

(B) DOMESTIC AGRICULTURE

1. Agricultural Production

(i) Significant Policy Changes

Several new measures were taken to achieve self-sufficiency in food and to promote the development of domestic agriculture.

The Paddy Producers Savings Law, No. 9 of 1973 authorized the Paddy Marketing Board to make certain prescribed deductions from the payments made to the producer for the paddy sold to the Board, and to credit these deductions to individual savings accounts in the names of the producers. These sums were to be paid to the producers on their reaching the age of 60 years (55 in the case of females) or when they cease to be producers due to a change of occupation or physical incapacity or emigration from Sri Lanka.

The Agricultural Insurance Law, No. 27 of 1973 sought to establish an Agricultural Insurance Board for operating a comprehensive agricultural insurance scheme for specified crops and livestock in order to indemnify farmers against losses from crop failure, stabilize farm incomes and promote agricultural production. This law provides, inter alia, for the payment of premia in the form of money or kind. Proceeds from the sale of crops under the Guaranteed Price Scheme could also be utilized to meet the payment of premia.

The Agricultural Lands Law, No. 42 of 1973 replaced the Paddy Lands Act, No. 1 of 1958 and provided for the security of tenure of tenant cultivators of paddy lands, the specification of rent payable by tenant cultivators to the landlord, the establishment of cultivation committees and the determination of tenurial and other disputes in respect of all agricultural lands by agricultural tribunals. The cultivation committees were to function as agents of productivity committees that were established under the Agricultural Productivity Law (see below) and were to perform their functions in respect of all agricultural lands.

The Sale of State Lands (Special Provisions) Law, No. 43 of 1973 provides for the systematic sale of state land to certain prescribed classes of persons for the purpose of agricultural development and for the repeal of certain provisions in the Land Development Ordinance.

The laws mentioned above were passed in 1973. The more important laws pertaining to agricultural development passed in 1972 were the Land Reform Law, No. 1 of 1972 and the Agricultural Productivity Law, No. 2 of 1972. The Land Reform Law established a Land Reform Commission and provided for the vesting of certain agricultural lands in the Land Reform Commission. The Commission was to dispose of the land in a manner that would increase productivity and employment.

A preliminary estimate of the extent of land that would come under the Land Reform Law is about 450,000 acres. By the end of 1973, 295,000 acres (or 65.6 per cent) have been vested in the Commission. Details regarding land which has already been alienated to various statutory bodies and organizations by the Commission are as follows:

	Acres
State Plantations Corporation (mainly tea and rubber)	5,914
Udarata Cooperative Development Board (mainly tea)	5,487
Coconut Cultivation Board (mainly coconut)	287
Government Departments	224
Private Organizations	100
Under District Land Reform Authorities	1,007
Land Reform Commission Cooperatives	4,173
Multipurpose Cooperative Societies	2,135
	<hr/> 19,327

The above table shows that 6.6 per cent of the lands vested have been alienated. In addition, approximately 1,680 acres of land had been recommended for sale in 1973.

The Agricultural Productivity Law, No. 2 of 1972 sought to provide for maximum productivity of agricultural land through their proper use and management. It also provided for the efficient management of agricultural crops and livestock and for the establishment of productivity committees and agricultural tribunals. The law imposed obligations on owners and occupiers to cultivate land in an optimal manner to which end the Minister of Agriculture and Lands may at his discretion direct the use of specified strains of crops and breeds of livestock, determine cropping patterns and methods of cultivation and, among others, prescribe the rules for water management and soil conservation. Agricultural productivity committees, established under this Productivity Law, were to be appointed by the Minister. These committees were to consist of not more than 10 persons representing the interests of those engaged in agriculture (or such other persons the Minister may think necessary). They were also to be charged with the duty of coordinating and developing agriculture. To enable the productivity committees to discharge their functions effectively they have been given powers to acquire and dispose of property, obtain and provide information for the formulation of agricultural policies, propose schemes, collect an acreage tax upto Rs. 6/- per acre per year, and assist the Bank of Ceylon in determining the creditworthiness of applicants for loans, among others.

Each agricultural productivity committee was to have for its use the facilities of an agricultural service centre. In all 438 agricultural service centres (each centre to roughly serve a village committee area) are to be established, of which 83 were established in 1973. Each such centre was to have a Bank of

Ceylon sub-office, an agricultural extension office, a sales room and an agricultural tribunal. These centres were also to provide centralized marketing, crop insurance and other services, under the direction of the productivity committee.

Emergency regulations were issued under the Public Security Ordinance cited as the Emergency (Cultivation of Food Crops) Regulations No. 1 of 1973. The primary objective of the food production programme undertaken under these regulations was to bring under cultivation "all cultivable land" with specified types of food crops. These regulations cast a duty on every owner or occupier of uncultivated land to cultivate paddy, manioc, sweet potato, yams, etc. under threat of dispossession and transfer of land to persons willing and able to undertake cultivation of these crops. Provision was made for lands to be restored to owners/occupiers under certain circumstances, and for the payment to the former owner or occupier of a fair ground rent by the new cultivator. A District Political Authority was to head a committee comprising members of the National State Assembly, with a view to organizing and co-ordinating the food production programme and mobilising mass support.

(ii) Performance

(a) Paddy Subsector:

The data on the performance of the paddy subsector in Maha¹ 1972/73 and Yala 1973 are given in table II (B) 1.

Maha 1972/73: The acreage sown in Maha 1972/73 was 1.2 million or almost the same as the acreage sown in the preceding five Maha seasons, and 0.6 percent less than the extent sown in Maha 1971/72. The net area harvested during the season was 4.8 percent more than the area harvested in the previous Maha. The area not harvested in Maha 1972/73 was 8.0 percent of the area sown. This is significantly less than the corresponding figure of 12.7 percent for the previous Maha season, but roughly equivalent to the average extents not harvested in the previous five Maha seasons.

An increase in the acreage harvested by 4.8 per cent in Maha 1972/73 over the previous Maha season was not matched by a commensurate increase in total production, which increased by 0.4 per cent. This was due to a 5.4 per cent decline in yields in Maha 1972/73 from 48.1 bushels in Maha 1971/72 to 45.5 bushels in Maha 1972/73. The decline in the yield could be attributed primarily to adverse weather conditions. To some extent the latter may account for the insignificant increase of 0.2 per cent in fertilizer issues² and the decrease of 0.7 per cent in the area under improved varieties.

