

CHAPTER XVI

CONCLUDING OBSERVATIONS

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16.1 Introduction

The present chapter has been designed to present precisely various problems the sample societies have been facing during the period of the study.

16.2 Methodology

During field studies, the present investigator observed and noted various problems these sample societies had been facing. Some of these problems were pointed out either by the members of the managing committee or members or both of these societies and some were carefully noted by the present investigator and duly recorded.

Whatever the aforesaid respondents had said, have been systematically arranged before presenting in this chapter.

16.3 Limitations

The following limitations may be noted :

(1) Some of the observations and remarks in this chapter do not perhaps, follow so much from the argument and logical analysis of the thesis as presented in earlier chapters but from somewhat snapshot observations of the present investigator who had not made adequate indepth studies before making such sweeping observations /remarks. One has to decide, however, whether in a scholarly work, the allowance of making such observations /remarks be allowed because it may be apprehended that such attempts may undermine the significance of a scholarly research. To this, it may be said not as a defence but as what has been really felt in this regard that such remarks /observations need a careful quantitative indepth study no doubt but the present investigator because of inhibiting factors like money, time, energy, capability etc. did not find it possible to go for such an extensive study which if undertaken, would definitely improve the standard of this thesis more. But he may be excused for not being able to resist the temptation to present these observations/remarks in the form and manner as stated before. The underlying motive which guides him in this regard is his feeling that though some of these observations/remarks suffer from the lack of adequate scholarly treatment, yet they may be retained as they

appear to reveal what is going on with these sample societies. Moreover, the origin of such observations /remarks do rest on the field from where the information /data were collected for this purpose and before writing for this chapter, various checks and rechecks have been applied to arrive at meaningful results. It has also been believed that if one decides to omit such observations/remarks altogether from this chapter in the absence of sufficient scholarly treatment for the same, one may miss some interesting findings in this regard. Therefore, ultimately it has been decided to retain all such observations/remarks taking as much care as possible to present purposeful and meaningful findings ;

(ii) For all the problems as presented in this chapter, the requisite data and information were not always available for which quantitative techniques of research for these problems were not applied to enrich the contents of this chapter ;

(iii) Some suggestions to improve the situation with regard to some problems identified have been offered but they do not always follow from the logical argument of the thesis as they follow perhaps from the wishful

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thinking of the present investigator. It has to be frankly admitted that suggestions without being followed by indepth studies for the same may not be seriously taken in a scholarly work. Such an attempt borders somewhere on the line of reporting. So, the attention of researchers may be drawn to test the efficacy of such suggestions in a more scientific way. These suggestions have been retained with the idea that the same may help the future researchers in this field and the same may reflect the present investigator's feelings on these important questions because the origin of such feelings rests on the field of studies and his attempts to interpret the same as they appeared to him ; and

(iv) There is possibility of some overlapping of some of the observations already made and the repetition might be avoided. It may be said that, a sincere attempt has been made to reduce the scope and extent of the possibility of such repetition as far as possible and it has been thought that, a separate treatment for these problems in a separate chapter to present precisely the nature of various problems these sample societies have been facing is perhaps, needed to appreciate better these problems. One of course, is not sure, of the soundness of such an approach.

#### 16.4 Problems

For the sake of analytical facility, the problems of these societies have been grouped under four broad heads: (i) Economic Problems ; (ii) Administrative Problems ; (iii) Social Problems ; and (iv) Political Problems. We will discuss each of this problem one by one.

#### 16.5 Economic Problems

##### 16.5.1 Lack of Internal Resources

The watchword of credit co-operatives is "thrift must precede credit" but the sample societies have not been able to tap deposits from members and non-members adequately. This is perhaps due to the colossal poverty and widespread indebtedness of most of the members which compelled them to be borrowers of society and not depositors.

These societies have failed to create adequately the climate of confidence among non-members and this appear to result in the well-to-do people seldom depositing their surplus money in the societies.

##### 16.5.2 Lack of Proper Utilisation of Credit

All intensively supervised agricultural credit system geared to effective farm management and credit

guidance programmes needs to be evolved if we are to make a headway in agricultural production in the sample villages. The farm planner should initiate the credit requirements of the sample farmers and also provide adequate and timely field guidance in the execution of the plan, after the loan has been sanctioned. Intensive supervision in this connection implies a move to see that loan amount are utilised for the purpose for which they were advanced.

