards the BSCB is required to lend to a ccb at 8.75 per cent subject to the condition that on the former's lending to the latter above the aggregate level an extra interest of $1\frac{1}{2}$ per cent will be charged if the ccb concerned fails to ensure its own involvement of not less than one-third of the total additional lendings. The revised procedure does not, therefore, make any distinction between the lendings of the apex bank to ccb either out of its own resources or out of refinance available from the RBI.

9.12 Thus, the point for consideration is whether the extra rebate due to the ccbs in the state by the BSCB should now be passed on by the apex bank. Fortunately, the BSCB has made an *ad hoc* provision of Rs 12 lakhs each from its income for the years 1973-4 and 1974-5 for meeting the above liability. The concerned authorities in the BSCB estimate that the aggregate extra rebate due to the ccbs will be well within the total provision of Rs 24 lakhs. We recommend, therefore, that the BSCB may take immediate action to calculate the extra rebate for the years 1973-4 and 1974-5 due to each of the 28 ccbs in the state and transfer the same to the concerned banks. We also suggest that in future while finalizing their annual accounts, the ccbs/DCDBs in the state should provide for their liability towards additional interest if, any or some of them fail to ensure the requisite level of involvement of their own in respect of their borrowings above the aggregate level from the BSCB. The implementation of this suggestion of ours will have to be ensured by the audit staff of the Co-operation Department.

Lending policies

9.13 The ccbs in Bihar have adopted crop-wise scales of finance for disbursement of their short-term agricultural loans. These scales of finance comprise two components, viz., cash and kind. In the case of the Purnea ccb, the scales of finance were last fixed in the fieldworkers' conference held in December 1971 and in the case of Begusarai ccb, they were fixed in 1973. We understand that the ccbs in Bihar have not taken any action to constitute compact technical groups of knowledgeable persons to determine every year the crop-wise scales of finance as recommended by the All-India Rural Credit Review Committee, 1969 nor have they convened for a long time the field workers' conference for the purpose. We would, therefore, reiterate for adoption in Bihar the recommendation of the above committee that each ccb/DCDB in the state should constitute a compact technical group of knowledgeable persons to determine the crop-wise scales of finance every year. The RCS in consultation with the BSCB may decide about the officials and non-officials who should be on such a technical group at the district level and issue necessary instructions in this behalf to all the ccbs/DCDBs in the state.

9.14 The ratio of cash and kind components in the scales of finance adopted by each ccb in the state is generally 50:50. In November 1975, however, the RCS issued circular instructions to all the ccbs advising them to ensure that in the scale of finance for each crop the proportion of cash and kind component is 25:75 in respect of the irrigated areas and 40:60 in respect of the unirrigated and hilly areas. These instructions were modified on 7 July 1976 fixing the proportion at 60:40 in respect of all the areas, i.e., whether irrigated or unirrigated, subject to the condition that the cash component should be released only after the lifting in full of the kind component by the concerned borrower.

9.15 While the above departmental instructions may not give rise to any practical problems in so far as financing of the *rabi* crops are concerned as the farmers themselves are keen on applying the requisite doses of fertilizers, the field study in the Purnea and Begusarai districts revealed that the said instructions have created lot of difficulties in so far as the financing of the *kharif* 1976 cultivation is concerned. The lands in these two districts are prone to floods during the *kharif* season caused by the overflowing rivers. The success of *kharif* crops is thus not assured and the farmers, therefore, make limited use of fertilizers. The enquiries made during the course of the field study revealed that the expenditure incurred for the application of the fertilizers for *kharif* cultivation does not exceed 25 per cent of the total outlay and, in many cases, it is as low as 10 per cent. Similar situation exists in most of the other districts which are either affected by floods or are drought prone. While there is no doubt that even for *kharif* crop fertilizer consciousness must be created among the farmers experience shows that this is not the way to do so as such consciousness is generated more through extension than through compulsion. Further, the cash and kind components cannot be fixed arbitrarily and uniformly for the entire state and for all crops in certain proportions. The scales of finance in cash and kind have to be fixed per acre per crop taking into account the conditions in the different areas. The cash component has to be fixed at one-third of the value of produce at traditional cultivation. The kind component may be fixed according to the requirements of the average farmer. The Reserve Bank has brought out a comprehensive manual called 'Production Oriented System

of Lending for Agriculture' on this subject. We recommend that the ccbs follow the guidelines in that manual. The RCS also may leave this matter to be settled by the Technical Group to which a reference has been made earlier and not attempt to fix scales uniformly for the whole state.

9.16 There is no provision in the Bihar and Orissa Co-operative Societies Act for creation of a charge on his land by a cultivator to provide security for the short-term agricultural loan borrowed by him from the society of his area. All such loans for amounts exceeding Rs 2000 are, therefore, required to be secured by mortgage of land and those for less than this amount are issued against two personal sureties. In practice, the ccbs in Bihar have, by and large, refrained from issuing loans for amounts exceeding Rs 2000 and, therefore, all their short-term loans through the affiliated pacs are against two personal sureties. The adoption of this policy may result in denying a cultivator credit facilities to the full extent of his requirement which may serve as a disincentive for him to adopt progressive cultivation practices or extend his cultivation of cash crops like sugarcane.

9.17 The matter needs to be considered from another angle as well. Perhaps because the short-term agricultural loans are issued at the level of pacs against two sureties, the cases for recovery thereof through coercive action, whenever warranted, are first referred for arbitration as disputes and only after the award is received a claim is made under the Public Demands Recovery Act for issue of a certificate of recovery. In Maharashtra, in terms of the provisions of section 48 of the Maharashtra Co-operative Societies Act 1960, all short-term agricultural loans are issued against a declaration in the prescribed form made by the borrower creating a charge on his land or his interest in land and by virtue of such a declaration the lender society has the first charge, subject to certain government, etc. claims, on the specified land or interest in land. Besides, in terms of the provisions of section 101 of the Act *ibid*, the loans so advanced are treated as simple money claims and in the event of an application for recovery thereof made by the lender society on account of default in repayment, are not referred to arbitration but disposed of summarily by the grant of a certificate of recovery for the amount of arrears.

Further, this certificate of recovery can be executed as the one for the recovery of land revenue. If the above provisions contained in the Maharashtra Act are incorporated in the Bihar and Orissa Co-operative Societies Act, two advantages will forthwith accrue. Firstly, a regular mortgage will not be necessary even if the amount of the short-term agricultural loan exceeds Rs 2000 which in turn will help the credit institutions to readily meet the full requirements of such borrowers as are otherwise eligible for loans for amounts exceeding Rs 2000 each. Secondly, these special provisions will enable the recovery of dues through coercive process in a quicker manner. We, therefore, recommend that provisions similar to those contained in sections 48 and 101 of the Maharashtra Co-operative Societies Act 1960 may be incorporated in the Bihar and Orissa Co-operative Societies Act 1935. Besides, for the reasons contained in paragraph 7.26 of Chapter 7, we suggest that the powers of issuing the certificates of recovery in respect of co-operative dues may be delegated to the ARCS instead of the DCOs. The execution of the certificates of recovery will, as mentioned in the above referred paragraph, be entrusted to the Recovery Officers proposed for posting in each ccb/DCDB.

9.18 As we have mentioned in item (vii) of paragraph 3.23 of Chapter 3, the ccbs in Bihar have, at the instance of the RCS introduced the practice of disbursement of loans by cheques, i.e., loan payment orders and encashment thereof on production of certified photographs. But in the absence of adequate branch network this procedure has not been introduced in all areas. Our suggestion in paragraph 9.06 of this chapter regarding the spread of branch net-work of the ccbs/DCDBs will help overcome the difficulties that are being experienced in extending the above wholesome practice in all the blocks throughout the state.

9.19 As per the practice in vogue, the normal credit limit (ncl) statements of societies are forwarded for sanction to the ccbs through the concerned co-operative extension officer/block development officer. This requirement results in delay in the receipt of the statements by the banks and their subsequent consideration by the latter. As against this position, no useful purpose is served as the block officials have no means to verify the correctness of the statements. The scrutiny of these statements is, therefore, left

entirely to the concerned supervisor. We have already proposed the transfer of supervision over the societies to the ccbs/DCDBs which will have their own supervision machinery. Besides, each of the reorganized societies will have an independent and full-time paid manager from the proposed cadre. In such circumstances, we suggest that the RCS may take action to dispense with the practice of routing ncl statements through the block officials in a phased manner as and when full-time paid managers from the cadre are made available to the reorganized pacs.

Taccavi loans

9.20 It is the practice of the state government to allocate funds in the state budget for making available direct taccavi loans for short-term and medium-term agricultural purposes to farmers in the state including the members of the pacs. On an average, a provision of about Rs 10 crores is made annually for the purpose. Such loans carry interest at 9 per cent per annum which is far below the rate at which loans are made available by the pacs. While taccavi loans have a vital role in times of famine and distress, taccavi for normal agricultural operations "is apt to be little else than the ill-performed disbursement of inadequate moneys by an ill-suited agency" as was observed by the All India Rural Credit Survey Committee, 1954. The practice of disbursement of taccavi loans for purposes for which the co-operative credit is readily available, hinders the development of co-operative coverage and also encourages defaults to co-operative credit agencies. With the proposed reorganization of the primary credit structure, the steps suggested in this report for strengthening of the co-operative credit institutions at all levels and the incorporation of the principle of universal membership in the State Act, there seems to be no justification for disbursement of direct loans for agricultural operations by the state government. We would, therefore, urge on the GOB to discontinue the practice of allocating funds for sanction of taccavi loans except as distress taccavi in times of floods/famines, and instead utilize the available funds for strengthening the co-operative credit structure.

Consumption finance

9.21 Institutionalization of credit for non-agricultural purposes,

particularly for meeting the consumption needs of the rural poor, has become necessary consequent to the grant of moratorium on the rural debts by the GOB because of which the supply of credit from private agencies like money lenders may have come to a stop. On-the-spot studies of the 202 pacs have revealed that if such credit is made available by the pacs particularly to small and economically weak farmers, they may be attracted in greater number to the society of their area. The co-operatives can, therefore, lend support for meeting such credit requirements, but their main task is to meet adequately the growing needs of finance for agriculture. It is, therefore, not advisable to divert the scarce resources of the institutions to non-developmental purposes. At the same time, a note has to be taken of the situation that has arisen on account of the stoppage of credit from non-institutional agencies and, therefore, the co-operatives may lend a helping hand in meeting such requirements. However, in view of the inadequate resources position, the lowest priority should for the time being be granted for financing such activity which should not lead to meeting extravagance in expenditure. Considering the pros and cons of the matter, we suggest that the ccbs/DCDBs in Bihar may to begin with grant consumption loans to the members of their affiliated pacs belonging to weaker sections of the community and engaged in some productive occupations, if such members are eligible for short-term agricultural loans. The loans may be for specific purposes like medical aid, death ceremonies, marriages (dowry excluded). The quantum of loans to an individual should be within the ceilings indicated purpose-wise by the RBI and they may be granted and recovered along with production credit. Later, when the deposit resources of the BSCB and ccbs/DCDBs increase to the extent envisaged by us it should be possible for the reorganized pacs having full-time paid managers to extend consumption credit to landless labourers and marginal farmers on the lines recommended by the Expert Committee on Consumption Credit headed by Shri B. Sivaraman, Member, Planning Commission.

9.22 Further, as advised by the RBI recently, the ccbs/DCDBs may also grant loans against the pledge of jewellery excluding precious stones directly to individuals who may be enrolled as nominal members for the purpose. Suitable arrangements for

valuation of pledged jewellery be made with a local jeweller at the branches of the ccbs/DCDBs. However, with a view to avoiding carrying of considerable risk in regard to safe custody, suitable ceilings may be fixed in absolute quantum on such loans to be advanced by the branches.

Audit

9.23 The standards for audit classification of the ccbs recommended by the RBI as far back as 1956 are in vogue in Bihar. But, since the adoption of these standards does not result in the assessment of the position of a bank on the basis of its overall performance because the bank is given a lower classification even if it fails to satisfy one or two out of the many standards, the RBI has in terms of its circular dated 12 March 1975 to the Registrars of Co-operative Societies, suggested adoption of a 'marks system' to have a qualitative assessment of a central bank's overall performance. A total of 100 marks has been divided among 11 major aspects of business of a ccb giving due weightage while making this allocation. For instance, 20 marks have been allotted for performance of the bank in the matter of recoveries and the proportion of defaulting societies to the total number of indebted societies has been ignored. In the circumstances we recommend that the 'marks system' suggested by the RBI may be adopted by the GOB for the purpose of audit classification of the ccbs/DCDBs in Bihar.

9.24 Although the system of continuous and concurrent audit of the BSCB as well as the ccbs has been introduced by the GOB, the audit of the banks is in practice not continuous inasmuch as it is, on an average, in arrears for about six months. The main difficulty is reportedly the lack of adequate audit staff. Besides, the audit lacks in quality and does not serve the desired objective of toning up the operational efficiency of the institutions. This is because the audit is not entrusted to the personnel of the requisite rank *vis-a-vis* the size of business of the institutions. For instance, the audit of ccbs is conducted by a sub-divisional auditor who is a non-gazetted employee and that of the state level institutions by a Deputy Chief Audit Officer who is a class I gazetted officer in junior scale. With a view to making audit

more meaningful than at present and as also making it continuous in the real sense of the term, we suggest that the GOB may consider posting auditors of the rank of Joint Registrar for the audit of the state level institutions, of the rank of the DCOs (equivalent to the Deputy Chief Audit Officers) for the audit of all ccbs/DCDBs with a working capital of Rs 2 crores or more and of the rank of the ARCS (equivalent to the District Audit Officers) for the audit of the remaining ccbs/DCDBs. Besides, the auditors may be provided with suitable supporting audit staff so as to ensure that there are no arrears. The strength of junior/senior auditors may have also to be augmented suitably with a view to avoiding arrears in the audit of the pacs in the state.

9.25 Our above recommendations may also warrant posting of officers of a higher grade in the districts as well as at the headquarters in the audit wing of the Co-operative Department. A part of the additional expenditure can be met by revising suitably upwards the audit fees which are at present relatively low as given below:

(1) Ten per cent of the net profit from all types of co-operatives subject to the minimum and maximum as under:

	Minimum Rs	Maximum Rs
(a) pacs	5	100
(b) ccbs including special, industrial and others and CDCM unions excepting the apex co-operative institutions	100	3000
(c) Apex co-operative institutions having business exceeding Rs 5 lakhs	200	20000
(d) Apex institutions having business of Rs 5 lakhs and below	1000	—

(2) In the case of every branch, depot, distribution centres, etc., an additional charge of Rs 100 per unit is levied in the case of Handloom Unions, Marketing Unions, BSCB and BSLDB

Training of non-official workers

9.26 The accomplishment of the tasks assigned by us to the

co-operative credit institutions at the different levels will be greatly aided if the non-official workers on the managements of the institutions are well conversant with the programmes and policies to be pursued by their institutions. Towards this end, the state co-operative unions have been charged with the responsibility of conducting suitable courses for imparting training to non-official workers. We understood that the Bihar State Co-operative Union has not been in a position to bestow adequate attention to this aspect, one major constraint being lack of resources. In Maharashtra, under the provisions of section 68 of the Maharashtra Co-operative Societies Act 1960, read with Rule 53 of the Maharashtra Co-operative Societies Rules 1961, every society which pays dividend to its members at 4 per cent or more has to set apart and appropriate a portion of its net profit, subject to a certain maximum ceiling, to the education fund to be transferred within the stipulated period to the state co-operative union. We would suggest that the GOB may consider incorporation of similar provision in the Bihar and Orissa State Co-operative Societies Act, 1935 or the rules framed thereunder and ensure that the funds so available are used to the best advantage by the Bihar State Co-operative Union.

Role of Co-operative Department

9.27 The action on majority of our recommendations will have to be initiated by the RCS who will also be responsible for ensuring that the remaining recommendations are implemented by the institutions concerned. Thus, the RCS has a pivotal role in the programme of the development of the co-operative credit structure envisaged by us. The continuity of action and adoption of planned and co-ordinated policies on his part would, therefore, assume great importance. In view of this position, it is essential that the incumbent to the post of the RCS should hold the office for a fairly long period extending, say, up to five years as was recommended by the All India Rural Credit Survey Committee, 1954. Unfortunately, as may be seen from paragraph 2 of the Introduction to this report, there have been frequent changes in the incumbents to the post of the RCS. In the context of the important tasks that may have to be handled by the RCS, the recurrence of such a situation will have to be avoided. We would,

therefore, urge on the GOB to ensure that the office of the RCS is held by the same officer for a term of at least 3 to 5 years as recommended earlier. We are, however, aware that one major difficulty in this respect is the promotion of an incumbent to the higher scale, as often a senior district magistrate (collector) is posted as the RCS. As a way out and in view of the greater responsibilities that may devolve on the RCS, the GOB may consider elevation of the post of the RCS to the rank of a Commissioner if the incumbent is due for promotion before completing his term of 3 to 5 years, so that he could continue in the post. Incidentally, it may be mentioned that in Maharashtra and Rajasthan, the post of the RCS has already been elevated to the rank of a Commissioner.

9.28 It will also be necessary to suitably strengthen the establishment of the RCS both at the headquarters as well as the districts. For instance, a cell may have to be created in the Department for pursuing the implementation of our recommendations. Besides, a DCO may have to be posted in each of the 31 districts. We would, however, not like to make any specific recommendations in this regard and leave the matter for careful consideration by the GOB.

Review of action on the recommendations

9.29 We have endeavoured to present through this report an integrated plan of action to give a chance of survival followed by an era of sustained progress to the co-operative credit institutions in Bihar. Many of our recommendations like the treatment of existing overdues including the chronic overdues, pumping in of additional financial assistance, etc., are somewhat unorthodox but dynamic. These cannot be implemented in isolation and have to be fully backed by simultaneous action for the implementation of the recommendations designed for toning up the organizational, administrative and operational efficiency of the institutions at the three levels of the co-operative credit structure. For, otherwise the very recommendations aimed at clearing the institutions of the sins of the past may merely result in aggravating the present situation which itself is far from satisfactory. This should not be allowed to happen at any cost. All our recommendations have,

therefore, to be considered as a package and implemented as such. With a view to ensuring the adoption of each of our recommendations in its proper perspective, a periodical review by a high-power committee is necessary. Such a committee may be set up at the state level by the GOB under the chairmanship of the Chief Secretary. The other members of the committee may be the Principal Secretary in charge of Agriculture and Co-operation Departments of the GOB; RCS, Bihar; Regional Commissioner for Tribal Development, Bihar; a representative each of the GOI in the Ministry of Agriculture and Irrigation (Department of Rural Development), RBI's ACD and DBOD and the Chairmen of the BSCB and the BSLDB.

V SUMMARY OF RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS

I BACKGROUND

Chapter 1—Agricultural environment and production credit needs

1 Although Bihar has basically an agricultural economy, it presents somewhat a picture of relatively slow growth in the agricultural sector. Heavy pressure of population on land, existence of small and highly fragmented operational holdings, inability of a large section of farmers to obtain investment credit against the security of their land, occurrence of floods in the relatively fertile North Bihar plain and recurring droughts in Chotanagpur plateau, are the major problems. While the necessary steps for consolidation of holdings, for providing transferable occupancy rights to share croppers and oral lessees, for providing access to investment credit from institutions and for controlling the menace of floods should be vigorously pursued by the state government, the main thrust for ensuring success of the agricultural development programmes would have to be directed towards tapping the available irrigation potential, persuading the farmers, most of whom are small or marginal, to adopt modern agricultural practices and ensuring adequate institutional credit support to them for their agricultural operations.

2 The total requirements of credit for short-term agricultural production in any area would depend on the cropping pattern and the average per hectare outlay in respect of each crop. As observed by the MP Study Team, therefore, the more scientific method of assessing the credit requirements is to ascertain the realistic scales of finance and the area under different crops and multiply the area under each crop with the relevant scale of finance fixed for the purpose so as to arrive at the total outlay on raising the different crops. Forty or fifty per cent of the outlay so calculated can be deemed as the short-term credit needs on the assumption that not all the cultivators require credit and, therefore, become members of pacs, not all the cultivators in need of credit resort to institutional agencies and not all the

borrower members of pacs borrow to the full extent of the outlay on crops raised by them. In the case of Bihar, for want of the requisite data, in particular block-wise, an alternative method which is simple enough to facilitate estimation of block-wise credit needs, has to be adopted. The best course will be to proceed on the basis of expected average credit supply of Rs 250 per hectare of irrigated area and Rs 125 per hectare of un-irrigated cropped area as was done by the Fifth Plan Working Group for estimating the short-term agricultural credit requirements for the entire country in 1978-9.

3 However, while adopting the norms as above, we consider it appropriate to make some marginal changes in respect of areas wherein either the cultivators are relatively progressive and the consumption of fertilizers is relatively high or, in view of poor soils, lack of irrigation facilities and predominance of tribal farmers, the cultivation is carried on on traditional lines. Such changes are necessary in respect of the districts shown below:

District	Per hectare norm in rupees for estimation of credit potential	
	Irrigated area	Unirrigated area
East Champaran	375	175
Gopalganj		
Siwan		
West Champaran (NB)	250	100
Ranchi		
Santhal Parganas		
Singhbhum (CPTA)		
Dhanbad		
Giridih		
Hazaribagh (CPOA)		

4 On the basis indicated above, the short-term agricultural credit potential for Bihar as a whole for the total gross cropped area of 112.97 lakh hectares (86.15 lakh hectares unirrigated and 26.82 lakh hectares irrigated) works out to Rs 177.76 crores, or, say Rs 178 crores. With the measures that are being taken for in-

creasing the irrigation facilities, bringing more cultivable fallow land under cultivation, extending the area under high-yielding varieties of crops and for popularizing the use of chemical fertilizers, the short-term credit potential for the state as a whole should, even on a conservative estimate, increase by at least 10 per cent over the period of the next five years and can, therefore, be placed at Rs 195 crores in 1980-81. The above estimates of the existing as well as the projected level of short-term agricultural credit potential in 1980-81, have been kept to the minimum keeping in view the present level of per hectare finance made available by the co-operative agricultural credit institutions in Bihar and their capacity to meet such credit needs over the next five years. For, on the basis of the recommended doses of fertilizers and other inputs, the actual credit requirements would be substantially higher.

5 As against the above estimate of credit potential, the pacs in the state can be deemed to have met in 1974-5 credit requirements to the extent of short-term agricultural loans issued by them in that year (Rs 11.91 crores) plus overdues in respect of such loans as on 30 June 1974 (Rs 16.44 crores), i.e., to the extent of Rs 28.35 crores leaving a credit gap of Rs 150 crores or 84 per cent of the existing potential at Rs 178 crores. For the purpose of estimating the credit needs met by the pacs in the state, their overdue short-term loans have been reckoned, as even those who have not repaid their dues can be said to have enjoyed the benefit of co-operative credit.

II CO-OPERATIVE CREDIT AGENCIES APPRAISAL OF PERFORMANCE

Chapter 2—Bihar State Co-operative Bank

6 Being the apex body of the co-operative credit structure, the membership of the BSCB should normally be open to the ccbs operating in Bihar and other state level co-operative institutions, in addition to the state government. However, these members are in minority *vis-a-vis* the other members. Further, the Chairman is elected not by the board of directors but like other directors by the members present at the annual general body

meeting. It is pertinent to note in this connexion that as per the byelaws of the bank, each shareholder, irrespective of whether he is an individual or represents an affiliated institution, has one vote. This situation is not conducive to the bank discharging the responsibility cast on it of guiding the activities and co-operating the policies of the ccbs in the state.

7 In terms of the byelaw No. 43 the Chairman of the BSCB is in overall charge of the bank and shall exercise general control and supervision over its affairs and the work of its officers. It is quite likely that the wording of the byelaw is such that it may be interpreted to mean that it is the duty and responsibility of the Chairman to supervise the day-to-day work of the officers of the bank.

8 The MD is being appointed by the GOB and serves also as Financial Adviser to the GOB who pay his salary and allowances. In terms of byelaw No 61 the board can delegate to the MD either individually or jointly with other members of the board certain powers on subjects relating to the bank's day-to-day working including the posting and transfer of the paid staff. Besides, in terms of byelaw No 62 the board is authorized to delegate to individual directors the powers of supervision over the activities of the bank and the societies financed by it. We are of the opinion that directors of the board other than the Chairman and the MD should not be entrusted with any executive responsibility in the affairs of the bank and the byelaws 61 and 62 be amended to exclude reference to other directors.

9 A co-operative bank is a democratic body in which the Chairman who is elected by the members and is not a wholetime paid servant has to accept some executive responsibility also in addition to presiding over the meetings. At the same time, it is clear that control over the day-to-day administration should be left exclusively to the MD. At the same time we recognize how difficult it is to draw a clear line of demarcation about what constituted the sphere of responsibility for the Chairman and the MD. The objective can as well be achieved if by convention the duties and responsibilities are settled for the Chairman and the MD in advance by mutual understanding or with the concurrence

of the board of directors in such a way that while the Chairman will be in overall charge of the affairs of the bank, the MD will be solely responsible for its day-to-day working.

10 The paid-up share capital of the bank has remained stagnant excepting for an increase of Rs 2.31 lakhs during the year 1974-5. The GOB may have to strengthen the capital base of the BSCB suitably by borrowing from the RBI's LTO Fund, if the bank is to expand its loan business appreciably.

11 The Overdues Study Team has recommended that the BSCB should build up its Agricultural Credit Stabilization Fund to the level of Rs 269 lakhs by 1978-9 as against the present level of Rs 131.11 lakhs. The shortfall of Rs 138 lakhs will have to be made good in another three years time. We suggest that the GOI may take into consideration the above position while sanctioning future central assistance to strengthen the stabilization fund of the BSCB.

12 The increase in deposits of the bank during the last four years was mainly accounted for by fixed deposits. The higher proportion of fixed deposits, would increase the average rate of interest on the deposits. Most of the loans of the BSCB are for agricultural purposes on which the return is relatively low and it is, therefore, desirable for the bank to make special efforts to mobilize more of current and savings deposits.

13 The BSCB has fixed a target for raising its deposits to Rs 60 crores by 1978-9. This would mean maintaining an annual growth rate of 40 per cent which may be difficult to achieve. It should be deemed as a satisfactory performance, therefore, if the bank achieves the above target by 1980-81 by maintaining an average annual growth rate of 20 per cent in deposits.

14 The BSCB needs to maintain an upward trend in its loaning business in view of the wide credit gaps prevailing at present and the tasks we propose to assign to it. It may not be impracticable to expect the bank to increase the short-term loans for agricultural purposes issued by it to the ccbs annually to about Rs 80 crores by 1980-81, inclusive of the estimated refinance from

the RBI at about Rs 50 crores, so that the total short-term credit for production purposes provided to the cultivators by the co-operative sector at the primary level, reaches the level of about Rs 110 crores. This means that the BSCB has to aim at an annual increase of Rs 12 crores to Rs 13 crores in the short-term agricultural loans issued by it.

15 Of the 28 ccbs, only Bhagalpur bank as on 30.6.1974 and two banks as on 30.6.1975 were not in default to the BSCB in repayment of their dues. The position has shown improvement as on 30.6.1976 when ten banks cleared their defaults to the apex bank. It is in the interest of the state co-operative bank as well as the ccbs that such defaults are cleared and not allowed to recur. It may not be out of place to mention that as at the end of December 1975, of the ten ccbs which have their representatives on the board of the BSCB, nine were in default in repayment of their dues to the apex bank. As at the end of June 1976, six defaulting ccbs still had their representatives on the board of the BSCB. This state of affairs is not conducive for improving the recovery climate in the state.

16 Excepting in 1974-5 the net profits of the BSCB have been one-half per cent or even less of the total resources, which is rather low. Consequently the bank has not been able to declare dividend in excess of 2 per cent in the five years (1970-71 to 1974-5). The lower net profits for the years 1973-4 and 1974-5 can be partly attributed to the decision of the GOB to treat a sum of about Rs 1 crore of the undisbursed grants/subsidies lying with the BSCB as fixed deposits carrying rate of interest at 8 per cent as also indiscriminate loans and advances either without interest or at nominal interest to the members of the staff for various purposes.

17 The RIOs at the four regional offices visit the ccbs only to watch in particular compliance with the RBI inspection reports and ascertain the position of recoveries and do not conduct a regular inspection of the ccbs. The inspecting officers in head office also do not undertake any inspection of the indebted institutions which are visited by them incidentally while attending to certain particular issues needing urgent attention. On the whole

the supervision of the BSCB over the affiliated institutions is not effective.

Chapter 3—Central Co-operative Banks

18 The ccbs in Bihar stand very low in comparison with the average position of the banks in the co-operatively more developed states of Gujarat and Maharashtra. The averages for the ccbs in the country as a whole, in respect of owned funds and loan business on the one hand and deposits on the other, are about thrice and five times respectively of the averages for the ccbs in Bihar. Even the ccbs from a state like Orissa which is a relatively less developed state have better averages than the ccbs in Bihar. Thus, the achievements of the ccbs in Bihar so far are not at all satisfactory and that a considerable strengthening of these institutions, both financial and administrative, will be necessary if they are to play effectively the role expected of a central financing agency of a district.

19 It is now recognized that a ccb can justify its claim for continued existence in preference to a branch of the apex bank, if it satisfied the three criteria, viz., (i) adequate mobilization of resources, (ii) responsiveness to local needs and (iii) better recovery performance. Obviously, only a viable institution or the one which has the prospect of attaining a viable status in the near future, and which has a minimum level of efficiency will be in a position to fulfil, if not wholly at least adequately, the above three criteria. We have, therefore, no reason to differ with the two Study Teams, one for Rajasthan and the other for Madhya Pradesh, appointed recently by the RBI for examining, among others, a similar issue in respect of the ccbs in the respective states. These two Teams have observed that the banks which are not likely to attain a viable status within a reasonable period, i.e., are not even potentially viable presently, and are also inefficient cannot perhaps justifiably continue to function as independent units and may have, therefore, to make room for alternative institutional credit agencies.

20 The question of viability of a ccb has been subjected to a scientific examination by the MP Study Team which felt that

the viability standards cannot be applied uniformly because the areas of operation of the various ccbs differ widely not only in size, but also from the view point of business prospects. The Team has further observed that a bank adequately staffed with qualified and trained personnel both at the head office and the branches and having, in relation to the lending business potential offered by its area of operation, a certain minimum number of branches to ensure adequate mobilization of resources and supervised end-use of credit, can be deemed as a viable unit if its earnings are adequate to defray its commitments. For determining the viability norms in respect of the ccbs in Bihar, we feel that there is no alternative to the basis adopted by the MP Study Team, subject to the slight deviation that it would suffice if a ccb in Bihar has a branch for serving a short-term credit potential of Rs 50 lakhs through 20 viable pacs.

21 For determining the viability and potential viability standards for the ccbs in Bihar on the above basis, the twenty-eight banks in the state can be grouped in six broad categories as under:

Category	Banks which need branches around	No. of ccbs
I	5	5
II	10	12
III	15	4
IV	20	4
V	25	2
VI	30 or more	1

As in the case of Madhya Pradesh, viability and potential viability standards for the above six categories will have to be estimated on the basis of expenditure on (i) salaries and allowances of the staff at head office and branches and (ii) other establishment expenditure excluding that on interest on borrowings and deposits, arrive at the margin as percentage of loan business that will be available to meet the said establishment expenditure and calculate the quantum of loan business that will be required to meet the total estimated establishment expenditure. The amount of loan business so reckoned will be the viability norm for each of the

six categories of banks and fifty per cent thereof will be the potential viability norm.

22 We are of the view that for the exercise about viability of ccbs in Bihar, the staffing pattern and the consolidated monthly salary for each grade proposed by the MP Study Team may be retained and these can be deemed as the ultimate objective to be achieved in stages. During the gestation period, a ccb should have lower scales of pay and strength of officers and staff which may be increased in stages to go hand in hand with the improvement in the business of the ccbs. We would, therefore, reiterate that the salaries and staffing pattern assumed by us for the above exercise should not be quoted in support of any demands or claims by the ccbs themselves on the one hand and the staff on the other. They can at best be regarded as objectives to be attained along with the targets for deposits, loans and advances, etc., over a fairly long period of time.

23 In the light of the detailed exercise made by us, we recommend the viability and potential viability norms as indicated below for the ccbs in Bihar:

Category	Banks which need branches around	Loan business (Rs Lakhs)	
		Viability	Potential viability
I	5	125.00	62.50
II	10	220.00	110.00
III	15	330.00	165.00
IV	20	405.00	202.50
V	25	515.00	257.50
VI	30	595.00	297.50

24 Judging from their present level of business and the conditions in which the ccbs in Bihar are placed, we suggest that they may be allowed a longer gestation period up to 10 years ending with 1984-5 for attaining the status of a viable unit. Assuming an annual growth rate of 15 per cent in the loan business, therefore, we feel that longer gestation period than five years and up to 10 years may be considered in respect of such ccbs in

Bihar as have as on 30 June 1975 a loan business between 25 per cent and 49 per cent of the level of loan business considered necessary to attain the viable status. The banks falling in this group may be, as a special expedient for Bihar, classified as quasi-potentially viable units, i.e., units which have the potential or capacity to attain the viable status not in the short run but in the relatively longer run. The norm of quasi-potential viability for the six categories of banks will be as under:

Category	Banks which need branches around	Norm of quasi-potential viability in terms of loan business (Rs lakhs)
I	5	31.25
II	10	55.00
III	15	82.50
IV	20	101.25
V	25	128.75
VI	30	148.75

25 Besides, we suggest that the ccbs in Bihar which are not viable or potentially viable or quasi-potentially viable as per the norms proposed above, may be classified into a separate group, say, Group B, under the category of quasi-potentially viable banks, as the ccbs which may be in a position to attain the status of a viable unit over the period of the next ten years either by attaining a higher annual growth rate than 15 per cent in their short-term and medium-term loan business or by integrating their such business with the provision of long-term agricultural credit which is being handled at present by the BSLDB.

26 None of the 28 ccbs in Bihar is a viable unit on the basis of the norms suggested by us. Ten of them are potentially viable. Of the 18 quasi-potentially viable banks, 15 in Group A may be in a position to attain the status of a viable unit by 1984-5 by maintaining an annual growth rate of 15 per cent in their short-term and medium-term loan business, while the remaining three in Group B may have either to achieve and sustain a higher annual growth rate than 15 per cent in their existing loan busi-

ness or undertake the long-term agricultural credit business handled now by the land development bank.

27 The assessment of the efficiency of a ccb should be done by adopting some objective criteria for translating the three tests (referred to in item 16 above) to justify its establishment. The MP Study Team suggested for this purpose 15 objective standards (sub-norms) grouped under five categories (major norms) each representing a facet of responsibility cast on the ccb. Suitable weightage was given to each of the 15 sub-norms and it was also ensured that the performance of a ccb in respect of each aspect is rated in relation to the potential available in that behalf in the area served by the bank. We consider it appropriate to adopt the basis suggested by the MP Study Team for rating the efficiency of the ccbs in Bihar also with some minor adjustments to suit the local conditions.

28 Having rated the performance of each bank in relation to the potential offered by the area served by it, the ccbs with aggregate ratings of less than 40 per cent, i.e., with less than 400 marks out of the total of 1000, should in fact be deemed as inefficient. However, in view of a longer gestation period suggested for the ccbs in Bihar, we may consider banks with ratings between 25 per cent and 40 per cent as having bare minimum efficiency. Still as many as seven ccbs viz., Madhipura-Supaul, Motihari and National-Bettiah (NB), Bihar-Barh-Fatwah and Magadh (SB), Ranchi-Khunti and Singhbhum (CPTA), have to be classified as inefficient units.

29 The major difficulty with the ccbs in Bihar has been their poor recovery performance and the high proportion of chronic defaults, i.e., overdues over three years and it is for this reason that all the 28 ccbs in the state have been identified as weak units. We feel that the funds available under the Central Sector Plan Scheme for the rehabilitation of weak ccbs can be put to optimum use if the approach to the matter is, as recommended later, modified to some extent with a view to ensuring an allround and accelerated growth of the co-operative credit structure in the state.

30 The reasons which have led the ccbs in Bihar to reach the

present stage of stagnancy are broadly as follows:

(i) By virtue of the powers conferred by the model byelaws for the ccbs, the Honorary Secretary and the Joint Honorary Secretary may be in a position to acquire a dominant role in the day-to-day administration and working of the ccbs thereby denying full freedom to the chief executive of the concerned ccb to handle these matters. This situation may have affected adversely the smooth functioning of some ccbs.

(ii) All the ccbs have been provided on deputation basis, with the services of two key officers, viz., the EO and the GM by the Co-operative Department. The powers of appointment, transfer, punishment, etc., in respect of these officers stand vested in the Co-operative Department which often results in frequent changes. These officers, therefore, have not been able to get actively involved in the progress of the institution for which they work and this may have adversely affected the smooth functioning of the banks.

(iii) Until recently, there was no clear cut division of work and responsibility between the EO and the GM with the result that neither of them was directly responsible even for important matters like mobilization of deposits, development of loan business, supervision over the field staff and recovery.

(iv) The staff employed by the ccbs have no prospect of promotion to the level of one of the key officers and have, therefore, no incentive for effective and efficient work.

(v) The managements of the ccbs have, by and large, paid scant attention to the aspect of deposit mobilization. Further, the branch network of the banks is very poor.

(vi) The ccbs in Bihar have no machinery of their own to supervise the credit disbursed by them.

(vii) The absence of proper supervision has given scope for benami loans and over-financing as also opportunity to resort to corrupt practices.

(viii) Lack of supervision over the loans issued, absence of control over field staff, inability of the officials of the ccbs to organize a concerted drive for ensuring repayment of loans as also pursuing coercive action against recalcitrant defaulters and indifference in some cases of the non-officials in the sphere of recovery, have together contributed to the existence of heavy

overdues at the levels of the pacs and in turn the ccbs.

(ix) There has also been indifference of the non-officials in functions like increasing the coverage of pacs, their reorganization and providing them with paid hands.

31 We are of the view that any programme for ensuring the development of these institutions at the intermediate level in Bihar will have to aim at (i) eradicating the deficiencies noticed in their working and ensuring that such deficiencies do not recur and (ii) placing the institutions on a firm base by evolving some arrangement to take care of the sins of the past which have crippled their working. Such a programme may not, however, necessarily help all the ccbs for, in some extreme cases, alternative arrangements may have to be thought of.

Chapter 4—Primary Agricultural Credit Societies

32 Most of the pacs in the state continue to be non-viable and organizationally weak units as is evident from the fact that as on 30 June 1975, the average of loans outstanding per society works out to Rs 17150 which forms only 8.5 per cent of the minimum of Rs 2 lakhs considered necessary for a society to employ a paid employee and function as a viable unit. The day-to-day affairs of the pacs, therefore, are, by and large, entrusted to the honorary secretaries who cannot devote adequate time and attention to attend to the multifarious functions expected of the pacs. The lower coverage of pacs in the state, their lower borrowing membership as also inability to supply timely credit and inputs and above all their disappointing performance in the sphere of recovery, can to some extent be attributed to the non-availability of the services of an independent and adequately qualified paid manager to almost all the pacs in the state.

33 On-the-spot studies of 202 pacs taken up at our instance in brief reveal:

(i) The general apathy of the managements of the pacs towards increasing the membership of their institutions, lack of drive for this purpose by the ccbs and the Department, inability of the societies to purvey adequate and timely credit as also offer any services, tarnished image of the institutions on account

of widespread defaults including those amongst the office bearers and the unscrupulous hold on the affairs of the society of the members of a family or the members of the managing committee, together account for low coverage and lower borrowing membership of the pacs.

(ii) In many of the societies visited, the books of account including the loan ledgers in which the signatures of the principal borrower and his sureties are obtained, were not properly maintained. In particular, instances were not uncommon in which the columns provided for obtaining the signatures of the borrowers and their sureties had not been filled in thereby raising doubts about the genuineness of the relevant loan transactions.

(iii) For one reason or the other, not all those who are affected by some natural calamity approach the society of their area for assistance under the stabilization arrangements. Many of the otherwise eligible borrowers may not perhaps be aware of the availability of the conversion assistance. At the same time, it is also true that some others had refrained from approaching their society as they had defaulted in the repayment of some other types of loans taken from their society and were considered ineligible for the conversion loan facility.

(iv) Defaults in repayment have been, by and large, wilful arising mainly on account of lack of will to repay among the borrowers and efforts for recovery on the part of the institutions as also the Department staff. Absence of a paid manager is also a contributory factor.

(v) The degree of will to default is common among all the categories of farmers, whether big, medium or small, throughout the state.

34 The institutions at the base level to be effective instruments of the development of agricultural credit must not only purvey adequate and timely credit but also offer a variety of services to the cultivators in their area. This is particularly true of Bihar wherein four-fifths of the cultivators are small or marginal. This being so, each society should be in a position to maintain an independent full-time, adequately qualified and trained as also well paid managers in addition to an office with godown facilities. The creation of strong and viable institutions, therefore, assumes paramount importance.

III MEASURES FOR DEVELOPMENT OF CO-OPERATIVE CREDIT

Chapter 5—State and Central Co-operative Banks

35 An apex bank is basically a federation of the ccbs in the state and its main role is to support, co-ordinate and guide the activities of the affiliated ccbs. It is but natural, therefore, that the chairman of the bank who is in overall charge of its affairs, should not only be a representative of an affiliated ccb but also these affiliated banks should have a major say in his election. The latter objective can be achieved if the Chairman is elected by the board which has directors representing the ccbs in majority. We recommend, therefore, that byelaw Nos 46 and 49 of the BSCB may be amended to provide for the election of the Chairman of the bank in the first board meeting to be held within a specified period from the date of the Annual General Meeting in which the elections of the directors are held. Besides, the said byelaws should also provide that the Chairman of the bank shall be the representative of an affiliated ccb.

36 Every member of the BSCB irrespective of whether he is an individual or represents an institution, has a vote each in the general meetings. Consequently, the representatives of co-operative institutions other than the ccbs or the state level bodies as also the individual shareholders of the bank may be in a position to play a deciding role when important matters requiring the approval of the general body are put up for its consideration. We suggest, therefore, that by virtue of amendment of either the byelaws of the BSCB or the State Co-operative Societies Act/Rules as the GOB may consider necessary, membership of the BSCB may be open exclusively to the ccbs in the state, other state level co-operative institutions and the state government. Once this is done, the BSCB may have to take suitable follow-up action to remove from its membership the individuals and the institutions not covered by the above categories or alternatively restrict their voting rights by converting their status to that of nominal members.

37 Byelaw No 46 of the BSCB provides that out of ten directors representing the ccbs on the board of the apex bank, two each shall be from the Patna, Tirhut, Bhagalpur and Chotanagpur

divisions and one each shall be from the Kosi and Darbhanga divisions. Thus, the ccbs in various divisions are unequally represented on the board of directors. Incidentally, the Chotanagpur division has since been bifurcated into two administrative divisions, viz., North Chotanagpur and South Chotanagpur. The South Chotanagpur division has predominantly tribal population. In view of the above position as also our suggestion to restrict the membership of the bank only to two categories of co-operative institutions and the need to give suitable representation to the scheduled castes/tribes, we suggest that of the 19 directors on the board of BSCB, 15 may represent the affiliated ccbs, one may represent the other state level co-operative institutions and the remaining three may as at present be nominated by the GOB. The representation to the 20 ccbs and six DCDBs may be as under:

Administrative division	No. of ccbs/DCDBs that will remain in the division	Proposed representation on the board of the BSCB
Patna	6	3
Tirhut	6	3
Bhagalpur	3	2
Darbhanga	3	2
Kosi	2	1
North Chotanagpur	3	2
South Chotanagpur	3	2
Total	26	15

38 Besides, the relevant byelaw may provide that out of the two representatives from the South Chotanagpur division, at least one shall be from a scheduled tribe and that a director from any other division shall belong to a scheduled caste. If the election of a director each from the scheduled castes and tribes is not possible due to the non-availability of such representatives, the byelaw may provide for co-option by the board of two additional directors for the purpose of ensuring the proposed representation.

39 Although our above recommendation does not ensure three seats on the board to small/marginal farmers as mentioned in the proviso incorporated in terms of the Bihar Co-operative Socie-

ties (Fourth Amendment) Ordinance 1976, in sub-section (2) of section 14 of the Bihar and Orissa Co-operative Societies Act, 1935, we do not think it necessary to provide for the same in the byelaws of the BSCB as the bank will be really a federation of ccbs and state level co-operatives and will have no individual representatives. We do not, therefore, consider it necessary for the RCS to bring the BSCB within the ambit of the above mentioned proviso in view of the recommendations made by us for ensuring representation of the scheduled castes and scheduled tribes.

40 Byelaw No 45 of the BSCB relating to the composition of its board of directors, provides for three nominees of the GOB. The GOB have presently nominated two individuals and the RCS on the board of the BSCB. We suggest that the state government may consider nominating Special Secretary, Finance Department and the Director of Agriculture on the apex bank's board in lieu of the two individuals.

41 The Bihar and Orissa Co-operative Societies Act, 1935 or the Bihar Co-operative Societies Rules 1959 do not contain any provision to remove from the management of the co-operative institutions such office-bearers as represent defaulting societies although in terms of Rule Nos 23 and 24, an individual defaulter is not eligible for election to the managing committee of a society and anyone incurring such a disqualification ceases to be a member of the managing committee. Thus representatives of defaulting ccbs can continue as directors of the BSCB and are not, therefore, obliged to use their local influence and contacts to effecting recoveries to clear the defaults of their institutions to the BSCB. A similar situation, by and large, exists at the level of ccbs in that a large number of their directors represent the defaulting pacs. We, therefore, recommend that Rule Nos 23 and 24 of Bihar Co-operative Societies Rules 1959 may be amended suitable to deny representation to a defaulting society/ccb on the board of directors of any ccb/the BSCB. However, in order to give adequate time to the concerned societies/ccbs to clear their defaults, we suggest that the amended Rules may be made effective from 1 July 1978.

