CO-OPERATIVES IN RURAL DEVELOPMENT:
A STUDY OF THE ROLE OF THE COOCH BEHAR CO-OPERATIVE
AGRICULTURE AND RURAL DEVELOPMENT BANK LTD.
SINCE 1977

THESIS SUBMITTED FOR THE DEGREE OF DOCTOR OF
PHILOSOPHY (ARTS) IN POLITICAL SCIENCE TO THE
UNIVERSITY OF NORTH BENGAL

By

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WEST BENGAL, INDIA
1998
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Preface
PREFACE

The purpose of the present work is to make an analysis of the role of Co-operatives in rural development in India in general and in Cooch-Behar district in particular.

Co-operative means working together for a common objective. It has been the factor not only a human horizon, but has been the potent factor for the existence of men, groups and nations.

The Co-operative movement in India owes its origin to the enactment of the Co-operative Societies Act, 1904. The history of the Co-operative movement in India can be divided into five stages. 1st stage (1904 to 1912). This stage was an experimental stage. In this period the ideas on Co-operation was imported. In this stage the introduction of new ideas on Co-operative was very difficult, specially in case of rural people. 2nd stage (1912 to 1919)- In this stage the Act of 1904 was found insufficient to expand the Co-operative movement. Therefore passed the Act of 1912 to remove the limitations of the Act of 1904. 3rd stage (1919 to 1929). On agriculture, the Royal Commission was set up during this period. The said Commission was examined the problems of agriculture and also gave emphasis on the need of Co-operation for the development of agriculture. 4th stage (1929 to 1939). In this period Land Mortgage Banks were established. The first Central Land Mortgage Bank was established in 1929 in Madras. The Reserve Bank of India was also established in 1935 i.e. in this period. 5th stage (1939 to 1947). From 1939 the price began to rise. For the imposition of control on distribution of essential commodities the Co-operatives began to organised thoughout the country. In this period the Planning Commission was drew up the Plans for development of the Co-operative movement.

In the First Five-Year Plan target to promote the Co-operative movement was fixed. In the Second Five-Year Plan the National Development Council discussed in details for the policy of Co-operative movement. In the Third Five Year Plan the Co-operative movement also developed. In the Fourth Five Year Plan stress was given on the development of agriculture and industrial Co-operative for increasing production. In the Fifth Five-Year Plan the
Co-operative movement was reorganised to implement the national policies of "growth with social justice". In the Sixth Five-Year Plan a strategy was taken to develop the professional cadres for managerial position in Co-operatives. In the Seventh Five-Year Plan the main objectives were growth modernisation, self-reliance and social justice. In Eight Five-Year Plan the State Government envisage the consolidate achievements made so far increase and obtain qualitative aspects of Co-operative development. In Ninth Five-Year Plan the national policy on Co-operation adopted by the Government also lays down that Co-operatives shall be built up as one of the major institutions of decentralised, labour intensive and rural oriented economic development and closely associated with the process of planning for economic development and social change.

The Ninth Five-Year Plan, out lay for West Bengal has been fixed at Rs. 20,700 crores at current price. The targetted annual growth rate of domestic product for the state has been fixed at 8% as against a national average 7%. In the rural sector, the state has also decided to place emphasis on agriculture, electrification, irrigation and development of roads.

During Left Front Regime in West Bengal, the Co-operation Department has been engaged in formulating and implementing different socio-economic projects for various sections of people particularly for economically backward classes.

In Cooch Behar the rural agricultural economy has experienced in emergence of a new economic class who were known as money lenders. In 1930 'The Co-operative financing society' was established.

In the year 1953 some eminent people of Cooch Behar district formed Cooch Behar Central Co-operative Banking Union to facilitate the agricultural finance to the agriculturists. In 1959 it was renamed as Cooch Behar Central Co-operative Bank. In 1973 the Cooch Behar Central Co-operative Bank had amalgamated with the West Bengal State Co-operative Bank and from then it is functioning as a unit of the West Bengal State Co-operative Bank till today.

In the long term credit, the Cooch Behar Co-operative Agriculture and Rural Development Bank Ltd. has played a pioneering role over the 39 years in increasing agricultural production in the CoochBehar district through
accelerated capital formation in agriculture. The said Bank specialises in term leading to meet exclusively investment credit need of rural people for Agriculture and other developmental activities.

At present the main problems of the Cooch-Behar Co-operative Agriculture and Rural Development Bank are low level business, low recovery, higher transaction cost and limited resources. To improve the situation all related concerned should be involved to help the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. to make it a strong and sound organisation for dispensation of rural credit in the long term sector in the Cooch-Behar district.

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Acknowledgements
Acknowledgement

I was extremely privileged to receive help from many in course of writing the thesis. I am very much grateful to Dr. Pradip Kumar Sengupta, Professor & Head of the Department, Department of Political Science, N.B.U, supervisor of my research work, who guided me at every stage of the thesis. I wish to thank Mr. U. Goswami, Principal, Netaji Subhas Regional Institute of Co-operative Management, Kalyani, Nadia, West Bengal. Principal and lecturers, Co-operative Training Centre, Jalpaiguri Dr. D.K. Sarkar, Coordinator, Cooch- Behar study Centre, IGNOU. Mr. S.K. Mitra, Chief General Manager, NABARD, Calcutta. Sri Pranab Kumar Mitra, Manager; Sri Dhiraj Ch. Par, Assistant Manager; Sri Tapan Kumar Das, Supervisor; Sri Tapas Banarjee, Supervisor; Sri Nirmal Bhadury, Accounts Clerk and other staff of Cooch- Behar Co-operative Agriculture and Rural Development Bank Ltd. Sri Kanailal Saha, Asst. Computer (Agril) Gr. I Bureau of Applied Economics and Statistics, Cooch- Behar; Sri Gouranga Saha B.P. Road, Dinbata, Sri Soumendra Ch. Das, MLA, Cooch- Behar West (WB) Sri Nirupam Chakraborty, Former Director (Employees representative) of the W.B. State Co-op. Bank Ltd. Calcutta, Sri K.K. Basu, Deputy Manager & Sri Jiban Ganguly, Branch Manager of the W.B. State Co-op. Bank Ltd. Cooch- Behar Unit. A.R.C.S & staff of Cooch- Behar; Sri Matilal Kriska, Information officer, Siliguri, I & C.A., District Information officer & staff Cooch- Behar, I & C.A., lead Bank Officer & Staff, Central Bank of India, Cooch- Behar; District Planning Officer, Cooch- Behar; Officer & Staff, of D.R.D.A. Cooch- Behar Sri Utpal Mitra, Former Chairman, Cooch- Behar A.R.D.B. Ltd. Who helped by providing supply of required study materials.

I am also thankful to the Librarian and the Staff of the National Library, Calcutta and the North Bengal University Library for their active help in providing me with materials which I had to consult for the preparation of the thesis.
I wish to thank Sri Sumit Goswami and Sri Hridaya Barman for extending me their hospitality while staying in Siliguri and Delhi to collect the study materials. I also wish to thank my two younger brothers namely Sri Debash Kanti Sarkar and Sri Manas Sarkar who helped me in this work. I am also grateful to my mother for giving me encouragement in my research work. Lastly, I am indebted to Mr. Babul Biswas who was very sincere and careful in typing out the thesis.

Rajarammahunpur


(AMARESH KANTI SARKAR)
Abbreviations Used
ABBREVIATIONS USED

ACRC : Agricultural Credit Review Committee
ARDB : Agricultural and Rural Development Bank
ARDC : Agricultural Refinance Development Corporation
ARDR : Agricultural and Rural Debt Relief.
BDP : Business Development Plan
BIFR : Bureau of Industrial and Financial Reconstruction
CADP : Comprehensive Area Development Programme
CB : Commercial Bank
CCB : Central Cooperative Bank
CDP : Community Development Programme
CFCS : Central Fishermen Cooperative Societies
CLDB : Central Land Development Bank
CRAFICARD : The Committee to Review Arrangement For Institutional Credit for Agriculture and Rural Development
COTELCOOP : Committee on Term Lending through Co-operatives
CRR : Cash Reserve Ratio.
DAP : Development Action Plan
DCCB : District Central Cooperative Bank
FAO : Food and Agricultural Organisation
FCS : Fishermen Cooperative Societies
F.M : Farm Mechanisation
FSS : Farmers Service Societies
GATT : General Agreement on Tariffs and Trade
GOI : Government Of India
HUDCO : Housing and Urban Development Corporation
IAS : Indian Administrative Service
ILO : International Labour Organisation
LAMPS : Large Sized Multipurpose Society.
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<tr>
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<tr>
<td>L/S</td>
<td>Large- Size</td>
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<tr>
<td>LT</td>
<td>Long- Term</td>
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<td>LTO</td>
<td>Long Term Operation</td>
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<tr>
<td>MD</td>
<td>Managing Director</td>
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<td>MI</td>
<td>Minor Irrigation</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>MPCS</td>
<td>Multi Purpose Co-operative Society</td>
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<tr>
<td>MT</td>
<td>Medium-Term</td>
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<tr>
<td>NA</td>
<td>Not Available</td>
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<tr>
<td>NABARD</td>
<td>National Bank for Agriculture and Rural Development</td>
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<td>NCDC</td>
<td>National Co-operative Development Corporation</td>
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<td>NCUI</td>
<td>National Co-operative Union of India</td>
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<td>NEP</td>
<td>New Economic Policy</td>
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<td>NF</td>
<td>Non- Farm</td>
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<td>NGO</td>
<td>Non- Government Organisation</td>
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<td>NSICM</td>
<td>Netaji Subhas Regional Institute of Co-operative Management</td>
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<td>NHB</td>
<td>National Housing Bank</td>
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<td>NW</td>
<td>Non-Working</td>
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<td>PACS</td>
<td>Primary Agricultural Co-operative Society</td>
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<td>PLDB</td>
<td>Primary Land Development Bank</td>
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<td>RBI</td>
<td>Reserve Bank of India</td>
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<td>Regional Rural Bank</td>
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<td>SCB</td>
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<td>SCCC</td>
<td>Standing Committee on Co-operative Credit</td>
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<td>SFDA</td>
<td>Small Farmer's Development Agency</td>
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<td>ST</td>
<td>Short-Term</td>
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<td>SLR</td>
<td>Statutory Liquidity Ratio</td>
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<td>Abbreviation</td>
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<td>UT</td>
<td>Union Territory</td>
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<td>W</td>
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<td>WBCLDB</td>
<td>West Bengal Central Land Development Bank</td>
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<td>WBSCARDB</td>
<td>West Bengal State Co-operative Agriculture And Rural Development Bank</td>
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Chapter - I

Introduction - The Problem
Theoretical Framework
CHAPTER I

INTRODUCTION - THE PROBLEM - THEORETICAL FRAME WORK

Co-operation in its simplest usage implies a voluntary association of individuals. Co-operatives combine elements of the concept of co-operation with the notion of formal organisation. Co-operation as an idea had struck a deep chord with thinkers and policy-makers in India, particularly as a Central impetus to rural development.

Co-operation means working together for the achievement of a common objective. Working together for a common objective has been the factor not only a human horizon, but has been the potent factor for the existence of men, groups and nations. It is very difficult to give clear cut definition of co-operation. It is difficult because different countries have taken it differently depending on their socio-economic, political and economic environment. In England the modern concept of co-operation originated after the Industrial Revolution and it spread in Germany, France, Switzerland and Denmark. In America it developed during the first part of the nineteenth century as an environmental which was necessary for the American people. In Israel for strong opposition of Muslims against Jews made the Jews to co-operative with Muslims. So for the Jews the co-operation became a way of life. The revolution of Russia strengthened the case for opening the new co-operatives. During the first part of the Twentieth Century, the Government of China compelled female stricken people and the Government recognised the co-operatives as integral part of economic structure. Then the co-operative movement became the vehicle of communism. In Europe and America after the First World War for rehabilitation and reconstruction of economic system, co-operatives activities became vigorous. Latin American and African Countries have gathered the co-operative philosophy in spirit. In Chile, Guyana, Argentina, Equador, Brazil and Mexico all types of co-operatives have developed, co-operative patterns are more integrated with British co-operative system in Newzealand and Australia. The co-operatives were developed with the state assistance in Philippines and other for Eastern countries. In co-operatives, Japan is successful, specially in agriculture and
small scale industries sector. Specially in respect of consumer co-operatives, America made constant and steady rise over the years. The co-operators of the universe have international machinery in the International co-operative Alliance which has been in operation for a country.

The concept of co-operation has the humanitarian bias and inculcates the spirit of mutual help. Co-operative provides the opportunity to learn how to live for common objective of human welfare through dedicated services and sacrifice for others. The co-operative organisation differs from other economic organisation as has pointed out by V.L. Mehta. The I.L.O. has observed,"While endeavouring to strengthen the economic independence of its members, it also endeavours to establish bonds of moral solidarity between all members and to create a common social life, based on development of personality". V.L. Mehta has observed on the consistency of Co-operative organisation in socialistic pattern of society. According to him "... there are, however numerous sectors of the economy where the twin objectives of social ownership and equal distribution can be better ensured by the co-operative system than through state partnership or collectivisation". IN England, Robert Owen was the first to extended the ideals of co-operation. Then Charles Howarth Suggested that the co-operatives can be developed if the members of the co-operatives obey a code of conduct. In the year 1895 there was established the International Co-operative Alliance and that was helpful the co-operative movement in taking firm roots in Italy, Germany, France and scandinavian countries.

The Director General of International labour office has described the co-operatives all performing the important and pivotal roles. In the report he has mentioned that the co-operatives are helping to solve the economic problems such as inflation, keeping down the prices of essential consumer goods and food, at certain occasions equitable distribution of restricted and controlled consumer articles through co-operatives on no profit no loss basis. The main extensive activities under co-operative sector has been in agriculture particularly through co-operative credit societies. These activities continue to contribute towards rural development.

The co-operative movement has gained impetus throughout the world and the reasons behind its are its principles. Co-operatives are the association
of persons and not of capital, mutual help and service. In 1995, International Co-operative Alliance stated the principles, voluntary and open membership, Democratic Member Control, Member Economic Participation, Autonomy and Independence, Education, Training and Information, co-operation among co-operatives and concern for community.

In Indian economy agriculture is the mainstay. Agriculture contributes to net national product to the extent of 40% and provides livelihood to 60% of the total workforce of India. After freedom, it has passed through a stage of transition from a predominantly semi-feudal oriented and subsistence farming to a commercial market oriented farming. To increase the production of the mechanised farming has felt the use of non-traditional material such as insecticides, pesticides, improve seeds and chemical fertilizer. These inputs make a farmer to product marketable surplus. So to purchase these inputs the farmer requires capital. The requirements of capital increases with the increase of price of inputs, wages of labours etc. From their own resources, the farmers can not arrange these things. They have to arrange from the outside. Availability of capital from outside which plays an important role in the community of farm production an important role in the community of farm production on commercial basis. It denote that the ".... need for depending on external financial resources becomes inevitable." The potential and well organised external financial resources are the financing institutions, viz., Commercial Banks and Co-operative Banks. Private money lenders played a major role in financing agricultural operations during the early days.

Appearing of Commercial Banks in agriculture financing activities since their nationalisation in 1969 and the improvement financial aspect of the Co-operative Banks have removed the village money lenders. And also the system of institutional financing of agricultural and allied sector has been developed.

The main aim of nationalising the Commercial Banks was to bring the Banks to the door-step of villages to finance agricultural activities and the landless farmers as well as to finance artisans to increase their substantial income by means of using credit in agricultural allied activities including small scale and cottage industries. The Commercial Banks were to fill the credit gap caused under the credit sector and extend the scope of financing. The idea of multi
agency and agricultural financing operation was developed so that the left out cases are taken up ensuring that the vulnerable targeted groups are not left at all. The Commercial Banks plunged into the task in every big way committing overlapping and unhealthy competition with co-operative sectors. The Banks were also not equipped ab-initio. So the wrong-finance in agricultural schemes resulted huge overdues. Then therefore some measures were taken. But still there lacks co-ordination between the Commercial Banks, the Co-operatives and other Banks in planning as well as in executing the credit plans. The tempo of credit co-operatives has been affected. These shortcomings are required to be analysed, examined and healthy synthesis to be sought out.

According to Paul. H. Appleby the policy making in administration is the exercise of discretion with respect to direct action on behalf of as well as in restraint of citizens. The institutions meant to formulate and implement policies of rural finance have to be very careful in decision making. So there should be trained and devoted personnel deputed in policy formulation and implementation. Organisational arrangements and expenditure made there on should have direct bearing on the productivity manifested in the results. Rural credit organisations are not meant for themselves, they are for agricultural class and the rural poor people, so prudence, expediency are required to be directly applied when ever the organisational arrangements, expansion and personnel matters are taken up at the policy formulation or implementation level. The integrated approach and well co-ordinated institutional network is still to be affected. Despite efforts made on political and Government level, co-ordination in credit plan and implementation requires review bring about betterments.

