CHAPTER 5
PRESENT POSITION OF NАНDEД DISTRICT CENTRAL CO-OPERATIVE BANK
IN
AGRICULTURAL DEVELOPMENTS
## INDEX

### CHAPTER - 5

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</tbody>
</table>
CHAPTER – 5

5.00 PRESENT POSITION OF NANDED DISTRICT CENTRAL CO-OPERATIVE BANK IN AGRICULTURAL DEVELOPMENTS

The department of agriculture have developed very rapidly during recent years and have concerned themselves with improving not only the varieties of crops. An agricultural methods but also agricultural implements. Agricultural engineers have been appointed to give expert advice to the cultivators with regard to agricultural. Machinery especially for irrigation and mycologists and entomologists have been employed to help the farmers to combat plant diseases and insecticides.

Agricultural research is carried on in the research institute in the province and the suitability of the better methods or the better varieties evolved in the institute to each particular area is tested in experimental farmer which have been established in the different parts of each province. On in each tract with similar climatic and physical characteristics. In Nanded district irrigation; cropping pattern area as under

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Particulars</th>
<th>Nanded</th>
<th>Hadgaon</th>
<th>Kinwat</th>
<th>Bhokar</th>
<th>Biloli</th>
<th>Degloor</th>
<th>Mukhed</th>
<th>Kondhar</th>
<th>District Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net Irrigated area (Ha)</td>
<td>21588.00</td>
<td>6177.00</td>
<td>2588.00</td>
<td>3796.00</td>
<td>11768.00</td>
<td>3175.00</td>
<td>2959.00</td>
<td>902.00</td>
<td>52953.00</td>
</tr>
<tr>
<td>2</td>
<td>% of irrigated area to net area sown</td>
<td>8.50</td>
<td>6.13</td>
<td>1.20</td>
<td>2.44</td>
<td>2.80</td>
<td>5.80</td>
<td>3.90</td>
<td>3.60</td>
<td>4.33</td>
</tr>
<tr>
<td>3</td>
<td>Mode of irrigation -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Wells (Dug wells bore wells)</td>
<td>4710.00</td>
<td>1759.00</td>
<td>1558.00</td>
<td>862.00</td>
<td>1011.00</td>
<td>805.00</td>
<td>1091.00</td>
<td>3419.00</td>
<td>15246.00</td>
</tr>
<tr>
<td></td>
<td>(b) Canals</td>
<td>939.00</td>
<td>573.00</td>
<td>194.00</td>
<td>178.00</td>
<td>436.00</td>
<td>1185.00</td>
<td>376.00</td>
<td>88.00</td>
<td>3538.00</td>
</tr>
<tr>
<td></td>
<td>(c) Ponds Tanks and others</td>
<td>805.00</td>
<td>1842.00</td>
<td>218.00</td>
<td>125.00</td>
<td>1256.00</td>
<td>130.00</td>
<td>361.00</td>
<td>329.00</td>
<td>4522.00</td>
</tr>
<tr>
<td></td>
<td>(d) Average Rain fall (in mms)</td>
<td>1146.00</td>
<td>1501.00</td>
<td>1209.00</td>
<td>870.00</td>
<td>828.00</td>
<td>824.00</td>
<td>795.00</td>
<td>1136.00</td>
<td>1051.00</td>
</tr>
</tbody>
</table>

(Sources: Nanded district annual credit plan 1998-99.)
If found suitable, the improvements are demonstrated to the agriculturists in the area in demonstration farms and demonstration plots. For purposes of propaganda each province is divided into a number of circles each under the charges of a deputy director of agriculture. The deputy director is responsible for the management of all the experimental demonstration and seed farms and demonstration plots in his circle. An assisted in his work by one or two assistant directors and a number of agricultural demonstrators.

This as at present constituted the agricultural departments include a complete an organization for bringing the results of the application of science to agriculture into the village intermediate links in the chain are the experimental farms, where scientific research in translated into field practice, demonstration and seed farms and seed stores for the production and the distribution of the seeds of the improved varieties of crops.

The majority of Nanded district agriculturist are hardly particular about the quantity of the seed they use. This might not have affected them much so long as the market was confined to the villages. But now the farmer produce for an outside market and there is a definite disadvantage in the use of mixed and deteriorated seeds as the resultant crop is always of poor quality and fetches only a low price in the market. The provincial Department of Agricultural therefore not only evolve
better varieties. But all undertake the production and distribution of the seeds of these improved varieties. The work of the Departments has been the chief force in evolving improved varieties with regard to a number of crops such as sugarcane, cotton, wheat jute, groundnuts and paddy.

Bank Progress in N.D.C. C. Bank

Table No. 30

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Members</td>
<td>2143.00</td>
<td>2385.00</td>
<td>2425.00</td>
<td>2444.00</td>
<td>2463.00</td>
</tr>
<tr>
<td>2</td>
<td>Share capital</td>
<td>1180.81</td>
<td>1366.36</td>
<td>1457.03</td>
<td>1552.75</td>
<td>1716.25</td>
</tr>
<tr>
<td>3</td>
<td>Deposits</td>
<td>15954.00</td>
<td>1735.00</td>
<td>18934.00</td>
<td>21002.00</td>
<td>26238.00</td>
</tr>
<tr>
<td>4</td>
<td>No. of Branch</td>
<td>171.00</td>
<td>172.00</td>
<td>172.00</td>
<td>172.00</td>
<td>172.00</td>
</tr>
<tr>
<td>5</td>
<td>No. of staff</td>
<td>1265.00</td>
<td>1229.00</td>
<td>1193.00</td>
<td>1162.00</td>
<td>1135.00</td>
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</tbody>
</table>

(Sources :- Nanded district annual credit plan 1998-99.)

Other responsibilities of the department of Agricultural are improvements of agriculture, the use of better manners and fertilizers and the introduction of improved implements. But in these directions the Departments have to advance very slowly. The methods suggested have to suit the soil and climatic conditions of the particular tract and the requirements of each particular crop. The agricultural practices of the Nanded peasants are the product of long accumulated experience and the Agricultural Departments have there fore to proceed slow upon the prevailing practice and there is no doubt as to its suitability to the particular area.

The Nanded district cultivator finds it more convenient and economical to use local implements which he can construct and repair quite cheaply and which can be easily drawn by cattle, there fore, wisely concentrated on the improvement of the other matters that have engaged the attention of the Agricultural Departments are the different types of manners and the manorial requirements of particular crops the utility of chemical manners. The reclamation of alkaline soil, the fixation of nitrogen in the soil.
The number of co-operative Bank branches in Nanded district

Table No. 31

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Nanded</th>
<th>Hadgon</th>
<th>Khavat</th>
<th>Bhokar</th>
<th>Biloli</th>
<th>Degloor</th>
<th>Mukhed</th>
<th>Kandhar</th>
<th>District Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Co-operative Bank Branches</td>
<td>35</td>
<td>17</td>
<td>14</td>
<td>14</td>
<td>33</td>
<td>12</td>
<td>15</td>
<td>32</td>
<td>172</td>
</tr>
<tr>
<td>(i)</td>
<td>D.C.C. Bank Ltd</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>(ii)</td>
<td>MSCARDC Bank Ltd</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>(iii)</td>
<td>Urban co-operative Bank</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Co-operatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>No of Primary Agricultural Credit societies (PACS)</td>
<td>123</td>
<td>92</td>
<td>127</td>
<td>113</td>
<td>165</td>
<td>82</td>
<td>96</td>
<td>167</td>
<td>965</td>
</tr>
<tr>
<td>(ii)</td>
<td>No of PACS own/hired for storage facilities</td>
<td>10</td>
<td>11</td>
<td>17</td>
<td>9</td>
<td>23</td>
<td>12</td>
<td>14</td>
<td>20</td>
<td>116</td>
</tr>
<tr>
<td>(iii)</td>
<td>No. of Village co-operative Society registered</td>
<td>123</td>
<td>92</td>
<td>127</td>
<td>113</td>
<td>162</td>
<td>92</td>
<td>98</td>
<td>73</td>
<td>975</td>
</tr>
</tbody>
</table>

(Sources - Nanded district annual credit plan 1998-99)

The Nanded district crop planning recommended the systematic study of the cultivation of the important crops such as Wheat, Jowar, Paddy and Jute through appropriate the committees. The commercial and export crops have received more attention than the internally consumed food crops. The above table shows that No. of co-operative Bank, Branches, storage facilities and registered of co-operative societies in Nanded district.
5.1 NANDED DISTRICT CENTRAL CO-OPERATIVE BANK AND PRIMARY AGRICULTURAL CREDIT CO-OPERATIVE SOCIETY

These Bank’s were established according to the co-operative societies Act 1912. These were established to provide financial assistance to the primary co-operative societies and to help their efficient an organization.

The term “district bank” was generally used to design at the financing agency servicing societies in the whole or a part of a district. It was an intermediate agency between these apex Bank at the top and the primary Agricultural societies and therefore, it was also “central bank” or central financing agency. The nomenclatures had specialized meaning. All an intermediate agencies were terms as central bank connoted that it served the whole district. Till 1913 in Maharashtra.

There were only two district banks of a mixed type which were over grown urban banks. The plan for establishment of new district banks was suspended for three years on account of disturbed conditions but was resumed in 1916. During subsequent i.e. 1917 to 1919. Years the district banks. The district banks had also by the large no need to borrow from the provincial bank, consequently the gulf between the two layers was wide.

After 1924 the co-operative movement has gradually expanded. The post-independence period witnessed notable success. The state of Maharashtra has assumed prime important in boosting the tempo of movement. Today in each district has one district central co-operative bank catering the financial needs of its affiliated co-operative. The principal features of these banks are as under.

5.1.1 Membership

The information of membership are as under.