1. The cultivation year comprises two seasons. Maha and Yala. Maha extends from September/October to March/April, Yala from April/May to August/September.

2. Since the data refer to fertilizer issues through multipurpose cooperatives and not to actual application of fertilizer in paddy cultivation, the data may be inadequate for explaining changes in yield.

TABLE II (B) 1
District-Wise Performance in the 1972/73 Cultivation Year^(a) - Paddy Subsector^(b)

District	Zone ^(c)	Extent Sown (acres)		Net Extent Harvested (acres)		Production ('000 Bushels)		Yield Per Acre (Bushels)		Area Under Improved Varieties (acres)		Fertilizer Issues (Tons)		G.P.S. Purchases ('000 Bushels)	
		Maha 1972/73	Yala 1973	Maha 1972/73	Yala 1973	Maha 1972/73	Yala 1973	Maha 1972/73	Yala 1973	Maha 1972/73	Yala 1973	Maha 1972/73	Yala 1973	Maha 1972/73	Yala 1973
Colombo	W	58,454	45,512	48,144	37,867	1,711	1,425	34.55	37.62	35,098	31,762	1,603.8	1,014.8	22	3
Kaultara	W	43,108	42,078	34,320	34,098	1,016	1,012	29.62	29.67	11,023	9,508	1,009.9	1,078.9	85	6
Galle	W	47,055	49,132	38,305	40,474	913	1,071	23.82	26.47	15,904	18,850	875.6	1,916.8	99	25
Matara	W	46,035	46,355	32,160	37,596	991	1,343	30.82	35.72	30,451	23,042	921.2	990.7	121	119
Puttalam	D	25,127	8,504	19,151	6,248	683	215	35.65	34.42	21,011	8,632	331.9	157.8	238	18
Kurunegala	D	145,335	96,559	109,419	67,669	4,475	2,789	40.90	41.22	92,367	70,936	3,097.7	2,337.5	1,512	93
Kagalle	W	27,503	23,241	22,443	17,728	944	858	42.08	48.40	19,954	17,110	740.0	552.6	111	11
Ratnapura	W	40,338	36,264	33,533	30,466	1,364	1,241	40.67	40.72	15,754	13,965	563.7	1,388.8	582	238
Kandy	W	48,615	40,301	40,955	33,630	2,724	1,786	66.52	53.12	41,456	20,519	1,548.9	992.0	761	314
Matale	D	24,219	13,398	18,635	10,338	936	438	50.20	42.47	20,007	8,816	542.8	364.5	547	73
Nuwara Eliya	W	18,037	11,058	15,197	9,366	949	641	62.48	68.40	13,457	7,667	141.3	85.6	113	5
Badulla	W	31,547	10,683	26,360	8,739	1,610	507	61.10	58.02	29,749	7,962	559.2	170.1	447	109
Monaragala	D	17,856	3,859	14,262	3,227	872	169	61.15	52.20	17,007	2,154	263.1	75.6	448	64
Jaffna	D	82,779	9,007	58,552	7,556	2,115	315	36.12	41.67	50,642	9,332	2,586.6	1,716.7	857	3
Vavuniya	D	45,383	1,473	37,122	1,209	1,568	58	42.25	47.92	44,381	1,596	755.7	175.1	1,063	3
Mannar	D	35,007	2,009	29,063	1,696	1,624	94	55.85	55.67	42,117	1,824	875.3	179.9	832	10
Anuradhapura	D	118,850	25,665	89,870	20,583	4,700	850	52.30	41.27	75,531	16,550	711.6	326.8	2,422	346
Polonnaruwa	D	62,616	43,557	52,939	36,679	4,106	2,161	77.57	58.92	54,087	32,281	2,020.2	748.4	3,383	1,128
Trincomalee	D	37,556	6,131	29,282	4,951	1,413	272	48.25	54.97	37,713	4,413	734.0	128.9	1,118	139
Batticaloa	D	82,655	20,977	59,740	15,085	2,046	695	34.25	46.05	77,351	12,754	2,084.5	733.7	725	46
Amparai	D	94,351	51,759	74,835	43,081	3,215	1,946	42.95	45.17	80,974	42,454	608.5	1,758.1	2,084	792
Hambantota	D	46,543	25,611	38,068	20,165	2,029	1,010	53.30	50.07	40,486	19,642	724.9	583.1	1,125	403
Sri Lanka		1,178,969	613,133	922,355	488,451	42,004	20,896	45.54	42.78	866,520	381,769	23,300.4	17,476.4	18,695	3,948

Sources: Department of Census and Statistics, and the Ministry of Agriculture and Lands.

(a) The cultivation year comprises Maha-1972/73 (September/October - March/April) and Yala 1973 (April/May - August/September).

(b) Provisional Estimates.

(c) W - Wet-Zone; D - Dry-Zone

Yala 1973: The acreage sown in Yala 1973 was 0.6 million, which was roughly half the extent sown in the preceding Maha season. The acreage sown in Yala 1973 is 0.8 per cent more than the acreage sown in the previous Yala season, but not significantly different from the average acreage sown in the previous five Yala seasons. The net area harvested in Yala 1973 increased by 5.7 per cent over the previous Yala season, and 0.9 per cent over the average acreage harvested in the period 1968-1972. In 1973 the area not harvested was 6.3 per cent of the area sown. This shortfall was less than the shortfall in Yala 1972, which was 10.7 per cent, but roughly equivalent to the average shortfall in the five year period 1968-1972.

The 5.7 per cent increase in the area harvested in Yala 1973 was not matched by a corresponding increase in production (which increased by only 1.6 per cent). This disproportion is accounted for by the fall in yield by 4 per cent from 44.5 bushels per acre in Yala 1972 to 42.8 bushels per acre in Yala 1973. Since the data show that fertilizer issued¹ in Yala 1973 increased by 45.0 per cent and the area under improved varieties by 0.5 per cent, the fall in yields was probably due, among others, to such factors as delays in the supply of fertilizer and other inputs to farmers, and leakages of fertilizer to other crops.

