

Historical Back Ground and Growth of PLDB'S (Primary Land Development Bank)

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Abstract

In India economy PLDB's is most important sector which heavily contributes to the GDP of India. Agriculture places the role of backbone in Indian economy, To fulfil the working capital and financial requirements of people, RBI introduced the PLDB's in India. RBI Regulates various schemes provides loans to raise the people of India.

Need of Study-

Study of the impact of PLDB's on Indian economy and how they will work more effective. The process of decision making and implementation of policy in effective and efficient manner. To get a check how to reach people with ease for taking the loan of unused land for his working capital requirement.

Objective of the Study-

- For growth of PLDB's and every state and region in India
- Identify the Feature of Type of loan and Term of Loan
- For Identifying the advantage of PLDB's loan for land.

Methodology

The required data for the study of topic has been collected as a secondary source of data from the various books and Annual publication of journals of Govt department and annual publication of data published by govt as official sources.

Introduction

There are four principal ways of classifying agriculture credit: period wise, Purpose wise, security wise, and credit wise, The term or the period of loan is the most common way of describing it. Eg. Short- term, medium term and long term. This period wise classification of credit and others are just sub division within each group.

Under section 17 of the reserve bank of India provides short- term accommodation to the state and

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central co- operative Banks for financing seasonal agricultural operations and marketing of crops, for a period ranging from 3 months to 12 months and in exceptional cases upto 15 months.

The same period is applicable in case of loans to commercial banks. Under section 17(4) (A) the reserve bank is empowered to provide medium term loans for a period from 3 years to 5 years and under section 46, the reserve bank can lend to central land development banks long term loans upto 20 years.

Organisational Structure of PLDB's

The Organizational Structure of Land development bank is differing from state to state Three type of organizational structure are in operation.

Unitary Structure

Apart form the one state – Andra Pradesh. 8 states are operating with unitary structure namely Bihar, Gujarat, Jammu & Kashmir, Maharashtra, Manipur, Pondicherry, Tripura and Uttar Pradesh with the structure is integrated structure. Carrie died out by the apex SCARDBs and through its branches.

Federal Structure

Apart from these states Haryana, Karnataka, Kerala, Madhya Pradesh, Orissa, Punjab, Rajasthan and Tamil Nadu, are operating with the federal structure where the SCARDBs operate at the apex level and the PCARDBs operate as independent units at the base level affiliated to the SCARDBs of the State concerned.

Mixed Structure

Apart from these state Three viz. Assam, Himachal Pradesh and West Bengal, are operating with mixed structure in which at the apex level the SCARDB operates through its branches. There are also PCARDBs operating at the base level affiliated to the same apex bank at state level.

In the state of Andhra Pradesh, the short-term and long-term cooperative structure have been integrated for the last 5/6 years. Similarly in smaller states like Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Goa, Delhi and Union Territories like Chandigarh and Andaman & Nicobar, the two tier SCBs are catering to the long term credit needs of farmers. (Source- RBI)

Types of Loan providing by the PLDBs

Short Term Loans

Short term loans are required for financing seasonal agricultural operating and marketing of crops and are expected to be repaid out of the annual gross incomes of the farmers. Therefore, we may define a short- term loan as a loan made for any period upto one year and in exceptional cases upto 15 months.

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Medium Term Loan

Medium term loans are meant for purchase of bullocks, cattle, sinking wells and agricultural implements. So the medium -term loans are the loans made for a period of 3-5 years. Accordingly, long terms are those which are made for the period exceeding 5 years.

Long Term Loans

The period for long term loans varies greatly in various countries. In India at present the maximum period is 20 years. According to prof. S.K. MURANJAN, AN AUTHORITY ON INDIAN BANKING, the period of loans advanced by land mortgage banks should be from 10 to 20 years.

Mr. BENHAM in his book on ECONOMICS says, while describing the different forms of credit, It is perhaps customary to call a loan made for any period less than a year a short term loan, one made for any period from one to, say, ten years a medium term loan and others long term loans.

Growth of Land Development Bank in India

In the beginning some sporadic attempts were made to provide long term credit to Indian farmers through state co- operative banks or central cooperative banks. Such scheme did not meet with any success and a new agency was sought for to tap long- term funds through special technique and provide them to farmers for long period and inadequate quantity.

Punjab took the lead by organising the first co-operative land mortgage bank at Jhang in 1920.(report of the committee on co- operative Land Development Banks, 1975 P.12)

The membership of this Bank was confined to land owners and societies. The second such bank was started at noggin in Bengal. Some four years later Assam started its first bank in 1926at Guwahati and second at Sylhet in 1927 By the Years 1926 sufficient thinking had taken place in the country and the ideas regarding a separate agency in the form of co- operative Land Mortgage banks has crystallised. IT is at this time that the registrar's conference was held.

Following the scheme submitted by Mr. J. Grey, I.C.S. The registrar co- operative Societies, Madras State , a Few Primary Land Mortgage banks were started in 1925. On co- operative basis, by June 1927, altogether 12 banks had already been organised. At the instance of the the Townsend committee Commission on agriculture in India, a central Co-operative Land Mortgage Bank was Formed in 1929 to finance the primaries.

Bombay State organised 3 Primary Land Mortgage Banks in 1929, which were financed by the Provincial co-operative Bank. Mysore organised a central Land Mortgage bank in 1929.

By June 30, 1939 Land Mortgage Banks were organised in 8 Indian Provinces, Ajmer and 16 Indian States.

The growth and development of central and primary co-operative Land mortgage Banks in India took place during the post-independence period. The main objective of land Mortgage bank was to provide

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long term loan to cultivators on the mortgage of their land. So it is called "Land Mortgage bank with regard to loaning operation.