42 We suggest that with the exception of the Working/Executive Committee which may be properly constituted by the board of directors by passing a suitable resolution at the first meeting of the new elected board, all the other committees/sub-committees constituted by the Chairman of the BSCB by virtue of the powers vested in him by the bank's board may be done away with. However, byelaw No. 60 of the BSCB may be so amended as to empower the bank's board to constitute from time to time one sub-committee for the purpose of looking into any important aspect which may require detailed consideration by a small group of directors well conversant with the issue in question. Such a step may result in saving in the annual expenditure of about Rs 1 lakh and help the BSCB to improve its net profits.

43 As we have suggested in items 8 and 9 earlier, the Chairman of the BSCB should have full authority to exercise general supervision over the affairs of the bank and decide all matters of policy and that none of the non-official functionaries may be required to deal with matters connected with the bank's day-to-day administration and working for which the MD should be exclusively responsible. In view of the urgent need to tone up the quality of work and infuse a sense of responsibility for disciplined and efficient work at the various levels in the BSCB, we hope that the whole question will be viewed by all concerned dispassionately. We would, therefore, suggest that the BSCB in consultation with the RCS may initiate action for amending the relevant provisions in its byelaws concerning the powers of the board of directors, the Chairman and the MD.

44 At present the appointment of the MD of the BSCB is made by the GOB although the relevant byelaw of the bank also authorizes its board to make the said appointment with the approval of the GOB. The present arrangement may not necessarily ensure that the MD of the bank owes full allegiance to the institution and its board and unless this is ensured he may not be able to function very effectively in the interest of the bank. The board of the BSCB should, therefore, have a decisive voice in the appointment of the bank's MD, although the appointment so made should have the approval of the GOB who are not only a major partner in the bank's share capital but have also a con-

siderable stake in the health of the co-operative movement in the state of which the BSCB is the leader. Besides, the responsibilities of managing an institution like the apex bank are so immense as would warrant full time and attention of its chief executive. We suggest, therefore, that the GOB may relieve the MD of the BSCB of the responsibility of functioning as the Financial Adviser to the state government.

45 It is essential that the MD of the BSCB is assisted in his task by a complement of experienced officers to man the key positions at the head office and the regional offices of the bank. The functions entrusted to the bank are such as would require of these officers full knowledge and practical experience of the working of ccbs. We would, therefore, recommend that every officer in the BSCB below the level of the two secretaries and up to the level of the inspecting officers, is from the common cadre proposed by us for the key personnel of the ccbs and that the postings of all such officers in the apex bank on the one hand and the officers from the common cadre occupying key positions in the ccbs on the other, should be interchangeable. It follows logically, therefore, that selection of officers of the apex bank who will be from the common cadre will be entrusted to the state level committee for cadre officers of ccbs proposed by us. In order to decide tentatively the strength of the above common cadre, we place roughly the requirements of the BSCB in respect of the officers from the common cadre at 15 in Grade I and 19 in Grade II exclusive of leave reserves.

46 The ccbs operating in the important division headquarters like Bhagalpur, Darbhanga, Muzaffarpur, and Ranchi have not so far been able to tap available deposits from the public and have thereby deprived the co-operative banking sector of some resources that could have been used for meeting the credit needs of agriculturists in the area. We have placed the target for deposits of the BSCB at Rs 60 crores in 1980-81 which would mean an average annual growth rate of 20 per cent. If therefore, the BSCB is allowed to open its places of business strictly for mobilizing deposits from the public at the above important divisional headquarters and are prohibited from accepting deposits from the co-operative institutions at primary level, whether agricultural or

non-agricultural, they would not be claiming a cut from the business of the ccbs concerned. We, therefore, recommend that the RBI may consider allowing the BSCB to open its places of business at the above four centres subject to the condition that the said office will not accept deposits from co-operative institutions registered and operating within the respective districts excepting the ccbs and urban co-operative banks. We hope that full advantage of the opportunity will be taken by the BSCB by adopting an aggressive approach in the sphere of deposit mobilization by starting special schemes, extending efficient banking service and giving proper face lift to its proposed as well as the existing branches/offices.

47 As a first step towards streamlining the supervision of the BSCB over the affiliated ccbs, it is necessary to increase the strength of the RIOs suitably so as to ensure that the charge per Inspecting Officer does not exceed 6 or 7 institutions. These Inspecting Officers should adopt uniform standards for their visits/inspections and their work should cover not merely the loan policies and procedures of ccbs, but also the spheres of recovery and deposit mobilization. The work of Inspecting Officers should be under constant watch and review. We feel that the BSCB may open one more Regional Office at Darbhanga in addition to the existing Regional Offices at Patna, Bhagalpur, Muzaffarpur and Ranchi. The ccbs in Darbhanga and Kosi divisions may be under the charge of RIO at Darbhanga. The MD of the BSCB may lay down suitable guidelines for the visits/inspections of the RIOs and also prescribe separate formats for their visit/inspection notes.

48 The BSCB did not, during 1975-6 and earlier, maintain the minimum statutory liquidity on many occasions. The deficits could have been avoided if the management had taken adequate care to make a judicious investment of funds keeping in view the probable defaults from the ccbs. We urge on the management of the BSCB to give their utmost attention to the aspects of liquidity, profitability and development priorities while deciding on deployment of the bank's funds.

49 Another area where some economy of expenditure may be possible for the BSCB is the strength of junior level personnel.

The strength of sub-ordinate staff comprising peons, havaldars, drivers, etc., at 42 per cent of the total strength, appears to be somewhat disproportionate. In such a situation no fresh recruitment to the posts of peons, etc., may be necessary for providing staff to the proposed new offices. We also suggest that the GOB and the BSCB may request the RBI to undertake a detailed study of the existing staffing pattern of the BSCB and the ccbs in the state so that depending on the recommendations of the said team suitable follow-up action for avoiding wasteful expenditure without sacrificing the required degree of efficiency can be instituted.

50 On the basis of the assessment of the performance so far of each individual ccb, the banks in Bihar can be classified into five categories as shown below:

Category	Banks
I Banks which are potentially viable and also have been rated as at least having marginally satisfactory efficiency	Gopalganj, Laheriasarai-Samastipur-Daulatpur, Muzaffarpur-Hajipur, Purnea, Rohika, Sitamarhi, Nawadah, Dumka-Godda-Rajmahal, Dhanbad, Hazaribagh
II Banks which are quasi-potentially viable in Group A and have also been rated as having marginally satisfactory efficiency	Begusarai, Siwan - Chapra, Arrah-Buxer, Bhagalpur, Dinaur-Masaurhi Monghyr-Jamui, Sasaram-Bhabua, Daltonganj, Deoghar-Jamtara, Giridih
III Banks which are quasi-potentially viable in Group A but have been rated as not having even the marginally satisfactory efficiency	Motihari, Bihar-Barh-Fatwah, Magadh, Ranchi-Khunti, Singhbhum
IV Quasi-potentially viable banks in Group B having just marginally satisfactory efficiency	Gumla-Simdega
V Quasi-potentially viable banks which are also rated inefficient	Madhipura-Supaul, National (Bettiah)

51 Strictly speaking only the ten ccbs in category I which are potentially viable and also rated as having marginally satisfactory efficiency have justification to claim continued existence as independent entities. But, as a special expedient for Bihar, we have proposed that the ccbs in the state may be allowed a longer gestation period ranging up to 10 years to attain viability. In view of this consideration another ten ccbs in category II can also claim continuance as independent entities. On the same analogy, the five banks in category III can also be allowed continued existence provided they make strenuous efforts to improve their efficiency which at present falls short of the standard prescribed for being rated as a unit having at least marginally satisfactory efficiency by 5 per cent or less. It is only the three ccbs in categories IV and V, viz., Gumla-Simdega, Madhipura-Supaul and National (Bettiah) which have no claim for continued existence as they may not be in a position to attain viability despite a longer gestation period of ten years if they continue to provide only short-term and medium-term loans for agricultural purposes.

52 A ccb presently having the status of a potentially viable or quasi-potentially viable unit will have the prospect of attaining the status of a viable unit in the course of next five to ten years only if the area served by it offers enough business potential to enable it to attain the level of business necessary to function as a viable unit. The area of operation of Dhanbad ccb offers short-term agricultural credit potential of Rs 97.18 lakhs only and can never attain a viable status on the basis of this business alone. The ccb, however, caters to a sizeable non-agricultural credit business because of the existence of a large number of non-agricultural credit societies of mine workers, etc., and can, therefore, hope to attain a viable status in a short period. The Deoghar-Jamtara and Giridih ccbs whose areas of operation offer short-term agricultural credit potential of Rs 229.41 lakhs and Rs 146.93 lakhs respectively, may have, however, no prospect of reaching a level of business necessary to attain the status of a viable unit especially when a part of the credit requirements in the area of each bank will be met by alternative sources including the commercial banks. Thus, these two ccbs, in their present form, do not justify continued existence.

53 It is recognized that it will be advantageous if the ccb which serves the tribal blocks also undertakes the provision of long-term credit to the special societies in the tribal areas along with the short-term and medium-term credit for agriculture. All the blocks in the Ranchi and Singhbhum districts and a majority of the blocks in the Santhal Parganas district are predominantly tribal and covered by the State's Tribal Sub-Plan. We are of the view that the intermediate level institutions functioning at least in these three districts should integrate the provision of short-term and medium-term credit along with the long-term credit for agriculture. In such an event, five ccbs, viz., Ranchi-Khunti and Gumla-Simdega (Ranchi district), Dumka-Godda-Rajmahal and Deoghar-Jamtara (Santhal Parganas district) and Singhbhum (Singhbhum district), of which four ccbs excluding Dumka-Godda-Rajmahal have doubtful future as independent entities, may undergo a structural change into units which would integrate the provision of short-term and medium-term credit with long-term credit for agriculture.

54 This leaves out the cases of three ccbs, viz., Madhipura Supaul, National (Bettiah) and Giridih which have little prospects of attaining a viable status even within a period as long as ten years. One way may be to consider amalgamation of these three banks with the BSCB which could take up direct financing of the primaries in their respective areas. However, the resources of the ccbs in Bihar are so meagre that their merger with the BSCB will not in any way help the resultant integrated unit to present a better picture than the existing position of the BSCB. On the other hand, the image of the integrated unit will be greatly tarnished because of the heavy overdues of the ccbs that will be shown in the balance sheet of the BSCB. Besides, the BSCB itself has to face innumerable problems in toning up its working with a view to effectively shouldering the responsibilities expected of it. In our view, therefore, the merger of the three ccbs in question with the BSCB has to be ruled out.

55 As an alternative, integration of the type proposed in item 49 can be considered. Taking all aspects of the matter as also the views of expert committees like T. A. Pai Group, the MP Study Team and more recently the Integration Committee into

account, we recommend integration of the two wings of the co-operative credit structure up to the intermediate level for the districts of Giridih, Saharsa and West Champaran in addition to the tribal districts of Ranchi, Santhal Parganas and Singhbhum, for each of which a new DCDB will have to be registered.

56 The proposed DCDB for Saharsa district will acquire viable status while the four DCDBs excluding that for Giridih district will acquire potentially viable status and can attain a viable status within five years. The DCDB for Giridih district will acquire potentially viable status if the business in six blocks of the district presently served by the Hazaribagh ccb is reckoned. This will not affect the position of the latter bank which will continue to be reckoned as a potentially viable unit. We, therefore, recommend that the proposed DCDB for Giridih district should serve the entire district including the six blocks presently served by the Hazaribagh ccb and these blocks may be transferred from the area of the latter to the proposed DCDB.

57 In view of the immediate advantages of the proposed integration in six districts in Bihar, there may possibly be a spontaneous demand for similar integration in other districts also in which case priority may be given for East Champaran, Nalanda and Gaya/Aurangabad districts served respectively by Motihari, Bihar-Barh-Fatwah and Magadh ccbs which though quasi-potentially viable have been rated as not having even the marginally satisfactory efficiency despite the fact that the area served by them are agriculturally prosperous.

58 We recommend that the proposed DCDBs may preferably come into existence by outright transfer of only realizable assets and corresponding liabilities of the concerned ccbs and the branches of the concerned ccbs and the branches of the sldb, their non-realizable assets with corresponding liabilities being taken on collection basis. The measure is suggested to ensure that the new unit does not start with a heavy load of bad debts and assets. We, therefore, recommend that the GOB may take action to amend its State Co-operative Societies Act to facilitate establishment of the proposed DCDBs on these lines, in consultation with the RBI.

59 We are of the view that for the sake of obvious convenience, every ccb in the state should have its area of operation coterminus with that of one or two complete districts. We, therefore, suggest readjustment of the areas of operation of six ccbs as under in addition to that suggested in respect of Giridih DCDB:

Blocks	No. of blocks	to be transferred	
		from the jurisdiction of	to the jurisdiction of
Barh, Bhaktiarpur, Fatwah, Mokameh and Pundarakh in Patna district	5	Bihar-Barh-Fatwah	Dinapur-Masaurhi
Wazirganj, Attari and Fatehpur in Nawadah district	3	Magadh	Nawadah
Alauli, Beldaur, Chouthan, Gogari, Khargaria and Parbatta from Monghyr district	6	Begusarai	Monghyr-Jamui

60 Thus there will be in all 20 ccbs and 6 DCDBs in Bihar. Excepting five ccbs, viz., Laheriasarai-Samastipur-Daulatpur, Muzaffarpur-Hajipur, Purnea, Siwan-Chapra and Magadh all others will serve a district each. Of the above five banks, three are potentially viable and two are quasi-potentially viable. Instead of creating ten weak units, either quasi-potentially viable or even non-viable by bifurcating these banks, it is desirable that the concerned ccbs concentrate their full attention on upgrading their efficiency and attaining viability as quickly as possible. The question of division of these five banks so that one ccb serves only one district may be considered by the GOB at a later date. While deciding whether a particular ccb be divided into two units each serving only one district the aspects of viability and efficiency of each unit may be kept in view. It is possible that for securing viability and ensuring efficiency some of the new units may have also to provide long-term credit for agriculture which would mean organization of a DCDB in each such case as we have recommended in six other cases.

61 Of the 20 ccbs which would continue to exist as separate entities, as many as eleven which are quasi-potentially viable are being allowed further lease of life in view of the special conditions obtaining in Bihar. Until these banks attain the status of a viable unit, it is necessary to compensate them for the loss of income on loan business which falls short of the respective viability norms. We, therefore, recommend that the GOB may contribute Rs 15 lakhs each to the share capital of these eleven ccbs, viz., Begusarai, Motihari, Siwan-Chapra, Arrah-Buxar, Bhagalpur, Bihar-Barh-Fatwah, Dinapur-Masaurhi, Magadh, Monghyr-Jamui, Sasaram-Bhabua and Daltonganj by borrowing from the RBI's LTO Fund. We recommend further that the contribution as proposed above may be made in lump sum in one year and that for this purpose the RBI may relax its normal conditions governing the grant of loans from the LTO Fund. Besides, on similar consideration, we suggest that the remaining nine ccbs, viz., Gopalganj, Laheriasarai-Samastipur-Daulatpur, Muzaffarpur-Hajipur, Purnea, Rohika, Sitamarhi, Nawadah, Dhanbad and Hazaribagh may be given, by the GOB, additional share capital contribution of Rs 10 lakhs each by borrowing from the LTO Fund. We suggest that the RBI may consider sympathetically the applications in respect of the proposed six DCDBs and sanction of loans from the LTO Fund to the GOB by relaxing the usual conditions, where necessary, to enable the latter to contribute suitably to the share capital of the new institutions.

62 If any of the eleven ccbs which are presently quasi-potentially viable fails to attain the level of a potentially viable unit by 1979-80, it should have no justification to function further as an independent unit and action as proposed by us in respect of the quasi-potentially viable ccbs in Group B which have also been rated inefficient, may have to be considered by the GOB in respect of the concerned ccb.

63 Particular care of the Motihari, Bihar-Barh-Fatwah and Magadh ccbs will have to be taken by the BSCB to tone up their efficiency and ensure progressive increase in their business. To achieve this objective, we recommend that the GOB may nominate the MD of the BSCB or his nominee on the boards of each of these three banks to guide them in their affairs. The agree-

ments relating to state partnership arrangements entered into by the BSCB with the concerned ccbs as also bylaw No. 29 of the model byelaws already empower the GOB to nominate two directors on the board of every ccb.

64 On the analogy of the arrangements proposed at the level of the BSCB, we recommend that the RCS may initiate action for amending the model byelaws for the ccbs in Bihar to do away with the posts of Honorary Secretary and the Joint Honorary Secretary. Similarly, it should be possible to evolve a code of conduct for broadly outlining the duties and responsibilities attached to the offices of the Chairman and the EO. The latter may be designated as the GM and, by virtue of an amendment of the model byelaws, made ex-officio member of the board of the concerned ccb.

65 The RCS may ensure the adoption of the model byelaws by all the ccbs in the state. Further, he may reduce the representation to the individual members on the boards of the ccbs from two to one by amending the relevant bylaw.

66 We endorse for adoption in Bihar the recommendation of the Rajasthan Study Team for introduction of a common cadre of key personnel for the ccbs.

67 The BSCB is the most suitable agency to administer such a cadre. Besides, as already suggested, its officers below the rank of the two secretaries should also be from the common cadre.

68 The EO who shall be the overall incharge and designated as the GM assisted by the Manager (Banking) who may be incharge of the banking side instead of the existing GM and one more officer called, say, the Manager (Field), who may be incharge of the loans portfolio and field work including recovery, should comprise the key officers in a ccb. These key officers may also be provided to the proposed DCDBs.

69 There may be two grades in the cadre with suitable scales of pay to attract talented persons. The proposed GM may be an officer from Grade I and the two Managers may be the officers

in Grade II. Adding the requirements of the BSCB and taking into account the need for leave reserves, we place the total strength of the cadre at 45 officers in Grade I and 75 officers in Grade II.

70 For maintaining the cadre, the BSCB may establish a fund called the 'key personnel cadre fund' contributions to which, in lieu of the key personnel provided, may be collected from all ccbs/DCDBs at the rate of 0.25 per cent per annum of the short-term agricultural loans advanced to them by the BSCB which should also put in its own contribution of 0.10 per cent per annum of such loans advanced to all ccbs/DCDBs, for the services of cadre officers provided to it.

71 The contributions receivable in the above Fund can be expected to cover the cost of maintaining the cadre officers right from the first year. The GOB may, however, meet any deficit which may accrue if the projections in respect of the anticipated increase in the loan business assumed by us do not, for one reason or the other, materialize. But on the other hand, if the anticipated increase in the short-term agricultural credit business materializes, it may be possible to provide more number of cadre officers to the participating banks and in course of time reduce their rate of contribution.

72 To start with, the posts of cadre officers may be filled in by selection from among the existing departmental officers including senior inspectors and the audit staff of suitable level with experience in co-operative banking, the officers/accountants/superintendents/supervisors with adequate qualifications and experience in the BSCB and the ccbs. If there is a short-fall, the same can be met by taking departmental officers on deputation basis. Simultaneously, a suitable number of young people with good academic background may be recruited in the cadre in a phased programme extending to 3 years as management trainees who should on completion of their probation period of, say, two years, replace the deputationists in the course of the next 3 to 5 years.

73 In view of the interchangeability of the cadre officers posted

in the BSCB and the ccbs, the scheme of management trainees recommended by the RBI for the BSCB may be made common to the cadre officers who may be posted in either the BSCB or the ccbs/DCDBs.

74 The powers relating to the selection, appointment, transfer, punishment, etc., of the cadre officers may be vested in a 'State Level Key Personnel Cadre Committee' to be nominated by the GOB. The constitution of the Committee may be as proposed by us in paragraph 5.39 of this report.

75 The cost of the cadre secretariat and the meetings of the above Committee may be met by the BSCB which may also arrange special job-oriented training programmes for the cadre officers in collaboration with the RBI's College of Agricultural Banking and the Vaikunth Mehta Institute of Co-operative Management at Pune.

76 It may be necessary for the GOB to give proper legal framework to the proposed cadre and the 'State Level Key Personnel Cadre Committee' by amending suitably the Bihar and Orissa State Co-operative Societies Act, 1935.

77 In our opinion, around 2000 out of the existing co-operative supervisors whose strength is about 2700, can be made available as managers of the reorganized pacs and their services may, therefore, be transferred to the concerned district level authorities proposed by us later for the management of the cadre of primary secretaries/managers.

78 The ccbs may find it difficult to tone up the performance of the pacs unless the control of supervision over these societies is vested in them. For this purpose, we suggest that the services of the existing inspectors of co-operative societies may be transferred to the ccbs, if necessary even on deputation basis initially. The charge of societies per inspector can be ten to start with. For this purpose, one fss of the smaller model or the JJSS may be reckoned as equivalent to two reorganized pacs. On this basis, it may be necessary to transfer the services of about 500 inspectors

of co-operative societies (out of a total of about 1000) to the control of the ccbs in the state.

79 The transfer of inspectors as proposed above may be initially for three years during which period the concerned inspectors may be asked to exercise their option. To meet the short-fall, as some may choose to return, the ccbs may recruit on their own, but in consultation with the BSCB and the RCS, some inspectors in a phased programme by giving preference to the efficient among the existing supervisors who shall be working as the managers of the reorganized pacs.

80 The cost of inspectors transferred to the control of the ccbs may be met wholly for the initial period of three years by the GOB. The government may thereafter review the position and consider extension of this assistance for such further period as may be necessary depending on the progress in the level of loan business of ccbs. This arrangement will give room for the ccbs to recruit additional inspectors. The GOB may not have any objection to the proposed arrangement as the government would save the existing expenditure on about 2000 supervisors subject to the extent of the subsidy which it may have to sanction in the initial years in respect of the cadre of primary secretaries proposed later and secondly, in course of time, the entire cost of their inspectorial staff will be met by the respective ccbs/DCDBs.

Chapter 6—Primary Credit Structure

81 A programme for the reorganization of pacs in Bihar approved by the GOB in May 1976 envisages generally establishing one society per rural population of 10000 to 12000 or approximately 2000 families. The prospect of attaining viability for a society will depend not on the rural population or families covered, but on the loan business potential offered by the area of its operation which in turn will be dependent on the gross cropped acreage within the area. In this regard, we are in agreement with the observation made by the MP Study Team that in normal conditions, every society should serve a gross cropped area of about 2000 hectares so that the available short-term agricultural credit potential will enable it reach a level of business of

Rs 2 lakhs and attain a viable status. In the case of Bihar, however, since the state government have decided to reduce the existing number of pacs to about 5000 viable societies (inclusive of block level fss/LAMPS and we expect the reorganized pacs to handle a total short-term loan business of Rs 140 crores in 1980-81), we have assumed that one viable society will handle a short-term loan business of Rs. 2.50 lakhs. The concerned authorities have gone far ahead with the work of fixing jurisdiction of each society to be retained on the basis of rural population. However, there may still be scope for making suitable adjustments for taking into account the credit potential with reference to the gross cropped area. On the basis of loan business potential, the proposed area may cover even a larger population than 10000 or 12000 and eventually instead of three societies on a population basis, there may be only two. Care may, however, be taken to ensure that the area of a *panchayat* is not divided between two societies. Where the plans have not yet been drawn, we suggest the acreage basis for determining the jurisdiction of a reorganized society as has been advised by the RBI to all states. We understand that our suggestion will be received well by the GOB.

82 The state government's plan envisages organization of fss/LAMPS covering the whole block in each case. Although we are not against the idea of a block-level unit, such an organization to function efficiently must have the requisite number of branches with adequate staff right from its inception to integrate effectively credit with supplies and services for the benefit of its members. Moreover, such a society cannot be organized unless all the societies within its area are amalgamated with it or liquidated. Further, the problems of bringing about emotional integration become more difficult to resolve where a very large number of societies and a very wide area are involved. We, therefore, recommend that the GOB may not go ahead with the organization of fss/LAMPS of the block level model and consider organizing any more such societies than the 37 already organized after consulting the BSCB, the RBI and the GOI.

83 On the basis of one society for rural population of 10000, Bihar as a whole can support 5060 societies, whereas on the basis of one society for a gross cropped area of 2000 hectares, the state

can support 5649 societies. What is important is the distribution of the total number of societies among the 587 blocks. The most appropriate method of determining the number of societies for a block will be to estimate the level of short-term agricultural credit business that may be handled by these institutions by 1980-81 in each block with reference to the cropped area in it and divide the projected level of credit business so estimated by not less than Rs 2.50 lakhs assuming that the entire 2000 hectares are unirrigated.

84 The projected level of credit business that may be handled by pacs in each block will depend on the available short-term agricultural credit potential in each block. The existing short-term credit potential for the state estimated at Rs 178 crores may go up by 10 per cent to Rs 195 crores in 1980-81. On the same basis, the credit potential in 1980-81 in each block may be placed at 110 per cent of the existing potential. As against this estimate of the short-term credit potential the pacs in the state with refinance from the ccbs and the commercial banks together may be in a position to meet the credit requirements of the order of Rs 140 crores.

85 Of the 587 blocks in the state, 571 blocks have 11139 excess societies, whereas 14 blocks can support additional 131 societies. Only in respect of two blocks, the existing number of societies is just enough to handle the projected level of credit business in 1980-81.

86 The GOB have planned to set up 25 fss of block-level type, of which 5 fss have been already organized. In view of the difficulties that may be faced by the block level organization, we suggest that in future the smaller model should be adopted for organizing fss in the state. None of the ccbs in the state, nor the BSCB, will be in a position to shoulder the responsibility of sponsoring any fss. All the fss will have necessarily to be sponsored by the commercial banks at least for some time. We, therefore, recommend that the GOB may now, in consultation with the commercial banks, identify the centres, for the organization of the smaller model of fss, from such blocks as have been

identified for introduction of the commercial banks which will take up financing agriculture through the pacs.

87 Of the 112 block-level LAMPS proposed in the tribal areas, the GOB have organized 32 LAMPS of this type and in one block level fss has been organized. We suggest that the GOB may consider the question of restricting the area of each LAMPS in such a way that there is no need for it to have any branches.

88 At present the commercial banks financing pacs take over only the current liabilities of the ceded societies to the ccbs and the societies continue to be indebted to the latter in respect of overdue loans. Thus, the societies stand indebted to both the financing agencies. Every reorganized society should have only one financing agency and hence its liabilities to the ccb should be cleared as quickly as possible. The detailed guidelines laid down by the RBI in this behalf may be considered for adoption in Bihar.

89 We recommend that the GOB may follow the procedure suggested and guidelines given by the RBI to identify nucleus societies and to tide over the difficulties involved in amalgamation and liquidation of pacs.

90 Consequent to the organization of JJSS in the 79 tribal blocks and 32 LAMPS and 5 fss of block-level model, the re-organization of primary structure will bring down the number of societies from 16490 to 5079. This, however, is only a tentative figure. Actual number can be determined after an assessment, block by block, about the coverage of population and areas as may be necessary to guarantee a minimum level of business of Rs. 2.50 lakhs recommended by us. We recommend that the entire plan of reorganization may be drawn up with reference to a map by the District Co-operative Officer with the help of ARCS and the Block Development Officer. The RCS and the BSCB may give suitable guidelines in this behalf. The implementation of the programme may be completed before June 1977 by strictly adhering to the following time schedule.

(i) Issue of guidelines for block-wise identification by the end of December 1976.

(ii) Identification of the societies for reorganization, amalgamation and liquidation by the district authorities by the district authorities by the end of December 1976.

(iii) Approval for the plan by the RCS and the BSCB by middle of February 1977.

(iv) Issue of guidelines for amalgamation/liquidation proceedings to the district authorities by the RCS by the end of December 1976.

(v) Initiation of amalgamation, liquidation proceedings by the district authorities on the basis of guidelines furnished from second fortnight of February 1977 and completion of the work by 15 June 1977.

91 We recommend that each one of the reorganized societies may receive government contribution to its share capital at the rate of Rs 10000 per viable pacs, Rs 20000 per society in the case of fss, at Rs 25000 per society in the case of JJSS of the *hat* level model and at Rs 50000 per society in the case of block-level model of LAMPS. On this basis the total contribution will work out as under:

	Rs Lakhs
4801 viable pacs	482.30
5 fss	1.00
229 JJSS— <i>hat</i> level type	54.75
32 LAMPS—block level type	16.00
	554.05

As against this position, the pacs in the state have received share capital contribution from the GOB of the order of Rs 132.19 lakhs up to the end of January 1975. A further sum of Rs 1.37 lakhs has been sanctioned by the RBI in 1975-6. The balance contribution necessary works out to Rs 420.49 lakhs. We recommend that the GOB should make necessary provision in the state budgets for the years 1976-7 and 1977-8, for the above amount so that by 30 June 1978 all the reorganized societies will receive the required contribution to their share capital from the state government. The RBI may consider sanctioning corresponding loans to the GOB out of its LTO Fund.

92 The GOB as well as the non-official leadership in the state

have recognized the need for appointment of full-time paid managers to the pacs. They, however, have not been in a position to formulate a workable scheme. The question of providing an independent paid manager to every society is linked to the question of reorganization of pacs as every society must be in a position to maintain a paid manager, at least within a short period. Since the average loan business of the reorganized societies will reach the level of Rs 2.50 lakhs per society only in 1980-81, outside assistance will be called for at least in the next few years. The deficits arising on this account should as far as possible be absorbed within the structure. The RBI in its guidelines for creation of a state level cadre fund has observed that pooling of contributions at the state level will help even out the short-falls in contributions collected in the cadre fund of some ccbs. While the management of the cadre within the district may be entrusted to the DCCS to be organized in each district, the management of the state level cadre fund as also formulation of the policy and procedure for administration of the cadre by the DCCS should be the responsibility of the SCCS to be organized for the purpose.

93 Contributions to the cadre fund may be collected from the societies as well as the ccbs in relation to their short-term and medium-term loan business. In the case of societies the contribution may be at the rate of 1.75 per cent of the loans borrowed by a society during the year from the ccb and these may be credited to the state level cadre fund. The ccbs may themselves contribute to the said fund at the rate of 0.25 per cent of the short and medium-term loans issued to them in a year by the BSCB. However, unlike a ccb/DCDB, the commercial banks where they are acting as cfas, may not make contributions to the cadre fund, but may lend to the societies financed by them at a rate lower by 0.25 per cent than the rate they would have otherwise charged to the societies and recover from the latter for transfer to the cadre fund a contribution at 2 per cent of the loans issued by them to the societies.

94 There will have to be a built-in mechanism to ensure that there are no arrears in the recovery of the contributions to the cadre fund from the pacs. With a view to ensuring prompt recovery, they may be styled as 'caderization fees', given precedence

over the recovery of interest, etc., as in the case of audit fees and should have the first charge on the remittances by the society to the cfa. The cfas should collect the contributions, i.e., the 'caderization fees' along with the recoveries of loans and interest thereon.

95 With a view to equipping a manager to manage the affairs of the society efficiently it is necessary to arrange for a job-oriented training for him. The duration of the training may be 4-6 months. In the case of new recruits it would be advisable to give them training prior to their posting. In case the existing training facilities are inadequate, the GOB may make *ad hoc* arrangements to cope with the training of large number of managers. In this connexion, the assistance of the College of Agricultural Banking, Pune may be secured through the RBI, for preparing the contents of courses and training the trainers.

96 With a view to attracting and retaining talented persons in the cadre, the MP Study Team have recommended that the cbcs may consider the cadre managers for selection as supervisors in their services and have also endorsed the recommendation of the Rajasthan Study Team that the state government in their recruitment to various subordinate services may give preference to the managers of pacs by giving due weightage to their length of service as manager. A non-cadre manager attached to a society financed by a commercial bank may also be considered eligible for such posts. We endorse the recommendations of the MP Study Team in this behalf.

97 On completion of the reorganization programme, there may remain 5079 pacs including 5 block level fss, 32 block level and 219 smaller model of JJSS. We have assumed that while fss and JJSS numbering 5 and 251 respectively may be provided with managers in Grade A, the remaining 4823 pacs may need the services of a manager in Grade B. Of about 2200 paid managers of pacs presently in the state, on scrutiny, about 1000 may prove to be suitable for absorption in the cadre. We suggest that the GOB may transfer the services of their co-operative supervisors to the SCCS for posting them as managers in the various societies. Of the 2700 supervisors in the state about

2000 may be available for the cadre. The remaining 2000 managers required for the cadre may be recruited at the rate of 1000 in each of the half year in 1977-8 which will facilitate arrangements for their training so that all the pacs will have independent paid managers by 1 July 1978.

98 Though we have suggested two grades of managers for pacs, for the purpose of working out the economics of the cadre, the salary and allowances of a manager have been assumed at a flat rate of Rs 3500 per annum. In view of this and the phased programme of recruitment suggested, the year-wise expenditure towards the cost of cadre will be as under:

	Expenditure (Rs lakhs)
1977-8	122.50
1978-9	175.00
1979-80	175.00
1980-81	175.00

99 The contributions by the societies to the state cadre fund will be at the rate of 1.75 per cent of their borrowings from the higher financing agencies. Besides, the contributions of the cfas will be at 0.25 per cent of loans borrowed by the ccbs/DCDBs from the BSCB whereas in the case of commercial banks, it will be 0.25 per cent of their loans to the societies. On this basis the contributions to the state level cadre fund and the expenditure on the cadre managers will be as under:

			Rs Lakhs
Year	Contributions	Expenditure	Surplus (+)/ Deficit (-)
1977-8	150.50	122.50	(+) 28.00
1978-9	178.12	175.00	(+) 3.12
1979-80	211.75	175.00	(+) 36.75
1980-81	251.50	175.00	(+) 76.50

If the projections in respect of the level of loan business by pacs materialize, the contributions to the cadre fund will be adequate to meet the cost of cadre managers right from the very first year.

Besides, there will be some cushion if the amounts released to the ccbs/DCDBs, under the scheme proposed in 1975 are pooled in the state level cadre fund. If, however, some shortfall in the anticipated increase in the loan business results in deficit, it may be met by the GOB.

100 The base level organization best suited to the requirements of the tribal areas is a multi-purpose co-operative society with headquarters at the important *hat* centre in the area and undertaking, among others, the following important activities and functions:

- (i) provision of short, medium and long-term credit for agricultural purposes;
- (ii) provision of inputs of agriculture like fertilizer, seed, insecticide, agricultural implements and machinery;
- (iii) provision of essential domestic requirements like foodgrains, cloth, salt, sugar, vegetable oil, kerosene, matches, tobacco, soap etc., against the member's entitlement under the cash component of the scale of finance or against a limit specifically sanctioned for meeting his consumption needs;
- (iv) provision of technical advice and guidance needed for modernizing agriculture and allied activities;
- (v) marketing of agricultural produce or products of allied activities like dairying, poultry keeping etc.,
- (vi) marketing of minor forest produce;
- (vii) provision of credit for expenses incurred to meet certain social obligations in birth, marriage or death ceremonies, the quantum of such credit being related to the member's thrift deposits collected continuously;
- (viii) undertaking wherever possible forest or other labour contracts which will provide employment and additional income to members;
- (ix) mobilization of deposits and
- (x) undertaking such other activities which are incidental to the above functions.

While the society will be primarily organized for the benefit of the tribal population, it will also cater to the requirements of the non-tribal farmers in its area for, a separate society, if organized for them, will have no prospect of attaining viability. The bye-laws of the society should provide for a majority, say two-thirds, on the management to the tribal members and who should only be eligible to hold the posts of designated office-bearers. The non-

tribals should not be eligible for certain facilities for which only the tribals are eligible.

101 In view of the difficulties of finding necessary personnel, a society in the tribal area, to be called JJSS, undertaking all the functions listed above should have jurisdiction wider than that of a viable primary credit society proposed under the state's reorganization plan, but lesser than that of a whole development block. Such a society may cover a gross cropped area of 4000 to 5000 hectares. The headquarters of JJSS may be located at the main *hat* centres.

102 A society operating in a tribal area may require a longer gestation period to be self reliant. In view of this and special responsibility in the matter of social and economic upliftment of tribals under 20 point programme, we suggest that due allowance may be made for the longer gestation period needed by a society, whether a JJSS or LAMPS, functioning in tribal area and the staff subsidy provided to it as long as is necessary.

103 In the case of nine tribal blocks in Palamau district, the responsibility of providing needed credit support will have to be shared by the Daltonganj ccb and sldb. It is desirable for the sldb to appoint the concerned branches of the ccb as its agents to receive long-term loan applications, disburse the loans, supervise their end use and ensure the recovery of instalments due. For this service the ccb may be given a part of the interest margin that is presently enjoyed by the sldb.

104 In order to ensure that at least one unit of the district level credit institution is responsible exclusively for providing the required linkage with the LAMPS/JJSS in each ITDP area, it will be necessary for the district level credit institution to have at least one office in each ITDP area, preferably at the headquarters of ITDP. This aspect may be given due weightage by the concerned ccb/DCDBS while formulating their future plans for branch expansion in the tribal areas.

105 The higher level credit agencies will have to provide refinance to the affiliated societies to enable them to sanction to

their tribal members loans for the social purposes and consumption loans and may insist on the JJSS/LAMPS to ensure that their tribal members bring their agricultural and forest produce for sale to the societies and the recovery of their dues by adjustment of sale proceeds to the extent of not less than 25 per cent but not more than 50 per cent each time.

106 For supporting adequately the non-credit activities of the JJSS/LAMPS the working of the head office and the branches of the BSTDC may be revitalized by strengthening them organizationally, administratively and financially or alternatively the district level branches of the BSTDC may be converted into district level agricultural and forest produce marketing societies having either direct dealings with the affiliated LAMPS/JJSS or the linkage with the latter may be through the primary marketing societies in a district. We suggest that the concerned authorities in the GOB may carefully consider both the alternatives and take a final decision as quickly as possible. As for the financial requirements of the BSTDC or the district level marketing societies are concerned, the apex bank and/or the ccbs/DCDBs may make suitable credit facilities available to them for their marketing business as well as the business of minor forest produce by securing if and to the extent necessary, refinance facilities available from the RBI.

107 It is necessary that there should be full co-ordination between the proposed JJSS/LAMPS and the intermediate level credit and non-credit institutions on the one hand and the project authority of each ITDP on the other so as to ensure that the interaction among various agencies at the ITDP level is complementary, total and complete. We, therefore, suggest that there should be a permanent arrangement at the three levels for the purpose. At the project level, the concerned project officer should convene periodical meetings of the managers of the JJSS/LAMPS in the area where the representatives of the concerned credit and non-credit organizations at the intermediate level should be invited to sort out the problems encountered in their working. At the district level there may be a standing committee under the Chairmanship of the Deputy Commissioner with chief executives of the district level credit and non-credit institutions as also a few non-officials

representing the JJSS as members to decide on matters of policy, especially relating to the collection and disposal of agricultural and minor forest produce, the supply of inputs and consumer goods to the primaries, the margin that may be made available to societies for handling the non-credit functions, arrangements for transport of stocks, etc. The officer of the Tribal Welfare Department posted in the district and a representative of Forest Department may also be the members of the district level standing committee. At the state level, there may be a high-power body with the Development Commissioner as the chairman, the secretaries for Agriculture and Co-operation Departments, the RCS, the Director, Tribal Welfare, the Conservator of Forests, the MD of the BSCB and the MD of the sldb as members and the Regional Development Commissioner at Ranchi as Member-Secretary to review the overall progress and to issue broad guidelines on important matters.

108 We suggest that in the light of suggestions/recommendations made by us, suitable modifications may be made in the state's Tribal Sub Plan. The outlay on various schemes in each ITDP will be determined by taking into account all elements in the Tribal Sub Plan and that the latter will represent the total investment in all the ITDP areas. A major share of the total outlay on the Sub Plan is expected to flow from the annual plans of the various departments of the state government. These departments, therefore, will have to give due attention for making suitable provisions in their annual budgets for meeting the requirements of the Tribal Sub Plan and, in turn, of the development programmes in each ITDP. Besides, the state government will have to vigorously pursue the legislative and administrative measures so far taken for restoration of their lands to the tribals as also for adoption of forest policy best suited to the needs of the tribals. Interim arrangements may also be necessary especially to lend adequate support to the JJSS/LAMPS in their non-credit functions until the infrastructure envisaged under the Tribal Sub Plan with modifications as proposed by us, is finally built up. We would, therefore, urge on the concerned authorities in the GOB and the non-officials/officials connected with the managements of the credit and non-credit institutions to bestow their attention to all the above aspects and put in whole-hearted efforts to ensure

successful implementation of the plans and policies aimed at ameliorating the lot of the tribals.

109 The CDCM unions were organized in the cane growing areas of North Bihar with the main objectives of (i) regulating the supply of sugarcane to the sugar factories, (ii) securing correct weighment and fair price to the cane growers and (iii) popularising improved methods of cane cultivation. In order to serve their objectives adequately, the CDCM unions undertook the business of supply of credit for sugarcane cultivation in addition to the functions of marketing of sugarcane and development of sugarcane areas. As a compensation for developmental functions discharged by the cane unions, every sugar factory was required to pay to the concerned CDCM union a commission at the rate of 7 paise per quintal of cane supply arranged by the union for the credit of cane development fund maintained by the union. In addition, 6 paise per quintal was paid to the union for arranging the supply of cane to the factory.

110 With the decision taken in May 1969 by the state government to appoint ZDC for the area of each sugar factory, the CDCM union was divested of the function of ensuring development of sugarcane in their respective areas. ZDCs appointed in October 1974 did not formulate any programme for cane development. As a result, area under sugarcane as also per acre yield of sugarcane has come down substantially. With the divestation of developmental functions, the only function legitimately left with the CDCM unions in Bihar is that of arranging for a regulated supply of cane from the grower members of the affiliated societies to the sugar factory of the area throughout the season on the basis of an agreement with the latter.

111 The present procedure for supply of cane to the sugar factories by the CDCM unions as also direct purchases by the sugar factories suffers from many defects such as, (a) neither the union nor the factory is responsible for chalking out a calendar for planting of the sugarcane by the growers in the area and implementation thereof as a result of which there might be short supply of cane for the factory during a part of the crushing season while excessive quantity of matured cane than necessary might be ready

for crushing during some other part of the season; (b) the availability of excess cane than necessary during some periods of the crushing season coupled with the anxiety of the growers to send matured cane to the factories with a view to avoiding losses resulting from the decrease in the weight of cane on account of drying, often leads to scramble for *purjis*, of which a black market runs during the peak period of supply of cane; (c) lack of control of the union over harvesting and transportation of cane enables a member grower listed for supply of cane through the union, to transfer his cane to the factory, either directly or through a non-member/non-borrower grower; (d) since supply of cane through the unions is contracted and, therefore, assured the factories concentrate first on securing more and more direct supply and supply through the union gets lower priority. This practice instigates every eager cane grower to divert his cane for direct supply to not only the factory of the area but also the adjoining sugar factory; (e) the prescribed procedure does not provide for making compulsory deductions from the cane price payable to the growers with a view to building up internal resources of the concerned society/union.

112 As a result the cane unions which were envisaged to be the nerve centres of economic activity for the cane growers in sugarcane areas in the state are drifting towards extinction and may disappear from the scene altogether within a decade or so. This will be most unfortunate because so long as there are in the state private sugar factories on the one hand and a large number of cane growers on the other, the need for an organization of the growers themselves handling regulated cane supply to the factories, safeguarding the interest of the growers, planning development of sugarcane areas and linking credit with marketing, cannot at any cost be overlooked.

113 The CDCM unions in the state can provide such an organization provided they are given (i) a shot in the arm by equipping them with adequate resources and man-power and (ii) the benefit of a co-ordinated approach, so as to ensure that they are in a position to undertake all the functions expected of a co-operative

sugar factory barring the processing of cane. In this regard we suggest as under:

- (i) While disbursement of credit should be exclusively entrusted to the ccbs and their affiliated pacs, cane marketing and development of cane areas be handled by the cane unions.
- (ii) The cash component of the scale of finance for sugarcane may be released by the ccb through the pacs and seeds and fertilizers may be distributed by the cane unions as agents of BISCAMAN.
- (iii) Responsibility of cane development may be entrusted again to cane unions. Transfer of commission to the cane development fund maintained by the cane unions may be restored. Further, the GOB may make a matching contribution to this fund.
- (iv) The union should have a monopoly in cane supply. For ensuring regulated cane supply, the unions should extend necessary extension services to the cane growers through their Agricultural Development Wing. Harvesting and transport of cane should also be taken up by the union.
- (v) Cane price should be paid by the factories through the union/pacs within 15 days from the date of supply, failing which penalties may be imposed on the factories.
- (vi) Towards building up of internal resources, union may make compulsory deductions from the cane price paid to growers, which may be shared by the union and the society. The state government may also make suitable contribution to the share capital of each union.
- (vii) As far as possible, only one union may be retained in an area of a sugar factory by amalgamation of the existing unions, if more than one union is presently attached to a factory.

114 The business of supply of agricultural credit cannot be entrusted to the CDCM unions in Bihar which have neither the resources nor the know-how for the purpose. However, they can play useful complementary roles along with the agricultural credit institutions by helping the development of cane crop and ensuring recovery of the loans given therefor. The success of the proposed scheme will depend on the full co-ordination between the co-operative sugar factories and Cane Departments of the state government on the one hand and the cane unions and the ccbs on the other. The Bihar State Cane Growers Association

(BSCGA), it is hoped, will also welcome the proposition in the interest of cane growers themselves as the cane unions will have a substantial role to play in the proposed arrangement.