The Membership of N. D. C. C. Bank

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>No. of Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1994-95</td>
<td>2143</td>
</tr>
<tr>
<td>2</td>
<td>1995-96</td>
<td>2385</td>
</tr>
<tr>
<td>3</td>
<td>1996-97</td>
<td>2425</td>
</tr>
<tr>
<td>4</td>
<td>1997-98</td>
<td>2444</td>
</tr>
<tr>
<td>5</td>
<td>1998-99</td>
<td>2463</td>
</tr>
</tbody>
</table>

(Sources: Nanded district annual reports 1998-99.)
Credit societies, other co-operative societies and eminent persons belonging to the public can become members of these banks. These banks look after the primary societies of a district or a part of them by providing them financial assistance. These banks have limited liability.

5.1.2 Management

The Nanded district central co-operative banks management are as under

No 10

- Management
  - Board of director
    - Chairman
      - Vice chairman
        - Managing Director

All members of the banks constitute general body. These are managed by the board of directors voted every year by the general body on the basis of one vote. Their membership differs at different places but generally their number varies between 10-24 to run their affairs. These banks appoint trained staff on salaries.

5.1.3 Functions

Functions to give loans to the member societies in the principal function of these societies.

(a) These banks give interest-free loan to primary agricultural credit societies but from other interest in charge.

(b) These banks also perform general banking functions such as to accept deposits from the people, transfer of money etc.
(c) These banks help the primary societies in solving their problem.

(d) In some District / Talukas, these banks also inspect the functioning of primary societies.

(e) These banks maintain a balance amongst various primary societies. Deposits are accepted from the societies with surplus funds and these are given in the form of loans to those societies which are short of funds.

5.1.4 Capital

These banks procure working capital from four sources are given below and the table shows present position of capital.

The capital of N. D C.C. Bank

Table No. 33

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Share capital</th>
<th>Deposits</th>
<th>Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Fair loan</td>
</tr>
<tr>
<td>1</td>
<td>1994-95</td>
<td>1180.81</td>
<td>15954.21</td>
<td>7719.13</td>
</tr>
<tr>
<td>2</td>
<td>1995-96</td>
<td>1366.36</td>
<td>17535.03</td>
<td>9359.42</td>
</tr>
<tr>
<td>3</td>
<td>1996-97</td>
<td>1457.03</td>
<td>18934.35</td>
<td>9575.30</td>
</tr>
<tr>
<td>4</td>
<td>1997-98</td>
<td>1552.75</td>
<td>21001.96</td>
<td>8182.91</td>
</tr>
<tr>
<td>5</td>
<td>1998-99</td>
<td>1716.25</td>
<td>26237.84</td>
<td>11197.58</td>
</tr>
</tbody>
</table>

(Sources: Nanded district annual reports 1998-99.)

(a) Share capital: These banks sell shares valuing Rs. 10 to 100 each.

(b) Deposits: These banks accept deposits from the members as well as other.

(c) Reserve Funds: According to the cooperative societies Act 1912, these banks are to
keep 25% of their profits in the form of reserve fund.

(d) Loans - These banks take loan at low interest rates from district central co-operative-operative banks commercial banks and the Government. In short these banks have various sources of finance.

5.1.5 Borrowings

These banks give loans to the individuals and the societies loans are given to the societies on the basis of their promissory notes. Individual loans are advanced on the basis of securities.

The seasonal Loan pay for agricultural purpose

Table No. 34

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Year</th>
<th>Members</th>
<th>Total Loan Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1996-97</td>
<td>84014</td>
<td>3257.46</td>
</tr>
<tr>
<td>2</td>
<td>1997-98</td>
<td>103279</td>
<td>4248.23</td>
</tr>
<tr>
<td>3</td>
<td>1998-99</td>
<td>158037</td>
<td>9827.17</td>
</tr>
</tbody>
</table>

(Sources :- Nanded district annual reports year 1998-99)

5.1.6 Progress

In 1998-99, 2463 members of society. In that year the loans worth Rs. 2951.04 lakh were to recovered by these banks and investment of last three years.

The Investment of D. C.C.C. Bank

Table No. 35

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Particulars</th>
<th>31-03-95</th>
<th>31-03-96</th>
<th>31-03-97</th>
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<tbody>
<tr>
<td>1</td>
<td>Govt. of Debentures</td>
<td>25.00</td>
<td>25.00</td>
<td>25.00</td>
</tr>
<tr>
<td>2</td>
<td>Other trustee Debentures</td>
<td>39.00</td>
<td>39.05</td>
<td>39.05</td>
</tr>
<tr>
<td>3</td>
<td>Fixed Deposit</td>
<td>3083.81</td>
<td>3308.81</td>
<td>3822.81</td>
</tr>
<tr>
<td>4</td>
<td>State Bank and other Society's share</td>
<td>195.66</td>
<td>201.50</td>
<td>234.50</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3343.52</td>
<td>3574.36</td>
<td>4121.36</td>
</tr>
</tbody>
</table>

(Sources - Nanded district annual report 1996-97)
Primary agricultural credit co-operative society (PACCS)

The village credit societies are also known rural credit banks more popularly they are called primary agricultural credit co-operative societies. Such as a society is the foundation stone of credit structure. As wolf graphically observed, “It is the local society The single brick at the bottom layer upon which the intended fabric has to rest which makes for the safety of the organization.

At the operational level, there exists a primary co-operative society to extend credit to the farmer. This unit epitomizes the vitality and service potential of the co-operative movement, such societies are” the kernel of the co-operative movement “In India it constitute the largest number of co-operative institutions. These societies were originally formed on Raiffeisen model. The essential elements were as

(i) A restricted area of operation.
(ii) An unlimited liability.
(iii) An equal status and democratic control.
(iv) The gratuitous services
(v) A permanent in divisible reserve fund.
(vi) The limitation of loan members only and that too after careful selection of such members.

But subsequently certain deviations, shifts and changes took place in the original scheme. The deviations related to :-

(i) The limited liability.
(ii) A large area of operation
(iii) A charge in the scope of societies functions.
(iv) An honorary Management.
(v) A participation of the Government in the society as a share holder.

The organization of the PACCS dotes back to 1904 when the first cooperative societies Act was passed. These societies were started with the object to providing chap agricultural credit to the agriculturists in order to free them from the dutches
of the rapacious money lenders. An idea was not only to provide credit but also to
 teach cooperative principles to members so that when it builds up its strength from
 with in, it can extent to other intricate multipurpose business activities without
 much difficulty.

Any ten persons may combine and apply for the registration of a PACCS. Such
 persons should be above 18 years of age. They should be within the area of op-
 eration of the society. The area should not be so large that the cultivators find it
 inconvenient to obtain the services which he requires form the society. The per-
 son should have a good character. These persons are required to sign an application
 in a prescribed form requesting there in for the registration of the society.

This application along with the copies of the bye-laws of the society and the
 prescribed fee has to be submitted to registrar of the co-operative societies of the
 place in which the registered office is to situate. If the register is satisfied that all
 formalities have been complied with the may registration the society and issue a
 certificate of registration. The main functions of the credit societies are to pro-
 vide short and medium-term credit supply agricultural and other production re-
quirements and undertake and marketing of agricultural produce.

In addition to these the co-operatives help in formulating and implementing a
 plan for agricultural production for the village and undertake such educative, advis-
 ory and welfare functions as the members might be willing to take up. The societ-
 ies are also expected to inculcate the habit of thrift and saving among their mem-
 bers.

According to the committee on cooperative credit, the credit society should
 render certain services and correspondingly discharge certain obligations. Among
 the more important these are the following.

(1) To associate itself with programme of production.

(2) To lend adequate amount to member for their agricultural and consumption
 purpose limited to their paying capacity
(3) To borrow adequate funds from the central financial agencies for helping the members adequately for above purposes.
(4) To attract local savings for share capital and fixed deposits.
(5) To supervise use of loans (especially medium-term loans) and to see that they are paid punctually.
(6) To distribute fertilizers, seeds, insecticides, agricultural implements etc.
Either on its own behalf or as agent.
(7) To supply certain consumer goods in common demand such as sugar, Kerosen, oil etc
(8) To store the produce of the members till it is sold.
(9) To collect or purchase produce, where necessary on behalf of a consumers society, marketing society, Government.
(10) To associate itself with programmes of economic and social welfare for the village.

Thus the primary credit society is intended to promote the economic interests of its members in accordance with co-operative principles and this aim is achieved by activities in different directors such as promoting savings among members, providing loans to them supplying them with agricultural requisites and domestic requirements and arranging for the marketing of their agricultural produce, for this purpose the single purpose societies have yielded place to multipurpose societies.

In attempting to choose the most suitable type of co-operative points are generally taken in to consideration first the need to change the character of credit from static to dynamic by combining it with advice or improvement of productivity and by arranging for the supply of needed agricultural requisite. Second the need to assist the farmer to secure a better price for his produce by improving his bargaining power. Third the need to assist the farmer in obtaining supplies of essential goods at reasonable prices. Fourth, repayment of loans must be ensured preferably through sale. Proceeds of the crops and finally the volume business handled by a co-operative has to be adequate enough to ensure its viability.
In view of these and other considerations in all developing countries, the multipurpose societies are favored as against the single purpose society.

52 ADVANTAGES FOR TRACTORS AND MACHINERY BY BANK

Tractors transport may be as a service or facility which creates place utility through the physical movement of men. The materials, goods etc. from one place to another. It is an important aid to trade

Tractors transporting men and materials from one place to another place is known to man from ancient times, initially it began with the man himself carrying the load on his head. The old and sick were carried in palanquins, later on animals were used to carry load as well as men either on their back or to pull the carts and carriage.

Before man understood the advantages of division of labour he produced every thing he needed. He was self-sufficient and required no help of Tractors transport. But gradually specialization separated the producer and consumer physically. Tractors transport brings together the producer and the consumer. The production of every commodity is specialized and there is need of tractor transport of these is need of tractor transport of these commodities.

