

CHAPTER I

I N T R O D U C T I O N

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1.1 Introduction

Cooperation is one way of conducting certain parts of human life. Cooperation is connected with free man in self-regulated action. It is not a form of charity ^{table} organisation. Members may improve their own welfare and that of their own fellows. Money is a connecting link of mutual service.¹

Credit is the preliminary process of productive effort. Credit has assumed an increasingly wide significance in sustaining the economic base of modern Indian rural economy. To-day, it constitutes the foundation upon which the financial structure of the rural economy of India rests. It is a fact that credit is going to replace currency in money economy, even though money supply is the basis of credit creation.

S. Jagannathan, Ex-Governor of the Reserve Bank of India stated : "The viability of the particular loan, a more economic use and turn round of funds within the banking system are basic

¹ C.R.Fay, Cooperation at Home and Abroad, 1936, P. 1.

necessity. Credit Planning involves financial discipline. Credit is a scarce resource and more of it for some uses must mean less of it somewhere else. Credit is no substitute for capital and investment and it cannot be for long or much ahead of real savings. If credit is to play its role as an instrument of development, it has to be so regulated as not to make it a vehicle of inflation."²

Bhattacharya, S.N. observed : "A rural credit cooperative may be looked at from two angles — as a means and as an end. As a means its purpose is to provide help to its members in several ways on the principle of organised self-help. As an end, its purpose is to promote the spirit of cooperation in the rural community in general and among its members in particular. In other words, a rural credit cooperative operates at two levels viz., functional and conceptual. Whereas the financial aspect of a rural credit cooperative may vary depending upon the nature of the cooperative, the conceptual aspect is universal to all cooperatives, irrespective of the cooperative itself. In the ultimate analysis, the latter aspect assumes greater significance than the former."³

A strong base is an essential pre-requisite for strong structure. It will, however, be noted that in

2. Reserve Bank of India Bulletin, November, 1970, P. 1929.

3 Bhattacharya, S.N., Vested Interests in North Bengal Rural Credit Cooperatives, Kurukshetra, Vol.20, July 1972, PP.17 - 18.

cooperative credit structure the base level organisations have not, by and large, developed into strong, efficient and viable units as would lend the much needed structural support to the tiers above. The importance of having a strong base level organisation was accepted from the very beginning, and with that end in view, the institutions at that level were from time to time put through series of reorganisation and structural experimentation. The results, however, continued to elude the objective.⁴

The first attempt was made in the year 1915 when the Government of India appointed the Meclagan Committee which classified the credit societies into the following categories :

- (i) Primary Societies ;
- (ii) Cooperative Unions ;
- (iii) Central Cooperative Banks ; and
- (iv) Provincial Cooperative Banks.

Then came the recommendations of the Reserve Bank of India, in the year 1937 for the organisation of multipurpose societies, which were endorsed by the cooperative planning committee appointed by the Government of India. In pursuance of these recommendations, multipurpose societies were formed in Uttar Pradesh, Madras, Bombay and Mysore States. The Rural Credit Survey Committee appointed by the Reserve Bank of India

⁴ First National Conference of District Central Cooperative Banks in the country (16-17 May 1978), Notes on Agenda Papers, Bombay, P. 11.

in 1951 recommended in its Report (1954) an "integrated approach" to cooperative credit. An important aspect of the structural reorganisation of the cooperatives suggested by the committee concerned the agricultural credit society at the primary level. The committee recommended, among others, that the future development of primary credit structure should be in the direction of large societies covering such area of operation as could provide adequate business.

In keeping with the recommendations of this committee and those of the Rural Credit Survey Committee, schemes of cooperative development were drawn by different States which included organisation of large-sized societies but this resulted in the neglect of the very basic cooperative principle of mutual cohesion at the base level cooperative structure. This was not considered a healthy trend. Consequently, no large-sized societies were organised after 1958-59.

All India Rural Credit Review Committee made recommendations for strengthening primary agricultural societies in 1959.

Despite the recommendations of All India Rural Credit Review Committee that there may be no major changes in regard to the structure, it may be seen that changes continued to be pressed on the structure of primary agricultural cooperatives. Most of the recommendations converged on the idea that the base

level organisation must be cooperative organisation, which will signify involvement of the very people for whom it was meant. However, the disturbing feature was the frequent changes by way of experiments raising confusion at the bottom, specially in the farmers.⁵

There are various processes of experimentation through which the primary agricultural credit structure has passed through since inception. Every experiment that was tried tended to enlarge confusion and responsible for further weakening of the structure because sufficient time was not given to the reorganised structure after one re-organisation to prove its efficacy.⁶ ^{The} First National Conference of District Central Cooperative Banks in the country observed :

"No more experiments should be done with the primary structure of credit cooperatives and the existing structure should be allowed to continue at least for a decade without any structural changes."⁷

1.2 Available Scholarly Literature on Rural North Bengal

Apart from a few stray Government Publications, a very few ^{scholarly} scholastic literature are available on the aforesaid subjects. The lion-share of such works originate from mainly a single source namely, Bhattacharya, S. N., who since 1962 has

⁵ First National Conference of District Central Cooperative Banks in the country (16-17 May 1978), P. 16.