Other requirements for achieving successful institutional are: lower rate of interest on loan, agricultural crop as security and not the land against loans to all, arrangements for motivating farmers, consumption loans for small and marginal farmers and artisans, availability of loans on differential rates of interest to poor farmers and village artisans under co-operative credit system, ensuring timely payment of loans and repayments, prevention of accumulation of overdues, preparation of sound scheme for agricultural operations, monitoring of implementation of each scheme etc. It is necessary to nab the circumstances which compels a farmer to divert the credit money to non-productive purposes.
in order to avoid misutilisation of loans. These circumstances are the marriage of sons and daughters, death ceremonies, rituals at the time of birth of a son, litigation on land and other property. The expenditure on these circumstances should be minimised by awakening people through wide publicity.

In India, credit co-operatives are very old financial institutions. They have passed through the ages facing feudal agricultural systems and monarchy. Some of the princely states encouraged the co-operative societies on the lines envisaged in the Indian co-operative Act, 1904. But the money-lenders had the monopoly over the rural credit business. The All India Rural Credit Survey (1954) had revealed that only 3% of total rural credit was supplied by co-operative sector. But during the next 10 years, as revealed by the similar survey conducted by the Reserve Bank of India, the percentage increased to about 20%. Now it is more than 40%. The credit co-operatives have made remarkable progress during the last three decades. Main role have been played by the government of India, Reserve Bank of India and NABARD.

If we compare the flow of co-operative institutional credit to agriculture with the figures of the Commercial Banks, it is revealed that the contribution of credit co-operatives is higher than that of Commercial Banks.

2. Objectives of The Proposed Study : Research Questions

The proposed study seeks to make an in-depth analysis of the role and functioning of the Co-operative in rural development in general and that in the District of Cooch Behar in particular. The Study, it is expected, would take into account a number of issues and forces that determine the course of policy-planning and policy implementation in such an important area. It is admitted that co-operative movement was located with a particular objective: the achievement of common objective of development through participation. In that sense, these may be called a common platform where people can meet and decide upon the course of future development. It is all the more important in a setting which is markedly characterised by widespread illiteracy and uneven pace of development, thereby generating a sense of frustration often leading to alienation in all senses in a group of people. It breeds discontent and may threaten the very foundation of the polity. Co-operatives can play a very
constructive role in this area. It is equally important to note that after independence, much was expected from the co-operative ventures keeping in mind the vast nature of the Indian polity and the existence of conflicting loyalties at the grass-root level.

The proposed study, while examining the role of co-operatives in rural development in the district of Cooch Behar seeks to answer the following question:

(a) What has been the attitudes of the decision makers towards the role of the co-operatives in rural development at the national and state level?

(b) What has been the State Government policies in West Bengal towards the co-operatives since 1977?

(c) To what extent, Memorandum of understanding (MOU) reached at between the Cooch Behar Co-operative Agriculture and Rural Development Bank Ltd., and the West Bengal State Co-operative Agricultural and Rural Development Bank Ltd., has been successful in implementing the Development Action Plan in the district of Cooch Behar?

(d) What has been the political implication of the State Government policies in achieving development through Co-operative in West Bengal?

3. Overview of the Existing Literature

At the outset, it should be mentioned that in spite of a good number of works on the working of the Banks in rural development / reconstruction, a very serious attempts have been made to analyse their roles in the overall background of the co-operative movement either in general terms or in a very specific socio-political and economic setting. From that perspective, the proposed study first of its kind, is a modest attempt to examine the role of a Co-operative Bank in the district of Cooch Behar primarily engaged in rural / agricultural development of a district predominantly agricultural in character.

On co-operative movement itself, the following works special mentioning, namely, R.D. Bedis Theory, History and Practice of Co-operation (1958), R.Bisotra's Agricultural Development through Co-operative Banks (1994), B.

It may be noted that most of these works deal the problem of co-operation and rural development from a broader perspective without taking into account the factors that are essentially "local" in nature and hence fail to unearth the very local imperatives / impediments that shape or reformulate policies of co-operation at the grass root level.

Besides these secondary sources, the proposed study would be primarily based on the primary documents published by the Reserve Bank of India, the government of West Bengal since 1977.

Journals and periodicals in this field will be of immense help in such a study. Of these, the Reserve Bank of India, Co-operative News Digest, NABARD Annual plans, Development Action Plans along with other established Journals will be specially consulted. The select Bibliography in this proposal will give a detailed idea about the sources for such a study on co-operatives in agriculture / rural development.

4. **Methodology**

The study is primarily analytical in nature. For a proper analysis, emphasis will be placed on screening the official documents, policy-statements indicating the priority-areas, target groups and the general coverage of the policies adopted. References will be made to the general state of the co-operative moment in India since independence and more particularly, the policies adopted by the Government of West Bengal since the coming into power of the left Government in 1977. Not only that, attempts will be made to establish linkages between the co-operatives and the rural development.
5. Chapterwise Break - Up

The present work is divided into seven chapters:

Chapter-Ideals with the Introduction - the problems and theoretical Frame work.

Chapter-II Sketches the Historical Perspective of the co-operative Movement in India.

Chapter-III deals with the co-operative Banks and Rural Development and makes a study in the Indian setting.

Chapter-IV analyses the Co-operative Banks and Rural Development in West Bengal during Left Front Regime.

Chapter-V is concerned with the Co-operative Banks in the district of Cooch Behar. It also deals with the study in the context of purpose and policies.

Chapter-VI analyses role of ARDB in Cooch-Behar since 1977.

Chapter-VII provides the concluding observations by making an appraisal of the working of the ARDB in Cooch Behar.

It also seeks to make some tentative policy-suggestions.
NOTES AND REFERENCES.


Chapter - II

Historical Perspective of the Co-operative Movement in the India — A General Study
CHAPTER II

HISTORICAL PERSPECTIVE OF THE CO-OPERATIVE MOVEMENT IN INDIA - A GENERAL STUDY

The co-operative movement in India owes its origin to the enactment of the Co-operative Societies Act, 1904.

The history of co-operative movement in India can be divided into five stages.

First stage: 1904 to 1912

The first stage was a stage of experiment. The organisers of India in co-operative movement had very small experience and scarce knowledge of the imported idea of co-operation. The matter was made very difficult by the fact that they were required to spread a new idea among the uneducated rural people.

"The Act of 1904 provided for the organisation of primary credit societies and stress was laid on the promotion of agricultural credit only. Local officers were also instructed that the organisation of rural credit societies should be their first concern. 8,177 societies by 1912 with a membership of over 4 lakhs and working capital of Rs. 335.7 lakhs has been organised."

During this period, the Government was the primemover of the Government. In 1909, Government loans formed 22% of the working capital of societies. The condition of the societies were not sound. The organisations were not well trained in the principles and practices of co-operation. The loans were insufficient. Loan system was defective and recovery position was not satisfactory.

The then Registrar of co-operative societies, Bombay, Mr. C.S. Campbell once reported "The lazy secretary of a dull society will collect and pay out again to the same persons by a book transaction. The worst of the system is, perhaps, the money goes in one lump on one day and comes back in one lump
on another day; in the interval, a guest comes, a cow dies, a child is born, school fees falls due, but the society is found unable to accommodate, the Sahukar can and does."

The ideology of co-operation was misunderstood even by those who were officially entrusted with this work. In one province, the misguided activities of some officials invited the following officials comments:

"The Tahildars received some excellent instructions from the Deputy Commissioner but entirely misunderstood their purpose. They thought that it was a Government order that societies should be started everywhere and without the least comprehension of the nature of the scheme proceeded to take energetic and active measures." This quotation is only representative of a general misunderstanding of the objectives of the movement. It shows that co-operative societies were set up only in outward form and lacked the spirit necessary to get them going.

Some non-officials started to take interest in the co-operative movement during the period. The names of Hon'ble Mr. Lallu Bhai Samaldas, Sir Vithaldas Thackersey and Shri Gopal Krishan Gokhale of Bombay can be mentioned. To the former goes the credit of organising the first Central Co-operative Bank in Bombay, in 1911. According to the Co-operative Societies Act did not permit the registration of central societies.

This bank was registered by an agreement between the promoters and the Government, under the Government of India Act, 1904.

Mr. Chiromule also did good service to the co-operative movement. Among his service, is the organisation of a society of 20 sweepers of Sitara. The members were all indebted to Pathans, who charged exorbitant rates of interest. The society freed the members of that debt.

A nice example was set by Govind T. Kulkarni, a promotor of a society in Dharwar district. When the funds of the society were locked up in over dues, he placed his savings at the disposal of the society without expecting a return, in order to keep the working of the society going, such examples spread the reputation of movement and helped in its expansion.
The objectives of the co-operative movement drew the attention of other selfless workers like Ramdas Pantulu of Madras who later became the first President of the All India Co-operative Banks' Association.

Second Stage : 1912 to 1919

The Act of 1904 was adequate to fulfil the necessary legal requirements of the society. It did not recognise the non-credit societies and provisions were there to form central federal bodies. The rural societies and their members felt difficulties in such societies with unlimited liabilities were not allowed to distribute profits amongst the members. So, the Co-operative Societies Act (II) of 1912 was passed. The Co-operative societies Act 1912 had the following salient features:

1. The Societies having its objectives of promoting economic interests of its members in accordance with co-operative principles could be registered.

2. Liability of rural society was to be unlimited whereas, the liability of central societies was to be limited.

3. A registered society could contribute its profits for charitable purposes subject to the condition that such contribution was restricted to 10 percent after carrying ¼ of the net annual funds. Registrar's sanction was necessary.

4. The provincial Government could grant exemption to a society from registration, registration fees, income tax and stamp duty.

5. Shares or interest in co-operative societies were exempt from attachment.

6. The society used to have the first charge to enforce the recovery of dues from members.

7. The local Government could frame rules governing the procedures for business, conditions of membership, general meetings, arbitration between members and the committee of officers of society.

To remove the limitation of the co-operative societies Act of 1904, the important changes brought about by the new Act were:
"(i) The Act of 1904 confined co-operative activities to primary credit societies only. The new Act enabled the registration of non-credit societies as well, so as to ensure an all-round progress of the co-operative movement.

(ii) The old Act classified societies into rural and urban whereas the new Act provided for the classification of societies on the basis of their liability into limited and unlimited.

(iii) The old Act was silent about distribution of profits. The new Act realised that co-operative movement in India could not flourish so well unless the right of investors to reasonable profits was recognised.

(iv) The Act also enabled for the first time the registration of central societies."

The new Act of 1912 started with a renewed promise in the co-operative movement. So the new Act was a great improvement over the previous Act of 1904.

The Government wanted to be sure that the co-operative movement was developing as sound lines and appointed the Maclagan Committee to review the movement. The report given in 1915, made far-reaching proposals for the development of the movement. The keynote of its recommendations was the mobilisation of deposits.

The main recommendations of the committee are summarised below:

1. The societies should be co-operative and businesslike.

2. Societies should be small at the commencement and gradual increases should be allowed.

3. There should be one society for one village.

4. Members should be admitted to a society irrespective of caste creed or socio-economic status, and society should not be formed exclusively for one class-caste poor or middle class etc.
5. Societies affiliated to one Central Bank as far as possible should represent different types of occupations.

6. Before registering a society, the Registrar must ascertain (i) Whether the proposed members have really assimilated the principles of co-operation, (2) Whether they appear to be too involved to make a society successful (3) Whether adequate working capital is available, (4) Whether the applicants are of good character, (5) Whether means are at hand to provide for necessary supervision of the society when formed.

7. The Managing Committee should work as a committee and should not be placed beyond the control of general meeting.

8. Deposits, shares, loans, reserves and surplus assets should from the capital of agricultural societies.

9. Deposits should be encouraged and increased. Deposits in excess of need of society should be forwarded to Central Bank.

10. Guiding principles should be formulated to issue term loans, its procedure, assessment of requirements and period of recovery.

11. The audit of the society should include not only the accounts audit but a further examination.

12. Formation of non-agricultural credit societies non-credit societies, urban-thrift and credit societies, employees societies, societies for poor castes, such as butchers, weavers, mill hands, scavengers etc.

13. Report has suggested that audit and supervision of co-operative societies should be with the Registrar.

14. The Registrar should be assisted by the cadre of officers from Provincial Civil Service.

15. A Central Bank should deal with 200 or 250 societies.

16. The share capital plus reserves of the Central banks should be at least 12.50 percent of total liabilities.
17. The share capital plus assets funds of the Provincial Banks should not be less than one-tenth of funds borrowed from outside.

18. The Registrar should be whole time and permanent and his status should not be less than a District Collector.

19. Constant audit and supervision is very necessary. An Auditor should audit about 100 societies per year.

'It appears, from the recommendations of the committee, that the comprehensive and realistic view has been taken on the basis of actual survey and on the spot study of the institutions. The Maclagan Committee recommendations can be termed as "forerunner" of the modern co-operative movement in India.'

The primary societies ceased to be dependent on government loans with the establishment of the Central Banks. The novel experiment of multi-purpose societies, which later became a recognised pattern for the whole of India, was started during this period in Kodinar area. Labour co-operatives and Housing co-operative societies were made, specially in Bombay co-operative education was started. In Bombay the classes for co-operation were started seriously.

A veteran co-operator, Shri V.L. Mehta had been associated with the co-operative movement during this period.

Before involvement in non-cooperation political movement, i.e. upto 1921, Gandhiji was an active supporter of the co-operative movement. He made tour with the Registrar of co-operative societies and founded many co-operative societies including Ahmedabad Textile Workers Credit Society.

The progress of the co-operative society was rapid, but the quality aspect was not satisfactory. There were 28,000 co-operative societies with 11 lakhs members and Rs. 15 crores as working capital in 1919.

Third Stage: 1919 to 1929

Montague Chelmsfor Act of 1919 provided that the provincial Governments could enact their own Acts. Bombay province was the first to pass Co-operative
societies Act, 1925. Later on Madras, Bihar, Orissa and Bengal passed their own Acts.

In each state, under the reforms of 1929, co-operation became a transferred subject. During the early years co-operation made a rapid progress in various states.

The Royal Commission on Agriculture was set up during period. The Royal commission 1928 stressed upon the importance of co-operation and remarked, "If co-operation fails, these will fail the best hope of rural India." The Royal Commission examined problem relating to agriculture and stressed the need of co-operation for implementing the programme of agricultural development. The commission brought out week as well as strong points in the movement.

Expansion of the co-operative movement till 1929, was quite satisfactory as is clear from the following figure.

**TABLE - 2:1**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of societies in thousands</th>
<th>Membership in lakhs</th>
<th>Working Capital Rs. in Crores.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>28.4</td>
<td>11.3</td>
<td>15</td>
</tr>
<tr>
<td>1929</td>
<td>94.0</td>
<td>37.0</td>
<td>75</td>
</tr>
</tbody>
</table>


**Fourth Stage : 1929 - 1939**

In the year 1929 the World economic depression set in and gave the co-operative movement a rude schock. The Economic Depression of 1930s had the adverse effect on the growth of co-operative movement in India. Liquidation of large number of societies, non-recovery of loans, resulted in decrease in number of societies and fail in the working capital. In Bombay as many as 15000 cases were referred to arbitration. About 93% of loans become overdue by 1938. The number of societies in the state which stood at 5896 in 1930 - 31 came down to 4857 in 1935 - 36. In Uttar Pradesh more than 50% of the co-operative societies went into liquidation during this period.
In 1931, the Indian Central Banking Enquiry Committee, the creation of Reserve Bank of India in 1934, and setting up of rural credit department in the bank gave new life and vitality to the co-operative movement. The Bank prepared a report which suggested to convert village credit society into multipurpose society to fulfil the rural daily needs and long-term loans should be administered separately from the short-term loans.

**Land Mortgage Banks**

Land mortgage banks were started on Co-operative basis, finding the agricultural were raising huge funds on the mortgage security of their lands. In 1929 in Madras, the first Central Land mortgage bank was established in Madras. In 1935, in Bombay, ten primary provincial land mortgage banks were established. These banks saved many cultivators from the hands of money-lenders. These banks also advanced loans for the redemption of lands and to meet up the long-term needs.

**Reserve Bank of India**

In 1935, there was also established the Reserve Bank of India in India. The Agricultural credit Department was also set up simultaneously, to study agricultural credit problems and give financial accommodation to co-operative credit structure.

In 1937, the Agricultural Credit Department prepared its statutory report on the Co-operative movement, in which it gave advise to improve the working of Co-operative societies. It also gave suggestion for a general re-organisation of the co-operative movement. The provincial autonomy further strengthened the co-operative movement.

**Fifth Stage: 1939 to 1947**

The years after World War - II were testing period for the co-operatives in the wake of shortage of foodgrains, demobilisation of servicement, shortage of essential consumer goods and above all the partition of the country. The co-operatives contributed to a large extent in procurement and distribution of consumers goods. The role of co-operatives in post-war years through was appreciable but not recognised widely.
The prices began to rise after 1939 and as a result of which the co-operative movement got a good position. During this period, the progress of the co-operative movement may be shown in the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of societies in thousands</th>
<th>Membership in lakhs</th>
<th>Working Capital Rs. in Crores.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>116.9</td>
<td>60.0</td>
<td>104.6</td>
</tr>
<tr>
<td>1946</td>
<td>172.0</td>
<td>91.6</td>
<td>164.0</td>
</tr>
<tr>
<td>1947</td>
<td>139.0</td>
<td>91.0</td>
<td>156.0</td>
</tr>
</tbody>
</table>


For the high prices most the overdues which had accumulated during the period of depression, were cleared off. During this period the overdues fell by 60%. Demand for further loans also decreased. So all the co-operative Banks including land mortgage Banks faced with the problem of surplus funds and for want of business they are facing some problems. The primary societies increased their funds from Rs. 25 crores in 1939-40 to Rs. 54 crores in 1945-46.