"The tractors transport" industries which undertake nothing more than more movement of person and things from one place to another have contributed one of the most important activities of men in every stages of advanced civilization. This is the function and importance of the tractors transport in the district. Tractors transport reduced the rap between the consumer and producer, serves as an aid to specialization of large scale production.
The Advance distributed to members for Tractor and Machinery purpose

Table No. 36

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electric motor (Vehicle)</td>
<td>5.71</td>
<td>11.13</td>
<td>11.59</td>
<td>0.11</td>
<td>0.67</td>
<td>13.03</td>
</tr>
<tr>
<td>2</td>
<td>Pipeline (Machinery)</td>
<td>19.29</td>
<td>45.53</td>
<td>41.78</td>
<td>0.78</td>
<td>5.40</td>
<td>65.38</td>
</tr>
<tr>
<td>3</td>
<td>Tractors</td>
<td>23.95</td>
<td>12.28</td>
<td>136.48</td>
<td>27.28</td>
<td>27.83</td>
<td>45.25</td>
</tr>
<tr>
<td>4</td>
<td>Agricultural instruments</td>
<td>0.07</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td>49.02</td>
<td>68.94</td>
<td>189.85</td>
<td>28.17</td>
<td>33.90</td>
<td>123.66</td>
</tr>
</tbody>
</table>

(Sources.- Nanded district annual report 1993-94, 94-95, 95-96, 96-97, 97-98, 98-99)

The co-operative society give to the member on cash credit, electric motor P.V.C Pipe retail prize but Bank also members. There is effect on machinery department and running year Nanded district central co-operative Bank Ltd. sanction the loans and advances. But there is proper use depend upon the members.

The Farm equipment's in Nanded district

Table No. 37

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Items</th>
<th>Nanded</th>
<th>Hadgaon</th>
<th>Kinwat</th>
<th>Bhokar</th>
<th>Bilol</th>
<th>Degloor</th>
<th>Mukhed</th>
<th>Kandhar</th>
<th>District Total</th>
</tr>
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<tr>
<td>1</td>
<td>No of Tractors</td>
<td>66</td>
<td>30</td>
<td>1</td>
<td>5</td>
<td>27</td>
<td>9</td>
<td>1</td>
<td>20</td>
<td>159</td>
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<td>2</td>
<td>Irrigation Pumps set</td>
<td>238</td>
<td>237</td>
<td>250</td>
<td>174</td>
<td>306</td>
<td>84</td>
<td>130</td>
<td>414</td>
<td>1833</td>
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<tr>
<td>a) Oil Engines</td>
<td></td>
<td>263</td>
<td>103</td>
<td>263</td>
<td>78</td>
<td>88</td>
<td>83</td>
<td>93</td>
<td>304</td>
<td>1057</td>
</tr>
<tr>
<td>b) Electrical motors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>No of Power threshers</td>
<td>183</td>
<td>184</td>
<td>77</td>
<td>69</td>
<td>4</td>
<td>63</td>
<td>178</td>
<td>176</td>
<td>793</td>
</tr>
</tbody>
</table>

(Sources - Nanded district annual reports 1998-1999)

The movement of production stimulating regional specialization division of labour. It is possible to make good the deficiencies of one region by transport of commodities. Tractors transport creates place utility. It moves the products in the required from to the required place.

It widens the market. Both consumers and producers benefit by the extension of the market. The consumers can get a large range of goods and producers can in credit their sales. Large-scale production would not have been possible without the aid of transportation.

Tractor transport and machinery in creases the mobility of certain factors of production. Labour becomes more mobiles with the development of transport. It
is significant to note the increased mobility in administration and management, with the development of quicker transport, such as tractor transport, the managers range of business operations has expanded on district and state level. It gives great relief to areas plagued by periodical famines.

Effects of tractors transportation and Machinery:

The development of tractors transportation and machinery has important effects on trade and industry and the prices of different commodities. The system of industrial organization in an influenced by tractor transportation and machinery with respect to size of business unit which depends on the extent of market which in turn is the function of tractors & machinery the grant of concessional rates help the enlargement of the business unit. Location of the industrial unit transportation cost is one of the important pulls on the decision of the location of an industrial unit. The location is affected by other functions. Such as natural rigidities and labour cost. A well develop tractor transportation and machinery system results in the most economical location and enables the business unit to reach optimum size.

Lack of efficient tractors transportation and machinery system always creates glaring in equalities of price level between different regions.

Tractors and machinery brings about regional the specialization in productive activities. A district region can specialize in the production of those goods for which it is most suited and exchange it later with other district region for commodities which it con not produce.

An efficient tractors and machinery system brings about lowest structure of cost. It an eliminates the necessity of cross-travels the expansion of the internal and foreign trade is another important effect. The development of ocean tractor and machinery helps greatly the expansion of foreign trade.

An efficient tractors and machinery system results in diversification of consumption. Another important effect of tractors and machinery is the increase in the value of land adjoining it. Before a road is built the land is practically value less, but its price shoots up as soon as the road is built.

The demand for tractors and machinery is not fundamental in human nature, although it is an essential to that standard of consumption which we regard as the hall-mark of civilization. It cannot be compared with other necessities as food,
clothing and shelter. But the satisfaction of primary needs depend upon the efficiency of tractors transportation. Hence collective demands for it is strong. Thus the derived demand for tractors and machinery is strong although direct demand for it is weak or non-existent, as in the case of justice, police and district defiance.

The tractors transportation and machinery facilitates door-to-door delivery of goods. It enables farmers and traders to maintain their own vehicles for prompt dispatch of their goods. Delay in transit due to handling, loading etc. can be avoided by through and an uninterrupted service to destinations. It is suitable to carry and delivery perishable and bulky goods to any distance. It is more flexible because of the choice of different routes, timings and vehicles. The cost of construction and maintenance of a road system is relatively less than that of a system and the tractors and machinery dealers have not to bear the cost. The cost of operation of modern vehicles on roads is comparatively low. Road users pay very little for the maintenance and improvement of roads. Roads yield goods revenue to the district and provide an employment to the people.

In Nanded district tractors transportation and machinery is more suitable for carriage of goods. It is relatively cheap compared to volume of goods transported. It is not much compared to road transportation. It is more speedy as compared to other transportation. It is useful in moving defense force and equipment from place to place and is therefore strategically important. Its rates are usually fixed and uniform.

In Nanded district horses, asses, Camel, dogs etc. are used on path way for transportation goods and min. horses, asses, dogs bullocks, buffaloes are common carriers in villages for carriers in villages for carrying men and small bulks of articles such as grain, fire word etc. donkey is in common use as pack animals for carrying goods. Animals have better speed and carrying capacity than man. The carrying capacity of pack animals varies from 1 1/2 maunds [in case of asses] to 10 maunds. Pack animals can pass through narrow tracks and even muddy roads on which vehicles cannot be used. The cost of their maintenance is low.

5.3 NANDED DISTRICT CENTRAL CO-OPERATIVE BANK AND MARKETING COMMITTEE
Marketing committee is more than a mere physical process of distributing goods from producers to consumers. Marketing committee represents a distinct philosophy of business that has emerged over the recent years. 'Marketing' committee is the business process by which products are matched with the markets and through which transfers of ownership are effected. Marketing committee and products with the market means determining the requirements of potential consumers and supplying the products which would meet their requirements. According to marketing committees function of business concerned with the creation customer. A creation of customers involves identification of consumers needs and undertaking to supply their demand to their satisfaction. Marketing committee thus help a firm to produce that which the consumers needs in the quantity that the consumers requires, at a price that the consumer will pay for the satisfaction offered to him in the form of goods and services, through channels that suit the consumer convenience the most and at the time when the consumer needs goods and services. Modern marketing committee is thus said to be consumer-oriented in its approach. According to them Modern Marketing committee has become an integrated process of identification of human wants. The Determination of wants of the consumer takes precedence over production. The emphasis is on selling satisfaction and not merely on selling goods.

Marketing committee is a dynamic business process, marketing is not any one activity, nor is item exactly the sum of several activities. Rather it is the result of the interaction of many activities to satisfy the present and potential customers. To sum up The marketing committee refers to the sum total of activities involved in finding out the needs of the potential buyers, developing the products and services to satisfy those needs and making them available to those who needs them at the right time, at the right place, in the right quantities and at the right prices. Marketing committee as a process consists of main stages.

5.3.1 Concentration

Concentration means assembling of goods from various manufactures at the market place. The goods may be agricultural produce raw materials foodstuffs or even manufactured good concentration of goods is necessary to ensure regular and adequate supply to factories or consumers as the care may be concentration
involves a number of activities such as buying and assembling transportation, storage, financing standardization grading, risk-bearing etc.

5.3.2 Dispersion

Dispersion means the distribution of assembled goods from the central location to the ultimate consumers. It implies the flow of goods from the central markets to retailers and from retailers to the ultimate consumers. Dispersion involves similar activities as in the case of concentration.

5.3.3 Equalization

The effects of concentration and dispersion is equalization of supply and demand. As a result price and marketing committee condition remain stable. In particulars equalization is the effect of the combined activities of traders

Mercantile agents acting as middlemen and some important services such as transport and warehousing.

Modern production is undertaken mostly on a large scale and in anticipation of demand. There is a time-leg between production and consumption. Moreover, it is essential that the goods produced at one place reach all the corners in the shortest possible period. If this is not done there will be no an equalization between demand and supply and the market conditions will remain unstable. Marketing committee bridge the time gap and facilitates the process of equalization between demand and supply. Marketing committee conserves the resources of a community by effectively channelising the production in the direction of consumption. The ultimate purpose of production is consumption and it will not be served until the produced goods reach the consumers. It is through the various marketing committee that goods finally reach the consumers.

