

(E) RURAL CREDIT

Institutional credit to the rural sector is provided principally through the Extended Credit Scheme, rural banks, and the New Agricultural Credit Scheme. All three schemes are operated at village level by co-operatives. In addition, the rural sector obtains a certain amount of credit from the commercial banks, specialized credit institutions and credit schemes operated by government departments for specific purposes.

(1) Extended Credit Scheme

The progress of the Scheme is summarised quarterly since 1967 in Table II (E) 1. At the end of 1970, the scheme was operated by 76 co-operative societies as against 72 at the end of the previous year. The aggregate overdraft limits approved for these societies by the People's Bank increased from Rs. 1.86 million at the end of 1969 to Rs. 1.90 million at the end of 1970, while the aggregate amount utilised by the societies increased from Rs. 1.16 million to Rs. 1.20 million. One Co-operative left the scheme in 1970, on becoming a rural bank.

TABLE II (E) 1
Extended Credit Scheme 1967—1970.
Use of People's Bank Credit Facilities

| End of Quarter | No. of Co-operative Societies | Aggregate Overdraft Facilities | |
|----------------|-------------------------------|--------------------------------|-----------------------|
| | | Approved by People's Bank | Utilised by Societies |
| 1967 March .. | 55 | 1,638,568 | 1,275,450 |
| June .. | 56 | 1,651,068 | 1,279,757 |
| September .. | 58 | 1,685,268 | 1,254,471 |
| December .. | 67 | 1,901,118 | 1,295,673 |
| 1968 March .. | 66 | 1,796,818 | 1,211,925 |
| June .. | 67 | 1,829,818 | 1,231,479 |
| September .. | 69 | 1,872,818 | 1,293,536 |
| December .. | 69 | 1,837,118 | 1,162,904 |
| 1969 March .. | 72 | 1,892,818 | 1,166,789 |
| June .. | 72 | 1,914,818 | 1,224,288 |
| September .. | 71 | 1,856,318 | 1,210,672 |
| December .. | 72 | 1,861,950 | 1,163,384 |
| 1970 March .. | 73 | 1,878,450 | 1,229,580 |
| June .. | 74 | 1,903,450 | 1,207,662 |
| September .. | 73 | 1,854,450 | 1,183,657 |
| December .. | 76 | 1,903,450 | 1,200,847 |

Source: Rural Credit Department, People's Bank

(2) Rural Banks:

Deposits and loans of rural banks on a quarterly basis since 1965 are given in Table II (E) 2.

The Scheme of rural banks continued to expand, with 22 new rural banks being set up in the year under review as against 24 in 1969.

TABLE II (E) 2

Deposits and Loans of Rural Banks 1965-1970

Amount in Rupees

| End of Quarter | No. of Banks | Deposit Accounts | | | | | | | | | Loans | | |
|-------------------|-----------------|------------------|------------|---------|-------|---------|---------|-------|------------|---------|-------|-----------|---------|
| | | Savings | | | Fixed | | | Total | | | No. | Amount | Average |
| | | No. | Amount | Average | No. | Amount | Average | No. | Amount | Average | | | |
| 1965: March | .. 6 | 1556 | 194,013 | 125 | 10 | 8,100 | 810 | 1566 | 202,113 | 129 | 572 | 489,485 | 856 |
| June | .. 7 | 1925 | 305,250 | 159 | 7 | 3,682 | 526 | 1932 | 308,932 | 160 | 771 | 693,621 | 900 |
| September | .. 8 | 2597 | 504,160 | 194 | 7 | 3,734 | 533 | 2604 | 507,894 | 195 | 1038 | 855,946 | 825 |
| December | .. 8 | 2924 | 491,626 | 168 | 9 | 4,734 | 526 | 2933 | 496,360 | 169 | 1153 | 914,699 | 793 |
| 1966: March | .. 8 | 3244 | 499,462 | 154 | 9 | 8,732 | 970 | 3253 | 508,195 | 156 | 1316 | 1,010,628 | 768 |
| June | .. 8 | 3519 | 525,370 | 149 | 13 | 20,586 | 1583 | 3532 | 545,956 | 155 | 1433 | 1,072,293 | 748 |
| September | .. 11 | 3923 | 604,505 | 154 | 11 | 19,868 | 1806 | 3924 | 624,373 | 159 | 1611 | 1,204,125 | 747 |
| December | .. 13 | 4636 | 703,011 | 152 | 15 | 22,737 | 1516 | 4651 | 725,748 | 156 | 1783 | 1,326,457 | 744 |
| 1967: March | .. 14 | 5150 | 707,475 | 137 | 16 | 21,587 | 1349 | 5166 | 729,062 | 141 | 2037 | 1,413,639 | 694 |
| June | .. 16 | 5971 | 821,448 | 138 | 20 | 38,952 | 1948 | 5991 | 860,400 | 144 | 2173 | 1,560,560 | 718 |
| September | .. 20 | 6968 | 1,038,201 | 149 | 28 | 40,242 | 1437 | 6996 | 1,078,433 | 154 | 2529 | 1,815,637 | 718 |
| December | .. 27 | 8792 | 1,305,846 | 118 | 41 | 65,381 | 1595 | 8833 | 1,371,227 | 155 | 2897 | 2,029,476 | 701 |
| 1968: March | .. 30 | 10378 | 1,650,228 | 159 | 85 | 111,430 | 1310 | 10463 | 1,761,658 | 168 | 3336 | 2,366,359 | 709 |
| June | .. 34 | 12137 | 2,063,947 | 170 | 137 | 161,486 | 1179 | 12274 | 2,225,433 | 181 | 4128 | 2,592,847 | 628 |
| September | .. 39 | 14689 | 2,643,592 | 180 | 254 | 221,270 | 871 | 14943 | 2,864,862 | 192 | 4713 | 3,105,393 | 659 |
| December | .. 44 | 17359 | 3,110,576 | 179 | 287 | 222,614 | 776 | 17646 | 3,333,190 | 189 | 5586 | 3,630,731 | 650 |
| 1969: March | .. 54 | 19763 | 3,624,967 | 183 | 621 | 267,109 | 430 | 20384 | 3,892,072 | 191 | 6109 | 4,161,873 | 681 |
| June | .. 57 | 22314 | 4,406,770 | 197 | 575 | 383,550 | 667 | 22889 | 4,790,320 | 209 | 6770 | 4,397,882 | 669 |
| September | .. 64 | 25598 | 4,930,514 | 193 | 687 | 437,884 | 637 | 26285 | 5,368,398 | 204 | 7379 | 4,969,245 | 673 |
| December | .. 68 | 28626 | 5,712,893 | 199 | 724 | 460,168 | 636 | 29350 | 6,173,061 | 210 | 7893 | 5,572,281 | 706 |
| 1970: March | .. 80 | 31663 | 6,209,882 | 196 | 420 | 521,345 | 1241 | 32083 | 6,731,227 | 209 | 8506 | 6,049,587 | 711 |
| June | .. 86 | 34887 | 7,104,222 | 176 | 841 | 697,101 | 829 | 35728 | 7,801,323 | 212 | 8894 | 6,265,170 | 705 |
| September | .. 89 | 38417 | 8,255,943 | 215 | 932 | 721,352 | 774 | 39349 | 8,977,295 | 220 | 9671 | 6,779,046 | 701 |
| December | .. 90 | 49939 | 16,109,287 | 322 | 892 | 799,117 | 896 | 50831 | 16,908,405 | 333 | 10017 | 7,122,213 | 711 |