Chapter 7—Problem of Overdues

115 The measures suggested in earlier chapters will help the institutions in keeping the overdues within reasonable proportions in future but simultaneously it is necessary to ensure that the existing overdues of these institutions do not seriously undermine the very capacity of these institutions to switch over from a stage of stagnation to one of sustained growth. The overdues in the co-operative credit institutions in Bihar may be divided into two broad categories — (i) the recent overdues, i.e., overdues arising in the year 1973-4 and subsequent years ending 30 June 1976 and (ii) chronic defaults, i.e., all overdues arising in 1972-3 and previous years and subsisting on 30.6.76 — and may be given different treatment. As already commended by the various Study Teams the defaulters of the recent overdues who could not repay their dues for reasons beyond their control may be treated as non-wilful defaulters and given an opportunity to rehabilitate themselves. We recommend that all defaulters with cultivated holdings in villages affected by natural calamity in one or more years during 1973-4 to 1975-6 should be treated as non-wilful and eligible for relief under the rehabilitation programme if their defaults had occurred during November 1973 to June 1976. However, those who have deceived the society by showing false landholdings or crops or who have been issued fresh finance despite their default, those given loans for cash crops provided the income from such crops is 75 per cent of their gross agricultural income, those whose gross agricultural income is above Rs 5000 per annum and those who are income-tax assesseees may be excluded from the category of non-wilful defaulters.

116 While we endorse the recommendations of the Overdues Study Team for relief to non-wilful defaulters, the nature and extent of relief to such defaulters may be as under:

(i) Default under one loan

The loan may be converted into three-year medium-term (rehabilitation) loan.

(ii) Default under two loans

A six-year rehabilitation loan will be required to accommodate the aggregate burden in respect of two loans within the repaying capacity.

(iii) Default under three loans

Fifty per cent of the conversion loan, the earliest loan in point of time, may have to be written off and the aggregate of the balance of this loan and the remaining two loans can then be rescheduled as a seven-year loan.

(iv) Default under four loans

The full amount of the first conversion loan and fifty per cent of the second conversion loan may be written off and the balance of the overdue loans may be rescheduled as a seven-year loan.

117 Such of the non-wilful defaulters as are eligible for inclusion under the rehabilitation programme, but have also enjoyed the benefit of one or two normal years during the three-year period 1973-4 to 1975-6, should pay at least 25 per cent of the aggregate principal amount, under default together with overdue interest (but excluding penal interest) to be eligible for relief as indicated at item 111 above provided the current year is a normal year for them. However, if the aggregate payment as above exceeds 60 per cent of the value of gross produce of the concerned defaulter, that part of the excess should be reduced from the principal amount required to be paid by the defaulter and the balance converted as a rehabilitation loan. Full payment of overdue interest (exclusive of penal interest) should, however, be insisted on even in cases where none of the preceding three years was a normal year. Penal interest should be waived on all overdue loans eligible for inclusion under the rehabilitation programme.

118 A rough estimate of the total overdue amount that may qualify for conversion into rehabilitation loans indicates that non-wilful default may account for Rs 1.70 crores forming about 9 per cent of the total overdues at the primary level at Rs 19.02 crores as on 30 June 1975. But since the districts affected in 1975-6 are those from Bihar plains, which account for a larger share of credit, the quantum of non-wilful default may be placed at about Rs 2 crores.

119 No separate financial assistance is considered necessary to the concerned ccbs for conversion of non-wilful defaults into medium-term rehabilitation loans as equivalent funds of the banks are already locked up in overdues. However, as a result of such conversions, the term investments of a ccb may exceed its term resources. Besides, the banks will take up higher lending programme to finance, among others, the non-wilful defaulters and may, therefore, face difficulties in ensuring adequate non-overdue cover for the borrowings from the BSCB. The liberal share capital contribution to all ccbs/DCDBs at the rate of Rs 15 lakhs in some cases and Rs 10 lakhs in others should, however, take care of the liquidity aspects of the banks which will suffer on account of conversion of short-term loans into medium-term loans.

120 The work of identification of non-wilful defaults and deciding the period of rehabilitation loans in each case may be taken up by the branch-level assessment committees comprising the branch manager of ccb/DCDB, the concerned inspector/supervisor, the co-operative extension officer of the block and a non-official from the area and the whole work should be completed by the end of 31 March 1977 so that the non-wilful defaulters become eligible for fresh finance in time for *khariif* 1977.

121 The overdues falling in the category of chronic defaults amounted to Rs 6.67 crores and Rs 4.91 crores respectively at the ccb and pacs levels. The GOB had solicited assistance in respect of 16 ccbs under the Central Sector Plan Scheme for the Rehabilitation of weak ccbs with reference to their financial position as on 30 June 1973 and the proposal of the GOB for assistance to another 5 ccbs on the basis of overdues as on 30 June 1973 is under the consideration of GOI. As the position of chronic defaults has since worsened the assistance applied for by the GOB in respect of these banks will prove inadequate to cover the quantum of chronic overdues as on 30 June 1975 and hence it will be necessary to revise the proposals on the basis of financial position of these banks as on 30 June 1976.

122 In view of the weak financial position of the co-operatives in the state, relaxation will have to be made in the stipulated

share of each tier as it may not be realistic to expect the pacs and the ccbs to be in a position to provide more than 5 per cent each of the amount eligible for write off under the scheme at their levels. The BSCB may not also be in a position to contribute more than 10 per cent of the amount eligible for write off at its level. The balance amount will have, therefore, to be shared equally by the GOB and the GOI. The assistance already provided will hardly improve the liquidity or the financial position of any of the ccbs in Bihar and will not remedy their weaknesses for which the Central Sector Plan Scheme is really intended. We would, therefore, urge on the GOI to take up all the ccbs under the Central Sector Plan Scheme and sanction enhanced assistance on the basis of financial particulars as on 30 June 1976. On this basis although the total assistance to be provided by the two governments together at about Rs 3 crores appears to be large, it should not be considered as such against the background of the extremely weak condition in which the entire co-operative credit structure stands at present.

123 On the basis of the ad hoc survey made by some of the ccbs, the chronic overdues of the ccbs may be classified into three categories as under:

(i) All unidentifiable defaults such as benami loans or where the whereabouts of the borrower are not known, etc., which may be considered as difficult of recovery;

(ii) Dues which can be recovered by extension of rescheduling facility, and

(iii) Identifiable defaults which may be recovered through coercive process. On the above basis, ultimately only 25 per cent of assistance under the Central Sector Scheme may be needed to write off bad debts. Assistance is immediately required to improve the liquidity position of ccbs in Bihar.

124 The progress in implementing the programme of rehabilitation of weak ccbs in Bihar is unsatisfactory. If the ccbs in Bihar are to play a dynamic role and achieve a very fast growth rate the question of rehabilitation of the banks requires highest priority. We recommend that the cases of all the ccbs in Bihar be proposed for assistance under the Central Sector Plan Scheme and forwarded to the GOI latest by 31 December 1976.

125 In case the pacs or any ccb does not have adequate reserves to meet its share of write off under the scheme even on the reduced scale of 5 per cent, the share of BSCB may be increased correspondingly. If the BSCB itself does not have the capacity to provide the assistance, the GOB may grant a loan for a period not exceeding five years to build up the fund and the repayment of the loan should be a charge on future profits of the BSCB.

126 All chronic defaults may be blocked in a separate collection account within institutions themselves. At the level of pacs all loan accounts in default over three years may be transferred to a 'Loans in collection account' with debit balance equivalent to the total of all loan accounts transferred to the ledger for loans in collection account. Another new account may be opened in the general ledger of the society styled 'Borrowings from the central bank under collection accounts' to match the debit balance under 'Loans in collection account'. However the share capital of the society held by each chronic defaulter should be transferred to a third new account in the general ledger which may be known as 'Paid-up capital in collection account' and the borrowings from the central bank in collection account should be reduced to that extent. At the central bank level, a separate ledger as also a new account in the general ledger for loans to societies in collection account will have to be opened. The balance in respect of each society in collection account will correspond to the borrowings from the central bank shown by the society in collection account in its books. Simultaneously, an amount equivalent to the total interest receivable brought in collection account may be transferred by the concerned ccbs from the 'Provision for unrealized income' to the 'Rehabilitation fund for weak pacs' account on the liabilities side. As regards the balance amount necessary to match the principal of loans in collection account, action as proposed later may be taken.

127 The chronic defaults blocked in collection account as above will be of three types, viz., (a) the defaults which are wilful and can be accounted for and can, therefore, be recovered over a period of time, say, five years, (b) defaults due to natural calamity which may deserve rescheduling into medium-term loans

upto 5 years, and (c) defaults which are unaccountable representing the cases of loans without documents, misappropriation of recoveries, *benami* loans or loans otherwise irrecoverable, etc., which may have to be written off. The assistance available under the Central Sector Plan Scheme will more than cover at least such defaults. Blocking of the chronic defaults in a collection account both at the level of the pacs and the concerned ccbs may be completed by 31 December 1976.

128 Branch-level Assessment Committee referred to earlier should investigate society-wise every individual loan case to decide whether the defaulted amount can be accounted for and recovered over a period of time or whether the rescheduling facility needs to be extended or whether the default is unaccountable and has to be written off. The proposals of the Assessment Committees in a district may be put up for final approval to a 'District Level Review Committee' comprising the Chairman and the EO of the ccb/DCDB, the DCO/ARCS of the district and the RIO of the BSCB. The decision of the 'District Level Review Committee' may be ratified by the board of directors of the concerned ccb/DCDB.

129 The whole work may be completed by 30 April 1977 by which date the aggregate amount of loans which are to be written off, which are to be rescheduled into medium-term loans and which are to be recovered through coercive action should be available. Coercive action against the small farmers/tribals/scheduled castes among the wilful defaulters whose dues are less than Rs 100 in each case, may not, as far as possible, be taken. Those defaulters may be persuaded to repay their dues in small instalments over a period of time not exceeding five years. A suitable agreement in a prescribed form should be taken from them for this purpose as also from the defaulters whose dues are to be rescheduled and recovered over 5 years and in that case they may not be treated as defaulters and allowed fresh finance. But the defaulters whose dues are identified for recovery through coercive process should not be allowed fresh finance unless they repay their dues.

130 The procedure for writing off unaccounted defaults may

be the same as in the case of the rehabilitation programme and the GOI may not insist on limiting the write off to only small farmers because once the defaulter has been identified as *benami* or not traceable or not having any assets, it is immaterial whether he is a small or big farmer as per loan records.

131 In so far as loans in collection account other than those to be written off are concerned, it is suggested that the demand in respect of such loans may be reckoned at 20 per cent of the amount in the collection account thereof at the end of the first co-operative year (viz., 1977-8), 40 per cent at the end of the second year, 60 per cent at the end of the third year, 80 per cent at the end of the fourth year and 100 per cent at the end of the fifth year. We recommend that this arrangement may be accepted by the RBI for the purpose of deciding the eligibility of the ccbs/DCDBs in Bihar for short-term and medium-term agricultural credit limits from it provided the GOB agree to make good the shortfall between the actual recoveries and the demand so reckoned, by way of sanction of a term loan for equivalent amount if the balance available in the 'Rehabilitation fund for weak pacs' account over and above the amount earmarked for write off, is not sufficient to cover the shortfall in recoveries. The government loan may be repayable as and when corresponding recoveries are actually made and carry interest at a rate higher by at least 2 per cent than the normal lending rate for short-term agricultural purposes. Besides, the concerned ccb should appropriate out of its profits annually a sum equivalent to five per cent of the shortfall in recovery to the bad debt reserve.

132 The Central Sector Plan Scheme for the rehabilitation of weak ccbs is a sort of package deal and various measures such as revitalization of pacs, linking of credit with marketing, strengthening the arrangements for supervision, expeditious disposal of arbitration cases and execution proceedings, etc., are very necessary if the ccbs once covered by the programme are not to revert again to stagnancy. The apex bank's rehabilitation cell is expected to take up the responsibility of preparing a specific annual programme for each central bank with definite targets and follow it up. We are of the opinion that such an important matter cannot be left to the BSCB alone. We are of the view that the Regional

Office of the RBI's ACD at Patna may have to involve itself directly by constantly deputing its officers to the districts as also to meet the connected institutions, officials and non-officials, both at the state level and district level, with a view to ensuring the implementation of the programme in all its aspects and in all areas and create a rehabilitation cell in its Regional Office at Patna with necessary complement of officers and staff. This cell will also automatically take up the task of ensuring implementation of the various recommendations made in our report.

133 It will be necessary to pursue coercive action in respect of wilful defaults blocked in collection account as also against such defaulters as are difficult of being disciplined without resort to coercion. We would, therefore, urge on the ccbs not to show any mercy to the wilful defaulters. The managements of the banks should bear in mind that even after resorting to coercive action, persuasive steps for recovery should be continued and towards this end they should guide and actively help the inspectorial/supervisory staff of their institutions in taking concerted action for recovery. We would suggest to the government to actively consider the various recommendations made in this behalf by the Overdues Study Team for their speedy implementation.

134 The pace of disposal of award cases and execution petitions has been poor and the process of execution in particular is long winding and takes unduly long time. With a view to ensuring speedy disposal of arbitration cases and execution petitions, we would urge on the GOB to consider the procedure which is in vogue in Madhya Pradesh wherein each district has one ARCS specially for passing awards and the senior inspectors of co-operative societies posted as Recovery Officers in each ccb have all powers in so far as execution of awards are concerned including the one relating to the proclamation of sale and fixing of auction date.

IV ARRANGEMENTS FOR FILLING CREDIT GAPS

Chapter 8—Credit gaps and role of commercial banks

135 The co-operatives have been able to meet only 16 per cent

of the estimated short-term agricultural credit requirements. We are confident that with the implementation of our recommendations for strengthening, both financially and organizationally, all the three tiers of co-operative credit structures, the co-operative banking structure will be in a position to shoulder a much greater responsibility than at present in meeting the short-term credit requirements of agriculture. Taking into account the recommendations regarding deposit mobilization, share capital contribution by the state government out of borrowings from the RBI's LTO Fund, etc., the internal resources of the BSCB, ccbs and pacs have been estimated by us at Rs 70 crores, Rs 40 crores and Rs 25 crores respectively. It is estimated that at least 45 per cent of the internal resources will be available for short-term lendings whereas at the primary level the involvement can be reasonably expected to be 50 per cent of the internal resources. Thus total internal resources within the structure available for short-term agricultural lendings in 1980-81 can be put at Rs 60 crores. With another about Rs 50 crores coming from the RBI by way of refinance, the co-operative banking structure may be in a position in 1980-81 to meet the credit requirements of the order of Rs 110 crores leaving a credit gap of Rs 85 crores, i.e., 44 per cent of the credit potential.

136 Assuming a reasonable annual growth rate of 15 per cent as against 20 per cent attained by the commercial banks during last two years, their deposits can be expected to rise from Rs 642 crores in December 1975 to Rs 1280 crores by December 1980. Assuming the credit-deposit ratio at the desirable level of 60 per cent and that one third of the total advances would be for priority sector, advances by commercial banks to priority sectors in 1980-81 can be placed at Rs 256 crores. It may be expected that at least one-half of the advances to priority sector will be for agriculture and allied activities. On this basis the expected level of commercial bank's advances for the purpose may be Rs 128 crores in 1980-81. Alternatively even if the commercial banks make available 7.5 per cent of their total deposits for lending to agricultural sector, an amount of Rs 96 crores will be available in 1980-81 for the purpose. At present the banks' advances for agriculture are Rs 31 crores and additional amount of Rs 65 crores may become available for agriculture. Of this, it may not

be unreasonable to expect that Rs 30 crores will be available for lending through pacs. This will mean that as many as 1200 reorganized pacs in Bihar could be attached to commercial banks for financing.

137 Our recommendation above would mean that nearly one-fourth of the total number of pacs that may emerge after reorganization could be attached to the commercial banks for financing. To ensure the commercial banks financing such a large number of pacs, the MP Study Team considered two alternatives viz., (i) compulsory disaffiliation of societies in an identified area from the concerned ccb for being attached to a branch of one or the other commercial bank in the area and (ii) a sort of consortium/participation arrangement between the ccb of the district on the one hand and a commercial bank in a given area on the other with a view to financing all the societies in the area and on certain agreed terms and conditions.

138 In the case of Bihar, the introduction of consortium/participation arrangement between a ccb and a commercial bank is not considered feasible for at least some years to come, as none of the ccbs in the state can be considered as a viable unit on the basis of norms adopted by us. In the meantime the other alternative of compulsory disaffiliation of societies from the ccb and their attachment to a commercial bank, may be considered for introduction after obtaining a clearance therefor from the RBI, preferably in those areas where the progress in the voluntary transfer of societies is found to be tardy.

139 We recommend for adoption in Bihar the suggestion of the Maharashtra, Rajasthan and MP Study Teams that the transfer of societies to commercial banks may be done in areas with the widest credit gaps. The identification of blocks should be with reference to some objective criteria. We have identified 109 blocks having each credit gaps exceeding Rs 40 lakhs in amount in which incidentally the percentage of credit gap to credit potential also exceeds 70 per cent. Actual coverage in terms of loan business by the commercial banks may be as under:

(a) where the credit gap ranges between Rs 40 lakhs and

- Rs 60 lakhs, to the extent of Rs 20 lakhs to be handled by one branch;
- (b) where the credit gap ranges between Rs 60 lakhs and Rs 100 lakhs, to the extent of Rs 40 lakhs at the rate of Rs 20 lakhs per branch to be handled by two branches; and
 - (c) where the credit gap exceeds Rs 100 lakhs, to the extent of Rs 60 lakhs at the rate of Rs 20 lakhs per branch to be handled by three branches.

On this basis, the number of blocks in category (a) are 77 (77 branches), in category (b) 27 (54 branches) and in category (c) 5 (15 branches). In two blocks, viz., Arawal in Gaya district and Kargahar in Rohtas district, the credit gap is of the order of Rs 141 lakhs and Rs 273 lakhs respectively. In view of such wide credit gaps in these two blocks, we suggest that one and three additional branches of commercial banks may take up financing in these two blocks respectively. Thus, in all 150 branches of commercial banks may take up financing in 109 blocks in 20 districts out of 587 blocks in 31 districts, through 1200 pacs. Assuming an average loan business of Rs 2.50 lakhs per society, eight reorganized pacs will normally have to be attached to each branch of a commercial bank. Care should, however, be taken to see that the entire responsibility for meeting the credit gap in any block should not be fully and squarely entrusted to a commercial bank. Further, we suggest that the RBI may allocate suitable centres to the commercial banks for opening their offices to meet the short-fall in availability of branches, if any. To enable the commercial banks to arrange for apart from opening of branches where they do not exist, the appointment of staff duly trained to handle the agricultural loan business the scheme may have to be introduced in a phased manner over a period of 3 years commencing from 1977-8. Thus 400 societies can be transferred annually beginning from 1977-8.

140 In addition to the 23 societies already transferred to the commercial banks, the government also had proposals of transferring another 100 societies to the commercial banks. In this connexion, we suggest that transfer of societies hereafter to commercial banks may be confined, by and large, to the areas in the blocks identified by us. At the same time, we see no

objection to the commercial banks taking over for financing additional pacs over and above the 1200 societies proposed by us, from any of the blocks in the state provided the transfer of such additional societies is by mutual agreement of the concerned parties.

141 We endorse the recommendation of the MP Study Team that "in the interest of viability of the societies attached to the commercial banks/RRBs, they may have to be selective and not lend directly to at least such cultivators as may have no difficulty in obtaining their full credit requirements through the societies taken over for financing by them."

142 The two RRBs established in Rohtas and East Champaran district in December 1975 and March 1976 respectively may not be at least in the initial stages, in a position to shoulder the entire responsibility assigned to the commercial banks. However, we would endorse in this behalf the suggestion of the MP Study Team that preference may be shown to the new RRBs vis-a-vis the other commercial banks in the allocation of areas and the societies from the two districts. The same policy may be pursued as and when the new RRBs are established in some other districts.

Chapter 9—Other operational matters

143 Under the deposit mobilization scheme, a ccb to qualify for a loan from the RBI at a concessional rate of interest has to mobilize Rs 45 for advancing every Rs 100. The ccb will require higher level of deposits, say, at Rs 80 if it has to provide loans for other purposes. The ccbs in Bihar at present have, by and large, negligible involvement in non-agricultural advances. In view of this, the deposits to be mobilized for every Rs 100 of short-term agricultural loans outstanding can be reckoned at Rs 66. Considering that the involvement of the primaries will be at 10 per cent, the deposits necessary for a ccb can be placed at 60 per cent of the short-term agricultural loans outstanding at the level of pacs affiliated to it. The total short-term agricultural loans outstanding at pacs level in 1980-81 are estimated at Rs 140 crores, of which loan business amounting to Rs 110 crores may be sustained on the basis of credit support from the ccbs/

DCDBs in the state. For achieving this level the ccbs/DCDBs will have to take up the level of their deposits to Rs 66 crores as against the level of Rs 11.85 crores as on 30 June 1975. On this basis, the annual growth rate that is required to be maintained by the ccbs/DCDBs with reference to their deposits as on 30.6.1975 indicate that in the case of 24 ccbs/DCDBs, excluding Dhanbad and Hazaribagh ccbs, the annual growth rate of deposits required is more than 30 per cent and ranges between 31 per cent and 84 per cent.

144 Considering the potential for deposits available in the area of each ccb/DCDB, the performance of the commercial banks in the matter and in view of the fact that the existing level of deposits of the ccbs is very low, we feel that it should be possible for every ccb/DCDB to maintain either the required growth rate or a growth rate of not less than 40 per cent, whichever is lower, every year so as to give maximum support to the societies and reduce the dependence on the BSCB and RBI. In the case of 18 ccbs/DCDBs where the growth rate has to be even more than 40 per cent per annum, greater reliance on the external borrowings seems to be inevitable if the pacs are to attain the projected level of business in 1980-81.

145 Fulfilment of the above objective would call for adoption of a much greater aggressiveness and dynamism than at present by the ccbs/DCDBs in Bihar. They will have to expand their geographical coverage by spreading their branch net-work. Secondly they may have to bestow greater attention for giving proper face-lift to their existing as well as the proposed offices. Towards this end, the BSCB may consider sanctioning suitable medium-term loans to the concerned ccbs/DCDBs provided the banks agree to appropriate a portion of their future profits for meeting the repayment of loan instalments. Each ccb/DCDB may have to open a branch in the market area at its headquarters as also in satellite townships/ghettos etc., for mobilizing the deposits. They may have to consider introducing new deposits schemes and extend such facilities and services as would accelerate their programmes of deposit mobilization. The managements of the ccbs/DCDBs would have to fix every year branch-wise realistic targets for mobilization of deposits and ensure that the targets are actual-

ly achieved. The apex bank should fix bank-wise targets for mobilization of deposits on the basis of growth rates indicated by us and ensure the fulfilment of these targets. In so far as the branch expansion programmes of the ccbs/DCDBs are concerned, the BSCB should, in consultation with each ccb/DCDB, prepare for bank a three year rolling plan for the years 1977-8 to 1979-80 and to avoid delay the RCS may accord approval to the said plan in advance at least on an annual basis.

146 Necessary amendments to Bihar and Orissa Co-operative Societies Act, we understand, have been carried out by the GOB in terms of an Ordinance published on 16 July 1976 in the official gazette so that the co-operative banks in the state can be deemed 'eligible banks' under the Deposit Insurance Act. The matter, however, has not been referred thereafter to the RBI so far. We, therefore, urge on the state government to take suitable follow-up action expeditiously so as to ensure that the facility is extended to the co-operative banks as early as possible and their programmes of deposit mobilization are given the needed support.

147 We recommend that the BSCB may bring to the notice of the concerned authorities in the GOB, the provisions in the various enactments or the administrative instructions which hinder the flow of deposits of the public corporations/district boards, *panchayats*, etc., to the state and central co-operative banks in the state so as to enable the GOB to take suitable follow-up action. We, however, concede that as in the case of Gujarat, the proposed recognition will have to be confined to the banks in 'A' or 'B' class of Audit.

148 As per the procedure followed in Bihar, the profit/loss of a co-operative bank does not show a fair and true picture of its working as required under section 29 of the Banking Regulation Act, 1949 inasmuch as the co-operative banks in the state have to make a provision from their income for interest receivable on not only the current loans but also its liquid investments in the form of fixed deposits with the BSCB, government/trustee securities, etc. In view of this we recommend that the RCS may issue revised instructions in this regard on the lines of the amended provisions of section 65 of the Maharashtra Co-operative

Societies Act, 1960 with a view to ensuring that the published profit/loss of a co-operative bank shows a true and fair picture of its working.

149 In Bihar, at present, a margin of $2\frac{1}{2}$ per cent, 2 per cent and 0.75 per cent are retained at the levels of pacs, ccbs and BSCB respectively. However, the operation of the scheme of linking the cost of borrowings from the RBI with the deposit mobilization led in practice to watering down of the available margin on this short-term agricultural loan business during the years 1973-4 and 1974-5 for the ccbs in the state. In terms of the scheme the ccbs were advanced short-term loans by the BSCB at $10\frac{1}{4}$ per cent subject to a rebate of $1\frac{1}{2}$ per cent on their lendings if their own involvement was one-third of the total additional loans. While the banks received rebate for which they were entitled only to the extent of their borrowings under the limits sanctioned by the RBI, no rebate has been received in respect of their borrowings out of limits sanctioned by the BSCB out of its resources thus watering down the margin available to ccbs to a mere 0.50 per cent. We recommend, therefore, that the BSCB may take immediate action to calculate the extra rebate for the years 1973-4 and 1974-5 due to each of the 28 ccbs in the state and transfer the same to the concerned banks. We also suggest that in future while finalizing their annual accounts, the ccbs/DCDBs in the state should provide for their liability towards additional interest, if any or some of them fail to ensure that requisite level of involvement of their own in respect of their borrowings above the aggregate level from the BSCB. Implementation of this suggestion will have to be ensured by the audit staff of the Co-operative Department.

150 The ccbs in Bihar have not convened, for a long time, the field workers conference for fixing the crop-wise scales of finance. We recommend for adoption in Bihar the recommendation of the All-India Rural Credit Review Committee that each ccb/DCDB in the state should constitute a compact technical group of knowledgeable persons to determine the crop-wise scales of finance every year. The RCS in consultation with the BSCB may decide about the officials and non-officials who should be on such a

technical group at the district level and issue necessary instructions in this regard to all the ccbs/DCDBs.

151 The ratio of cash and kind components in the scales of finance adopted in the state have been fixed arbitrarily and uniformly for the entire state and for all crops in certain proportions. The scales of finance in cash and kind have to be fixed per acre per crop taking into account the conditions in the different areas. We recommend that in this regard the ccbs follow the guidelines contained in the comprehensive manual called 'Production Oriented System of Lending for Agriculture' brought out by the RBI. The RCS may also leave the matter to be settled by the Technical Group mentioned earlier.

152 There is no provision in the Bihar and Orissa Co-operative Societies Act for creation of a charge on his land by a cultivator to provide security for the short-term agricultural loan borrowed by him from the society of his area. All such loans for amounts exceeding Rs 2000 are, therefore, required to be secured by mortgage of land and those for less than this amount are issued against two personal sureties. The adoption of this policy may result in denying a cultivator credit facilities to the full extent of his requirement which may serve as a disincentive for him to adopt progressive cultivation practices or extend his cultivation of cash crops like sugarcane. Further, recovery of surety loans, through coercive action, whenever warranted, are first referred for arbitration as disputes and only after the award is received a claim is made under the Public Demands Recovery Act for issue of a certificate of recovery.

153 For ensuring prompt recovery of overdues we recommend that provisions similar to those contained in sections 48 and 101 of the Maharashtra Co-operative Societies Act 1960 may be incorporated in the Bihar and Orissa Co-operative Societies Act 1935. Further, we suggest that the powers of issuing the certificates of recovery in respect of co-operative dues may be delegated to the ARCS instead of the DCOs.

154 The ncl statements of pacs are at present forwarded for sanction to the ccbs through the concerned co-operative extension

officer/block development officer. The block officials generally leave the scrutiny entirely to the concerned supervisors and thus no useful purpose is served but in the process the receipt of statements by the ccbs is delayed. With the proposed transfer of supervision to the ccbs/DCDBs which will have their own supervisory machinery and appointment of full-time paid manager of every pacs we recommend that the procedure of routing the ncl statements through block officials may be dispensed with in a phased manner as and when the full-time paid managers are made available to the reorganized pacs.

155 It is the practice of the state government to allocate funds in the state budget for making available direct *taccavi* loans for short-term and medium-term agricultural purposes to farmers in the state including the members of the pacs. While *taccavi* loans have a vital role in times of famine and distress, *taccavi* for normal agricultural operations for which the co-operative credit is readily available, hinders the development of co-operative coverage and also encourages defaults to co-operative credit agencies. With the proposed strengthening of the co-operative credit institutions at all levels and the incorporation of the principle of universal membership in the State Act, there seems to be no justification for disbursement of direct loans, in normal times, for agricultural operations by the state government. Instead the available funds may be utilized for strengthening the co-operative credit structure.

156 Institutionalization of credit for non-agricultural purposes, particularly for meeting the consumption needs of the rural poor, has become necessary consequent to the grant of moratorium on the rural debts by the GOB because of which the supply of credit from private agencies like moneylenders may have come to stop. We suggest that the ccbs/DCDBs in Bihar may, to begin with, grant consumption loans to the members of their affiliated pacs belonging to weaker sections of the community and engaged in some productive occupations, if such members are eligible for short-term agricultural loans. The loans may be for specific purposes like medical aid, death ceremonies, marriages (dowry excluded). The quantum of loans to an individual within the ceilings indicated purpose-wise by the RBI may be granted and

recovered along with production credit. The ccbs/DCDBs may also grant loans against the pledge of jewellery excluding precious stones directly to individuals who may be enrolled as nominal members for the purpose. Suitable arrangements for valuation of pledged jewel'ery be made with a local jeweller at the branches of the ccbs/DCDBs. However, with a view to avoiding carrying of considerable risk in regard to safe custody, suitable ceilings may be fixed in absolute quantum on such loans to be advanced by the branches.

157 We suggest that while sanctioning short-term agricultural credit limits to the BSCB on behalf of the ccbs/DCDBs, the RBI may take into account the involvement of the banks in the consumption loans of the above type as well.

158 The standards for audit classification of the ccbs recommended by the RBI as far back as 1956 are in vogue in Bihar. But, since the adoption of these standards does not result in the assessment of the position of a bank on the basis of its overall performance because the bank is given a lower classification even if it fails to satisfy one or two out of the many standards, the RBI has suggested adoption of a 'marks system' to have a qualitative assessment of a central bank's overall performance. We recommend that this system may be adopted by the GOB for the purpose of audit classification of the ccbs/DCDBs in Bihar. Further, with a view to making audit more meaningful than at present and as also making it continuous, we suggest that the GOB may consider posting auditors of the rank of Joint Registrar for the audit of the state level institutions, of the rank of DCO's for audit of all ccbs/DCDBs with a working capital of Rs 2 crores or more and of the rank of ARCS for the audit of remaining ccbs/DCDBs. A part of the additional expenditure on account of posting of officers of higher grade in the districts as well as at the headquarters in the audit wing can be met by revising suitably upwards the audit fees.

159 The state co-operative unions have been charged with the responsibility of conducting suitable courses for training to non-official workers. The Bihar State Co-operative Union however, has reportedly not been in a position to bestow adequate atten-

tion to this aspect, one major constraint being lack of resources. We suggest that the GOB may consider incorporation of a provision in its State Act on the lines of the provision in the Maharashtra Act (Section 68 of the Maharashtra Co-operative Societies Act, 1960 read with Rule 53 of the Maharashtra Co-operative Societies Rules 1961) for creation of an education fund by every society to be transferred to the state co-operative union and ensure that the funds so available are used to the best advantage by the state union.

160 The action on majority of our recommendations will have to be initiated by the RCS who will also be responsible for ensuring that the remaining recommendations are implemented by the institutions concerned. In view of this position, it is essential that the incumbent to the post of the RCS should hold the office for a fairly long period extending, say, up to the next five years as recommended by the All India Rural Credit Survey Committee 1954. We would, therefore, urge on the GOB to ensure that the office of the RCS is held by the same officer for a term of at least 3 to 5 years. Further, in view of the greater responsibilities that may devolve on the RCS, the GOB may consider elevation of the post of the RCS to the rank of a Commissioner if the incumbent is due for promotion before completing his term of 3 to 5 years so that he could continue in the post. Incidentally in the Maharashtra and Rajasthan states, the post of the RCS had already been elevated to the rank of a Commissioner. It will be necessary to suitably strengthen the establishment of the RCS both at the headquarters as well as the districts.

161 We have endeavoured to present an integrated plan of action to give a chance of survival followed by an era of sustained progress to the co-operative credit institutions in Bihar. Many of our recommendations are somewhat unorthodox but dynamic. These cannot be implemented in isolation and have to be fully backed by simultaneous action for the implementation of the recommendations designed for toning up the organizational, administrative and operational efficiency of the institutions at the three levels of the co-operative credit structure. All our recommendations have, therefore, to be considered as a package and implemented as such.

162 With a view to ensuring the adoption of each of our recommendations in its proper perspective, a periodical review by a high-power committee is necessary. Such a committee may be set up at the state level by the GOB under the chairmanship of the Chief Secretary. The other members of the committee may be the Principal Secretary in charge of Agriculture and Co-operation Departments of the GOB; RCS, Bihar; Regional Commissioner for Tribal Development, Bihar; a representative each of the GOI in the Ministry of Agriculture and Irrigation (Department of Rural Development), RBI's ACD and DBOD and the Chairmen of the BSCB and the BSLDB.

Chairman

C. D. Datey

Members

Nagina Rai
Jageshwar Mandal
Diwakar Jha
A. J. S. Sodhi
A. K. Sarkar
S. L. Sharma
P. N. Khanna

Member-Secretary

R. R. Pradhan

Bombay

22 September 1976

ANNEXURES

ANNEXURE 1*Revenue Divisions and Districts in Bihar*

North Bihar	South Bihar
I TIRHUT DIVISION	IV PATNA DIVISION
1 East Champaran	16 Aurangabad
2 Gopalganj	17 Bhojpur
3 Muzaffarpur	18 Gaya
4 Saran	19 Nalanda
5 Sitamarhi	20 Nawadah
6 Siwan	21 Patna
7 Vaishali	22 Rohtas
8 West Champaran	
II DARBHANGA DIVISION	V BHAGALPUR DIVISION
9 Begusarai	23 Bhagalpur
10 Darbhanga	24 Monghyr
11 Madhubani	25 Santhal Parganas
12 Samastipur	
III KOSI DIVISION	VI NORTH CHOTANAGPUR DIVISION
13 Katihar	26 Dhanbad
14 Purnea	27 Giridih
15 Saharsa	28 Hazaribagh
	VII SOUTH CHOTANAGPUR DIVISION
	29 Palamau
	30 Ranchi
	31 Singhbhum

ANNEXURE 2

District-wise position of the size of land holdings

District	Holdings upto 2 hectares		Total holdings		Percentage of	
	Number	Area	Number	Area to	(2a)	(2b)
					(3a)	(3b)
(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)
I North Bihar plains						
1 Begusarai	1.14	0.65	1.36	1.75	84	36
2 Darbhanga	2.22	1.02	2.47	2.01	89	51
3 East						
Champan	2.28	1.28	2.73	3.45	83	37
4 Gopalganj	1.19	0.72	1.45	1.76	82	41
5 Katihar	1.23	0.79	1.57	2.55	78	31
6 Madhubani	2.92	1.47	3.32	3.20	88	46
7 Muzaffarpur	2.41	1.13	2.80	2.86	86	39
8 Purnea	2.42	1.56	3.31	6.93	73	23
9 Saharsa	2.83	1.69	3.61	5.44	78	31
10 Samastipur	2.49	1.22	2.81	2.74	89	45
11 Saran	1.95	1.06	2.26	2.26	86	47
12 Sitamarhi	2.05	0.93	2.37	2.44	86	38
13 Siwan	1.31	0.78	1.57	1.88	83	41
14 Vaishali	1.71	0.82	1.94	1.76	88	47
15 West						
Champan	1.90	1.16	2.32	3.42	82	34
Sub-total	30.05	16.28	35.89	44.45	84	36
II South Bihar plains						
16 Aurangabad	1.69	1.00	2.20	3.10	77	32
17 Bhagalpur	2.09	1.22	2.62	4.24	79	29
18 Bhojpur	1.86	1.08	2.37	3.47	78	31
19 Gaya	2.59	1.38	3.04	3.11	85	44
20 Monghyr	3.08	1.72	3.76	5.21	82	33
21 Nalanda	1.67	0.88	1.96	1.97	85	45

ANNEXURE 2 (Contd.)

(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)
22 Nawadah	1.67	0.94	2.03	2.41	82	29
23 Patna	1.93	1.09	2.32	2.68	83	41
24 Rohtas	1.61	1.02	2.22	4.26	73	24
Sub-total	18.19	10.33	22.42	30.47	81	34
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III Chotanagpur plateau						
<i>Tribal Area</i>						
25 Palamau	1.15	0.74	1.75	4.48	66	17
26 Ranchi	2.04	1.44	3.57	11.19	54	13
27 Santhal Parganas	2.46	1.74	3.96	9.67	62	18
28 Singhbhum	2.91	1.63	3.86	6.18	75	26
Sub-total	8.56	5.55	13.14	31.52	65	18
<i>Other Area</i>						
29 Dhanbad	0.56	0.25	0.80	1.65	70	15
30 Giridih	1.12	0.72	1.54	2.98	73	24
31 Hazaribagh	1.32	0.85	1.87	3.75	71	23
Sub-total	3.00	1.82	4.21	8.38	71	22
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Total	59.83	35.08	75.77	114.80	79	30
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ANNEXURE 3

District-wise position of net area sown, total cropped area, gross irrigated area, area cultivated in 'kharif' and 'rabi' seasons and major crops

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District	Net area sown	% of col. (2) to geographical area	Total cropped area	Gross irrigated area	% of col. (5) to col. (4)	Area in Lakh Hectares			Major crops grown	
						Area under food crops cultivated in 1973-4				
						Kharif	Rabi	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
<i>North Bihar plains</i>										
1 Begusarai	1.30	61	1.92	0.16	9	1.21	0.70	1.91	Maize, wheat and paddy	
2 Darbhanga	1.55	67	1.86	0.16	9	1.18	0.54	1.72	Paddy, wheat and pulses	
3 East Champaran	3.19	74	4.75	0.51	11	1.92	2.58	4.50	Paddy, wheat, maize and sugarcane	
4 Gopalganj	1.51	74	2.08	0.55	26	0.63	0.06	0.69	Sugarcane, maize and millets	
5 Katihar	1.95	65	2.47	0.19	7	0.48	0.06	0.54	Maize and jute	
6 Madhubani	2.36	67	2.92	0.30	10	0.91	0.75	1.66	Paddy, wheat and sugarcane	
7 Muzaffarpur	2.51	79	3.65	0.32	9	1.87	0.99	2.86	Paddy, maize, wheat and sugarcane	
8 Purnea	5.44	68	7.15	0.72	10	3.75	1.44	5.19	Paddy, wheat and jute	
9 Saharsa	3.60	61	4.98	0.75	15	2.12	1.41	3.53	Paddy, wheat and jute	
10 Samastipur	2.06	72	2.63	0.31	12	1.69	0.60	2.29	Maize and paddy	
11 Saran	1.86	69	2.69	6.53	19	1.48	1.15	2.63	Wheat, maize and paddy	
12 Sitamarhi	2.75	75	3.33	0.11	3	1.63	0.96	2.59	Paddy and sugarcane	
13 Siwan	1.77	78	2.56	0.60	23	1.16	0.62	1.78	Paddy and sugarcane	
14 West Champaran	3.05	62	4.13	1.21	29	1.75	2.34	4.09	Paddy, wheat and sugarcane	
15 Vaishali	1.54	76	2.30	0.12	5	1.28	0.53	1.81	Maize and wheat	
Sub-total	35.86	69	49.42	6.53	13	23.07	14.73	37.80		

ANNEXURE 3 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<i>South Bihar plains</i>									
16 Aurangabad	2.42	55	3.11	1.82	58	1.42	1.31	2.73	Paddy, wheat and pulses
17 Bhagalpur	3.38	60	4.64	1.46	32	2.52	1.28	3.80	Paddy, maize and wheat
18 Bhajpur	3.19	79	5.01	2.91	58	1.99	2.44	4.43	Paddy, wheat, gram and pulses
19 Gaya	2.70	63	3.79	2.41	63	2.04	1.40	3.14	Paddy and wheat
20 Monghyr	3.46	44	4.34	1.08	25	2.96	2.28	5.24	Paddy, wheat, maize, barley, gram and pulses
21 Nalanda	1.72	73	2.60	1.48	57	1.33	1.20	2.53	Paddy, wheat and pulses
22 Nawadah	1.90	52	2.40	1.49	61	1.57	0.93	2.50	Paddy and wheat
23 Patna	2.44	76	3.55	1.66	47	1.64	1.68	3.32	Paddy, wheat and gram
24 Rohtas	3.97	54	6.28	4.12	66	2.67	2.95	5.62	Paddy, maize, wheat and pulses
Sub total	25.18	59	35.72	18.43	52	18.14	15.47	33.61	
<i>Chotanagpur Plateau</i>									
<i>Tribal Area</i>									
25 Palamau	2.90	23	3.11	0.76	24	1.65	0.92	2.57	Maize and gram
26 Ranchi	7.36	40	7.81	0.28	3	5.77	1.50	7.27	Paddy
27 Santhal Parganas	6.75	47	7.32	0.38	5	6.34	0.45	6.79	Paddy and maize
28 Singhbhum	4.17	31	4.31	0.24	6	3.84	0.37	4.21	Paddy
Sub-total	21.18	36	22.55	1.66	7	17.60	3.24	20.84	
<i>Other Area</i>									
29 Dhanbad	0.86	29	0.92	0.04	4	1.01	0.05	1.06	Paddy
30 Giridih	1.84	27	1.96	0.05	3	1.64	0.06	1.70	Paddy and maize
31 Hazaribagh	2.24	20	2.37	0.11	5	1.75	0.21	1.96	Maize
Sub-total	4.94	23	5.25	0.20	4	4.40	0.32	4.72	
Total	87.16	50	112.94	26.82	24	63.21	33.76	96.97	

Note: Area covered by summer crops and annual crops excluded.

ANNEXURE 4

District-wise position of credit requirements, credit gaps etc.