Modern factories continuously require raw materials in large quantities here arises the first process of marketing committee viz. buying and assembling raw materials from several small products. There raw materials are to be sorted and delivered to their requirements. There jobs are known as starting, standardization grading, packing and warehousing respectively, delivery is made through various means of transport. After the production is complete all the repeated in a reverse direction i.e. from the producers to the consumers. Finished goods are stored, standardized graded branded, packed stored, transported and sold through the wholesalers and retailers.
In the initial stage of industrialization, the production function was important. But in the later stages, the distribution function gained an outstanding significance. This was, of course, influenced by the emerging trends in competition which left no option to the producers but to take concerted efforts for maximizing the distribution function. The sophistication in the industrial economy invited complications in the social set-up. The industrialization could be successful in raising the level of income which created so many classes in the society. Anyway, the avenues for generating the level of income were broadened. Thus, naturally we find changes brought an analogous change in the demand. To balance the demand side, the producers found it profitable to explore avenues or potentialities in the supply side. It was felt essential that new products are served to the consumers at a reasonable price. The mass-production system and the growing pressure of population initiated a change in the channel of distribution. To excel the competence the producers attempted to motivate the consumers. They also devised after sale service. It was realized that marketing could not confine its functional area to the distribution but should attempt to make it a regular process in order that marketing becomes a media of raising the standard of living. It explores avenues of earning and increases the demand. Thus generation of demand would make the business profitable to the entrepreneurs and to the society. In this way, the marketing become an integral part of the society. It is in this background an expert says marketing is important to both society and the firm and its importance to each has been growing rapidly in the recent year. If the marketing man is to comprehend his function in our complex society, he must understand precisely what marketing does for both society and the firm. This testifies the significance of marketing to the society. And it would not be wrong to mention that the concerted efforts of the marketers to link marketing with the society raised its prominence. It was expected from the marketers that they sub serve the social goods by providing right goods, to the right persons at the right time. Hence it would be observed that at the initial stages of economic transformation the know-how was important but at the later stages, the show-how become significant. This show-how virtually changed the whole marketing concept. This productive utilization of the corporate resources became instrumental in raising the rate of income. And thus marketing contributed not only to the society or the firm but also to the District economy. In a virtual sense,
the development of mass-markets helps productive channelization of the different facts of Nanded District economic fabrics. The subsequent developments in the field of marketing make possible all these changes. It acts as an effective tool of productivity and raises the flow of capital in the Nanded district resources. In the face of analysis. It would be right to observe that marketing become significant to the society. Corporations and the district economy.

5.3.5 Marketing of Agricultural Produces

For a long period of time, in fact right up to the beginning of the twentieth century, Nanded districts agricultural was mostly in the nature of “subsistence farming”. The farmer sold only a small part of his produce to pay of rents debts and meet his other requirements. Such sale was usually done immediately after harvesting of crops since there were no storing facilities. The poor and illiterate farmer took his small produce to the markets where he was confronted with powerful and organized traders who exploited and cheated him in a variety of ways. Thus the agricultural marketing system was highly unsatisfactory and exploitative. The development of the cotton textile and jute industries in the latter half of the nineteenth century and suger industry in the beginning of the twentieth century gave new impetus to cash crops and development of marketing for cotton, jute and sugarcane. The rapid increase of populations have created a new class of rich, capitalist farmers who cultivate and with the profit motive in view. This class is dissatisfied with the old system of marketing and desires changes in it. In brief, commercialization of agricultural has been accompanied by improvements in the marketing system.

Undoubtedly proper marketing of agricultural produce is favorable to the farmer because it insures fair prices for his produce. This encourages him to produce more for the market. The wants of the urban sector are better satisfied and the process of industrialization gets a boost. As a result, the income of the farmer increases raising his demand for industrial products. There fore, improvements in the agricultural marketing system help the process of development.

Consumption is the ultimate aim of all economic activities and hence reaching the consumers is the primarily on this account, in any planned economic development programme. Exchange of goods assumes a role of paramount importance in maintaining an equilibrium between production and consumption.
Marketing of agricultural produce is of no mean significance in any district, in general and is a predominantly agricultural district in particulars. The pivotal role the agricultural marketing is destined to play in a district "where roughly 70% of population draws its succor from agricultural activities and some 45% of the district income accrues from agricultural sector" can hardly be over emphasized. Hence it is in the fitness of things that which cultural production nor mould it at once. Hence, marketing agencies have to play a major rote in adjusting regular demand with seasonal supply and that too in varying quantity and quality which makes their storage in dispensable.

And lastly, most of the agricultural produce excepting a few like fruits, vegetable etc. are not consumed in the form they are produced. For example, grains, sugarcane, cotton, jute, tobacco, are consumed after they have been processed considerably. The type and method of processing very form commodity to commodity which depends on the form and shape desired by the consumer.

5.3.6 Marketing - A Part of production

Modern production as certain of utilities. There utilities in creases the value of commodities or services in satisfying human wants. Since marketing- the distribution of goods- creates the utilities of time place and possession, the economists treat marketing as a part of production. There utilities which may be created in the production process may be as follows.

(i) Form utility

Most of the agricultural produce change their agricultural produce change their original form while passing through the stages to satisfy wants of the ultimate consumer. Wheat, paddy sugarcane, tobacco reach the consumer in a changed form. It may be pointed out here that in marketing. We study the change of form to the extent where it is not to tally different form the original produce or where it is possible to identify the processed from with original produce.

(ii) Place utility

Production of agricultural commodities is concentrated in village while they are largely consumed in the remote cities and factories. They are, there fore, transported by specialized agencies from places where they are in abundance to places where they are scarce. This change of place increases the value of produce.
(iii) Time utility

While agricultural commodities are produced in a particular season, they are consumed throughout the year. There conflicting circumstances make storage of agricultural commodities essential from the time they are ready for the market to the time they are demanded for consumption. In other words, storage contributes to the creation of utilities.

(iv) Possession utility

Commodities during the marketing process change hands and so also their possession is transferred from producers to middlemen inter-se and to consumers. It is an open secret that commodities have greater utility for the buyer than the price he pays, otherwise, he would have retained the latter. The change in possession increases the utility in goods for both buyer and seller.

In addition, marketing includes a number of services which help in reaching the goods from the point of production to point of consumption, "services may or may not involve physical handling. Credit, delivery advertising and storage are all services. A service usually involves cost to the agency which performs it, although such costs may or may not be reflected in charges. In general, however, as products move through the distributing channels, the services performed add value to them."

In short, the twin objectives of marketing are

(i) To maximize the net consumable quantity.

(ii) To promote equitable per capita distribution.

The former is achieved through careful handling. Efficient transportation and scientific storage which try to minimize wastes at all stages of distribution right from the threshing flour to the ultimate use or consumption. The latter objective is fulfilled through an orderly flow of goods from the producer to consumer which helps in reducing the disparities between demands and supplies.
5.3.7 Agricultural Marketing committee

Agricultural produce has to pass through a number of processes before reaching their users or final consumers.

At the start of the marketing process, the assembling of goods is important. Because of the small-quantity of production, with the small-sized farms it becomes necessary to collect the produce in small lots and assemble them into large lots to enable the economies of large-scale marketing to be achieved.

When goods are assembled, grading and standardization have to be undertaken. Because of the difference in tastes and needs of the buyers, whatever is assembled is to be classified in different lots according to their inherent qualities, such as color, size, taste and utility. The classification is effected on the basis of certain specific characteristics which are codified into grades and which them become standard by which the assembled lots are judged.

Some of the agricultural commodities may then undergo the process of manufacture. For example wheat may be turned into flour, cotton into cloth and oilseeds into oil during the process of manufactures the goods are transformed so as to become more acceptable to the consumer than in their original form.

The manufactured goods may not, however, be immediately disposed of and may require during the interval to be stored. The need for storage brings into existence ware houses and godowns.

The goods have to be moved from the point of storage to the point where they are in actual demand and this calls for their transportation often over long distances and across many lands. It may be necessary to store them again for a while on arrival before they could be sold to the wholesaler or through him to retailer ultimately, it is the retailer wholesales his goods to the consumer either at his door or on the counter of a shop frequented by him.

It is this way that the process of marketing goes on Assembling, grading, standardization, storage, transport, wholesaling and retailing all play their part and the specialized agencies come into existence to perform these services obviously, agricultural marketing refer to all these activities. “At one and of the
marketing ladder is the producer – seller i.e. the producer of the product which is for sale and at the other end is the buyer consumer i.e. the consumer who meets his requirement by purchase”.

5.3.8 Significance of Agricultural Marketing committee

An efficient system of Marketing is a ‘sine qua non’ in the economy of the Nanded district in general and of agricultural district in particular. In order that agricultural may play its crucial role in the process of economic Development, agricultural production has to be stepped up efforts will have to be made at the farm level to induce the farmers to attain the maximum height of production. For this to be possible, farmers have to be ensured that their efforts for increasing production will not go unrewarded or ill-rewarded. In fact, any plan of agriculture development will remain half-executed if agriculturists do not feel enthusiastic in viewing as a gainful occupation. It is here that the importance of agricultural marketing comes into picture. “None of the contributions of the agricultural sector that are put forward as the basis of a case for investment allocations to that sector, could be made without favorable market opportunity” Agricultural marketing thus is an intimately bound-up with the process of economic development which rests on the specialization of production for sale to others. “Specialization and division of labour are fundamental aspect of economic Development and they have important implications for marketing, for while specialization is the means where by productivity is raised, it involves reliance on other to supply other’s needs-in particular food. The extent of specialization depends upon the performance of its marketing system”. The crucial role of Agricultural marketing in a predominantly agricultural economy can be better highlighted under the following sub-heads.

(i) Efficient Marketing system steps up an Agricultural production

In the first place, it is the role of Marketing system to setup agricultural production and the volume of marketable surplus. If the producer does not see any easily accessible market outlet where he can sell his produce, he will have little incentive to re-organize his farm in order to make possible
more and more production. "A efficient and reliable marketing system by itself can stimulate increase in agricultural production, while lack of if can lessen, subdue and shrink the impact of any number of production programmes administrative efforts and volume of investment".

(iii) Efficient Marketing system Leads to a greater volume of Marketed surplus

It is not only increase volume of marketable surplus released out of greater production but actual Marketed surplus i.e. not quantum of output actually marketed which is all the more important. The process of development is the marketed surplus out of increase production. It may well constitute a fundamental limiting factor on the tempo of industrial development by reducing supplies available for urban consumption for industrialization. It is in fact the role of marketing system to increase the amount of marketed output, to open up new production and to provide new outlets for the produce. This is the basis of a positive contribution by the marketing system to economic development.