Cultivation Year 1972/73: Taking the cultivation year 1972/73 as a whole, a cropping index² of 152.0 for 1972/73 indicates that land use intensity during the year has remained essentially unchanged when compared to the average cropping index of 152.3 for the five year period 1967/68-1971/72, but has increased slightly over the figure of 151.3 for the previous cultivation year. Total paddy production in the 1972/73 cultivation year was 62.9 million bushels and production in the year did not differ significantly from the corresponding figure for the previous year. The average yield in the cultivation year 1972/73 was 44.7 bushels per acre as against 46.6 bushels per acre in the previous year. This represents a fall in yield of 4.1 per cent from the previous year. Of the total acreage harvested in the 1972/73 cultivation year, 38.4 per cent was in the wet zone and 61.6 per cent in the dry zone, while 35.1 per cent of total production was from the wet zone and 64.9 from the dry zone. The higher yield of 46.9 bushels per acre realized in the dry zone, as against 40.8 bushels per acre in the wet zone, accounts for this. The higher yield in the dry zone is consistent with relatively higher fertilizer issues (60.4 per cent of total issues) and the relatively larger area under improved varieties (70.9 per cent of the total area) in that zone.

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1. The same factors mentioned earlier limit the acceptability of this statistic for explaining yields.
 2. The cropping index is computed by taking the percentage of the Maha season acreage that is sown in Yala and adding the result to 100.

Maha 1973/74: Of a total area of 1,080,125 acres sown in Maha 1973/74 up to 31st December, 1973, 81.1 per cent was under improved varieties. The acreage sown in Maha 1973/74 shows an increase of 4.2 per cent over the extent sown in the corresponding period of the preceding year. The area under improved seed varieties up to 31st December, 1973, also shows an increase of 14.0 per cent over the area under improved seed varieties in the corresponding period in the previous Maha season.

Purchase under the Guaranteed Price Scheme (GPS): In Maha 1972/73 paddy purchases under GPS were 18.7 million bushels or 44.5 per cent of total paddy production, while purchases in Maha 1971/72 were 19.0 million bushels or 45.0 per cent. Of the GPS purchases in Maha 1972/73, 87.5 per cent was from the dry zone.

In Yala 1973, GPS purchases of paddy were 4.0 million bushels or 18.9 per cent of total production as against 7.2 million bushels or 34.8 per cent in the previous Yala season. Of the GPS purchases in Yala 1973, 79.0 per cent was from the dry zone.

In the cultivation year 1972/73 the purchases under the GPS were 36.0 per cent of the total production as against 41.6 percent in the previous cultivation year. In absolute terms there was a decrease of 13.5 per cent in the quantity of paddy purchased from 26.2 million bushels in the 1971/72 cultivation year to 22.6 million bushels in the 1972/73 cultivation year. The decrease in purchases under the GPS may be attributed to an increasing divergence between the guaranteed price and the market price which reduced the effectiveness of the guaranteed price as a floor price.

(b) *Subsidiary Food Crop Subsector:*

The data on the performance of the subsidiary food crop subsector for the cultivation year 1971/72 and 1972/73 are given in table II (B) 2.

TABLE II (B) 2
Performance of the Subsidiary Food Crop Subsector^(a)
in the 1971/72 and 1972/73 Cultivation Years^(b)

Subsidiary Food Crop	Extent Cultivated (acres)		Production (Cwt)		Yield per Acre (Cwt)	
	1971 - 72	1972 - 73	1971 - 72	1972 - 73	1971 - 72	1972 - 73
1. Manioc (Cassava) ..	146,181	191,785	6,251,436	6,541,411	42.76	34.11
2. Maize ..	40,142	142,800	261,276	863,930	6.51	6.04
3. Chillies ..	59,773	90,903	238,048	382,427	3.98	4.20
4. Red Onions ..	14,253	17,288	1,222,965	1,332,945	85.80	77.10
5. Ground Nuts ..	11,950	15,352	107,757	141,882	9.01	9.24
6. Green Gram ..	7,053	12,966	24,571	58,411	3.48	4.50
7. Pineapple ..	4,249	4,943	879,200	1,728,160	206.91	349.61
8. Sorghum ..	196	2,982	624	22,160	3.18	7.43
9. Passion Fruit ..	1,683	1,942	168,300	n.a.	100.00	n.a.
10. Soyabean ..	439*	304*	3,174*	3,829*	7.23	12.59
11. Potatoes ..	7,809	4,668**	922,600	531,520**	118.14	113.86
12. Bombay On'ons ..	603*	500	34,536*	26,543	57.27	53.08
13. Kurakkan (Finger Millet) ..	n.a.	53,944	n.a.	288,986	n.a.	5.35
14. Gingelly (Sesame) ..	n.a.	15,609	n.a.	49,316	n.a.	3.15
15. Meneri (Fox-tail Millet) ..	n.a.	1,101	n.a.	3,932	n.a.	3.57
16. Cowpea ..	n.a.	563	n.a.	1,955	n.a.	3.47
17. Thanahal (Proso Cheene) ..	n.a.	178	n.a.	636	n.a.	3.57
18. Black Gram ..	n.a.	112	n.a.	998	n.a.	8.91
19. Dhal ..	n.a.	71	n.a.	987	n.a.	13.90

Source: Ministry of Agriculture & Lands and
Department of Census & Statistics.

(a) Provisional Estimates.

(b) The cultivation year is defined in footnote (a) in Table II (B) 1.

* Yala only.

** Maha only.

n.a. - Not Available.

In the cultivation year 1972/73, the acreage under the first nine crops itemized in the table (in respect of which complete data on the area cultivated for both years are available) increased by 68.5 per cent over the previous year. The acreage under manioc, maize, chillies and kurakkan in 1972/73 was 86.7 per cent of the total acreage cultivated under the crops listed in the table excluding soya bean and potatoes¹. With regard to manioc, maize and red onions, the proportionately smaller increase in production in the cultivation year 1972/73 when compared to the increase in the acreage cultivated could be attributed primarily to: (a) the marginal nature of the new lands brought under cultivation; (b) the lack of adequate technical knowledge of cultivation of new crops by first-time cultivators; (c) relatively more adverse weather conditions when compared to the previous year.

1. These two crops are excluded due to the incomplete nature of the data available.

2. Rural Banking and Credit

In 1973, institutional credit to the rural sector was channeled primarily through the New Agricultural Credit Scheme, the cooperative rural banks and the Bank of Ceylon sub-offices at agricultural service centres. A scheme referred to as the Comprehensive Rural Credit Scheme was introduced in 1973, and was to operate through rural banks attached to multipurpose cooperative societies. Some provisions of this Scheme were also to apply to the existing New Agricultural Credit Scheme and the Bank of Ceylon scheme in Maha 1973/74. The loans disbursed under the three schemes during the year amounted to Rs. 138.6 million. In addition, credit to the rural sector was provided by schemes operated by government departments for specific purposes, by commercial banks and by specialised credit institutions.