It embraces working out efficient production and marketing plans, analysing and solving the problems that crop up during the plan implementation period, maintaining farm and home accounts and making periodic analysis of the farm business. Indeed, the farm management man should also be the credit man.

The terms and conditions of the loan etc., need to be liberalised. The borrowers should be selected very carefully and the emphasis should shift from adequate security to effective preliminary planning, adequate advisory services and close supervision, so that repayment capacity of the borrower-cultivator is built up and he acquires enough equity in the farm business to carry on by himself.

### 16.5.3 Marginal Farmers

These societies should have to find ways and means to give more attention to the marginal farmer who

constituted the majority of the rural peasants in sample villages. Moreover, these societies need to provide both "consumption finance" and "production finance" to the marginal farmer.

In these villages, the unit of agricultural production, the independent unit entrepreneurship, is the small family farm. These family farms are small, numerous and scattered over the area. Each family ( i.e. the entrepreneur of the family farm ) carries out his business independently, conditioned and circumscribed by a host of considerations. These considerations are different for every individual cultivator and have no discernible unity among them. The total agricultural production is the sum total of the individual production of each farm of the area. Therefore, planning for agricultural production implies that ultimately the decisions and motivations of these individual farmers have to be influenced to yield a desired result in the field of agricultural production.

Majority of the farmers in these sample villages belong to marginal groups. Therefore, unless these sample societies are able to consider the interests of these marginal groups properly, it is the epitome of wishful thinking to believe that the independent efforts of all these numerous farms would somehow correspond to the arbitrarily set targets for agricultural production.

#### 16.5.4 Marketing Problems

Efficient marketing of agricultural produce is as important as the need for increasing agricultural production. A farmer can derive additional income from his land only when increased production is accompanied by efficient marketing of his agricultural produce.

Sample societies may have to find ways and means for extending credit to the farmers for efficient marketing of agricultural produce.

#### 16.5.5 Penetration into Other fields

These sample societies should evolve ways and means relevant for the purpose so that members can go for dairy, poultry, fishery, etc. to supplement their income. The penetration of these societies into other fields appeared to be inadequate.

#### 16.5.6 Overdues

Overdues have been a patent disease of these societies. The overdues of these societies have creating problems for these societies.

For a proper understanding of the problem of overdues of these societies, it is perhaps, necessary to analyse the overdues according to reasons. The overdues

may be divided into two broad categories, viz.

- (i) overdues arising out of crop failures, fall in prices and other natural calamities of which the agriculturist has very little control ; and
- (ii) overdues stemming from inefficient management, recalcitrance, political rivalries, misappropriations, conspicuous consumption, diverting loan for other purposes than which the same was extended, etc.

The overdues in the latter category are wilful while those in the former category arise without any fault or failure on the part of the agriculturist i.e. they are non-wilful. While the wilful defaulters should not be shown any mercy, the non-wilful defaulters need to be protected from the evil effects of overdues.

However, granting relief to the non-wilful defaulters may only mean half the solution to the problem. One may have to adopt some preventive measures for arresting the tendency of default. The important factor for the prevalence of overdues has been the lack of will and discipline among some of the cultivators to repay their dues. Secondly, members of the managing committees of these societies appeared to have shown a general apathy in the matter of recovery of loans. Some members of these managing committees were themselves

defaulters. Thirdly, the cultivators did not get adequate and timely finance.

The following steps may be recommended to reduce the nature and extent of overdues from these societies :

- (i) Rehabilitation of non-wilful defaulters affected by natural calamities and provision of fresh finance to them ;
- (ii) Wilful defaulters should not be shown any mercy. The State Government may resort to coercive action against wilful defaulters in right earnest ;
- (iii) Suitable provisions be incorporated in the co-operative societies' Acts of the State for (a) automatic suppression of the managing committees in case of continuous default ; and (b) denial of voting rights to defaulters ;
- (iv) For provision of adequate and timely supply of finance to agriculturists, cash credit system be introduced on experimental basis in selected areas ; and
- (v) Mass education to understand and to appreciate the evil effects of overdues adequately among these farm-families on a larger scale and in a purposeful way from the long-term point of view.

## 16.6 Administrative Problems

### 16.6.1 Operational Aspects

Jalpaiguri District Co-operative Bank should endeavour to attain the high level of efficiency in transacting its day to day operations so that it may be able to shoulder greater responsibilities. Operational efficiency has relation with the internal organisational system of the district bank, the promptness with which it is able to transact its business, the variety of services which it provides to its customers and constituent units.