(iii) sound Marketing System is indispensable for satisfying consumer Demands

Marketing renders many valuable service to consumers. The absence of a sound marketing system goods, bath quantitatively and qualitatively – goods demanded by the consumers may not be available or its type and quality may be different or again its supply may be unusually restricted. Thus if consumers demand is to be satisfied and if economic development is to proceed unimpeded by food price-inflation or the importation of food, the agricultural marketing system must not only move quantities of food from producers to consumers at minimum cost, but in fact, stimulate the production of food for the market, and the organization of its distribution in such a way as to ensure the full exploitation of consumers demand and the expansion of the food industry.
(iv) Efficient Marketing system can bring about substantial reduction in marketing costs

For a greatly popular developing district, where an enormously big chunk of population is yet to be free from the grip of hunger the importance of an efficient system of agricultural marketing can hardly be emphasized. Most of those who go hungry do so because the food they need cost more than they can afford. "Since a large part of consumer price is often made-up of marketing costs, it is clear that high marketing costs are important reason why some people have not enough food. The more these costs can be reduced, therefore, the easier will it be for poor consumers to get the food they want." This aspect is all the more important in developing economies. Where the proportion of population living away from the farms and dependent on the marketing system for their food is increasing rapidly as a result of social-economic changes. Here again, it is an efficient marketing system which can deliver goods by bringing about substantial reduction in marketing costs.

(v) Efficient Marketing system is an effective instrument for breaking the vicious circle of rural poverty

A country like ours "where the farmer is poor primarily because the system of rural marketing is defective and the system of rural marketing is detective because, above all; the farmer is so poor," can not embark upon the road of rapid economic growth without a satisfactory system of agricultural marketing. Low returns from the marketable surplus as a result of detective marketing organization result in low income, low saving, low investment, low agricultural production, low marketable surplus and thus low bargaining power. The vicious circle of rural poverty thus starts with low returns and it ultimately ends with the same. This vicious circle of rural poverty cannot be broken with out an efficient agricultural marketing system. An efficient marketing system, "would at once raise his produces income by a substantial margin to which he is entitled and thus provide him at least partially. The were withal to work out his escape from the vicious circle of low income and chronic indebtedness which has literally spelt rain on him."
In short, agricultural marketing builds up and creates required environment and conditions for rapid economic growth. The growth of non agricultural sector is not impeded but actively encouraged through the availability of sufficient food in the urban centres. Increased marketing and agricultural production brings increased wealth to the sector and helps to widen the economic bar. “Any plan of economic development that aims at diminishing the poverty of agricultural population, reducing consumer food prices, earning more exchange eliminating economic waste has, therefore, to pay special attention to the development of efficient marketing for food and agricultural products.”

5.3.9 Government Measures to improve the system of agricultural marketing committee

Government of India has adopted a number of measures to improve agricultural marketing, the important ones being establishment of regulated markets, construction of warehouses, provision for grading and standardization of produce, standardization of weights and measures, daily broadcasting of market prices of agricultural crops on all India radio, an improvement of transport facilities.

5.3.10 Organization of regulated markets committee

Regulated markets have been organized markets have been organized with a view to protect the farmers from the malpractices of sellers and brokers. The management of such markets is done by a market committee which has nominees of the state Government, local bodies Artiyas, brokers and farmers. Thus all interest are represented on the committee. These committees are appointed by the Government for a specified period of time; important functions performed by the committee can be summarized as follows:

(i) Fixation of charges for weighing, breakages, etc.

(ii) Prevention of unauthorized deductions, underhand dealings and wrong practices by the Artiyas.
(iii) Enforcing the use of standardized weights.
(iv) Providing up to date and reliable market information to the farmers.
(v) Selling of disputes among the parties arising out of market operations.

As would be clear from the above regulated markets remove most of the defects of the unregulated marketing system. In such markets, licenses are issued to the arhatiyas and brokers for carrying on their operations. In the events of any unfair practices adopted by them, their licenses can be cancelled. Thus these intermediaries are not able to indulge in malpractices like using wrong weights and measures, marking unauthorized deductions, etc. thus the farmers are expected to obtain fair prices for their produce.

The first attempt at organizing regulated markets was undertaken. Despite success in this experiment the government did not show much interest in regulating markets. Accordingly, the rate of progress of establishing regulated markets continued to be slow. More ever benefits of regulated markets have gone mostly to large farmers as it is these farmers who possess ample marketable surplus.” The development of regulated markets and in for cement of agricultural produce market Act has been uneven in most districts. According to the draft, “For want of proper enforcement of the Act, the actual trading, practices and the various deductions and charges that a producer seller has to pay still continue to remain unchanged in a large number of the markets in many districts. This is particularly so where the department or wing for agricultural marketing and or district agricultural marketing border is not equipped with the necessary machinery. For acquisition of land and planning and supervising the development of markets and for enforcing the market regulations.”

5.3.11 Grading and Standardization

Improvement is agricultural marketing system can not be excepted unless specific attempts at grading and standardization of the agricultural produce are made. The Government recognized this quite early and the agricultural product Act was passed in 1937. Initially grading was introduced for sum, hemp and tobacco, the net was later and larged. To facilitate grading, standards have now been laid down agricultural and allied commodities. The Government has setup a central...
quality control laboratory and a number of regional subsidiary quality control laboratories. Sample of important products are obtained from the market and their physical and chemical are analyzed in these laboratories. On these bases, grades are drawn up and authorized packers are issued AGMARK seals. Important commodities graded under AGMARK for internal consumption include cotton, vegetable oils, ghee, cream, butter, eggs, rice, wheat powder, jaggery, pulses, honey and ground spices.

5.3.12 Use of standard weights

One of the main defects of unregulated markets is that non-standard and arbitrary weights are used by the Artiyas and brokers to cheat the farmers. To stop this practice, the government has taken a number of steps. It passed the standard weights Act as far back as in 1939. This Act passed by the central government has served as a model for the state governments to pass their own legislation. The central Government adopted the metric system of measures, where an Act to this effect was passed by the parliament. The metric system replaced allot system of weights and measures and has introduced uniformity in this respect all over through one does find old measures still existing in some pockets.

5.3.13 Godowns and storage facilities

It is necessary to provide a network of godown facilities all over so that the farmers are not compelled to sell their produce immediately after the harvesting. Of crops. This will enhance the bargaining power of farmers and save them from distress sales. On the basis of godown receipts issued against the produce stored in the godowns, the farmers can also obtain credit from commercial banks and co-operative credit society. This increases them staying power and enables them to wait till fair prices are promised for produce.

5.3.14 Dissemination of Market in formation

There is lack of competition in the markets of agricultural produce. This is partly due to the fact that farmers are unaware of prices and demand and supply conditions in different markets. Accordingly they accept whatever prices and
arhatiyas offer them, it is therefore, necessary to provide regular market information to the farmers so that they can organize their sales according to the requirements of market.

Keeping these consideration in view, the government has initiated a number of steps. Prices in important markets are broadcast daily by the All India Radio. Trends on market prices are reviewed weekly in special programmes and talks organized by the AIR and Doordarshan. Market intelligence reports are displayed in a number of markets all over. These intelligence reports are displayed in an number of markets all over. These intelligence reports collect vital information on stocks, market arrivals, sales, prices, etc. and are published periodically. The newspapers also publish agricultural prices either daily or weekly accompanied by a short review of trends.

5 3.15 **Directorate of Marketing and Inspection**

This directorate was set up by the government the agricultural marketing activities of various agencies and to advise the central and state government on the problem of agricultural marketing. Activities of this directorate include:

(i) Promotion of grading and standardization of agricultural and allied commodities.

(ii) Statutory regulation of markets and market practices.

(iii) Training of personnel.

(iv) Market extension.

(v) Market research, survey and planning.

(vi) Administration of cold storage order and meat food product order.

The directorate has so far formulated grade specification for agricultural commodities. It enforces compulsory quality control before export on as many as agricultural commodities. It is extending financial assistance to selected regulated market for providing grading facilities for important commodities like tobacco, jute, cotton, groundnut and cashewnut at the producer's level. It is also implementing a scheme for providing central assistance for the development of
Government purchases and fixation of support prices

In addition to the measures mentioned above, the government also announces minimum support prices for various agricultural commodities from time to time in a bid to ensure fair returns to the farmers. These prices are fixed in accordance with the recommendation of the commission for agricultural costs and prices. If the prices start falling below the declared level, the government agencies, like the food corporation, may intervene in the market to make direct purchases for the farmers at the support prices. These purchases are sold off by the Government at reasonable prices through the public distribution system, public distribution therefore, serves two purposes.

(i) Purchasing commodities at prices which ensures a certain minimum profit to the producers, thus shielding them from the danger of selling their output at depressed prices.

(ii) Supplying these commodities at low prices to the ultimate consumers.

The 'Co-operation' is not only a system of economic organization, it is many things besides. Co-operative is a philosophy, a ruling principle of our social, political, educational and an industrial life. The impulse of co-operation is the heart of human association. It is the concrete expression of the associative spirit which is ever present in humanity. The harm any and order of family life are impossible without mutual co-operation and help, there can be no orderly progress with in the district without co-operation between the ruler and the ruled, in the industrial field also co-operation between the management and the labour is the vital condition for industrial peace and economic progress, intellectual and educational development will be an impossible without close co-operation between teacher and taught. Indeed. It is not too much to say that man is a co-operative animal. Human society may break up into an anarchic 'state of Nature of district of Nature' without the cementing bond of co-operation. The advantages that co-operative marketing can accrue to the farmers as follows:
Co-operative Marketing enhances the Bargaining power of the cultivators

Co-operative form of marketing is capable of enhancing the bargaining capacity of poor cultivators who are always helpless and at the mercy of village merchants in respect of disposing their marketable surplus. The local traders are financially in a better position to make good out of the helplessness or agriculturists who are disorganized and are under the pressure of heavy debts. "He stands to get at present a smaller share than he deserves, because the distributive system of which he is the victim operates more to the advantage of intermediate agencies viz. middlemen, the financiers or manufacturers or millers. " the income of the farmers to day. There fore, depends to a large extent on the ability with which he is able to market his produce for a fair price. Naturally, co-operative marketing makes it possible for them to negotiate on the equal or perhaps even a superior footing with the organized machinery of intermediaries coming between the real producer and the ultimate consumer.