⁶ Ibid, P. 19.

⁷ Ibid.

been working on various research projects individually on various aspects of rural North Bengal. Such an effort has produced upto now the following which may be divided into two groups : (a) Thesis ; and (b) Articles.

(a) Thesis :

"Rural Conditions in Agricultural North Bengal" for which he was awarded the Ph.D. (Arts) degree in Economics of the Calcutta University (the thesis was prepared without any supervisor and it was submitted independently).

(b) Articles :

- (1) "Finances of Panchayats in North Bengal — A study" in Economic and Political Weekly, No. 9, 1968, PP. 1734-35.
- (2) "Rural Leadership Problems — A study of Mainaguri Block", in "Kurukshetra", Vol. 17, No. 7, April, 1969, PP.10-11.
- (3) "Rural Upliftment and Leader Groups — A study of Mainaguri Block", in "Kurukshetra", Vol. 18, No. 3, Dec. 1969, PP. 10-12.
- (4) "Panchayats in the Hills — A study in North Bengal Hills", in "Kurukshetra", Vol. 18, No. 10, June, 1970, PP. 7-8.
- (5) "Service Conditions in Development Blocks — A study", in "Kurukshetra", Vol. 19, No. 10, February, 1971, PP. 6-7.

- (6) "Development of North Bengal Hill Areas — A study" in "Yojana", February, 1969, PP. 10-13.
- (7) "Green Revolution, Small Farmers and Rural Cooperatives — A study in North Bengal Villages" in "Indian Cooperative Review", April, 1971, Vol. 8, No. 8, PP. 321-32.
- (8) "Service Problems of Panchayati Raj in North Bengal — A study", in "Kurukshetra", Vol. 19, No. 20, July, 1971, PP.8-9.
- (9) "Problems of North Bengal Small Farmers — A study", in "Kurukshetra", June, 1972, Vol. 20, No. 17, PP. 12-13.
- (10) "Economics of North Bengal Cooperative Farming — A study" in "Industrial and Economic Trade Journal", June, 1972, Vol. 1, No. 3, PP. 43-47.
- (11) "Vested Interests in North Bengal Rural Credit Cooperatives — A study", in "Kurukshetra", Vol. 20, July, 1972, PP. 17-18.
- (12) "Rural Development and Technologists in North Bengal — A study", in "Industrial and Economic Trade Journal", July, 1972, Vol. 1, No. 5, PP. 36-37.
- (13) "Women in Rural Development in North Bengal Villages — A study", in "Industrial and Economic Trade Journal", Vol. 1, No. 7, Sept. 1972, PP. 33-35.

- (14) "A Development Project For Landless Agriculturists in North Bengal — A study", in "Kurukshetra", April, 1973.
- (15) "Cooperatives and Rural Leadership in North Bengal — A study", in "Vandar", July, 1973, Vol. 11, No. 8, PP.15-17.
- (16) "A New Look To North Bengal Rural Co-operative Leadership" in "Vandar", Vol. 11, No. 11, Oct. 1973, PP. 31-34.
- (17) "Trends in Co-operative Movement in North Bengal" in "Samabay", December, 1973, PP. 6-9.
- (18) "C.A.D.P. and Rural Co-operatives in North Bengal — A study" in "Indian Co-operative Review", April, 1974, Vol.11, No. 3, PP. 297-301.

Apart from Bhattacharya, S. N., Lahiri, Chandidas and Chakravorty, Shymal had submitted their dissertations under the supervision of Bhattacharya, S. N., on "Agricultural Enterprise in North Bengal — A study in Farm Economy in Jalpaiguri District (1973-75)" on 19.1.78 and on "Rural Credit — its nature and problems — A study of six villages in a Block in Jalpaiguri District (1975-77)" on 26.6.78 respectively for the Ph.D. (Arts) degree in Economics of the North Bengal University. Prof. S. D. Banerjee, Assistant Professor of Political Science, West Bengal Education Service, also submitted his Ph.D. thesis under the guidance of Bhattacharya, S.N.

on "Rural Leadership and Rural Development — A study in Jalpaiguri district (1973-75)" for the Ph.D. (Arts) degree in Political Science of the North Bengal University. Dutta, Haripada also submitted his thesis for the Ph.D. (Arts) degree in Commerce of the North Bengal University under the guidance of Bhattacharyya, S. N. on "Nature and Problems — A study of North Bengal Villages (1973-76) on 31.8.1978.

Seven other researchers who had been registered for the Ph.D. (Arts) degree in different branches of Social Sciences, Political Science, Economics, Sociology and Commerce of the North Bengal University, have been working under the supervision of Bhattacharyya, S. N. on different aspects of Rural North Bengal. As they are in the process of the completion of their respective projects, names of the aforesaid projects have not been referred to here.