Control Period: Distributive co-operatives began to be organised all over India, due to imposition of controls on the distribution of commodities. There also was a market growth of marketing societies. Thus the co-operative movement which almost entirely a credit movement so far, started diversifying its activities.  

"In this period, there was a landmark in setting up of the co-operative Planning Committee, which drew up plans for the development of co-operative movement in various activities."

Co-operative Development After Independence

1. All India Rural Credit Survey Committee Report (1954)

In 1951 the All India Rural Credit Survey Committee was constituted and the said committee submitted its report in 1954.

"Previously, the rural credit system has not been functioning well. The loans were inadequate. Everywhere, the delayness in the matter of issue of
loans was prevailing. The big cultivators availed the large part of the loans, where as the weaker sections of the community which deserved the help most were often denied credit. The loans were not issued to right persons, in right quantity, at right time and for the right purpose."

The main aim of the survey committee was to assess the credit needs of farming community in our country, the demand for credit from rural families and the supply of credit by credit agencies both institutional and private.

A sample of 600 villages at the rate of 8 villages per district were selected from the 75 district and families in those villages were investigated.

The survey committee pointed out that the 'Multi purpose' society has not made any significant difference. It pointed out that "better farming, better business, better living" seemed to be a slogan but in fact they are the fundamental statement of co-operative and economic objectives.

The cause for failure of rural credit in India were due to functional, structural and administrative defects, dearth of suitable personnel lack of training, a back ground of illiteracy.

Recommendations

The report came out with its famous phrase "Co-operation has failed but co-operation must succeed". The Committee came to the conclusion that the state partnership in co-operative societies would provide a balancing factor between the weak co-operative movement and the strong urban economy and enable the co-operative organisations to withstand opposition from vested interests, which had so far retarded their progress. State partnership would also create the necessary confidence of the public in co-operative institutions.

Establishment of State Bank of India

" The committee has recommended to establish State Bank of India and its associate banks by amalgamating the existing Imperil Bank of India, with the main objective of providing large financial accommodation and remittance facilities to co-operative bank."
Creation of various funds

It was recommended that the State Government the Reserve Bank of India and the co-operative institutions should create funds for various purposes.

The long-term operations fund, and the stabilisation Fund has to be established by the Reserve Bank of India. The Government of India has also created "The National Co-operative Development Fund" and "The National Warehousing Development Fund." The state Governments were also to create "Relief and guarantee fund" at state level.

The state participation was emphasised in the apex and central level credit co-operatives to provide adequate suitable and powerful support to the primary level credit co-operatives.

The respective State Government should take not less than 51% of the share capital in the State Co-operative Bank. The balance amount of share capital may be adequately subscribed by the District level Central Co-operative Banks and large sized primary level co-operatives.

State Co-operative Banks

Regarding membership by Survey Committee emphasised that the existing individual members must be gradually withdrawn and it should be made as Bankers Bank only a few individuals can be permitted to exist as members in State Co-operative Banks.

Central Co-operative Banks

In the case of Central Co-operative Banks it should be converted fully as the Federation of Primary Agricultural Co-operative Credit societies. The existing individual members may be gradually withdrawn.

Primary Agricultural Credit Societies

The Primary Agricultural Credit Societies (PACS) should be converted as large sized co-operative societies on Limited Liabilities basis. Their area of operation and the business activities also be enlarged to make these societies as viable units.
For agricultural lending the survey committee identified and recommended the crop loan system for overall agricultural development.

**Central Land Mortgage Banks**

Each state should have one Central Land Mortgage Bank to cater to the long-term credit requirements of the farmers. The share capital basis of these banks also to be increased by way of Government contribution up to the extent of 51% of the total share capital. The debentures floated by these banks should be guaranteed by the respective State Governments. The debenture redemption fund is to be created for this purpose. The State Co-operative Bank is to provide interim cash credit accommodation. The above mentioned organisational and structural changes were recommended by the Survey Committee in the name of Integrated scheme of Rural Credit. The Committee strongly recommended the importance of training of officials as well as non-officials to enable them to successfully run the co-operative institutions.

"The salient feature of Integrated Scheme of Rural Credit are:

1. State Participation in Co-operative institutions at all levels.
2. Full co-ordination between credit and other economic activities especially marketing and processing co-operatives.
3. Development of a network of warehousing organisations."

The Committee also warned that State Partnership should not mean state control.

**All India Rural Credit Review Committee (1966)**

In July, 1966, under the Chairmanship of Shri B. Venkatappiah, The All India Rural Credit Review Committee was appointed. The committee was appointed by the Governor of the Reserve Bank of India. The committee submitted its report in July, 1969.
The committee observed in its report as follows:

(i) Wherever necessary, immediate steps should be taken to set up Agricultural Credit Corporations.

(ii) The State Co-operative Bank has to play a major part in rectifying deficiencies which account for the inadequacy of co-operative credit in many areas.

(iii) The Board of Management of State Co-operative Bank should be suitably constituted in consultation with the Reserve Bank of India to provide for representation to the State Government and specialists in the field of agricultural credit.

(iv) The Chief Executive Officer of the State Co-operative Bank should be carefully selected to suit the nature of duties to be accomplished in these banks.

(v) Where a Central Co-operative Bank is inactive the State Co-operative Bank may establish a branch and finance the Agricultural Credit Societies.

(vi) Similarly in areas where the Agricultural Credit Societies are dormant the Central Co-operative Bank may finance directly to the cultivation through its nearest branch.

These measures should be transitional one. Special grants may be provided by the State Government to enable State Co-operative Banks to employ Staff of the right quality.

The functioning of strong and viable units at the primary level is an urgent need. While taking care to see that economic viability is assured, the State Government has to adopt a flexible approach and determine the specific standard of business required for the viable society. The Agricultural credit society may be permitted to cover a population of more than 3000. The committee desired that the primary agricultural credit societies develop in rural banks when they cross the stage of viability and to begin to accept various types of deposits and other banking services. A positive effort should be made in all
the states to convert all societies into bank. The primary agricultural credit societies should play bigger role in mobilising the rural resources.

**Lending Policies and Procedures**

The Agricultural Credit Societies and Centrl Co-operative Banks should take the initiative to get the land records of the members upto date. Decentralisation of loan sanctioning powers of the Central Banks was suggested by the committee in two stages firstly Advisory Committee may be set up at each branch co-operative Central Bank and limited powers of Sanction of loan to societies covered by the Branch may be vested in such committees subject to a financial ceiling. Secondly agricultural credit societies which have a fair records of efficient operation and satisfactory repayment performance may be permitted to sanction loan to their members upto certain financial limits without awaiting the approval of the Central Banks.

**Structural Changes**

All efforts should be given to organise Primary Land Development Banks at Taluk and Block level and the same Banks may be affiliated to Central Land Development Banks at State level. The Government of India should explore the possibility of obtaining funds from International Agencies for the ordinary debentures to be floated by the Central Land Development Banks. The Lending policies and performance of the Land Development Banks should be reviewed in a comprehensive manner and revised in all necessary aspects so as to bring them in line within the requirements of sound investment credit.

**Small Farmers Development Agency**

This Committee has recommended to organise a separate agency exclusively to took after the well being of small and marginal cultivators.

**Role of Reserve Bank of India**

The committee suggested that the Reserve Bank of India should play a vital role in the sphere of Agricultural credit. The RBI should at the beginning of each accounting year set a target for each Central Co-operative Banks in respect of Deposit Mobilisation and lending for Agricultural activities. The RBI should
provide credit limit to the Central Co-operative Banks through the State Co-operative Banks for the seasonal agricultural operations.

Rural Electrification Corporation

Separate electrification corporation should be established to provide undisturbed electricity to the agriculturists for the crop production activities for increase in agriculture crop production. Rural Electrification Fund may be constituted as special fund. The funds should be used for the following of purpose.

(1) Financing for Rural Electrification Scheme in priority areas in the states.

(2) Subscription in special rural electrification bonds to be issued to Electricity Boards.

(3) Provision of loans to the Rural Electric Co-operatives proposed to be set up.

(4) Credit for distribution of marketing-whereever the institutional finance from the Bank is not adequate to keep pace with the emerging need and in the areas where co-operatives are either organisational of financially too weak to meet the requirements, the Government may continue to provide credit for financing the distribution of inputs on a transitional basis. Co-operative Banks and Co-operative Supply Organisation should progressively work together to meet the requirements of farming community.

The State Bank of India and other Commercial Banks should increasingly be called upon to play an important part in financing the distribution of fertilizer by the co-operative Institutions at different levels.

Personnel and Training

To determine the margin on which co-operative credit institutions should operate. And to determine the rate of interest which should be charged on the loans advanced by them. These institutions should employ the required number of persons of the appropriate quality for different jobs. In federal institutions, the committee suggested that in filling up vacancies, key personnel of the
affiliated units should be generally preferred. Co-operative leadership at all levels has to be educated in the overall efficiency and operation of co-operative institution and demarcation of the respective responsibilities between the elected board of management and the paid executive and other managerial personnel. Each co-operative credit institutions can anticipate the staff requirements and take steps in advance for recruitment and also for training.

A Study Team may be set up by the Government of India, to go into all the facts of the problems of training the personnel of the co-operative credit institutions in consultation with the National Co-operative, Union of India, the Reserve Bank of India and the Federations of the State Co-operative Banks and the Central Land Development Banks. Co-operative Banks should recognise the importance of employing trained staff. The training needs and faculties required for existing staff and staff to be recruited has to be estimated in advance.

The Committee emphasised that particularly in the context of the changes in the policies of co-operative credit and the need to take these ideas as near to farmer as possible, increasing emphasis should be laid on Member Education in the Co-operatives.

Committee on Taccavi Loans

In 1958, the National Development Council, in its meeting, adopted a resolution on Co-operative Policy in which it was considered essential that Taccavi loans should be made available through co-operatives. Conditions should be created in which every farmer and the rural worker should like to join the village co-operatives. In May, 1959, the new policy was communicated by the government of India to all State Governments. According to the Government of India, the Taccavi assistance to farmers should be channeled through co-operative organisations except in the case of distress. Though a few State Governments took initiative to channel Taccavi loans through Co-operatives the progress by and large was not appreciable. It was felt that the various organisational, procedural and administrative difficulties that came in the way of successful implementation of the policy called for careful consideration. In July 1961, the Government of India appointed a Committee to examine the whole
question and suggest suitable procedure for implementation of the policy.

Production Plan

Co-operatives should closely associated with the preparation of production plans at all stages. These should however be free to make advances to agriculturists after paying due regards to the objectives of the production plan.

The preparation of production plan may be the responsibility of the Panchayatraj Institutions which the responsibility of implementation of such plans should be that of Co-operatives.

Taccavi Loans and Co-operative Credit

The State Government should arrange for the maintenance of department wise and consolidate upto date information relating to Taccavi Loans so that statistical data should be reliable. Existing Co-operatives should be accepted as Institutional agency to provide credit to agriculturist for normal production and land improvement purposes subject to certain exceptions and Government should discontinue the issue of such Loans to them directly. The responsibility to provide entire finance required by agriculturists for normal production and land improvement purposes should be transferred to the co-operatives in a phased programme.

To provide credit to agriculturists, when co-operatives become the sole agency, for normal production and land improvement purposes the surplus funds available with the Government should be utilised to supplement the resources of the co-operatives. Realisation of co-operative should be given proper priority as against the outstanding of distress Taccavi Loans. Effective measures should be taken for the genuine production and Land improvement purpose. The members on account of Taccavi default should not be debarred from obtaining loan from co-operatives.

On the basis of the repaying capacity and to their producing adequate sureties irrespective of whether they are honest tenants or lesses without further delay so that even defaulters on account of taccavi dues may obtain necessary credit for seasonal agricultural operations, co-operative should change over to the system of making available production credit to agriculturists.
Observations and Recommendations

To rationalise the Central Banking structure so as to have one Central Co-operative Bank for each district, some State Governments have not yet taken effective steps. The concerned state government should take steps to complete this programme as quickly as possible. Co-operative Banks have to make more determined efforts to attract deposits not only by offering attractive rate of interest but also by providing certain essential Banking facilities and services. One of the Services which the depositor clients accept from the Banks is occasional overdraft accommodation, which is different in character from the grant of loan and other credit to help them tide over emergent temporary difficulties.

The implementation of the scheme of opening branches by Central Co-operative Banks should be assessed and state should provide adequate assistance to Central Co-operative Bank to cover the expense that might be incurred by the branches till they become self-supporting.

Land Mortgage Banks

The Structure of the Land Mortgage Bank should be federal and not unitary one i.e a Central Land Mortgage Bank financing agriculturists directly through its branches. It would be more advantageous to organise primary Land Mortgage banks at District Levels.

Where primary Land mortgage banks are functioning at the District level these should be some agency at a level below the District which is easily accessible by the agriculturists. The Primary Land Mortgage bank in such area should take steps to open branches at Tehsil or Block headquarters.

In the matter of security and recovery of loans under the land improvement Act, the Co-operative Societies Acts should be amended so as to include special privileges for land mortgage Banks. This would induce Land Mortgage Banks to advance loans in an increasing measure and help to reduce delay in the sanctioning of loans.
Rate of Interest

To change the economic lending rate for short term, medium term and long term loans, co-operatives may continue even after becoming the sole agency of institutional credit to provide all such loans required by agriculturists for normal production and land improvement purpose. To conclude the Committee on Taccavi loans recommended some more structural changes in short term and long term co-operative credit institutions.

Committee on Co-operative Administration

In 1963, the Government of India under the chairmanship of Vaikunth L. Mehta, constituted the committee on Co-operative Administration. The terms of reference of the committee was as follows:

1) To review the existing department set up in various states and to suggest the broadlines for determining the strength of departmental staff at various levels viz. at the headquarters, divisional, district and lower levels.

2) To make recommendations regarding this special staff required to be provided at various levels to deal with priority items such like co-operative farming, co-operative marketing processing, industrial societies and other types of societies.

3) To make recommendations regarding the criteria for determining the strength of the committed staff at various levels.

4) To suggest criteria for the strength of supervisors to be employed by Government, Co-operative Union or financing Banks as the case may be.

5) To suggest measures necessary for ensuring adequate training to the staff at various levels and to suggest broadly procedures for recruitment at various levels with a view to secure continuing policies and programmes.
Structure of Co-operative Department

1) The functional advisers of the Registrars at headquarters should be the officers of the status of Joint Registrar.

2) In all states there should be Joint Registrars for audit, banking and credit, co-operative marketing and processing of agricultural projects, industrial co-operatives, co-operative stores and exclusively for co-operative processing. Technical expert persons should be obtained on loan from the departments concerned as it is not possible for the department to provide for it. In states where functional officers of Revenue Department have been established functional offices of the co-operative Department should also be created with identical jurisdiction. The following functions can be delegated to divisional officers.

1. Administration

   The committee recommended (i) supervision and control over the district officers. (ii) Inspection of the officer at least once in a year, (iii) Approval of tour programme and scrutiny of diaries of district officers, (iv) Inspection of a few primary, district and regional societies at frequent intervals to gain first-hand knowledge of the societies and generally to guide the work of district and lower officers, (v) Annual inspection of societies in the division having jurisdiction over more than one district.

2. Appointment

   Appointment and transfer of prescribed categories of non-gazetted staff.

3. Financial

   To exercise the financial control over the expenditure in the district officers in the division, sanction up to prescribed limits of ordinary, non-recurring, contingent expenditure has been provided.

4. Statutory

   Statutory exercise of all powers of the Registrar under the co-operative societies Act except those reserved or being exercised only by the Registrar
by the officer subordinate to him, hearing of appeals against the decision of
district or lower officer, the status of the officers posted in the lower officer will
have to be higher than that of the officers of the same rank posted in the
districts. The divisional officers should be provided assistance of the gazetted
officers with the necessary ministerial staff.

**Division of Department Machinery**

Proposal and formulation of schemes of co-operative endeavour in all
fields of activity should be dealt with the headquarters of the department. The
administration of co-operative enterprises of all kind should be vested with the
coop-erative Department. The special wings of technical department should
provide the co-operative with such services as they can render.

The co-operative Department should not discriminate the societies which
are under the control of functional departments. The head of co-operative
department should co-ordinate matters of overall co-operative policy.

**Audit**

A separate audit wing under the Chief Auditor in the rank of Joint Registrar
should be set up within the Co-operative Department. Audit should remain the
statutory duty of the Registrar and should not be given to any other agency.
The chief Auditor should be responsible to the Registrar who should have staff
at the district and lower levels.

The Co-operative Department may undertake from time to time, test audit
of some of the institutions that are audited by chartered Accountant to verify
whether the audit has been done properly by them. Generally the Chief Auditor
should be drawn from the department, in special case if an outsider is appointed
he should be given necessary orientation in co-operation before placing him
incharge of the work.