On behalf of the government, the Central Bank guarantees cultivation loans for specified crops given under the above schemes to the extent of 75 per cent of the amount in default.

(i) The Provisions of the Comprehensive Rural Credit Scheme

The Comprehensive Rural Credit Scheme was designed to meet, in a consolidated manner, all the credit requirements of the rural sector. The salient changes introduced by this Scheme are as follows:-

1. The facilities are channeled through cooperative rural banks of the multipurpose cooperative societies where such banks have been established. In situations where rural banks have not been established or have not begun implementing the Comprehensive Rural Credit Scheme, the People's Bank channels cultivation loans directly through multipurpose cooperatives as in the past. However, in determining the size of loans for various crops the People's Bank is guided by the loan limits approved under the Comprehensive Rural Credit Scheme.
2. Where rural banks exist, credit was to be provided on a year-round basis, for production as well as consumption, housing, debt redemption and emergencies. Integral links between rural savings and rural credit were to be fostered by the mobilisation of agricultural sale proceeds and other rural funds.
3. The credit limits under the Scheme were variable depending on the purpose and the region. Where rural banks operate the decisions with regard to credit disbursement as well as supervision of the end use of loans are decentralised. The allocation of the proceeds of an agricultural loan among operations, except for the amount of credit earmarked for fertilizer and agro-chemicals, may be changed considering the needs of a locality. The credit limits as applicable to the scale of finance are given in tables 63 to 69 in appendix III.

Some important improvements in this Scheme are as follows:

1. The tailoring of loan ceilings to suit particular regions, seed varieties and crops will enable the loans to be geared to different production requirements and thus increase the degree of economic rationality in the allocation of resources.
2. One major reason for the failure of the New Agricultural Credit Scheme was that the financing institution did not have sufficient direct authority for effecting recoveries of loans. The Comprehensive Scheme, in contrast, is designed to operate through rural banks and Bank of Ceylon sub-offices by mobilising rural funds. These institutions will eventually lend their own funds and exercise the responsibility to recover them.

All credit schemes have been beset with the problem of having to lend to uncreditworthy borrowers on account of the objective of maintaining a high level of production in traditional agriculture. At least in the initial stages the Comprehensive Scheme is bound to be affected by this problem.

(ii) New Agricultural Credit Scheme

The New Agricultural Credit Scheme of 1967 will also be in operation in areas where rural banks have not yet been established as departments of multipurpose cooperative societies or where these banks have not commenced implementing the Comprehensive Rural Credit Scheme. In such circumstances the multipurpose cooperative will help to channel the loans disbursed by the People's Bank in terms of the enhanced ceilings approved under the Comprehensive Rural Credit Scheme. The provisions of the Comprehensive Rural Credit Scheme on consumption loans and savings mobilisation will not be implemented where rural banks do not operate.

Although the rural bank and Bank of Ceylon sub-office network has expanded considerably, the New Agricultural Credit Scheme continued to be the main source of cultivation loans. Out of a total sum of Rs. 102.4 million given for paddy and subsidiary crops during the year 1973, Rs. 97.8 million was given under this Scheme.

(a) Paddy Loans:

Under the New Agricultural Credit Scheme, the amount of loans granted, the method and extent of recovery, the extension of the period of repayment of loans on account of crop failure and the extent of default, are given in table II (B) 3.

The trend towards a lower rate of loan utilization that commenced from the very inception of the New Agricultural Credit Scheme continued in the Maha 1972/73 season, with loans granted declining by 15.4 per cent below the sum disbursed in the previous Maha season. Credit utilization in Yala 1973 increased by 17.9 per cent over the amount utilized in the previous Yala season. Credit utilization in the 1972/73 cultivation year (for both Maha 1972/73 and Yala 1973) was Rs. 19.5 million or 61.2 per cent less than the Rs. 72.7 million utilized at the inception of the scheme in the 1967/68 cultivation year. This decline may be attributed to

TABLE II (B) 3

New Agricultural Credit Scheme - Paddy Loans

Item	Amount in Rupees Million													As Percent of Amount Granted												
	Maha 67/68	Yala 1968	Maha 68/69	Yala 1969	Maha 69/70	Yala 1970	Maha 70/71	Yala 1971	Maha 71/72	Yala 1972	Maha 72/73	Yala 1973	Maha* 73/74	Maha 67/68	Yala 1968	Maha 68/69	Yala 1969	Maha 69/70	Yala 1970	Maha 70/71	Yala 1971	Maha 71/72	Yala 1972	Maha 72/73	Yala* 1973	Maha* 73/74
Loans Granted ..	61.4	11.3	45.8	9.9	39.3	12.3	23.5	5.8	24.0	6.7	20.3	7.9	60.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Repayments of which: ..	52.5	9.6	27.9	8.0	19.9	8.4	12.1	4.8	13.8	4.8	11.5	2.9	0.4	85.6	84.9	60.9	80.8	50.6	68.3	51.5	82.8	57.5	71.6	56.6	36.7	0.7
(a) Voluntary ..	43.5	9.1	25.8	7.7	19.9	7.8	12.1	4.8	13.8	4.8	11.5	2.9	0.4	70.8	80.5	56.3	77.8	50.6	63.4	51.5	82.8	57.5	71.6	56.6	36.7	0.7
(b) Rice Ration	9.0	0.5	2.1	0.3	—	0.6	—	—	—	—	—	—	—	14.6	4.4	4.6	3.0	—	4.9	—	—	—	—	—	—	—
Crop Failure Extensions ..	0.1	—	0.9	0.1	0.4	—	—	—	—	—	—	—	—	0.2	—	2.0	1.0	1.0	—	—	—	—	—	—	—	—
Dues not in Default ..	—	—	—	—	—	—	—	—	—	0.1	0.5	3.9	60.5	—	—	—	—	—	—	—	—	—	1.5	2.5	49.4	99.3
Defaults ..	8.8	1.7	17.0	1.8	19.0	3.9	11.4	1.0	10.2	1.8	8.3	1.1	—	14.4	15.1	37.1	18.2	48.4	31.7	48.5	17.2	42.5	26.9	40.9	13.9	—

* Incomplete data

Source: People's Bank.

increases in default which rendered an increasing number of cultivators ineligible for credit¹. Unfavourable weather conditions may have also influenced the extent of contraction in credit utilization in the 1972/73 cultivation year.