1.3 Importance of the Study

North Bengal is typically backward area in the State of West Bengal (North Bengal consists of five districts viz. Jalpaiguri, Malda, Cooch-Bihar, West Dinajpur and Darjeeling).⁸ An accelerated rate of growth in these regions perhaps, is an imperative need of the hour but unless development takes place in a significant manner in various North Bengal villages, it is futile to talk of any real development in these regions.⁹

⁸ Bhattacharyya, S.N., Rural Conditions in Agricultural North Bengal, Calcutta University, PP. 1 - 5.

⁹ Ibid.

But development cannot take place in vacuum. It needs some institutions/organisations which may be used as useful infra-structure in the road to development. One of such important and crucial institutions is rural credit cooperatives for these regions.¹⁰

2 What is the nature of rural indebtedness in these regions ? What is the extent of the same ? What are the problems of rural indebtedness ? How rural credit cooperatives have been delivering the goods to the rural people in these regions ? What are the problems these societies have been facing to contribute in rural growth process ? What is the image of these cooperatives among rural people in these regions ?

These and various other questions associated with that may be raised in this connection. Not nearly sufficient discussions (vide, section 1.2 of this chapter) seem to have taken place on the aforesaid issues in these regions and hence, the study under reference appears to be significant and important. This study is expected to cover a gap in the availability of scholarly literature on the subject under study to a certain extent in these regions of the State of West Bengal.

Moreover, the study may reveal some interesting observations about the way these societies have been behaving

¹⁰ Ibid, P. 185.

in these regions. Such observations may provoke much thought and discussions on the subject and may encourage future researchers/scholars to undertake further research in this field for these regions. It is indeed, believed that there is enough scope for the study of this subject in these regions particularly so, in the context of the efforts made by these regions with development amidst various problems from within and without.¹¹ It is further believed that unless one knows adequately the nature and extent of rural indebtedness and how rural credit cooperatives have been facing the problem to find a square answer for these regions, one may miss much when one makes a serious attempt to move the ball in the right court in these backward regions in the State of West Bengal. Therefore, in the light of the above, it is expected that the present study may be considered significant and very important indeed. The knowledge and information gathered from the present study may be linked with the overall strategy for development of the vast countryside of rural North Bengal as far as possible and desirable for these regions.

1.4 Object, Scope and Period of the Study

North Bengal is typically backward in agricultural and economic development at large in the State of West Bengal.

¹¹ Bhattacharya, S. N., Op cit, PP. 45-46 & 52-55.

In recent years, there has been some upsurge in the farm sector and some changes are taking place in certain directions in the vast countryside of North Bengal. New crops mainly of high-yielding varieties are being increasingly cultivated, modern inputs like chemical fertilisers and pesticides are being extensively used and improved technology is in the process of adoption which is, however, slow in process.¹²

One of the reasons for this slow progress is the lack of availability of sufficient and timely credit in the rural areas of North Bengal.¹³

Not nearly sufficient discussions seem to have taken place on the question of knowing nature and problems of rural indebtedness in the vast countryside of North Bengal and how credit cooperatives have been facing problems to show their talents in this field.

The present study has been designed to analyse nature and problems rural credit cooperatives in Jalpaiguri district, North Bengal have been facing to deliver the goods to the rural people and where possible and desirable, some suggestions have been offered to improve the situation in this regard.

¹² Bhattacharya, S. N., Green Revolution, Small Farmers and Rural Cooperatives — A study in North Bengal Villages, Indian Cooperative Review, April, 1971, Vol. 8, No. 8, PP. 322-23.

¹³ Ibid.

*Exposition
leaves much
to be desired*

The place of study will cover six villages in the district chosen on the basis of a kind of sampling detailed in the section to be followed(vide, 1.6).

The period of study is 1975-77.

1.5

Selection of the Topic

Bhattacharya, S.N. observed: "70 percent of the total families in the region under study are still out of the cooperative fold"¹⁴ "The failure to attract deposits and share capital and the greater dependance on loans from the District Bank and the Government, showed weakness of the cooperative societies to stand on their own feet."¹⁵ "Although all the sample societies are affiliated to a marketing society, credit has not been linked with marketing."¹⁶ "Jalpaiguri District Central Bank has not played any commendable role in supervision which is mostly entrusted to the Government Officials."¹⁷ "Misuse of loans was very common. Loans are diverted to consumption purposes or repayment of debts of private agencies and also for unproductive purposes"¹⁸.

Above observations of Bhattacharya, S.N, were made during 1968-69. The present investigator is interested to know what has been going on with regard to credit cooperatives in the countryside of the sample district.

14. Bhattacharya, S.N., Op cit, P.111

15. Ibid

16. Ibid

17. Ibid

18. Ibid

Above observations of Bhattacharya, S.M., were a source of some inspirations to undertake the project at hand to the present investigator. It should be frankly admitted that, the present investigator was not quite sure of the extent and nature of such inspirations but it was realised that, going through such observations, some inspiration was felt to undertake the present project.