There should be, at the district level for each District a District Co-operative
Audit Officer of the same rank and status of an officer incharge of a circle on
the general side. The District Audit Officer may conduct the test audit of a few
societies that are audited by an Auditor.
Supervision

The functions of supervision should be clearly defined and measures should be taken to see that he discharges all the functions entrusted to him. The supervision of primary societies can be gradually transferred to Central Co-operative Bank and in respect of other type of societies to the concerned Federations.

Recruitment and Training

The members of co-operative services should be provided the same status pay scale special pays and other benefits at various levels as those enjoyed by their counter-parts in other development departments in the state. The state Governments should re-examine the existing pay scales of staff at all levels in the Co-operative Departments and revise them in such a way as it would attract the personnel which it really needs. The following mode of recruitment should be adopted for various category of staff.

1) Deputy Registrar by promotion only
2) Asst. Registrar by promotion only
3) Grade I Inspectors by promotion
4) Grade II Inspectors 75% by direct recruitment 25% by promotion.

5) The question of creating an All India Co-operative Services should be kept open and a final decision taken only after detailed examination in the light of the situation that will emerge after the proposal to constitute an All India Agriculture Services is finally disposed off. The State Governments should provide for a training reserve while making recruitment.

Democratic Decentralisation and Co-operative Administration

It is necessary to ensure that extraneous forces political or otherwise are not allowed to influence the working of co-operatives which are essentially business organisations. Any transfer of powers to Panchayatraj institutions dilute the responsibility of the Co-operative Department and will impede the progress. The co-operative department should have full powers of transferring
the staff allotted to Panchayatraj organisations in order to ensure that every member of the staff has at least two years experience on the general side before being entrusted with audit work.

**Mirdha Committee on Co-operation - 1965**

In 1965, the Government of India constituted a committee under the chairmanship of Ram Nivad Mirdha. The terms of reference were as follows:

1. To lay down standards and criteria by which the genuineness of the co-operative societies of various types may be adjusted and to suggest measures for weeding out non-genuine societies and preventing their registration.

2. To revive the existing co-operative laws, rules and practices with a view to locate the loopholes which enable the vested interest to enrich themselves in co-operative institutions and recommend measures, legislative as well as administration.

3. To examine the factors inhibiting self-reliance and self-regulation in the co-operative movement and to suggest appropriate remedies.

**Recommendations**

1) Co-operative Principles:

The following co-operatives principles were considering essential by the committee for the sound growth of the movement.

a) Open membership

b) Democratic control

c) Distribution of surplus to members in number to the transactions.

d) Limited interest on capital

e) Mutual aid

f) Thrift and self-help.

g) Promotion of Education.

Those state law which does not have suitable provision of any of these principles may make suitable provision of on any of these principles to include them. Within the framework of the principles and objectives of the co-operative
movement certain conditions are laid-down by co-operative law to be fulfilled before a society is registered. The Registrar should satisfy himself that the application complies with the Act and Rules.

The object of society is promotion of economic interest of its members in accordance with the co-operative principles or a co-operative society formed with an objective of facilitating the operation of such societies. In addition to these general conditions to be fulfilled before a society is registered, detailed conditions intended to ensure a minimum performance may be prescribed by the Registrar for fulfilment before the society is registered.

**Scrutiny**

At the time of registration scrutiny is essential. The Registrar should be empowered to cancel the society which remains dormant or has ceased to function or has departed from co-operative principles. These powers should be exercised in consultation with the apex institutions concerned.

**Criteria for genuineness**

To organise a new society either in credit or any other sectors planning must ensure that the targets may relate to financial resources and administrative preparedness. Agricultural credit service society should admit all the rural population within in area should have willing to participate in services. Only exception is being that money lenders should not be admitted s members. Admission to Agricultural Marketing Societies should be restricted only to Agriculturists. Traders in agricultural commodities should be ineligible for admission. A labour co-operative should not admit a contractor as member. Admission of non-labourers other than contractors to the membership may be allowed upto 5% of the total membership subject to a maximum of 5 in society.

Admission to transport co-operatives should be restricted to workers. Many malpractices were noted in the working of the housing co-operatives. This is a sector of the movement which has done much to tarnish the image of co-operatives. Government assistance for providing loan as well as special quota of building materials should be made available only with all members of the society conforming to the rule relating to the ceiling of income.
Vested Interest

Introduce of the Principle of open membership is a vital check against the growth of vested interests. There must be provision for appeal against refusal to admit member. Such appeal should be heard and decided by a Committee at the District or State level as the case may be. The Committee did not favour imposing statutory restrictions regarding the number of terms that a person may hold office in the committee of management or a number of societies in which he may hold the office simultaneously. The General body of the each society must be the final authority to decide such things. The practice of holding annual elections for electing the full committee or a few numbers who retire by rotation was considered inconvenient by the Committee. Arrangement for Audit must be lighten up and the concurrent audit provided in all these institutions with heavy transactions.

Holding of elections to the committee of Management is the function of the General Body meeting. Meeting of General Body must, therefore be held regularly both for considering the accounts of the society and also for holding elections. This will be check against growth or continuance of vested interest. The committee members must be answerable for not holding the general body meeting in due time and penalty for non-compliance should be provided in the co-operative law. Nomination by Government to the committee of Management by a society should be kept to the minimum and in any case the nomination should not exceed one third of the committee members or three whichever is less. Only Government servants should be nominted and not any non-officials.

Audit and Supervision

Audit should embrace a scrutiny as to howfar the activities of a society conform to co-operative principles and to what extent the benefit of the society have accrued to the smaller or weaker section among its members. Mere emphasis on financial soundness is not enough. The promotional activity for education of members also be looked into.

In all states, audit machinery should be strengthened, on the basis of the yardsticks suggested by the committee on co-operative administration as a matter of high priority. In order to see that audit may be more objective and may
provide faithful indicator of the trends in co-operative movement. It should be entrusted to an agency under the Government but independent of the Registrar. This agency may function under the finance Department or on the lines of the organisation of local fund Audit.

For supervision of the activities of the primary constituents, federal co-operative bodies should increasingly take more responsibilities.

Resources for Co-operatives

To assist the co-operatives in a big way, the Government of India and State Governments should come. State partnership in the existing policy in co-operative should continue. Adoption of the co-operative loan system by Agricultural credit societies over the entire country is essential for meeting the credit needs of cultivators. Co-operative Institutions should be allowed to collect more deposits by removing legal and administrative obstacles which at present prevent local bodies statutory corporations etc. from using Co-operative banks as their bankers. A suitable system of insuring or guaranteeing the deposits should be evolved so that public confidence in these financial institutions may be created.

Education and Co-operation

If the co-operative movement is to be self reliant and to develop on sound lines, emphasis should be laid on the programme of co-operative education. The State Co-operative Unions and National Co-operative Union of India should take complete responsibility for running the training institutions. The training centres should be transferred to the concerned State Co-operative Unions.

The co-operative societies should contribute to co-operative education fund out of their not profits. Strengthening of co-operative Unions is important from the point of view of de-officia-lisation of the movement. Co-operative training should seek to develop the quality of leadership among members. This underline the importance of the role envisaged for co-operative Union which have no motivate co-operative leadership. The Member Education Programme should be linked up with the national drive for promotion of literacy. A concerned and massive programme of Audit Education in the country can be launched through
the co-operative movement. The committee mentioned that it would be tremendous national achievement if the target of imparting literacy to the total co-operative membership is achieved. It will usher in a revolution of light and learning rural India.

Committee On Urban Co-operative Banks

In 1977, under the Chairmanship of K. Madhava Das, a committee constituted by the Reserve Bank of India to study various aspects of the working of Urban Co-operative Banks and to make recommendation. In 1978, the said committee submitted its report.

Viability of Urban Co-operative Banks

The pattern of urban co-operative banks should be evolved taking into account the overall jurisdiction and the particular centre where a bank is functioning. The minimum requirements in regard to share capital, reserves, deposits working capital and loan business of a urban bank in the initial stage are recommended by this committee.

Membership

In case of Urban Bank, the membership should not be confined to any particular caste or community but should be open to all eligible persons who wish to avail themselves of the services of the Bank and abide by the obligations of the membership and residing or employed in the area of operation of the Bank.

Generally membership in Urban Banks should be restricted in order to curb the tendency of borrowing from more than one urban Bank. It should be given up the practices of dual membership in Urban Bank.

Share Capital

Except the shares representing the contribution from the State Government, Urban Co-operative Bank should issue only one class of share of one denomination. The committee admitted the suggestion of the Reserve Bank of India to keep the the value per share at Rs. 25/- It pointed out that there should be compulsion on members to buy more than one share for membership.
Within five years of becoming members of Urban Banks, the members should not be allowed to withdraw share capital. The Urban Co-operative Bank may be permitted to refund in any year not more than 10% of its total share capital at the end of the preceding co-operative year.

**Deposits**

It should be permitted by the State Government that the local bodies, quasi government, institutions and public trusts to keep surplus funds with urban Banks which have earned 'A' or 'B' class in Audit. The co-operative societies, Act should be ammended for making the deposit Insurance Corporation Act of 1961 applicable to co-operative Banks wherever it has not been done.

The Urban Co-operative Bank may offer competitive rate of interest on deposits subject to the ceiling fixed by the RBI. Deposit scheme suiting to the habits and needs of the people of the area may be evolved to attract larger quantum of deposits. A system of fixing target for deposit mobilisation for the bank as a whole and for each of the branches may be introduced. The urban co-operative bank may provide normal banking facilities and customers services such as provision of locker facilities issue of drafts and other remittance facilities. Good premises and modern office arrangements may be ensured as these will enhance the prestige of the institution and promote confidence in the public.

**Loan Policies and Procedures**

According to the Committee the norms of optimum level of advances at 75% of the owned funds 70% of deposits and 100% borrowings fixed by the Reserve Banks of India do not require any change for present. Every Urban Co-operative Bank should attempt at maximum disbursal of the loans and advances among small borrowers as they are meant to eater for the needs mainly of persons of moderate and small means. The Committee also boardly fixed the order of priorities for lending the urban Co-operative Banks.

1) Small - scale and cottage Industries.
2) Schemes for gainful employment of educated unemployed.
3) Self employed persons and professionals
4) Small road and water transport operations
5) Trade and commerce
6) Housing schemes
7) Consumption loans
8) Consumer Co-operative Societies.

Professional Management and Training Facilities

The National Co-operative Union of India and State Co-operative Unions are the appropriate agencies to undertake the responsibilities of educating members of urban Banks in association with the National Federation of Urban Banks and Credit Societies.

Audit and Inspection of Urban Banks

Co-operative department as well as the financing bank will perform the duties of inspection of Urban Co-operative Banks. In addition to the statutory inspections of the Reserve Bank of India adequate number of staff should be recruited for the Audit of Urban Co-operative Banks so that final audit can be completed after the close of the year. Statutory audit of Urban Bank should be conducted by the co-operative Department. But in the case of bigger banks chartered Accountant can be appointed by the banks with the prior approval of the Registrar. These Chartered Accountants should be given some basic training in Co-operative Banking.

Role of the Government, Reserve Bank of India, National and State Level Federations and others

Central Government may actively involve itself in the development of urban credit in different states to cater for the needs of urban, middle class and persons of low incomes. In states particularly those having a sizeable number of urban co-operative Banks, the State Government should set up separate cell under a senior officer of the rank of atleast a Joint Registrar of Co-operative Societies to attend to the needs and problems of urban co-operative Banks. The State Governments may make necessary provisions in their annual plans for share capital assistance to urban banks and subsidy for managerial staff as well as for rehabilitation on non-viable urban co-operative Banks.

As the leader of the co-operative movement in each state, the State Co-operative Bank should play a prominent promotional role in regard to the
growth and development of Urban Banks. It is needed to set up of a separate cell in the State Co-operative Banks wherever it has not been set up to deal exclusively with matter pertaining the Urban Banks Central Co-operative Banks should take an active interest in the promotion and growth of Urban Banks in the respective areas. There should be proper co-ordination among all the agencies concerned with the working of the Urban Co-operative Banks so as to avoid any conflict in their functioning, Mutual consultation can be held among these agencies. There should be close co-ordination between the Registrar of Co-operative Societies and the Reserve Bank of India.

Committee On Co-operative Marketing (1966)

In 1964, under the chairmanship of Prof. M.L. Dantwala an expert committee on Co-operative Marketing was constituted by the Government of India. The terms of reference of the committee were as follows:

i) To review the present pattern of co-operative marketing of agriculture produce, distribution of production requisits and supply of consumer goods at different levels and indicate the future patterns of development with particular reference to the relationship between the organisations at different levels.

ii) To indicate the role of co-operative marketing in an integrated structure of credit supplies and processing and how best this role can be discharged.

In 1966, the committee submitted its report. The future pattern of organisation of marketing co-operative should be a two tier structure with the apex society at state level primary marketing society at Mandi level and branches of the apex marketing society at District or Regional level. In state where three tier structure already exists the existing district federations need not be disturbed. Such District Federations should however gradually divest themselves of these functions which legitimately fall within the purview of the primary marketing societies in favour of the latter. The marketing society may undertake both agricultural marketing as well as distribution and supply function. There is no need to form separate societies for distribution and supply functions.
Finance for Co-operative Marketing

Internal Resources

A primary marketing society will need a capital of 2 lakhs to enable to have a reasonable business turnover. A primary agricultural credit or service or multipurpose co-operative society should be required to contribute to the share capital of the marketing society to which it is affiliated at the rate of 2% of its annual loan turnover in the preceding co-operative year. Each member of a primary co-operative marketing society should be required to subscribe to the share capital of the primary marketing society in relation to the services received by him from the society. Government contribution to the share capital of primary marketing societies should be raised substantially so as to reach a minimum of Rs. One lakh per society so that with its own matching contribution each primary marketing society may have minimum share capital of Rs. Two lakhs. The apex marketing societies should take steps to affiliate the marketing or processing societies which have not been affiliated so far. Fifty percent of the statutory reserve fund of primary marketing societies may be invested in the higher tier of the co-operative marketing structure and the rest fifty percent may be invested in their own fund.

External Resources

In consultation with the concerned state Governments the State Bank of India should take steps to provide adequate funds to meet the requirements of marketing co-operatives. The Reserve Bank of India may consider permitting the State Bank of India to borrow from its additional funds at bank rate to enable the State Bank of India to meet the requirements of marketing societies, in regard to their marketing activity in all areas and distribution functions in area selected for intensive agricultural development.

Business Technique

If the marketing co-operatives are to serve the small producers they should be prepared to make out-right purchase. The National Federation and the apex marketing societies should endeavour to find avenues for the sale of the produce of their member societies at the most favourable terminal markets and to sell the produce at such markets directly undertaking inter-state trade or expert.
Linking of Co-operative Credit with Marketing

For the effective link of co-operative credit with co-operative marketing is that adequate and timely credit should be provided to the farmer for agricultural production and partly for his consumption so as to when him away from the private trader. The credit society should obtain agreements from their members who are given credit requiring them to sell their surplus produce through the marketing society and also authorising the latter to recover the dues to the credit society from the sale proceeds.

An agreement between the credit society and the marketing society is require to define their mutual responsibilities regarding collection of produce and its transport, recovery of loans, mode of remittance etc. The credit societies should have a statutory charge on the crop loans issued through a suitable provision in the Co-operative Societies Act as recommended by the Committee on Co-operative law.

Distribution of essential consumer articles in rural areas through Co-operatives

The credit societies of the village area themselves should undertake supply of essential consumer goods to the farmers as part of their service function. In areas where wholesale co-operative stores exists nearby, the village co-operatives may obtain the requirements of consumer goods direct from such consumer stores relieving the marketing society of the work. The consumer stores are organised in the Mandi or nearby towns, the primary marketing society may undertake supply of essential consumer goods to the village co-operatives.

Co-operative Development in Five-Year Plans

"The attainment of independence in 1947 and the consequent establishment of national government in the country came in as a fountain of inspiration for the co-operative movement also. The constitution of India in the Directive Principles of State Policy laid down that the citizens will have a right to an adequate means of livelihood; the ownership of national resources of the country will be so distributed as to ensure the common good; and the
operation of economic system will not result in the concentration of wealth to the common detriment."

India has set before itself the objective of a "Welfare State" and of around development of the country's economy after the achievement of independence. To achieve this goal necessity has been felt on embarking on a well defined programme of planning starting with the fixing of objectives and assessment of resources; continuing with the farming of realistic targets of production, employment and national income and closing with evaluation of results. Planning for the economic and social uplift of the country has thus been the high light of democracy in independent India. The Five Year Plans in our country are, thus schemes for a rapid development of all resources human and nature.

Co-operation and Economic Planning

For economic development, planning is very much essential. Planning is an organisational effort to increase the quantity and improve the quality of resources in collective manner and thus to bring about the development. This organisational effort includes direction, regulation, control of private activity and increase in the sphere of public activities. This also implies the participation of all the organs of the Government and a large number of individuals and non official organisations.