Rupees Lakhs

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District	Gross cropped area (hectares)			Credit require- ments	Credit requirements met			Credit gap	Percentage of credit gap to credit requirements
	Irrigated	Unirri- gated	Total		Overdues at primary level as on 30.6.74	S.T. agri- cultural loans issued during 1974-5	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
NB									
1 Begusarai	0.16	1.76	1.92	260.53	44.67	36.70	81.37	179.16	69
2 Darbhanga	0.16	1.71	1.87	253.49	28.91	12.34	41.25	212.24	84
3 East Champaran	0.52	4.24	4.76	935.18	52.87	36.57	89.44	845.74	90
4 Gopalganj	0.55	1.54	2.09	476.06	60.07	37.78	97.85	378.21	79
5 Katihar	0.19	2.28	2.47	333.45	30.07	15.40	45.47	287.98	87
6 Madhubani	0.30	2.62	2.92	402.59	59.18	29.95	89.13	313.46	78
7 Muzaffarpur	0.32	3.33	3.65	496.06	45.68	46.25	91.93	404.13	82
8 Purnea	0.72	6.43	7.15	983.86	147.41	31.14	178.55	805.31	82
9 Saharsa	0.74	4.23	4.97	715.36	47.83	20.26	68.09	647.27	90
10 Samastipur	0.31	2.32	2.63	367.31	37.07	20.94	58.01	309.30	84
11 Saran	0.53	2.17	2.70	402.52	43.28	33.16	76.44	326.08	81
12 Sitamarhi	0.11	3.22	3.33	430.18	42.30	49.81	92.11	338.07	79
13 Siwan	0.60	1.96	2.56	567.18	78.64	37.29	115.93	451.25	80
14 Vaishali	0.13	2.18	2.31	303.77	53.19	35.68	88.87	214.90	71
15 West Champaran	1.21	2.91	4.12	963.56	41.18	22.00	63.18	900.38	93
Sub-total	6.55	42.90	49.45	7891.10	812.35	465.27	1277.62	6613.48	84

ANNEXURE 4 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
SB									
16 Aurangabad	1.82	1.29	3.11	615.78	13.43	10.35	23.78	592.00	96
17 Bhagalpur	1.46	3.18	4.64	762.30	39.15	39.02	78.17	684.13	90
18 Bhojpur	2.91	2.10	5.01	989.76	70.70	146.13	216.83	772.93	78
19 Gaya	2.41	1.39	3.80	775.28	32.30	45.34	77.64	697.64	90
20 Monghyr	1.08	3.26	4.34	677.37	45.78	48.73	94.51	582.86	86
21 Nalanda	1.48	1.11	2.59	510.05	33.58	37.66	71.24	438.81	86
22 Nawadah	1.49	0.91	2.40	484.92	31.77	22.65	54.42	431.50	89
23 Patna	1.66	1.89	3.55	651.94	55.33	51.95	107.28	544.66	84
24 Rohtas	4.12	2.16	6.28	1300.02	73.54	96.06	169.60	1130.42	87
Sub-total	18.43	17.29	35.72	6768.42	395.58	497.89	893.47	5874.95	87
CPTA									
25 Palamau	0.76	2.35	3.11	482.72	36.94	38.35	75.29	407.43	84
26 Ranchi	0.28	7.53	7.81	822.47	73.09	41.39	114.48	708.39	86
27 Santhal Parganas	0.37	6.95	7.32	788.45	123.11	93.76	216.87	571.58	72
28 Singhbhum	0.24	4.07	4.31	467.67	41.08	30.81	71.89	395.78	85
Sub total	1.65	20.90	22.55	2561.71	274.22	204.31	478.53	2083.18	81
CPOA									
29 Dhanbad	0.04	0.88	0.92	97.18	52.74	2.92	55.66	41.52	43
30 Giridih	0.05	1.91	1.96	203.49	47.03	8.01	55.04	148.45	73
31 Hazaribagh	0.11	2.26	2.37	253.31	62.04	12.60	74.64	178.67	71
Sub-total	0.20	5.05	5.25	553.98	161.81	23.53	185.34	368.64	67
Total	26.83	86.14	112.97	17775.21	1643.96	1191.00	2874.96	14040.25	84

ANNEXURE 5

*Bihar State Co-operative Bank Ltd.
Statement of staff position as on 26 December 1975*

Category	Number
1 Secretary	1
2 Special Secretary	1
3 Inspecting Officers	6
4 Branch Managers	4
5 Assistant Managers	5
6 Chief Officers and Accounts Officer	4
7 Chief Accountants	3
8 Statistician	1
9 Supervisors	8
10 Accountants	6
11 Stenographers	6
12 Assistants	98
13 Typists	4
14 Cashiers	13
15 Legal Assistant	1
16 Deposit Organisers	17
17 Caretakers	2
18 Subordinate Staff	133
(Peons, Jamadars, Havaldars and car drivers, etc.)	
	313

ANNEXURE 6

*Financial position of Bihar State Co-operative Bank Ltd.
for the period 1971-2 to 1975-6*

Item	Rupees Lakhs				
	1971-2	1972-3	1973-4	1974-5	1975-6 (28.5.76)
(1)	(2)	(3)	(4)	(5)	(6)
1 (a) Paid-up share capital	144.43	144.62	144.70	147.01	147.01
(b) Of (a) from state government	66.00	66.00	66.00	66.00	66.00
2 Membership					
Total (including Government)	137	137	137	143	143
Individuals	27	27	27	27	27
3 (a) Reserves Total	212.77	230.03	261.33	289.43	324.33
(b) Statutory reserve	58.35	62.31	62.31	71.13	71.13
(c) Agricultural Credit Stabilization Fund	96.31	107.94	111.83	128.71	131.21
(d) Bad debt reserve	21.43	21.73	24.73	37.26	37.26
(e) Rehabilitation fund for weak ccbs	—	—	11.88	—	32.47
4 Total owned funds	357.20	374.65	406.03	436.44	471.34
5 (a) Total deposits	1063.29	1383.96	1906.04	1980.43	2303.59
(b) Current	304.62	431.93	341.09	291.44	448.67
(c) Savings	152.54	185.05	215.48	249.87	356.62
(d) Fixed	532.87	630.55	972.87	1397.97	1457.05
(e) Others	73.26	136.43	403.60	41.15	41.25
6 Of 5(a) above, from co-operative institutions	476.10	597.83	907.70	1356.45	1391.56
7 (a) Outstanding borrowings	1091.36	1110.88	560.47	899.39	605.60
(b) Of (a) above, from the Reserve Bank of India	1053.80	968.78	522.91	761.83	543.78

ANNEXURE 6 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)
8 (a) Total loans/advances outstanding	1630.89	1927.75	2073.96	2379.48	2467.42	
(b) Short-term agricultural	761.09	931.50	1060.85	1174.79	1462.15	
(c) Medium-term agricultural	144.60	190.12	139.19	177.71	178.33	
(d) Medium-term conversion/rephasing	463.64	420.67	397.79	472.88	414.56	
(e) Others	261.56	385.46	476.13	554.10	412.38	
9 (a) Total overdues	368.65	681.21	791.04	1117.80(A)	885.68	
(b) Of (a), under short-term agricultural loans	NA	NA	NA	673.52	421.96	
(c) Of (a), under medium-term loans	NA	NA	NA	296.07	239.34	
10 Percentage of overdues to demand (%)	18	28	29	41	31	
11 Net profit for the year	10.56	14.01	9.91	19.22	NA	
12 Dividend declared (%)	2	2	—	G.M. not held	G.M. not held	
13 Loans issued during the year						
(i) Total	2105.57	1963.03	2368.41	2412.29	NA	
(ii) Short-term						
(a) Seasonal agricultural purposes	1168.43	1115.31	1062.43	962.97	1585.50(B)	
(b) Other agricultural operations	—	—	—	309.53*	—	
(iii) Medium-term						
(a) Approved agri. purposes	22.25	95.96	61.60	17.07	22.50	
(b) Conversions/rephasements	476.95	66.39	98.37	171.09	5.03	
(iv) Others	437.94	685.37	1146.01	951.63\$	NA	

* For supply and distribution of agricultural requisites.

\$ Includes Rs 872.47 lakhs to the SLDB.

A Excludes unrenewed cash credits of Rs 18.11 lakhs.

B For the entire year 1975-6.

ANNEXURE 7

Short-term agricultural credit limits sanctioned by the RBI to the BSCB on behalf of ccbs and the their utilization during the period 1971-2 to 1975-6

		Rupees Lakhs									
Bank	1971-2		1972-3		1973-4		1974-5		1975-6		
	Limit	Utiliza- tion (%)									
(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(6a)	(6b)	
NB											
1 Begusarai	35.00	98	35.00	49	35.00	81	35.00	100	35.00	100	
2 Gopalganj	50.00	65	35.00	86	50.00	64	50.00	86	60.00	81	
3 Laheriasarai	—	—	—	—	—	—	—	—	—	—	
4 Madhipura	20.00	100	20.00	100	20.00	100	20.00	98	—	—	
5 Motihari	35.00	76	35.00	78	40.00	85	—	—	40.00	100	
6 Muzaffarpur	80.00	86	80.00	100	80.00	85	95.00	95	95.00	87	
7 National (Bettiah)	45.00	68	40.00	45	40.00	24	40.00	44	40.00	76	
8 Purnea	100.00	91	70.00	100	70.00	87	—	—	—	—	
9 Rohika	50.00	100	50.00	76	50.00	53	—	—	—	—	
10 Sitamarhi	60.00	100	60.00	100	50.00	100	75.00	100	50.00	100	
11 Siwan	75.00	54	—	—	50.00	67	—	—	25.00	100	
Sub-total	550.00		425.00		485.00		315.00		345.00		
SB											
12 Arrah	50.00	62	50.00	72	50.00	72	50.00	97	100.00	100	
13 Bhagalpur	—	—	20.00	100	20.00	100	20.00	100	30.00	100	
14 Bihar	45.00	71	45.00	82	45.00	88	—	—	—	—	

ANNEXURE 7 (Contd.)

(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(6a)	(6b)
15 Dinapur	15.00	95	15.00	77	15.00	77	—	—	—	—
16 Magadh	65.00	71	15.00	—	75.00	88	75.00	87	—	—
17 Monghyr	30.00	91	30.00	58	—	—	—	—	50.00	88
18 Nawadah	12.00	97	12.00	100	—	—	—	—	25.00	100
19 Sasaram	50.00	99	50.00	49	50.00	72	50.00	100	130.00	73
Sub-total	267.00		237.00		255.00		195.00		335.00	
CPTA										
20 Daltonganj	20.00	100	25.00	80	20.00	50	20.00	100	20.00	100
21 Deoghar	20.00	85	20.00	75	—	—	—	—	—	—
22 Dumka	40.00	85	40.00	100	40.00	80	50.00	100	50.00	100
23 Gumla	10.00	100	20.00	68	15.00	93	—	—	—	—
24 Ranchi	25.00	78	25.00	80	—	—	—	—	—	—
25 Singhbhum	27.00	87	30.00	81	35.00	74	35.00	100	35.00	100
Sub-total	142.00		160.00		110.00		105.00		105.00	
CPOA										
26 Dhanbad	20.00	32	20.00	—	—	—	—	—	—	—
27 Giridih	—	—	20.00	54	—	—	—	—	—	—
28 Hazaribagh	10.00	—	—	—	—	—	—	—	—	—
Sub-total	30.00		40.00		—		—		—	
Total	989.00		862.00		850.00		615.00		785.00	

ANNEXURE 8

*Deficits in nodc by ccbs for the short-term agricultural borrowings from RBI during the period 1971-2 to 1975-6
(Upto 30 April 1976)*

		Rupees Lakhs									
Bank		1971-2		1972-3		1973-4		1974-5		1975-6 (Upto 30.4.76)	
		Maxi- mum	Mini- mum	Maxi- mum	Mini- mum	Maxi- mum	Mini- mum	Maxi- mum	Mini- mum	Maxi- mum	Mini- mum
(1)		(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(6a)	(6b)
NB											
1	Begusarai	13.68	10.65	10.27	1.70	21.52	14.07	24.80	19.66	—	—
2	Gopalganj	—	—	2.44	2.44	—	—	4.95	4.95	—	—
3	Laheriasarai	—	—	—	—	—	—	—	—	—	—
4	Madhipura	—	—	10.27	10.27	10.27	3.25	—	—	—	—
5	Motihari	—	—	—	—	—	—	—	—	—	—
6	Muzaffarpur	2.50	2.50	8.30	5.16	8.30	0.41	12.30	12.30	4.54	2.09
7	National	7.77	3.23	—	—	0.55	0.55	10.55	2.00	0.58	—
8	Purnea	—	—	—	—	—	—	—	—	—	—
9	Rohika	11.31	11.31	—	—	—	—	—	—	—	—
10	Sitamarhi	—	—	—	—	—	—	20.53	2.15	3.72	3.72
11	Siwan	14.13	0.75	10.59	10.59	—	—	—	—	—	—
SB											
12	Arrah	13.15	0.69	18.88	3.37	25.24	2.99	18.18	18.18	11.97	8.97
13	Bhagalpur	1.70	0.09	8.59	8.59	11.16	5.81	15.46	12.67	—	—
14	Bihar	1.92	1.92	8.96	1.30	—	—	—	—	—	—

ANNEXURE 9

Short-term credit limits sanctioned by the BSCB to cabs in 1974-5 and 1975-6 and involvement in the short-term loans as at the end of 30 June 1973, 1974, 1975 and 30 April 1976

Rupees Lakhs

Bank	Limit sanctioned		Involvement			
	1974-5	1975-6	30.6.73	30.6.74	30.6.75	30.4.76
(1)	(2)	(3)	(4)	(5)	(6)	(7)
NB						
1 Begusarai	90.00	90.00	—	5.68	3.83	9.71
2 Gopalganj	75.00	95.00	10.15	49.71	26.63	32.77
3 Laherisarai	75.00	90.00	50.07	66.07	73.77	56.84
4 Madhepura	42.00	62.00	0.63	44.36	31.56	41.48
5 Motihari	55.00	105.00	6.34	15.10	65.01	44.70
6 Muzaffarpur	135.00	160.00	94.28	66.47	61.38	111.93
7 National	60.00	75.00	15.11	13.57	6.84	3.73
8 Purnea	110.00	125.00	21.59	38.82	61.14	99.18
9 Rohika	45.00	75.00	10.31	27.22	53.15	45.64
10 Sitamarhi	110.00	130.00	18.70	59.04	0.99	44.53
11 Siwan	65.00	80.00	21.03	4.21	73.25	69.56
Sub-total	862.00	1087.00	248.21	390.25	457.55	560.07
SB						
12 Arrah	130.00	150.00	—	5.40	18.47	24.00
13 Bhagalpur	70.00	60.00	4.69	—	9.49	13.51
14 Bihar	70.00	105.00	30.95	38.63	58.29	85.24
15 Dinapur	40.00	45.00	3.30	3.39	24.50	12.39
16 Magadh	110.00	125.00	77.01	61.40	36.92	80.72
17 Moghyr	50.00	90.00	7.71	30.27	55.88	39.81
18 Nawadah	33.00	65.00	27.45	31.01	31.68	27.54
19 Sasaram	100.00	125.00	5.51	—	0.62	40.05
Sub-total	603.00	765.00	156.62	170.10	235.85	323.26
CPTA						
20 Daltonganj	60.00	60.00	10.33	26.50	12.74	14.52
21 Deoghar	32.50	50.00	15.70	18.56	24.37	21.65
22 Dumka	100.00	110.00	20.45	19.57	10.89	32.27
23 Gumla	30.00	45.00	11.90	0.59	12.87	11.06
24 Ranchi	40.00	60.00	18.40	40.74	39.44	48.36
25 Singhbhum	75.00	75.00	2.17	25.44	11.47	2.67
Sub-total	337.50	400.00	78.95	131.40	111.78	130.53
CPOA						
26 Dhanbad	20.00	25.00	3.08	10.26	2.00	4.05
27 Giridih	40.00	35.00	16.66	15.17	15.50	23.90
28 Hazaribagh	20.00	50.00	37.54	43.98	30.99	26.59
Sub-total	80.00	110.00	57.28	69.41	48.49	54.54
Total	1882.50	2362.00	541.06	761.16	853.67	1068.40

ANNEXURE 10

Defaults by ccbs in repayment of their dues to the Bihar State Co-operative Bank as on 30 June 1974, 1975, 1976

Rupees Lakhs

Bank	Amount in default		
	30.6.1974	30-6-1975	30-6-1976
(1)	(2)	(3)	(4)
NB			
1 Begusarai	5.37 (1.24)	9.25 (3.49)	—
2 Gopalganj	37.52 (31.70)	29.79 (27.51)	—
3 Laheriasarai	67.47 (42.66)	88.04 (60.36)	41.62 (14.93)
4 Madhepura	43.31 (29.36)	44.82 (26.05)	47.20 (25.63)
5 Motihari	16.92 (13.10)	48.11 (47.45)	43.12 (34.72)
6 Muzaffarpur	121.64 (88.47)	121.61 (87.17)	81.44 (62.18)
7 National	9.85 (7.85)	11.36 (10.22)	7.79 (7.17)
8 Purnea	75.00 (46.78)	80.39 (59.10)	89.30 (52.11)
9 Rohika	37.61 (9.24)	52.54 (34.93)	59.19 (29.41)
10 Sitamarhi	55.56 (33.54)	54.61 (23.62)	35.36 (19.68)
11 Siwan	5.45 (5.43)	19.43 (12.61)	—
Sub-total	475.68 (309.37)	559.95 (392.51)	405.02 (245.83)
SB			
12 Arrah	1.14 (—)	—	—
13 Bhagalpur	—	5.02 (0.05)	—
14 Bihar	45.58 (38.46)	45.56 (34.89)	37.62 (21.56)
15 Dinapur	0.09 (—)	0.11 (—)	—

ANNEXURE 10 (Contd.)

(1)	(2)	(3)	(4)
16 Magadh	38.50 (32.09)	61.34 (49.93)	27.34 (12.54)
17 Monghyr	15.81 (11.32)	21.24 (17.28)	—
18 Nawadah	30.06 (17.39)	43.82 (30.23)	29.21 (15.17)
19 Sasaram	3.56 (—)	—	—
Sub-total	134.74 (99.26)	177.09 (132.38)	94.17 (49.27)
CPTA			
20 Daltonganj	19.42 (16.50)	20.25 (19.14)	—
21 Deoghar	16.21 (14.64)	24.36 (23.03)	11.44 (9.02)
22 Dumka	12.65 (9.28)	3.39 (3.39)	9.35 (9.35)
23 Gumla	2.44 (0.58)	4.32 (2.63)	6.19 (4.28)
24 Ranchi	20.04 (17.98)	37.75 (34.29)	39.41 (33.81)
25 Singhbhum	8.03 (2.96)	20.93 (18.82)	1.91 (—)
Sub-total	78.79 (60.94)	111.00 (101.30)	68.30 (56.46)
CPOA			
26 Dhanbad	7.01 (6.19)	2.41 (2.41)	—
27 Giridih	26.89 (15.17)	25.09 (16.25)	31.09 (18.38)
28 Hazaribagh	53.97 (33.65)	33.46 (8.59)	35.00 (15.67)
Sub-total	87.87 (55.01)	60.96 (27.25)	66.09 (34.05)
Total	777.08 (524.58)	909.00 (653.44)	633.58 (385.51)

N.B.: Figures in brackets indicate defaults under s.t. loans.

ANNEXURE 11
Areas of operation of ccbs in Bihar

		Area of operation	No. of blocks in the area
		(1)	(2)
Banks which serve one complete district each			
NB	1	Gopalganj	Whole of Gopalganj district 9
	2	Madhipura-Supaul (Madhipura)	„ Saharsa „ 23
	3	Motihari	„ East Champaran „ 20
	4	National	„ West Champaran „ 16
	5	Rohika	„ Madhubani „ 18
	6	Sitamarhi	„ Sitamarhi „ 15
SB	7	Arrah-Buxar (Arrah)	„ Bhojpur „ 19
	8	Bhagalpur	„ Bhagalpur „ 21
	9	Sasaram-Bhabua (Sasaram)	„ Rohtas „ 22
CPTA	10	Daltonganj	„ Palamau „ 25
	11	Singhbhum	„ Singhbhum „ 32
CPOA	12	Dhanbad	„ Dhanbad „ 10
Banks which serve two complete districts each			
NB	13	Laheriasarai- Samastipur-Daulat- pur (Laheriasarai)	Whole of Darbhanga and Samastipur districts 26
	14	Muzaffarpur-Hajipur (Muzaffarpur)	Muzaffarpur and Vaishali „ 25
	15	Purnea	Purnea and Katihar „ 38
	16	Siwan-Chapra (Siwan)	Siwan and Saran „ 31
Banks which serve one complete district along with another bank registered in the same district			
CPTA	17	Deoghar-Jamtara (Deoghar)	Deoghar and Jamtara sub- divisions of Santhal Par- ganas district 11
	18	Dumka-Godda- Rajmahal (Dumka)	Dumka, Godda, Rajmahal and Pakud sub-divisions of Santhal Parganas district 30

ANNEXURE 11 (Contd.)

			(1)	(2)
CPTA (contd.)	19	Gumla-Simdega (Gumla)	Gumla and Simdega sub- divisions of Ranchi district	18
	20	Ranchi-Khunti (Ranchi)	Ranchi Sadar, Lohardaga and Khunti sub-divisions of Ranchi district	25
Banks which serve one or two complete districts plus some blocks of another district in addition				
NB	21	Begusarai	Whole of Begusarai district plus Gogari, Parbatta, Khagaria, Alauli, Choutham and Beldaur blocks of Monghyr district	17
SB	22	Bihar-Barh-Fatwah (Bihar)	Whole of Nalanda district plus Fatwah, Barh, Mokameh, Pundarakh and Bhaktiarpur blocks of Patna district	17
	23	Magadh	Whole of Aurangabad and Gaya districts plus Wazirganj, Attari and Fatehpur blocks from Nawadah district	36
CPOA	24	Hazaribagh	Whole of Hazaribagh district plus Barmo, Nawadih, Gomiya, Petarwar, Kasmar and Jaridih blocks of Giridih district	30
Banks which serve a part of a district; the remaining part being served by a bank registered in another district				
SB	25	Dinapur-Masaurhi (Dinapur)	Whole of Patna district less five blocks served by Bihar-Barh-Fatwah ccb	11
	26	Monghyr-Jamui (Monghyr)	Whole of Monghyr district less six blocks served by Begusarai ccb	20
	27	Nawadah	Whole of Nawadah district less three blocks served by Magadh ccb	10
CPOA	28	Giridih	Whole of Giridih district less six blocks served by Hazaribagh ccb	12
Total				587

ANNEXURE 12

Trends in the growth of owned funds, deposits, lendings, overdues of the ccbs during the period 1968-9 to 1974-5
Rupees Lakhs

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Item	1968-9	1969-70	1970-71	1971-2	1972-3	1973-74	1974-5
1 (i) Number of banks	28	28	28	28	28	28	28
(ii) Number of branches	80	93	110	132	144	158	188
2 (i) Share capital	387.57	410.26	437.41	471.19	527.20	543.50	554.07
(ii) Of which from Government	(157.91)	(165.41)	(178.41)	(195.66)	(230.28)	(230.28)	(230.28)
3 Owned funds	455.00	512.50	560.77	601.86	672.55	731.10	776.77
4 Total deposits	485.87	507.33	596.59	721.40	915.24	1056.04	1184.65
5 Outstanding borrowings	1116.73	1129.58	1421.80	1533.14	1781.59	1909.78	2140.15
6 (i) Total loans issued	1163.79	1277.06	1418.16	1814.57	1938.95	1521.35	2059.57
(ii) Of which Agricultural (ST + MT)	1049.53	1083.89	1226.67	1306.92	1446.12	1190.97	1388.73*
7 (i) Total loans outstanding	1795.41	1876.97	2295.98	2549.51	2822.53	3062.32	3375.65
(ii) Of which medium-term (conversion)	187.46	222.52	212.38	535.22	603.55	547.67	698.72
8 Overdues	1128.48	1185.17	1485.10	1441.00	1688.67	2048.59	2340.87
9 Profit (+)/Loss (-)	(+)29.07	(+)32.68	(+) 4.39	(+)29.93	(+) 0.66	(-)27.09	(-)34.92
(a) (i) Number of banks at profit	22	25	19	23	16	8	14
(ii) Amount	(+)31.75	(+)34.41	(+)11.66	(+)31.85	(+)15.59	(+) 6.26	(+)26.08
(b) (i) Number of banks at loss	6	3	9	5	12	20	14
(ii) Amount	(-) 2.68	(-) 1.73	(-) 7.27	(-) 1.92	(-) 14.93	(-)33.35	(-)61.00

* Represents only short-term agricultural loans.

ANNEXURE 13

Financial particulars of the ccbs for the year 1974-5

Rupees Lakhs

	Bank	Number of offices	Paid-up share capital	From State Government	Reserves	Owned funds	Deposits	Borrowings
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NB	1 Begusarai	5	16.33	6.00	8.43	24.76	26.39	51.68
	2 Gopalganj	7	16.09	6.85	4.20	20.29	51.37	88.71
	3 Laheriasarai	7	23.26	5.50	8.91	32.17	32.57	120.59
	4 Madhipura	4	12.77	4.82	3.07	15.84	10.13	67.22
	5 Motihari	2	21.16	13.34	5.41	26.57	17.26	73.95
	6 Muzaffarpur	8	29.92	11.50	8.18	38.10	47.77	190.96
	7 National	3	8.71	8.08	5.54	14.25	25.54	34.02
	8 Purnea	14	36.93	15.50	7.88	44.81	81.55	158.93
	9 Rohika	9	30.22	16.00	9.94	40.16	30.46	87.20
	10 Sitamarhi	6	32.79	14.23	0.77	33.56	37.75	134.43
	11 Siwan	8	35.02	10.50	11.66	46.78	72.55	87.74
	Sub-total	73	263.20	112.32	73.99	337.29	433.34	1095.43

ANNEXURE 13 (Contd.)

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SB	12 Arrah	8	30.94	10.30	18.85	49.79	54.56	86.91
	13 Bhagalpur	6	14.77	5.00	9.99	24.76	50.07	34.19
	14 Bihar	7	25.36	10.50	8.22	33.58	37.34	124.65
	15 Dinapur	9	11.97	4.00	4.77	16.74	37.78	39.31
	16 Magadh	6	26.43	11.72	7.49	33.92	35.71	107.62
	17 Monghyr	7	13.87	5.00	8.23	22.10	21.46	57.53
	18 Nawadah	8	11.92	6.00	1.67	13.57	15.64	65.22
	19 Sasaram	6	24.58	6.00	39.15	63.73	46.22	95.54
	Sub-total	57	159.84	58.52	98.37	258.19	298.78	610.97
CPTA	20 Daltonganj	10	15.63	8.00	7.01	22.64	18.28	55.04
	21 Deoghar	6	8.55	3.00	6.27	14.82	26.26	32.58
	22 Dumka	5	22.69	11.50	4.97	27.56	35.30	85.85
	23 Gumla	5	13.02	7.75	3.33	16.35	26.21	30.15
	24 Ranchi	8	11.98	4.50	3.53	15.51	46.43	60.78
	25 Singhbhum	5	10.80	5.00	4.00	14.80	41.98	54.44
	Sub-total	39	82.67	39.75	29.11	111.68	194.56	318.84
CPOA	26 Dhanbad	6	16.56	5.00	11.06	27.62	158.95	9.43
	27 Giridih	5	9.05	4.69	2.26	11.31	12.80	37.73
	28 Hazaribagh	8	22.75	10.00	8.03	30.78	86.32	67.75
	Sub-total	19	48.36	19.69	21.35	69.71	258.07	114.91
	Total	188	554.07	230.28	222.82	776.87	1184.65	2140.15

ANNEXURE 13 (Contd.)

	Working capital	Loans Issued		Outstandings		Overdues	% of overdues to demand	Dividend declared
		Total	Short-term	Total	Short-term			
(1)	(9)	(10a)	(10b)	(11a)	(11b)	(12)	(13)	(14)
NB 1	122.23	106.40	70.16	96.15	44.72	49.92	40	—
2	182.49	102.17	43.65	137.49	76.56	84.77	50	—
3	217.65	80.02	33.41	161.84	85.13	102.19	58	—
4	98.36	25.35	19.54	73.42	45.64	63.36	72	—
5	117.88	36.40	30.35	103.36	86.95	30.35	65	—
6	282.47	124.48	100.13	231.00	163.17	178.30	63	—
7	88.84	36.81	21.51	55.36	49.08	47.63	54	—
8	282.72	78.26	63.12	258.45	193.41	233.14	80	—
9	173.18	32.10	32.10	127.34	62.92	88.99	74	—
10	258.66	110.56	80.35	185.73	106.69	100.28	51	—
11	225.63	191.84	69.54	188.45	75.84	109.20	42	—
	2050.11	924.39	593.86	1618.59	990.11	1088.13		
SB 12	191.28	175.81	153.30	129.00	107.26	109.01	41	3
13	128.39	83.69	42.80	101.45	42.25	66.40	48	—
14	195.57	83.75	79.35	161.09	107.45	137.16	70	—

ANNEXURE 13 (Contd.)

(1)	(9)	(10a)	(10b)	(11a)	(11b)	(12)	(13)	(14)
15	94.82	49.49	38.97	79.30	51.45	58.16	69	—
16	179.84	67.95	65.66	152.47	96.09	112.99	66	—
17	101.09	74.62	50.09	91.11	52.81	63.84	50	—
18	106.88	38.98	23.97	77.87	36.31	48.17	63	—
19	231.62	157.45	136.57	166.91	92.54	102.21	55	—
	1229.49	731.74	590.71	959.20	584.06	697.94		
CPTA 20	95.96	53.33	36.16	74.94	43.39	53.58	54	—
21	83.65	18.04	17.45	59.82	40.47	53.47	78	—
22	188.78	93.95	71.11	131.35	90.54	95.57	55	1
23	75.86	23.65	22.53	53.48	35.06	37.45	70	—
24	141.71	32.26	32.21	101.09	76.14	91.75	73	—
25	110.22	81.44	31.30	86.15	35.15	41.25	46	—
	696.18	302.67	210.76	506.83	320.75	373.07	330	
CPOA 26	209.30	44.71	3.27	120.45	28.35	54.84	66	—
27	61.84	6.56	6.12	49.62	23.95	41.41	82	—
28	207.45	49.50	14.01	120.96	66.14	85.48	60	—
	478.59	110.77	23.40	291.03	118.44	181.73		—

ANNEXURE 14

Statement showing the credit potential in the areas of the ccbs in Bihar and the number of offices which each one of them should have

	Bank	Gross cropped area (hectares)			Credit potential (Rs lakhs)	No. of offices which the ccb should have at the rate of one office per poten- tial of Rs 50 lakhs	
		Irrigated	Unirri- gated	Total			
NB	1 Begusarai	28463	270888	299351	409.77	8	
	2 Gopalganj	54883	154428	209311	476.06	10	
	3 Laheriasarai	47146	402341	449487	620.80	12	
	4 Madhepura	74860	422570	497430	715.36	14	
	5 Motihari	51417	424208	475625	935.18	19	
	6 Muzaffarpur	44090	551680	595770	799.83	16	
	7 National	120900	291537	412437	963.56	19	
	8 Purnea	91205	871434	962639	1317.31	26	
	9 Rohika	30065	261941	292006	402.99	8	
	10 Sitamarhi	11043	322056	333099	430.18	9	
	11 Siwan	112226	413135	525361	969.70	19	
	Sub-total	666298	4386218	5052516	8040.74	160	
SB	12 Arrah	290645	210522	501167	989.76	20	
	13 Bhagalpur	145889	318062	463951	762.30	15	
	14 Bihar	173892	190386	364278	672.71	13	
	15 Dinapur	140961	109501	250462	489.28	10	
	16 Magadh	483764	290606	774370	1572.67	31	
	17 Monghyr	95869	230772	326641	528.14	11	
	18 Nawadah	87802	67848	155650	304.32	6	
	19 Sasaram	411928	216150	628078	1300.02	26	
		Sub-total	1830750	1633847	3464597	6619.20	132
	CPTA	20 Daltonganj	75651	234873	310524	482.72	10
21 Deoghar		16786	187441	204227	229.41	5	
22 Dumka		20738	507201	527939	559.05	11	
23 Gumla		10017	395099	405116	420.14	8	
24 Ranchi		17593	358748	376341	402.73	8	
25 Singhbhum		24297	406925	431222	467.67	9	
	Sub-total	165082	2090287	2255369	2561.72	51	
CPOA	26 Dhanbad	3663	88026	91689	97.18	2	
	27 Giridih	4116	136644	140760	146.93	3	
	28 Hazaribagh	11712	280587	292299	309.87	6	
	Sub-total	19491	505257	524748	553.98	11	
	Total	2681621	8615609	11297230	17775.64	354	

ANNEXURE 15

Viability of ccbs—Assumed monthly and annual consolidated salary for various categories of staff

Category of staff	Assumed consolidated salary	
	Monthly	Annual
	Rs	Rs
1 Manager	1500	18000
2 Assistant Manager (who will also be the Chief Administrative Officer)	1250	15000
3 Chief Accountant	1000	12000
4 Chief Supervisor (i.e., the Chief Executive Officer)	1000	12000
5 Inspectors of Branches (for internal inspection and audit)	1000	12000
6 Assistant Chief Supervisor/Loan Officer/Accountant/Establishment Officer/Branch Agent	750	9000
7 Senior Supervisor/Assistant Accountant	550	6600
8 Supervisor/Branch Cashier/Stenographer	450	5400
9 Clerk/Typist	350	4200
10 Driver/Watchman	250	3000
11 Peon	200	2400

ANNEXURE 16

Viability of ccbs—Annual expenditure on salaries of staff posted at Head Office

Sr. No.	Category of staff	Expenditure in respect of a ccb with branches around											
		Five		Ten		Fifteen		Twenty		Twenty-five		Thirty	
		N	E	N	E	N	E	N	E	N	E	N	E
1	Manager	—	@	1	18000	1	18000	1	18000	1	18000	1	18000
2	Assistant Manager	1	15000	—	*	1	15000	1	15000	1	15000	1	15000
3	Chief Accountant	1	12000	1	12000	1	12000	1	12000	1	12000	1	12000
4	Chief Supervisor	1	12000	1	12000	1	12000	1	12000	1	12000	1	12000
5	Inspector of Branches	—	@@	1	12000	1	12000	1	12000	1	12000	1	12000
6	Assistant Chief Supervisor	—	**	—	**	1	9000	1	9000	2	18000	2	18000
7	Loan Officer	1	9000	1	9000	1	9000	1	9000	2	18000	2	18000
8	Establishment Officer	—	+	1	9000	1	9000	1	9000	1	9000	1	9000
9	Accountants	—	++	1	9000	1	9000	1	9000	1	9000	1	9000
10	Senior Supervisors\$	2	13200	4	26400	6	39600	8	52800	10	66000	12	79200
11	Assistant Accountants	1	6600	—	‡	1	6600	1	6600	2	13200	2	13200
12	Stenographers	—	—	1	5400	1	5400	1	5400	1	5400	1	5400
13	Typists	2	8400	1	4200	2	8400	2	8400	3	12600	3	12600
14	Clerks\$\$	6	25200	9	37800	12	52400	12	52400	15	63000	15	63000
15	Driver	1	3000	1	3000	1	3000	1	3000	2	6000	2	6000
16	Peons	4	9600	5	12000	6	14400	6	14400	8	19200	8	19200
Total		20	114000	28	169800	38	234800	41	251000	52	308400	54	321600

(For assumptions please turn over)

ANNEXURE 16 (Contd.)

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Note N — Number of incumbents
E — Annual expenditure in rupees

- Assumptions@ The Manager of a ccb with five branches may be in the grade of Assistant Manager.
No Assistant Manager may be necessary for a ccb with ten branches and the Manager himself can look after the work of the Chief Administrative Officer with the assistance of one Establishment Officer.
- @@ The Inspector of Branches may not be necessary for a ccb with five branches and this work can be handled by the Manager.
- ** No Assistant Chief Supervisor may be necessary for a ccb with five or ten branches.
- + Separate Establishment Officer may not be necessary for a ccb with five branches.
- ++ The Chief Accountant of a ccb with five branches can directly be assisted by an Assistant Accountant and, therefore, the post of Accountant may not be necessary for it.
- \$ One Senior Supervisor may control the work of five supervisors. It is assumed that about 20 pacs will be attached to a branch serving a block and two Supervisors will be posted at each branch. The Senior Supervisors may not necessarily be posted at Head Office.
- ‡ The Chief Accountant of a ccb with ten branches will be assisted by an Accountant and, therefore, an Assistant Accountant may not be necessary for it.
- \$\$ Each ccb has three main sections at its Head Office, viz., Establishment, Supervision and Accounts. The strength of clerks may be 2, 3, 4 or 5 per Section according to the size of the ccb.

ANNEXURE 17

Viability of ccbs—Annual expenditure on salaries of staff posted at a branch

Category of staff	Number of incumbents	Annual expenditure
		Rs
1 Branch Agent	1	9000
2 Cashier	1	5400
3 Supervisors	2	10800
4 Clerks or Clerk-cum-Typists	2	8400
5 Peons	2	4800
		Total 38400

Assumption It is assumed that the jurisdiction of a branch will extend to a block having 20 pacs and about 10 pacs will be under the charge of a Supervisor.

Note Expenditure on rent for premises, stationery, postage, etc., in respect of a branch has been taken into account while calculating other establishment expenses in a subsequent Annexure.

ANNEXURE 18

Viability of ccbs—Total annual expenditure on establishment, i.e., excluding that in respect of interest on deposits, borrowings, etc.

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Item of expenditure	Basis		Expenditure in respect of a ccb with branches around					
			Five	Ten	Fifteen	Twenty	Twenty-five	Thirty
(i) Salaries of staff at H.O.	Annexure 16		1.14	1.70	2.35	2.51	3.08	3.22
(ii) Salaries at branches	Rs 38400 x No. of branches vide Annexure 17		1.92	3.84	5.76	7.68	9.60	11.52
(iii) Total salaries of staff	(i) + (ii)		3.06	5.54	8.11	10.19	12.68	14.74
(iv) T.A., D.A. of staff and ccb's contribution to P.F.	10% of (iii) above		0.31	0.55	0.81	1.02	1.27	1.47
(v) Directors' fees, allowances and board meeting expenses	1%	-do-	0.03	0.06	0.08	0.10	0.13	0.15
(vi) Rent, taxes, insurance, lighting depreciation, etc.	8%	-do-	0.25	0.44	0.65	0.81	1.02	1.18
(vii) Postage, telegram, telephone charges	1½%	-do-	0.05	0.08	0.12	0.15	0.19	0.23
(viii) Stationery, printing, etc.	5%	-do-	0.15	0.27	0.40	0.50	0.63	0.73
(ix) Vehicle expenses	2%	-do-	0.06	0.11	0.16	0.20	0.25	0.29
(x) Audit fees	1%	-do-	0.03	0.06	0.08	0.10	0.13	0.15
(xi) Miscellaneous expenses (General meeting expenses, legal charges, etc.)	1½%	-do-	0.05	0.08	0.12	0.15	0.19	0.23
Total			3.99	7.19	10.53	13.22	16.49	19.17
That is, say			4.00	7.00	10.50	13.00	16.50	19.00

Note: The basis for calculation of expenditure at items (iv) to (xi) above has been fixed after review of annual accounts of a few ccbs of different sizes.

ANNEXURE 19

Viability of ccbs—Margin available for meeting establishment expenditure on a loan business of Rs 100

Cost of raising resources				Return on deployment of resources			
Item	Amount raised	Cost		Item	Amount deployed	Return	
		In per cent	In amount			In per cent	In amount
	Rs		Rs		Rs		Rs
Share capital	10	10	1.00	Cash reserve i.e., cash on hand or in current account with other banks	4	—	—
Reserves	5	—	—	Investments in shares of the apex bank	3	7	0.21
Deposits	67	6½	4.36	Investments for the purposes of statutory liquidity in			
Borrowings from the apex bank for agricultural purposes	51	9	4.59	(i) Government and other trustee securities	9	5½	0.50
				(ii) Fixed deposits with the apex bank	10	9	0.90
				Loans and advances—			
				(i) Agricultural	75	10½	8.06
(ii) Non-agricultural	25	14	3.50				
				Other assets	7	—	—
	133		9.95		133		13.17

Margin available on loan business: 13.17 less 9.95 = 3.22 or, say, 3.20 per cent.

ANNEXURE 19 (Contd.)

- Assumptions**
- (i) The cost of raising share capital has been taken as 10 per cent which means that the net profit has to be of the order of 10 per cent of the paid-up share capital. Fifty per cent of the net profit will be utilised for paying a dividend of 5 per cent on shares, forty per cent will be utilised for appropriations to statutory reserve and stabilization fund and the balance ten per cent for other appropriations.
 - (ii) The proportion between share capital and reserves has been taken as 2:1. Of the owned funds of Rs 15, Rs 5 have been invested in loan business, Rs 3 in the shares of the apex bank to provide a linking at 5 per cent for the borrowings from it and the balance Rs 7 in other assets like premises, dead stock, vehicles, stationery, etc.
 - (iii) Thirty-five per cent of the deposits, i.e., Rs 23 are held in the form of cash reserve and investment in securities and fixed deposits with the apex bank to ensure maintenance of statutory liquidity standards.
 - (iv) The entire borrowings of Rs 51 have been deemed to have been raised for advancing Rs 75 as agricultural loans.
 - (v) The return on agricultural loans has been deemed to be $10\frac{1}{2}$ per cent instead of 11 per cent as $\frac{1}{4}$ per cent of such loans outstanding against the societies will be the contribution of the ccb to the cadre fund created for maintaining a cadre of secretaries of primaries.

Note

Loan business of Rs. 100 corresponds to a working capital of Rs 133.

ANNEXURE 20

Viability, potential viability and quasi-potential viability norms

Rupees Lakhs

	A ccb needing branches around					
	Five	Ten	Fifteen	Twenty	Twenty-five	Thirty
(i) Expected annual establishment expenditure	4.00	7.00	10.50	13.00	16.50	19.00
(ii) Loan business required to meet the expenditure at item (i) above on the basis that for meeting establishment expenditure of Rs 3 a loan business of Rs 100 is required as per Annexure 19	125.00	218.75	328.13	406.25	515.62	593.75
(iii) Viability norm in terms of loan business	125.00	220.00	330.00	405.00	515.00	595.00
(iv) Potential viability norm [50% of (iii) above]	62.50	110.00	165.00	202.50	257.50	297.50
(v) Quasi-potential viability norm [25% of (iii) above]	31.25	55.00	82.50	101.25	128.75	148.75

ANNEXURE 21

Position of ccbs in Bihar on the basis of the proposed norms of viability, potential viability and quasi-potential viability

Bank	Loans outstanding as on 30.6.75 (Rs lakhs)	Category	Viable	Potentially viable	Quasi-potentially viable@	
					Group A	Group B
NB						
1 Begusarai	96.25	II	—	—	X	—
2 Gopalganj	137.49	II	—	X	—	—
3 Laheriasarai	161.84	II	—	X	—	—
4 Madhipura	73.42	III	—	—	—	X
5 Motihari	103.36	IV	—	—	X	—
6 Muzaffarpur	231.00	III	—	X	—	—
7 National	55.36	IV	—	—	—	X
8 Purnea	258.45	V	—	X	—	—
9 Rohika	127.34	II	—	X	—	—
10 Sitamarhi	185.73	II	—	X	—	—
11 Siwan-Chapra	188.45	IV	—	—	X	—
SB						
12 Arrah	129.00	IV	—	—	X	—
13 Bhagalpur	101.45	III	—	—	X	—
14 Bihar	161.09	III	—	—	X	—
15 Dinapur	79.30	II	—	—	X	—
16 Magadh	152.47	VI	—	—	X	—
17 Monghyr	91.11	II	—	—	X	—
18 Nawadah	77.87	I	—	X	—	—
19 Sasaram	166.91	V	—	—	X	—
CPTA						
20 Daltonganj	74.94	II	—	—	X	—
21 Deogarh	59.82	I	—	—	X	—
22 Dumka	131.35	II	—	X	—	—
23 Gumla	53.48	II	—	—	—	X
24 Ranchi	101.09	II	—	—	X	—
25 Singhbhum	86.15	II	—	—	X	—
CPOA						
26 Dhanbad	120.45	I	—	X	—	—
27 Giridih	49.62	I	—	—	X	—
28 Hazaribagh	122.96	I	—	X	—	—

@ Please see paragraph 3.18 and Table 7 therein.

ANNEXURE 22

Methodology adopted to rate the performance as on 30 June 1975 of ccbs in Bihar with reference to each of the fifteen indicators mentioned in paragraph 3.20

Sr. No.	Indicator	Rating
1	Size of owned funds Proportion of actual level of owned funds as on 30 June 1975 to the expected level of owned funds (at 15 per cent of the short-term agricultural potential in the area of the ccb) in percentage—	
	10 or below	5
	Above 10 and upto 25	13
	Above 25 and upto 50	18
	Above 50 and upto 60	25
	Above 60 and upto 75	30
	Above 75 and upto 100	38
	Above 100	50
2	Size of deposits Proportion of actual level of deposits as on 30 June 1975 to the expected level of deposits (at Rs 50 lakhs, Rs 20 lakhs and Rs 5 lakhs per one lakh of urban, rural and scheduled caste/tribe population respectively in percentage—	
	10 or below	10
	Above 10 and upto 25	25
	Above 25 and upto 50	35
	Above 50 and upto 60	50
	Above 60 and upto 75	60
	Above 75 and upto 100	75
	Above 100	100
3	Extent of reliance on external borrowings Percentage of total outstanding borrowings as on 30 June 1975 to total loans outstanding—	
	Above 80	5
	Above 70 and upto 80	10
	Above 60 and upto 70	15
	Above 50 and upto 60	22
	Above 40 and upto 50	30
	Above 30 and upto 40	38
	30 or less	50

ANNEXURE 22 (Contd.)

Sr. No.	Indicator	Rating
4	Size of working capital Percentage of actual working capital as on 30 June 1975 to the minimum expected level at 133 per cent of the norm of viability—	
	Less than 20	2
	Above 20 and upto 40	7
	Above 40 and upto 50	10
	Above 50 and upto 60	15
	Above 60 and upto 80	18
	Above 80 and upto 100	22
	Above 100	25
5	Size of total loans outstanding Percentage of loans outstanding as on 30 June 1975 to the level of loan business required to function as a viable unit—	
	20 or less	10
	Above 20 and upto 40	30
	Above 40 and upto 50	40
	Above 50 and upto 60	60
	Above 60 and upto 80	75
	Above 80 and upto 100	90
	Above 100	100
6	Performance in meeting demand for short-term agricultural credit Extent of credit gap in percentage—	
	Above 90	10
	Above 80 and upto 90	25
	Above 70 and upto 80	35
	Above 60 and upto 70	50
	Above 50 and upto 60	60
	Above 40 and upto 50	75
	Above 25 and upto 40	90
	25 or less	100
7	Level of overdues Percentage of overdues to demand for two out of three years (1972-3 to 1974-5)	
	Above 60	10
	Above 50 and upto 60	25

ANNEXURE 22 (Contd.)

Sr. No.	Indicator	Rating
	Above 40 and upto 50	35
	Above 30 and upto 40	50
	Above 20 and upto 30	75
	20 or less	100
8	Proportion of chronic defaults	
	Percentage of overdues over 3 years to total overdues—	
	Above 40	10
	Above 30 and upto 40	20
	Above 25 and upto 30	25
	Above 20 and upto 25	40
	Above 15 and upto 20	60
	Above 10 and upto 15	80
	10 or less	100
9	Coercive steps taken for recovery	
	Proportion of the number of award cases filed to the number of defaulters for periods over one year in percentage—	
	30 or less	10
	Above 30 and upto 50	25
	Above 50 and upto 60	40
	Above 60 and upto 75	50
	Above 75 and upto 90	75
	Above 90	100
10	Defaults in repayment to the apex bank	
	Defaults at the end of the co-operative year in the last 3 years 1973-4 to 1975-6	
	All the three years	Nil
	Two years	20
	One year	35
	None	50
11	Defaults in maintaining the prescribed percentage of liquid assets	
	Number of days of default in the last two years 1973-4 and 1974-5	
	Above 100	Nil
	Above 75 and upto 100	10
	Above 50 and upto 75	20

ANNEXURE 22 (Contd.)