Going through literature listed in 'Select Bibliography', some insights have been developed which have been used as a tool to undertake the present project. The present investigator was not quite sure of the nature and extent of such insights but it was also felt at the same time that, the aforesaid sources have influenced the present investigator to undertake the present project. Nature and extent of such influence were not clearly known to the present investigator - a fact which is frankly admitted here.

1.6 Methodology and Sampling Design

At the first stage, the district was divided into three broad zones in consideration with their distinct agro-

What are the characteristics of the soil?
 economic characteristics like climate, nature of soil, fertility of land, landholding pattern, average yield of the soil, cropping pattern, etc.

no of villages in each zone
Sample
 At the second stage, six village in all were sampled, the villages being allocated among the zones roughly in proportion to the size of cultivating families in each zone. From each zone, two villages were sampled. The villages were selected at random from within each zone by giving each village a probability proportional to the cultivating households in it according to 1971 census.

At the third stage, after the selection of the villages, all the cultivating households of the sample villages were listed and arranged in an ascending order in terms of size of holdings and then the heads of the family of all these households were directly interviewed.

Total sample were :

Village	I	-	114
Village	II	-	90
Village	III	-	70
Village	IV	-	82
Village	V	-	48
Village	VI	-	93
			<hr/> 497

For some chapters (viz. A study of a relationship between co-operative credit and Agricultural Production and

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Conceptual Operatives of sample societies) not all the sample farm-families had been considered. The methodology for these chapters has been stated in respective places.

The logic behind considering all the farm-families in these villages was that an attempt first of all had been made to know the nature and extent of total rural indebtedness of these families and secondly, a further attempt had been made to analyse the role of rural credit cooperatives in these villages to supply the amount of credit to reduce the nature and extent of such total indebtedness, the problems faced by these in delivering the goods to these people, etc. Therefore, the nature of the study perhaps, needed to take up all such families.

Members of the managing committee of the sample cooperatives were also directly interviewed to gather relevant information (Total sample = 45). Total number of sample credit cooperatives is five. In one of the villages (in V_3), there is no credit society (vide, sample villages, chapter II).

1.7 The Unit of Data Collection

The unit of investigation for the study is the household, which connotes members of a family having a common living house, and a common hearth for their meals.¹⁹

¹⁹Ibid, P. 15. Sri Dutta also in his study has considered the household as the unit of his investigation.

To keep the sample manageable, it was decided to interview the heads of all the households of the sample farm-families in sample villages. The head of the household, besides being the chief of the family is also identifiable from the other members of the family as one who pays the tax to the Panchayat.

A household may comprise a single family or an extended family, living in separate rooms but sharing a common hearth. This family is reckoned to be a unit of social organisation in North Bengal rural communities, and the head of the household exercises a great influence on all other members. Besides this, the head of the household is responsible for intra and inter-family relationships and is thus the representative of his household in the developmental activities of the village. The head of the household is the chief actor of the familial group, and is the most enlightened person to provide information on village life. The decision to interview all the heads of the farm-families was taken with a view to avoid the respondent bias or limited awareness of the capability of certain individuals.

1.8 Instruments of Data Collection

It was decided to design the following schedules :

Scheduled 'A', designated as the "Village" schedule, was administered to the sample farm-families to gather select

information on sample villages.

Schedule 'B', designated as the "Cooperative" schedule, was administered to members of the managing committee of sample credit societies to obtain information and data with regard to these societies, relevant for the present study.

Schedule 'C', labelled as "Consumption" schedule, was administered to heads of sample farm-families to know the consumption expenditure of these families.

Schedule 'D', designated as "Cost of Cultivation", was administered to heads of sample farm-families to know the cost of cultivation of principal crops produced by these families.

Schedule 'E', labelled as "Investment" schedule, was administered to heads of sample farm-families to know the investment expenditure for cultivating the principal crops of these families.

Schedule 'F', designated as "Income" schedule, was administered to heads of sample farm-families to estimate the income of these families.

Schedule 'G', labelled as "Sources of Finance", administered to heads of sample farm-families to know the various sources of finance of these families.

Schedule 'H' which is labelled as "Cooperative Credit and Agricultural Production", was administered to

sample (vide, chapter on "A study of the relationship between cooperative credit and agricultural production) members and sample non-members to know the relationship between cooperative credit and agricultural production through regression analysis.

Schedule 'I', designated as "Image" schedule, was administered to the sample (Twenty members and Twenty non-members) to know the 'image' of these cooperatives in the sample villages.

Schedule 'J', labelled as "Problems" schedule, was administered to heads of sample farm-families and members of the managing committee to know the various problems these cooperatives have been facing to realise their objective for which these cooperatives stand for.