Source: Rural Credit Department, People's Bank.

District-wise classification of
(The position as at

| District | No. of Rural Banks | Deposit Accounts | | | | | | T o |
|--------------|--------------------|------------------|------------|---------|--------|---------|---------|-------|
| | | Savings | | | Fixed | | | |
| | | Number | Amount | Average | Number | Amount | Average | |
| Colombo | 12 | 9256 | 3,769,786 | 407 | 43 | 90,083 | 2095 | 9299 |
| Kalutara | 5 | 3438 | 926,571 | 270 | 20 | 29,383 | 1469 | 3458 |
| Matale | 1 | 555 | 196,197 | 354 | 9 | 7,471 | 830 | 564 |
| Nuwara Eliya | 1 | 384 | 63,657 | 166 | — | — | — | 384 |
| Galle | 4 | 1902 | 505,981 | 266 | 268 | 74,015 | 276 | 2170 |
| Matara | 3 | 1396 | 551,402 | 395 | 8 | 13,447 | 1681 | 1404 |
| Hambantota | 5 | 1584 | 341,091 | 315 | 30 | 27,864 | 929 | 1614 |
| Jaffna | 1 | 521 | 147,359 | 283 | 61 | 192,734 | 3160 | 582 |
| Mannar | — | — | — | — | — | — | — | — |
| Vavuniya | — | — | — | — | — | — | — | — |
| Batticaloa | — | — | — | — | — | — | — | — |
| Amparai | 4 | 905 | 166,203 | 184 | 11 | 14,050 | 1277 | 916 |
| Trincomalee | — | — | — | — | — | — | — | — |
| Kurunegala | 12 | 7069 | 2,592,854 | 367 | 41 | 61,418 | 1498 | 7110 |
| Puttalam | 2 | 2306 | 620,999 | 269 | 3 | 12,000 | 4000 | 2309 |
| Anuradhapura | 5 | 2256 | 430,271 | 191 | 101 | 9,719 | 96 | 2357 |
| Polonnaruwa | 8 | 3346 | 1,061,853 | 317 | 36 | 49,625 | 1378 | 3382 |
| Badulla | 6 | 3502 | 1,109,747 | 317 | 63 | 36,722 | 583 | 3565 |
| Moneragala | 1 | 486 | 84,087 | 173 | — | — | — | 486 |
| Ratnapura | 11 | 4496 | 1,459,215 | 325 | 61 | 96,562 | 1583 | 4557 |
| Kegalle | 4 | 2216 | 679,104 | 306 | 22 | 41,461 | 1885 | 2238 |
| Kandy | 5 | 4321 | 1,402,909 | 325 | 115 | 42,564 | 370 | 4436 |
| Total | 90 | 49939 | 16,109,286 | 323 | 892 | 799,118 | 896 | 50831 |