Although figures for Maha 1973/74 are incomplete, credit disbursements show a sharp reversal of the declining trend, with credit utilization increasing by 200.0 per cent from Rs. 20.3 million to Rs. 60.9 million in the preceeding Maha season. This figure is expected to increase even further as additional funds are released during the cultivation season, which is currently in progress. The increase is primarily attributable to: (a) the upward revision of credit limits permitted under the Comprehensive Rural Credit Scheme from an unweighted average of Rs. 316 per acre to Rs. 385 per acre; (b) defaulting borrowers who were disqualified from borrowing becoming eligible once again to receive partial credit for fertilizer and agrochemicals besides Rs. 100 per acre (upto a maximum of Rs. 300) for all other purposes;² (c) the increase in the number of new cultivators seeking loans due to the emphasis on food production and the increased profitability of investment in agriculture.

With regard to loan repayments, 56.6 per cent of the Maha 1972/73 loans were repaid as compared to 57.5 per cent in Maha 1971/72. In view of the incomplete nature of the loan recovery figure for Yala 1973, the credit recovery rate of 36.7 per cent does not indicate the actual amount in default. It is expected that the credit recovery rate for Maha 1973/74 may improve for the reasons indicated above.

The district-wise breakdown of credit utilization and recovery levels of paddy loans in Maha 1972/73 and Yala 1973 are given in table 70 in appendix III. In the cultivation year 1972/73 the highest amount of loans was granted in the Polonnaruwa district where disbursements amounted to Rs. 6.1 million and constituted 21.5 per cent of all loans. Badulla district had the highest recoveries with a rate of 90.9 per cent in Maha 1972/73.

(b) *Loans for Subsidiary Food Crops*

Particulars on the loans disbursed for subsidiary food crops are given in table II (B) 4. Details of loan limits for various crops³ in terms of the scale of finance approved by the Ministry of Agriculture are in Tables 68 and 69 in appendix III. Of the credit given for subsidiary crops in 1972/73 the largest disbursement was for potatoes (Rs. 4.4 million) which constituted 43.5 per cent of the total amount granted for all subsidiary food crops. In 1972/73 there was a 7.2 per cent increase in the loans granted for subsidiary food crops over the amount disbursed in the previous year. The incomplete loan disbursement figure for 1973/74 indicates a significant rise (21.7 per cent) in credit disbursements for these crops. This increase may be attributed to the profitability of investment in these crops and the general emphasis placed on agricultural production.

1. The reasons for the high rate of default are explained in the "Central Bank Survey of Defaults in the Repayment of New Agricultural Loans," Department, of Economic Research, 1972.
2. Defaulting borrowers were given a three-year extension for the repayment of overdue loans. These loans were to be repaid in three to six equal instalments commencing Maha 1973/74. The interest due on these loans were frozen with effect from August 1973 as a measure of relief and as an inducement for the repayment of the loans taken earlier.
3. Credit facilities, backed by the government guarantee of upto 75% of defaults, were made available for 12 subsidiary crops at increased limits in January 1974.

TABLE II (B) 4

New Agricultural Credit Scheme — Subsidiary Food Crops Loans

Year	Amount Granted (Rupees Hundred)						Repayment position in all Crops							
	Chillies	Red Onions	Potatoes	Vegetables	Other Crops	Total	Total Repayments Rs. '00	Crop Failure Extensions Rs. '00	Dues not in Defaults Rs. '00	Defaults Rs. '00	As percentage of amount granted			
											Total Repayments	Crop Failure Extensions	Dues not in Default	Defaults
1967/68	19,483	19,798	11 452	4,138	—	54,871	45,312	—	—	9,559	82.6	—	—	17.4
1968/69	20,596	24,679	15,066	4,347	—	64,688	52,415	54	—	12,219	81.0	0.1	—	18.9
1969/70	23,592	30,120	18,360	3,422	56†	75,550	55,361	57	—	20,132	73.3	0.1	—	26.6
1970/71	12 025	16,038	22,428	1,370	74†	51,935	40,550	—	—	11,385	78.1	—	—	21.9
1971/72	20,179	29,350	42,339	2,508	—	94,406	66,291	—	167	27,940	70.2	0.2	—	29.6
1972/73	36,546	19,073	44,062	1,407	102†	1,01,198	45,343	—	25,590	30,265	44.8*	—	25.3	29.9
1973/74*	61,818	30,703	28,228	1,122	1288†	1,23,159	100	—	123,059	—	0.1	—	99.1	—

† Ground Nut and Maize

‡ Bombay Onions

* Incomplete Data

Source: People's Bank.