1.9 Interview Method

The interview is a conversation with a purpose and therefore, is more than a mere oral exchange of information. Its importance arises from the necessity to come into contact with individuals to get access to facts and opinions and to receive them directly from the persons. Where the source is accessible to the investigator, the interview is the device to tap it ; and if it is not easily reachable, the questionnaire is the means. Apart from

accessibility, the controlling factor in the success of the interview is the reaction of the personalities involved — the investigator and the respondent.²⁰

*Should be in me
one page*

The present investigator is grateful to his promoter who took immense care to train the present investigator to possess a basic knowledge of rural set-up and the knowledge of the rural economy of the district so that he was in a position to interview the respondents with success. Such a process of training included a good and reasonable knowledge of the background of the area, social life of the villagers, different tenurial status, different classes identified among the farming community (Self-cultivator, Bargadar, Self-cultivator Plus Bargadar and Self-cultivator Plus Bargadar Plus Hired Labour), etc. and the probable interacting factors in the problem of being interviewed. The present investigator, however, tried as far as possible, to utilise the fruits of such training in a meaningful way in the completion of the present study and if there were any gaps, he alone was responsible for the same.

1.10 Collection of Data — Some Problems

One of the problems appeared to emanate from the dearth of requisite data and information. Collection of

²⁰ Ibid, PP. 18 - 19.

primary data appeared to be hazardous and the present investigator had to face various problems in gathering these. Lahiri, Chandidas,²¹ Chakravorty, Shymal²² and Dutta, Haripada²³ also experienced lots of difficulties in gathering data and information for their studies.

A brief mention of a few such problems may be interesting to note in this connection.

In general, the apprehensive and evasive nature of the village people seemed to be a great stumbling block in the way of meaningful collection of primary data from the field. Some of the people did not appear to be adequately willing to divulge information to a stranger on the plea that those information might create complications leading to their suffering. The existence of widespread illiteracy and ignorance appeared to create problems in getting precise information.

During the initial stages of the survey, some adverse and unpleasant situations had to be encountered which were mostly averted by tact and endurance only. The present investigator fruitfully remembered that during training before going to collect the requisite information his supervisor very often advised to make it a point that he had to deal with rural people and rural sentiments and hence,

21 Op cit, PP. 12-13.

22 Op cit, PP. 20-21.

23 Op cit, PP. 11-12.

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sufficient tact, intelligence, foresight and above all an amicable and pleasing behaviour to win the hearts of the yokels were indeed, necessary and at no stage of such collections, one should not show any sign of desparation or displeasure even if such situations might arise.

Moreover, the present investigator had discussed with Lahiri, Chandidas, Chakravorty, Shymal and Dutta, Haripada on the question of the problems they faced during data collection from the field for their respective studies and how they faced them to find an answer to such problems as far as possible and it is admitted that such discussions were purposeful and helped the present investigator immensely to go to the field with confidence. He is grateful to them for their cooperation in this regard.

Moreover, an introduction to some of the prominent members of sample villages by certain well-known personalities helped to a great extent to make the situation more congenial for the present investigator. These influential persons (social and political leaders) tried to impress upon the rural people the real purpose of the visits and requested them to cooperate in all possible ways. This procedure appeared to make a favourable impact upon them. It helped to efface from their minds many sceptic ideas about the purpose of the study.

The aforesaid strategy paid a rich dividend to

overcome initial difficulties. The problems eased out further due to frequent routine visits to these villages and free talks with rural people on personal as well as general problems of the locality and these drew them close to each other to a certain extent. This resulted ⁱⁿ positive results and gradually it was possible to become a man of their confidence who could be often consulted on intricate problems of the village. This gave an added opportunity to know the rural folks more intensively and helped to establish a rapport between the two.

It may be pointed out here that, these impacts were not uniform on all sample rural people and at the time of investigations, a few were found to be hard nut to crack. They appeared to be a little bit hesitant to express the actual condition as they felt on the queries made by the present investigator. However, sufficient care was taken to see that the investigation was not in any way vitiated.

1.11 Concepts and Terms Used

1.11.1 A Cooperative Credit Society

The original aim of the cooperative movement was to extend and develop some facilities of rural credit in India.²⁵ For the effective elimination of the moneylender,

²⁵ United Nations, Rural Progress Through Cooperatives, New York, 1954, P. 74.

it was necessary to develop an alternative agency which would compete with him and ultimately oust him.²⁶ From this point of view the cooperative credit society, whose motive is not to pile up profits but to render valuable service, was considered to be the most suitable agency.²⁷

A cooperative credit society, commonly known as the primary credit society, may be started with ten or more persons, normally belonging to a village. The value of each share is generally nominal so as to enable even the poorest farmer to become a member. The members have unlimited liability, that is, each member is fully responsible for the entire loss of the society, in the event of the failure. This will mean that all the members should know intimately one another. The management of the society is under an elected body consisting of President, Secretary and Treasurer. The management is honorary, the only paid member being, normally, the accountant (in case the society is large and requires a paid whole-time accountant). Loans are given for short periods, normally for one year, for carrying out agricultural operations by charging rate of interest which is statutorily fixed. Profits are not distributed as dividend to shareholders but are used for the welfare of the village, in the construction of a well, or maintenance of a school and so on.²⁸

²⁶ Thorner, Daniel, *The Agrarian Prospect in India*, Delhi University Press, 1956, P. 66.