In 1938, the need for planning in our country was for first time felt by the Indian National Congress. In 1938 a National Planning Committee was appointed under the chairmanship of late Sh. Jawaharla Nehru. This committee brought out many useful reports containing useful material and statistical data. Its work was suspended due to political upheavals in the country. In 1943, the Bombay plan was formulated by a group of industrialists, which could not be put into practice. In 1946 the economic programme committee was set up by the Indian National Congress, which submitted the report in 1948 to the congress. The planning commission was set up by the Government of India in March 1950 with the Prime Minister as its chairman. It prepared a draft outline of a plan of development for a period of Five Years Commencing from 1st April, 1951 upto 31st March 1956. The plan included a number of development projects
which had already been taken up in hand as well as those which were aimed to be taken up under the plan period up to the end of March 1956.

Co-operative Development in First Five Year Plan 1951 - 56

The first five year plan, therefore assigned an important role to co-operative organisations in the reconstruction of Indian economy, "It is an indispensable instrument of planned economic action in democracy." The first five year plan was launched in 1950 - 51. The duration of the first five year plan was 1951 - 56.

The first five year plan stated, "The Principle of Mutual aid, which is the basis of co-operative organisation, and the practice of thrift self help which sustain it, generate a sturdy feeling of self-reliance which is of basic importance in a democratic way of life.

In the plan, we consider that every department should follow the policy of building co-operatives which may eventually replace the contractor or other middleman. Thus the First Five Year Plan aimed at changing the economy of the country from an individualistic to the co-operative.

"The first plan had due consideration for the co-operative development but it did not make much head-way due to various factors like, inherent less membership and less loan operations, heavy overdues, less deposit mobilisation, lack of uniformity in policy formulation and implementation, lack of diversified economic activities under co-operative sector, lack of co-ordination between the Central Government and the State Governments in relation to co-operative policy planning and implementation."

Objects of the First Five Year Plan with Reference to Co-operatives

(i) Co-operation was recognised as an instrument of democratic planning, combining initiative, mutual benefit and social purpose.

(ii) East village should have co-operative society which will cater to the multiple needs of its members.

(iii) By 1955-59, co-operation should cover 50% of India's villages, and 30% of rural population.
In the first five year plan the Government should take steps to encourage co-operative farming.

The plan also stressed the need for having adequately trained staff for facilitating the growth of the co-operative movement.

The First Five Year Plan gave more importance to the co-operative marketing for ensuring the better price for agriculturists.

By the end of First Five Year Plan, Co-operatives should supply credit for agricultural production to the tune of Rs. 130 crores per annum. That is Rs. 100 crores for short term loans, 25 crores for medium term Loans Rs. 5 crores for long term loans.

The co-operative agencies in the village should have the closest relationship with village panchayat.

Progress of the Co-operative Movement during the First Plan

The progress achieved by the co-operative movement during the First Five Year Plan is indicated in the following table.

**TABLE 2 : 3**

<table>
<thead>
<tr>
<th></th>
<th>1950-51</th>
<th>1955-56</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No of primary agricultural credit societies</td>
<td>1,15,462</td>
<td>156930</td>
</tr>
<tr>
<td>2. Membership (in lakhs)</td>
<td>51.54</td>
<td>77.91</td>
</tr>
<tr>
<td>3. Average Membership per society</td>
<td>45.00</td>
<td>49.00</td>
</tr>
<tr>
<td>4. Percentage of rural population served</td>
<td>10.03</td>
<td>15.06</td>
</tr>
<tr>
<td>5. Loan Issued (Rs. in crores)</td>
<td>22.90</td>
<td>50.16</td>
</tr>
<tr>
<td>6. Average Loan per member (Rs.)</td>
<td>45.00</td>
<td>64.00</td>
</tr>
<tr>
<td>7. Average Share Capital per Society(Rs.)</td>
<td>727.00</td>
<td>1051.00</td>
</tr>
<tr>
<td>8. Average working capital (Rs.)</td>
<td>3447.00</td>
<td>4946.00</td>
</tr>
<tr>
<td>9. Average deposits per Society</td>
<td>391.00</td>
<td>441.00</td>
</tr>
<tr>
<td>10. Percentage of over due to outstanding</td>
<td>21.00</td>
<td>25.00</td>
</tr>
</tbody>
</table>


From the figures it may be seen that by the end of the First Five Year Plan i.e. 1956 about 15.6 percent of the rural population had come within the co-operative
sector. The amount of the loan issued is doubled by the end of First Five Year Plan. The membership and number of societies showed an increase of 32 percent and 51 percent respectively.

While the First Five Year Plan recognised the importance of co-operation, the onus of execution was thrown completely on the users. It was certainly a very heavy responsibility that the co-operators was called upon to undertake.

**Impacts of the Movement**

The First Five Year Plan targets could not, therefore, be achieved. Various factors were, however, responsible, i.e.,

(a) The co-operative movement had its own weaknesses, for instance, small membership, weak capital structure heavy overdues, failure to encourage savings and thrift, lack of properly trained staff etc. and the co-operatives could not, therefore, fulfil the role assigned to them.

(b) The policy of the State Government was also not clearly defined in this regard. The schemes framed by various State Governments were not uniform in their objectives and the methods of their implementation differed from state to state.

(c) The Co-operative movement was not adequately broad-based.

**Achievements**

In the First Five Year Plan, for achieving the goal of co-operative socialism, the planning commission laid emphasis on co-ordination between village panchayats and co-operative societies, multi purpose societies, co-operative farming and industrial co-operative societies.

**Report of Rural Credit Survey Committee**

The Reserve Bank of India conducted an All India Rural Credit Survey in 1951, whose report was published in 1954. In consequence of its recommendations, an integrated scheme of "Rural Credit" was executed in this plan. The State Governments were authorised to become partners of the primary credit societies through the State Co-operative Banks. In this plan 130 crores were distributed through the co-operative credit societies.
"The committee reported that the co-operative movement was expected to provide controlled credit which firstly, must be adequate, i.e., to quantity must be commensurate with the production requirements of the borrowers, and secondly, must be suitable i.e., loan should be given at a reasonable rate of interest for production requirements."14

Second Five Year Plan in 1956 - 61

The Planning Committee had expected much during the First Five Year Plan, but the achievement of First Five Year Plan, and the role of the co-operatives did not satisfy the planners. But still the planners had high hopes to develop the co-operatives during the plan.

Allocation of Funds

Economic development on co-operative offers a vast field for the application of co-operation in its infinitely varying forms according to the Rural Credit Survey Committee report. The report added that the fields marked specially appropriate for the co-operative method of organisation were agricultural credit, marketing and processing, all aspects of production in rural areas consumers, co-operatives stores and construction co-operatives.

The second Five Year Plan provided ample opportunities to co-operatives to prove their worth, and the building up of co-operative sector become one of the important aims of our national policy. An allocation of Rs. 57 crores was made for development of co-operatives during the plan period.

Role of Co-operatives during Second Plan

The planners pinned high hopes on the co-operatives and development of co-operatives was made an aim of national policy.

Each village co-operative society should be self-sufficient unit and should be so sized that mutual knowledge of the members was possible.

Co-operative and agricultural departments should look into the existing programme of rural credit and wherever necessary loose points were to be lightened. As the work increased staff should also be increased. The co-operative should be given more decision making powers.
The Second Five Year Plan aimed to build up large co-operative sector. The planned document stated, "the building up of a co-operative sector as part of the scheme of planned development is ..... one of the central aims of National Policy." 15 "The targets fixed under the plan were raising of membership of agricultural societies to 50 million persons, at least 10 percent of marketable surpluses to be marketed through co-operative sector and supply of agricultural credit to the extent of Rs. 225 crores." 16 "The need for developing co-operative marketing was also emphasized from the point of view principally on ensuring better prices to the cultivators." 17

The planners made it clear that, the building up of a co-operative sector as a part of scheme of planned development in thus one of the central aims of national policy.

**Objects of the Second Five Year Plan with Reference to Co-operation**

1. The organisation of large sized societies.
2. The federation of village societies should be organised at various levels.
3. There should be close collaboration between co-operatives, panchayats and community development agencies.
4. Strengthening of departmental staff, employees of co-operative societies to cope with growing volume of work.
5. Training of departmental staff, employees of co-operative societies etc.
6. Existing small co-operative societies were strengthened by providing them financial assistance.
7. The establishment of central and state warehouses.
8. The organisation or reorganisation of primary marketing societies.
9. To provide the Central Land Mortgage Banks in states where they did not exist.
10. The establishment of a Relief and guarantee Fund at the state level.
Progress of the Co-operative Movement during the Second Five Year Plan Period

**TABLE 2 : 4**

<table>
<thead>
<tr>
<th>Field of activity</th>
<th>1955-56</th>
<th>1960-61</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No of Societies (in lakhs)</td>
<td>2.40</td>
<td>3.32</td>
</tr>
<tr>
<td>2. Membership of primary societies (in lakhs)</td>
<td>176.00</td>
<td>342.00</td>
</tr>
<tr>
<td>3. Share capital (Rs. crores)</td>
<td>77.00</td>
<td>221.00</td>
</tr>
<tr>
<td>4. Working capital (Rs. crores)</td>
<td>469.00</td>
<td>1312.00</td>
</tr>
<tr>
<td>5. Loans advanced by primary societies (Rs. in crores)</td>
<td>50.00</td>
<td>209.00</td>
</tr>
<tr>
<td>6. Percentage of villages covered</td>
<td>-</td>
<td>75.00</td>
</tr>
<tr>
<td>7. Percentage of Rural population covered by primary credit societies</td>
<td>12.00</td>
<td>24.00</td>
</tr>
<tr>
<td>8. Average Loan advanced per member (Rs)</td>
<td>64.00</td>
<td>119.00</td>
</tr>
<tr>
<td>9. Average membership per society</td>
<td>49.00</td>
<td>80.00</td>
</tr>
<tr>
<td>10. Average paid-up capital per society (Rs)</td>
<td>1051.00</td>
<td>2722.00</td>
</tr>
<tr>
<td>11. Average deposits per society (Rs)</td>
<td>441.00</td>
<td>688.00</td>
</tr>
<tr>
<td>12. Average working capital per society (Rs)</td>
<td>4946.00</td>
<td>12913.00</td>
</tr>
</tbody>
</table>


From the progress made it is clear that a good base had been built in the field of cooperation during the plan period.

**Third Five Year Plan in 1961 - 66**

Co-operation found a significant place in agriculture, medium and small scale industries and distribution system during the period of third five year plan. The planning commission, recognising the importance of a rapidly growing co-operative sector laid special emphasis on the role of movement for fulfilling the needs of the peasants, the workers and the consumers.

The Third Plan was conceived as the movement was considered to be the most vital factor for social stability, for expanding employment opportunities and for the rapid economic development of the country.

The Third Five Year Plan provided Rs. 80 crores for development of co-operation. The target was to raise the number of co-operative agricultural credit societies, so as to bring 100% villages under the sphere of this co-operative
movement. "The Plan visualized for the co-operative sector something much more than a series of activities organised on co-operative line." 18

Objectives of the Third Five Year Plan

1. The agricultural credit movement should cover all the villages and 60% of the agricultural population by the end of the Third Plan.

2. Essential commodities should be distributed through consumer co-operatives in rural and urban areas.

3. The co-operatives and Panchayats were to be treated as primary agencies for carrying out the community development programme.

4. The third plan also included a vast net work of non-credit co-operatives like housing, farming, fisheries, dairy etc.

5. Credit was to be lined with marketing.

6. Credit was to be linked closely with programmes for increasing agricultural production.

7. Targets for co-operative credit were fixed at Rs. 530 crores of advances of short term and medium term and Rs. 150 crores of outstanding long term agricultural loans to the last year of the thin plan.

8. Government should participate at all levels. At the primary level such contribution should be matched in equal measures by the members, the maximum contribution from the state being Rs. 5,000.

9. 25 new sugar factories of co-operatives were proposed to be set up during the Third Plan.

Progress during the Third Plan

The progress achieved by the co-operative movement during the Third Plan can be described as under:

Coverage of villages

The primary agricultural credit societies could cover only 5,02,816 villages
out of 5,63,629 villages in the country by June in 1966, as against 100% coverage aimed at in the Third Plan. The coverage of villages was 82% out of the target.

Organisation of Societies

Against the target of 2,30,000 societies expected to be formed by the end of the Plan, the number of societies at the end of the Third Plan was 1,91,904 societies on 30th June 1966 of which the number of active societies was 1,68,224.

Revitalization

The process of revitalization of primary credit societies to which the Third plan laid the greatest emphasis, proceeded at slow pace. Despite the programme of revitalisation the majority of the agricultural credit societies remained weak and inefficient. About 32% of societies worked at a loss or without profit or loss moreover nearly 80% of the audited societies were classified at C.D. or E.

Achievements

The percentage of the village covered by the active societies was only 82% out of the target fixed.

The target of the formation of credit societies in the third plan was not fulfilled as per target.

There was a much scope of work to be done in the field.

The 3rd plan document observed, " .... a rapidly growing co-operative sector with special emphasis on the needs of the peasant, the worker and the consumer become a vital factor for stability, for expansion by employment opportunity and for rapid economic development."\textsuperscript{19} The working group recommended that "both co-operatives and panchayats being democratic bodies, one could not be subordinated to the other and should remain autonomous bodies."\textsuperscript{20}

Fourth Five Year Plan in 1969 - 74

More importance was given to agricultural co-operatives and consumer co-operatives for development during the Fourth Five Year Plan period. The
Fourth Plan aimed to meet farmer's requirement to the greatest extent so that level of production increased. The target of this plan was to bring the entire village and 3/4 of population under co-operation. The plan ensures that co-operatives have large and varied opportunities before them for effective use.

Objectives of Fourth Plan

1. **Co-operative Credit**: The important tasks during the Fourth Plan was to reorganise the primary credit structure so as to place it on a viable credit, rehabilitation of weak central Banks, reduction of overdues, and encourage deposit mobilization. The Fourth Plan envisaged disbursement of short and medium term credit to the extent of Rs. 750 crores in the last year of the plan and Rs. 700 crores for long term credit.

2. **Small Cultivators**: The main aim of the Fourth Plan was to encourage the small farmers, in which the policies and procedures of credit co-operative and Land Development Banks would be oriented in favour of small cultivators and hence the policies were modified considerably.

3. **Co-operative Marketing**: The fourth plan laid emphasis on strengthening the co-operative marketing structure. The co-operatives were expected to handle in 1973-74 of the Fourth Plan, 8 million tonnes of foodgrains, 36 million tonnes of sugarcane, 0.6 M. tonnes of groundnuts, 10,000 tonners of fruits and vegetable and 1.8 million tonnes of cotton. At prevailing prices the value of agriculture produce likely to the handled by marketing and processing co-operatives was expected to the order of Rs. 900 crores during 1973-74. They were also expected to handle agricultural commodities of the value of Rs. 25 crores in interstate trade and Rs. 10 crores in trade.

4. **Processing of Co-operatives**: In the Fourth Plan it was proposed to organise 550 co-operative agricultural processing societies.

5. **Consumer Co-operatives**: In consolidation and strengthening and not organisation of new consumer co-operative societies was the aim of the Fourth Five Year Plan. Attention was also given to the organisation and strengthening of central consumer co-operatives with a view to develop them as large sized multi retail unit co-operative societies.
The State and Central Federations were also to play a vital role in the development of consumer co-operatives.

Progress during the Fourth Five Year Plan

The performance of the co-operative movement during the Fourth Plan was rather below expectation.

Only the marketing of agricultural produce exceed the targets fixed in the plan. In respect of other items such as co-operative credit and co-operative storage the targets were achieved substantially but in other items there were major short falls. The main short fall was however, in the distribution of chemical fertilizers.

To review the system of rural credit, the Reserve Bank of India appointed All India Rural Credit Review Committee in 1966. The said committee recommended "to adopt multi agency approach for providing institutional credit for achieving integrated rural development and also to overcome structural weakness inherent in the co-operative credit structure in the country."21

Achievements

The achievements of fourth plan exceeded in procurement of agricultural produce against the target fixed in the plan. Other achievements of the plan fell short of the targets.

Fifth Five Year Plan in 1974 - 79

A special emphasis was proposed to be given on building up of strong and viable co-operative sector during the Fifth plan period. The aim of the planners was to make co-operative as a viable alternative which could respond to the needs of not only peasants but also of the artisans and workers on the one hand and consumers on the other. In this plan also agricultural co-operatives were to be strengthened, for agricultural development consumer co-operatives were also be encouraged during the Plan.

Objectives of Fifth Plan

1 To strengthen the network of agricultural co-operatives, to sustain the Agricultural development.
2. To build up a viable consumer co-operative movement which can function as an important element in a consumer oriented distribution system.

3. To make efforts towards the correction of regional imbalances in the level of co-operative development.

**Targets of Co-operative Development**

In this plan structural reforms received special attention. It was decided that re-structure and reorient the co-operatives according to their activities increasingly in favours small and marginal farmers and other under previledged sections of the people. New concept of a farmers service society postulated by the "National Commission on Agriculture," (1) reorganisation of consumer co-operative societies, (2) reorganisation of co-operative agricultural credit societies, (3) Changes in bye-laws and procedures, (4) The plan gave special focus to the co-operative managers and (5) structural changes should be made for the development of co-operatives.