TABLE II (E) 3

Deposits and Advances of Rural Banks
31st December, 1970)

| t a l | | Loans | | | | | | |
|------------|-----|---------|--------------|--------|--------------|--------|--------------|--------|
| | | Pawning | | Other | | Total | | |
| | | Amount | Average | Number | Amount | Number | Amount | Number |
| 3,859,869 | 415 | 3719 | 367,740.50 | 1720 | 1,521,623.68 | 5439 | 1,889,364.18 | 347 |
| 955,954 | 276 | 641 | 52,765.50 | 736 | 502,399.30 | 1377 | 555,164.80 | 403 |
| 203,668 | 361 | 43 | 3,634.00 | 61 | 42,103.61 | 104 | 45,737.61 | 440 |
| 63,657 | 166 | 31 | 2,989.50 | 130 | 91,864.25 | 161 | 94,853.75 | 589 |
| 579,996 | 267 | 436 | 36,079.00 | 447 | 254,960.33 | 883 | 291,039.33 | 330 |
| 564,849 | 402 | 179 | 19,913.00 | 226 | 153,286.88 | 405 | 173,199.88 | 428 |
| 368,955 | 229 | 608 | 78,685.50 | 275 | 211,266.23 | 883 | 289,951.73 | 328 |
| 340,093 | 584 | 732 | 113,283.00 | 83 | 67,965.00 | 815 | 181,248.00 | 222 |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| 180,253 | 197 | 1438 | 249,487.00 | 145 | 82,769.20 | 1583 | 332,256.20 | 210 |
| — | — | — | — | — | — | — | — | — |
| 2,654,272 | 373 | 936 | 88,813.00 | 1129 | 1,137,339.94 | 2065 | 1,226,152.94 | 594 |
| 632,999 | 274 | 2749 | 254,466.00 | 780 | 542,393.04 | 3529 | 796,859.04 | 226 |
| 439,990 | 187 | 1499 | 146,957.25 | 380 | 246,760.05 | 1879 | 393,717.30 | 210 |
| 1,111,478 | 329 | 1121 | 120,603.00 | 419 | 233,299.17 | 1540 | 353,902.17 | 230 |
| 1,146,469 | 322 | 435 | 59,404.50 | 1038 | 566,870.20 | 1473 | 626,274.70 | 425 |
| 84,087 | 173 | 47 | 4,087.50 | 233 | 104,923.69 | 280 | 109,011.19 | 389 |
| 1,555,777 | 341 | 1192 | 152,281.00 | 740 | 323,110.94 | 1932 | 475,391.94 | 246 |
| 720,565 | 322 | 1472 | 129,331.50 | 502 | 264,678.57 | 1974 | 394,010.07 | 200 |
| 1,445,473 | 326 | 814 | 99,549.05 | 973 | 774,599.31 | 1787 | 874,148.36 | 489 |
| — | — | — | — | — | — | — | — | — |
| 16,908,404 | 333 | 18092 | 1,980,069.80 | 10017 | 7,122,213.39 | 28109 | 9,102,283.19 | 324 |

The total deposits with the rural banks recorded an unprecedented increase of Rs.10.7 million in 1970, attributable very largely to the demonetisation. In the first nine months of the year, deposits increased by Rs. 2.8 million which compares with an increase of Rs. 2.1 million in the first nine months of 1969. Almost the entirety of the increase in total deposits in the year as a whole was reflected in an increase in savings deposits.

The number of savings accounts with the rural banks increased by 21,313 and the amount of savings deposits by Rs. 10.4 million; in the first nine months of the year, the increases amounted to 9,791 and Rs. 2.5 million respectively. The average size of savings deposits at the end of 1970 was Rs. 322 as against Rs. 199 at the end of 1969; at the end of September, 1970 it was Rs. 215.

The number of fixed deposit accounts with rural banks rose from 724 at the end of 1969 to 892 at the end of 1970, and the total amount in such deposits from Rs. 460,168 to Rs. 799,177. The average size of fixed deposits also rose from Rs. 636 to Rs. 896.

The expansion of credit granted by the rural banks is reflected in the increase in the number of loans from 7893 at the end of 1969 to 10,017 at the end of 1970 and in the increase in outstanding loans from Rs. 5.6 million to Rs. 7.1 million. The average loan increased from Rs. 706 at the end of 1969 to Rs. 711 at the end of 1970.

A district-wise analysis of the deposits and loans of rural banks is given in Table II (E) 3.

Table II (E).4 gives a purpose-wise analysis of the loans granted by rural banks.

TABLE II (E) 4
Rural Banks' Loans by Purpose
(As at 31st December each year)

| Purpose | Amount in Rupees | | Percent of Total | |
|------------------------|------------------|------------------|------------------|--------------|
| | 1969 | 1970 | 1969 | 1970 |
| Production of which .. | 1,355,380 | 1,676,784 | 24.3 | 23.5 |
| Agriculture .. | 1,138,651 | 1,389,272 | 20.4 | 19.5 |
| Animal husbandry .. | 49,473 | 59,790 | 0.9 | 0.8 |
| Cottage industry .. | 167,256 | 227,722 | 3.0 | 3.2 |
| Housing .. | 1,983,579 | 2,731,812 | 35.7 | 38.3 |
| Debt Redemption .. | 1,679,704 | 2,003,923 | 30.3 | 28.1 |
| Trade .. | 316,372 | 381,580 | 5.7 | 5.4 |
| Consumption .. | 62,138 | 90,945 | 1.1 | 1.3 |
| Electrification .. | 12,528 | 12,690 | 0.2 | 0.2 |
| Others .. | 152,580 | 224,476 | 2.7 | 3.2 |
| Total .. | 5,562,281 | 7,122,210 | 100.0 | 100.0 |

Source: Rural Credit Department. People's Bank.

There has been notable increases in the loans granted for all purposes. The increase in loans for housing purposes was quite marked, accounting for nearly 50 per cent of the increase in total loans. Loans for agricultural production and debt redemption too showed notable increases but their shares

in total loans were reduced from 20.4 per cent and 30.3 per cent respectively in 1969 to 19.5 per cent and 28.1 per cent respectively in 1970. Loans for other purposes did not show significant changes. Broadly, the pattern of rural bank lending has remained much the same as in the previous years.