Co-operative marketing creates desired marketing infrastructure

Co-operatives can afford to have such facilities as godowns, warehouses, transport, grading arrangements etc. provision of these facilities, no doubt, involves huge investment but for a collective institution like co-operative marketing. It is not an unmanageable affair. Moreover, marketing co-operatives can also seek financial assistance from the Government for the establishment of these facilities. In-arrangements can also be made to design and tailor transport to the special needs of agricultural products which are bulky and require more space per unit of value as compared to many non-agricultural products and same of which are perishable and there fore, need quick transport. The existing transport facilities e.g. bullock cart etc, can be made full use of and improve upon for purposes of marketing.

Similarly marketing co-operatives can have their own facilities for grading of goods so as to fetch the right price for the right products. The arrangements for the regular supply of up-to-date an information about prices, demand, production etc can be made by marketing co-operatives. Thus, the infrastructure needed for the marketing agricultural goods can be easily built by marketing co-operatives and at low cost.
(3) Co-operative marketing societies can supply inputs and consumer goods.

Co-operative marketing societies can also easily and cheaply undertake the supply of inputs like seeds, fertilizers, pesticides, implements etc. and consumer goods needed by farmers like cloth, matches, kerosene, radios, etc. These societies can finance purchases by farmers from the sale price of their produce. The credit extended by co-operative societies can be deducted from the receipt of the sale of the produce. Besides the bulk buying of inputs and consumer goods by the marketing society at wholesale rates will benefit members, farmers through the cheapening of their goods.

(4) Co-operative marketing is an invaluable machinery to link credit, processing and farming.

Co-operation in the field of marketing can either expand to cover such other aspects of agriculture as credit, processing and farming, or the operations of co-operative marketing societies can be linked with other societies dealing with these functions. In the former case, there will be multipurpose societies which are superior to specific purpose societies because of need and ease of dealing with different activities of farming, processing, credit and marketing. In the latter case, there will be a coordination of activities of societies.

Co-operative marketing can enable credit institution to grant loans to farmers on the security of produce entrusted to co-operatives for sale. Since in respect of many products the sale of processed produce e.g. oil, bales of jute and cotton etc. fetches higher prices, co-operatives can also undertake processing activities like crushing oilseeds, gaining and pressing of cotton, processing jute into bales, etc. farming can also be linked with marketing by assuring the farmer of the sale of his produce at reasonable price informing him of the goods, needed for the market, etc. Thus marketing, which is the final stage in the several operation of agriculture, can be so institution alludes that all other stages get linked up with one another to form a strong chain.
Co-operative marketing societies augment marketing surplus in a big way

Co-operative marketing paves the way for augmentation and mobilization of marketable surplus in an economy. Existence of superfluous intermediaries necessary restricts the flow of marketable surplus from the farm to the urban people. By organizing marketing on co-operative basis, a direct link between agriculturist producer and the ultimate consumer can easily be established. It will not be out of place to mention here that a close contract between these two points is an essential condition for the mobilization of marketable surplus in agricultural sector. It is obvious that even if the marketable surplus of the farmer increases as a result of an institutional and technical changes. In the field of agriculture, it does not follow that with the existing set-up of the marketing structure. The supplies available to the consumer will increase simultaneously, because there is a large number of superfluous middlemen operating between the producer and the consumer and any tendency to build up larger stocks by these intermediaries reduces the flow of market supply. Co-operative marketing has an advantage in eliminating this long chain of middle min. Any effort for reducing their numbers will be helpful in improving the agriculturists lot as well as it will create a healthy environment for mobilization of marketable surplus.

Co-operative marketing contains wide fluctuation in prices

It will narrow down the prices fluctuations by regulating the supply in various markets. When supply is assured, charges of scarcity are to a great extent eliminated in the markets. Wherever co-operative marketing has been developed. The wide fluctuation of agricultural prices have been narrowed down in Nanded district.

Co-operative marketing raises the level of competition

Broadly speaking, the impulse behind the co-operative marketing is stimulated by the feeling that the established system of marketing is either providing an inadequate service or the cost of marketing is too high. Thus, in joining together to undertake function, such as an assembling, packing, storing, and selling, the producers can set up an alternative marketing agency to those already in
existence and thus it can raise the level of competition

(8) Co-operative marketing raised the general efficiency of marketing

In addition to the price advantage, the marketing co-operative have further been able to raise the general efficiency of the marketing process itself. As a result of the bulk handling, they have been able to secure for their members many of the advantages available to the large-scale individual distributors of farm products.

(9) Co-operative marketing promotes planned growth of the district

Co-operative marketing societies can help a lot in promoting planned growth of the district. As discussed earlier, they can arrange for the collection and sale of marketable surplus of food grains and raw materials also, through various incentives such as supply or production of inputs regularly at low prices and consumer goods. These institutions can encourage farmers to produce more and part with a greater proportion of their produce which is currently going waste because of the inadequacy of storage facilities defective, transportation, rodents, etc. can be saved and used for development.

Apart from increasing the marketable surplus, there co-operatives can promote development of agriculture. Being the end points in the production-chain, these societies can act powerful factors.

Examining the nature and various advantages that cultivators can obtain from the co-operative marketing one can easily conclude that its revitalization must from an integral part of our planning so that the level of farm output could be raised as a whole. "Indeed, co-operation holds such promise of a better life to the farmer that every man us for its furtherance, every mode of its greater use, should be exploited to the full, the uniform objective being to achieve real and durable results by enlisting the interest and enlisting the interest and enthusiasm of the farmer"

The co-operative marketing is as old as the co-operative societies Act. Which recognized non-credit forms of co-operation, including marketing. Gradually, co-operative sales and purchase societies were established at different places.
But not much enthusiasm in the orderly growth of co-operative marketing was evinced either by the growers or by the government. It, no, doubt, made some progress during the world ware second, when the Government entrusted these societies with the distribution work of controlled and search commodities, but this too was only a temporary phase. The membership, share capital and business of these societies started declining as soon as controls were relaxed /with drawn.
5.4 NANDED DISTRICT CENTRAL CO-OPERATIVE BANK AND WAREHOUSING

The district does not have adequate warehousing capacity for warehousing agricultural produce. Individual farmers use traditional methods of warehousing produce. They therefore, do not require any assistance from financial institutions in this regard. The agricultural produce market committees in the district, however, have plans for constructing large godowns at important centres. The co-operative banks in the district, have undertaken financing for such warehousing or godowns. The bank finance per warehousing has been estimated at Rs. 5 lacks and 8 such godowns are expected to be constructed in such the credit plan period. The institutional finance for warehousing therefore has been working out at Rs. 40 lacks.

The main objective to setup the warehouses was to provide marketing finance to the farmers on easy terms, against the pledge of their produce. The warehousing facility was created in the town markets. This was primarily utilized by the traders and farmers share in warehouse stocks remained meager. The major reason for this was that the farmer having transported their produce to the market preferred to sell it rather than pledging with the warehouses. Further loans against the pledge of the produce were provided by the commercial banks against the warehouses receipt. This was a tedious task for the farmers and discouraged them to avail this facility.

For upliftment of the rural masses, integrated rural development programme was launched by the Government in mid-seventies but now it needs new initiative and thrust. The focal points provide output and input marketing facilities, besides a bank, co-operative society, civil dispensary, veterinary services, repair workshop and supplies of other essential commodities are also arranged. Some of these focal points because of improper selections did not come up well. The procurement of food grains is carried out by operating temporary procurement centres in the villages. In the absence of storage facilities, there occur serious losses to the procured stocks.

If warehousing facilities are provided at the already set up focal points, the farmers can make use of the facility to pledge their commodities not covered under the procurement programme. This will help the farmers to avoid distress.
sale during pack periods. The procured stock can be stored in villages safely and dispatched directly to the consuming centres. This will avoid congestion in town markets and save some cost to be borne by the public agencies in cross transportation.

**Loading unloading and handling**

In Nanded district there is a long-felt need for adequate warehousing facilities experienced by farmers and small manufacturers. The cost of constructing and maintaining a warehouse is beyond the reach of an ordinary peasant. The farmers are forced to sell the produce immediately after the production is over because of lack of adequate storage facilities. They cannot wait till they get satisfactory prices for their produce. This is one of the reasons for the permanent indebtedness of our agriculturists. Further they suffer heavily from the physical loss of the products.

A warehouse receipt is a written acknowledgement of the receipt of the goods for storing, issue by the warehouse-keeper. It is to be issued by the warehouse-keeper to the owner of the goods. When the goods are accepted for safe-keeping in the warehouse, it is documentary proof of the fact that the goods are given for storage.

A warehouse receipt contains particulars such as name and address of the warehouse, warehouse receipt number, date of receipt, good, name of the depositor, nature, quality, and quantity of goods stored, total value of the goods stored, rate of storage charges, and so on. It is signed by the warehouse-keeper.

The warehouses receipt is a document of title to goods mentioned therein. It is a semi-negotiable instrument i.e. it can be passed on from hand to hand by endorsement. When the owner of goods sells the goods stored in the warehouse, he can endorse the receipt in favor of the buyers. He can obtain delivery of the goods against its presentation. This receipt represents the goods themselves and the endorsement in favor of person is equivalent to delivery of the goods to that person. A warehouse receipt can be advanced as a security for loan from a bank for a temporary period. The bank retains the receipt until the borrower repays the loan. Thus a trader can meet his temporary financial difficulty and postpone the sale of goods till the market condition becomes favorable.
Warehousing is essential in the case of raw-materials required for a factory as well as warehousing helps the continuous and regular supply raw materials to factories. Even in the case finished products, warehousing is essential to hold the production till it gets a favorable market. In the case of seasonal goods the warehousing in needed to ensure regular supply of goods throughout the year. Warehousing is essential to protect goods from deterioration, spoilage, pilferage etc. In the case of perishable products warehousing facilities are most essential.