**Target of the Plan**

For this plan period some targets were fixed. It was decided that short term credit amounting to Rs. 120 crores will be advanced, medium term credit of Rs. 350 crores against Rs. 200 crores provided during the Fourth Plan, long terms loans of Rs. 120 crores against 900 crores during the previous plan.

**Progress during the Fifth Plan**

1. **Co-operative Credit** : The major objective of the Fifth Plan was to give credit to small and marginal farmers.

2. **Co-operative Marketing** : The planners wanted to strengthen co-operative marketing structure particularly in the weaker state. It was estimated that about 100 new marketing primaries would be organised during the fifth plan. It was hoped that by the end of the plan the co-operative should handle agricultural produce of Rs. 1900 crores.

3. **Plan and Consumer Co-operatives** : The planners wanted to reorganise the consumer stores and set up in a new modernised retail units. It was proposed
that 30% urban population will be covered under co-operatives, during the plan period.

4. **Co-operative Distribution of Agricultural Inputs**: During the fifth plan all viable societies were to have a full time Secretary. He would be involved in the distribution of agricultural inputs, namely fertilizers.

5. **Co-operative Training and Education**: During the fifth plan the co-operative training and education programmers were conducted at all levels of the co-operative movement.

6. **Co-operative Management**: During the fifth plan the Managers were trained to manage the co-operative institutions suitable measures are taken for the establishment of cadres at appropriate levels in the different sectors of the co-operative movement.

**Outlays of Fifth Plan**

The total public sector outlay for the programmers of co-operative development during the Fifth Plan would be Rs. 423 crores as against an estimated expenditure of Rs. 258 crores in Fourth Plan. The following was the break down of fifth plan outlay.

**TABLE 2:5**

<table>
<thead>
<tr>
<th></th>
<th>Rs. Crores.</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Union Territories</td>
<td>286</td>
</tr>
<tr>
<td>Centrally sponsored scheme</td>
<td>44</td>
</tr>
<tr>
<td>Central Sector</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>423</strong></td>
</tr>
</tbody>
</table>


The above figures indicate the fact that in the fifth plan the expenditure on co-operation increased nearly twice that of the Fourth Plan.

Government attached great importance to co-operatives and is view of that unless co-operative movement is encouraged and developed, many of our existing rural problems in the country will not be solved. Co-operative will thus
continue to get maximum care and attention. " The co-operative movement was recognised to serve as an important instrument for implementing national policies of "growth with social justice." 22

Sixth Five Year Plan in 1980 - 85

Tasks:

1. To strengthen the primary village societies for satisfying the multi-purpose needs their members.

2. Re-examination of co-operative policies and procedures towards the economic conditions of the rural poor.

3. For the development of horticulture, food processing, poultry, diary, fishery, animal husbandry, sericulture etc. the co-operative federations be strengthened supplying input, marketing and other services.

Programme in the Sixth Plan

The voluntary and social action was to be promoted in the sixth plan. Central sector scheme taken up during the fifth plan was to be continued during the Sixth Plan with the primary objective of promoting voluntary action in rural development through the strengthening of local organisation and encouragement of pilot projects of public co-operation through financial assistance to states and voluntary organisation.
Targets of the Plan

### TABLE 2:6

<table>
<thead>
<tr>
<th>Physical Programme</th>
<th>Unit</th>
<th>Anticipated achievement 1979-80</th>
<th>Target for 1984-85</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Short Term loans</td>
<td>Rs. Crores</td>
<td>1300</td>
<td>2500</td>
</tr>
<tr>
<td>2. Medium term loans</td>
<td>Rs. Crores</td>
<td>125</td>
<td>240</td>
</tr>
<tr>
<td>3. Long term loans</td>
<td>Rs. Crores</td>
<td>275</td>
<td>555</td>
</tr>
<tr>
<td>4. Agl. product marketed through co-op.</td>
<td>Rs. Crores</td>
<td>1750</td>
<td>2500</td>
</tr>
<tr>
<td>5. Fertilizer to be distributed through co-op. quantity value</td>
<td>Lakhs Tonnes</td>
<td>23.50</td>
<td>45.00</td>
</tr>
<tr>
<td>6. Consumer goods to be distributed through co-operatives in rural areas</td>
<td>Rs. Crores</td>
<td>800</td>
<td>2000</td>
</tr>
<tr>
<td>in Urban areas</td>
<td>Rs. Crores</td>
<td>800</td>
<td>1600</td>
</tr>
</tbody>
</table>


The total Central plan outlay for various schemes of co-operation for the Sixth Plan period (1980-85) was Rs. 330.15 crores. The state plan outlay and union territories was Rs. 53408 crores. Thus total public sector outlay on various schemes of co-operation was Rs. 864.23 crores.

### Achievement of Plan

At the end of Sixth Plan 1984-85 the short term loan and the Medium term loans advanced amounted to Rs. 2500 crores and Rs. 250 crores respectively.

The long term loan advanced by co-operatives were estimated at Rs. 500 crores. The target of the agricultural produce marketed by the co-operatives was of Rs. 1750 crores but actual value of sales increased to Rs. 2700 crores by the end of 1984-85. 3.63 Million tonnes of fertiliser valued Rs. 1500 crores were distributed by co-operatives.
The value of consumer goods distributed in rural areas as well in urban areas through co-operatives was Rs. 1400 crores.

At the end of the plan 185 sugar factories were installed and 90 co-operative spinning Mills were installed.

The Major development in the Sixth plan was "setting up of NABARD in 1982 was the turning point in the history of agricultural credit in India." National Bank for Agricultural and Rural Development had taken planning and operations in the field of credit for agricultural and other economic developments in rural areas from Reserve Bank of India.

Seventh Five Year Plan in 1985 - 90

Targets of Co-operative Programme in Seventh Plan

Rupees in crores

TABLE 2 : 7

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Programme</th>
<th>Base Level 1984-85</th>
<th>Plant target 1989-90</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Short-term loans</td>
<td>2500</td>
<td>5540</td>
</tr>
<tr>
<td>2.</td>
<td>Medium-term loans</td>
<td>250</td>
<td>500</td>
</tr>
<tr>
<td>3.</td>
<td>Long-term loans</td>
<td>500</td>
<td>1030</td>
</tr>
<tr>
<td>4.</td>
<td>Value of agricultural produce marketed</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>through co-operatives</td>
<td>2700</td>
<td>500</td>
</tr>
<tr>
<td>5.</td>
<td>Fertilizer sold quantity</td>
<td>3.63</td>
<td>8.33</td>
</tr>
<tr>
<td></td>
<td>(Million tonnes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Value of consumer goods distributed</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Rural areas</td>
<td>1400</td>
<td>3500</td>
</tr>
<tr>
<td></td>
<td>(b) Urban areas</td>
<td>1400</td>
<td>3500</td>
</tr>
<tr>
<td>7.</td>
<td>Godown capacity</td>
<td>8.00</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
<td>(Mill. tonnes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>No of Sugar factories</td>
<td>185</td>
<td>220</td>
</tr>
<tr>
<td>9.</td>
<td>No. of Spining mills</td>
<td>90</td>
<td>130</td>
</tr>
<tr>
<td>10.</td>
<td>No of edd. Storages</td>
<td>185</td>
<td>250</td>
</tr>
</tbody>
</table>

Objects of the Seventh Plan

1. To promote development of Agricultural credit societies.
2. Realignment of procedures of policies of co-operatives, to expand the flow of credit to weaker sections.
3. Strengthening the consumer co-operative movement in the urban as well as rural areas for the purpose of pivotal role in the public distribution system.
4. Promoting professional management and strengthening of effective training facilities for improving the operational efficiency.

Eighth Five Year Plan in 1992 - 1997

The Eight Plan document does not make any specific mention about the role of co-operatives and also does not define the perspective for co-operative development, some of its enunciations provide that there may be sufficient opportunities for co-operatives in different sectors provided they harness their own resources and managerial capabilities. The following are the important areas where co-operatives sector may have opportunities to expand in the changed environment ushered in by the new economic policies:

1. Agriculture particularly agricultural credit and marketing.
2. Agro-based industries and food processing industries.
3. Animal husbandry in dairy
4. Rural Development in poverty alleviation.
5. Women
6. Irrigation
7. Environment protection
8. Village and small scale Industries.
9. Rural Electrification; and

New Co-operative Policy

The Government has drafted a 10-point co-operative policy to give impetus to the co-operative development. From the policy statement it is clear that co-operatives may have ample opportunities in the promotion of agro-processing
and cottage industries to emerge as principal sources of income for small farmers and artisans, landless agricultural labourers and share croppers. Besides, there is a provision that assistance will be provided to co-operatives to obtain advance technology from other countries without affecting their autonomy and organisational integrity. This also opens up appreciable opportunities to co-operatives particularly for the development of artisans and labourers.

Ninth Five Year Plan

Role of the co-operative sector

The following features of the Indian economy of relevance to the co-operative sector emerge from the projections:

(a) Community and co-operative land and water development schemes and self-help credit and marketing co-operatives will be critical to the achievement of food security and agricultural output and employment requirements.

(b) Co-operatives will have to adjust to relatively faster growth for non-cereals and non-crop based activities.

(c) Co-operative sector will have to engage in cost reduction and diversification in first-stage processing of agricultural produce like sugar refining, cotton ginning, agricultural storage, vegetables and fruits processing etc. If it is to maintain its momentum in the increasing access of agricultural surplus to regional, national and global markets.

(d) The co-operative sector will have a role to play in the fragile and difficult agricological regime - as also to strengthen the institutional base of support to the small farmers and agricultural tenant.
## TABLE 2:8

Land and water Resources in Perspective

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population (Millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Optimistic</td>
<td>856</td>
<td>938</td>
<td>-</td>
<td>945</td>
<td>1110</td>
</tr>
<tr>
<td></td>
<td>b. Medium</td>
<td>856</td>
<td>945</td>
<td>-</td>
<td>1002</td>
<td>1201</td>
</tr>
<tr>
<td></td>
<td>c. UN (FAO)</td>
<td>836</td>
<td>-</td>
<td>1002</td>
<td>-</td>
<td>1223</td>
</tr>
<tr>
<td>2</td>
<td>Net area sown (mm. hec.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commission estimate</td>
<td>140</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>b. Revised</td>
<td>-</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
</tr>
<tr>
<td>3</td>
<td>Gross area sown (mm.hec.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commission estimate</td>
<td>182</td>
<td>191</td>
<td>197</td>
<td>203</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>b. Revised</td>
<td>183</td>
<td>191</td>
<td>197</td>
<td>205</td>
<td>211</td>
</tr>
<tr>
<td>4</td>
<td>Gross Irrigated Area (mm. in hec)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Planning</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Commission estimate</td>
<td>76</td>
<td>89</td>
<td>102</td>
<td>114</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>b. Revised</td>
<td>64</td>
<td>78</td>
<td>92</td>
<td>107</td>
<td>114</td>
</tr>
<tr>
<td>5</td>
<td>Cropping Intensity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Commission estimate</td>
<td>1.30</td>
<td>1.35</td>
<td>1.40</td>
<td>1.44</td>
<td>NA</td>
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<td></td>
<td>b. Revised</td>
<td>1.30</td>
<td>1.35</td>
<td>1.40</td>
<td>1.45</td>
<td>1.50</td>
</tr>
<tr>
<td>6</td>
<td>Gross Irrigated Area as% of gross Area sown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commission estimate</td>
<td>41.5</td>
<td>46.9</td>
<td>51.7</td>
<td>56.0</td>
<td>NA</td>
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<tr>
<td></td>
<td>b. Revised</td>
<td>35.0</td>
<td>41.0</td>
<td>48.0</td>
<td>51.0</td>
<td>54.0</td>
</tr>
</tbody>
</table>

Source: Perspective Planning Division, Planning Commission FAO. Agricultural Towards 2010, Rome Revised projections are by the authors.
TABLE 2 : 9

Assessment of Eighth Plan and Projection for Ninth and Tenth Plans

(M. Hec. = Million Hectares)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net area sown (M. Hec)</td>
<td>141.4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>141.4</td>
<td>141.4</td>
<td>141.4</td>
</tr>
<tr>
<td>Gross area sown (M. Hec.)</td>
<td>182.7</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>191.1</td>
<td>198.1</td>
<td>205.6</td>
</tr>
<tr>
<td>Gross Irrigated area (M. Hec.)</td>
<td>64.00</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>77.6</td>
<td>91.6</td>
<td>106.6</td>
</tr>
<tr>
<td>Fertiliser Consumption (Million tonnes)</td>
<td>12.7</td>
<td>12.2</td>
<td>12.4</td>
<td>13.9</td>
<td>14.9</td>
<td>15.9</td>
<td>20.9</td>
</tr>
<tr>
<td>Cropping Intencity</td>
<td>1.29</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>1.35</td>
<td>1.40</td>
<td>145.4</td>
</tr>
<tr>
<td>Gross Irrigated area as% of gross croppped area</td>
<td>35.0</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>40.6</td>
<td>46.2</td>
<td>51.8</td>
</tr>
</tbody>
</table>

@ Based on Land Utilisation Statistics.

Source: Ninth Plan Perspective: Role of Co-operative in various segments of co-op. Movement


TABLE 2 : 10

A. Planning Commission Projections

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Foodgrains (Kgs/Year)</td>
<td>180</td>
<td>194</td>
<td>225</td>
</tr>
<tr>
<td>2. Edible Oils (Kgs/Year)</td>
<td>7.9</td>
<td>9.8</td>
<td>13.6</td>
</tr>
<tr>
<td>3. Sugar (Kgs/Year)</td>
<td>14</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>4. Cloth (Metre/Year)</td>
<td>19</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td>5. Milk (Litres/Year)</td>
<td>6.8</td>
<td>7.5</td>
<td>NA</td>
</tr>
<tr>
<td>6. Population (Million)</td>
<td>856</td>
<td>938</td>
<td>1102</td>
</tr>
</tbody>
</table>
B. F. A. O. Projection

TABLE 2 : 11

<table>
<thead>
<tr>
<th>Item</th>
<th>1989-90</th>
<th>200</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Calories (Person/day)</td>
<td>2229</td>
<td>2377</td>
<td>2492</td>
</tr>
<tr>
<td>2. Foodgrains (Kgs/Year)</td>
<td>168.0</td>
<td>175.0</td>
<td>175.0</td>
</tr>
<tr>
<td>3. Edible Oils (Kgs/Year)</td>
<td>7.0</td>
<td>8.5</td>
<td>9.6</td>
</tr>
<tr>
<td>4. Milk (Litres/Year)</td>
<td>5.4</td>
<td>5.8</td>
<td>6.4</td>
</tr>
<tr>
<td>5. Eggs (Nos/Year)</td>
<td>1.2</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>6. Vegetables and fruits (Kgs/Year)</td>
<td>82.8</td>
<td>98.8</td>
<td>114.1</td>
</tr>
<tr>
<td>7. Sugar (Kgs / Year)</td>
<td>23.1</td>
<td>24.0</td>
<td>25.3</td>
</tr>
<tr>
<td>8. Population (million)</td>
<td>836</td>
<td>1042</td>
<td>1223</td>
</tr>
</tbody>
</table>

C. Prof. Alagh's Projections

TABLE 2 : 12

<table>
<thead>
<tr>
<th>Item</th>
<th>1989-90</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Calories (Person/day)</td>
<td>2235</td>
<td>2500</td>
</tr>
<tr>
<td>2. Foodgrains (Kgs/Year)</td>
<td>170</td>
<td>180</td>
</tr>
<tr>
<td>3. Edible Oils (Kgs/Year)</td>
<td>7.0</td>
<td>9.0</td>
</tr>
<tr>
<td>4. Milk (Litres/Year)</td>
<td>6.3</td>
<td>7.5</td>
</tr>
<tr>
<td>5. Eggs (Nos/Year)</td>
<td>26</td>
<td>43</td>
</tr>
<tr>
<td>6. Vegetables and fruits (Kgs/Year)</td>
<td>97</td>
<td>131</td>
</tr>
<tr>
<td>7. Sugar (Kgs / Year)</td>
<td>12.5</td>
<td>15.0</td>
</tr>
<tr>
<td>8. Population (million)</td>
<td>856</td>
<td>1224</td>
</tr>
</tbody>
</table>


Policy Frame for the Co-operative Sector in the Ninth Plan

"The co-operative sector have to play a leading role in the efforts towards mobilisation of un-utilised resources. With the expansion and diversification of agriculture output, there will be greater opportunities open to the co-operative sector to participate in the processing and marketing of various agriculture commodities."
Distribution of Inputs

In the Ninth Plan framework, efforts will be made to evolve greater co-operative efforts in the distribution of critical inputs which are essential for sustaining and diversifying agricultural production and growth as also the growth of small scale sector including handlooms, handicrafts etc.

Rural Electrification

In the Ninth Plan there is the need to develop co-operatives operated by Panchayat and other local bodies for distribution of power in the rural areas. The emphasis in these ventures would be on

(a) Improvement in the collection of dues.
(b) Reduction in the theft of electricity.
(c) Reduction in the overall transmission and distribution losses.