The system of internal checks and branch control is another area in which the District Co-operative Bank has to make good performance for operational efficiency. For all types of bank's activities, there should be the system of internal checks and balance. Any lacuna in this system would expose the bank to the grave risks of frauds or misappropriation of funds or similar type of malpractices. The bank should, therefore, have an effective system of internal checks and branch control. Further the Bank should periodically watch and review the system through internal audit and branch returns and to take appropriate steps to remove deficiencies, if any.

### 16.6.2 Organisational Aspects

In the three-tier co-operative credit structure (State, district and primary societies), specific role has been assigned to the institutions operating at each of the three levels, namely apex, intermediate and primary levels. Organisational strength of these credit institutions is one of the pre-conditions for the sustained development of these societies. Efforts should, therefore, be made to increase the organisational strength of the District Bank and the sample primary societies in sample villages.

The need for linking credit with marketing has assumed paramount importance with the increase in the quantum of production credit and more particularly against the background of the existence of a significant amount of overdues in these sample societies. The district co-operative bank should have a senior official who should look after the organisation of marketing societies, development of the business undertaken by the marketing societies and attend to the effective implementation of the scheme of linking credit with marketing. In short, district co-operative bank should make earnest efforts for development of infrastructure necessary for speedy growth of the movement in the district.

### 16.6.3 Rules and Regulations

These societies are caught up in the neck of the rules and regulations imposed from above i.e. by the Department of Co-operation. The nature and problems of some of these rules and regulations and how do they affect the working of these societies may very briefly be summarised in the following way :

- (a) In getting a co-operative loan, the intending candidate is supposed to obtain a printed form and to give therein the details of his name, age, address, father's name, area of land cultivated, etc. Moreover, he will have to make an assessment of his estimated annual income and the details of his expenditure such as rent payable, other loans payable with interest, expenses for cultivation mentioning detailed incomes per bigha, food expenses and other domestic expenses to be submitted before getting a co-operative loan. The preparation of such an application depends on the skill of the writer just to show that surplus of income over expenditure can meet repayment of the loan and interest thereof. Simply clerical mistakes may disqualify a candidate.
- (b) The highest priority for these cultivators should be agricultural credit to be disbursed among the farmers. But it appears that some of the rules and ways behind the disbursement

of credit actually repel rather than attract farmers to make use of it and they even to-day depend upon simpler method of drawing loans from moneylenders at exorbitant rate of interest. Incidentally, the rate of interest charges by sample societies is by no means meagre either.

#### 16.6.4 Development From Above

Some members of the managing committee of the sample societies complained that government officials under different capacities interfered too much and too unnecessarily upon the working of these societies in some cases and as a result they had gained an idea that the responsibility of development of these societies primarily depended on government.

The total amount of money earmarked for these societies comes from the centre where the rural people from below do not generally get a chance to participate in making the budget etc. The officials according to their ideas decide what amount of money to go to what State etc. The rural leaders from below are not generally consulted in this crucial stage of determining the amount of credit to be disbursed among different States for distribution. The State Co-operative Banks on the other hand, distribute the same to the District Co-operative Banks which in turn follow the same method in the case of primary societies.

It was pointed out that the apex institutions were apathetic to lower institutions. It was complained by the District Bank that the State Co-operative Bank did not show fraternal attitude to the District Co-operative Bank when the latter sought financial support from the former. In the same way, the District Co-operative Bank's attitude to sample societies appeared not to be encouraging when these societies sought financial help from the District Co-operative Bank. The programme of developing co-operation among co-operatives should be pursued vigorously.

#### 16.6.5 Systematic Auditing

One of the major complaints of the members of the Managing Committee of these sample societies is that there is no systematic and regular auditing of these societies. The date of auditing is also not uniform. This gives rise to lots of misunderstanding among some of the members of these societies.

#### 16.6.6 Co-ordination

The Panchayat leaders in the sample area appeared not to have been extending required help and co-operation to make these societies a success. Lack of co-ordination, understanding and mutual respect among different rural

organisations, institutions and these societies in the sample area may be noticed.