Sr. No.	Indicator	Rating
	Above 25 and upto 50	30
	25 or less	40
	None	50
12	Rate of dividend	
	Nil	10
	Upto one per cent	25
	Above 1 and upto 2 per cent	35
	Above 2 and upto 3 per cent	50
	Above 3 but less than 5 per cent	75
	Five per cent and above	100
13	Coverage of pacs	
	20 or less	2
	Above 20 and upto 25	5
	Above 25 and upto 35	8
	Above 35 and upto 40	12
	Above 40 and upto 50	15
	Above 50 and upto 60	20
	Above 60	25
14	Size of loan business of pacs	
	Proportion of the number of pacs with loan business of Rs 70,000 or above each to the total number of pacs in percentage—	
	Nil	Nil
	Upto 25	5
	Above 25 and upto 50	10
	Above 50 and upto 75	15
	Above 75 and upto 90	20
	Above 90	25
15	Proportion of pacs with full-time paid managers	
	Proportion to the total number of pacs in percentage—	
	Nil	Nil
	Upto 25	5
	Above 25 and upto 50	10
	Above 50 and upto 75	15
	Above 75 and upto 90	20
	Above 90	25
	Total rating	1000

ANNEXURE 23

Statement showing aggregate ratings received by ccbs in Bihar

Rupees Lakhs

Bank	Size of owned funds				Size of deposits			
	Expected level	Actual level as on 30.6.75	% of col. (2b) to col. (2a)	Rating out of 50 marks	Expected level	Actual level as on 30.6.75	% of col. (3b) to col. (3a)	Rating out of 100 marks
(1)	(2a)	(2b)	(2c)	(2d)	(3a)	(3b)	(3c)	(3d)
NB 1 Begusarai	61.47	24.76	40	18	417.30	26.39	6	10
2 Gopalganj	71.41	20.29	28	18	190.45	51.37	27	35
3 Laheriasarai	93.12	32.17	35	18	643.65	32.57	5	10
4 Madhepura	107.30	15.84	15	13	441.65	10.13	2	10
5 Motihari	140.28	26.57	19	13	369.65	17.26	5	10
6 Muzaffarpur	119.98	38.10	32	18	627.60	47.77	8	10
7 National	144.53	14.25	10	5	316.05	25.54	8	10
8 Purnea	197.60	44.81	23	13	774.60	81.55	11	25
9 Rohika	60.45	40.16	66	30	355.45	30.46	9	10
10 Sitamarhi	64.53	33.56	52	25	302.05	37.75	12	25
11 Siwan	145.46	46.68	32	18	648.60	72.55	11	25

ANNEXURE 23 (Contd.)

	(1)	(2a)	(2b)	(2c)	(2d)	(3a)	(3b)	(3c)	(3d)
SB	12 Arrah	148.46	49.79	33	18	406.20	54.56	13	25
	13 Bhagalpur	114.35	24.76	22	13	439.30	50.07	11	25
	14 Bihar	100.91	33.58	33	18	456.60	37.34	8	10
	15 Dinapur	73.39	16.74	23	13	405.55	37.78	9	10
	16 Magadh	235.90	33.92	14	13	667.25	35.71	5	10
	17 Monghyr	79.22	22.10	28	18	400.85	21.46	5	10
	18 Nawadah	45.65	13.57	30	18	161.65	15.64	10	10
	19 Sasaram	195.00	63.73	33	18	374.40	46.22	12	25
	CPTA	20 Daltonganj	72.41	22.64	31	18	193.55	18.28	9
21 Deoghar		34.41	14.82	43	18	151.40	26.26	17	25
22 Dumka		83.86	27.56	33	18	338.10	35.30	11	25
23 Gumla		63.02	16.35	26	18	143.55	26.21	18	25
24 Ranchi		60.41	15.51	26	18	239.00	46.43	19	25
25 Singhbhum		70.15	14.80	21	13	506.80	41.98	8	10
CPOA	26 Dhanbad	14.58	27.62	189	50	427.90	158.95	37	35
	27 Giridih	22.04	11.31	51	25	203.95	12.80	6	10
	28 Hazaribagh	46.48	30.78	66	30	412.05	86.32	21	25

ANNEXURE 23 (Contd.)

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		Reliance on external borrowings				Size of working capital			
		Total loans outstanding as on 30.6.75	Outstanding borrowings as on 30.6.75	% of col. (4b) to col. (4a)	Rating out of 50 marks	Expected level necessary to function as viable unit	Actual level as on 30.6.75	% of col. (5b) to col. (5a)	Rating out of 25 marks
(1)	(2)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(5c)	(5d)
NB	1	96.25	51.68	54	22	293.33	122.33	42	10
	2	137.49	88.71	65	15	293.33	182.49	62	18
	3	161.84	120.59	75	10	293.33	217.65	74	18
	4	73.42	67.22	92	5	440.00	98.36	22	7
	5	103.36	73.95	72	10	540.00	117.78	22	7
	6	231.00	190.96	83	5	440.00	282.47	64	18
	7	55.36	34.02	61	15	540.00	88.84	16	2
	8	258.45	158.93	61	15	686.67	282.72	41	10
	9	127.34	87.20	68	15	293.33	173.18	59	15
	10	185.73	134.43	72	10	293.33	258.66	88	22
	11	188.45	87.74	47	30	540.00	225.63	42	10

ANNEXURE 23 (Contd.)

	(1)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(5c)	(5d)
SB	12	129.00	86.91	67	15	540.00	191.28	35	7
	13	101.45	34.19	34	38	440.00	128.39	29	7
	14	161.09	124.65	77	10	440.00	195.57	44	10
	15	79.30	39.31	49	30	293.33	94.82	32	7
	16	152.47	107.62	71	10	793.33	128.39	16	2
	17	91.11	57.53	63	15	293.33	101.09	34	7
	18	77.87	65.22	84	5	166.67	106.88	64	18
	19	166.91	95.54	57	22	686.67	231.62	34	7
	CPTA	20	74.94	55.04	73	10	293.33	95.96	33
21		59.82	32.58	54	22	166.67	83.65	50	15
22		131.35	85.85	65	15	293.33	188.78	64	18
23		53.48	30.15	56	22	293.33	75.86	26	7
24		101.09	60.78	60	15	293.33	141.71	48	10
25		86.15	54.44	63	15	293.33	110.22	38	7
CPOA	26	120.45	9.43	8	50	166.67	209.30	126	25
	27	49.62	37.73	76	10	166.67	61.84	37	7
	28	122.96	67.75	55	22	166.67	207.45	124	25

ANNEXURE 23 (Contd.)

	Total loans outstanding				Credit gap		Level of overdues in two out of three years from 1972-3 to 1974-5	
	Expected level necessary to function as viable unit	Actual level as on 30.6.75	% of col. (6b) to col. (6a)	Rating out of 100 marks	In per cent of credit potential	Rating out of 100 marks	In per cent of demand	Rating out of 100 marks
(1)	(6a)	(6b)	(6c)	(6d)	(7a)	(7b)	(8a)	(8b)
NB 1	220.00	96.25	44	40	74	35	31.43.32	50
2	220.00	137.49	62	75	79	35	32.55.38	50
3	220.00	161.84	74	75	84	25	52.66.64	10
4	330.00	73.42	22	30	90	25	59.79.59	25
5	405.00	103.36	26	30	90	25	44.49.54	35
6	330.00	231.00	70	75	77	35	41.63.58	25
7	405.00	55.36	14	10	93	10	58.57.51	25
8	515.00	258.45	50	60	83	25	47.60.69	25
9	220.00	127.34	58	60	78	35	60.66.66	10
10	220.00	185.73	84	90	79	35	35.61.52	25
11	405.00	188.45	47	40	80	35	57.63.33	25

ANNEXURE 23 (Contd.)

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(1)	(6a)	(6b)	(6c)	(6d)	(7a)	(7b)	(8a)	(8b)
SB 12	405.00	129.00	32	30	78	35	40.49.36	50
13	330.00	101.45	31	30	90	25	34.43.38	50
14	330.00	161.09	49	40	85	25	40.66.64	10
15	220.00	79.30	36	30	85	25	34.51.51	50
16	595.00	152.47	26	30	92	10	29.54.62	25
17	220.00	91.11	41	40	87	25	60.58.34	25
18	125.00	77.87	62	75	88	25	44.64.55	25
19	515.00	166.91	32	30	87	25	25.36.42	50
CPTA 20	220.00	74.94	34	30	84	25	18.47.33	50
21	125.00	59.82	48	40	74	35	54.71.71	10
22	220.00	131.35	60	60	72	35	45.41.49	35
23	220.00	53.48	24	30	86	25	43.50.55	35
24	220.00	101.09	46	40	86	25	57.67.71	10
25	220.00	86.15	39	30	85	25	28.36.35	50
CPOA 26	125.00	120.45	96	90	43	75	59.60.46	25
27	125.00	49.62	40	30	73	35	58.30.75	10
28	125.00	122.96	98	90	71	35	66.85.52	10

ANNEXURE 23 (Contd.)

	Total overdues as on 30.6.75	Chronic defaults		Rating out of 100 marks	Coercive steps taken for recovery	Defaults in repayments to the apex bank in the last 3 years from 1973-4 to 1975-6	
		Overdues over 3 years	% of col. (9b) to col. (9a)		Rating out of 100 marks	Number of years of default	Rating out of 50 marks
(1)	(9a)	(9b)	(9c)	(9d)	(10)	(11a)	(11b)
NB 1	55.07	15.01	27	25	10	2	20
2	84.37	21.65	26	25	10	2	20
3	93.11	22.75	24	40	10	3	—
4	46.68	13.06	28	25	10	3	—
5	58.41	15.59	27	25	10	3	—
6	117.89	31.18	26	25	10	3	—
7	37.34	9.65	26	25	10	3	—
8	133.99	30.36	23	40	10	3	—
9	65.44	14.21	22	40	10	3	—
10	89.21	24.91	28	25	10	3	—
11	117.36	31.65	27	25	10	2	20

ANNEXURE 23 (Contd.)

(1)	(9a)	(9b)	(9c)	(9d)	(10)	(11a)	(11b)
SB 12	93.46	28.04	30	25	10	—	50
13	48.44	13.93	29	25	10	1	35
14	69.93	19.00	27	25	10	3	—
15	46.94	12.70	27	25	10	2	20
16	109.22	23.48	21	40	10	3	—
17	43.31	11.91	27	25	10	2	20
18	33.22	6.98	21	40	10	3	—
19	113.01	31.00	27	25	10	1	35
CPTA 20	49.04	12.68	26	25	10	2	20
21	35.59	7.34	21	40	10	3	—
22	92.02	18.96	21	40	10	3	—
23	49.22	16.77	34	20	10	3	—
24	45.73	15.58	34	20	10	3	—
25	42.98	10.11	24	40	10	3	—
CPOA 26	36.93	9.02	24	40	10	2	20
27	30.54	7.18	24	40	10	3	—
28	63.29	16.27	26	25	10	3	—

ANNEXURE 23 (Contd.)

	Defaults in maintaining the prescribed percentage of liquid assets in the last two years		Rate of dividend		Coverage of pacs		Size of loan business of pacs	Proportion of pacs with full-time paid managers	Aggregate rating out of 1000 marks
	Number of days of default	Rating out of 50 marks	In per cent for 1974-5	Rating out of 25 marks	In per cent	Rating out of 25 marks	Rating out of 25 marks	Rating out of 25 marks	
	(12a)	(12b)	(13a)	(13b)	(14a)	(14b)	(15)	(16)	(17)
NB 1	16	40	—	10	34	8	5	5	308
2	38	30	—	10	45	15	5	5	366
3	7	40	—	10	22	5	5	5	281
4	36	30	—	10	22	5	5	5	205
5	60	20	—	10	26	8	5	5	213
6	33	30	—	10	24	5	5	5	276
7	6	40	—	10	42	15	5	5	187
8	108	—	—	10	28	8	5	5	251
9	54	20	—	10	35	8	5	5	273
10	26	30	—	10	41	15	5	5	332
11	138	—	—	10	29	8	5	5	266

ANNEXURE 23 (Contd.)

	(12a)	(12b)	(13a)	(13b)	(14a)	(14b)	(15)	(16)	(17)
SB 12	—	50	3	50	34	8	5	5	383
13	23	40	—	10	30	8	5	5	326
14	44	30	—	10	29	8	5	5	216
15	13	40	—	10	24	5	5	5	285
16	474	—	—	10	25	5	5	5	175
17	—	50	—	10	29	8	5	5	273
18	14	40	—	10	25	5	5	5	291
19	33	30	—	10	37	12	5	5	309
CPTA 20	12	40	—	10	21	5	5	5	270
21	23	40	—	10	47	15	5	5	290
22	3	40	1	25	47	15	5	5	346
23	7	40	—	10	45	15	5	5	267
24	730	—	—	10	45	15	5	5	208
25	110	—	—	10	19	2	5	5	222
CPOA 26	13	40	—	10	32	8	5	5	488
27	—	50	—	10	25	5	5	5	252
28	—	50	—	10	30	8	5	5	350

ANNEXURE 24

Comparative financial position of pacs in Bihar

Rupees Lakhs

	1970-71	1971-2	1972-3	1973-4	1974-5
1 (a) No. of societies	17,171	16,500	16,500		16,500
(b) Of (a) dormant	1,252	870	930		1,052
2 Of 1 state partnered	1,041	1,389	1,391		1,391
3 No. of societies advancing loans	16,174	10,783	12,687	N	12,864
4 (a) Membership (000)	27,50	28,10	28.20	O	28,38
(b) Borrowing member- ship (000)	9,10	9,83	10,09	T	10,38
5 (a) Paid-up share capital	500.02	508.79	636.62		637.48
(b) Of (a) from government	54.16	75.19	131.10		132.19
6 Owned funds	578.10	597.60	730.69	A	731.98
7 Deposits	297.70	150.16	158.13	V	160.49
8 (a) Borrowings	1822.25	2144.01	2435.39	A	2436.21
(b) Of (a) from ccb				I	2073.30
9 Working capital	3086.25	3462.89	4070.09	L	4397.88
10 (a) Loans advanced	1246.45	1287.82	1357.86	A	1649.00
(b) Of (a) for short- term agricultural purposes	1133.49	1182.38	1085.76	B L E	1299.00
11 (a) Loans outstanding	1991.55	2114.87	2518.84		2827.96
(b) Of (a) short-term					2256.77
12 Loans overdue	1248.22	1320.82	1402.24		1901.74
13 Percentage of 12 to 11	63	63	56		57
14 No. of societies working at					
(i) Profit	13,415	7,174	7,350		7,384
(ii) Loss	1,805	7,946	8,068		8,233
(iii) No profit/No loss	1,951	1,380	1,082		883
15 No. of societies having					
(i) Full-time paid secre- taries	2,250	2,250	2,250		2,264
(ii) Part-time paid secretaries	—	—	886		894
(iii) Hon. secretaries	14,921	14,250	13,364		13,342

N.B.: Data for 1973-4 are not available.

ANNEXURE 25

*District-wise position of the number of pacs, their coverage etc.,
as on 30.6.75*

District	No. of rural families (in lakhs)	No. of societies		Member-ship (in '000)	No. of rural families covered (in lakhs)
		Total	State partnered		
(1)	(2)	((3a)	(3a)	(3b)	(5)
NB 1 Begusarai	1.92	237	—	70	0.70
2 Darbhanga	2.53	405	32	58	0.58
3 East Champaran	3.27	477	108	85	0.85
4 Gopalganj	1.85	405	48	83	0.83
5 Katihar	1.90	299	54	52	0.52
6 Madhubani	3.15	562	120	108	1.09
7 Muzaffarpur	3.18	443	11	59	0.59
8 Purnea	4.66	502	14	128	1.30
9 Saharsa	3.92	565	45	88	0.88
10 Samastipur	3.03	493	49	66	0.66
11 Saran	2.85	488	23	83	0.83
12 Sitamarhi	2.63	521	70	106	1.07
13 Siwan	2.43	516	125	69	0.69
14 Vaishali	2.25	334	12	69	0.69
15 West Champaran	2.65	507	96	110	1.11
Sub-total	42.22	6754	807	1234	12.39
SB 16 Aurangabad	2.15	304	10	52	0.52
17 Bhagalpur	3.48	545	18	105	1.06
18 Bhojpur	3.33	560	28	110	1.12
19 Gaya	3.23	689	3	83	0.83
20 Monghyr	4.57	728	28	130	1.32
21 Nalanda	2.18	450	4	70	0.70
22 Nawadah	2.07	343	4	52	0.52
23 Patna	3.75	579	18	90	0.90
24 Rohtas	3.23	614	98	120	1.21
Sub-total	27.99	4812	211	812	8.18
CPTA 25 Palamau	2.50	664	101	52	0.52
26 Ranchi	4.35	1145	60	195	1.95
27 Santhal Parganas	5.32	1175	81	248	2.49
28 Singhbhum	4.07	720	57	76	0.76
Sub-total	16.24	3704	299	571	5.72
CPOA 29 Dhanbad	2.45	241	35	78	0.78
30 Giridih	2.28	464	12	58	0.58
31 Hazaribagh	2.75	515	27	85	0.85
Sub-total	7.48	1220	74	221	2.21
Total	93.93	16490	1391	2838	28.50

N.B.: Number of societies for the state as a whole have, however, been reported at 16,500.

ANNEXURE 25 (Contd.)

	Percentage of (5) to (2)	Borrowing member- ship (in '000)	Percentage of		No. of dormant societies	
			(7) to (2)	(7) to (4)	Total (9a)	Per- centage of (9a) to (3a)
(1)	(6)	(7)	(8a)	(8b)	(9a)	(9b)
NB 1	36	15	7.8	21.4	81	34
2	23	10	3.9	17.2	52	13
3	26	28	8.6	32.9	22	5
4	45	35	18.9	42.2	12	3
5	27	21	11.1	40.4	22	8
6	35	39	12.4	36.1	14	2
7	19	26	8.2	44.1	25	6
8	28	63	13.5	49.2	13	3
9	22	32	8.2	36.4	70	12
10	22	41	13.5	62.1	35	7
11	29	39	13.7	47.0	14	3
12	41	26	9.9	24.5	101	19
13	29	24	9.9	34.8	10	2
14	31	28	12.4	40.6	12	4
15	42	23	8.7	20.9	20	4
	29	450	10.7	37.0	503	7
SB 16	24	13	6.0	25.0	51	17
17	30	38	10.9	36.2	15	3
18	34	42	12.6	38.1	34	6
19	26	25	7.7	30.1	10	1
20	29	41	9.0	31.5	35	5
21	32	19	8.7	27.1	35	8
22	25	11	5.3	21.2	14	4
23	24	29	7.7	32.2	55	10
24	37	62	19.2	51.7	28	5
	29	280	10.0	35.0	277	6
CPTA 25	21	20	8.0	38.5	86	13
26	45	51	11.7	26.2	10	9
27	47	106	19.9	42.7	41	3
28	19	36	8.9	47.4	81	11
	35	213	13.1	37.0	218	6
CPOA 29	32	35	14.3	45.0	10	4
30	25	11	4.8	19.0	12	3
31	31	49	17.8	57.0	32	6
	30	95	12.7	43.0	54	5
	30	1038	11.1	37.0	1052	6

ANNEXURE 26

District-wise particulars of financial position, loan business, overdues, etc., of pacs in Bihar as on 30 June 1975

Rupees Thousands

District	Paid-up capital		Statutory reserve	Special bad debt reserve	Other reserves
	Total	Of which from government			
(1)	(2a)	(2b)	(3)	(4)	(5)
NB 1 Begusarai	1209	81	93	7	243
2 Darbhanga	1415	258	90	7	28
3 East					
Champanan	2345	707	173	50	50
4 Gopalganj	2640	581	408	46	52
5 Katihar	1440	401	52	5	22
6 Madhubani	2901	827	257	24	35
7 Muzaffarpur	1770	370	88	20	121
8 Purnea	2850	145	166	42	91
9 Saharsa	1870	509	114	17	39
10 Samastipur	1704	304	173	9	48
11 Saran	1170	96	163	36	83
12 Sitamarhi	3020	793	94	7	38
13 Siwan	2982	1041	620	100	88
14 Vaishali	1740	476	88	3	28
15 West					
Champanan	2201	606	234	24	74
Sub-total	31257	7195	2813	397	1040
SB 16 Aurangabad	771	86	88	26	33
17 Bhagalpur	1890	185	221	131	65
18 Bhojpur	3344	385	132	117	152
19 Gaya	2150	44	84	35	46
20 Monghyr	2080	416	129	20	50
21 Nalanda	1040	116	94	13	48
22 Nawadah	1041	50	69	1	27
23 Patna	1702	166	142	19	52
24 Rohtas	3225	467	402	61	147
Sub-total	17243	1915	1361	423	625
CPTA 25 Palamau	2280	786	96	20	39
26 Ranchi	3101	1014	995	173	253
27 Santhal					
Parganas	4584	1110	390	57	84
28 Singhbhum	1628	630	83	44	119
Sub-total	11593	3540	1564	294	495

ANNEXURE 26 (Contd.)

	(1)	(2a)	(2b)	(3)	(4)	(5)
CPOA 29 Dhanbad		1156	217	82	13	38
30 Giridih		1141	146	93	10	44
31 Hazaribagh		1358	206	96	23	39
Sub-total		3655	569	271	46	121
Total		63748	13219	6009	1160	2281

	Owned funds	Deposits	Outstanding borrowings			Working capital
			Total	Of which from Government	CFA's	
	(6)	(7)	(8a)	(8b)	(8c)	(9)
NB 1	1552	51	5751	40	5427	9791
2	1540	53	5169	114	4090	8195
3	2618	271	8516	525	7318	16532
4	3146	59	11740	248	10102	19641
5	1519	39	4909	140	4411	8060
6	3217	62	9005	110	8503	16351
7	1999	126	10295	1498	6036	14694
8	3149	118	12898	200	11613	22576
9	2040	68	6358	140	4939	11182
10	1934	85	6624	121	6024	11595
11	1452	125	5619	327	4693	10230
12	3159	242	12915	197	12298	20925
13	3790	113	8585	231	7383	17105
14	1859	97	7663	70	7177	12192
15	2533	352	6290	282	4102	15338
	35507	1861	122257	4243	104116	214407
SB 16	923	41	2599	259	1650	4320
17	2307	77	7511	156	7005	13489
18	3745	86	10275	807	8578	20649
19	2315	117	9905	585	8647	16854
20	2279	99	4050	138	3332	14103
21	1195	81	6541	247	6024	10699
22	1138	52	6493	162	6051	9370
23	1915	167	8074	246	7531	13749
24	3835	117	13520	1362	10491	24320
	19652	837	68968	3962	59309	127553

ANNEXURE 26 (Contd.)

	(6)	(7)	(8a)	(8b)	(8c)	(9)
CPTA 25	2435	52	5168	150	4676	10870
26	4522	12845	11296	672	9025	21033
27	5115	184	13754	580	12239	28428
28	1874	69	5413	140	2594	9549
	13946	13150	35631	1542	28534	69880
CPOA 29	1289	60	4954	143	4544	9273
30	1288	72	5233	128	4808	8457
31	1516	69	6578	100	6019	10218
	4093	201	16765	371	15371	27948
	73198	16049	243621	10118	207330	439788
	Loans outstanding			Overdues		
	Total	Short-term	Medium-term	Short-term	Medium-term	Total
	(10a)	(10b)	(10c)	(11a)	(11b)	(11c)
NB 1	6887	5734	1153	2814	1269	4083
2	5274	4415	859	3137	850	3987
3	9738	8991	747	5101	740	5841
4	13517	9873	3644	4836	3601	8437
5	3658	3271	387	2792	380	3172
6	10486	8594	1892	4654	1890	6544
7	10448	8631	1817	4570	1800	6370
8	18174	16897	1277	8957	1270	10227
9	6679	5805	874	3798	870	4668
10	7546	5851	1695	3814	1510	5324
11	5274	3910	1364	3441	1228	4669
12	15155	11268	3887	5253	3668	8921
13	10442	7707	2735	4419	2648	7067
14	8776	7387	1389	4039	1380	5419
15	6751	6318	433	3304	430	3734
	138805	114653	24153	64929	23534	88463
SB 16	2281	1620	661	1069	653	1722
17	8088	6325	1763	3276	1568	4844
18	11531	9546	1985	7386	1960	9346
19	10851	8094	2757	4735	2666	7401
20	8494	7648	846	4915	840	5755
21	6827	5523	1304	3731	1300	5031
22	6566	4080	2486	2744	2377	5121
23	9286	7536	1750	4956	1700	6656
24	14578	9283	5295	6085	5216	11301
	78502	59655	18847	38897	18280	57177

ANNEXURE 26 (Contd.)

		(10a)	(10b)	(10c)	(11a)	(11b)	(11c)
CPTA	25	7255	5818	1437	3659	1245	4904
	26	16396	13294	3102	6409	3086	9495
	27	18408	14592	3816	9016	3745	12761
	28	6634	4672	1962	2338	1960	4298
		48693	38376	10317	21422	10036	31458
CPOA	29	4796	4249	547	3153	540	3693
	30	5473	3974	1499	2763	1484	4247
	31	6527	4771	1756	3386	1750	5136
		16796	12994	3802	9302	3774	13076
		282796	225678	57119	134550	55624	190174

		Overdues				Percentage of overdues to outstanding	Borrowings from CFAs during 1974-5	
		Less than 1 year	1-2 years	2-3 years	Over 3 years		No. of societies borrowing	Gross drawings
		(12a)	(12b)	(12c)	(12d)	(13)	(14a)	(14b)
NB	1	1480	890	603	1110	59	184	1892
	2	1398	892	746	951	76	304	2050
	3	1990	1240	1052	1559	60	393	5342
	4	2928	1854	1490	2165	62	332	7010
	5	1232	680	570	690	87	195	2217
	6	2540	1388	1195	1421	62	455	1814
	7	2190	1345	1140	1695	62	393	7080
	8	3840	2261	1780	2346	56	418	4864
	9	1610	912	840	1306	70	373	2711
	10	1890	1120	990	1324	71	346	3212
	11	1642	994	891	1142	89	399	4800
	12	2980	1890	1560	2491	58	453	11018
	13	2444	1560	1040	2023	68	472	7383
	14	1895	1121	980	1423	62	291	1012
	15	1340	749	680	965	55	404	3210
		31399	18896	15557	22611	64	5412	65615

ANNEXURE 26 (Contd.)

	(12a)	(12b)	(12c)	(12d)	(13)	(14a)	(14b)
SB 16	590	349	310	473	76	246	1012
17	1710	1051	690	1393	60	383	5516
18	3121	1801	1620	2804	82	492	18092
19	2598	1886	1420	1497	68	512	5042
20	1991	1190	992	1582	68	493	2416
21	1810	1012	840	1369	74	322	4720
22	1770	1080	1195	1076	78	294	4712
23	2421	1332	1102	1801	72	452	3332
24	3920	2291	1990	3100	78	573	15155
	19931	11992	10159	15095	73	3767	59997
CPTA 25	1752	1012	872	1268	68	499	5462
26	3160	1420	1680	3235	58	834	6017
27	4970	3010	2151	2630	69	863	13816
28	1572	940	775	1011	65	518	1452
	11454	6382	5478	8144	65	2714	26747
CPOA 29	1290	810	691	902	77	203	4011
30	1560	943	746	998	78	374	1415
31	1848	1051	890	1347	79	394	2218
	4698	2804	2327	3247	78	971	7644
	67482	40074	33521	49097	67	12864	160003

Loans issued during 1974-5

	No. of socie- ties advanc- ing loans	Purpose-wise					Total
		Short-term		Medium-term			
		Seasonal agricul- tural opera- tions	Others	Approved agricul- tural purposes	Conver- sion	Others	
(15)	(16a)	(16b)	(16c)	(16d)	(16e)	(16f)	
NB 1	184	3670	—	1228	69	21	4988
2	304	1234	800	570	45	22	2671
3	393	3657	100	889	42	41	4729
4	332	3778	—	1253	59	78	5168
5	195	1540	—	460	29	18	2047
6	455	2995	800	775	31	46	4647

ANNEXURE 26 (Contd.)

	(15)	(16a)	(16b)	(16c)	(16d)	(16e)	(16f)	
7	393	4625	1000	1262	51	28	6966	
8	418	3114	84	880	58	73	4209	
9	373	2026	51	523	67	17	2684	
10	346	2094	—	665	29	48	2836	
11	399	3316	1200	912	58	72	5558	
12	453	4981	1988	1275	63	72	8379	
13	472	3729	—	1064	61	81	4935	
14	291	3568	100	1107	49	86	4910	
15	404	2200	1000	597	31	84	3912	
	5412	46527	7123	13460	742	787	68639	
SB	16	246	1035	—	653	67	50	1805
	17	383	3902	200	743	57	46	4948
	18	492	14613	600	2734	100	218	18265
	19	512	4534	200	1045	76	92	5947
	20	493	4873	—	1330	67	19	6289
	21	322	3766	1000	1047	78	145	6036
	22	294	2265	503	912	72	42	3794
	23	452	5195	—	1080	90	280	6645
	24	573	9606	742	2412	87	181	13028
		3767	49789	3245	11956	694	1073	66757
CPTA	25	499	3835	—	1019	81	110	5045
	26	834	4139	334	868	72	212	5625
	27	863	9376	100	1670	82	90	11318
	28	518	3081	—	812	90	120	4103
		2714	20431	434	4369	325	532	26091
CPOA	29	203	292	—	134	22	58	506
	30	374	801	—	248	31	63	1143
	31	394	1260	—	384	30	92	1766
		971	2353	—	766	83	213	3415
		12864	119100	10802	30551	1844	2605	164902

ANNEXURE 26 (Contd.)

	Societies undertaking marketing of produce			No. of societies undertaking distribution	Distribution		
	No. of societies marketing	Value of produce marketed			Value of goods supplied		
		Total	Of which food-grains		Total	Food-grains	Others
	(17a)	(17b)	(17c)	(18)	(19a)	(19b)	(19c)
NB 1	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—
3	—	—	—	20	358	216	142
4	—	—	—	1	69	38	31
5	—	—	—	5	36	—	36
6	—	—	—	—	—	—	—
7	—	—	—	—	—	—	—
8	—	—	—	6	103	12	91
9	—	—	—	5	134	42	92
10	—	—	—	6	136	113	23
11	—	—	—	37	354	241	113
12	50	336	263	9	510	464	46
13	—	—	—	—	—	—	—
14	—	—	—	—	—	—	—
15	—	—	—	18	138	89	49
	50	336	263	107	1838	1215	623
SB 16	—	—	—	—	—	—	—
17	—	—	—	8	142	—	142
18	—	—	—	10	197	87	110
19	—	—	—	8	98	56	42
20	—	—	—	—	—	—	—
21	—	—	—	1	90	34	56
22	8	83	68	14	99	68	31
23	10	82	81	7	607	403	204
24	—	—	—	20	432	100	332
	18	165	149	68	1665	648	917
CPTA 25	—	—	—	4	97	66	31
26	—	—	—	10	91	19	72
27	4	8	—	4	118	82	36
28	—	—	—	20	649	507	142
	4	8	—	38	955	674	281
CPOA 29	—	—	—	31	674	586	88
30	8	135	76	7	356	315	41
31	11	94	94	5	109	91	18
	19	229	170	43	1139	992	147
	91	738	582	256	5597	3529	1968

ANNEXURE 26 (Contd.)

		No. of secretaries	Profit		Loss		No. of societies without profit or loss
		Hon. secretaries	No. of societies	Amount	No. of societies	Amount	
		(20)	(21a)	(21b)	(22a)	(22b)	(23)
NB	1	237	98	124	127	178	12
	2	405	201	254	168	236	36
	3	477	230	291	216	383	31
	4	405	140	178	253	355	12
	5	299	102	129	181	254	16
	6	562	240	304	300	421	22
	7	443	226	286	177	249	40
	8	502	301	381	159	223	42
	9	655	390	494	144	202	31
	10	493	272	344	190	266	31
	11	488	290	367	175	246	23
	12	521	262	332	217	305	42
	13	516	270	342	222	312	24
	14	334	171	216	135	190	28
	15	507	240	307	226	317	41
		6754	3433	4349	2890	4057	431
SB	16	304	162	205	106	149	36
	17	545	210	264	317	445	18
	18	560	241	305	280	393	39
	19	689	402	509	267	375	20
	20	728	318	403	389	546	21
	21	450	182	230	256	359	12
	22	343	175	222	137	192	31
	23	579	242	306	295	414	42
	24	614	292	369	292	410	30
			4812	2224	2813	2339	3283
CPTA	25	664	200	253	443	622	21
	26	1145	489	619	639	897	17
	27	1175	202	256	944	1325	29
	28	720	246	316	464	628	10
		3704	1137	1444	2490	3472	77
CPOA	29	241	90	114	115	161	36
	30	464	270	342	176	247	18
	31	515	230	291	244	343	41
		1220	590	747	535	751	95
		16490	7384	9353	8254	11563	852

ANNEXURE 27

Strength of supervisors in the area of each ccb and the number transferred to their control

Bank	Strength of supervisors	Number of supervisors transferred to ccbs control
NB 1 Begusarai	43	43
2 Gopalganj	39	28
3 Laheriasarai	90	81
4 Madhepura	42	NA
5 Monghyr	52	51
6 Motihari	61	44
7 Muzaffarpur	101	75
8 National	57	34
9 Purnea	96	NA
10 Rohika	56	56
11 Sitamarhi	33	36
12 Siwan	100	75
Sub-total	770	523
SB 13 Arrah	34	16
14 Bhagalpur	53	49
15 Bihar	85	51
16 Dinapur	52	60
17 Magadh	109	77
18 Nawadah	43	27
19 Sasaram	136	12
Sub-total	512	292
CPTA 20 Daltonganj	59	46
21 Deoghar	15	NA
22 Dumka	107	61
23 Gumla	42	35
24 Ranchi	86	36
25 Singhbhum	59	53
Sub-total	368	231
CPOA 26 Dhanbad	27	21
27 Giridih	41	30
28 Hazaribagh	74	50
Sub-total	142	101
Total	1792	1147

NA — Not available as information not received.

ANNEXURE 28

Block-wise position of existing number of pacs, pacs that can be supported on the basis of loan business etc.

District/block	Existing No. of pacs	No. of dormant pacs	Credit require- ments in 1980-81 (at 110% of the existing credit require- ments) (Rs lakhs)	Credit require- ments that will be met by pacs in 1980-81 at 65, 70, 80, 90 or 95 per cent society (Rs lakhs)	No. of neces- sary to support business in col. (5) at Rs 2 lakhs per society	No. of excess societies (+) or addition- al societies necessary (—) col. (2)— col. (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
NB BEGUSARAI						
1 Bachwara	23	8	26.95	24.25	9	+ 14
2 Bakhari	29	10	29.68	26.71	10	+ 19
3 Balica	26	9	28.45	25.60	10	+ 16
4 Barauni	23	8	14.40	12.96	5	+ 18
5 Begusarai	36	12	36.07	32.46	13	+ 23
6 Bhagawanpur	18	6	29.82	26.84	10	+ 8
7 Chain Bariyapur	13	4	23.50	21.15	8	+ 5
8 Khadwanpur	15	6	21.19	19.07	7	+ 8
9 Matihani	19	6	33.16	29.85	12	+ 7
10 Sahepurkamal	14	4	17.49	15.74	6	+ 8
11 Teghara	21	8	25.88	23.29	9	+ 12
Total	237	81	286.59	257.92	99	+138
DARBHANGA						
1 Bahadurpur	37	9	14.61	10.23	4	+ 33
2 Baheri	30	—	10.52	7.36	3	+ 27
3 Benipur	52	4	26.43	18.50	7	+ 45
4 Biraoul	32	—	88.11	61.68	25	+ 7
5 Darbhanga	37	—	10.08	7.06	3	+ 34
6 Ghanshyam- pur	27	—	30.33	21.23	8	+ 19
7 Hayaghat	44	14	1.71	1.20	—	+ 44
8 Jalley	29	7	12.35	8.65	3	+ 26
9 Keoty	42	—	33.91	23.74	9	+ 33
10 Manigachhi	51	10	28.53	19.97	8	+ 43
11 Singhwara	24	8	22.26	15.58	6	+ 18
Total	405	52	278.84	195.20	76	+329

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
EAST CHAMPARAN							
1	Adapur	25	8	48.40	31.46	12	+ 13
2	Areraj	32	3	63.05	40.98	16	+ 16
3	Chakia	22	—	45.86	29.81	12	+ 10
4	Chauradano	19	—	41.90	27.23	11	+ 8
5	Chiraiya	22	1	68.77	44.69	17	+ 5
6	Daka	24	—	48.86	31.76	12	+ 12
7	Ghorasahan	22	5	59.82	38.88	15	+ 7
8	Harsidhi	25	—	60.80	39.52	16	+ 9
9	Kalyanpur	34	—	78.27	50.88	20	+ 14
10	Kesaria	25	—	56.41	36.66	14	+ 11
11	Madhuban	24	—	47.74	31.03	12	+ 12
12	Mehsi	22	—	24.81	16.12	6	+ 16
13	Motihari	30	—	55.06	35.79	14	+ 16
14	Paharpur	21	—	35.66	23.18	9	+ 12
15	Pakridyal	19	—	33.67	21.89	8	+ 11
16	Pathai	13	—	33.92	22.05	9	+ 4
17	Ramgarwa	14	—	54.89	35.68	14	—
18	Raxaul	21	—	37.07	24.10	9	+ 12
19	Sugauli	28	—	43.31	28.16	11	+ 17
20	Turkaulia*	35	5	90.42	58.77	23	+ 12
	Total	477	22	1028.69	668.64	260	+217
GOPALGANJ							
1	Baikunthpur	34	—	36.45	29.16	12	+ 22
2	Banarauli	57	3	72.68	58.14	23	+ 34
3	Bhorey	33	—	46.44	37.15	15	+ 18
4	Bijoypur	27	—	32.40	25.92	10	+ 17
5	Gopalganj	47	2	68.52	54.82	22	+ 25
6	Hathwa	52	2	59.06	47.25	19	+ 33
7	Kateya	46	—	61.49	49.19	20	+ 26
8	Kuchaikote	51	2	74.03	59.22	24	+ 27
9	Manjha	48	—	53.79	43.03	17	+ 31
10	Uchakagaon	44	3	55.26	44.21	17	+ 27
	Total	439	12	560.12	448.09	179	+260
KATI HAR							
1	Amdabagh	18	2	22.89	16.02	6	+ 12
2	Azamnagar	35	6	10.90	7.63	3	+ 32
3	Balrampur	18	—	28.00	19.60	8	+ 10
4	Barari	36	2	83.04	58.13	23	+ 13

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
5 Barsoi	33	2	27.47	19.23	8	+ 25	
6 Falka	22	—	29.91	20.94	8	+ 14	
7 Kadwa	30	2	26.58	18.61	7	+ 23	
8 Katihar	30	3	41.80	29.26	12	+ 18	
9 Korha	24	—	41.53	29.07	12	+ 12	
10 Manihari	24	2	24.65	17.26	7	+ 17	
11 Pranpur	29	3	30.04	21.03	8	+ 21	
Total	299	22	366.81	256.78	102	+197	

MADHUBANI

1 Andharal- tarhi	21	—	13.67	10.94	4	+ 17
2 Baburbarhi	27	—	16.25	13.00	5	+ 22
3 Basopatty	15	—	35.17	28.14	11	+ 4
4 Benipatty	53	12	23.63	18.90	7	+ 46
5 Bisfi	48	—	44.50	35.60	14	+ 34
6 Ghogardiha	37	—	23.56	18.85	7	+ 30
7 Harlakhi	24	—	15.19	12.15	5	+ 19
8 Jainagar	22	—	12.35	9.88	4	+ 18
9 Jhanjharpur	29	—	30.01	24.01	10	+ 19
10 Khajaulhi	32	—	18.11	14.49	6	+ 26
11 Khutauna	20	—	16.25	13.00	5	+ 15
12 Ladanía	22	—	21.66	17.33	7	+ 15
13 Lankahi	36	—	20.13	16.10	6	+ 30
14 Madhawpur	17	—	19.03	15.22	6	+ 11
15 Madhepur	42	2	78.24	62.59	25	+ 17
16 Madhubani	41	—	14.39	11.51	5	+ 36
17 Pandaul	37	—	20.45	16.36	6	+ 31
18 Rajnagar	39	—	20.26	16.21	6	+ 33
Total	562	14	442.85	354.28	139	+423

MUZAFFARPUR

1 Ahorai	36	—	30.58	21.41	8	+ 28
2 Baruraj	43	2	58.28	40.80	16	+ 27
3 Bochaha	22	—	34.87	24.41	10	+ 12
4 Gaighat	34	—	28.58	20.01	8	+ 26
5 Kanti	37	3	32.83	22.98	9	+ 28
6 Katra	26	5	30.47	21.33	8	+ 18
7 Kurhani	33	—	47.19	33.03	13	+ 20

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(6)	(7)	(4)	(5)
8 Minapur	41	2	45.17	31.62	13	+ 28	
9 Moraul	22	1	42.53	29.77	12	+ 10	
10 Mushahari	34	1	27.78	19.45	8	+ 26	
11 Paroo	37	11	35.85	25.10	10	+ 27	
12 Sahebganj	31	—	36.76	25.73	10	+ 21	
13 Sakra	15	—	53.81	37.67	15	—	
14 Saraiya	32	—	40.96	28.67	11	+ 21	
Total	443	25	545.66	381.98	151	+292	

PURNEA

1 Amour	13	—	38.69	27.08	11	+ 2	
2 Araria	24	1	58.16	40.71	16	+ 8	
3 Baisa	16	—	36.18	25.33	10	+ 6	
4 Baisee	20	—	34.83	24.38	10	+ 10	
5 Banmakhi	22	—	31.77	22.24	9	+ 13	
6 Bahadurganj	23	1	41.85	29.30	12	+ 11	
7 Bhangaura	20	—	32.76	22.93	9	+ 11	
8 Bhawanipur	10	—	49.95	34.97	14	(—) 4	
9 Barahara							
Kothi	17	—	34.90	24.43	10	+ 7	
10 Dhamdaha	22	1	67.47	47.23	19	+ 3	
11 Dighalbank	11	—	29.24	20.47	8	+ 3	
12 Forbisganj	32	3	65.37	45.76	18	+ 14	
13 Jakihat	21	1	47.30	33.11	13	+ 8	
14 Kasba	27	1	41.49	29.04	12	+ 15	
15 Kishanganj	9	—	30.61	21.43	8	+ 1	
16 Kochadaman	17	1	39.30	27.51	11	+ 6	
17 Kurskantha	17	—	31.98	22.39	9	+ 8	
18 K. Nagar	22	2	66.95	46.87	19	+ 3	
19 Narpaganj	25	1	40.57	28.40	11	+ 14	
20 Palasi	18	—	36.37	25.46	10	+ 8	
21 Pathia	19	—	35.19	24.63	10	+ 9	
22 Purnea East*	18	—	59.14	41.40	16	+ 2	
23 Raniganj	22	1	43.49	30.44	12	+ 10	
24 Rupauli	17	—	42.69	29.88	12	+ 5	
25 Sikti	10	—	3.18	2.23	1	+ 9	
26 Terhagachi	11	—	20.79	14.55	6	+ 5	
27 Thakurganj	19	—	22.03	15.42	6	+ 13	
Total	502	13	1082.25	757.59	302	+204	(—) 4

ANNEXURE 28 (Contd.)