Importance role of warehousing in modern days production of goods and services is undertaken on a large scale and mostly it is carried on in anticipation of demand. Markets have widened. Goods products are not immediately sold out. Goods are required to be stored till they are demanded and till they attract a better price. Similarly, during the process of distribution of goods, they are stored by wholesalers, middlemen, exporters, importers. Transport agencies railways. Ports, and so on. Raw materials are to be stored to ensure smooth supply to factories. Finished goods are to be stored till they are finally sold to the consumers. Seasonal goods also required storing so that they can be consumed throughout the year. Perishable goods demand cold storing, thus, is an essential activity in marketing. Cold storage warehouses are largely used to store and preserve perishable goods such as eggs, meat, butter, vegetables, fruits, medicines, dairy products etc. These products are kept in cold storage warehouses at a certain temperatures so that their quality and freshness would not deteriorate. There warehouses ensure continuous supply of such perishable products throughout the year. the markets for such goods is also there by widened such ware houses are very common. When goods are stores. Other process such as assembling, standardization, grading, branding and packing can also be carried out. In the absence of storing facilities, the distribution machinery will collapse. producing centres will have excessive stocks, prices will fail; production will come to an end, demand at distant place will remain unsatisfied, prices will rise there, railways, port will be heavily burdened, all commercial activities will ultimately come to a standstill. And all these probable consequences of absence of storage facilities highlight the importance of warehousing. The necessity for ware housing can be attributed to the following factors in Nanded district.
5.4.1 Seasonal production and consumption

Agricultural goods such as rice, wheat, sugar, spices etc are produced seasonally. But consumed throughout the year, it is necessary to store them in large qualities so that they may be made available through the year. Certain goods such as umbrellas, rain coats, warm clothing etc. are produced through the year but are consumed during a particular season. They must be stored for ensuring smooth supply and for keeping the factory working even during off season.

5.4.2 Waiting for demand and favorable price

In modern times, goods are mostly produced on a large scale and also in anticipation of demand. It is necessary to store the goods until they are demanded. The goods may be demanded but the prices ruling in the market may not be attractive. Hence, dealers store the goods till their prices become favorable to them.

5.4.3 Factory requirements for processing

Raw materials must be stored in large quantities to feed the factories and keep them running throughout the year. Some goods may be required to be stored for conditioning, canning or processing for e.g. oilseeds, fish, fruits meant for canning etc.
5.4.4 Speculation and preservation

Speculators hoard goods in warehouses in the hope of an increase in the price due to scarcity of supply. Goods should be well preserved so that they remain fit for consumption. Some perishable goods such as eggs, meat, butter, fruits, vegetables, medicines, ice creams etc. are preserved in cold storage so that they may not deteriorate in quality. The perishable goods are stored in cold storage.

5.4.5 Dispersion

Warehousing is necessary to facilitate dispersion of goods from production centres to market. A warehouse provides space for storing goods in large quantities. It renders services such as standardization, grading, packing, branding, mixing, weighting, and labeling etc. It assumes risk of loss or damage to goods while they are stored in the warehouse. It also transfers some risk to insurance companies by insuring the goods against fire etc. It regulates supply according to demand and helps to stabilize price and general market conditions.

Modern warehousing performs space for the storing of goods in large quantities and in goods condition. A warehouse stock goods produced seasonally and ensures smooth supply through the year. Similarly, goods having seasonal demand are stored in the warehouses throughout the year. Price stability is regulated according to demand and helps to stabilize prices and general market conditions. Warehousing creates time and place utilities. By storing goods in large quantities and releasing the same throughout the year in the quantity required, warehousing creates time utility. By enabling the distributor to transfer the goods from the place of surplus to the place where they are needed most, warehousing helps to create place utility. Warehousing assumes the function of risk bearing. A warehouse keeper has to take reasonable care to protect the goods from risks of loss or damage due to heat, cold, moisture, dryness, insects, fire, and theft. Thus, the risk is transferred from the owner to the warehouse-keeper.

Warehousing companies are generally financially sound. They act as commodity banks by advancing loans to the owners of goods. Warehousing compa-
The Government has established the warehousing corporation to provide facilities for storing agricultural and other goods. This corporation has started several warehouses in central market places in different areas all over the District. These warehouses are managed and controlled by the corporation. Similarly, every district has established its district warehousing corporation which has in turn started several warehouses in the district concerned. These warehouses are also controlled by the corporation.
5.5 NANDED DISTRICT CENTRAL CO-OPERATIVE BANK AND CROP INSURANCE

The agricultural crop credit insurance, a linking of crop and credit insurance, provides protection for farmer and banker both, thereby stimulating agricultural production and providing a broad range of other benefits. It is a new kind of insurance developed especially to the needs of less developed District. The successful programs exist in less developed districts and can serve as effective models for Government officials wishing to exploit this development potential for their own Nanded district.

Economic analysis is lacking from the literature but the analysis presented here indicates that crop-credit insurance is a more efficient means of stimulating agricultural development than several alternative policies. The Government subsidies are required and are justified on the basis of economic viability. The insurance plan itself and the need for reinsurance are also discussed. Finally the role of co-operatives and private sector group is analyzed.

Although the commercial and agricultural activity known generally as crop insurance has occupied the mind of men for a long time, it still remains under exploited today. Many attempts have been made using traditional private sector approaches to develop crop insurance. There has been success with limited risk programs in Nanded District. However most attempts by the private sector to offer all risk insurance have failed.

One notable similarity however is that the successful programs are concentrated in the developed District. Less developed District have not exploited this potential resource. To date only the program in Kandhar has achieved a considerable degree of success and contributed to the development of the district. But the degree of success achieved is remarkable. It is deliberately used to support the agricultural credit system and direct the development of the agricultural sector in accordance with Government policy. In Nanded District crop-credit insurance is an integrative and facilitating too. It facilitates the working of other instructions and integrates them by serving as a planning focus and a policy directive tool.

Crop-credit insurance provides relief to both farmers and lenders at the same time while providing considerable leverage for promoting the development of ag-
Agricultural sectors. Farmers have long demanded a system such as crop insurance to protect themselves against losses in production. Banks have desired some sort of credit insurance system to protect themselves against losses resulting from the farmers inability to repay loans when they suffer crop losses. The need for reinsurance and finally the potential for participation of private groups such as cooperatives.

5.5.1 STUDY ON FARMERS RESPONSES

A study has been carried out in the reference year 1997-98 with a view to know.

(a) Extent of cultivators participation in getting crop insurance cover for paddy, groundnut, wheat, cotton (light soil) and cotton (black soil)

(b) Farmers willingness to pay varying sums of premium per acre at the stipulated rates of premium and assured values tentatively worked out.

(c) Reasons for lack of interest in crop insurance.

(d) Suggestion for rates of premium for crops mentioned, which are considered “reasonable” by important segments of farmers.

A survey was carried out by Nanded District to collect information in the context of above referred objective. A sample of about 200 farmers was selected from different parts of Nanded district villages representing all agro-climatic zones and major wheat, paddy groundnut and cotton growing areas. The important findings which can provide guidelines for future planning are presented here under:

(1) PADDY

Sample farmers were asked about their desire to get insurance cover for paddy. The information was sought in the context of maximum assurable sum of Rs. 1000/- per acre for paddy, premium payable being 16.6% of the assured sum. The results of survey indicates that around 8% of paddy growers from the Nanded district as a whole are willing to have insurance cover...
with varying “assured sum”. However only 8% of paddy growers form the districts as a whole are inclined to obtain insurance cover of Rs. 1000/- per acre by paying the premium of Rs. 166 per acre. From the traditional paddy growing tracts of Bhokar, Loha, Umri, Khandhar, Mukhed, and Biloli about 8% of growers are inclined to obtain insurance cover of Rs 1000/- per acre at the stipulated rate of premium the remaining interested growers are inclined to insure their crop for a sum considerably less than Rs. 1000/- per acre. The response to paddy insurance is not likely to come from Dharmabad. The main reason for lack of interest is that paddy is a high to think of insurance cover.

About 20% of the total paddy growers feel that the premium rate is quite high. This is the main reason why they would not like to get insurance cover. Some of the progressive farmers from the districts. They have suggested to collect premium after opinion that more paddy growers will be inclined to obtain insurance cover if either premium is reduced or the premium is collected at the end of the season. Alternatively they are of the opinion that premium should be subsidized either by Government or developmental agencies. A section of the marginal and small farmers are of the opinion that amount of premium should be considered as an input component in overall formula of disbursement of credit by co-operatives. Only then it will be possible for them to pay premium to get insurance cover.

(2) WHEAT

As regards the crop insurance for wheat, cultivators, opinion were sought in the context of maximum cover of Rs. 1600/- per acre with the premium of 16% of assured value. It is observed that 28% of wheat growers from the district as a whole are interested in crop insurance for wheat.

However only 16% of wheat growers are inclined to obtain cover at the rate of Rs. 1600/- per acre. The remaining proportion of wheat growers may consider getting insurance coverage for value less than Rs. 1600/- per acre.

Lack of willingness to get insurance cover for wheat stems up from financial and economic reasons. Farmers from the progressive track feel
that the maximum assurable value of Rs. 1600/- per acre is very low and does not cover that risk of fluctuation in yield rates. Wheat being an irrigated crop, risk of crop failure and crop damage is substantially less. Therefore, wheat growers feel that the premium rate is too high and 16% of amount to be paid as a premium is a substantial addition to the cost of cultivation which is too high for the risk covered.

(3) GROUNDNUT

In case of groundnut, opinions from farmers were sought in the context of a proposal envisaging the maximum assured sum of Rs. 500 per acre at the premium rate of 16% of assured value. The study reveals that 17% of growers from the district as a whole have shown their willingness to get insurance cover for groundnut. As regards the specific coverage in terms of value terms, only 16% of growers are likely to think of getting insurance cover for Rs. 500 per acre.

On the major reasons for lack of interest in groundnut insurance in inadequate risk coverage of crop value per acre. Farmers feel that maximum assured value per acre of groundnut crop viz. Rs. 500/- is substantially less than their cost of production per acre. This sentiment is more prevalent in the districts of Nanded which account for sizable area under groundnut as well as higher yield rates.