²⁷ Khusro, A.M.(ed.), *Readings in Agricultural Development*, Bombay, Vora & Co., 1970, P. 42. *Allied Publishers* X

²⁸ Reserve Bank of India, *Report on Currency and Finance*, 1973-74, P. 139.

The village primary society is expected to promote thrift among the farmers and secure deposits from them.²⁹

Considerable attention was given during the past few decades to build the primary agricultural credit societies into strong institutions, for "the primary credit society continued to remain the weakest link in the entire cooperative structure."³⁰

Cooperative Central Banks are federations of primary credit societies in a specified area, normally extending to the whole district (hence, they are sometimes known as district cooperative banks).

State Cooperative Bank, also known as the apex bank, forms the apex of the cooperative credit structure in each State. It finances and controls the working of the central cooperative banks in the State. It serves as a link between the Reserve Bank of India from which it borrows and the cooperative central banks and village primary societies on the other.

1.11.2 Cooperative Credit at Primary Society

The amount borrowed in cash or in kind by members

²⁹ Report of the Ministry of Agriculture, Department of Cooperation, 1974-75 and Reserve Bank of India, Annual Report, 1976-77, P. 54.

³⁰ Report of the Banking Commission, 1972, P. 13.

from the primary co-operative society for a given period have to be paid back along with the interest accrued thereof after a stipulated period by the borrowers.

The amount of credit increases with the failure of repayment by the loanee after the expiry of the stipulated period. The interest added with the original amount borrowed becomes the principal for the next period specified by mutual agreement. From that time, the interest (already included in the principal) earns interest.

1.11.3 Leadership in Rural Co-operative Credit Society

Leadership in a rural co-operative credit society may be defined as influence. More specifically, it has been equated with any positive influence act, with behaviour required to direct the members of the credit society in the countryside ; and with behaviour making a difference among members. It is conceived in the presence of interaction rather than an act by a leader.

It is a process or focussing the attention and releasing the energies of the rural people in a desired direction by changing motivations or changing habitual modes of responding.³¹

³¹ Banerjee, S.D., "Rural Leadership and Rural Development - A study of North Bengal Villages (1973-75)", a thesis submitted for the Ph.D. (Arts) degree in Political Science of the North Bengal University, P. 12.

1.11.4 Self-Cultivator

For the present study self-cultivator means to cultivate on one's own account —

- (i) by one's own labour ; or
- (ii) by the labour of any member of one's family ; or
- (iii) by servants on wages payable in cash or in kind, but not in crop-share under one's personal supervision or the personal supervision of any member of one's family.

In the case of an undivided Hindu family, land shall be deemed to be cultivated personally, if it is cultivated by any member of such family.

1.11.5 Bargadar

Persons who cultivate the land of others on payment of rent in cash or in kind are treated as 'Bargadars' or 'tenants'.

In West Bengal, on the abolition of Zmindari, landlords were not allowed to resume lands held by raiyats or under-raiyats. Share-croppers (known as 'Bargadars' or 'Bhagchasis' in West Bengal) were not treated as under-raiyats and no protection was extended to them until July, 1970 when the West Bengal Land Reforms Act was amended (it was further amended in 1977) to accord limited protection to the 'Bargadars'.

1.11.6 Farm

For the present study, agricultural farm has been considered as a tract of land cultivated by a tenant on an agreed or contracted terms and conditions usually determined by the law and or local practice or cultivated by the owner himself with or without the assistance of hired labour. The presence of any go-between (there may be cases where a person takes lease of a piece of land i.e. farm and manages himself or by others) has not been considered and in the sample families, there is no such family other than either owner, share-cropper or hired labour.

1.11.7 Farm Management

We have not made any distinction between farm and the management (farm-families) because of the fact that it appears that the farms are either owned or managed or operated by the sample farm-families.

1.11.8 Attitude

Attitudes have a number of criteria. In the first place, they always involve the relation of the individual to specific situation in his environment. These may consist of 'object', such as one's automobile ; 'persons', such as oneself or another ; 'groups', such as the family or the community ; 'institution', such as a club or a church ; and 'values' or

norms, formed or conditioned in the individual's contact with his environment, such as capitalism or socialism.

In the second place, attitudes are formed or conditioned in the individual's contact with his environment. In the third place, attitudes have affective properties. They are affectively charged because they are usually held in connection with such important values as the home, nation, temple, etc. In the fourth place, attitudes are relatively enduring states of readiness. Lastly, attitudes are numerous and varied as the stimuli to which they refer.

Every social relationship involves in fact, an adjustment of attitudes on the part of those who enter the relationship.

1.11.9 Institutions

Institutions may be defined as recognised and established forms of procedure governing the relations between individuals or groups.