(1) SAHARSA	(2)	(3)	(4)	(5)	(6)	(7)
1 Alamnagar	24	2	14.48	9.41	4	+ 20
2 Birpur	15	3	37.80	24.56	10	+ 5
3 Chhatarpur	25	4	65.17	42.37	17	+ 8
4 Chousa	16	—	50.96	33.12	13	+ 3
5 Kahara	33	4	26.89	17.47	7	+ 26
6 Kumarkhand	26	4	52.14	33.89	13	+ 13
7 Kishanpur	30	1	19.87	12.92	5	+ 25
8 Madhipura	35	7	52.62	34.20	14	+ 21
9 Mahishi	19	3	7.97	5.18	2	+ 17
10 Maraunha	17	—	28.27	18.38	7	+ 10
11 Murliganj	29	5	57.20	37.18	15	+ 14
12 Nauhatta	16	1	6.16	4.00	2	+ 14
13 Nirmali	13	1	22.24	14.45	6	+ 7
14 Pipra	19	2	22.03	14.31	6	+ 13
15 Raghopur	26	3	28.14	18.29	7	+ 19
16 Salkhuma	21	2	7.96	8.17	2	+ 19
17 Saurbazar	28	4	39.73	25.83	10	+ 18
18 S. Bakhtipur	20	1	21.55	14.00	6	+ 14
19 Singheswar	35	8	33.00	21.45	8	+ 27
20 Sonbarsa	26	8	46.62	30.30	12	+ 14
21 Supaul	33	2	50.63	32.91	13	+ 20
22 Tribeniganj	26	2	72.04	46.83	19	+ 7
23 Udaikishanganj	33	3	23.43	15.22	6	+ 27
Total	565	70	786.90	511.44	204	+361
SAMASTIPUR						
1 Bibhutipur	40	—	33.77	23.64	9	+ 31
2 Dalsingsarai	41	2	25.50	17.85	7	+ 34
3 Hasanpur	43	1	29.81	20.87	8	+ 35
4 Kalyanpur	36	4	32.60	22.82	9	+ 27
5 Kusheshwai- sthan	31	—	37.06	25.94	10	+ 21
6 Mohiuddinagar	21	—	19.58	13.71	5	+ 16
7 Morwa	28	1	24.16	16.91	7	+ 21
8 Patory	18	—	15.59	10.91	4	+ 14
9 Pusa	29	—	21.67	15.17	6	+ 23
10 Rosera	50	7	35.16	24.61	10	+ 40
11 Samastipur	34	10	22.91	16.04	6	+ 28
12 Sarairanjan	31	—	25.95	18.17	7	+ 24
13 Singhia	17	3	20.20	14.14	6	+ 11
14 Ujairpur	31	4	24.36	17.05	7	+ 24
15 Warisnagar	43	3	35.72	25.00	10	+ 33
Total	493	35	404.04	282.83	111	+382

ANNEXURE 28 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
SARAN						
1 Amnaur	25	—	21.64	15.15	6	+ 19
2 Baniapur	42	—	31.15	21.81	9	+ 33
3 Chapra	19	—	23.53	16.47	6	+ 13
4 Dariyapur	29	3	30.77	21.54	8	+ 21
5 Dighwara	17	—	10.00	7.00	3	+ 14
6 Ekma	22	2	19.87	13.91	5	+ 17
7 Garkha	24	—	23.79	16.65	7	+ 17
8 Jalalpur	27	3	26.86	18.80	7	+ 20
9 Manjhi	33	—	35.25	24.67	10	+ 23
10 Marhawra	29	3	24.95	17.47	7	+ 22
11 Masrakh	40	—	33.02	23.11	9	+ 31
12 Parsa	24	—	24.46	17.12	7	+ 17
13 Revilganj	15	—	12.28	8.60	3	+ 12
14 Sonpur	19	—	14.12	9.88	4	+ 15
15 Taraiyan	31	3	24.27	16.99	7	+ 24
Total	396	14	355.96	249.17	98	+298
SITAMARHI						
1 Bairaganiya	30	3	14.81	11.85	5	+ 25
2 Bajpatty	31	4	22.79	18.23	7	+ 24
3 Bathnaha	41	17	43.43	34.74	14	+ 27
4 Belaparihar	32	10	37.61	30.09	12	+ 20
5 Belsund	45	12	42.42	33.94	13	+ 32
6 Dumra	49	8	34.94	27.95	11	+ 38
7 Majorganj	27	2	28.59	22.87	9	+ 18
8 Naupur	32	6	32.01	25.61	10	+ 22
9 Piprahi	27	3	23.01	18.41	7	+ 20
10 Pupri	31	6	27.16	21.73	9	+ 22
11 Riga	35	4	24.38	19.50	8	+ 27
12 Rumnisaid- pur	49	8	52.21	41.77	17	+ 32
13 Sheohar	27	3	30.16	24.13	10	+ 17
14 Sonbarsa	35	9	32.04	25.63	10	+ 25
15 Sursand	30	6	27.64	22.11	9	+ 21
Total	521	101	473.20	378.56	151	+370

ANNEXURE 28 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
SIWAN						
1 Andar	37	—	47.56	33.29	13	+ 24
2 Basantpur	30	—	26.97	18.88	7	+ 23
3 Barhariya	60	4	57.76	40.43	16	+ 44
4 Bhagwanpur	28	—	23.39	16.37	6	+ 22
5 Daraunda	38	—	51.65	36.15	14	+ 24
6 Darauli	35	1	60.66	42.46	17	+ 18
7 Goreyakothi	45	—	44.20	30.94	12	+ 33
8 Guthani	28	—	35.11	24.58	9	+ 19
9 Hussainganj	40	—	47.18	33.03	13	+ 27
10 Maharajanj	40	2	36.26	25.38	10	+ 30
11 Mairwa	49	3	61.58	43.11	17	+ 32
12 Pachrukhi	46	—	51.37	35.96	14	+ 32
13 Raghunath- pur	33	—	48.90	34.23	14	+ 19
14 Siswan	28	—	38.86	27.20	11	+ 17
15 Siwan	37	—	42.81	29.97	12	+ 25
Total	574	10	674.26	471.98	185	+389
VAISHALI						
1 Bidupur	34	1	23.32	18.66	7	+ 27
2 Desari	21	—	22.66	18.13	7	+ 14
3 Goraul	38	—	37.77	30.22	12	+ 26
4 Hajipur	30	1	32.07	25.66	10	+ 20
5 Jandaha	30	—	15.70	12.56	5	+ 25
6 Lalganj	45	—	29.37	23.50	9	+ 36
7 Mahnar	19	—	21.16	16.93	7	+ 12
8 Mahua	38	—	38.40	30.72	12	+ 26
9 Patepur	32	1	41.98	33.58	13	+ 19
10 Raghapur	13	9	29.95	23.96	9	+ 4
11 Vaishali	34	—	41.77	33.42	13	+ 21
Total	334	12	334.15	267.34	104	+230
WEST CHAMPARAN						
1 Bagaha	49	3	99.29	64.54	26	+ 23
2 Bairiga	33	2	54.12	35.18	14	+ 19
3 Bettiah	41	1	9.13	5.93	2	+ 39
4 Chanpatiya	31	—	52.83	34.34	14	+ 17
5 Gaunaha	24	2	75.69	49.20	20	+ 4
6 Jogapatti	44	2	54.89	35.67	14	+ 30

ANNEXURE 28 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
7 Lauriya	32	—	60.77	39.50	16	+ 16
8 Madhubani	25	—	43.85	28.51	11	+ 14
9 Mainatand	19	1	63.50	41.28	16	+ 3
10 Majhaulia	26	—	81.10	52.72	21	+ 5
11 Narkatiyaganj	47	4	88.16	57.30	23	+ 24
12 Nautan	24	—	54.87	35.66	14	+ 10
13 Ramnagar	10	—	99.55	64.71	26	(-)16
14 Sidhev (Bagaha II)	40	3	123.81	80.47	32	+ 8
15 Sikta	26	—	58.03	37.72	15	+ 11
16 Thakraha	36	2	40.33	26.20	10	+ 26
Total	507	20	1059.92	688.93	274	+249 (-)16

SB AURANGABAD

1 Amas	19	4	23.34	15.17	6	+ 13
2 Aurangabad	24	6	32.59	21.19	8	+ 16
3 Baroon	15	3	64.24	41.76	17	(-) 2
4 Dandnagar	17	2	92.29	59.98	24	(-) 7
5 Deo	16	2	20.49	13.32	5	+ 11
6 Dumariya	13	—	12.41	8.07	3	+ 10
7 Goh	17	3	46.42	30.17	12	+ 5
8 Gurua	18	2	23.57	15.31	6	+ 12
9 Haspura	13	3	73.79	47.94	19	(-) 6
10 Imamganj	17	3	31.64	20.57	8	+ 9
11 Kutumba	23	2	30.40	19.76	8	+ 15
12 Madanpur	24	4	21.91	14.25	6	+ 18
13 Nabinagar	36	4	41.78	27.16	11	+ 25
14 Obra	21	8	120.80	78.52	31	(-)10
15 Rafiganj	31	5	41.67	27.09	11	+ 20
Total	304	51	677.34	440.26	175	+154 (-)25

BHAGALPUR

1 Amarpur	32	—	54.53	35.45	14	+ 18
2 Banka	25	2	46.89	30.47	12	+ 13
3 Barahat	19	3	36.96	24.02	10	+ 9
4 Belhar	31	2	34.52	22.44	9	+ 22
5 Bihpur	28	—	52.07	33.85	13	+ 15
6 Bounsi	25	2	14.87	9.66	4	+ 21
7 Chandan	21	—	8.09	5.26	2	+ 19

ANNEXURE 28 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
8 Colgong	35	—	47.98	31.19	12	+ 23
9 Dhoraiya	27	—	55.63	36.15	14	+ 13
10 Gopalganj	20	—	52.29	33.99	13	+ 7
11 Jagdishpur	20	—	27.21	17.68	7	+ 13
12 Kataria	30	—	25.76	16.74	7	+ 23
13 Nathnagar	17	—	32.47	21.11	8	+ 9
14 Naugachia	28	1	48.28	31.38	12	+ 16
15 Pirpanti	30	2	25.76	16.74	7	+ 23
16 Rajoun	26	—	51.19	33.27	13	+ 13
17 Sabour	34	1	27.90	18.14	7	+ 27
18 Shambuganj	30	2	48.59	31.58	12	+ 18
19 Shahkund	24	—	48.41	31.46	12	+ 12
20 Sonhaura	19	—	51.71	33.61	13	+ 6
21 Sultanganj	24	—	47.43	30.84	12	+ 12
Total	545	15	838.52	545.03	213	+332

BHOJPUR

1 Arrah	32	3	22.27	17.82	7	+ 25
2 Barahara	64	4	17.72	14.18	6	+ 58
3 Brambpur	26	2	36.68	29.34	12	+ 14
4 Buxar	25	—	41.55	33.24	13	+ 12
5 Charpokhari	24	—	78.95	63.16	25	(-) 1
6 Dumraon	32	5	57.49	45.99	18	+ 14
7 Itarhi	21	—	61.52	49.22	20	+ 1
8 Jagdishpur	34	4	114.61	91.69	37	(-) 3
9 Koilwar	30	—	28.65	22.92	9	+ 21
10 Nawanagar	22	—	96.33	77.06	31	(-) 9
11 Pero	48	6	47.61	38.09	15	+ 33
12 Rajpur	31	2	137.79	110.23	44	(-)13
13 Sahar	30	—	51.49	41.19	16	+ 14
14 Sahpura	27	3	24.52	19.62	8	+ 19
15 Sandesh	21	2	43.23	34.58	14	+ 7
16 Semari	25	1	29.34	23.47	9	+ 16
17 Tarari	24	—	109.33	87.46	35	(-)11
18 Udwant-nagar	24	2	63.62	50.90	20	+ 4
19 Vidisha	20	—	26.04	20.83	8	+ 12
Total	560	34	1088.74	870.99	347	+250 (-)37

ANNEXURE 28 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
GAYA						
1 Arawal	50	—	158.48	103.01	41	+ 9
2 Barachhatti	30	—	22.22	14.44	6	+ 24
3 Belaganj	30	—	35.56	23.11	9	+ 21
4 Bodh Gaya	46	3	42.88	27.87	11	+ 35
5 Gaya	22	—	28.46	18.50	7	+ 15
6 Ghosi	50	—	48.80	31.72	13	+ 37
7 Jehanabad	28	—	42.40	27.56	11	+ 17
8 Kako	28	—	12.03	7.82	3	+ 25
9 Kerpi	42	—	69.66	45.28	18	+ 24
10 Khijirsarai	56	3	32.05	20.83	8	+ 48
11 Konch	27	—	56.20	36.53	14	+ 13
12 Kurtha	48	—	50.37	32.75	13	+ 35
13 Makhdumpur	43	—	63.09	41.01	16	+ 27
14 Manpur	34	—	29.57	19.21	8	+ 26
15 Mohanpur	23	—	32.70	21.25	8	+ 15
16 Paraiya	33	2	44.07	28.64	11	+ 22
17 Sherghati	49	—	33.72	21.92	9	+ 40
18 Tikari	50	2	50.54	32.85	13	+ 37
Total	689	10	852.80	554.30	219	+470
MONGHYR						
1 Alouli	30	1	33.80	23.66	9	+ 21
2 Ariari	25	3	22.33	15.63	6	+ 19
3 Baldour	19	—	28.99	20.30	8	+ 11
4 Barbiga	20	1	29.30	20.51	8	+ 12
5 Barhiya	27	1	23.58	16.51	6	+ 21
6 Chakai	29	2	25.77	18.04	7	+ 22
7 Chouthan	21	1	22.09	15.46	6	+ 15
8 Dharhara	21	2	13.30	9.31	4	+ 17
9 Gogri	30	1	27.63	19.34	8	+ 22
10 Halsi	29	1	42.05	29.43	12	+ 17
11 H. Khargpur	38	—	38.59	27.01	11	+ 27
12 Jamgalpur	27	1	17.15	12.01	5	+ 22
13 Jamui	24	1	33.01	23.11	9	+ 15
14 Jhajha	27	2	28.80	20.16	8	+ 19
15 Khagariya	34	3	28.23	19.76	8	+ 26
16 Khaira	14	—	18.14	12.70	5	+ 9
17 Lakhisarai	42	4	50.05	35.04	14	+ 28
18 Lashmipur	33	2	36.68	25.68	10	+ 23
19 Monghyr	28	2	22.88	16.02	6	+ 22
20 Parbatta	13	—	23.43	16.40	6	+ 7

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
21 Sangrampur	28	1	25.81	18.07	7	+ 21	
22 Sano	31	1	27.28	19.10	8	+ 23	
23 Shekhpur	45	1	36.84	25.79	10	+ 35	
24 Sikandra	22	1	23.63	16.54	7	+ 15	
25 Surajgarh	45	3	39.99	28.00	11	+ 34	
26 Tarapur	26	—	25.77	18.04	7	+ 19	
Total	728	35	745.12	521.62	206	+522	
NALANDA							
1 Asthawan	48	3	58.39	40.87	16	+ 32	
2 Bihar							
Sheriff*	32	2	40.72	28.50	11	+ 21	
3 Chandi	50	6	56.22	39.35	16	+ 34	
4 Ekanagar-sarai	45	3	55.18	38.63	15	+ 30	
5 Giriak	29	—	31.20	21.84	8	+ 21	
6 Harnaut	38	9	34.19	23.93	9	+ 29	
7 Hilsa	38	1	65.10	45.57	18	+ 20	
8 Islampur	38	2	58.46	40.93	16	+ 22	
9 Noorsarai	29	4	38.15	26.70	11	+ 28	
10 Rahuee	29	2	33.45	23.42	9	+ 20	
11 Rajgir	59	3	61.32	42.92	17	+ 42	
12 Sarmera	15	—	28.71	20.09	8	+ 7	
Total	450	35	561.09	392.76	154	+296	
NAWADAH							
1 Akbarpur	32	—	29.64	20.76	8	+ 24	
2 Attari	41	4	68.84	48.18	19	+ 22	
3 Fatehpur	17	—	59.91	41.93	16	+ 1	
4 Govindpur	26	3	25.56	17.89	7	+ 19	
5 Hissua	24	—	31.00	21.70	8	+ 16	
6 Kawakol	23	—	42.04	29.43	12	+ 11	
7 Narhat	22	—	20.48	14.35	6	+ 16	
8 Nawadah	27	1	44.06	30.84	12	+ 15	
9 Pakari							
Barwan	29	—	26.95	18.86	7	+ 22	
10 Rajouli	20	—	32.33	22.64	9	+ 11	
11 Sirdalla	23	—	34.97	24.48	9	+ 14	
12 Warasaliganj	29	4	47.71	33.38	13	+ 16	
13 Wazirganj	30	2	71.03	49.72	20	+ 10	
Total	343	14	534.52	374.16	146	+197	

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
PATNA							
1	Bakhtiyarpur	30	—	20.38	14.28	6	+ 24
2	Barh	43	5	34.96	24.47	10	+ 33
3	Bihta	42	3	47.05	32.93	13	+ 29
4	Bikram	46	7	83.95	58.76	23	+ 23
5	Dhanarua	28	2	61.69	43.18	17	+ 11
6	Dinapore	34	2	19.62	13.73	5	+ 29
7	Fatwa	57	10	65.02	45.51	18	+ 39
8	Maner	20	—	24.47	17.12	7	+ 13
9	Masaurhi	23	6	71.16	49.81	20	+ 3
10	Mokameh	54	8	12.66	8.86	3	+ 51
11	Naubatpore	37	1	55.52	38.88	15	+ 22
12	Paliganj	37	3	77.46	54.22	22	+ 15
13	Pandaran	36	—	45.90	32.12	13	+ 23
14	Patnasadar	30	2	13.66	9.56	4	+ 26
15	Phulwari-sharif	43	1	62.20	43.56	17	+ 26
16	Poonpoo	19	5	21.43	15.00	6	+ 13
	Total	579	55	717.13	501.99	199	+380
ROHTAS							
1	Adhaura	26	—	1.09	0.76	—	+ 26
2	Bhabua	32	8	66.42	46.49	18	+ 14
3	Bhagwanpur	28	3	58.65	41.06	16	+ 12
4	Bikramganj	27	1	91.99	64.39	26	+ 1
5	Chanpur	22	2	26.43	18.50	7	+ 15
6	Chand	28	5	33.10	23.17	9	+ 19
7	Chenari	19	—	41.88	29.31	12	+ 7
8	Dawath	28	—	41.10	28.77	11	+ 17
9	Dehri	32	1	100.00	70.00	28	+ 4
10	Dinara	45	—	93.12	65.18	26	+ 19
11	Durgawati	20	4	18.22	12.76	5	+ 15
12	Karakat	27	—	67.70	47.39	19	+ 8
13	Kargahar	42	1	319.58	223.70	89	(—)47
14	Kudra	18	—	80.39	56.27	22	(—) 4
15	Mohania	33	—	50.25	35.18	14	+ 19
16	Nasriganj	28	1	87.87	61.51	24	+ 4
17	Nauhatta	16	—	12.70	8.89	3	+ 13
18	Nokha	29	2	57.02	39.91	16	+ 13
19	Ramgarh	37	—	61.71	43.20	17	+ 20
20	Rohtas	20	—	16.18	11.33	4	+ 16
21	Sasaram*	37	—	42.27	29.59	12	+ 25
22	Shivsagar	20	—	62.35	43.65	17	+ 3
	Total	614	28	1430.02	1001.01	395	+270 (—)51

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CPTA PALAMAU							
1	Balunath@	30	—	4.69	3.28	1	+ 29
2	Barwadih@	19	—	3.08	2.16	1	+ 18
3	Bhandaria@	19	5	13.66	9.56	4	+ 15
4	Bhavnath- pur	29	—	28.16	19.71	8	+ 21
5	Bishrapur	34	12	57.19	40.03	16	+ 18
6	Chainpur	29	6	29.23	20.46	8	+ 21
7	Chandari	29	—	33.89	23.72	9	+ 20
8	Chandwa@	22	—	6.67	4.67	2	+ 20
9	Chhetarpur	30	8	34.41	24.09	9	+ 21
10	Daltonganj	19	7	11.15	7.81	3	+ 16
11	Durki	18	—	17.51	12.26	5	+ 13
12	Garhwa	38	1	28.82	20.18	8	+ 30
13	Garoo@	8	—	1.10	0.77	—	+ 8
14	Harihar- ganj	20	—	13.13	9.19	4	+ 16
15	Hussaina- bad	47	16	34.63	24.24	10	+ 37
16	Lathenar@	29	—	5.89	4.12	2	+ 27
17	Lesliganj	23	6	22.26	15.58	6	+ 17
18	Mahua- dana@	20	—	3.38	2.37	1	+ 19
19	Manathu	24	6	18.91	13.24	5	+ 19
20	Manika@	20	2	1.69	1.18	—	+ 20
21	Miral	30	2	29.03	20.32	8	+ 22
22	Nagar	36	3	26.82	18.78	8	+ 28
23	Panki	26	6	26.54	18.58	7	+ 19
24	Patan	29	5	30.29	21.20	8	+ 21
25	Ranka@	36	1	48.86	34.20	14	+ 22
	Total	664	86	530.99	371.69	147	+517

RANCHI

1	Angara	26	—	9.31	6.52	3	+ 23
2	Arki@	31	1	27.24	19.07	7	+ 24
3	Bano	26	—	22.96	16.07	6	+ 20
4	Basia	23	—	37.08	25.96	10	+ 13
5	Bero	19	—	14.67	10.27	4	+ 15

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
6	Bhandra	19	—	8.91	6.24	2	+ 17
7	Bharno	18	—	17.45	12.22	5	+ 13
8	Bishunpur	17	—	14.05	9.84	4	+ 13
9	Bolwa	11	—	10.87	7.61	3	+ 8
10	Bundu@	34	2	10.15	7.10	3	+ 31
11	Burmu	31	—	10.10	7.07	3	+ 28
12	Chainpur	26	—	15.60	10.92	4	+ 22
13	Chanho	29	—	15.12	10.58	4	+ 25
14	Dumari	43	—	27.74	19.42	8	+ 35
15	Ghagra	23	—	26.47	18.53	7	+ 16
16	Gumla	34	1	33.58	23.51	9	+ 25
17	Jaldega	28	2	22.04	15.43	6	+ 22
18	Kamdara	20	—	24.03	16.82	7	+ 13
19	Kankey	40	—	8.76	6.13	2	+ 38
20	Karra@	34	—	29.08	20.36	8	+ 26
21	Khunti@	35	—	39.05	27.34	11	+ 24
22	Kisko	19	—	8.18	5.73	2	+ 17
23	Kolebira	30	1	47.65	33.36	13	+ 17
24	Kurdeg	25	—	25.56	17.89	7	+ 18
25	Kuru	15	—	8.01	5.60	2	+ 13
26	Lapung	23	—	9.24	6.47	2	+ 21
27	Lohardaga	23	—	14.73	10.30	4	+ 19
28	Mandar	23	—	16.27	11.39	4	+ 19
29	Murhu@	31	—	38.77	27.14	11	+ 20
30	Namkum	11	—	12.56	8.79	3	+ 8
31	Ormanjhi	24	—	6.48	4.54	2	+ 22
32	Palkot	26	—	22.54	15.78	6	+ 20
33	Raidih	34	—	21.49	15.04	6	+ 28
34	Rania@	17	—	19.02	13.30	5	+ 12
35	Ratu*	31	—	12.03	8.42	3	+ 28
36	Senha	24	—	12.51	8.75	3	+ 21
37	Simdega	43	—	28.08	19.66	8	+ 35
38	Silli	31	—	12.75	8.93	3	+ 28
39	Sissai	24	—	28.91	20.24	8	+ 16
40	Sonahatu@	29	—	33.19	23.23	9	+ 20
41	Tamar@	40	—	28.59	20.00	8	+ 32
42	Titanagar	27	2	35.85	25.10	10	+ 17
43	Torpa@	28	1	38.49	26.94	11	+ 17
	Total	1145	10	905.16	633.61	246	+ 899

ANNEXURE 28 (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
SANTHAL PARGANAS						
1	Amrapara	10	—	17.20	13.76	5 + 5
2	Barhait	27	—	1.58	1.26	— + 27
3	Barharwa	25	—	23.91	19.13	8 + 17
4	Boarigore	21	3	18.49	14.79	6 + 15
5	Borio	46	—	14.32	11.45	4 + 42
6	Deoghar	58	7	18.04	14.43	6 + 52
7	Dumka	34	—	20.62	16.49	6 + 28
8	Godda	45	4	36.08	28.86	12 + 33
9	Gopikandar	10	—	12.69	10.15	4 + 6
10	Hiranpur	16	—	19.00	15.20	6 + 10
11	Jama	28	—	14.31	11.45	4 + 24
12	Jamtara	34	—	25.39	20.31	8 + 26
13	Jarmundi	26	—	29.87	23.90	9 + 17
14	Koron	28	—	20.53	16.42	6 + 22
15	Kathikund	14	—	15.96	12.77	5 + 9
16	Kundhit	25	—	38.41	30.73	12 + 13
17	Littipara	19	4	2.52	2.02	1 + 18
18	Madhupur	45	—	15.10	12.08	5 + 40
19	Mahagama	21	3	18.46	14.77	6 + 15
20	Maheshpur	29	—	35.65	28.52	11 + 18
21	Masalia	18	—	23.14	18.52	7 + 11
22	Meharma	30	2	19.56	15.65	6 + 24
23	Mohanpur	54	—	16.20	12.96	5 + 49
24	Nalla	42	—	37.08	29.66	12 + 30
25	Narainpur	27	—	23.32	18.66	7 + 20
26	Pakur	24	—	16.78	13.42	5 + 19
27	Pakuria	21	—	29.54	23.63	9 + 12
28	Palogori	30	—	22.17	17.74	7 + 23
29	Pathargama	32	4	28.69	22.95	9 + 23
30	Pathna	17	—	16.92	13.54	5 + 12
31	Porairhat	34	5	31.87	25.50	10 + 24
32	Rajmahal	31	—	23.31	18.65	7 + 24
33	Ramgarh	29	—	29.45	23.56	9 + 20
34	Raneshwar	20	—	27.93	22.34	9 + 11
35	Sahibganj	11	—	3.16	2.53	1 + 10
36	Saraiyahat	18	—	25.08	20.06	8 + 10
37	Sarath	66	7	14.31	11.45	4 + 62
38	Sarawan	45	—	21.80	17.44	7 + 38
39	Sikariapara	29	—	31.06	24.85	10 + 19
40	Sunderpahari	16	2	17.12	13.70	5 + 11
41	Taljhari	20	—	10.68	8.54	3 + 17
	Total	1175	41	867.30	693.84	269 + 906

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
SINGHBHUM							
1	Behragore	39	8	23.21	16.25	6	+ 33
2	Bandgaon@	18	7	6.48	4.54	2	+ 16
3	Chaibasa@	222	—	11.42	7.99	3	+ 19
4	Chakra- dharpur@	28	2	22.30	15.61	6	+ 22
5	Chakulia	32	2	18.04	12.63	5	+ 27
6	Chandil	20	—	11.01	7.71	3	+ 17
7	Dalbhum	15	—	11.25	7.88	3	+ 12
8	Dumahria	12	—	8.12	5.68	2	+ 10
9	Gamharia	21	—	22.15	15.51	6	+ 15
10	Ghatshila	21	2	12.97	9.08	4	+ 17
11	Goilker	27	8	1.53	1.07	—	+ 27
12	Ichagarh	20	—	14.01	9.81	4	+ 16
13	Jagannath- pur@	19	2	16.08	11.26	4	+ 15
14	Jamshedpur	23	—	9.90	6.93	3	+ 20
15	Jhinkpani@	23	2	9.76	6.83	3	+ 20
16	Kharsawan	16	—	20.75	14.53	6	+ 10
17	Khuntpani@	28	3	12.71	8.90	3	+ 25
18	Kuchai@	15	1	16.91	11.84	5	+ 10
19	Kumar- dungi@	23	4	23.10	16.17	6	+ 17
20	Manjhari@	16	3	13.66	9.56	4	+ 12
21	Manjhgaon@	25	—	20.20	14.14	6	+ 19
22	Manoharpur	24	1	13.72	9.60	4	+ 20
23	Masabani	7	—	10.14	7.10	3	+ 4
24	Neamundi@	13	4	17.60	12.32	5	+ 8
25	Nimidih	20	—	14.18	9.93	4	+ 16
26	Patamda	33	—	22.35	15.65	6	+ 27
27	Patka	36	4	36.44	25.50	10	+ 26
28	Rajnagar	20	—	32.59	22.80	9	+ 11
29	Seraikela	22	—	16.75	11.72	5	+ 17
30	Sonua@	36	19	19.58	13.70	5	+ 31
31	Tonto@	23	1	14.11	9.88	4	+ 19
32	Tantnagar@	23	8	11.42	7.99	3	+ 20
	Total	720	81	514.44	360.11	142	+ 578

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CPOA							
DHANBAD							
1	Baghmara	29	—	9.09	8.63	3	+ 26
2	Baliapore	20	1	8.07	7.67	3	+ 17
3	Chandankiari	32	—	13.22	12.56	5	+ 27
4	Chas	36	4	21.21	20.15	8	+ 28
5	Dhanbad	7	—	3.34	3.17	1	+ 6
6	Govindpur	34	2	15.77	14.98	6	+ 28
7	Nirsa	35	2	2.20	2.09	1	+ 34
8	Topechanchi	23	—	9.93	9.43	4	+ 19
9	Tundi	24	—	13.37	12.70	5	+ 19
10	Zaria	1	1	10.69	10.16	4	(—) 3
	Total	241	10	106.89	101.54	40	+204 (—) 3

GIRIDIH							
1	Bengabad	30	1	13.66	10.93	4	+ 26
2	Bermo	3	—	1.53	1.22	1	+ 2
3	Birmi	27	—	12.33	9.86	4	+ 23
4	Deori	31	2	14.30	11.44	4	+ 27
5	Dhanwar	29	1	13.20	10.56	4	+ 25
6	Dumri	29	—	13.56	10.85	4	+ 25
7	Gandey	31	3	14.42	11.54	5	+ 26
8	Gawan	28	—	13.00	10.40	4	+ 24
9	Giridih	28	2	12.83	10.26	4	+ 24
10	Gomia	24	—	6.19	4.95	2	+ 22
11	Jamna	30	—	13.89	11.12	4	+ 26
12	Jaridih	22	—	10.95	8.76	3	+ 19
13	Kasmar	17	—	13.55	10.84	4	+ 13
14	Nawadih	28	—	12.94	10.35	4	+ 24
15	Petarwar	19	2	17.05	13.64	5	+ 14
16	Pirtand	30	1	13.92	11.13	4	+ 26
17	Tisri	31	—	14.30	11.44	4	+ 27
18	Satgawan	27	—	12.23	9.78	4	+ 23
	Total	464	12	223.85	179.08	68	+396

ANNEXURE 28 (Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
HAZARIBAGH							
1	Barhi	24	—	13.04	10.43	4	+ 20
2	Barkgaon	17	2	36.25	29.00	12	+ 5
3	Barkatha	15	—	7.59	6.07	2	+ 13
4	Bishungarh	33	1	11.89	9.52	4	+ 29
5	Champaran	25	2	17.22	13.77	5	+ 20
6	Chatra	19	—	6.12	4.90	2	+ 17
7	Churchu	19	—	13.37	10.70	4	+ 15
8	Gola	23	4	15.95	12.76	5	+ 18
9	Hazaribagh	22	—	4.60	3.68	1	+ 21
10	Hunterganj	22	1	11.26	9.00	3	+ 19
11	Ichak	21	—	7.66	6.12	2	+ 19
12	Itkhor	24	—	8.28	6.63	3	+ 21
13	Jainagar	22	5	31.82	25.46	10	+ 12
14	Katkamsandi	29	4	13.32	10.66	4	+ 25
15	Keredari	16	2	11.09	8.88	3	+ 13
16	Koderma	27	4	6.16	4.93	2	+ 25
17	Mandu	15	2	9.85	7.88	3	+ 12
18	Markacho	18	—	4.57	3.65	1	+ 17
19	Partappur	17	—	6.30	5.04	2	+ 15
20	Patratu	17	—	5.68	4.54	2	+ 15
21	Ramgarh	27	2	8.51	6.80	3	+ 24
22	Satgava	29	—	13.86	11.08	4	+ 25
23	Simiria	17	3	8.62	6.90	3	+ 14
24	Tandva	17	—	5.65	4.52	2	+ 15
	Total	515	32	278.66	222.92	86	+ 429

@ Block level LAMPS have been organized in these blocks.

* Block level fss have been organized in these blocks.

Note: Reportedly the number of blocks have undergone some changes as well as allocation of blocks within districts.

ANNEXURE 29

Grant-in-aid by the GOB for cadre fund in 1974-5

Name of the ccb in which Managerial Subsidy has been contributed for creating Cadre Fund		No. of paid Managers of pacs for whom Managerial Subsidy is granted	Sanctioned amount of Managerial Subsidy (Rs lakhs)
NB	1 Begusarai	36	1.08
	2 Gopalganj	36	1.08
	3 Laheriasarai	40	1.20
	4 Madhepura	36	1.08
	5 Madhubani	36	1.08
	6 Motihari	36	1.08
	7 Muzaffarpur	36	1.08
	8 National	36	1.08
	9 Purnea	36	1.08
	10 Sitamarhi	36	1.08
	11 Siwan	40	1.20
Sub-total	404	12.12	
SB	12 Arrah	40	1.20
	13 Bhagalpur	36	1.08
	14 Bihar	36	1.08
	15 Dinapur	36	1.08
	16 Magadh	36	1.08
	17 Monghyr	36	1.08
	18 Nawadah	36	1.08
	19 Sasaram	40	1.20
	Sub-total	296	8.88
CPTA	20 Daltonganj	36	1.08
	21 Deoghar	36	1.08
	22 Dumka	40	1.20
	23 Gumla	36	1.08
	24 Ranchi	36	1.08
	25 Singhbhum	40	1.20
Sub-total	224	6.72	
CPOA	26 Dhanbad	36	1.08
	27 Giridih	36	1.08
	28 Hazaribagh	36	1.08
Sub-total	108	3.24	
Total		1032	30.96

*ANNEXURE 30**Activities of base level organization**(JJSS/LAMPS) in tribal area*

A multi-purpose co-operative society to meet the various requirements of the tribals may undertake, among others, the following important activities and functions:

- (i) provision of short, medium and long-term credit for agricultural purposes;
- (ii) provision of inputs of agriculture like fertiliser, seed, insecticide, agricultural implements and machinery;
- (iii) provision of essential domestic requirements like foodgrains, cloth, salt, sugar, vegetable oil, kerosene, matches, tobacco, soap, etc., against the member's entitlement under the cash component of the scale of finance or against a limit specifically sanctioned for meeting his consumption needs;
- (iv) provision of technical advice and guidance needed for modernizing agriculture and allied activities;
- (v) marketing of agricultural produce or products of allied activities like dairying, poultry keeping, etc.;
- (vi) marketing of minor forest produce;
- (vii) provision of credit for expenses incurred to meet certain social obligations in birth, marriage or death ceremonies, the quantum of such credit being related to the member's thrift deposits collected continuously;
- (viii) undertaking wherever possible forest or other labour contracts which will provide employment and additional income to members;
- (ix) mobilization of deposits; and
- (x) undertaking such other activities which are incidental to the above functions.

ANNEXURE 31
District-wise position of villages affected by natural calamity during the years 1969-70 to 1974-5

District	Total no. of villages	Number of villages where Annewari declared was six annas or less during						
		1969-70	1970-71	1971-2	1972-3	1973-4	1974-5	
NB	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Begusarai	1616	433	1368	1444	1616	—	—
2	East							
	Champanan	1331	265	265	625	—	—	—
3	Gopalganj	1557	—	375	983	—	688	1430
4	Madhubani	1113	60	651	364	102	—	—
5	Muzaffarpur@	3405	1921	1663	1663	789	—	161
6	Purnea*	4364	2524	2087	2831	—	—	—
7	Saharsa	1340	346	451	1007	31	—	—
8	Samastipur**	2499	991	1384	2499	992	—	—
9	Sitamarhi	1050	251	630	934	—	—	—
10	Siwan ***	3306	2446+	1945	1962	—	—	—
11	West							
	Champanan	1488	—	727	727	—	—	—
	Sub-total	23069	9237	11546	15039	3530	688	1591
SB								
12	Bhagalpur	3535	447	448	3535	1809	—	—
13	Bhojpur	2280	99	1378	1755	511	—	—
14	Gaya\$	5728	1387	1595	1613	3932	2373	—
15	Monghyr	3142	2149	2091	1437	1025	—	—
16	Nalanda	1541	1276	1239	1507	1504	—	—
17	Nawadah	1091	965	1091	437	860	—	—
18	Patna	1062	—	473	695	71	—	—
19	Rohtas	3443	1375	2317	2404	2258	—	—
	Sub-total	21822	7698	10632	13383	11970	2373	—
CPTA								
20	Palamau	3582	257	87	662	1252	—	1400
21	Ranchi	3882	—	—	—	1398	—	—
22	Santhal Parganas	12174	748	2004	5358	7649	—	—
23	Singhbhum	4670	374	—	—	2710	2197	866
	Sub-total	24308	1379	2091	6020	13009	2197	2266
CPOA								
24	Dhanbad	1569	815	815	—	1142	—	—
25	Giridih	2870	467	298	2870	1462	—	—
26	Hazaribagh	4179	2045	2045	4179	621	—	—
	Sub-total	8618	3327	3158	7049	3225	—	—
	Total	77817	21641	27427	41491	31734	5258	3857

@ Includes Vaishali *** Includes Saran * Includes Katihar
 \$ Includes Aurangabad ** Includes Darbhanga + Includes Gopalganj

ANNEXURE 32

*Extract from the summary of recommendations of the Study Team
on Overdues of Co-operative Credit Institutions*

45 All defaulters with cultivated holdings in villages affected by natural calamities in one or more years during the three-year period 1970-71 to 1972-3 should be eligible for relief under the rehabilitation programme. The category of non-wilful defaulters should, however, exclude all those:

(a) who had deceived the society by showing false land holdings or crops for securing more credit than they would be otherwise eligible for;

(b) who had obtained loans for sugarcane and banana cultivation, orchard or plantation crops in conjunction with other crops, provided the income from the former was 75 per cent of their total agricultural income; and

(c) who were big farmers i.e., whose gross agricultural income was above Rs 5,000 per annum.

46 The nature and extent of relief that may be extended to the non-wilful defaulters (excluding the big farmers) is indicated below:

(i) *Default under one loan*

The loan under default may be converted into a three-year rehabilitation loan.

(ii) *Default under two loans*

A six-year rehabilitation loan may be granted which will accommodate the aggregate burden in respect of two loans within the borrower's repaying capacity.

(iii) *Default under three loans*

Fifty per cent of the short-term (conversion) loan (the earliest loan in point of time) may be written off by making use of the Agricultural Credit Relief Fund and the aggregate of the balance of this loan and the remaining two loans may be re-scheduled as a seven-year loan.

(iv) *Default under four loans*

The first short-term (conversion) loan and 50 per cent of the second short-term (conversion) loan may be written off by utilizing assistance from the Relief Fund. The balance of overdue loans may be re-scheduled as a seven-year loan.

47 Such of the defaulters who are eligible for inclusion under the rehabilitation programme but have enjoyed the benefit, of normal year or years during the three years preceding 1973-4 should be required to repay a part of the principal amount and then only the balance of overdue loans could be converted as under:

(i) If the year 1973-4 is a normal year, the defaulter should pay at least 25 per cent of the principal amount under default or the balance of repaying capacity available (after providing for interest) whichever is less, provided one or two of the preceding three years (1970-71 to 1972-3) were normal years.

(ii) If the year 1973-4, however, is a year of calamity, the defaulter may not be asked to repay any part of the overdue loan.

ANNEXURE 33

Estimate of overdues under non-wilful default as on 30-6-75

Rupees Lakhs

District	Percentage of number of villages affected by natural calamity			Overdues at primary level as on 30 June 1975			Non-wilful default
	1972-3	1973-4	1974-5	2-3 years	1-2 years	Less than 1 year	(2a x 3a)
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(3c)
NB							
1 Begusarai	100.0	—	—	6.03	8.90	14.80	6.03
2 East Champaran	—	—	—	10.52	12.40	19.90	—
3 Gopalganj	—	44.2	91.8	14.90	18.54	29.28	35.07
4 Madhubani	9.2	—	—	11.95	13.88	25.40	1.10
5 Muzaffarpur@	23.2	—	4.7	21.20	24.66	40.85	6.84
6 Purnea*	—	—	—	23.50	29.41	50.72	—
7 Saharsa	2.3	—	—	8.40	9.12	16.10	0.19
8 Samastipur**	39.7	—	—	17.36	20.12	32.88	6.89
9 Sitamarhi	—	—	—	15.60	18.90	29.80	—
10 Siwan***	—	—	—	19.31	25.54	40.86	—
11 West Champaran	—	—	—	6.80	7.49	13.40	—
Sub-total				155.57	188.96	313.99	56.12
SB							
12 Bhagalpur	51.1	—	—	6.90	10.51	17.10	3.53
13 Bhojpur	22.4	—	—	16.20	18.01	31.21	3.63
14 Gaya\$	68.6	41.4	—	17.30	22.35	31.88	21.12
15 Monghyr	32.6	—	—	9.92	11.90	19.91	3.23
16 Nalanda	97.6	—	—	8.40	10.12	18.10	8.20
17 Nawadah	78.8	—	—	11.95	10.80	17.70	9.42
18 Patna	6.7	—	—	11.02	13.32	24.21	0.74
19 Rohtas	65.6	—	—	19.90	22.91	39.20	13.05
Sub-total				101.59	119.92	199.31	62.92
CPTA							
20 Palamau	35.0	—	39.0	8.72	10.12	17.52	9.88
21 Ranchi	36.0	—	—	16.80	14.20	31.60	6.05
22 Santhal Parganas	62.8	—	—	21.51	30.10	49.70	13.51
23 Singhbhum	58.0	47.0	18.5	7.75	9.40	15.72	11.82
Sub-total				54.78	63.82	114.54	41.26
CPOA							
24 Dhanbad	74.0	—	—	6.91	8.10	12.90	5.11
25 Giridih	50.0	—	—	7.46	9.43	15.60	3.73
26 Hazaribagh	14.9	—	—	8.90	10.51	18.48	1.33
Sub-total				23.27	28.04	46.98	10.17
Total				335.21	400.74	674.82	170.47

@Includes Vaishali *Includes Katihar **Includes Darbhanga
 ***Includes Saran \$ Includes Aurangabad

ANNEXURE 34

Estimated share of co-operative credit structure, the GOB and the GOT under the Central Sector Plan Scheme for the rehabilitation of weak ccbs

		Rupees Lakhs						
		Total bad and doubtful debts, accumulated losses and over-dues over 3 years as on 30-6-75	Amount eligible for write off under Central Sector Plan Scheme [50% of col. (2)]	Share of pacs [5% of col. (3)]	Share of ccbs [5% of col. (3)-(4)]	Share of BSCB [3-(4 + 5)]	Assistance from	
Bank							GOI	GOB
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NB	1 Begusarai	14.62	7.31	0.36	0.35	0.66	2.97	2.97
	2 Gopalganj	12.56	6.28	0.31	0.30	0.57	2.55	2.55
	3 Laheriasarai	36.06	18.03	0.90	0.87	1.63	7.31	7.32
	4 Madhepura	23.58	11.79	0.59	0.56	1.06	4.79	4.79
	5 Motihari	20.20	10.10	0.50	0.48	0.91	4.11	4.10
	6 Muzaffarpur	59.80	29.90	1.49	1.42	2.70	12.14	12.15
	7 National	16.48	8.24	0.41	0.39	0.74	3.35	3.35
	8 Purnea	48.62	24.31	1.21	1.15	2.20	9.88	9.87
	9 Rohika	44.74	22.37	1.12	1.05	2.01	9.09	9.10
	10 Sitamarhi	39.04	19.52	0.98	0.92	1.76	7.93	7.93
	11 Siwan	48.48	24.24	1.21	1.15	2.19	9.85	9.84
	Sub-total	364.18	182.09	9.08	8.64	16.43	73.97	73.97

ANNEXURE 34 (Contd.)

		(2)	(3)	(4)	(5)	(6)	(7)	(8)
SB	12 Arrah	21.68	10.84	0.54	0.52	0.98	4.40	4.40
	13 Bhagalpur	19.50	9.75	0.49	0.46	0.88	3.96	3.96
	14 Bihar-Barh- Fatwa	54.46	27.23	1.36	1.29	2.46	11.06	11.06
	15 Dinapur	8.10	4.05	0.20	0.19	0.38	1.64	1.64
	16 Magadh	17.86	8.93	0.45	0.42	0.80	3.63	3.63
	17 Monghyr	16.54	8.27	0.41	0.39	0.75	3.36	3.36
	18 Nawadah	30.32	15.16	0.76	0.72	1.37	6.15	6.16
	19 Sasaram	20.78	10.39	0.52	0.49	0.94	4.22	4.22
	Sub-total	189.24	94.62	4.73	4.48	8.56	38.42	38.43
	CPTA	20 Daltonganj	10.08	5.04	0.25	0.24	0.45	2.05
21 Deoghar		15.24	7.62	0.38	0.36	0.69	3.09	3.10
22 Dumka		12.40	6.20	0.31	0.29	0.56	2.52	2.52
23 Gumla		11.02	5.51	0.28	0.26	0.50	2.24	2.23
24 Ranchi		29.14	14.57	0.73	0.69	1.32	5.91	5.92
25 Singhbhum		7.62	3.81	0.19	0.18	0.34	1.55	1.55
Sub-total		85.50	42.75	2.14	2.02	3.86	17.36	17.37
CPOA	26 Dhanbad	30.86	15.43	0.77	0.73	1.40	6.26	6.27
	27 Giridih	19.52	9.76	0.49	0.46	0.88	3.97	3.96
	28 Hazaribagh	52.24	26.12	1.31	1.24	2.36	10.61	10.60
	Sub-total	102.62	51.31	2.57	2.43	4.64	20.84	20.83
Total		741.54	370.77	18.52	17.57	33.49	150.59	150.61

ANNEXURE 35

Statement showing departmental action in the filing of disputes/arbitration cases and in the execution of awards obtained
(position as at the end of 1973-74)

Region/District	Name of central co-operative bank	Overdues as on 30 June 74 at central bank level	Rupees Thousands	
			Suit field cases pending as on 30-6-73	
(1a)	(1b)	(2)	Number (3a)	Amount (3b)
A PLAINS REGION				
1 Patna	1 Dinapur	10236	390	462
2 Nalanda	2 Bihar	3863		
3 Gaya	3 Magadh	8403		
4 Aurangabad			423	594
5 Nawadah	4 Nawadah	3607		
6 Bhojpur	5 Arrah	6869	3906	3392
7 Rohtas	6 Sasaram	5983		
8 Muzaffarpur	7 Muzaffarpur	16000		
9 Vaishali			665	2005
10 Sitamarhi	8 Sitamarhi	9789		
11 Siwan	9 Siwan	10975	4384	1788
12 Chapra (Saran)				
13 Gopalganj	10 Gopalganj	6975		
14 Champaran East	11 Motihari	6147	438	1048
15 Champaran West	12 National	4395		
16 Darbhanga	13 Laheriasara	11465		
17 Samastipur			586	2911
18 Madhubani	14 Rohika	9434		
19 Bhagalpur	15 Bhagalpur	5873	403	210
20 Monghyr	16 Monghyr	6442		
21 Begusarai	17 Begusarai	4831	5343	2640
22 Purnea	18 Purnea	18379		
23 Katihar			1424	524
24 Saharsa	19 Madhipura	5574		
B PLATEAU REGION				
25 Santhal Parganas	20 Dumka	5419	5105	1752
	21 Deoghar	4203		
26 Ranchi	22 Ranchi	8232	777	1126
	23 Gumla	2732		
27 Singhbhum	24 Singhbhum	3062	270	338
28 Palamau	25 Daltonganj	4453	233	171
29 Hazaribagh	26 Hazaribagh	11209	3498	1982
30 Giridih	27 Giridih	4140		
31 Dhanbad	28 Dhanbad	6149	772	600
Total		204859	29089	21893

ANNEXURE 35 (Contd.)