They are of the opinion that there is no economic incentive in paying premium which account for 16% of the assured value, when even half of the output per acre is not covered. Again, most of the farmers from the traditionally groundnut areas of Bhokar, Umri Kandhar, region feel that premium is too high. Premium at the rate of 16% of the assured sum works out more than the cost of incurred on yield increasing inputs like seeds, fertilizers and pesticides.
(4) COTTON [LIGHT SOIL]

The study also covers likely response to the insurance scheme for cotton grown in light soil. Opinion of cotton growers were sought in the context of insurance proposal for cotton light soil envisaging a maximum assured sum of Rs. 3100/- per acre and a premium of 22% of assured sum. Thus the proposal envisages a premium of Rs. 689/- per acre cotton light soil for a sum of Rs. 3100/-. 

The study reveals that 10% of cotton growers are interested to obtain insurance cover for the assured sum of Rs. 3100/- per acre. Major areas from where the response to crop insurance for cotton light soil is likely to be significantly high. There is a marked variation in number of farmers willing to avail benefits of insurance from different farm size groups. More number of large and medium size cotton growers are interested in insurance for cotton compared to small and marginal farmers. Most of farmers are of the opinion that premium is very high. In areas where cotton light soil cultivation assumes more importance such as Nanded district Talukas this is one of the main reason for lack of interest to obtain insurance cover for cotton through cotton cultivation is characterized by higher incidence of risk.

(5) COTTON (Heavy soil)

The insurance proposal under study for cotton (heavy soil) envisaged maximum assured sum of Rs. 3100/- per acre with a premium rate of 33% of assured value. Thus the premium payable by cotton growers to get insurance cover of Rs. 3100/- per acre amounts to Rs. 1033/- per acre per seasons.

According to the results of this survey only 9.8% of growers from the Nanded district as a whole are interested to get insurance cover for cotton heavy soil. However there is likely to be good response to this scheme. The purpose of crop insurance for cotton heavy soil may be defeated on account of large sum payable as crop insurance. Hardly 1% of growers from small and marginal groups are likely to think of getting insurance cover for a sum of Rs 3100/- per acre [maximum assurable sum]. Such a poor response to crop insurance scheme from all sections of land holders and for a crop char-
actczed by high incidence of crop failure risk is mainly due to the high rate of premium. Even large land holders and progressive cotton growers are of the opinion that it is not feasible for them to obtain insurance cover as the amount of premium payable works out to more than the cost of major inputs taken together.

5.5.2 POTENTIAL BENEFITS OF CROP-CREDIT INSURANCE

Although crop-credit insurance is simply designed to pay farmers and banks when crops fail there are a broad range of benefits that can be derived when proper planning and integration take place. Those benefits are presented below under categories. Those that accrue principally to farmers to lenders to the agricultural sector in general and finally to rural communities.

(1) Effect on Production and Price

In policy terms, crops insurance is a production stimulating tool. The insurance can be thought of as an output subsidy, calling forth increased production of the insured crops. If this is done without planning, then an excess can be created which could depress prices and decrease farmers welfare.

However with planning this need not happen. Only those crops which the district desires need be called forth. Nanded district deliberately uses its crops insurance program to pursue self-sufficiency in wheat, rice, cotton, seeds etc. it is now self-sufficient and frequently adjusts the premium subsidy and coverage level to keep production in balance. In the long run, stability of both availability and price of good stuffs can be enhanced with the help of crop insurance.

(2) Benefits according to farmers

Farmers are protected as a matter of right, not by chance nor political connection nor post loss Governmental decisions. This is an important difference between a crop insurance program and relief of credit insurance pro-
grams. The importance of this is that the farmers knows for certain before the plants what his minimum incomes will be some of the risk of farming is contractually transferred to the insure. With a relief or credit insurance program, the farmers uncertainly about what and how much risk he faces is not resolved until after the loss has been sustained and program authorities solicited

(3) Credit Insurance

Credit Insurance programs promise considerable savings because they are directly towards the lenders and enjoy the low costs of group policies. They have, however two draw backs which must eliminate them from consideration.

First in order to survive for a long period of time they like all other insurance programs, must charge adequate premiums and prevent excess losses. In order to do this it is necessary to inspect hazards at the farmers level in order to set premium rates and underwriting conditions. It is also necessary to in respect the operations to prevent the milking of the program. If this is done, all the work one costs of crop insurance are being incurred and there will be no saving advantage.

Second, credit insurance protection stops at the bank level. The farmer is not protected, his loan is not forgiven it is transferred to the insurance company. If the loan is forgiven, them by definition we have crop-credit insurance.

(4) Interest Rate Subsidies

These will promote the use of credit in fact they will distort. Its use crop insurance will not do this.

Rate subsidies do nothing about risks which affect users. This in turn determines who the users will be primarily, those who have sufficient wealth to not be concerned about "working for the bank" or slipping below their minimum in come level will borrow. Rate subsidies are biased in favor of
larger farmers and will not help the most needy.

Also, if the hypothesis presented earlier is true that poorer farmers are affected more as a result of the introduction of crop insurance because of their marginal position, less than optimal economic results will be realized from the interest rate subsidy.

(5) Utilization of Rural labour

Under most circumstances crop-credit insurance should lead to an increased utilization of rural labour. In one computer simulation analysis, it was predicted that rural labour utilization would increased of course, the size of the absolute increase would depend on the extent of the insurance program.

The increased labour would tend to come primarily from the farm family, but some hiring of off-farm laborers would be required even by small landholders.

The adoption of technology could result in a displacement of labour, but the type of technology appropriate for smaller farmers is not likely to displace labour.

(6) Income distribution

If the programs are directed primarily at small farmers income distribution will be favorably affected as a result of increased income resulting from more productive agricultural technologies. To a lesser extent, the subsidies of the program by government will also affect income distribution positively

(7) Price Controls and Stabilization

Price policies are complimentary to crop insurance policies. As risk affects farmers it affects them through their income which is a combination
of price and production. Crop insurance only protects against declines in quantity produced. Price policies affect only price in the short run. In the long run, both have an affect on the others domain.

If price policies alone are relied upon, small farmers still face considerable risk and economic disincentives to increasing production. If prices are kept high good years may produce enough wealth to carry farmers through one or two bad years. But more likely, price policies will be used to keep prices at some relatively low level in response to demands from urban consumers.

Crop insurance also only does half the job as farmers are left open to the risk of low prices. But two of the requirements for a successful program are the existence of effective marketing and planning systems. These two can used to prevent much of the adverse price effect that will be caused by increased production.

(8) Easier portfolio management

The banks can concentrate their efforts on managing their portfolios and controlling bad debts resulting from perverse willfulness and similar causes. When crop-credit insurance is in place, the pool of delinquent borrowers contains a higher proportion of non serious farmers. Those who exploit the agricultural credit mechanism for selfish and. Often non-productive purposes, crop-credit insurance the, enhances the ability to identify and eliminate.

The Bank is able to identify and keep its credit worthy customers. Usually, without, insurance, lenders are faced with having to cut off borrowers who are unable to repay loans even if they are hard working and good long term prospects. The bank may have invested a great deal to develop these farmers to the point where they were good credit risk.

(9) Interest Rates and foreclosures

The political positions of banks are considerably improved they do not have to foreclose on or harass delinquent farmers as frequently they can accept customers who they previously had to reject.
Government can take advantage of the introduction of subsidized insurance to remove the low ceilings imposed on interest rates. Low interest rates have been a major obstacle to the establishment of effective rural credit system since they act as a disincentive to private sector participation. When that happens governments must supply all rural. Credit form its own scarce resources. By switching its subsidy to insurance and permitting interest rate to rise government can stimulate or leverage a correspondingly larger amount of credit from the private sector when it is the case, the governments who own them

(10) Private credit availability

The flow of private credit to agriculture will become more likely as a result of the insurance protection., the insurance agency recently contracted with the private banking sector to insure pesos in agricultural loans. Private lenders have less to fear and will be more willing to participate in the agricultural credit system.

(11) Supervised credit

Crop-credit insurance programs are designed to support supervised credit programs. By removing risk from the farmers they encourage them to join the credit programs. Then by their inspection activities they complement the credit supervision. It has been suggested that supervised credit programs reduce. The farmers risk by providing extension services.

(12) Group Farming

This method has been suggested as risk management and production promoting device. Like traditional risk management methods. It does transfer some risk away from the individual farmer. Also like traditional methods it does this inefficiently. No protection is provided for example, when a drought affects the entire collective farm.

Social cost are quite high farmers must cease to operate individually and create a permanent structure for cooperation as close and as vital as is
usually found in human marriages. The systems for management, division marking and for sharing costs and production must be created.

When social conditions are appropriate for group farming, the collective farm itself will probably want to purchase a crop insurance policy. This would be especially true if the communal land is inalienable and unable to be offered as collateral for a loan.

(13) Responsiveness to Market forces

The existence of the insurance and the information system it requires will increase the farmers responsiveness to market forces. It is to be expected that considerable switching of crops and rationalization of land use will take place.

Insurance is among other things, a cost allocating mechanism. As the result of the normal under writing, loss control and rate making functions, the price, coverage and availability of insurance protection will vary. When this is added to expectations about price and the farmers new freedom from risk and uncertainty.

(14) Insurance collateral: Replaces need for land title

Public, as well as private capital is made to flow by the insurance resolution of two related problems. First, land tenure, land title and mortgageability of land become less important. The insurance serves as collateral for the production loan making. It is possible to lend to a farmer who does not have clear title to his land. This holds for production loans only. Not capital improvement loans. Second, even small farmers with mortgageable land titles will be come subject to production loans from formal in situation previously. The high financial and political cost of foreclosing the mortgage of a small holder made those guarantees useless. Again, insurance serves as a superior collateral.

(15) Policy implementation

The existence of the insurance and the insurance institution will facilitate the implementation of national agricultural policy.

Insurance will both create conditions favorable for farmers accepting
national policy and provide a certain degree of coercion to accept such policy.

Government will be relieved of the need of manage disruptive ad hoc relief programs of the insurance mechanism will be in place and capable of distribution assistance. The improvement in agricultural activities and employment will make rural settings less desperate and reduce pressure for emigration.