The trend in the deposits of the rural banks more than offsetting their loans was quite marked in 1970. At the end of the year, total deposits exceeded total loans by Rs. 9.8 million, but this was due to the abnormal increase in their deposits accruing from the demonetisation. At the end September 1970, deposits exceed loans by Rs. 2.2 million as compared with an excess of Rs. 0.6 million at the end of December 1969. Deposits were in excess of advances in 63 banks as against 43 in 1969, while advances exceeded deposits in 27 banks as against 25 in 1969.

Rural Banks also function as agents of the People's Bank in pawn broking. Pawn broking transactions increased from 14,325 to 18,092 and the extent of financing from Rs. 1,523,584 to Rs. 1,980,070.

(3) New Agricultural Credit Scheme.

(a) Paddy loans -

Overall Position:

The coverage of the New Agricultural Credit Scheme declined further in 1970. Loans granted in the 1969/70 Maha season amounted to Rs. 39.2 million, compared with Rs. 45.7 million and Rs. 61.4 million in the Maha seasons of 1968/69 and 1967/68 respectively. Loans granted in 1969/70 amounted to only 64 per cent of the loans granted in 1967/68, the first Maha season under this credit scheme. Loans for the Yala 1970, however, improved somewhat, amounting to Rs. 11.5 million as against Rs. 9.9 million in 1969 and Rs. 11.3 million in 1968.

The deteriorating level of voluntary repayments has been a significant factor accounting for the decline in the coverage of the scheme. Voluntary repayments, which were 70.0 per cent of loans granted in Maha 1967/68 and 54.5 per cent in Maha 1968/69, declined further to 47.7 per cent in Maha 1969/70. Voluntary repayments in the Yala season declined from 79.6 per cent in 1968 to 76.8 per cent in 1969; the position in 1970 cannot be determined as yet, because 40.9 per cent of loans granted had not fallen due for repayment.

In the previous years, total recoveries were higher than the voluntary repayments when the value of rice ration coupons hypothecated under the scheme are taken into account. In 1970, however, with the Government's decision to restore the hypothecated rice ration coupons to the defaulting borrowers, total recoveries will not exceed voluntary repayments.

The amounts granted, recovered, extended, due and in default in all the seasons since the inception of the scheme are shown in Table II (E) 5.

District-wise position:

Tables II (E) 6 & II (E) 7 give a district-wise analysis of loans granted and recoveries made in the four seasons commencing Maha 1968/69.

All districts, with the exception of Matara, Kurunegala, Badulla and Ratnapura, utilized a lower amount of credit in Maha 1969/70 than in the previous Maha. Districts with a particularly sharp decrease in credit utilisation

TABLE II (E) 5
New Agricultural Credit Scheme - Paddy Loans

| Season Operation | Amount in Rupees Million | | | | | | As Percentage of Amount utilised | | | | | |
|------------------------------|--------------------------|--------------|-----------------|--------------|-----------------|--------------|----------------------------------|--------------|-----------------|--------------|-----------------|--------------|
| | Maha 1967/68 | Yala 1968 | Maha 1968/69 | Yala 1969 | Maha 1969/70 | Yala 1970 | Maha 1967/68 | Yala 1968 | Maha 1968/69 | Yala 1969 | Maha 1969/70 | Yala 1970 |
| Loans Granted .. | 61.4 | 11.3 | 45.7 | 9.9 | 39.2 | 11.5 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total Repayments of Which:.. | 52.4 | 9.5 | 27.0 | 7.8 | 18.7 | 6.0 | 85.3 | 84.0 | 59.1 | 78.8 | 47.7 | 52.2 |
| Voluntary .. | 43.0 | 9.0 | 24.9 | 7.6 | 18.7 | 6.0 | 70.0 | 79.6 | 54.5 | 76.8 | 47.7 | 52.2 |
| Rice Ration Coupons .. | 9.4 | 0.5 | 2.1 | 0.2 | 0.0 | 0.0 | 15.3 | 4.4 | 4.6 | 2.0 | 0.0 | 0.0 |
| Crop Failure Extensions .. | 0.4 | 0.2 | 4.9 | 0.6 | 0.5 | 0.0 | 0.7 | 1.8 | 10.7 | 6.1 | 1.3 | 0.0 |
| Dues not in Default .. | 0.0 | 0.0 | 0.0 | 0.1 | 0.7 | 4.7 | 0.0 | 0.0 | 0.0 | 1.0 | 1.8 | 40.9 |
| Defaults .. | 8.6 | 1.6 | 13.8 | 1.4 | 19.3 | 0.8 | 14.0 | 14.2 | 30.2 | 14.1 | 49.2 | 6.9 |

Source: Rural Credit Department, People's Bank.