	Cases filed during 1973-4		Awards obtain- ed during 1973-4		Suit filed cases pending as on 30 June 1974 (Col. 3 + 4—5)																																																																																																																															
	Number	Amount	Number	Amount	Number	Amount																																																																																																																														
	(4a)	(4b)	(5a)	(5b)	(6a)	(6b)																																																																																																																														
1	300	425	256	238	434	649																																																																																																																														
2							3	126	245	200	230	349	609	4	5	6	177	127	197	133	3886	3386	7	8	1861	2346	1505	1900	1021	2451	9	10	11	2221	1785	2500	1600	4105	1973	12	13	15	176	415	270	290	344	1173	14	16	1500	2331	1100	3400	986	1842	17	18	19	1531	639	596	192	1338	657	20	1380	649	415	385	6308	2904	21	22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576	
3	126	245	200	230	349	609																																																																																																																														
4																																																																																																																																				
5							6	177	127	197	133	3886	3386	7	8	1861	2346	1505	1900	1021	2451	9	10	11	2221	1785	2500	1600	4105	1973	12	13	15	176	415	270	290	344	1173	14	16	1500	2331	1100	3400	986	1842	17	18	19	1531	639	596	192	1338	657	20	1380	649	415	385	6308	2904	21	22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659			
6	177	127	197	133	3886	3386																																																																																																																														
7							8	1861	2346	1505	1900	1021	2451	9	10							11	2221	1785							2500	1600	4105	1973	12	13	15	176	415	270	290							344	1173	14	16	1500	2331	1100	3400	986	1842	17	18	19	1531	639	596	192	1338	657	20	1380	649	415	385	6308	2904	21	22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576
8	1861	2346	1505	1900	1021	2451																																																																																																																														
9																																																																																																																																				
10							11	2221	1785	2500	1600	4105	1973	12	13	15	176	415	270	290	344	1173	14	16	1500	2331	1100	3400	986	1842	17	18	19	1531	639	596	192	1338	657	20	1380	649	415	385	6308	2904	21	22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659																				
11	2221	1785	2500	1600	4105	1973																																																																																																																														
12																																																																																																																																				
13							15	176	415	270	290	344	1173	14	16	1500	2331	1100	3400	986	1842	17	18	19	1531	639	596	192	1338	657	20	1380	649	415	385	6308	2904	21	22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659																													
15	176	415	270	290	344	1173																																																																																																																														
14							16	1500	2331	1100	3400	986	1842	17	18							19	1531	639	596	192	1338	657	20	1380	649	415	385	6308	2904	21	22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659																															
16	1500	2331	1100	3400	986	1842																																																																																																																														
17																																																																																																																																				
18							19	1531	639	596	192	1338	657	20	1380	649	415	385	6308	2904	21	22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659																																														
19	1531	639	596	192	1338	657																																																																																																																														
20	1380	649	415	385	6308	2904																																																																																																																														
21							22	1497	990	969	537	1952	977	23	24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659																																																													
22	1497	990	969	537	1952	977																																																																																																																														
23							24	1282	229	403	115	1351	464	25	1104	343	1832	596	4377	1499	26	403	283	902	470	278	939	27	1417	825	1235	542	452	621	28	2491	679	1151	321	1573	529	29	1657	1590	1738	2162	3417	1410	30	31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659																																																																					
24	1282	229	403	115	1351	464																																																																																																																														
25	1104	343	1832	596	4377	1499																																																																																																																														
26	403	283	902	470	278	939																																																																																																																														
27	1417	825	1235	542	452	621																																																																																																																														
28	2491	679	1151	321	1573	529																																																																																																																														
29	1657	1590	1738	2162	3417	1410																																																																																																																														
30							31	953	364	958	388	767	576		20076	14265	16227	13499	32938	22659																																																																																																																
31	953	364	958	388	767	576																																																																																																																														
	20076	14265	16227	13499	32938	22659																																																																																																																														

ANNEXURE 35 (Contd.)

	Awards pending execution as on 30 June 1973		Awards executed during 1973-4		Awards pending execution as on 30 June 1974 (cols. 5 + 7-8)																																																																																																																																																			
	Number	Amount	Number	Amount	Number	Amount																																																																																																																																																		
	(7a)	(7b)	(8a)	(8b)	(9a)	(9b)																																																																																																																																																		
1	}	6756	3675	45	24	6967	3889																																																																																																																																																	
2								3	}	5081	8046	119	834	5162	7442	4	5	}	5715	5872	212	394	5700	5611	6	7	}	3116	5410	2000	3000	2621	4310	8	9	}	13352	6855	—	—	15852	8455	10	11	}	2392	3129	1800	2400	862	1019	12	13	}	3038	5351	—	—	4138	8751	14	15	}	330	749	159	182	767	759	16	17	}	6540	5869	1257	1061	5698	5193	18	19	}	2868	1048	712	450	3125	1135	20	21	}	1991	779	418	833	1976	61	22	23	}	1869	3049	576	85	3125	3560	24	25	}	1277	488	600	200	1579	758	26	27	}	3311	958	1	1	4545	1499	28	28	}	4461	1543	3637	981	1975	883	29	29	}	4633	4258	1000	500	5371	5920	30	30	}	1150	1034	388	282	1720	1140	31	31
3	}	5081	8046	119	834	5162	7442																																																																																																																																																	
4								5	}	5715	5872	212	394	5700	5611	6	7	}	3116	5410	2000	3000	2621	4310	8	9	}	13352	6855	—	—	15852	8455	10	11	}	2392	3129	1800	2400	862	1019	12	13	}	3038	5351	—	—	4138	8751	14	15	}	330	749	159	182	767	759	16	17	}	6540	5869	1257	1061	5698	5193	18	19	}	2868	1048	712	450	3125	1135	20	21	}	1991	779	418	833	1976	61	22	23	}	1869	3049	576	85	3125	3560	24	25	}	1277	488	600	200	1579	758	26	27	}	3311	958	1	1	4545	1499	28	28	}	4461	1543	3637	981	1975	883	29	29	}	4633	4258	1000	500	5371	5920	30	30	}	1150	1034	388	282	1720	1140	31	31		67880	58113	12924	11227	71183	60385		
5	}	5715	5872	212	394	5700	5611																																																																																																																																																	
6								7	}	3116	5410	2000	3000	2621	4310	8	9	}	13352	6855	—	—	15852	8455	10	11	}	2392	3129	1800	2400	862	1019	12	13	}	3038	5351	—	—	4138	8751	14	15	}	330	749	159	182	767	759	16	17	}	6540	5869	1257	1061	5698	5193	18	19	}	2868	1048	712	450	3125	1135	20	21	}	1991	779	418	833	1976	61	22	23	}	1869	3049	576	85	3125	3560	24	25	}	1277	488	600	200	1579	758	26	27	}	3311	958	1	1	4545	1499	28	28	}	4461	1543	3637	981	1975	883	29	29	}	4633	4258	1000	500	5371	5920	30	30	}	1150	1034	388	282	1720	1140	31	31		67880	58113	12924	11227	71183	60385											
7	}	3116	5410	2000	3000	2621	4310																																																																																																																																																	
8								9	}	13352	6855	—	—	15852	8455	10	11	}	2392	3129	1800	2400	862	1019	12	13	}	3038	5351	—	—	4138	8751	14	15	}	330	749	159	182	767	759	16	17	}	6540	5869	1257	1061	5698	5193	18	19	}	2868	1048	712	450	3125	1135	20	21	}	1991	779	418	833	1976	61	22	23	}	1869	3049	576	85	3125	3560	24	25	}	1277	488	600	200	1579	758	26	27	}	3311	958	1	1	4545	1499	28	28	}	4461	1543	3637	981	1975	883	29	29	}	4633	4258	1000	500	5371	5920	30	30	}	1150	1034	388	282	1720	1140	31	31		67880	58113	12924	11227	71183	60385																				
9	}	13352	6855	—	—	15852	8455																																																																																																																																																	
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ANNEXURE 36

Estimates of the internal resources of the BSCB, ccbs and pacs in 1980-81 and resources available for loaning for short-term agricultural purposes

Rupees Crores

BSCB

(i) Owned funds as on 30-6-75	4.36	
(ii) Deposits as on 30-6-75	19.80	
(iii) Additional deposits to be mobilized by 1980-81	40.00	
(iv) Other accretions to the owned funds by way of share capital, reserves etc. during the period 1975-6 to 1980-81	5.00	
	<hr/>	69.16 or say, Rs 70 crores
(v) Internal resources available for short-term agricultural lendings @ 45 per cent of the total resources		Rs 30 crores

ccbs

(i) Owned funds as on 30-6-75	7.17	
(ii) Deposits as on 30-6-75	11.95	
(iii) Projected additions to deposits by 1980-81 @ 15 per cent annual growth rate	11.95	
(iv) Additional share capital contribution by pacs on account of share linking to borrowings	3.50	
(v) Additional share capital contribution by GOB out of borrowings from the LTO Fund	2.00	
(vi) Additions to reserves over the period 1975-6 to 1980-81	2.50	
	<hr/>	39.67 or say, Rs 40 crores

ANNEXURE 36 (Contd.)

(vii) Internal resources available for short-term agricultural lendings @ 45 per cent of the total resources **Rs 18 crores**

pacs

(i) Owned funds as on 30-6-75	7.32	
(ii) Deposits as on 30-6-75	1.60	
(iii) Additional share capital contribution by GOB out of borrowings from the LTO Fund	4.21	
(iv) Additional share capital contribution by members on account of share linking to borrowings @ 20 per cent (10 + 5 + 5)	10.00	
(v) Additions to reserves, deposits, etc.	2.00	
	25.13	or say, Rs 25 crores
(vi) Internal resources available for short-term agricultural lendings @ 50 per cent of the total resources		Rs 12 crores

Internal resources available within the co-operative credit structure for short-term agricultural lendings in 1980-81

		Rupees Crores
1	BSCB	30.00
2	ccbs	18.00
3	pacs	12.00
	Total	60.00

ANNEXURE 37

District-wise position of commercial bank offices as on 30 June 1975

District	Number of offices				Average population per office ('000)
	Total	Rural	Semi-urban	Urban	
(1)	(2)	(3)	(4)	(5)	(6)
NB 1 Begusarai	20	8	12	—	57
2 Darbhanga	19	9	—	10	80
3 East Champaran	27	19	8	—	72
4 Gopalganj	5	3	2	—	221
5 Katihar	7	2	5	—	162
6 Madhubani	11	8	3	—	172
7 Muzaffarpur	28	10	—	18	68
8 Purnea	36	17	19	—	78
9 Saharsa	19	8	11	—	124
10 Samastipur	12	7	5	—	152
11 Saran	22	14	8	—	78
12 Sitamarhi	12	7	5	—	132
13 Siwan	9	4	5	—	162
14 Vaishali	14	7	7	—	96
15 West Champaran	18	8	10	—	88
Sub-total	259	131	100	28	98
		(51)	(38)	(11)	
SB 16 Aurangabad	10	7	3	—	102
17 Bhagalpur	30	11	3	16	70
18 Bhojpur	27	15	12	—	74
19 Gaya	28	12	3	13	91
20 Monghyr	37	12	18	7	74
21 Nalanda	17	11	1	5	77
22 Nawadah	10	6	4	—	89

ANNEXURE 37 (Contd.)

	(1)	(2)	(3)	(4)	(4)	(6)
23 Patna		81	16	10	55	28
24 Rohtas		27	16	11	—	72
Sub-total		267	106	65	96	63
			(40)	(24)	(36)	
<hr/>						
CPTA 25 Palamau		26	18	8	—	58
26 Ranchi		49	17	15	17	53
27 Santhal Parganas		41	28	13	—	78
28 Singhbhum		57	13	16	28	43
Sub-total		173	76	52	45	56
			(44)	(30)	(26)	
<hr/>						
CPOA 29 Dhanbad		52	8	44	—	28
30 Giridih		18	9	9	—	76
31 Hazaribagh		27	13	14	—	61
Sub-total		97	30	67	—	46
			(31)	(69)		
<hr/>						
Total		796	343	284	169	71
			(43)	(36)	(21)	

Figures in brackets indicate percentages.

ANNEXURE 38

District-wise position of deposits, outstanding advances, etc., as on last Friday of December 1975

Rupees Lakhs							
District	Number of offices	Deposits		Outstanding advances		Credit deposit ratio (per cent)	Percentage of col. (4b) to col. (4a)
		Total	per branch office	Total	Agricultural		
(1)	(2)	(3a)	(3b)	(4a)	(4b)	(5)	(6)
NB							
1 Begusarai	21	541.87	25.80	160.02	34.36	29.1	21.5
2 Darbhanga	21	963.11	45.86	296.97	64.64	30.8	21.8
3 East							
Champanan	27	686.46	25.42	473.99	199.56	69.1	42.1
4 Gopalganj	6	235.26	39.21	122.34	27.72	52.0	22.7
5 Katihar	9	353.55	39.28	250.59	31.67	70.9	12.6
6 Madhubani	12	351.75	29.31	68.22	20.00	19.4	29.3
7 Muzaffarpur	30	1911.44	63.71	718.06	159.11	37.6	22.2
8 Purnea	37	1012.72	27.37	580.30	313.87	57.3	54.1
9 Saharsa	21	462.64	22.03	262.91	116.93	56.8	44.3
10 Samastipur	17	561.88	33.05	195.95	94.48	34.9	48.2
11 Saran	23	996.97	43.35	292.68	111.43	29.4	38.1
12 Sitamarhi	12	338.61	28.22	104.66	61.21	30.9	58.5
13 Siwan	10	596.00	59.60	157.24	73.19	26.4	46.5
14 Vaishali	15	269.65	17.98	116.33	67.95	43.1	58.4
15 West							
Champanan	18	477.30	26.52	217.83	135.22	45.6	62.1
Sub-total	279	9759.21	34.98	4018.09	1511.34	41.2	37.6
SB							
16 Aurangabad	10	277.49	27.75	39.76	8.40	14.3	21.1
17 Bhagalpur	34	1181.98	34.76	342.76	43.27	28.9	12.6
18 Bhojpur	29	1683.22	58.04	317.72	38.24	18.9	12.0
19 Gaya	31	1749.90	56.45	392.88	59.36	22.5	15.1

ANNEXURE 38 (Contd.)

(1)	(2)	(3a)	(3b)	(4a)	(4b)	(5)	(6)
20 Monghyr	43	1516.75	35.27	405.76	76.80	26.7	18.9
21 Nalanda	18	545.38	30.30	268.91	123.40	49.3	45.9
22 Nawadah	14	175.85	12.56	50.13	21.71	28.5	43.3
23 Patna	94	11815.34	125.70	3478.00	860.53	28.9	24.7
24 Rohtas	30	1426.41	47.55	700.71	116.01	49.2	16.6
Sub-total	303	20372.32	67.24	5996.63	1347.72	29.4	22.5
CPTA							
25 Palamau	28	434.62	15.52	103.77	23.79	23.9	22.9
26 Ranchi	61	4897.85	80.29	9453.06	97.74	193.0	10.3
27 Santhal Parganas	48	1027.77	21.41	187.08	38.66	18.2	20.7
28 Singhbhum	58	5341.69	92.10	1581.40	22.11	29.6	1.4
Sub-total	195	11701.93	60.01	11325.31	182.30	96.8	1.6
CPOA							
29 Dhanbad	58	19968.52	344.52	4733.17	4.43	23.7	0.1
30 Giridih	20	667.54	33.38	274.06	1.50	41.1	0.5
31 Hazaribagh	32	1623.12	50.72	429.15	6.38	26.4	1.5
Sub-total	110	22259.18	202.36	5436.38	12.31	24.4	0.2
Total	887	64092.64	72.25	26776.41	3053.67	41.9	11.4

ANNEXURE 39

District-wise position of outstanding credit provided by commercial banks to priority sector as on last Friday of December 1975

Rupees Lakhs

	District	Agriculture			Small scale industry
		Direct finance	Indirect finance	Total	
	(1)	(2a)	(2b)	(2c)	(3)
NB	1 Begusarai	28.20	6.16	34.36	33.75
	2 Darbhanga	59.91	4.73	64.64	27.57
	3 East Cham- paran	198.51	1.05	199.56	20.00
	4 Gopalganj	27.21	0.51	27.72	9.61
	5 Katihar	30.74	0.93	31.67	40.79
	6 Madhubani	18.74	1.26	20.00	5.24
	7 Muzaffarpur	149.47	9.64	159.11	74.96
	8 Purnea	281.56	32.31	313.87	63.43
	9 Saharsa	75.74	41.19	116.93	22.52
	10 Samastipur	91.54	2.94	94.48	15.69
	11 Saran	110.31	1.12	111.43	51.44
	12 Sitamarhi	61.17	0.04	61.21	7.34
	13 Siwan	72.67	0.52	73.19	20.05
	14 Vaishali	65.50	2.45	67.95	17.05
	15 West Champanan Sub-total	135.22	—	135.22	14.47
		1406.49	104.85	1511.34	423.91
SB	16 Aurangabad	7.47	0.93	8.40	3.19
	17 Bhagalpur	35.82	7.45	43.27	108.41
	18 Bhojpur	35.08	3.16	38.24	41.94
	19 Gaya	46.14	13.22	59.36	90.57
	20 Monghyr	71.34	5.46	76.80	28.46
	21 Nalanda	96.45	26.95	123.40	57.25
	22 Nawadah	8.76	12.95	21.71	6.80
	23 Patna	396.40	464.13	860.53	616.99
	24 Rohtas Sub-total	105.34	10.67	116.01	23.46
		802.80	544.92	1347.72	977.07
CPTA	25 Palamau	23.19	0.60	23.79	25.54
	26 Ranchi	87.41	10.33	97.74	489.58
	27 Santhal Parganas	35.65	3.01	38.66	66.50
	28 Singhbhum Sub-total	21.39	0.72	22.11	327.29
		167.64	14.66	182.30	908.91
CPOA	29 Dhanbad	4.41	0.02	4.43	211.72
	30 Giridih	1.46	0.04	1.50	49.03
	31 Hazaribagh	5.45	0.93	6.38	117.26
	Sub-total	11.32	0.99	12.31	378.01
	Total	2388.25	665.42	3053.67	2687.90

ANNEXURE 39 (Contd.)

	Trans- port	Retail trade	Profes- sionals/ Artisans/ Craftsmen	Export	Others	Total
	(4)	(5)	(6)	(7)	(8)	(9)
1	11.06	27.78	3.85	—	—	110.80
2	12.33	29.36	1.90	—	0.18	135.98
3	51.49	14.01	2.56	—	0.01	287.63
4	3.09	4.99	0.43	—	—	45.84
5	17.79	11.40	2.69	—	—	104.34
6	5.53	14.70	10.34	—	0.12	55.93
7	55.12	38.23	6.64	—	0.15	334.21
8	26.40	36.36	3.05	—	0.04	443.15
9	4.77	36.75	2.28	—	—	183.25
10	21.33	9.09	2.32	—	0.02	142.93
11	24.78	16.35	1.42	—	—	205.42
12	2.36	18.92	1.54	—	—	91.37
13	6.24	8.56	0.10	—	—	108.14
14	17.94	6.68	0.64	—	—	110.26
15	4.65	6.11	5.48	—	—	165.93
	264.88	279.29	45.24	—	0.52	2525.18
16	10.35	8.04	0.73	—	—	30.71
17	20.81	23.54	4.10	1.23	19.62	220.98
18	42.41	13.64	2.38	—	—	138.61
19	72.45	34.52	7.70	—	0.39	264.99
20	31.84	38.93	4.64	—	—	180.67
21	32.99	9.63	4.63	—	—	227.90
22	7.66	5.26	0.41	—	—	41.84
23	180.60	171.73	14.63	—	0.49	1844.97
24	54.86	12.16	4.08	—	—	210.58
	453.97	317.45	43.30	1.23	20.50	3161.24
25	34.38	5.88	0.68	—	—	90.27
26	125.55	71.95	18.93	1.83	0.13	805.71
27	10.41	15.76	3.82	0.20	0.08	135.43
28	150.27	52.60	8.42	0.22	0.70	561.61
	320.61	146.19	31.85	2.25	0.91	1593.02
29	139.89	58.53	4.65	—	—	419.22
30	27.44	22.85	4.30	59.42	—	164.54
31	120.21	44.46	4.61	0.28	0.07	293.27
	287.54	125.84	13.56	59.70	0.07	877.03
	1327.00	868.77	133.95	63.18	22.00	8156.47

ANNEXURE 40

District-wise position of demand and recoveries of agricultural advances of commercial banks for the year ending on last Friday of June 1973

Rupees Lakhs				
	District	Demand	Recoveries	Percentage of recoveries to demand
	(1)	(2)	(3)	(4)
SB	1 Aurangabad	0.42	0.20	47.6
	2 Bhagalpur	6.93	2.05	31.4
	3 Bhojpur	7.20	6.69	92.9
	4 Dhanbad	1.30	0.05	3.8
	5 Gaya	12.90	3.47	26.9
	6 Giridih	1.14	0.02	1.8
	7 Hazaribagh	0.67	0.16	23.9
	8 Monghyr	10.47	3.25	31.0
	9 Nalanda	24.76	15.27	61.7
	10 Nawadah	0.54	0.28	51.9
	11 Palamau	N.A.	0.09	
	12 Patna	38.66	20.09	52.0
	13 Ranchi	22.52	11.71	52.0
	14 Rohtas	9.49	3.88	40.9
	15 Santhal Parganas	4.24	0.94	22.2
	16 Singhbhum	0.95	0.47	49.5
NB	17 Begusarai	3.25	1.43	44.0
	18 Darbhanga	8.43	7.23	85.8
	19 East Champaran	25.64	20.44	79.7
	20 Gopalganj	3.88	0.06	1.5
	21 Katihar	5.71	1.99	34.9
	22 Madhubani	1.19	0.60	50.4
	23 Muzaffarpur	23.52	5.33	22.7
	24 Purnea	57.05	16.39	28.7
	25 Saharsa	9.77	4.28	43.8
	26 Samastipur	5.69	2.61	45.9
	27 Saran	5.15	3.34	64.9
	28 Sitamarhi	0.80	0.63	78.8
	29 Siwan	13.33	2.67	20.0
	30 Vaishali	2.75	2.26	82.2
	31 West Champaran	26.32	14.86	56.5
	Total	334.68	152.74	45.6

ANNEXURE 41
Block-wise particulars of gross cropped area, estimated credit requirements, credit gaps etc.

District/ block	Gross cropped area (hectares)			Credit require- ments	Credit requirements met			Credit gap col. (3) —col. (4c)	Percentage of col. (5) to col. (3)
	Irrigated	Unirrigated	Total		Loans over- due at primary level as on 30.6.74	Loans issued by primary societies during 1974-5	Total		
NB BEGUSARAI									
1 Bachhwara	1546	16503	18049	24.50	4.84	4.32	9.16	15.34	62.6
2 Bakhari	1703	18178	19881	26.98	3.79	2.97	6.76	20.22	74.9
3 Balica	1633	17434	19067	25.86	9.49	5.00	14.49	11.37	43.9
4 Barauni	826	8814	9640	13.09	1.51	2.60	4.11	8.98	68.6
5 Begusarai	2071	22091	24162	32.79	4.50	5.66	10.16	22.63	69.0
6 Bhagwanpur	1711	18262	19973	27.11	3.72	4.93	8.65	18.46	68.1
7 Chain Bariyapur	1349	14393	15742	21.36	3.37	0.22	3.59	17.77	83.2
8 Khadawanpur	1215	12973	14188	19.26	4.56	0.93	5.49	13.77	71.5
9 Matihani	1903	20314	22217	30.15	5.28	4.62	9.90	20.25	67.1
10 Sahebpurkamal	1004	10718	11722	15.90	3.21	2.32	5.53	10.37	65.4
11 Teghara	1485	15855	17340	23.53	0.40	3.13	3.53	20.00	85.0
Total	16446	175535	192081	260.53	44.67	36.70	81.37	179.16	68.7

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)	
DARBHANGA										
1	Bahadurpur	4309	2006	6315	13.28	2.82	1.29	4.11	9.17	69.0
2	Baheri	523	6600	7123	9.56	1.99	0.48	2.47	7.09	74.2
3	Benipur	3275	12668	15943	24.03	2.49	0.19	2.68	21.35	88.8
4	Biraul	2937	58213	61150	80.10	1.77	0.60	2.37	77.73	97.0
5	Darbhanga	437	6456	6893	9.16	2.78	1.41	4.19	4.97	54.3
6	Ghanshyampur	2207	17641	19848	27.57	2.55	0.25	2.80	24.77	89.5
7	Hayaghat	43	1150	1193	1.55	4.07	0.93	5.00	—(3.45)	
8	Jalley	248	8492	8740	11.23	1.53	1.44	2.97	8.26	73.5
9	Keoty	500	23660	24160	30.83	3.56	3.43	6.99	23.84	77.3
10	Manigachhi	1127	18500	19627	25.94	3.45	0.80	4.25	21.69	83.6
11	Singhwarra	635	14920	15555	20.24	1.90	1.52	3.42	16.82	83.1
	Total	16241	170306	186547	253.49	28.91	12.34	41.25	212.24	83.7
EAST CHAMPARAN										
1	Adapur	2351	20108	22459	44.02	1.33	0.92	2.25	41.77	95.1
2	Areraj	3201	25892	29093	57.32	3.69	2.56	6.25	51.07	89.1
3	Chatia	1543	20518	22061	41.69	1.51	1.05	2.56	39.13	93.8
4	Chauradano	961	19707	20668	38.09	1.42	0.99	2.41	35.68	93.7
5	Chiraiya	4440	26208	30648	62.52	1.46	1.01	2.47	60.05	96.0
6	Daka	3992	16823	20815	44.42	0.33	0.22	0.55	43.87	98.7
7	Ghorasahan	1302	28283	29585	54.38	1.65	1.14	2.79	51.59	94.8
8	Harsidhi	3396	24307	27703	55.27	4.52	3.12	7.64	47.63	89.8
9	Kalyanpur	2234	35870	38104	71.15	6.10	4.21	10.31	60.84	85.5

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	
12	Ladania	3020	9711	12731	19.69	0.87	1.80	2.67	17.02	86.4
13	Laukahi	419	13803	14222	18.30	4.63	0.70	5.33	12.97	70.8
14	Madhawapur	2680	8482	11162	17.30	1.00	0.15	1.15	16.15	93.3
15	Madhipur	3842	49225	53067	71.14	7.21	0.93	8.14	63.00	88.5
16	Madhubani	731	9002	9733	13.08	4.40	3.15	7.55	5.53	42.3
17	Pandaul	2421	10032	12453	18.59	4.37	1.64	6.01	12.58	67.6
18	Rajnagar	1033	12664	13697	18.42	2.96	1.09	4.05	14.37	83.4
	Total	30065	261941	292006	402.59	59.18	29.95	89.13	313.46	77.8

MUZAFFARPUR

1	Ahorai	340	21558	21898	27.80	3.95	2.25	6.20	21.60	77.7
2	Baruraj	9033	24321	33354	52.98	5.27	5.43	10.70	42.28	79.8
3	Bachaha	1043	23279	24322	31.70	1.85	2.76	4.61	27.09	85.4
4	Gaighat	1017	18750	19767	25.98	6.16	6.58	12.74	13.24	50.9
5	Kanti	1155	21570	22725	29.85	5.81	3.81	9.62	20.23	67.7
6	Katra	1020	20121	21141	27.70	2.86	2.04	4.90	22.80	82.3
7	Kurhani	2378	29559	31937	42.90	3.89	2.46	6.25	36.55	85.2
8	Minapur	1002	30844	31846	41.06	4.92	4.00	8.92	32.14	78.2
9	Moraul	949	29032	29981	38.66	2.16	1.28	3.44	35.22	91.1
10	Mushahari	408	19392	19800	25.26	0.84	3.36	4.20	21.06	83.3
11	Paroo	1147	23774	24921	32.59	3.05	1.68	4.73	27.86	85.5
12	Sahebganj	1127	24485	25612	33.42	1.83	5.62	7.45	25.97	77.7
13	Sakra	10990	17151	28141	48.92	1.24	3.86	5.10	42.82	89.4
14	Saraiya	56	29678	29734	37.24	1.85	1.12	2.97	34.27	92.0
	Total	31665	333514	365179	496.06	45.68	46.25	91.93	404.13	81.5

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
PURNEA									
1 Amour	1232	25671	26903	35.17	7.98	0.04	8.02	27.15	77.2
2 Araria	4493	33312	37805	52.87	9.80	0.79	10.59	42.28	79.9
3 Baisa	2820	20673	23493	32.89	7.23	0.66	7.89	25.00	76.0
4 Baisee	1174	22976	24150	31.66	2.67	1.55	4.22	27.44	86.6
5 Banmankhi	3668	15770	19438	28.88	5.46	0.43	5.89	22.99	79.5
6 Bhahadurganj	—	30439	30439	38.05	11.27	0.31	11.58	26.47	69.5
7 Bhangaure	5992	11838	17830	29.78	3.39	1.99	5.38	24.40	81.9
8 Bhawanipur	3889	28552	32441	45.41	0.80	2.46	3.26	42.15	92.8
9 Barahara									
Kathi	3774	17838	21612	31.73	3.95	2.30	6.25	25.48	80.3
10 Dhamdaha	5226	38623	43849	61.34	1.19	2.69	3.88	57.46	93.6
11 Dighalbank	—	21264	21264	26.58	2.99	1.75	4.74	21.84	82.2
12 Forbisganj	5576	36388	41964	59.43	7.60	0.88	8.48	50.95	85.7
13 Jakihat	—	34401	34401	43.00	5.84	0.69	6.53	36.47	84.8
14 Kasba	6074	18027	24101	37.72	1.93	1.13	3.06	34.66	91.9
15 Kishanganj	—	22261	22261	27.83	1.72	1.00	2.72	25.11	90.2
16 Kochadaman	150	28284	28434	35.73	5.39	0.73	6.12	29.61	82.8
17 Kurskantha	180	22899	23079	29.07	9.90	0.37	10.27	18.80	64.7
18 K. Nagar	7345	33998	41343	60.86	9.77	0.43	10.20	50.66	82.3
19 Narpatganj	3125	23253	26378	36.88	8.71	0.69	9.40	27.48	74.5
20 Palasi	—	26446	26446	33.06	9.93	0.37	9.76	23.30	70.5
21 Pathia	—	25592	25592	31.99	4.30	2.52	6.82	24.17	75.5
22 Purnea East	8356	26298	34654	53.76	3.80	2.22	6.02	47.74	88.8
23 Raniganj	5144	21343	26487	39.54	6.29	0.55	6.84	32.70	82.7
24 Rupauli	3425	24197	27622	38.81	5.34	0.33	5.67	33.14	85.4

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
25 Sikti	—	2315	2315	2.89	4.82	0.84	5.66	—	—
26 Terhagach	—	15120	15120	18.90	1.85	1.07	2.92	15.98	84.5
27 Thakurganj	2315	15450	15735	20.03	4.03	2.35	6.38	13.65	68.1
Total	71928	643228	715156	983.86	147.41	31.14	178.55	805.31	81.9
SAHARSA									
1 Alamnagar	2953	4608	7561	13.16	2.00	1.25	3.25	9.91	75.3
2 Birpur	2095	23304	25399	34.36	0.82	0.55	1.37	32.99	96.0
3 Chhatarpur	8513	30374	38887	59.25	1.43	1.22	2.65	56.60	95.5
4 Chousa	3797	29474	33271	46.33	3.15	1.26	4.41	41.92	90.1
5 Kahara	2916	13726	16642	24.45	2.47	1.20	3.67	20.78	85.0
6 Kumarkhand	3586	30746	34332	47.40	3.05	0.47	3.52	43.88	92.6
7 Kishanpur	1385	11680	13065	18.06	1.54	0.56	2.10	15.96	88.4
8 Madhipura	4010	30250	34260	47.84	4.05	0.47	4.52	43.32	90.5
9 Mahishi	222	5350	5572	7.25	3.38	0.53	3.91	3.34	46.1
10 Marauna	1536	17484	19020	25.70	1.03	0.74	1.77	23.93	93.1
11 Murliganj	3010	35564	38574	51.98	2.66	0.54	3.20	48.78	93.8
12 Naubhatta	173	4138	4311	5.60	1.34	0.36	1.70	3.90	69.7
13 Nirmali	1186	13802	14988	20.22	0.57	0.78	1.35	18.87	93.3
14 Pipra	3510	9000	12510	20.03	0.83	0.70	1.53	18.50	92.3
15 Raghapur	2625	15220	17845	25.58	1.65	1.03	2.68	22.90	89.5
16 Salkhuma	560	4670	5230	7.24	1.29	1.00	2.29	4.95	68.3
17 Saurbazar	5088	18722	23810	36.12	3.79	2.33	6.12	30.00	83.1
18 S. Baktipur	1453	12776	14229	19.59	1.88	1.18	3.06	16.53	84.3
19 Singheswar	6760	10480	17240	30.00	1.58	1.20	2.78	27.22	90.7
20 Sonbarsa	3588	26730	30318	42.38	2.56	0.09	2.65	39.73	93.7

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
21	Supaul	2760	31298	34058	46.03	1.57	1.26	2.83	43.20	93.8
22	Tribeniganj	10162	32074	42236	65.49	0.72	0.59	1.31	64.18	98.0
23	Udaikishanganj	2972	11100	14072	21.30	4.47	0.95	5.42	15.88	74.5
	Total	74860	422570	497430	715.36	47.83	20.26	68.09	647.27	90.4
SAMASTIPUR										
1	Bibhutipur	4355	15845	20200	30.70	2.91	1.54	4.45	26.25	85.5
2	Dalsingsarai	2631	13283	15914	23.18	3.24	1.43	4.67	18.51	79.8
3	Hasanpur	3010	15660	18690	27.10	4.63	2.58	7.21	19.89	73.4
4	Kalyanpur	2818	18080	20898	29.64	2.53	0.80	3.33	26.31	88.7
5	Kusheshwar- sthan	495	25962	26457	33.69	2.76	0.61	3.37	30.32	89.9
6	Mohiuddinagar	1313	11619	12932	17.80	1.88	0.45	2.33	15.47	86.9
7	Morwa	1797	13976	15773	21.96	1.21	1.22	2.43	19.53	88.9
8	Patory	1039	9253	10292	14.17	1.31	0.33	1.64	12.53	88.4
9	Pusa	2345	11073	13418	19.70	1.66	2.31	3.97	15.73	79.8
10	Rosera	1674	22212	23886	31.96	5.25	3.39	8.64	23.32	72.9
11	Samastipur	2095	12475	14570	20.83	0.94	2.35	3.29	17.54	84.2
12	Sarairanjan	1920	15046	16966	23.60	2.90	1.22	4.12	19.48	82.5
13	Singhia	747	13193	13940	18.36	0.78	0.38	1.16	17.20	93.7
14	Ujairpur	2302	13111	15413	22.15	3.84	1.32	5.16	16.99	76.7
15	Warisnagar	2364	21247	23611	32.47	1.23	1.01	2.24	30.23	93.1
	Total	30905	232035	262940	367.31	37.07	20.94	58.01	309.30	84.2

<i>ANNEXURE 41 (Contd.)</i>										
(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)	
SARAN										
1	Amnaur	2311	11111	13422	19.67	1.98	3.01	4.99	14.68	74.6
2	Baikunthpur	4685	17141	21826	33.14	3.13	3.59	6.72	26.42	79.7
3	Baniapur	3799	15063	18862	28.32	0.90	0.37	1.27	27.05	95.5
4	Basantpur	2608	14389	16997	24.52	2.95	1.34	4.29	20.23	82.5
5	Bhagwanpur	1716	13577	15293	21.26	1.77	1.08	2.85	18.41	86.6
6	Chapra	2912	11293	14205	21.39	1.52	5.28	6.80	14.59	68.2
7	Dariyapur	3752	14878	18630	27.97	3.28	3.03	6.31	21.66	74.4
8	Dighwara	1348	4577	5925	9.09	4.06	1.08	5.14	3.95	43.5
9	Ekma	2513	9413	11926	18.06	0.57	2.05	2.62	15.44	85.5
10	Garkha	3293	10723	14016	21.63	1.35	0.50	1.85	19.78	91.4
11	Jalalpur	3193	13146	16339	24.42	0.98	1.71	2.69	21.73	89.0
12	Manjthi	4061	17522	21583	32.05	3.09	0.70	3.79	28.26	88.2
13	Marhawra	2834	12471	15305	22.68	2.32	1.34	3.66	19.02	83.9
14	Masrakh	4308	15402	19710	30.02	4.39	3.48	7.87	22.15	73.8
15	Parsa	3459	10874	14333	22.24	2.32	0.48	2.80	19.44	87.4
16	Revilganj	1476	5974	7450	11.16	3.00	2.57	5.57	5.59	50.1
17	Sonpur	1604	7067	8671	12.84	2.61	0.50	3.11	9.73	75.8
18	Taraiyan	2598	12457	15055	22.06	3.06	1.05	4.11	17.95	81.4
	Total	52470	217078	269548	402.52	43.28	33.16	76.44	326.08	81.0
SITAMARHI										
1	Bairaganiya	609	9553	10162	13.46	1.98	5.23	7.21	6.25	46.4
2	Bajpatty	293	15991	16284	20.72	1.43	3.82	5.25	15.47	74.7
3	Bathnaha	491	30602	31093	39.48	4.25	4.11	8.36	31.12	78.8
4	Belaparihar	485	26385	26870	34.19	2.85	4.13	6.98	27.21	79.6
5	Belsund	1312	28221	29533	38.56	6.30	5.23	11.53	27.03	70.1

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
6 Dumra	1057	23294	24351	31.76	3.38	2.70	6.08	25.68	80.9
7 Majorganj	598	19601	20199	25.99	3.94	3.85	7.79	18.20	70.0
8 Naupur	377	22526	22903	29.10	1.60	0.99	2.59	26.51	91.1
9 Piprahi	512	15713	16225	20.92	1.84	2.21	4.05	16.87	80.6
10 Pupri	518	18720	19238	24.69	1.70	2.87	4.57	20.12	81.5
11 Riga	543	16638	17181	22.16	2.12	4.22	6.34	15.82	71.4
12 Rumnisaidpur	2647	32668	35315	47.46	4.02	3.68	7.70	39.76	83.8
13 Sheohar	888	20160	21048	27.42	2.44	2.57	5.01	22.41	81.7
14 Sonbarsa	376	22556	22932	29.13	2.06	2.88	4.94	24.19	83.0
15 Sursand	337	19428	19765	25.14	2.39	1.32	3.71	21.43	85.2
Total	11043	322056	333099	430.18	42.30	49.81	92.11	338.07	78.6
SIWAN									
1 Andar	5918	12025	17943	43.24	3.92	0.99	4.91	38.33	88.6
2 Barhariya	3502	22499	26001	52.51	9.64	5.72	15.36	37.15	70.7
3 Daraunda	5186	15722	20908	46.96	2.96	1.54	4.50	42.46	90.4
4 Darauli	10441	9142	19583	55.15	5.49	1.15	6.64	48.51	88.0
5 Goreyakothi	2223	18194	20417	40.18	7.29	1.94	9.23	30.95	77.0
6 Gudthani	5540	6366	11906	31.92	5.68	1.41	7.09	24.83	77.8
7 Hussainganj	5329	13091	18420	42.88	8.47	3.27	11.74	31.14	72.6
8 Maharajganj	1812	14951	16763	32.96	9.04	6.76	15.80	17.16	52.1
9 Mairwa	4618	22093	26711	55.98	5.74	3.09	8.83	47.15	84.2
10 Pachrukhi	3525	19132	22657	46.70	7.11	3.68	10.79	35.91	76.9
11 Raghunathpur	3509	17882	21391	44.45	4.60	3.29	7.89	36.56	82.2
12 Siswan	3734	12188	15922	35.33	2.97	2.01	4.98	30.35	85.9
13 Siwan	4419	12772	17191	38.92	5.73	2.44	8.17	30.75	79.0
Total	59756	196057	255813	567.18	78.64	37.29	115.93	451.25	79.6

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)	
VAISHALI										
1	Bidupur	2986	10998	13984	21.20	2.43	3.98	6.41	14.79	69.8
2	Desari	166	16143	16309	20.60	5.80	0.92	6.72	13.88	67.4
3	Goraul	1280	24916	26196	34.34	6.30	5.37	11.67	22.67	66.0
4	Hajipur	2890	17544	20434	29.15	2.99	1.19	4.18	24.97	85.7
5	Jandaha	37	11341	11378	14.27	3.81	2.03	5.84	8.43	59.1
6	Lalganj	983	19399	20382	26.70	12.83	0.98	13.81	12.89	48.3
7	Mahnar	1582	12226	13808	19.24	2.94	1.79	4.73	14.51	75.4
8	Mahua	318	27294	27612	34.91	9.97	7.37	17.34	17.57	50.3
9	Patepur	1559	27408	28967	38.16	2.09	3.50	5.59	32.57	85.4
10	Raghopur	394	20988	21382	27.23	0.40	3.04	3.44	23.79	87.4
11	Vaishali	230	29909	30139	37.97	3.63	5.51	9.14	28.83	75.9
Total		12425	218166	230591	303.77	53.19	35.68	88.87	214.90	70.7
WEST CHAMPARAN										
1	Bagaha	8134	34148	42282	90.26	5.50	1.83	7.33	82.93	91.9
2	Bairiya	7086	12930	20016	49.20	3.45	2.39	5.84	43.36	88.1
3	Bettiah	74	4582	4656	8.30	1.14	0.78	1.92	6.38	76.9
4	Chanpatiya	4345	18137	22482	48.03	2.52	0.24	2.76	45.27	94.3
5	Gaunaha	7173	23950	31123	68.81	1.76	1.32	3.08	65.73	95.5
6	Jogapatti	5041	17716	22757	49.90	1.55	2.62	4.17	45.73	91.6
7	Lauriya	8451	13465	21916	55.25	4.63	1.07	5.70	49.55	89.7
8	Madhubani	—	22769	22769	39.86	1.13	0.34	11.47	38.39	96.3
9	Mainatand	8074	15690	23764	57.73	0.93	0.69	1.62	56.11	97.2
10	Majhulia	6815	27534	34349	73.73	2.96	4.73	7.69	66.04	89.6

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
11	Narkatyaganj	12821	18320	31141	80.15	3.12	1.09	4.21	75.94	94.7
12	Nautan	10256	6527	16783	49.88	2.19	1.96	4.15	45.73	91.7
13	Ramnagar	12646	24617	37263	90.50	4.39	1.52	5.91	84.59	93.5
14	Sidhev									
	Bagaha II)	21601	18030	39631	112.55	1.53	0.88	2.41	110.14	97.9
15	Sikta	8383	12170	20553	52.75	2.86	0.21	3.07	49.68	94.2
16	Thakraha	--	20952	20952	36.66	1.52	0.33	1.85	34.81	95.0
	Total	120900	291537	412437	936.56	41.18	22.00	63.18	900.38	93.4
SB AURANGABAD										
1	Amas	5862	5253	11115	21.22	1.88	1.37	3.25	17.97	84.7
2	Aurangabad	6250	11206	17456	29.63	0.66	0.16	0.82	28.81	97.2
3	Baroon	18140	10440	28580	58.40	1.30	0.63	1.93	56.47	96.7
4	Daudnagar	31442	4238	35680	83.90	0.56	—	0.56	83.34	99.3
5	Deo	3097	8708	11805	18.63	0.84	—	0.84	17.79	95.5
6	Dumariya	2572	3883	6455	11.28	1.22	1.59	2.81	8.47	75.1
7	Goh	12179	9404	21583	42.20	0.49	0.22	0.71	41.49	98.3
8	Garua	4535	8074	12609	21.43	0.80	1.05	1.85	19.58	91.4
9	Haspura	25386	2890	28276	67.08	0.32	0.94	1.26	65.82	98.1
10	Imamganj	8185	6639	14824	28.76	0.90	2.56	3.46	25.30	88.0
11	Kutumba	7079	7955	15034	27.64	0.80	—	0.80	26.84	97.1
12	Madanpur	3208	9522	12730	19.93	0.68	0.36	1.04	18.89	94.8
13	Nabinagar	4646	21094	25740	37.98	0.85	1.01	1.86	36.12	95.1
14	Obra	40706	6444	47150	109.82	0.89	0.37	1.26	108.56	98.8
15	Rafiganj	8738	12825	21563	37.88	1.24	0.09	1.33	36.55	96.5
	Total	182025	128575	310600	615.78	13.43	10.35	23.78	592.00	96.1