Institutions are machinery through which human society organises, directs, and executes the multifarious activities required to satisfy human needs.

1.11.10 Customs

Customs are long established usages or modes of behaviour. They refer primarily to practices — such as eating,

conversing, shaking or joining hands to greet other people, etc. ; — these have been oft repeated by many generations.

1.11.11 Social Group

A social group may be defined as an aggregation of individuals who are associated with one another in a certain network of reciprocal relationships for a specific purpose or a set of purposes.

1.11.12 Scheduled Castes and Tribes

While the Constitution of India has abolished representation on communal lines, it has included safeguards for the advancement of the backward classes amongst the residents of India (irrespective of their religious affiliations), so that the country may be ensured of an all round development. A major section of such backward classes have been specified in the Constitution as scheduled castes and scheduled tribes because their backwardness is present.

There is no definition of scheduled castes and tribes in the Constitution itself. But the President of India is empowered to draw up a list in consultation with the Governor of each State, subject to revision by Parliament (Articles 341-342). The President has already made orders, specifying the Scheduled Castes and Tribes in the different States in India. These orders have since been amended by the

Scheduled Castes and Scheduled Tribes Orders (Amendment)
Act, 1956.

1.11.13 Human Group

Groups are units of two or more people meeting in the same environment or overcoming distance by some means of communication, who are influencing each other psychologically. The distinctive bond of the group is reciprocal psychological interaction.

1.11.14 Marginal Farmers

Those who have landholdings below 2.50 acres.

1.11.15 Small Farmers

Those who own land between 0.01 acres to 5.00 acres are conceived as small farmers.

1.11.16 Agricultural Labourer

Cultivators without any landholdings but having a homestead and deriving more than fifty per cent of income as agricultural wages.

The small/marginal farmers and agricultural labourers should themselves be cultivators. The landholding limits will be applied on the basis of ownership holdings, ownership being taken on men transferable on heritable rights.

The family should be treated as a unit for this. In respect of share-croppers and tenants such of them as have recorded rights should be identified as small and marginal farmers, those with substantial off-farm income of Rs. 200/- per month or more for the family may not be included.

1.11.17 Agricultural Innovation

Innovation involves the degree to which one is capable of bearing risk and readiness that makes a cultivator an early adopter.

1.11.18 Agricultural Imitation

It is the extent to which an individual farmer is comparatively slow to adopt innovations.

Concepts from 1.11.4 to 1.11.18 have been taken from Lahiri, Chandidas's thesis on "Agricultural Enterprise in North Bengal — A study in Farm Economy in Jalpaiguri (1973-75)" submitted for the Ph.D. (Arts) degree in Economics of the North Bengal University on January, 1978, PP. 16-24.

1.11.19 Field Research

Pauline Young in his "Scientific Social Surveys and Research" (P. 87) has defined Field Research as "a method of discovering specifically and realistically what actually is, and not what something should be ; it is a matter of ascertaining

intimately social attitudes, values and other forces which motivate the person and the group ; a method of depicting society as an organic social process."

1.11.20 Household

Household means a group of persons, males and females, related or otherwise, having a common kitchen and pooling all or part of their earnings and incomes.

Head of the household is the person accepted as such by members of the household.

1.11.21 Field Data

The term 'field data' comprises the facts gathered by a direct survey in the field.

Field data may lead to the collection of currently unknown or unavailable facts ; or may relate to facts of a problem which have not been adequately enquired into ; or often, they might be merely in the nature of verification of known facts and conclusions. The field data always involve direct contact between the researcher and the investigated 'subject' or 'field' either through a schedule or a mailed questionnaire or interview or observation or case study methods.

Gathering and processing data being raw and mixed needs a special kind of research ability and qualities such as patience, tact, perseverance and so on.

1.11.22 Social Survey

A.F. Wells in his "The Local Survey in Great Britain", Allen and Unwin, London, 1935, P. 13, has defined social survey as "a fact-finding survey dealing with the nature and problems of the community."

The primary aim of social survey is, in fact, to make an accurate and impartial collection and presentation of facts, the results of careful observation and not of hearsay. It is perhaps, better to regard it as a study of social institutions and activities of a group of persons living in a particular locality.

1.11.23 Medium Farmers

Those farm-families which own landholding from 5.01 to 10.00 acres are considered as Medium Farmers.

1.11.24 Big Farmers

Those farm-families which own landholding from 10.01 and above are considered as Big Farmers.

1.11.25 Self Plus Bargadar Plus Hired-Labour

A part of the land is cultivated personally on one's own account : (i) by one's labour ; or (ii) by the labour of any member of one's family ; or (iii) by hired labour under one's personal cultivation of any member of

one's family and a part of the land of the said owner is cultivated by persons who cultivate the land of the aforesaid owner on payment of rent in cash and or in kind.

1.11.26 Rural Credit

The term rural credit has been used in a restricted sense. For the present dissertation, it means loans and advances, interest bearing or non-interest bearing extended to the sample farm-families in cash and or in kind for agriculture and allied purposes like animal husbandry, fishery, etc. It does not, however, include loans and advances extended to rural industries.