District - Wise Analysis of Paddy Loans-

| District | Amount in Rupees Thousands | | | | | | | | | |
|---------------------|----------------------------|------|------------|------|-----------|------|---------------------|------|-------------------------|------|
| | Amount granted | | Repayments | | | | | | Crop Failure Extensions | |
| | | | Total | | Voluntary | | Rice ration coupons | | | |
| | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala |
| Colombo—Kalutara .. | 112 | 169 | 87 | 114 | 83 | 113 | 4 | 1 | — | 1 |
| Kandy .. | 1537 | 811 | 1432 | 769 | 1389 | 760 | 43 | 9 | — | — |
| Matale .. | 803 | 22 | 663 | 22 | 539 | 22 | 124 | — | — | — |
| Nuwara Eliya .. | 374 | 102 | 288 | 63 | 285 | 63 | 3 | — | — | — |
| Galle .. | 295 | 365 | 226 | 255 | 222 | 248 | 4 | 7 | 2 | 46 |
| Matara .. | 646 | 899 | 621 | 736 | 594 | 721 | 27 | 15 | 3 | 74 |
| Hambantota .. | 2442 | 1381 | 1904 | 791 | 1805 | 388 | 99 | 3 | 85 | 419 |
| Jaffna .. | 3045 | — | 2143 | — | 2098 | — | 45 | — | 491 | — |
| Mannar .. | 3642 | — | 1766 | — | 1766 | — | — | — | 985 | — |
| Vavuniya .. | 4079 | 24 | 1560 | 19 | 1558 | 19 | 2 | — | — | — |
| Batticaloa .. | 4094 | 113 | 2444 | 38 | 2021 | 38 | 423 | — | 81 | — |
| Amparai .. | 3947 | 1467 | 2149 | 1338 | 1941 | 1315 | 208 | 23 | 58 | — |
| Trincomalee .. | 2560 | 142 | 1678 | 80 | 1321 | 71 | 357 | 9 | — | — |
| Kurunegala .. | 2368 | 453 | 1640 | 246 | 1345 | 240 | 295 | 6 | 58 | 24 |
| Puttalam .. | 991 | 69 | 439 | 46 | 395 | 44 | 44 | 2 | 186 | 11 |
| Anuradhapura .. | 7048 | 47 | 1225 | 25 | 1177 | 25 | 48 | — | 2905 | — |
| Polonnaruwa .. | 4372 | 2403 | 3862 | 2113 | 3668 | 1953 | 194 | 160 | — | — |
| Badulla .. | 1209 | 367 | 1021 | 329 | 930 | 327 | 91 | 2 | — | — |
| Moneragala .. | 1145 | 1 | 985 | 1 | 885 | — | 100 | — | 50 | — |
| Ratnapura .. | 860 | 926 | 779 | 748 | 767 | 745 | 12 | 3 | — | — |
| Kegalle .. | 139 | 118 | 137 | 102 | 134 | 101 | 3 | 1 | — | — |
| Total .. | 45708 | 9879 | 27049 | 7835 | 24923 | 7594 | 2126 | 241 | 4904 | 575 |

TABLE II (E) 6

Maha 1968/1969 and Yala 1969

| Defaults | | As percent of Amount granted | | | | | | | | | |
|----------|------|------------------------------|--------|-----------|--------|---------------------|------|-------------------------|-------|----------|-------|
| | | Repayments | | | | | | Crop failure extensions | | Defaults | |
| | | Total | | Voluntary | | Rice ration coupons | | Maha | Yala | Maha | Yala |
| Maha | Yala | Maha | Yala | Maha | Yala | | | | | | |
| 25 | 54 | 77.67 | 67.45 | 74.10 | 66.86 | 3.57 | .59 | — | .59 | 22.32 | 31.95 |
| 105 | 42 | 93.16 | 94.82 | 90.37 | 93.71 | 2.79 | 1.10 | — | — | 6.83 | 5.17 |
| 140 | — | 82.56 | 100.00 | 67.12 | 100.00 | 15.44 | — | — | — | 17.43 | — |
| 86 | 39 | 77.00 | 61.76 | 76.20 | 61.76 | .80 | — | — | — | 22.99 | 38.23 |
| 67 | 65 | 76.61 | 69.86 | 75.25 | 67.94 | 1.35 | 1.91 | .67 | 12.60 | 22.71 | 17.80 |
| 22 | 89 | 96.13 | 81.86 | 91.95 | 80.20 | 4.17 | 1.66 | .46 | 8.23 | 3.40 | 9.89 |
| 453 | 171 | 77.96 | 57.27 | 73.91 | 57.06 | 4.05 | .21 | 3.48 | 30.34 | 18.55 | 12.38 |
| 411 | — | 70.37 | — | 68.89 | — | 1.47 | — | 16.12 | — | 13.49 | — |
| 891 | — | 48.48 | — | 48.48 | — | — | — | 27.04 | — | 24.46 | — |
| 2519 | 5 | 38.24 | 79.16 | 38.19 | 79.16 | .04 | — | — | — | 61.75 | 20.83 |
| 1569 | 75 | 59.69 | 33.62 | 49.36 | 33.62 | 10.33 | — | 1.97 | — | 38.32 | 66.37 |
| 1740 | 130 | 54.44 | 91.20 | 49.17 | 89.63 | 5.26 | 1.56 | 1.46 | — | 44.08 | 8.86 |
| 882 | 62 | 65.54 | 56.33 | 51.60 | 50.00 | 13.94 | 6.33 | — | — | 34.45 | 43.66 |
| 670 | 145 | 69.25 | 54.30 | 56.79 | 52.98 | 12.45 | 1.32 | 2.44 | 5.29 | 28.29 | 32.00 |
| 366 | 12 | 44.29 | 66.66 | 39.85 | 63.76 | 4.43 | 2.89 | 18.76 | 15.94 | 36.93 | 17.39 |
| 2918 | 22 | 17.38 | 53.19 | 16.69 | 53.19 | .68 | — | 41.21 | — | 41.40 | 46.80 |
| 510 | 289 | 88.33 | 87.93 | 83.89 | 81.27 | 4.43 | 6.65 | — | — | 11.66 | 12.02 |
| 188 | 38 | 84.44 | 89.64 | 76.92 | 89.10 | 7.52 | .54 | — | — | 15.55 | 10.35 |
| 110 | — | 86.02 | 100.00 | 77.29 | 100.00 | 8.73 | — | 4.36 | — | 9.60 | — |
| 81 | 178 | 90.58 | 80.77 | 89.18 | 80.45 | 1.39 | .32 | — | — | 9.41 | 19.22 |
| 2 | 16 | 98.56 | 86.44 | 96.40 | 85.59 | 2.15 | .84 | — | — | 1.43 | 13.55 |
| 13755 | 1432 | 59.17 | 79.30 | 54.52 | 76.87 | 4.65 | 2.43 | 10.72 | 5.82 | 30.09 | 14.49 |

Source: Rural Credit Department
People's Bank.