Rural Tel-Communication

In the Ninth Plan period the rural co-operatives may also be encouraged to help in the installation and distribution of tele-communication facilities in the rural areas. However, the modalities for undertaking this venture will have to be worked out in consultation with the Department of Tele-communication.

Storage Capacity

"Keeping in view the post-harvest losses of various agricultural crops as also the necessity to store the inputs like fertilizers, seeds etc., the emphasis on the creation of adequate storage capacity in the co-operative sector will continue to be laid in the Ninth Plan."

Taxation Laws

The Tax Reforms Committee appointed by the Government of India recommended re-designing of the scheme of taxation of co-operatives on the following lines:

(a) Deduction at present available to the co-operative societies under section 80p in respect of whole of their profit from business should be
restricted only to 20% of their profits. However, all other deductions under section 80 p should be abolished.

(b) The income tax exemption limit for co-operative societies should be fixed at Rs. 25,000.

(c) The total income of the co-operative societies in excess of the exemption limit should be subjected to tax at a flat rate of 30%.

Concept of Agri-Business Consortium

The concept of Agri-Business Consortium has been introduced by the Government of India as a component of reforms in the agriculture sector. The idea is to organise certain well-defined activities around small farmers in the rural areas so as to bring about improvement in the economic well being of the lower strata of our society. This scheme has started its operation during 1994-95 and is expected to gather momentum during the Ninth Plan period.

Policy Imperative

Keeping in view the importance of the co-operative structure in our country, it is evident that these organisations will have ample opportunities in the promotion of agroprocessing and cottage and rural industries which will emerge as principal source of income for the weaker sections of society including small farmers, artisans, landless agricultural labourers and share croppers. Besides, the co-operative need to be encouraged to obtain advanced technology for upgradation and modernisation from other countries without affecting their autonomy and organisational integrity.27

The government should take steps to enable the co-operatives to promote efficient functioning in the changed circumstances. Some of such steps at the level of Government may be as follow:

1) Government as a policy should recognise co-operation as a sector as it was done in the case of public and private sectors. The National co-operative Union of India has been pleading with the Government to recognise co-operation as a sector. But so far Government has not given any consideration towards this demand of the movement, the result is
that long-term policy perspective about strategy for co-operative
development has not found place in the Eighth Plan document.

2. While a lot of freedom has been given to private sector in the present
economic reforms, co-operative sector still continues to be over-regulated
and over administered. What is necessary is that the same amount of
de-regulation should be extended to co-operative sector also.

3. The Government should continue to extend effective support to
cooperaive sector so that its benefit, flow directly to the producers,
small men as also general masses.

4. In the field of agro-business, agri-industries and exports,
co-operatives should be given priority and preference.

5. Co-operative Bank of India which has been incorporated should be
allowed to function so as to bridge the systematic gap within the
coo-operative sector.

Another important policy imperative relates to evolving ways and means
to mobilise resources both within the co-operative sector and at co-operative
enterprise-level from grass root to territory level. Emphasis should be laid on
creation of workable mechanism for the purpose. Organisation of self-help
groups of weaker sections linked with co-operatives and establishment of urban
Co-operatives. Banks in each district and Women urban Co-operatives can go
a long way in mobilisation of resources.

Structural re-adjustments or organisation has become the most significant
aspect of market oriented economy. While bold steps are being taken in private
sector, co-operative sector remains somewhat lukewarm in this regard. These
is a need to introduce comprehensive structural reforms in co-operative sector
aiming at creation of strong primary base and self-reliant and competitive federal
structure which is responsive to attract investment and technology.

The National Policy on Co-operative Movement for the Ninth Five Year
Plan is under preparation in the Union Ministry of Agriculture. It is hoped that
the above policy parameters having a bearing on the growth and functioning of
the co-operative movement will find an eminent place in this National Policy.
NOTES AND REFERENCES


2. Ibid, P - 182.


7. Ibid, P-184


25. Ibid, P - 17.
27. Ibid, P - 21.
Appendix - III
CHAPTER III

CO-OPERATIVE BANKS AND RURAL DEVELOPMENT —
A STUDY IN THE INDIAN SETTING

Co-operation means working together for the achievement of common objective.

"Working together for a common objective has been the factor not only for a human horizon, but has been the potent factor for the existence of man, groups and nations"  

Definition of Co-operation

It is very difficult to give a clear cut definition of co-operation.

Mr. C. R. Fog defined a co-operative society as “an association for the purpose of joint trading, organating among the weak and conducted always in an unselfish spirit on such truns that all who are prepared to assume to duties of membership may share the rewards in proportion to the degree in which they make use of the association.”

Late Sri V. L. Mehta described co-operation as follows:

"Co-operation is only one aspect of a vast movement which promotes voluntary associations of individuals having common needs who combine towards the achievement of common economic needs"

Sri M. L. Darling described Co-operation “something more than a system. It is a religion applied to business. It is a gospel of self-sufficiency and service.”

Dr. K. N. Katju defined “co-operation is self help as well as mutual help. It is a joint enterprise of those who are not financially strong and cannot stand on their own legs, and, therefore, come together not with a view to getting profits but to overcome disability arising out of want of adequate financial resources and thus better their economic condition.

Mr. H. Calvert defined co-operative “as a form of organisation where in
persons voluntarily associate together as human beings on basis of equality for the promotion of economic interest of themselves.

According to the International Co-operative Alliance.

"A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."²

**Principles of Co-operation**

In 1937 International co-operative Alliance stated the following as Rochdale Principles.

1. Open membership.
2. Democratic control.
3. Limited interest on capital.
4. Distribution of surplus to members in proportion to their transactions.
5. Political and religions neutrality.
6. Cash trading.
7. Promotion of education.³

In 1963, the International Co-operative Alliance appointed a commission to formulate the fundamental principles of co-operation. According to their recommendation the following are the principles:

1. Voluntary and open membership.
2. Democratic control.
3. Limited interest on share capital.
4. Patronage dividend.
5. Promotion of education and
6. Mutuality.⁴

In 1995, International Co-operative Alliance stated the following principles:

1. Voluntary and open membership.
2. Democratic member control
3. Member economic participation
4. Autonomy and Independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for community.⁵

Co-operative organisations are important ingredients of development administration especially in the developing economics. The co-operative organisation differs from other economic organisations.⁵

The I.L.O. has observed, "while endeavouring to strengthen the economic independence of its members, it also endeavours to establish bonds of normal solidarity between all members and the create a common social life, based on development of personality."⁷

According to V.L. Mehta "...there are, however, numerous sectors of the economy where the twin objectives of social ownership and equal distribution can be better ensured by the co-operative system than through state ownership or collectivisation."⁸

In 1951, the Director general of International Labour Office, in his report, described that co-operatives are helping to solve the economic problem such as inflation, keeping down the prices of food and essential consumer goods, equatable distribution of restricted and controlled consumer articles through network of co-operative societies and marketing of goods on no profit, no loss basis at certain occasions. The most extensive activities under co-operative sector has been in agriculture especially through co-operative credit societies. These activities continue to contribute towards rural development in a big way.⁹

"The co-operative movement has gained momentum throughout the world and the reasons for such speed and sustained movement are its principles Co-operatives are association of persons and not of capital, mutual help and service."¹⁰

Agriculture is the mainstay of the Indian economy. It contributes to net national product to the extent of 40 percent and provides livelihood to about 60 percent of the total work force of the country. After independence, it has passed through a stage of transition from a predominantly semi-feudal-oriented and subsistence farming to a commercialised market oriented farming.¹¹

Continuity of farm production has to be maintained with every season,
therefore, investments have to be made accordingly. Availability of capital from outside agency is the credit which plays an important role in the country of farm production on commercial basis. It means that the "...need for depending on external financial resources becomes inevitable". The potential and well organised external financial resources are the financing institutions, viz., Commercial Banks, Rural Banks and the Co-operative Banks.

The Agricultural credit distributed by the credit co-operatives in 1960-61 was Rs. 214 crores, it was over Rs. 3000 crores at the end of 1984-85.

It is true that the contribution of credit co-operatives is higher than that of commercial Banks. There are 3 lakhs co-operative societies in the country with a total membership of about 120 millions out of which 50% membership is harded by the agricultural credit societies at the primary level.

The credit institutions under the co-operative sector are rural oriented and cover more than 86% of the total villages of the country.

**Agricultural Credit by the Financing Institutions**

**TABLE 3:1**

<table>
<thead>
<tr>
<th>Co-operative Societies</th>
<th>Short-Term</th>
<th>Medium-Term</th>
<th>Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-71</td>
<td>519.34</td>
<td>58.54</td>
<td>100.91</td>
<td>678.79</td>
</tr>
<tr>
<td>1980-81</td>
<td>1581.86</td>
<td>227.27</td>
<td>365.99</td>
<td>2112.12</td>
</tr>
<tr>
<td>1981-82</td>
<td>1707.34</td>
<td>232.53</td>
<td>370.21</td>
<td>2310.08</td>
</tr>
<tr>
<td>1982-83</td>
<td>1957.10</td>
<td>223.24</td>
<td>407.49</td>
<td>2587.83</td>
</tr>
<tr>
<td>1983-84</td>
<td>2180.42</td>
<td>259.44</td>
<td>499.10</td>
<td>290038.96</td>
</tr>
<tr>
<td>1984-85</td>
<td>2500.00</td>
<td>250.00</td>
<td>500.00</td>
<td>3250.00</td>
</tr>
</tbody>
</table>

**Medium / Long-Term Combined**

<table>
<thead>
<tr>
<th>Commercial Banks</th>
<th>Short-Term</th>
<th>Medium-Term</th>
<th>Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-71</td>
<td>N.A.</td>
<td>206.37</td>
<td></td>
<td>206.37</td>
</tr>
<tr>
<td>1980-81</td>
<td>575.00</td>
<td>700.00</td>
<td></td>
<td>1275.00</td>
</tr>
<tr>
<td>1981-82</td>
<td>680.00</td>
<td>840.00</td>
<td></td>
<td>1520.00</td>
</tr>
<tr>
<td>1982-83</td>
<td>800.00</td>
<td>1010.00</td>
<td></td>
<td>1810.00</td>
</tr>
<tr>
<td>1983-84</td>
<td>940.00</td>
<td>1210.00</td>
<td></td>
<td>2150.00</td>
</tr>
<tr>
<td>1984.85</td>
<td>1110.00</td>
<td>1450.00</td>
<td></td>
<td>2560.00</td>
</tr>
</tbody>
</table>

On the recommendation of a committee headed by Sir Edward Law was the first attempt to introduce co-operative movement in India. This Act laid the provisions required to form a co-operative society.

The Act was inadequate to fulfil the necessary legal requirements of the society. The members of the rural credit societies felt difficulties to distribute the profits among the members. So, the co-operative societies Act (II) of 1912 was passed with the following features:

1. The societies having its objectives of promoting economic interest of its members in accordance with co-operative principles could be registered.

2. Liability of rural society was to be unlimited whereas, the liability of central societies was to be limited.

3. A registered society could contribute its profits for charitable purpose subject to the condition that such contribution was restricted to 10% after carrying ¼ of the net annual funds. Registrar's sanction was necessary.

4. The provincial government could grant exemption to a society from registration, registration fees, income tax and stamp duty.

5. Shares or interest in co-operative societies were exempt from attachment.

6. The Society used to have the first charge to enforce the recovery of dues from members.

7. The local government could frame rules governing the procedures for business, conditions of membership, general meetings, arbitration of membership, and the committee of officers / officials of society.16

To review the working of the co-operative societies the Government of India appointed a committee known as Maclagan committee.

The main recommendations of the committee may be summarised as below:

1. The societies should be co-operative and business like.

2. Societies should be small at the commencement and gradual increases should be allowed. "Small societies are more easily supervised and trained in co-operative principles...."17
3. There should be one society for one village.
4. Members should be admitted to a society irrespective of caste creed or socio-economic status, and society should not be formed exclusively for one class-caste poor or middle class, etc.
5. Societies affiliated to one Central Bank as far as possible should represent different types of occupations.
6. Before registering a society, the Registrar must ascertain:
   (a) Whether the proposed members have really assimilated the principles of co-operation,
   (b) Whether they appear to be too involved to make a society successful,
   (c) Whether the applicants are of good character,
   (d) Whether adequate working capital is available,
   (e) Whether means are at hand to provide for necessary supervision of the society when formed.
7. The Managing committee should work as a committee and should not be placed beyond the control of general meeting and the period of a committee should not normally exceed one year.
8. "...It is not the pace at which the movement proceeds which is of importance, so much as the quality of the societies which are established and we believe that on the whole of it is beat the Registrars, so far as they control the progress of the movement, to loan towards a policy of caution and concentration."18
9. Deposits, shares, loans, reserves and surplus assets should from the capital of agricultural societies.
10. Maximum limit should be fixed in respect of dividends so as to prevent the neglect of co-operation in favour of individual profit.
11. Deposits should be encouraged and increased. Deposits in excess of needs of society should be forwarded to Central Bank.
12. Guiding principles should be formulated to issue term loans, its procedure, assessment of requirements and period of recovery.
13. The audit of the society should include not only the accounts audit but a further examination.

14. Formation of non-agricultural credit societies, non-credit societies, urban thrift and credit societies, employees societies, societies for poor castes, such as butchers, weavers, mill hands, scavengers, etc.

15. Report has suggested that audit and supervision of co-operative societies should be with the Registrar. This will "watch and regulate the whole efficiency of the movement," There should be "One Registrar on Joint Registrar for every thousand or fraction of a thousand societies."[19]

16. The Registrar should be assisted by the cadre of officers from Provincial Civil Service.

17. It is the business of the Directors and the staff to visit villages from which spontaneous applications are received and to organise societies therein."[20]

18. "The management of Provincial Bank requires more expert knowledge and experience than that of a Central Bank and it is permissible and often desirable, that the management should be mainly in the hands of businessmen. The representatives of societies are seldom capable of taking an effective part in the management of a bank of this class. But though the detailed administration need not be constantly controlled by them, the ultimate decisions, as exercised at the general meeting should under the bye-laws rest with them, and when they find that the Directors are mismanaging the Bank or exploiting co-operation for the advantage of the individual shareholders should be in a position to intervene and to reconstitute the Management."[21]

19. A Central Bank should deal with 200 or 250 societies.

20. The share capital plus reserves of the Central Banks should be at last 12.50% of total liabilities.

21. The share capital plus assets funds of the Provincial Banks should not be less than \( \frac{1}{10} \) of funds borrowed from out-side.

22. The Registrar should be whole time and permanent and his status should not be less than District Collector.
23. Audit and supervision is very essential. About a hundred societies should be audited by an auditor per year. "The audit should go beyond the requirements of the Act and include an enquiry into all the circumstances which determine the general position of a society."²²

The Maclagan Committee recommendations may be termed as forerunner of the modern co-operative movement in India.

The co-operative movement was very speedy during the period from 1912 to 1947. The recommendation of many committees, commission's is reports and legislative measures enabled co-operative movement to make stronger and fruitful.

The Act of 1912 was adopted in many provinces, Co-operative Societies Act 1925 was first passed by the Bombay province. Then Madras, Orissa, Bihar and Bangal passed the same Acts.

In 1928, The Royal Commission gave more importance on co-operation and uttered, "If co-operation fails, these will fail the best hope of rural India."²³

In 1930, The Indian Central Banking Enquiry Committee and the creation of RBI in 1934 and setting up of rural credit department in the Bank gave vitality and new life to the co-operative movement in India.

In 1937, the provincial autonomy again strengthened the co-operative movement.

The role of co-operatives in post-war was appreciable.

The co-operative movement started on a fresh note to have its progressive origin in the constitution. According to Artical 246 of the constitution the Administration of co-operative is essentially the responsibility of the state government.²⁴ Then the government of India decided to utilise the existing organisational set up in the form of co-operative societies for the rural development and to help the poor people of the society.

The Government of India created some agencies like National Co-operative Development Corporation (NCDC), Agricultural Refinance and Development Corporation (ARDC), National Bank for Agriculture And Rural
Development (NABARD) etc to strengthen to co-operation organisations of the rural sector. Besides appointing expert committees, the Government of India helps in preparing co-operative legislations, for the guidance of states.

The major role to the co-operative in the five year plans is a recognition of the potentialities inherent in the co-operative societies to deliver the goods and fulfilling the objective of rural development.

The first five year plan has observed that it was the purpose of the plan to change the economy of the country from an individualistic to a socially regulated and co-operative basis, its success should be judged, among other things, by the extent to which it is implemented through co-operative organisation.

"It is an indispensable instrument of planned economic action in democracy"  

In the first plan it was decided to bring 50% of the villages and atleast 30% population in rural area under co-operative within 10 years. The first year plan had due consideration for co-operative development. But the co-operative did not make much head-way due to various factors like, inherent less membership and less loan operations, heavy overdue, less deposit mobilisation, lack of uniformity in policy formulation and implementation, lack of diversified economic activities under co-operative sector, lack of co-ordination between the Central Government and the State Governments in relation to co-operative policy planning.