Further, the term rural credit includes loans and advances in cash and or in kind from institutional agencies like commercial banks, cooperatives, etc. as well as from individuals.³²

1.12 Plan of this Research Project

The plan (arrangement) of this thesis is as follows :

In chapter I, the problem at hand has been introduced. Available scholarly literature on rural North Bengal, importance of the study, object, scope and period of the study, selection of the topic, methodology and

³² Chakravorty, Shymal, Op cit, P. 16.

sampling design, the unit of data collection, instruments of data collection, interview method, collection of data-some problems, concepts and terms used, plan of this research project and limitations of this present study have been analysed and discussed.

In chapter II, sample villages in which the sample cooperative credit societies have been working, have been introduced with a few relevant background information to enable one to appreciate better, the background (socio-economic) in which these sample societies are working and it is believed that, such an approach may help to appreciate the problem at hand better.

In chapter III, a brief review of the problems of rural credit in India and the working of the various agencies supplying rural credit in India has been given in the context of better understanding and appreciating of the problem at hand.

In chapter IV, organisational structure of credit cooperatives in the sample district and the way these are being managed have been discussed very briefly.

In chapter V, the working of sample primary credit societies, in extending agricultural credit, has been critically analysed.

In chapter VI, the nature and problems of recovery of the loan of the sample societies have been analysed.

In chapter VII, various future plans and programmes of these sample societies to improve their workings for the better, have been pointed out.

In chapter VIII, an attempt has been made to study nature, extent and problems of other sources of credit than those of sample societies in sample villages. A comparative analysis of these various sources including the sample societies, has also been made.

Then, with the help of the field results as presented in chapters IX, X, XI and XII (in chapter IX, total consumption expenditure, in chapter X, cost of cultivation of the principal crops produced, in chapter XI, an average investment pattern in the cultivation of the principal crops produced and in chapter XII, income of the sample farm-families in sample villages during the period under study), an attempt has been made in chapter XIII to make an estimate of the credit requirements and credit gap of sample farm-families in sample villages during the period under study.

In chapter XIV, a study of a relationship between cooperative credit and agricultural production has been made through regression analysis.

In chapter XV, conceptual operatives of sample societies have been analysed.

In chapter XVI, mainly on the basis of field results of earlier chapters, certain concluding observations have been made as well as some suggestions have been offered to move the ball in the right court. Such observations and suggestions may be subject to revision should more extensive data become available in this regard.

Two Appendices are appended. In Appendix I, select background information of the sample district have been given in the context of better appreciating the problem at hand and in Appendix II, some of the various questionnaires used in the completion of the present study, have been given.

The present study is then not based on armchair research. It is primarily based on field research. However, the present investigator wishes to acknowledge his intellectual debts to some select books and articles from which he has fruitfully appropriated insights for the present work and a select 'Bibliography' is added for the reasons referred to above.

1.13 Limitations of the Present Study

- (i) The data obtained in the present study were from the head of the households of sample farm-families in sample villages. The reaction of other members of sample families were not known directly from them.

But the information gathered for the present study may reveal that the unit of investigation being the head of the households does not affect the essence of the study appreciably.

- (ii) Requisite data and information were not always available (vide, section 1.10 of this chapter). Lack of sufficient and relevant data stands in the way of quantification of the data in a more meaningful way. Enrichment of the thesis perhaps, has to be sacrificed to a certain extent because of lack of requisite data.
- (iii) Various limitations pointed out in appropriate places in some chapters reveal that some conclusions and estimates have been arrived at, which are based on guess-work and some of them even be challenged due to methodological and conceptual lacuna to a certain extent.
- (iv) The factors considered for the present study do not claim to be exhaustive. One perhaps, will have to decide whether picking up of some problems for a detailed study is a method for studying problems for a particular institution should be accepted as scientific one. To this, it may be said that it was believed that the consideration of many problems was beyond the capability of the present investigator

who apprehended that such an approach might undermine the depth and richness of the present study, if undertaken.

- (v) The period of the study may be considered short. Before collecting data and information for the present study when the promoter of this thesis advised the present investigator to go to the field for a training considered required before understanding the problem at hand, it was the experience of the present investigator that, if the period might be extended beyond what had been considered, it might not be possible for him to tackle the same (vide, 1.10 of this chapter). Moreover, it was believed that the present study might not be considered as a snapshot one and an intensive nature of the study perhaps, has been reflected through this project as presented.

- (vi) The findings were mainly applicable to sample villages and sample societies though one may say that these were selected through random sampling technique and may be considered as representative of other villages in the district.

(vii) Some suggestions to improve the situation have been offered where feasible but it may be said that in some cases, they do not so much follow from the research and argument of the thesis as they do, perhaps, from the hopes of the present investigator and or from his impression not adequately backed by sound indepth studies which may be required before putting forward such suggestions.