District-Wise Analysis of Paddy Loans

| District | Amount in Rupees Thousand | | | | | | | | | | | |
|-------------------------|---------------------------|-------|------------|------|-----------|------|---------------------|------|-------------------------|------|----------|------|
| | Amount granted | | Repayments | | | | | | Crop failure Extensions | | Defaults | |
| | | | Total | | Voluntary | | Rice Ration coupons | | | | | |
| | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala |
| Colombo and Kalutara .. | 102 | 99 | 62 | 32 | 62 | 8 | — | — | — | — | 40 | 24 |
| Kandy .. | 1047 | 451 | 895 | 87 | 894 | 28 | 1 | — | — | — | 149 | — |
| Matale .. | 744 | 84 | 320 | 15 | 320 | — | — | — | — | — | 424 | — |
| Nuwara Eliya .. | 201 | 28 | 120 | 7 | 120 | — | — | — | — | — | 77 | — |
| Galle .. | 282 | 376 | 167 | 134 | 167 | 55 | — | — | 32 | — | 76 | 112 |
| Matara .. | 922 | 1060 | 551 | 461 | 548 | 203 | 3 | — | 256 | — | 115 | 596 |
| Hambantota .. | 1128 | 1379 | 393 | 156 | 393 | 55 | — | — | 165 | — | 174 | 15 |
| Jaffna .. | 2923 | 269 | 1766 | 225 | 1766 | 93 | — | — | — | — | 1157 | — |
| Mannar .. | 3462 | — | 1813 | — | 1813 | — | — | — | — | — | 1649 | — |
| Vavuniya .. | 3028 | — | 1205 | — | 1205 | — | — | — | — | — | 1822 | — |
| Batticaloa .. | 2706 | 29 | 651 | — | 651 | — | — | — | — | — | 2055 | — |
| Amparai .. | 2935 | 1399 | 1592 | 864 | 1592 | — | — | — | — | — | 1343 | 3 |
| Trincomalee .. | 2012 | 530 | 918 | 278 | 918 | 15 | — | — | — | — | 1094 | — |
| Kurunegala .. | 2702 | 535 | 659 | 136 | 658 | 38 | 1 | — | 17 | — | 1946 | — |
| Puttalam .. | 671 | 192 | 256 | 18 | 256 | 6 | — | — | 2 | — | 372 | — |
| Anuradhapura .. | 6346 | 306 | 1195 | 133 | 1195 | 84 | — | — | — | — | 5067 | 104 |
| Polonnaruwa .. | 4225 | 3335 | 3626 | 2541 | 3626 | 12 | — | — | — | — | 599 | — |
| Badulla .. | 1485 | 598 | 1092 | 503 | 1090 | 13 | 2 | — | — | — | 369 | — |
| Moneragala .. | 1086 | 66 | 635 | 56 | 635 | — | — | — | 4 | — | 447 | — |
| Ratnapura .. | 1052 | 561 | 710 | 250 | 710 | 59 | — | — | — | — | 339 | — |
| Kegalle .. | 136 | 179 | 124 | 71 | 124 | 45 | — | — | — | — | 12 | — |
| Total | 39195 | 11476 | 18750 | 5967 | 18743 | 714 | 7 | — | 476 | — | 19326 | 854 |

