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Editorial.

Agriculturists and Land Mortgage Banks. Our readers will be aware of the fact that the indebtedness of our agriculturists and the means of rescuing them from the grip of the money lenders are of late engaging the earnest attention of the Government and the Public and that the development of Land Mortgage Banks is an earnest endeavour in that direction. It may be recalled that these institutions are being started since 1925 with the threefold object of liquidating prior debts, of improving the existing lands, and of helping the agriculturists in the purchase of lands afresh. We however, find from most of the reports of these banks that they are more concerned with the first of these activities, and that the kind of relief afforded, forms only a very small proportion of the total indebtedness in the areas they are aimed to serve. We observe further that even in the case of persons benefited by these loans, there are fairly large arrears in the repayment of instalments especially in the Punjab, Bombay, Mysore and Central Provinces. We are gratified to note that Madras is considered to be far in advance of other Provinces in the matter of working these banks successfully with less defaults and at lowest rate of interest. This should not however be taken to indicate that in Madras there is model for other Provinces to secure unfailing success. The co-operation-mindedness of the debtor-ryot is a *sinequinon* for such success, and this cannot be said to obtain since the Madras agriculturist is as ignorant of co-operative principles as his confreres in other Provinces.

We note, in the October issue of the Indian Co-operative Review in which the present position of these banks has been discussed in a detailed and critical manner, that the proud position of the Madras Bank is due mainly to the great caution exercised in locating the primary banks in the more favoured tracts of the Presidency and to the kind interest taken by the Madras Government in guaranteeing the debenture holders both principal and interest and by declaring them as trustee securities. Very probably the moment the protecting hand of Government is withdrawn, the plight of the Madras Banks would also become more too enviable. Further it would be necessary sooner or later to extend the operations of the bank to tracts where the agriculturist is not quite as sure of his produce as in the deltas and when this comes to be, the authorities of the Land Mortgage Banks will be hard put to retain the present high standard. Surely some arrangement which would induce and at the same time help the agriculturist to pay up his instalments regularly will have to be thought of and put into operation.

We may mention here that the present rot in the working of the Land Mortgage Banks set in with the beginning of the world depression and that the defaults in the payment of instalments are not due to any decline in the productive capacity of the land, but to the fall in prices which has reduced the monetary value of the agriculturist's income, their liabilities with regard to land revenue and repayment of principal and interest of their loans remaining the same. If a method could be devised by which the fluctuations in agricultural prices could not be much felt by the debtors, the repayments of instalments will tend to be more regular and the financing banks as well as the producers of raw materials will be relieved of their periodical anxieties.

It looks to us that commutations of cash obligations into those of the agricultural commodities of the tract on the basis of the then existing prices and treating them in the same way as long term cash loans with regard to the fixing up of instalments to be paid in kind would go a great way to ameliorate the condition of the ryot. We also wish to add that the valuation of the land and their probable income can also be done in terms of the common commodities of the regions concerned. We are fully alive to the fact that this method will bring in more complications in respect of the proper assessment of the grade and class of the material tendered, their storage, and disposal, and will mean the transference of the risk involved in the price fluctuations to the primary banks creating a feeling of insecurity in the minds of debenture holders. We feel sure however that with the joint efforts of competent financiers, actuaries and members of Co-operative and Agricultural Departments, a way could be found to solve these problems to the best satisfaction of all concerned. The Government of the United States of America have recently outlined a scheme of crop insurance against drought and other causes of failure. The most fascinating point in that scheme is that the premia will be collected in kind and stored in Government warehouses as reserves against lean years. A measure somewhat on those lines can be thought of. We may state that the idea is not novel as such grain banks were in existence in Italy, and Spain a few decades ago.

Incidentally it may be pointed out that at the Conference of Land Mortgage Banks of Madras held in last October, a resolution was passed to the effect that sale societies are to be established at the head quarters of primary banks. These societies if organised will prove quite handy for the disposal of the produce stored in the warehouses that will have to be constructed according to the proposed scheme. The new system of payment of loans in kind and storing them will also produce a wholesome effect in the market by steadying and bettering the prices of these commodities. It may further be utilised for the spread of the Departmental strains by insisting on the members to pay the instalments with the produce of specified strains.