TABLE II (B) 5
Deposits and Advances of Rural Banks 1965-1973

		Amount in Rupees																		
End of Quarter	No. of Banks	Deposit Accounts									Advances									Difference between Total Deposits & Total Advances
		Savings			Fixed			Total			Short-term Loans			Pawning			Total			
		No.	Amount	Average	No.	Amount	Average	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	n.a.	97,413	—	—	586,898	—	- 384,785
June	7	1925	305,250	159	7	3,682	526	1932	308,932	160	771	693,621	900	n.a.	135,241	—	—	828,862	—	- 519,930
September	8	2597	504,160	194	7	3,734	533	2604	507,894	195	1038	855,946	825	n.a.	201,654	—	—	1,057,600	—	- 549,706
December	8	2924	491,626	168	9	4,734	526	2933	496,360	169	1153	914,699	793	n.a.	252,596	—	—	1,167,295	—	- 670,935
1966 March	8	3244	499,462	154	9	8,732	970	3253	508,195	156	1316	1,010,628	768	n.a.	327,737	—	—	1,338,365	—	- 830,170
June	8	3519	525,370	149	13	20,586	1583	3532	545,956	155	1433	1,072,293	748	n.a.	356,383	—	—	1,428,676	—	- 882,720
September	11	3923	604,505	154	11	19,868	1806	3924	624,373	159	1611	1,204,125	747	3659	390,077	107	5270	1,594,202	302	- 969,829
December	13	4636	703,011	152	15	22,737	1516	4651	725,748	156	1783	1,326,457	744	4222	427,129	101	6005	1,753,586	292	- 1,027,838
1967 March	14	5150	707,475	137	16	21,587	1349	5166	729,062	141	2037	1,413,639	694	4943	493,707	100	6980	1,907,346	273	- 1,178,284
June	16	5971	821,448	138	20	38,952	1948	5997	860,400	144	2173	1,560,560	718	5348	532,410	100	7521	2,092,970	278	- 1,232,570
September	20	6968	1,038,201	149	28	40,242	1437	6996	1,078,433	154	2529	1,815,637	718	6094	591,527	97	8623	2,407,164	279	- 1,328,731
December	27	8792	1,305,846	118	41	65,381	1595	8833	1,371,227	155	2897	2,029,476	701	6598	633,213	96	9495	2,662,689	280	- 1,291,462
1968 March	30	10378	1,650,228	159	85	111,430	1310	10463	1,761,658	168	3336	2,366,359	709	7468	736,421	99	10794	3,102,780	287	- 1,341,122
June	34	12137	2,063,947	170	137	161,486	1179	12274	2,225,433	181	4128	2,592,847	628	7571	766,498	101	11699	3,359,345	287	- 1,133,912
September	39	14689	2,643,592	180	254	221,270	871	14943	2,864,862	192	4713	3,105,393	659	8629	841,780	98	13342	3,947,173	296	- 1,082,311
December	44	17359	3,110,576	179	287	222,614	776	17646	3,333,190	189	5586	3,630,731	650	9507	1,085,613	114	15093	4,716,344	312	- 1,383,154
1969 March	54	19763	3,624,957	183	621	267,109	430	20384	3,892,072	191	6109	4,161,873	681	10869	1,134,434	104	16978	5,296,307	312	- 1,404,235
June	57	22314	4,405,770	197	575	383,550	667	22889	4,790,320	209	6770	4,397,882	669	10844	1,196,139	110	17614	5,594,021	318	- 803,701
September	64	25598	4,930,514	193	687	437,884	637	26285	5,369,398	204	7379	4,969,245	673	12462	1,424,498	114	19841	6,393,743	322	- 1,025,345
December	68	28626	5,712,893	199	724	460,168	636	29350	6,173,061	210	7893	5,572,281	706	14325	1,523,646	106	22218	7,095,927	319	- 922,866
970 March	80	31663	6,209,882	196	420	521,345	1241	32083	6,731,227	209	8506	6,049,587	711	16345	1,807,274	111	24851	7,856,861	316	- 1,125,634
June	86	34837	7,104,222	176	841	697,101	829	35728	7,801,323	212	8894	6,265,170	705	16597	1,820,629	110	25481	8,085,799	317	- 284,476
September	89	38417	8,255,943	215	932	721,352	774	39349	8,977,295	220	9671	6,779,046	701	17842	1,945,017	109	27513	8,724,063	317	+ 253,232
December	93	49339	16,109,287	322	892	799,117	896	50831	16,908,405	333	10017	7,122,213	711	18092	1,980,066	109	28109	9,102,279	324	+ 7,806,126
1971 March	90	52273	14,780,578	283	911	826,532	907	53184	15,607,110	293	10627	7,505,111	706	20880	2,222,506	106	31507	9,727,617	309	+ 5,879,493
June	90	53765	15,509,220	288	835	806,178	965	54600	16,315,398	299	10405	7,232,584	695	18517	1,939,600	105	28922	9,172,184	317	+ 7,143,214
September	91	55694	16,380,194	289	809	723,171	894	57503	17,103,365	297	10929	7,410,959	678	20293	2,063,927	102	31222	9,474,886	303	+ 7,628,479
December	111	60371	17,188,297	285	838	676,106	807	61209	17,864,403	292	10725	7,144,913	666	21044	2,171,734	103	31769	9,316,647	293	+ 8,547,756
1972 March	222	75491	17,973,907	236	796	640,560	805	76787	18,614,467	242	11009	7,136,622	648	30106	3,129,497	104	41115	10,266,119	250	+ 8,348,348
June	235	89056	20,584,908	234	800	657,614	822	88866	21,242,522	239	11212	7,328,506	654	37899	4,126,482	109	49111	11,454,988	233	+ 9,787,534
September	242	96525	21,927,687	227	875	650,798	744	97400	22,578,485	232	11447	8,023,384	701	52728	5,762,400	109	64175	13,785,784	215	+ 8,792,701
December	242	102822	22,703,436	221	812	617,150	760	103634	23,320,586	225	11515	8,226,663	714	60735	6,958,250	115	72250	15,184,913	210	+ 8,135,673
1973 March	287	118277	25,559,969	216	724	610,340	843	119001	26,170,309	219	12619	9,150,305	725	75344	8,663,631	115	87963	17,813,936	203	+ 8,356,373
June	309	135695	30,082,027	222	704	658,499	935	136399	30,740,526	225	13622	10,415,296	765	88359	10,757,708	122	101981	21,173,004	208	+ 9,567,522
September	332	154195	33,716,197	205	1353	1419,189	1049	165548	35,135,356	212	15721	12,640,518	804	121337	17,034,204	140	137058	29,674,722	217	+ 5,460,664
December	341	205970	44,281,601	214	748	872,935	1167	207718	45,154,536	217	20543	16,177,708	787	150118	22,734,438	151	206666	39,912,146	228	+ 6,242,390

Source: People's Bank.

The percentage of loans repaid has declined by 7.9 per cent in 1971/72 from the figure for recoveries for the previous year. The percentage of loans recovered in 1972/73 however does not indicate the true recovery rate in view of the incomplete nature of the data.

With regard to the district-wise breakdown of loans for subsidiary crops (vide table 71 in appendix III), the information reflects the regional specialization in the cultivation of particular crops. A substantial portion of the total loans given for chillies (55.0 per cent) and onions (87.4 per cent) went to the Jaffna district, while 50.8 per cent of the loans for potatoes went to the Nuwara Eliya district and 55.4 per cent of the loans for vegetables to the Badulla district.

(iii) Rural Banks

To implement the government decision to channel loans under the Comprehensive Rural Credit Scheme through rural banks attached to multipurpose cooperative societies, the number of rural banks increased from 242 in 31st, December 1972 to 341 a year later. The deposits and advances of the rural banks are presented in table II (B) 5.