TABLE II (E) 7

Maha 1969/70 and Yala 1970

| Due but not in Default | | As percent of Amount granted | | | | | | | | | | | |
|---------------------------|------|------------------------------|-------|-----------|-------|------------------------|------|----------------------------|------|----------|-------|---------------------------|--------|
| | | Repayments | | | | | | Crop Failure Extensions | | Defaults | | Due but not in default | |
| | | Total | | Voluntary | | Rice Ration coupons | | | | | | | |
| Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala | Maha | Yala |
| — | 43 | 60.78 | 32.32 | 60.78 | 8.08 | — | — | — | — | 39.21 | 24.24 | — | 43.43 |
| 3 | 364 | 85.48 | 19.29 | 85.38 | 6.20 | .09 | — | — | — | 14.23 | — | .28 | 80.70 |
| — | 69 | 43.01 | 17.85 | 43.01 | — | — | — | — | — | 56.98 | — | — | 82.14 |
| 4 | 21 | 59.70 | 25.00 | 59.70 | — | — | — | — | — | 38.30 | — | 1.99 | 75.00 |
| 7 | 130 | 59.21 | 35.63 | 59.21 | 14.62 | — | — | 11.34 | — | 26.95 | 29.78 | 2.48 | 34.57 |
| — | 3 | 59.76 | 43.49 | 59.43 | 19.15 | .32 | — | 27.76 | — | 12.47 | 56.22 | — | .28 |
| 396 | 1208 | 34.84 | 11.31 | 34.84 | 3.98 | — | — | 14.62 | — | 15.42 | 1.08 | 35.10 | 87.59 |
| — | 44 | 60.41 | 83.64 | 60.41 | 34.57 | — | — | — | — | 39.58 | — | — | 16.35 |
| — | — | 52.36 | — | 52.36 | — | — | — | — | — | 47.63 | — | — | — |
| 1 | — | 39.79 | — | 39.79 | — | — | — | — | — | 60.17 | — | 0.3 | — |
| — | 29 | 24.05 | — | 24.05 | — | — | — | — | — | 75.94 | — | — | 100.00 |
| — | 532 | 54.24 | 61.75 | 54.24 | — | — | — | — | — | 45.75 | .21 | — | 38.02 |
| — | 252 | 45.62 | 52.45 | 45.62 | 2.83 | — | — | — | — | 54.37 | — | — | 47.54 |
| 80 | 399 | 24.38 | 25.42 | 24.35 | 7.10 | .03 | — | .62 | — | 72.02 | — | 2.96 | 74.57 |
| 41 | 174 | 38.15 | 9.37 | 38.15 | 3.12 | — | — | .29 | — | 55.43 | — | 6.11 | 90.62 |
| 84 | 69 | 18.83 | 43.46 | 18.83 | 27.45 | — | — | — | — | 79.84 | 33.98 | 1.32 | 22.54 |
| — | 794 | 85.82 | 76.19 | 85.82 | .35 | — | — | — | — | 14.17 | — | — | 23.80 |
| 24 | 95 | 73.53 | 84.11 | 73.53 | 2.17 | .13 | — | — | — | 24.84 | — | 1.61 | 15.88 |
| — | 10 | 58.47 | 84.84 | 58.47 | — | — | — | .36 | — | 41.16 | — | — | 15.15 |
| 3 | 311 | 67.49 | 44.56 | 67.49 | 10.51 | — | — | — | — | 32.22 | — | 2.8 | 55.43 |
| — | 108 | 91.17 | 39.66 | 91.17 | 25.13 | — | — | — | — | 8.82 | — | — | 60.33 |
| 643 | 4655 | 47.83 | 51.99 | 47.81 | 6.22 | .01 | — | 1.06 | — | 49.30 | 7.44 | 1.64 | 40.56 |

Source: Rural Credit Department
People's Bank

were Hambantota, Batticaloa, Amparai and Anuradhapura. Of these districts the levels of voluntary repayments were low for Batticaloa, Amparai and Anuradhapura in the previous Maha and for all four districts in the previous Yala. Anuradhapura had the lowest level of repayments in the previous Maha, amounting to only 16.69 per cent of the loans granted.

The level of voluntary repayments in Maha 1969/70 were lower than in the previous Maha in most districts. The levels in districts like Kandy, Matara, Polonnaruwa, Moneragala, Ratnapura and Kegalle which were high in the previous season, also declined, markedly in some cases. In Matara, the level dropped to 59.43 per cent of loans granted from 91.95 per cent in Maha 1968/69; in Moneragala, the level declined from 77.29 per cent to 58.47 per cent.

(b) *Subsidiary Crops* -

Overall Position:

Loans granted for the production of subsidiary crops rose from Rs. 6.4 million between October 1968 and September 1969 to Rs. 7.3 million between October 1969 and September 1970. Recovery levels, however, have been lower in 1969/70 than in the previous year, as may be seen from Tables II (E) 8 and II (E) 9.

Loans for chillies, red onions and potatoes continue to account for the bulk of the total loans for subsidiary crops. Loans granted for chillies, red onions and potatoes increased during the year while loans for vegetable production were lower than in the previous year. Loans for red onions, chillies and potatoes increased by Rs. 0.5 million, Rs. 0.3 million and Rs. 0.2 million respectively, while loans for vegetable production declined by Rs. 0.1 million.

Recoveries were the highest in the case of loans for potatoes with 72.38 per cent of loans granted, while groundnuts and maize recorded the lowest recovery rate of 16.38 per cent.

District-wise Position:

The Jaffna district continues to account for an increasing share of the total loans granted for subsidiary crops. The proportion of total credit utilised in the Jaffna district has been rising, from 49.4 per cent in 1967/68 and 58.8 per cent in 1968/69 to 66.1 per cent in 1969/70. As in the previous year, nearly 90 per cent of the total loans granted in Jaffna in 1969/70 was for red onions and chillies. The Badulla district had the second largest share of the total loans for subsidiary crops, though it fell to 11.3 per cent from 15.1 per cent in 1968/69. Nearly 89.0 per cent (as in the previous year) of the loans utilised in Badulla was for potato cultivation.

The recovery of loans in the Jaffna district has been lower at 65.2 per cent of loans granted as against 89.3 per cent in 1968/69. Recoveries in the Badulla district amounted to 48 per cent as compared with nearly 90 per cent in 1968/69.

(4) Survey of Rural Credit and Indebtedness

As mentioned in the Annual Report for 1969, the field work on the survey of Rural Credit and Indebtedness was completed in December, 1969. The data gathered in the survey are being processed.