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
BHAGALPUR									
1 Amarpur	13541	12573	26114	49.57	4.14	0.94	5.08	44.49	89.8
2 Banka	11357	11389	22746	42.63	3.00	4.53	7.53	35.10	82.3
3 Barahat	8380	10111	18491	33.59	0.80	2.64	3.44	30.15	89.8
4 Belhar	9887	5330	15217	31.38	1.11	1.44	2.55	28.83	91.9
5 Bihpur	7509	22859	30368	47.34	1.83	1.47	3.30	44.04	93.0
6 Bounsi	4697	1420	6117	13.52	2.75	1.55	4.30	9.22	68.2
7 Chandan	292	5294	5586	7.35	0.32	1.08	1.40	5.95	81.0
8 Colgong	2806	29280	32086	43.62	1.25	2.10	3.35	40.27	92.3
9 Dhoraiya	15040	10380	25420	50.56	1.74	1.97	3.71	46.85	92.7
10 Gopalpur	4727	28574	33301	47.54	1.22	0.56	1.78	45.76	96.3
11 Jagdishpur	4247	11297	15544	24.74	0.60	3.98	4.58	20.16	91.9
12 Kataria	509	17709	18218	23.41	0.59	1.08	1.67	21.74	92.9
13 Nathnagar	2363	18887	21250	29.52	1.35	1.33	2.68	26.84	90.9
14 Naugachia	7518	20083	27601	43.89	1.60	1.40	3.00	40.89	93.2
15 Pirpanti	1515	15706	17221	23.42	3.79	1.41	5.20	18.22	77.8
16 Rajoun	13878	9474	23352	46.54	3.11	2.70	5.81	40.73	87.5
17 Sabour	1777	16742	18519	25.37	0.89	1.37	1.26	24.11	95.0
18 Shambhu- ganj	12336	10660	22996	44.17	3.57	0.29	3.86	40.31	91.3
19 Shahkund	4782	25647	30429	44.01	2.59	2.55	5.14	38.87	88.3
20 Sonhaura	5978	25654	31632	47.01	1.47	2.10	3.57	43.44	92.4
21 Sultanganj	12750	8993	21743	43.12	1.43	2.53	3.96	39.16	90.8
Total	145889	318062	463951	762.30	39.15	39.02	78.17	684.13	89.8

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)	
BHOJPUR										
1	Arrah	1959	12278	14237	20.25	3.57	11.90	15.47	4.78	23.7
2	Barahara	611	11662	12273	16.11	5.76	4.15	9.91	6.20	38.5
3	Bramhpur	7308	12063	19371	33.35	5.04	12.53	17.57	15.78	47.3
4	Buxar	7515	15187	22702	37.77	3.25	7.85	11.10	26.67	70.6
5	Charpokhari	20036	17345	37381	71.77	1.85	4.91	6.76	65.01	90.6
6	Dumraon	18873	4060	22933	52.26	3.55	6.51	10.06	42.20	80.8
7	Itarhi	8365	28010	31375	55.93	2.01	17.95	19.96	35.97	64.3
8	Jagdishpur	36138	11080	47218	104.19	2.35	4.16	6.51	97.68	93.8
9	Koliwar	6174	8494	14668	26.05	0.46	4.51	4.97	21.08	80.9
10	Nawanagar	32892	4271	37163	87.57	3.64	7.38	11.02	76.55	87.4
11	Piro	13513	7600	21113	43.28	4.14	16.14	20.28	23.00	53.1
12	Rajpur	46009	8190	54199	125.26	2.73	10.15	12.88	112.38	89.7
13	Sahar	16563	4320	20883	46.81	2.59	3.50	6.09	40.72	87.0
14	Sahpur	414	17007	17421	22.29	2.10	6.16	8.26	14.03	62.9
15	Sandesh	10905	9633	20538	39.30	2.19	6.77	8.96	30.34	77.2
16	Semari	2291	16752	19043	26.67	18.67	3.63	22.30	4.37	16.4
17	Tarari	39350	814	40164	99.39	0.24	6.85	7.09	92.30	92.9
18	Udwant-nagar	16596	13104	29690	57.84	3.65	3.88	7.53	50.31	87.0
19	Vidisha (Behea)	5143	8652	13795	23.67	2.91	7.20	10.11	13.56	57.3
	Total	290645	210522	501167	989.76	70.70	146.13	216.83	772.93	78.1
GAYA										
1	Arawal	53223	8812	62035	144.07	1.43	1.95	3.38	140.69	97.7
2	Barachhatti	6397	3363	9760	20.20	0.97	1.02	1.99	18.21	90.1
3	Belaganj	10795	4452	15157	32.33	0.72	1.34	2.06	30.27	93.6
4	Bodh Gaya	14569	2043	16612	38.98	1.63	3.40	5.03	33.95	87.1

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)	
5	Gaya	8824	3050	11874	25.87	0.45	3.51	3.96	21.83	84.4
6	Ghosi	8704	18083	26787	44.36	5.99	4.35	10.34	34.02	76.7
7	Jehanabad	11484	7865	19349	38.55	1.57	1.42	2.99	35.56	92.2
8	Kako	—	8752	8752	10.95	1.46	2.31	3.77	7.18	65.6
9	Kerpi	20326	10014	30340	63.33	2.13	2.79	4.92	58.41	92.2
10	Khijirsarai	10831	1652	12483	29.14	3.10	0.96	4.06	25.08	86.1
11	Konch	14619	11637	26256	51.09	1.18	0.52	1.70	49.39	96.7
12	Kurtha	3841	28952	32793	45.79	3.52	5.63	9.15	36.64	80.0
13	Makhdum- pur	16698	12483	29181	57.35	1.54	2.31	3.85	53.50	93.3
14	Manpur	9647	2212	11859	26.88	1.17	1.03	2.20	24.68	91.8
15	Mohanpur	11019	1749	12768	29.73	1.28	1.91	3.19	26.54	89.3
16	Paraiya	12487	7072	19459	40.06	1.33	3.16	4.49	35.57	88.8
17	Sherghati	12236	48	12284	30.65	1.63	4.39	6.02	24.63	80.4
18	Tikari	15130	6503	21633	45.95	1.20	3.34	4.54	41.41	90.1
	Total	240740	138742	379482	775.28	32.30	45.34	77.64	697.64	90.0
MONGHYR										
1	Alouli	981	22619	23600	30.73	1.33	2.72	4.05	26.68	86.8
2	Ariari	1278	13680	14958	20.30	0.54	0.41	0.95	19.35	95.3
3	Baldour	1924	17232	19156	26.35	0.58	2.33	2.91	23.44	89.0
4	Barbigha	9930	1454	11384	26.64	1.94	0.39	2.33	24.31	91.3
5	Barhiya	435	16283	16718	21.44	3.62	3.84	7.46	13.98	65.2
6	Chakai	368	18007	21615	23.43	1.58	1.69	3.27	20.16	86.0
7	Chouthan	928	14206	15134	20.08	0.98	1.78	2.76	17.32	86.3
8	Dharbara	512	8646	9158	12.09	0.75	0.92	1.67	10.42	86.2

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
9	Gogri	1121	17856	18977	25.12	1.10	2.23	3.33	21.79	86.7
10	Hadsi	12015	6554	18569	38.23	2.58	2.75	5.33	32.90	86.1
11	H. Khargpur	9013	10036	19049	35.08	2.92	2.01	4.93	30.15	85.9
12	Jamgalpur	477	11520	11997	15.59	1.78	1.59	3.37	12.22	78.4
13	Jamui	8674	6661	15335	30.01	2.03	2.16	4.19	25.82	86.0
14	Jhajha	3770	13413	17183	26.19	1.77	1.88	3.65	22.54	86.1
15	Khagariya	3252	14020	17272	25.66	1.50	2.26	3.76	21.90	85.3
16	Khaira	4518	4154	8672	16.49	1.11	1.19	2.30	14.19	86.0
17	Lakhisarai	11212	13971	25183	45.48	3.38	2.81	6.19	39.29	86.4
18	Lashmipur	5679	15321	21000	33.35	2.25	2.40	4.65	28.70	86.1
19	Monghyr	884	14870	15754	20.80	1.50	1.74	3.24	17.56	84.4
20	Parbatta	3811	9420	13231	21.30	1.90	1.89	3.79	17.51	82.2
21	Sangrampur	7448	3870	11318	23.46	0.91	1.41	2.32	21.14	90.1
22	Sano	306	19230	19536	24.80	1.68	1.78	3.46	21.34	86.0
23	Shekhpura	4581	17628	22209	33.49	1.18	0.09	1.27	32.22	96.2
24	Sikandra	3454	10276	13730	21.48	1.45	1.55	3.00	18.48	86.0
25	Surajgarh	3868	21346	25214	36.35	3.34	1.51	4.85	31.50	86.7
26	Tarapur	7447	3852	11299	23.43	2.08	3.40	5.48	17.95	76.6
	Total	107886	326125	434011	677.37	45.78	48.73	94.51	582.86	86.0

NALANDA

1	Asthawan	17161	8141	25302	53.07	3.39	4.81	8.20	44.87	84.5
2	Bihar Sheriff	9832	9949	19781	37.02	1.61	1.81	3.42	33.60	90.8
3	Chandi	11829	17233	29062	51.11	5.82	2.73	8.55	42.56	83.3
4	Ekangar-sarai	16633	6859	23492	50.16	4.63	3.59	8.22	41.94	83.6

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
5 Giriak		10212	2263	12475	28.36	1.22	1.98	3.20	25.16	88.7
6 Harmaut		389	24083	24472	31.08	3.03	5.03	8.06	23.02	74.1
7 Hilsa		22537	2268	24805	59.18	2.43	5.95	8.38	50.80	85.8
8 Islampur		17035	8446	25481	53.14	4.88	3.23	8.11	45.03	84.7
9 Noorsarai		12309	3123	12632	34.68	1.58	2.08	3.66	31.02	89.4
10 Rahuee		10486	3358	13844	30.41	1.53	2.00	3.53	26.88	88.4
11 Rajgir		18147	8306	26453	55.74	2.38	1.77	4.15	51.59	92.6
12 Sarmera		1899	17078	18977	26.10	1.08	2.68	3.76	22.34	85.6
Total		148469	111107	259576	510.05	33.58	37.66	71.24	438.81	86.0
NAWADAH										
1 Akbarpur		7113	7332	14445	26.95	2.68	2.24	4.92	22.03	81.7
2 Attari		22132	5796	27928	62.58	4.81	2.94	7.75	54.83	87.6
3 Fatehpur		18290	6988	25278	54.46	0.66	2.53	3.19	51.27	94.1
4 Govindpur		6150	6299	12449	23.25	4.17	1.54	5.71	17.54	75.4
5 Hissua		8692	5164	13856	28.18	2.97	2.49	5.46	22.72	80.6
6 Kawakol		11984	6609	18593	38.22	2.06	0.57	2.63	35.59	93.1
7 Narhat		4609	5680	10289	8.62	2.56	1.52	4.08	14.54	78.1
8 Nawadah		12511	7022	19533	40.05	1.23	2.38	3.61	36.44	91.0
9 Pakari Barwan		5926	7745	13671	24.50	3.60	1.78	5.46	19.04	77.7
10 Rajouli		9482	4545	14027	29.39	0.71	1.04	1.75	27.64	94.0
11 Sirdalla		8429	8571	17000	31.79	2.24	0.96	3.20	28.59	89.9
12 Warasaliganj		12906	8881	13847	43.37	1.31	0.89	2.20	41.17	94.9
13 Wazirganj		20577	10505	31082	64.56	2.69	1.77	4.46	60.10	93.1
Total		148801	91137	239938	485.92	31.77	22.65	54.42	431.50	88.8

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
PATNA										
1	Bakhtiyarpur	1016	12791	13807	18.53	2.05	3.70	5.75	12.78	69.0
2	Barh	4038	17347	21385	31.78	2.74	2.15	4.89	26.89	84.6
3	Bihta	11705	10802	22507	42.77	5.57	1.87	7.44	35.33	82.6
4	Bikram	21210	18639	39849	76.32	1.46	2.42	3.88	72.44	94.9
5	Dhanarua	17768	9330	27098	56.08	1.12	2.19	3.31	52.77	94.1
6	Dinapore	2885	8502	11387	17.84	3.24	2.54	5.78	12.06	67.6
7	Fatwah	16455	14381	30836	59.11	6.10	8.05	14.15	44.96	76.1
8	Maner	5907	5987	11894	22.25	1.40	2.12	3.52	18.73	84.2
9	Masaurhi	19117	13518	32635	64.69	0.98	2.10	3.08	61.61	95.2
10	Mokameh	3042	3124	6166	11.51	10.29	1.34	11.63	—	—
11	Naubatpore	15671	9032	24703	50.47	7.80	4.51	12.31	38.16	75.6
12	Paliganj	22995	10342	33337	70.42	2.11	1.67	3.78	66.64	94.6
13	Pandaran	872	31636	32508	41.73	2.56	2.19	4.75	36.98	88.6
14	Patnasadar	2878	4182	7060	12.42	3.18	7.88	11.06	1.36	10.9
15	Phulwari-sharif	16475	12283	28758	56.54	2.23	4.65	6.88	49.66	87.8
16	Poonpoo	4350	6884	11234	19.48	2.50	2.57	5.07	14.41	74.0
	Total	166384	188780	355164	651.94	55.33	51.95	107.28	544.66	83.5
ROHTAS										
1	Adhaura	—	791	791	0.99	0.92	0.22	1.14	—	—
2	Bhabua	15184	17932	33116	60.38	2.76	7.66	10.47	49.96	82.7
3	Bhagwanpur	19609	3439	23048	53.32	3.21	5.69	8.90	44.42	83.3
4	Bikramganj	28557	9793	38350	83.63	2.33	6.65	8.94	74.65	89.2
5	Chainpur	5152	8917	14069	24.03	3.07	1.74	4.81	19.22	79.9

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
6 Chand	7139	9793	16932	30.09	2.52	0.71	3.23	26.86	89.2
7 Chenari	13144	4169	17313	38.07	2.85	4.04	6.89	31.18	81.9
8 Dawath	13313	3262	16575	37.36	2.85	2.86	5.71	31.65	84.7
9 Dehri	35253	2225	37478	90.91	4.06	6.15	10.21	80.70	88.7
10 Dinara	29128	9467	38595	84.65	6.94	6.74	13.68	70.97	83.9
11 Durgawati	—	13249	13249	16.56	3.68	4.39	8.07	8.49	51.2
12 Karakat	24273	692	24965	61.55	2.03	7.74	9.77	51.78	84.1
13 Kargahar	94718	42989	137707	290.53	13.13	4.86	1799	272.54	93.8
14 Kudra	15442	27573	43015	73.08	3.61	2.97	6.58	66.50	90.9
15 Mohania	10961	14622	25583	45.68	2.61	4.72	7.33	38.35	83.9
16 Nasriganj	31138	1626	32764	79.88	0.91	2.54	3.45	76.43	95.7
17 Nauhatta	1482	6277	7759	11.55	0.85	3.70	4.53	7.00	60.6
18 Nokha	18866	3739	22605	51.84	2.81	3.52	6.33	45.51	87.7
19 Ramgarh	14278	16322	30600	56.10	6.32	0.48	6.80	49.30	87.8
20 Rohtas	2708	6353	9061	14.71	1.21	4.03	5.24	9.47	64.3
21 Sasaram	11570	7605	18175	38.43	3.18	5.45	8.63	29.80	77.6
22 Shivsagar	20013	5315	25328	56.68	1.69	9.20	10.89	45.79	80.7
Total	411928	216150	438078	1300.02	73.54	96.06	169.60	1130.42	86.9
CPTA PALAMAU									
1 Balunath	47	3313	3360	4.26	0.50	1.45	1.95	2.31	54.2
2 Barwadih	6	2229	2235	2.80	0.40	1.40	1.80	1.00	35.7
3 Bhandaria	914	8108	9022	12.42	0.26	2.19	2.45	9.97	80.3
4 Bhavnathpur	3095	14295	17390	25.60	1.13	2.49	3.62	21.98	85.8
5 Bishrapur	10503	20576	31084	51.99	5.31	3.11	8.42	43.57	83.8
6 Chainpur	3739	13774	17513	26.57	2.04	2.25	4.29	22.28	83.8

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
7 Chandari	4215	16224	20439	30.81	5.83	1.29	7.12	23.69	76.9	
8 Chandwa	340	4166	4506	6.06	0.60	0.81	1.41	4.65	76.7	
9 Chhetarpur	3556	17923	21479	31.28	1.48	2.05	3.53	27.75	88.7	
10 Daltonganj	2127	3854	5981	10.14	0.73	0.66	1.39	8.75	86.2	
11 Durki	972	10791	11763	15.92	1.41	0.11	1.52	14.40	90.4	
12 Garhwa	3584	13793	17377	26.20	1.24	0.73	1.97	24.23	92.4	
13 Garoo	28	743	771	1.00	0.81	0.31	1.12	—	—	
14 Hariharganj	1818	5913	7731	11.94	0.33	0.46	0.79	11.15	93.4	
15 Hussainabad	6413	12354	18767	31.48	2.62	2.33	4.95	26.53	84.2	
16 Lathehar	313	3651	3964	5.35	1.27	1.03	2.30	3.05	57.0	
17 Lesliganj	4001	8189	12190	20.24	1.33	1.32	2.65	17.59	86.9	
18 Mahuadam	5	2448	2453	3.07	0.44	0.08	0.52	2.55	83.0	
19 Manathu	4142	5464	9606	17.19	0.49	3.23	3.72	13.47	78.3	
20 Manika	35	1163	1198	1.54	0.31	1.02	1.33	0.21	13.6	
21 Miral	2532	16054	18586	26.39	0.52	2.99	3.51	22.88	86.7	
22 Nagar	4883	9735	14618	24.38	2.00	0.50	2.50	21.88	89.7	
23 Panki	5008	9285	14293	24.13	2.09	3.05	5.14	18.99	78.7	
24 Patan	5223	11583	16806	27.54	2.01	2.01	4.02	23.52	85.4	
25 Ranka	8147	19245	27392	44.42	1.79	1.48	3.27	41.15	92.6	
Total	75651	234873	310524	482.72	36.94	38.35	75.29	407.43	84.4	
RANCHI										
1 Angara	362	7558	7920	8.46	0.60	0.70	1.30	7.16	84.6	
2 Arki	268	24089	24357	24.76	1.04	0.25	1.29	23.47	94.8	
3 Bano	287	20157	20444	20.87	1.26	0.39	1.65	19.22	92.1	
4 Basia	565	32302	32867	33.71	1.66	0.72	2.38	31.33	92.9	

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
5 Bero	331	12510	12841	13.34	5.93	4.00	9.93	3.41	25.5
6 Bhandra	341	7247	7588	8.10	1.50	1.24	2.74	5.36	66.2
7 Bharno	469	14711	15171	15.86	0.82	0.68	1.50	14.36	90.5
8 Bisbunpur	292	12037	12329	12.77	0.90	0.52	1.42	11.35	88.8
9 Bolwa	268	9206	9474	9.88	0.99	0.19	1.18	8.70	88.1
10 Bundu	446	8112	8558	9.23	2.87	0.50	3.37	5.86	63.5
11 Burmu	369	8258	8627	9.18	0.54	0.90	1.44	7.74	84.3
12 Chainpur	309	13410	13719	14.18	0.61	0.50	1.11	13.07	92.1
13 Chanko	512	12469	12981	13.75	0.54	1.46	2.00	11.75	85.4
14 Dumari	447	24105	24552	25.22	1.93	0.77	2.70	22.52	89.3
15 Ghagra	337	23220	23557	24.06	2.37	2.08	4.45	19.61	81.5
16 Gumla	1986	25569	27555	30.50	2.85	2.23	5.08	25.45	83.3
17 Jaldega	310	19256	19566	20.04	0.90	0.28	1.18	18.86	94.1
18 Kamdara	603	20345	20948	21.85	0.90	0.69	1.59	20.26	92.7
19 Kankey	343	7104	7447	7.96	4.07	2.80	6.87	1.09	13.7
20 Karra	716	24649	25367	26.44	2.65	0.67	3.32	23.12	87.4
21 Khunti	813	33455	34268	35.49	2.60	0.72	3.32	32.17	89.4
22 Kisko	601	5936	12536	7.44	1.45	1.27	2.72	4.72	63.4
23 Kolebira	352	42440	42792	43.32	1.42	1.01	2.43	40.89	94.4
24 Kurdeg	528	22415	22743	23.24	2.47	0.52	2.99	20.25	87.1
25 Kuru	688	5562	6250	7.28	1.08	1.46	2.54	4.74	65.1
26 Lapung	572	6974	12546	8.40	0.55	1.02	1.57	6.83	81.3
27 Lohardaga	688	11667	12355	13.39	1.19	1.44	2.63	10.76	80.3
28 Mandar	474	13604	14078	14.79	0.56	1.42	1.98	12.81	86.6
29 Murhu	2026	30184	32210	35.25	1.69	0.47	2.16	33.09	93.8
30 Namkum	674	9738	10412	11.42	0.67	0.54	1.21	10.21	89.4

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
31 Ormanjhi	547	4524	5071	5.89	1.11	0.74	1.85	4.04	68.6
32 Palkot	325	19676	20001	20.49	1.45	1.26	2.71	17.78	86.7
33 Raidih	437	18447	18884	19.54	1.49	0.66	2.15	17.39	88.9
34 Rania	490	16061	16551	17.29	0.80	0.11	0.91	16.38	94.7
35 Ratu	387	9971	10358	10.94	0.73	1.66	2.39	8.55	78.2
36 Senha	311	10593	10904	11.37	1.55	1.19	2.74	8.63	75.9
37 Simdega	1437	21936	23373	25.53	4.41	1.18	5.59	19.94	78.1
38 Silli	548	10218	10766	11.59	0.71	0.83	1.54	10.05	86.7
39 Sissai	676	24594	25270	26.28	1.61	0.69	2.30	23.98	91.2
40 Sonahatu	1929	25345	27274	30.17	2.72	0.33	3.05	27.12	89.8
41 Tamar	1677	21796	22473	25.99	3.05	0.75	3.80	22.19	85.3
42 Titanagar	598	31096	31694	32.59	3.04	0.40	3.44	29.15	89.4
43 Torpa	1478	31301	32779	34.99	1.81	0.15	1.96	33.03	94.5
Total	27610	753847	781457	822.87	73.09	41.39	114.48	708.39	86.1

SANTHAL PARGANAS

1 Amrapara	20	15589	15609	15.64	0.43	0.92	1.35	14.29	91.3
2 Barhait	—	1440	1440	1.44	2.86	1.65	4.51	—	—
3 Barharwa	416	20696	21112	21.74	0.93	—	0.93	20.81	95.7
4 Boarigore	61	16662	16723	16.81	1.47	0.56	2.03	14.78	87.9
5 Borio	46	12899	12945	13.02	1.50	2.22	3.72	9.30	71.4
6 Deoghar	1792	11922	13724	16.40	6.94	1.31	8.25	8.15	49.7
7 Dumka	135	18405	18440	18.75	1.15	0.87	2.02	16.73	89.2
8 Godda	4489	21581	26070	32.80	6.22	7.31	13.53	19.27	58.7
9 Gopikandar	13	11512	11525	11.54	0.69	0.62	1.31	10.23	88.6
10 Hiranpur	273	16592	16865	17.27	0.38	2.28	2.66	14.61	84.6

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
11	Jama	912	10730	11642	13.01	3.37	2.96	6.33	6.68	51.4
12	Jamtara	1108	20306	21414	23.08	2.69	1.33	4.02	19.06	82.6
13	Jarmundi	1635	23058	33693	27.15	2.24	2.70	4.94	22.21	81.8
14	Karon	1342	15308	15650	18.66	4.06	2.27	6.33	12.33	66.1
15	Kathihund	40	14412	14452	14.51	1.99	1.70	3.69	10.82	74.6
16	Kundhit	4393	23931	28324	34.92	3.34	2.60	5.94	28.98	83.0
17	Littipara	5	2282	2287	2.29	0.48	1.25	1.73	0.56	24.5
18	Madhupur	991	11248	12239	13.73	4.12	3.22	7.34	6.39	46.5
19	Mahagama	189	16309	16498	16.78	1.92	1.48	3.40	13.38	79.7
20	Maheshpur	546	31049	31595	32.41	4.56	4.30	8.86	23.55	72.7
21	Masalia	301	20284	20585	21.04	4.10	0.95	5.05	15.99	76.0
22	Meharma	1542	13926	15468	17.78	2.40	1.77	4.17	13.61	76.5
23	Mohanpur	434	13649	14083	14.73	7.66	4.37	12.03	2.70	18.3
24	Nalla	953	31328	32281	33.71	3.13	2.85	5.98	27.73	82.3
25	Narainpur	1195	18208	19403	21.20	2.13	0.86	2.99	18.21	85.9
26	Pakur	160	14852	15012	15.25	3.32	3.04	6.36	8.89	58.3
27	Pakuria	320	26054	26374	26.85	0.33	2.44	2.77	24.08	89.7
28	Palagori	824	18094	18918	20.15	7.56	4.76	12.32	7.83	39.9
29	Pathargama	1030	23504	24534	26.08	3.67	3.35	7.02	19.06	73.1
30	Pathna	83	15170	15253	15.38	1.32	2.32	3.64	11.74	76.3
31	Porairhat	2201	23468	25669	28.97	4.91	5.87	10.78	18.19	62.8
32	Rajmahal	195	20703	20898	21.19	1.69	2.41	4.10	17.09	80.6
33	Ramgarh	681	25070	25751	26.77	4.16	0.68	4.84	21.93	81.9
34	Raneshwar	4416	14354	18770	25.39	0.84	1.20	2.04	23.35	92.0
35	Sahibganj	42	2763	2805	2.87	4.33	4.30	8.63	—	—
36	Saraiyahat	664	21135	11799	22.80	2.07	0.78	2.85	19.95	87.5

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
37	Sarath	1991	8035	10026	13.01	8.74	5.87	14.61	—	—
38	Sarawan	1763	15412	17175	19.82	5.17	1.58	6.75	13.07	65.9
39	Sikariapara	286	27526	27812	28.24	2.96	2.03	4.99	23.25	82.3
40	Sunderpahari	30	15486	15516	15.56	0.66	0.22	0.88	14.68	94.3
41	Taljhari	7	9690	9697	9.71	0.62	0.56	1.18	8.53	87.8
	Total	37524	694642	732166	788.45	123.11	93.76	216.87	571.58	72.5
SINGHBHUM										
1	Bahragore	1824	16541	18365	21.10	1.53	0.56	2.09	19.01	90.1
2	Bandgaon	122	5581	5703	5.89	0.91	0.16	1.07	4.82	81.8
3	Chaibasa	469	9209	9678	10.38	1.17	0.37	1.54	8.84	95.2
4	Chakradhar- pur	1606	16251	17857	20.27	1.26	1.64	2.90	17.37	85.7
5	Chakulia	493	15167	15660	16.40	1.41	2.02	3.43	12.97	79.1
6	Chandil	34	9925	9959	10.01	0.73	1.52	2.25	7.76	77.5
7	Dhalbhum	774	8293	9067	10.23	1.24	0.71	1.95	8.28	80.9
8	Dumahria	108	7122	7227	7.38	1.23	0.37	2.60	4.78	64.8
9	Gamaharia	728	18316	19044	20.14	0.80	1.46	2.26	17.88	88.8
10	Ghatshila	133	11454	11587	11.79	0.92	1.53	2.45	9.34	79.2
11	Goikera	341	538	879	1.39	1.76	0.93	2.69	—	—
12	Ichagarh	1066	10075	11141	12.74	1.45	1.51	2.96	9.78	76.8
13	Jagannathpur	317	13826	14143	14.62	1.53	0.64	2.17	12.45	85.2
14	Jamshedpur	1735	4661	6396	9.00	0.42	0.49	0.91	8.09	90.0
15	Jhinkpani	25	8812	8837	8.87	0.52	0.37	0.89	7.98	90.0
16	Kharsawan	235	18273	18508	18.86	1.65	0.30	1.95	16.91	89.7
17	Khuntpani	1094	8812	9906	11.55	1.36	0.69	2.05	9.50	82.2

ANNEXURE 41 (Contd.)

	(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
18	Kuchai	3374	6937	10311	15.37	0.35	0.24	0.59	14.78	96.2
19	Kumardungi	1825	16439	18264	21.00	2.57	1.01	3.58	17.42	83.0
20	Nabhari	350	11544	11894	12.42	0.29	0.06	0.35	12.07	97.2
21	Nanjhgaon	91	18136	18227	18.36	1.76	0.43	2.19	16.17	88.1
22	Manoharpur	1288	9249	10537	12.47	1.26	0.78	2.04	10.43	83.6
23	Musabani	139	8874	9013	9.22	0.59	0.09	0.68	8.54	92.6
24	Naomundi	928	13677	14605	16.00	0.30	0.09	0.39	15.61	97.6
25	Nimdih	397	11900	12297	12.89	2.63	3.09	5.72	7.17	55.6
26	Patamda	683	18612	19295	20.32	1.62	1.81	3.43	16.89	83.1
27	Patka	152	32749	32901	33.13	1.91	3.63	5.54	27.59	83.3
28	Rajnagar	168	29212	29380	29.63	3.56	0.90	4.46	25.17	84.9
29	Seraikela	2068	10058	12126	15.23	2.23	1.46	3.69	11.54	75.8
30	Sonua	469	16628	17097	17.80	0.96	1.18	2.14	15.66	88.0
31	Tonto	1196	9841	11035	12.83	0.76	0.51	1.27	11.56	90.1
32	Tantnagar	68	10213	10281	10.38	0.40	0.26	0.66	9.72	93.6
	Total	24297	406925	231222	467.67	41.08	30.81	71.89	395.78	84.6
CPOA DHANBAD										
1	Baghmara	300	7508	7808	8.26	3.94	0.83	4.77	3.49	42.3
2	Baliapore	667	5670	6337	7.34	1.80	0.23	2.03	5.31	72.3
3	Chandankiari	902	9770	10672	12.02	12.12	—	12.12	—	—
4	Chas	821	17231	18052	19.28	9.68	0.36	10.04	9.24	45.9
5	Dhanbad	30	2968	2998	3.04	0.34	—	0.34	2.70	68.8
6	Govindpur	56	14196	14252	14.34	9.47	0.27	9.74	4.60	32.1
7	Nirsa	14	1966	1980	2.00	8.19	0.11	8.30	—	—
8	Topchanchi	417	7990	8407	9.03	3.66	0.50	4.16	4.87	53.9

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
9 Tundi	90	11924	12014	12.15	3.54	0.62	4.16	7.99	65.8
10 Zaria	366	8803	9169	9.72	—	—	—	9.72	100.0
Total	3663	88026	91689	97.18	52.74	2.92	55.66	41.52	42.7

GIRIDIH

1 Bengabad	345	11553	11898	12.42	2.85	0.53	3.38	9.04	72.8
2 Bermo	33	1306	1339	1.39	0.32	0.06	0.38	1.01	72.7
3 Birmi	304	10448	10752	11.21	2.58	0.47	3.05	8.16	72.8
4 Deori	345	12139	12484	13.00	3.00	0.53	3.53	9.47	72.8
5 Dhanwar	312	11218	11530	12.00	2.77	0.48	3.25	8.75	72.9
6 Dumri	403	11319	11722	12.33	2.80	0.62	3.42	8.91	72.2
7 Gandey	353	12223	12576	13.11	3.02	0.55	3.57	9.54	72.8
8 Gawan	394	10833	11227	11.82	2.67	0.61	3.28	8.54	72.2
9 Giridih	296	10917	11213	11.66	2.70	0.46	3.16	8.50	72.9
10 Gomia	59	5482	5541	5.63	1.34	0.09	1.43	4.20	74.6
11 Jamna	370	11704	12074	12.63	2.90	0.57	3.47	9.16	72.5
12 Jaridih	181	9500	9681	9.95	2.35	0.28	2.63	7.32	73.6
13 Kasmar	66	12154	12120	12.32	3.00	0.10	3.10	9.22	74.8
14 Nawadih	403	10749	11152	11.76	2.65	0.62	3.27	8.49	72.2
15 Petarioar	317	14722	15039	15.49	3.64	0.49	4.13	11.36	73.3
16 Pirtand	320	11854	12174	12.65	2.92	0.50	3.42	9.23	73.0
17 Tisri	378	12055	12433	13.00	2.97	0.59	3.56	9.44	72.6
18 Satgawan	296	10381	10677	11.12	2.55	0.46	3.01	8.11	72.9
Total	5175	190557	195732	203.49	47.03	8.01	55.04	148.45	73.0

ANNEXURE 41 (Contd.)

(1)	(2a)	(2b)	(2c)	(3)	(4a)	(4b)	(4c)	(5)	(6)
HAZARIBAGH									
1 Barhi	420	10804	11224	11.85	3.75	0.41	4.16	7.69	64.9
2 Barkgaon	792	30973	31765	32.95	1.03	0.08	1.11	31.84	96.6
3 Barkatha	41	6795	6836	6.90	2.96	—	2.96	3.94	57.1
4 Bishungarh	614	9271	9885	10.81	6.53	—	6.53	4.28	39.6
5 Champaran	1003	13148	13151	15.65	1.83	0.29	2.12	13.53	86.5
6 Chatra	103	5306	5409	5.56	2.47	0.70	3.17	2.39	43.0
7 Churchu	102	11899	12001	12.15	3.59	—	3.59	8.56	70.5
8 Gola	878	12301	13179	14.50	2.42	0.67	3.09	11.41	78.7
9 Hazaribagh	852	2046	2898	4.18	1.25	0.36	1.61	2.57	61.5
10 Huntiganj	525	8927	9452	10.24	0.58	0.77	1.35	8.89	86.8
11 Ichak	137	6616	6753	6.96	4.26	0.26	4.52	2.44	35.1
12 Itkhori	192	7049	7241	7.53	2.83	0.61	3.44	4.09	54.3
13 Jainagar	2552	22547	25099	28.93	3.87	0.15	4.02	24.91	86.1
14 Katkamsandi	410	11087	11497	12.11	0.74	1.47	2.21	9.90	81.7
15 Keredari	374	9144	9518	10.08	0.99	0.15	1.14	8.94	88.7
16 Koderma	89	5374	5463	5.60	7.05	0.28	7.33	—	—
17 Mandu	224	8392	8616	8.95	0.45	—	0.45	8.50	95.0
18 Markacho	77	3954	4031	4.15	1.87	0.26	2.13	2.02	48.7
19 Partappur	202	5223	5425	5.73	1.27	1.14	2.41	3.32	57.9
20 Patratu	117	4872	5049	5.16	0.47	0.08	0.55	4.61	89.3
21 Ramgarh	554	6360	6914	7.74	2.53	2.51	5.04	2.70	34.9
22 Satgava	74	12411	12485	12.60	7.11	1.49	8.60	4.00	31.7
23 Simaria	98	7594	7692	7.84	0.96	0.92	1.88	5.96	76.0
24 Tandua	223	4581	4804	5.14	1.23	—	1.23	3.91	76.1
Total	10653	226674	227327	253.31	62.04	12.60	74.64	178.67	70.5

ANNEXURE 42

Blocks where commercial banks may undertake to finance pacs

District	Credit gap above Rs 100 lakhs		Credit gap between Rs 60 lakhs & Rs 100 lakhs		Credit gap between Rs 40 lakhs & Rs 60 lakhs		No. of branches of commercial bank required@
	Block	Amount	Block	Amount	Block	Amount	
(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5)
Darbhanga	—	—	1 Biraul	77.73	—	—	2
East Champaran	—	—	2 Chiraiya	60.05	1 Adapur	41.77	14
			3 Kalyanpur	60.84	2 Areraj	51.07	
			4 Turkaliya	78.33	3 Daka	43.87	
					4 Ghorasahan	51.59	
				5 Harsidhi	47.63		
				6 Kesariya	49.03		
				7 Motihari	47.47		
				8 Raingarwa	47.86		
Gopalganj	—	—	—	—	9 Banrauli	50.78	
					10 Hathwa	45.55	
					11 Kateya	45.57	
					12 Kuchaikote	54.50	
					13 Manjha	45.22	
					14 Uchakagaon	43.23	
Katihar	—	—	5 Barari	68.92	—	—	2
Madhubani	—	—	6 Madhepur	63.00	—	—	2

ANNEXURE 42 (Contd.)

(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5)
Muzaffarpur	—	—	—	—	15 Baruraj	42.28	2
					16 Sakra	43.82	
Purnea	—	—	—	—	17 Araria	42.28	6
					18 Bhawanipur	42.15	
					19 Dhamdaha	57.46	
					20 Forbisganj	50.95	
					21 K. Nagar	50.66	
					22 Purnea East	47.74	
Saharsa	—	—	7 Tribeniganj	64.18	23 Chhatarpur	56.60	8
					24 Chousa	41.92	
					25 Kumarkband	43.88	
					26 Madhipura	43.32	
					27 Murliganj	48.78	
					28 Supaul	43.20	
					29 Daraunda	42.46	
Siwan	—	—	—	—	30 Darauli	48.51	3
					31 Mairwa	47.15	
					32 Bairiya	43.36	
West Champaran	1 Sidhev	110.14	8 Bagaha	82.93	33 Chanpatiya	45.27	20
			9 Gaunaha	65.73	34 Jogapatti	45.73	
			10 Majhauriya	66.04	35 Lauriya	49.55	
			11 Narkatiyaganj	75.94	36 Mainatand	56.11	
			12 Ramnagar	84.59	37 Nautan	45.73	
					38 Sikta	49.68	

ANNEXURE 42 (Contd.)

(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5)	
Aurangabad	2	Obra	108.56	13 Daudnagar	83.34	39 Baroon	56.47	9
				14 Haspura	65.82	40 Goh	41.49	
Bhagalpur	—	—	—	—	—	41 Amarpur	44.49	9
						42 Bihpur	44.04	
						43 Colgong	40.27	
						44 Dhoraiya	46.85	
						45 Gopalpur	45.76	
						46 Naugachiya	40.89	
						47 Rajoun	40.73	
						48 Shambhuganj	40.31	
						49 Sonhau'a	43.44	
Bhojpur	3	Rajpur	112.38	15 Charphokhari	65.01	50 Dumraon	42.20	14
				16 Jagdishpur	97.68	51 Sahar	40.72	
				17 Nawanagar	76.55	52 Udwantnagar	50.31	
				18 Tarari	92.30			
Gaya	4	Arawal	140.69@	—	—	53 Kerpi	58.41	7
						54 Konch	49.39	
						55 Makhdumpur	53.50	
						56 Tikari	41.41	
Nalanda	—	—	—	—	—	57 Asthawan	44.87	6
						58 Chandi	42.56	
						59 Ekangarsarai	41.94	
						60 Hilsa	50.80	
						61 Islampur	45.03	
						62 Rajgir	51.59	

ANNEXURE 43

Average annual growth rate in deposits which each ccb/DCDB will have to maintain to sustain the projected level of loan business in 1980-81

Rs Lakhs

Name of ccb/DCDB		Level of loan business expected to be handled by the affiliated pacs in 1980-81 (col. 5 of Annexure 28)	Refinance expected to be made available by commercial banks (Annexure 41)	Loan business that will be handled by pacs with refinance from the concerned ccb/DCDB (col. 2-col. 3)	Level of deposits necessary for the concerned ccb/DCDB to provide adequate refinance at 60% of col. 4	Existing level of deposits as on 30-6-75 of the ccb or the ccb/ccbs forming the DCDB	Annual growth rate required to reach by 30-6-80 the level of deposits in col. 5	Deposit potential (col. 3a of Annexure 23)
		(1)	(3)	(4)	(5)	(6)	(7)	(8)
NB	1 Begusarai	257.92	—	257.92	154.75	26.39	42	417.30
	2 Gopalganj	448.09	120.00	328.09	196.85	51.37	31	190.45
	3 Laheriasarai	478.03	40.00	438.03	262.82	32.57	52	643.65
	4 Madhepura (Saharasa DCDB)	511.44	160.00	351.44	210.86	10.13	84	441.65
	5 Motihari	668.64	280.00	388.64	233.18	17.26	68	369.05
	6 Muzaffarpur	649.32	40.00	609.32	365.59	47.77	50	627.60
	7 National (West Champaran DCDB)	688.93	400.00	288.93	173.36	25.54	47	316.05
	8 Purnea	1014.37	160.00	854.37	512.62	81.55	44	774.60

<i>ANNEXURE 43 (Contd.)</i>								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	9 Rohika	354.28	40.00	314.28	188.57	30.46	44	355.45
	10 Sitamarhi	378.56	—	378.56	227.14	37.75	43	302.05
	11 Siwan	721.15	60.00	661.15	396.69	72.55	41	648.60
SB	12 Arrah	870.99	280.00	590.99	354.59	54.56	45	406.20
	13 Bhagalpur	545.03	180.00	365.03	219.02	50.07	34	439.30
	14 Bihar	392.76	120.00	272.76	163.66	37.34	34	456.60
	15 Dinapur	501.99	180.00	321.99	193.19	37.78	39	405.55
	16 Magadh	994.56	340.00	654.56	392.74	35.51	62	667.25
	17 Monghyr	521.62	—	521.62	312.97	21.46	71	400.85
	18 Nawadah	374.16	100.00	274.16	164.50	15.64	60	161.65
	19 Sasaram	1001.01	440.00	561.01	336.61	46.22	49	374.60
CPTA	20 Daltonganj	371.69	40.00	331.69	199.01	18.28	61	193.55
	21 Deoghar/Dumka (Santhal Parganas DCDB)	693.84	—	693.84	416.30	61.56	47	489.50
	22 Gumla/Ranchi (Ranchi DCDB)	633.61	20.00	613.61	368.17	72.64	38	382.55
	23 Singhbhum (Singhbhum DCDB)	360.11	—	360.11	216.07	41.98	39	506.80
CPOA	24 Dhanbad	101.54	—	101.54	60.92	158.95	@	427.90
	25 Giridih (Giridih DCDB)	179.08	—	179.08	107.45	12.80	53	203.95
	26 Hazaribagh	222.92	—	222.92	133.75	86.32	9	412.05

@ Required level of deposits has already been reached.

**REFERENCES
&
ABBREVIATIONS**

REFERENCES

- Agricultural Credit Board (ACB)
 All-India Rural Credit Review Committee 1969
 All-India Rural Credit Survey Committee 1954
 Committee on Integration of Co-operative Credit Institutions (the Integration Committee)
 Expert Committee on Consumption Credit
 Expert Group on Institutional Arrangements for Agriculture
 High Level Group of Experts for appropriate Institutional Structure of Rural Credit (T. A. Pai Group)
 Informal Group on Institutional Arrangements for Agricultural Credit 1964 (Informal Group)
 Irrigation Commission 1972
 National Commission on Agriculture
 Standing Committee on Co-ordination between Co-operative and Commercial Banks in financing agriculture
 Study Team on Agricultural Credit Institutions in Madhya Pradesh 1976 (M.P. Study Team)
 Study Team on Agricultural Credit Institutions in Rajasthan 1975 (Rajasthan Study Team)
 Study Team on Co-operatives in Tribal Development Project Areas 1973 (Bawa Study Team)
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 Study Team on Two-tier Co-operative Credit Structure in Kerala 1973 (Kerala Study Team)
 Working Group on Co-operation for the Fifth Year Plan (Fifth Plan Working Group)

ABBREVIATIONS

ACB	Agricultural Credit Board of the RBI
ACD	Agricultural Credit Department of the RBI
ARCS	Assistant Registrar of Co-operative Societies
ARDC	Agricultural Refinance and Development Corporation
BISCOMAN	Bihar State Co-operative Marketing Federation
BSCB	Bihar State Co-operative Bank
BSCLDB	Bihar State Co-operative Land Development Bank
BSCLMF	Bihar State Co-operative Lac Marketing Federation
BSTDC	Bihar State Tribal Development Corporation
ccb	Central co-operative bank
CDCM Union	Co-operative Development and Cane Marketing Union
cfa	Central financing agency
cgcs	Cane growers' co-operative society
CPOA	Chotanagpur plateau—Other area
CPTA	Chotanagpur plateau—Tribal area

DBOD	Department of Banking Operations and Development of the RBI
DCCS	District Cadre Co-operative Society
DCDB	District Co-operative Development Bank
DCO	District Co-operative Officer
EO	Executive Officer
flcs	Forest labour contract society
fss	Farmers' service society
GM	General Manager
GOB	Government of Bihar
GOI	Government of India
HVP	High-yielding Varieties Programme
ITDP	Integrated Tribal Development Project
JSS	Jan Jatiya Sahayog Samiti
LAMPS	Large-sized Multi-Purpose Society
LTO Fund	RBI's Long-Term Operations Fund
MD	Managing Director
mpcs	Multi-purpose co-operative society
NB	North Bihar plain
NCDC	National Co-operative Development Corporation
ncl	Normal credit limit
nodc	Non-overdue cover
pacs	Primary agricultural credit society/s
pldb	Primary land development bank
RBI	Reserve Bank of India
RCS	Registrar of Co-operative Societies
RIO	Regional Inspecting Officer
RRB	Regional Rural Bank
SB	South Bihar plain
SCCS	State Cadre Co-operative Society
sldb	State land development bank
TDA	Tribal Development Agency
ZDC	Zonal Development Council

NOTATIONS

—	Nil or negligible
..	Not available
NA	Not applicable

GLOSSARY

Hat	Weekly market place
Katchheri	District Magistrate's office
Purji	Requisition slip issued by a sugar factory to cultivators for supply of cane
Raiyat	Tenure holder who acquired from the proprietor right to hold land for cultivation purposes
Under-raiyat	Tenant cultivators
Zamindar	Proprietor of land