## 16.7 Social Problems

### 16.7.1 Lack of Education

Most of the members of these sample societies appeared not to care much to adequately understand the principles and philosophy of co-operation. For this disquieting conditions, there are several causes of which lack of training and understanding of co-operative principles appeared to be more important. The members appeared to take insufficient interest in the working of their respective societies, they exercise little restraint over their Chairman/President and the members of the committees and hesitated to evict from office an incompetent and dishonest neighbour. The officeholders on their side, appeared to dislike incurring the unpopularity attendant on the stringent action against recalcitrants and recovery by legal process of overdue debts. The calculated inertness of the two parties all too frequently led to some form of stagnation. The remedy perhaps is the patient and persistent education in the principles and meaning of co-operation of the members of these societies.

### 16.7.2 Lack of Loyalty

The lack of loyalty identified among some of the members is caused to a great extent for failing to provide due trainings among the members so that they can really understand why co-operative is, how it is and what it should be. One of the serious undesirable effects caused due to lack of requisite education is the disloyalty among some of the members.

### 16.7.3 Public Enthusiasm

Not adequate and purposeful public enthusiasm for these societies was noted during field surveys.

How can we disturb the peaceful life of the rural people, stir them out of age-old inertia and inspire them to new efforts? How can young people, with education and a spirit of innovation, be attracted to these co-operatives? There is no simple answer to this question. But the Planners of the district should constantly keep these questions at the back of their mind. In planning for rural co-operatives for the district, their forms and contents, they should treat it as one of the relevant considerations and not the least important among them.

## 16.8 Political Problems

Most of the writings on the Co-operative Movement, including those of co-operators themselves, tend to condemn the involvement of co-operators in politics. Down from the classics of co-operation, such as "Consumers Co-operation in Britain"<sup>1</sup> to the popular Indian textbooks on the subject such as "Theory and Practice of Co-operation in India and Abroad,"<sup>2</sup> a plea is made for keeping co-operatives aloof from politics. It is very often said that "Political neutrality is a co-operative principle."<sup>3</sup> Daniel Thorner has reported that "in several States the leadership of the co-operatives is heavily sprinkled with active politicians."<sup>4</sup> He further warns that co-operatives may become "Political footballs" in this process.<sup>5</sup> Dr. Gadgil has also approved party gatherings in the premises of a co-operative society.<sup>6</sup>

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1 A.M. Carr - Saunders et al, Consumers' Co-operation in Great Britain, London, Allen and Unwin, 1942, PP. 39 - 43.

2 K.R. Kulkarni, Theory and Practice of Co-operation in India and Abroad, Bombay, PP. 197 - 200.

3 J.P. Warbasse, Co-operative Democracy, New York and London, P. 118.

4 D. Thorner, Agricultural Co-operatives in India, Bombay, PP. 11 - 12.

5 Ibid.

6 D.R. Gadgil, Sugar Co-operatives in Maharashtra, New Delhi, P. 5.

One of the exceptions is Fred Longden who forcefully argues that the co-operatives should play an active role in politics.<sup>7</sup>

There may be two opinions<sup>8</sup> about the role of politics in co-operatives but the experiences of these sample societies appear to indicate that some forms of political forces are exerting some influences to shape the behaviour pattern of the members of these societies. One may even suspect that some of these societies have tended to glamorise the patronage of political office, rather than the avenue of service such office provides, in some cases, the success of a member of the managing committee seems to be judged by the help he has rendered to his political or communal group and not in the service he has done to the society. While it may be said that co-operatives provide an excellent training ground for intermediate levels of local leadership, it is doubtful whether full advantage is being taken by these societies to develop such leadership.

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7 Fred Longden, *Co-operative Politics Inside Capitalist Society*, Birmingham, 1941.

8 B. S. Baviskar, "Co-operatives and Politics," *Economic and Political Weekly*, Vol. III, No. 12, March 23, 1968, P. 490.

### 16.9 Concluding Remarks

One may raise the following questions in the light of the discussions in earlier chapters as well as of the present one : (i) can the influence of these sample societies particularly in agriculture claim to extend beyond the particular activities organised on co-operative lines, and to give to the social structure and the rural economy of these villages balance, direction and a sense of values ? and (ii) can these co-operatives claim to have the merit of combining freedom and opportunity for the small man with benefits of large scale management and organisation as well as good will and support from the rural community of the sample area ? The answer to the above questions in the light of the analysis of earlier chapters and of the present one may be that, there is a yawning gap between what is desirable and what is available in this regard. What is, however, encouraging to note is that, one may not altogether miss to identify some attempts on the part of these co-operatives to turn the tide in a favourable direction amidst various problems some of which have been analysed in the present study.