TABLE II (E) 8

District - Wise Analysis of Loans for Subsidiary Crops - 1968/69

Amount in Rupees Hundred

| District | Chillies | | Red Onions | | Potatoes | | Vegetables | | Percentage of Recoveries | | | |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------------------|--------------|--------------|--------------|
| | Granted | Recovered | Granted | Recovered | Granted | Recovered | Granted | Recovered | Chillies | Red Onions | Potatoes | Vegetables |
| Colombo | — | — | — | — | — | — | — | — | — | — | — | — |
| Kalutara | — | — | — | — | — | — | 210 | 210 | — | — | — | 100.00 |
| Kandy | — | — | — | — | — | — | 962 | 877 | — | — | — | 91.16 |
| Matale | 153 | 46 | — | — | — | — | — | — | 30.06 | — | — | — |
| Nuwara Eliya | — | — | — | — | 3,527 | 1,670 | 1,113 | 958 | — | — | 47.34 | 86.07 |
| Galle | — | — | — | — | — | — | — | — | — | — | — | — |
| Matara | — | — | — | — | — | — | — | — | — | — | — | — |
| Hambantota | 1,705 | 727 | 224 | 149 | — | — | — | — | 42.63 | 66.51 | — | — |
| Jaffna | 12,704 | 9,102 | 21,815 | 21,372 | 3,411 | 3,409 | — | — | 71.64 | 97.96 | 99.94 | — |
| | | | | | 50* | 50* | | | | | 100.00* | |
| Mannar | — | — | — | — | — | — | — | — | — | — | — | — |
| Vavuniya | 1,993 | 337 | — | — | — | — | — | — | 16.90 | — | — | — |
| Batticaloa | — | — | — | — | — | — | — | — | — | — | — | — |
| Amparai | — | — | — | — | — | — | — | — | — | — | — | — |
| Trincomalee | 246 | 139 | 1,461 | 1,023 | — | — | — | — | 56.50 | 70.02 | — | — |
| Kurunegala | 127 | 9 | 148 | 133 | — | — | — | — | 7.08 | 89.86 | — | — |
| Puttalam | 554 | 185 | 2 | 2 | — | — | — | — | 33.39 | 100.00 | — | — |
| Anuradhapura | 1,682 | 177 | — | — | — | — | — | — | 10.52 | — | — | — |
| Polonnaruwa | 223 | 215 | 140 | 140 | — | — | — | — | 96.41 | 100.00 | — | — |
| Badulla | 4 | 4 | 7 | 7 | 8,083 | 7,264 | 1,636 | 1,479 | 100.00 | 100.00 | 89.86 | 90.40 |
| Moneragala | 454 | 434 | 261 | 261 | — | — | — | — | 95.59 | 100.00 | — | — |
| Ratnapura | 569 | 455 | 646 | 465 | — | — | 427 | 271 | 79.96 | 71.98 | — | 63.46 |
| Kegalle | — | — | — | — | — | — | — | — | — | — | — | — |
| Total | 20,414 | 11,830 | 24,704 | 23,552 | 15,021 | 12,343 | 4,348 | 3,795 | 57.95 | 95.33 | 82.17 | 87.28 |
| | | | | | 50* | 50* | | | | | 100.00* | |

* Bombay Onions

Source: Rural Credit Department
People's Bank.

TABLE II (E) 9

District - Wise Analysis of Loans for Subsidiary Crops - 1969/70

Amount in Rupees Hundred

| District | Chillies | | Red Onions | | Potatoes | | Vegetables | | Groundnuts & Maize | | Percent of Recoveries | | | | |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------------|-----------|-----------------------|--------------|--------------|--------------|---------------------|
| | Granted | Recovered | Granted | Recovered | Granted | Recovered | Granted | Recovered | Granted | Recovered | Chillies | Red Onions | Potatoes | Vegetables | Ground-nuts & maize |
| Colombo | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Kalutara | — | — | — | — | — | — | 155 | 155 | — | — | — | — | — | 100.00 | — |
| Kandy | — | — | — | — | 82 | 68 | 950 | 767 | — | — | — | — | 82.92 | 80.73 | — |
| Matale | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Nuwara Eliya | — | — | — | — | 2,827 | 2,041 | 773 | 509 | — | — | — | — | 72.19 | 65.84 | — |
| Galle | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Matara | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Hambantota | 893 | 63 | 134 | 38 | — | — | — | — | — | — | 7.05 | 28.35 | — | — | — |
| Jaffna | 15,651 | 8,270 | 26,125 | 16,920 | 6,654 | 6,409 | — | — | — | — | 52.84 | 64.76 | 96.31 | — | — |
| Mannar | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Vavuniya | 600 | 2 | — | — | — | — | — | — | — | — | .33 | — | — | — | — |
| Batticaloa | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Amparai | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Trincomalee | 269 | 67 | 2,198 | 774 | — | — | — | — | — | — | 24.90 | 35.21 | — | — | — |
| Kurunegala | 479 | 107 | 122 | 71 | — | — | — | — | — | — | 22.33 | 58.19 | — | — | — |
| Puttalam | 1,289 | 302 | — | — | — | — | — | — | — | — | 23.42 | — | — | — | — |
| Anuradhapura | 2,982 | 351 | — | — | — | — | — | — | — | — | 11.77 | — | — | — | — |
| Polonnaruwa | 112 | 89 | — | — | — | — | — | — | — | — | 79.46 | — | — | — | — |
| Badulla | — | — | — | — | 7,275 | 3,671 | 935 | 312 | 15 | 6 | — | — | 50.46 | 33.36 | 40.02 |
| Monaragala | 1,100 | 541 | 410 | 211 | — | — | — | — | 34 | 2 | 49.18 | 51.46 | — | — | 5.88 |
| Ratnapura | 559 | 321 | 608 | 179 | — | — | — | — | — | — | 57.42 | 29.44 | — | — | — |
| Kegalle | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total | 23,934 | 10,113 | 29,597 | 18,193 | 16,838 | 12,189 | 2,813 | 1,743 | 49 | 8 | 42.25 | 61.46 | 72.38 | 61.96 | 16.38 |

Source: Rural Credit Department
People's Bank