In pursuance of recommendation of the ALL INDIA RURAL SURVEY COMMITTEE, 1954 emphasis was shifted from Land Mortgage Banking to Land development Banking and central land Development banks were organised in all the major states of the country and also in some of the smaller states and union territories.

It may be added that with the establishment of the agricultural refinance and Development Corporation in 1963, the scope for the working of land development banks was further extended.

Land Development Banking In Rajasthan

In Rajasthan the first Land Mortgage bank was setup in the former state of Ajmer- Merwara on 8th June 1924. The Bank Advanced loans for the redemption of mortgage, liquidation of old debts., repair of walls and purchase of land. Immediately after the registration of Ajmer Land Mortgage Bank, 10 Primary Mortgage societies were also registered in merwara region. For the same purpose. These society could not achieve much success in redemption work at the outset on account of legal difficulties. But later on they were removed by the application of the Punjab redemption of mortgage act in 1927. The regulation providing the summary procedure for redemption of land mortgage gave a boost to the movement.

TABLE- PRIMARY CO-OPERATIVE DEVELOPMENT BANKS IN RAJASTHAN

Year	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
No. of Banks	10	10	10	10	10	10	12
Membership	263	275	278	276	285	271	1889
Working capital	21.5	27.0	27.3	28.2	28.2	29.0	161
Paid Up Capital	1.2	1.2	1.2	1.2	1.3	1.3	12.0
Reserve Fund	12.4	14.0	14.5	15.1	15.8	17.0	52.0
Borrowings	12.4	11.8	12.6	11.8	11.2	11.0	97.0
Advanced	1.3	3.7	1.4	1.5	0.2	3.0	17.0

Source- Statistical Statement relating to co-operative movement in India,

Reserve Bank of India – Various Issues. From this table it is observed that Land Mortgage bank did not make any progress during the period 1950-51 to 1955-56 due to merger of Ajmera- Merwara in Rajasthan. There were 12 Primary Land Mortgage bank with the membership and working capital of Rs.1889 and Rs. 161 Lac. The average Paid up capital of these bank was 545 lacs.

One of the most important factors regarding the growth of Land and Mortgage Banking in the state was the absence of an apex institution for financing the [primary Land mortgage Banks. The year

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1957, however proved the turning point in the history of land development banking as the "RAJASTHAN RAJYA SAHAKARI BHOO MI VIKAS BANK LIMITED" WAS REGISTERED IN THE NAME OF "RAJASTHAN STATE CO-OPERATIVE LAND DEVELOPMENT BANK LIMITED " on 26th March 1957, with this head office in Jaipur.

Table- Registration of Primary Co-Operative Land Development Banks In Rajasthan

S.No.	Name of PLDB's	Date of Registration	No of Branches
1.	Ajmer	08-06-24	1
2.	Alwar	24-12-59	8
3.	Balotra	04-10-90	2
4.	Baran	09-12-58	4
5.	Banswara	23-09-61	4
6.	Bharatpur	20-01-60	8
7.	Bhilwara	17-02-60	6
8.	Bikaner	16-03-68	-
9.	Bilara	21-09-59	1
10.	Bundi	27-06-60	3
11.	Chittorgarh	30-06-60	7
12.	Churu	24-06-60	3
13.	Dholpur	09-12-70	4
14.	Dungarpur	02-03-63	1
15.	Hanumangarh	29-09-61	2
16.	Hindaun	31-08-65	5
17.	Jaipur	25-11-59	8
18.	Jalore	04-06-60	4
19.	Jhalawar	31-08-60	7
20.	Jhunjhunu	27-05-61	3
21.	Jodhpur	31-07-61	-
22.	Kekri	18-11-57	1
23.	Kota	31-12-59	4
24.	Nagaur	24-09-60	2

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25.	Nohar	29-09-61	Closed
26.	Pali	02-01-60	3
27.	Pratapgarh	10-03-66	-
28.	Raisingnagar	13-07-59	1
29.	Sawaimadhopur	27-11-59	5
30.	Sikar	16-09-60	4
31.	Sirohi	15-12-59	5
32.	Sriganganagar	27-12-59	-
33.	Tonk	11-01-60	6
34.	Udaipur	03-06-60	4

Source- Annual Reports and Records of RSLDB, Jaipur

Role and Importance of PLDB'S In Rajasthan

Agriculture like any other industry requires short, medium and long-term credits, Long term loans are required for the redemption of past debts and permanent development of land.

In the past the need and importance of long term credit was not felt as agriculture was in a primitive stage. Agriculture was considered to be a gamble of Monsoon in India and there was no certainty of assured production on account of various natural calamities. Investment in agriculture was neither adequately rewarding as in the field of commerce and industry nor the result of investment quickly secured. These factors largely accounted for lack of adequate finance for long term investment in agriculture.

Source- Mathur B.S. Land development Banking in India National Publishing House, New Delhi, 1974, p-17

The primary credit society borrow their funds mostly from the central Banks. The central banks in their turn borrow from the central banks. The central banks in their turn borrow from the state co-operative Banks. The resources of both central and state co- operative Banks mainly consists of short-term borrowings from Reserve Bank of india. Deposits have to be paid on demand and loans have to be repaid within a year or so.

Conclusion

PLDB's plays a vital role in raising the GDP of India. By resolving the financial problems of people and meeting up with the working capital requirements. People tried more to develop the unused land and paying debts by taking short, medium and long term credits.

Mentioning above all sub point and data's for PLDB's, I conclude that PLDB's are great source for

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helping financial problem of people for different time period as per their needs. RBI identifies the need of people and work hard for the upliftment of lower part of the society.

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