The data in table II (B) 5 show savings mobilization amounting to Rs. 45.2 million, which represents an increase of 93.6 per cent over the savings mobilized in the previous year. The total loans disbursed against the savings mobilized shows a net deposit position of Rs. 29.0 million. This constitutes an improvement by Rs. 13.9 million over the net deposit position in the previous year. There has also been a 36.2 per cent increase in the average net deposit for all rural banks (which increased from Rs. 62,372 to Rs. 84,976 per bank). With regard to pawn broking, the amount of credit granted against the value of assets (jewellery) pledged increased by 226.7 per cent over the previous year. In 1973 advances under pawn broking constituted 58.4 per cent of all advances, as against 45.8 per cent in 1972.

As shown in table II (B) 6, the loans granted for all purposes in 1973 have increased by 96.6 per cent over the amount disbursed in 1972. Production loans have increased by 254.8 per cent and consumption¹ loans by 65.7 per cent. While Rs. 4.4 million was given for production purposes, the amount given for consumption purposes¹ was Rs. 10.2 million.

TABLE II (B) 6
Rural Banks' Loans by Purpose

Purpose	Amount in Rupees		Percentage Increase 1973	Percent of Total	
	1972	1973		1972	1973
Production ..	1,246,159	4,421,357	254.8	15.7	27.3
of which :					
1. Agriculture	1,035,266	3,695,896	257.0	12.6	22.8
2. Animal Husbandry	130,177	350,529	169.3	1.6	2.2
3. Cottage Industry	80,716	374,932	364.5	1.0	2.3
Housing ..	2,616,245	5,845,772	124.4	31.8	36.1
Debt Redemption ..	3,457,067	3,631,048	4.8	42.1	22.5
Trade ..	450,795	731,415	62.2	5.5	4.5
Consumption ..	90,808	713,298	685.5	1.1	4.4
Electrification ..	6,351	49,177	674.3	0.1	0.3
Others ..	349,238	785,641	124.9	4.2	4.9
Total ..	8,226,663	16,177,708	96.6	100.0	100.0

Source: People's Bank.

1. Includes housing, debt redemption, consumption and electrification.

The data on the district-wise position of deposits and advances are in table 72 in appendix III. Except for Batticaloa, all other districts show a positive net deposit position. The rural banks in the Ratnapura district have the largest net deposits (Rs. 7.3 million) which constitutes 25.1 per cent of total net deposits. The net deposits in Colombo and Ratnapura districts together make-up 44.9 per cent of total net deposits. With regard to pawn-broking the advances against the value of assets (jewellery) pledged was highest in the Colombo district, constituting 22.6 per cent of all advances in this category.

In terms of savings mobilization (the net deposit position) the data show a significant improvement in the performance of rural banks. The success in this regard probably reflects both an increased efficacy in the operations of rural banks and an increased availability of resources in the rural sector resulting from the emphasis in policy on increasing agricultural production.

(iv) Bank of Ceylon Rural Credit Scheme

In 1973, Bank of Ceylon sub-offices had been opened in 79 out of 83 agricultural service centres. The Agricultural Productivity Law of 1972, which sought to ensure maximum productivity in agriculture, provided for the eventual establishment of 438 agricultural service centres to roughly coincide with each village committee area. At each of these Centres the Bank of Ceylon was to provide credit facilities in consultation with the members of these service centres and the productivity committees.

TABLE II (B) 7

Bank of Ceylon Sub-Offices at Agricultural Service Centres Loans by Purpose 1973

Purpose	Amount in Rupees	Percent of Total
Production*	1,534,793	83.75
of which		
(a) Paddy	1,498,771	81.78
(b) Other Subsidiary Crops	36,022	1.97
Marketing	Nil	Nil
Purchase of Machinery & Equipment	39,720	2.16
Digging Wells	Nil	Nil
Developing New Lands	1,250	0.7
Crop Diversification	9,580	.53
Dairy Farming	8,880	.48
Poultry Farming	4,785	.26
Debt Redemption	10,143	.56
Housing	69,508	3.79
Trade	37,355	2.04
Electrification	Nil	Nil
Consumption	54,620	2.98
Others	61,933	3.38
Total	1,832,567	100.00

Source: Bank of Ceylon.

* Funds loaned on the basis of cultivation programmes in terms of the scale of finance, the operational breakdown of which is shown in Table Nos. 63 to 69 in appendix III.

Facilities to be provided by the Bank of Ceylon at these agricultural service centres were to include current accounts, savings accounts, special savings accounts (with the facility for withdrawal by cheque), branch advices, fixed deposits, loans, overdrafts, mail transfers, drafts and claim vouchers on other banks. Special emphasis was to be given to the needs of agriculture and small industry by mobilising savings and providing credit in rural areas. Advances were to be provided for the following purposes:

- (a) production, harvesting and marketing of agricultural crops,
- (b) purchase of agricultural tractors, irrigation pump sets and other farm equipment and implements,
- (c) digging wells,
- (d) developing new lands for agricultural purposes,
- (e) crop diversification,
- (f) development of dairy and poultry projects, and
- (g) consumption advances, including the redemption of debts.

Applications for loans and advances are to be entertained only from account holders in the sub-office, and the period and limit of the loan was to vary with the purpose of the loan. Cultivation loans are to be given in stages to coincide with different farm operations, and the maximum durations of these cultivation loans were to be confined to the cultivation cycle. The interest (upto a maximum of 9 per cent per annum) and principal have to be repaid after the crop is harvested. The rate of interest on loans other than for cultivation varies from 6.5 to 12 per cent per annum depending on the purpose and the collateral.

The creditworthiness of borrowers was to be determined by the Bank of Ceylon sub-office with the assistance of officers attached to the service centre and members of the agricultural productivity committee, cultivation committee and from information in the Agro-Identity Card issued to each applicant by the productivity committee. The honesty and integrity of the borrower and the prospective economic viability of the project are the basic requirements for determining the security of loans to be granted.

For loan ceilings for cultivation purposes the Bank is guided by the scale of finance as approved by the Ministry of Agriculture. These ceilings are classified by purpose in tables 63-69 in appendix III, and are the same as those applicable to loans granted under the Comprehensive Rural Credit Scheme.

In this Scheme there are features which are favourable to the efficient use of loans granted and a lower rate of default. These include making the sub-office responsible for determining the eligibility of applicants for loans, the utilization of the facilities of the service centre for supervision of the end use of loans and their recovery and the establishment of a means of determining a borrower's credit rating. The latter will act as a deterrent to the 'misuse' of loaned funds and will be of considerable use in assessing future loan applications.

TABLE II (B) 8

**Bank of Ceylon Sub - Offices at Agricultural Service Centres
Deposits & Advances as at 31st December, 1973.**

Deposit Accounts			No. of Accounts	Amount in Rs.
Current Accounts	..	..	1,634	2,404,061
Savings Accounts	..	..	13,259	2,918,144
Special Savings Accounts	..	..	76	37,845
Fixed Accounts	..	..	3	50,000
Total			14,972	5,410,050
Less Current Accounts			13,338	3,005,989

Advances			No. of Accounts	Amount in Rs.
Loans	..	..	3,926	1,832,567
Overdrafts	..	..	6	32,632
Total			3,932	1,865,199

Source: Bank of Ceylon.

Purpose-wise Analysis

As seen in table II (B) 7, by far the largest proportion of loans given (83.75 per cent) is for production in terms of the cultivation programme, of which the dominant component (81.78 per cent) is for paddy. The second most important purpose for which funds have been loaned is housing (3.79 per cent). If the total amount of loans is classified into broad categories of production¹ and consumption², 87.25 per cent of the loans are for production and 7.33 per cent for consumption, with 5.42 per cent for trade and other purposes.

District-wise analysis

The district-wise position is given in table 73 in appendix III.

Seventy nine sub-offices have been opened in 16 of the 22 districts with the largest number (19) in the Anuradhapura district. The largest amount of deposits is Rs. 900,431 in the 12 branches in the Kandy district, while the deposits in the Anuradhapura district amounted to Rs. 854,650. The highest amount of loan disbursements made by a single branch was in the Ratnapura district (Rs. 852,209).

1. The categories included are: production, purchase of machinery and equipment, digging of wells, developing new lands, crop diversification, dairy farming and poultry farming.
2. The categories included are: debt redemption, housing, electrification and consumption.

TABLE II (B) 9

Purpose - wise Breakdown of Loans to the Rural Sector in 1973

Amount in Rupees.

	New Agricultural Credit Schemes—Peoples' Bank	Bank of Ceylon Credit Scheme	Rural Banks	Total
Production* ..	97,810,800	1,534,793	3,016,690	102,362,283
of Which—				
(i) Paddy ..	77,514,000	1,513,793	1,149,504	80,197,297
(ii) Subsidiary Crops ..	20,276,800	21,000	1,867,186	22,164,986
Animal Husbandry ..		13,665	350,529	364,194
Crop Diversification ..		9,580	—	9,580
Purchase and Development of Land ..		1,250	679,206	680,456
Digging Wells ..		—	—	—
Purchase of Machinery & Equipment ..		39,720	—	39,720
Cottage Industry ..		—	374,932	374,932
Housing ..		69,508	5,845,772	5,915,280
Debt Redemption ..		10,143	3,631,048	3,641,191
Trade ..		37,355	731,415	768,770
Consumption ..		54,620	713,298	767,918
Electrification ..		—	49,177	49,177
Paving ..		—	22,734,438	22,734,438
Overdrafts ..		32,632	—	32,632
Others ..		61,933	785,641	847,574
Total ..	97,810,800	1,865,199	38,912,146	138,588,145

* Production loans in terms of cultivation programmes.

Sources. Bank of Ceylon,
Peoples' Bank.

In all districts savings mobilization as at 31st December 1973 amounted to Rs. 3.01 million while loans granted were Rs. 1.83 million (Table II (B) 8). If total advances (including overdrafts) are subtracted from total deposits (including current account balances) the net deposit position is Rs. 3.55 million.

(v) Overall Assessment of Rural Credit

The overall position is presented in tables II (B) 9 and II(B) 10.

In 1973 of a total credit disbursement of Rs. 138.6 million, the largest amount (73.9 per cent) was for production in terms of the farmers' cultivation programmes. About 75 per cent of loans was for production¹ while the proportion of loans for all consumption² is about 8 per cent. The small proportion (1.3 per cent) of loans given by the Bank of Ceylon is attributable to the fact that its loans for cultivation purposes (under the scale of finance approved by the Comprehensive Rural Credit Scheme) commenced only in November 1973.

From a district-wise standpoint (table II (B) 10) positive net balances are evident only in Colombo and Ratnapura. The ratio of deposits (excluding current account balances) to loans (excluding overdrafts) is 0.3.

TABLE II (B) 10
Districtwise Breakdown of Loans to the Rural Sector

District	Total Deposit**	Total Loans*	Difference between Deposits & Loans
Co'ombo	9,514,955	9,023,876	+ 491,079
Kalutara	2,383,655	2,545,199	- 161,544
Kandy	3,188,433	3,782,967	- 594,534
Matale	893,503	2,912,826	- 2,019,323
Nuwara Eliya	436,143	3,289,895	- 2,853,752
Galle	3,433,724	3,769,994	- 336,270
Matara	1,296,710	2,833,709	- 1,536,999
Hambantota	934,600	8,731,076	- 7,796,476
Jaffna	1,040,883	14,887,827	- 13,846,944
Mannar	99,694	3,817,743	- 3,718,049
Vavuniya	303,000	5,004,768	- 4,701,768
Batticaloa	51,524	5,954,670	- 5,903,146
Amparal	523,129	12,278,221	- 11,755,092
Trincomalee	156,710	8,517,855	- 8,361,145
Kurunegala	5,941,597	8,470,933	- 2,529,336
Puttalam	1,411,173	3,638,713	- 2,227,540
Anuradhapura	1,464,830	11,225,037	- 9,760,187
Polonnaruwa	2,547,165	12,835,054	- 10,287,889
Badulla	2,326,760	8,525,481	- 6,198,721
Monaragala	244,395	2,131,794	- 1,887,399
Ratnapura	7,951,750	4,035,034	+ 3,916,716
Kegalle	1,966,172	2,755,511	- 789,339
Total	48,110,525	138,555,513	-90,444,988
Less - Pawning	—	22,734,438	
Net Position	48,110,525	115,821,075	- 67,710,550

Sources: Bank of Ceylon, People's Bank

** Excludes Rs. 2,404,061 current account deposits.

* Excludes Rs. 32,632 extended as overdrafts by the Bank of Ceylon sub-offices.

1. Production, animal husbandry, crop diversification, purchase and development of land, digging of wells, purchase of machinery and equipment and cottage industry.
2. Housing, debt redemption, consumption and electrification.