In 1954, The All India Survey : Committee of Directions conducted rural survey which revealed the then organisational credit structure. And also it revealed the problems and shortcomings prevailing in the entire systems. According to them the co-operatives contributed 3.1% in the total borrowings of the cultivators where as the professional money-lenders contributed 44.8%, and the agricultural money-lender contributed 24.9%. But the Commercial Bank's contribution towards loan was only 0.9%.
The position is indicated in the following table.

**TABLE 3 : 2**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Credit Agency</th>
<th>Percentage of borrowings of cultivators.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Professional Money-Lenders</td>
<td>44.8</td>
</tr>
<tr>
<td>2.</td>
<td>Agricultural Money-Lenders</td>
<td>24.9</td>
</tr>
<tr>
<td>3.</td>
<td>Relatives</td>
<td>14.2</td>
</tr>
<tr>
<td>4.</td>
<td>Traders / Commission Agents</td>
<td>5.5</td>
</tr>
<tr>
<td>5.</td>
<td>Government</td>
<td>3.3</td>
</tr>
<tr>
<td>6.</td>
<td>Co-operatives</td>
<td>3.1</td>
</tr>
<tr>
<td>7.</td>
<td>Others</td>
<td>1.8</td>
</tr>
<tr>
<td>8.</td>
<td>Land Lords</td>
<td>1.5</td>
</tr>
<tr>
<td>9.</td>
<td>Commercial Banks</td>
<td>0.9</td>
</tr>
</tbody>
</table>

100.00


During the first plan, more emphasis was given on agriculture and allied activities. The agricultural production was to be increased. The agricultural operations to be mechanised. For all these reasons, the credit requirements were increased, specially in rural area. But the credit structure under co-operative sector was not ready to cater to the increased credit requirements. So, All India Rural Survey : The committee of Directions examined all the reasons for inadequacy of co-operative credit. They suggested that the state should take the partnership in co-operative institutions or organisations. And also suggested to provide trained and efficient personnel in co-operatives.

The Central Government and the State Governments accepted the recommendations and suggestions which was given by the committee of Directions of the All India Rural Survey. So the Governments constituted and established national Agricultural Credit (Long-Term Operations) Fund, the National Agricultural Credit Stabilisation Fund, National Co-operative Development and Warehousing Board and the Central Corporation and the State Corporations to draw up integrated plan for the development of co-operative credit.
It was aimed in the Second Five Year Plan to build up large co-operative sector. The plan mentioned, "The building up of a co-operative sector as part of the scheme of planned development is...one of the central aims of National Policy."\(^{26}\)

In this plan the target to raise the membership of the co-operative societies were 50 million persons, 10% of marketable surplus to be marketed through co-operative sector and to disburse in agricultural credit of Rs. 225 crores.

At the end of this plan the membership could reach up to 17 millions. In co-operative sector marketing could not be flourished. So a committee was appointed to find out the major causes of such failures.

In 1960 the committee gave its report with some recommendations:

(a) Economic viability should be ensured while organising primary societies in the villages. Village should be the basic unit. Normally a village society should not cover more than 3000 population and distance from the village headquarters should not be more 3/4 miles so that co-operative characteristics. viz. contact, voluntarism, mutual help etc, are maintained. However, if the population of a village covered is too small, adjoining village could be included.

(b) The co-operative principles are in consonance with the spirit of aims of a welfare state. Therefore, the state should participate in the movement activity. The state participate in the share capital of viable primary agricultural credit societies on a matching basis. Such participation may be limited to Rs. 5000 and Rs. 10,000. This will help in maintaining the viability of societies.

(c) Credit societies should diversify their lendings so that activities of other societies are strengthened. This will add strength to the viability base of the societies especially the marketing and consumer societies.

(d) Credit societies should increase and strengthen their financial position by mobilising deposits from maximum sources collecting share capital. This can be done by increasing the membership and maximum credit services should be provided to its members.
(e) Credit should be linked with marketing. Therefore, construction of godowns at primary level should be taken up.

(f) Besides Government assistance, the Reserve Bank of India should liberalise its lending policies in respect of co-operative sector.

(g) Special funds recommended by the All India Rural Credit Survey Committee should be constituted and built up as early as possible.

(h) Primary societies should be reorganised on the basis of definite target-oriented programme so that the weak societies are weeded out and economically viable societies are retained and strengthened.

(i) Effective and efficient supervision should be ensured by imparting training to the departmental and institutional staff, regular audit and implications and above all appointment of full time trained staff in the societies.  

In the Third Five Year Plan emphasis was given to establish marketing societies specially in the primary level. The primary agricultural credit societies in number were reduced and re-organised them. In comparison the membership was increased by 10 millions. In this period the coverage of villages were increased from 75% to 90%. The Third Five Year Plan Observed, "......a rapidly growing co-operative sector with special emphasis on the needs of the peasant, the worker and the consumer becomes a vital factor for stability, for expansion of employment opportunity and for rapid economic development. Therefore, in a planned economy pledged to the values of socialism and democracy, co-operation should become progressively the principal basis of organisation in many branches of economic life, notably in agriculture and minor irrigation, small industry, processing and marketing, the provision of essential commodities, distribution, supplies, rural electrification, housing and construction."  

To achieve plan objective of "growth with stability" the Fourth Five Year Plan envisaged to institutionalise the services under the co-operative sector. And this can be achieved by increasing efficiency and economic viability of the co-operative. During the plan period for development of co-operatives were:
(a) To finance primary societies directly by the apex co-operative banks.

(b) To make the primary credit societies by re-organising and rehabilitating the weak Banks.

(c) To strengthen the agricultural credit stabilisation funds.

(d) To encourage opening of more branches of Banks in the rural areas for mobilising more deposits.

(e) To reduce overdues, and

(f) To provide for Rs. 790 crores by way of short and medium term credit to the co-operatives and Rs. 900 crores by way of long-term credit.

Much development was made under the plans in respect of volume of institutional credit, planned re-organisation of societies linking credit with marketing. But it was found that the growth was uneven in the country.

In 1966, the Reserve Bank of India, appointment All India Rural Credit Review Committee to review the system of rural credit. The committee brought to light the progress made during the last 15 years after reviewing the progress upto 1966-67.

(a) Agricultural Credit Societies increased from 1.08 lakhs in 1950-51 to 2.21 lakhs in 1960-61. Reorganisation or amalgamation brought down the number to 1.75 lakhs in 1966-67.

(b) Coverage of villages under co-operative sector rose from 75% in 1960-61 to 90% in 1966-67. The number of dormant societies and the coverage of rural population by them were brought down.

(c) Membership increased from 4.1 lakhs in 1951-52 to 283 lakhs in 1967-68.

(d) Overdues brought down from 52.6% in 1960-61 to 39.7% in 1966-67.

(e) Short-term and medium-term loans increased from Rs. 24 crores in 1951-52 to Rs. 365 crores in 1966-67.
(f) Loan advanced to per member, increased from Rs. 51 in 1951-52 to Rs. 143 in 1967-68. Average share capital and average deposits for society increased respectively from Rs. 827 to Rs. 8236 and Rs. 408 to Rs. 2783 during the same period.

(g) Percentage of overdue to outstanding loans increased from 25.3% in 1951-52 to 33.5% in 1966-67. This was not good trend.

(h) To have only one viable Central Bank in a district, the number had to be brought down.

The number of Central Banks decreased from 509 in 1951-52 to 339 in 1967-68. Similarly, number of branches of Central Banks rose from 779 in 1951-52 to 2825 in 1967-68. Deposits increased from Rs. 38 crores in 1951-52 to Rs. 291 in 1967-68. Loans outstanding rose from Rs. 36 crores to Rs. 547 crores during the same period. Overdues to outstanding of the Central Banks have increased which reached at the level of 24.9% in 1966-67.

(i) State Co-operative Banks increased from 16 in 1951-52 to 25 in 1967-68. Deposits increased from Rs. 21 crores to Rs. 180 crores during the same period. The Reserve Bank of India liberalised its policy in sanctioning the limits to the state co-operative Banks for agricultural purpose resulting an increase in short-term limits from Rs. 112 crores in 1960-61 to Rs. 314 crores in 1967-68.

(j) The Central Land Development Banks increased from Six in 1951-52 to 19 in 1967-68. The Primary Land Development Banks increased from 289 to 719 during the same period. Total loans issued by the Central Land Development Banks rose from Rs. 2.5 crores to Rs. 86 crores between 1951 and 1968 period. Nature and activities of these Banks also underwent varied changes during the period.

For providing institutional credit for achieving integrated rural development and also to overcome structural weakness inherent in the co-operative credit structure in the country, the committee recommended to adopt multi-agency approach.
"The credit gaps and inadequacy of the existing co-operative credit structure to meet the growing credit requirements due to mechanisation of agriculture, use of chemical fertilisers and the increase in industrial activities especially in rural industrialisation paved the way not only for other agencies to contribute in this task but also strengthened the co-operative credit structure in a bid to protect against tendencies diluting co-operative movement."29

According to recommendations of the All India Rural Credit Review Committee, The Small Farmer's Development Agency (SFDA) and Marginal and Agricultural Labour Agency (MFAL) were set up in selected district of the country.

At the initial stages, the Commercial Banks faced difficulties in financing agricultural operations and did not show improvement in agricultural operations. The activities of the Nationalised or Commercial Banks were mostly confined to agricultural activities in the area approachable by roads.

In respect of areas where financing of PACS affiliated to Co-operative Banks, The results were not encouraging.

In 1979, The Reserve Bank of India, appointed a study group to make a through probe in the functioning of a scheme for financing of PACS by Commercial Banks.

The Said Study group recommended "...it will be inadvisable to continue with the Banks and we see no reason why the scheme should not be discontinued. In the circumstances, we see no circumstances to the scrapping of the scheme, as the basis for future policy, and we so recommend."30

The Fifth Five Year Plan sought for strategies to strengthen the co-operative structure so that it may emerge as a viable one and able to contribute to National Policy of Growth. The Plan stressed on development of non-viable primary agricultural credit societies and existing structure of weak Central Banks. And large number of consumer societies and marketing societies were re-organised according to the recommendations of National Commission on Agriculture. There are farmers' service societies were set up. More emphsises were given to re-orient the Co-operative Societies to take care of small and marginal farmers. And privileges were given to the scheduled castes, scheduled tribes, economically backward classes and urban poor under non-agricultural
The plan also stressed on the necessity of cooperation between the Commercial Banks and co-operative Banks. The then management of the Central Co-operative and State Co-operative Banks and the apex co-operative institutions level was not fully professional. So, stress was laid to provide professional management. It was felt necessary to review the arrangements for institutional credit and rural development.

In 1979, the CRAFICARD committee reviewed the institutional arrangements for agricultural and other credit necessary for rural development. The said committee pointed out:

(i) The rural poor belong to the families of small and marginal farmers, agricultural labours, rural artisans, scheduled castes and scheduled tribes.

(ii) They have to be named as “target groups” for the purpose of policy and implementation of programmers for the poor.

(iii) To uplight these target groups, it is necessary to work out integrated rural development programmes and implement the same very carefully, under a time bound action plans.

(iv) Term credit and production credit to those target groups should flow adequately and in time from any multi-agency credit scheme.

(v) Necessary infrastructure should be created to ensure timely supply of inputs and services.

(vi) Security-based lending should be replaced by project/scheme-based lending.

(vii) Regional Rural Banks should be asked to fill the gap of institutional credit for the rural poor.

(viii) Primary societies should be made viable and one of the methods is that they should be multi-purpose co-operative societies.

(ix) Setting up of National Bank for Agricultural and Rural Development (NABARD).
The Government of India chalked out the time-bound action programme for the identification of target groups on the recommendations of the CRAFICARD committee. Also increased the tempo of institutional credit in non-agricultural activities. In 1982, setting up of NABARD was the turning point in the history of agricultural credit in India.

In the Sixth Five Year Plan it was suggested that how to remove the constraints in the existing movement. To meet the requirements of the members, made primary village societies. It was stressed on federal structure of the co-operative organisations for the betterment of the rural people. And also stressed to supply timely credit inputs and marketing services. In the co-operative institutions we can find the rapid increase in advancing of loans, borrowings, deposit mobilisations, owned funds etc. In this plan, the co-operatives became diversified. To support agricultural production by means of supply of credit and inputs and service specially the post-harvest facilities to protect and promote the interests of farming and artisan communities, there has been increased activities of the co-operatives. Total credit had increased from Rs. 1700 crores in 1979-80 to Rs. 3250 crores in 1984-85. Agricultural produce marketing increased from Rs. 1750 crores in 1979-80 to Rs. 3067 crores in 1984-85. During this period godown capacity increased 47 lakh tonnes to 80 lakh tonnes. Co-operative organisation also increased in fertilizer distribution from 23.5 lakh tonnes to 36.25 lakh tonnes. Also co-operative organisation increased the number of cold storage, spinning and sugar mills.

The Seventh Five Year Plan gave emphasis to strengthen the institutional structure so that artisans, farmers, workers could have easy access to modern inputs for increasing production. Besides fostering democratic and professional management of co-operative organisations, Agro-processing, storage and utilisation of resources fund specially mentioned in the plan. Special attention was given in case of hill and tribal areas in case co-operative development. For rapid growth the co-operative credit was utilised properly. More stress was given production of paddy, pulses and oilseeds also in drylands. Planning Commission appointed a task force on Agricultural credit to estimate short-term credit requirements at Rs. 8695 crores and medium-term credit at Rs. 1845 crores and Rs. 19955 crores long-term credit during the Seventh plan period out of
which the share portion of the co-operatives was Rs. 5540 crores short-term, Rs. 1845 crores medium term and Rs. 3945 crores long-term loans.

A package of credit including consumption credit and credit for redemption of prior debt was provided for weaker section. Loan procedure was liberalised.

During the Seventh Plan, the plan outlay Rs. 25 crores for non overdue cover assistance to the weak co-operative states, Rs. 2.40 crores for agricultural stabilisation fund, Rs. 125 crores for investments in debentures, Rs. 75 crores for crop insurance and Rs. 15 crores of special schemes for S.C. & S.T.

The Eighth Five Year Plan emphasises to give more autonomy and dramatic spirit to co-operatives. Co-operative organisations should create more employment opportunities for rural people those who were living below the poverty line, artisans, small and marginal farmers, women and for weaker sections. Co-operative credit organisations are to be made viable. For the protection of the consumers the consumer co-operatives have to ensure implementation of Public Distribution System. Professional management to co-operatives is the main thrust. Co-operative organisations should be free from bureaucratic control. Co-operative sector should support the National Programme The Co-operative Sector should achieve, the objective, a sum of Rs. 1550 crores have been approved for The Eighth Plan.31

The co-operative Banks have played a dominant role in providing productive credit in rural development involving short-term, medium-term and also in long-term credit. In case of long-term credit the commericial Banks have played a vital role.

The comparative position of targets and achievements for agriculture credit including co-operative credit during 1992-93 to 1994-95 is indicated below:
TABLE 3:3

<table>
<thead>
<tr>
<th>Year</th>
<th>Target (Rs. in crore)</th>
<th>Achievement (Rs. in crore)</th>
<th>Column 3 as % &amp; Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>18941</td>
<td>15169</td>
<td>80.1%</td>
</tr>
<tr>
<td>1993-94</td>
<td>22368</td>
<td>16494</td>
<td>73.7%</td>
</tr>
<tr>
<td>1994-95</td>
<td>26669</td>
<td>21113</td>
<td>79.2%</td>
</tr>
</tbody>
</table>


From the above it will be found that during the period 1992-93 to 1994-95, there has been a short-fall in the attainment of agriculture credit target to the extent of 19.9% in 1992-93, 26.3% in 1993-94 and 20.8% in 1994-95. In case of short-term loans to meet up the credit requirements arising out of the seasonal agricultural operations. The co-operative Banks done well. But in case of medium and long-term loans for the development of farming and rural communities the co-operative Banks could not done so well. The commercial Banks also fail to supply the credit needs of agriculture and rural sector. The gross capital formation for the agriculture sector as percentage of gross capital formation in all sectors of the Indian economy at constant 1980-81 prices has howevered around 10% to 11% during the period 1990-91 to 1994-95 as will be seen from below:

TABLE 3:4

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross capital formation in India</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agl. sector (Rs. Cr.)</td>
</tr>
<tr>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>1990-91</td>
<td>5874</td>
</tr>
<tr>
<td>1991-92</td>
<td>4988</td>
</tr>
<tr>
<td>1992-93</td>
<td>5128</td>
</tr>
<tr>
<td>1993-94</td>
<td>6119</td>
</tr>
<tr>
<td>1994-95</td>
<td>6427</td>
</tr>
</tbody>
</table>

Short-term and Medium-term Advances by Co-operative Credit Institution.

Dealing with the short-term and medium-term loans, the Co-operative credit structure is based on a three-tier pattern with State Co-operative Banks at the apex level, District Central Co-operative Banks at the middle level and Primary Agricultural Credit Societies at the grass root level. The number of the State Co-operative Banks increased from 25 in 1970 to 28 in 1990 and their branches increased from 169 in 1970 to 651 in 1990 during the same period. Improvement can be shown in financial position of the State Co-operative Banks. The Banks have increased their own fund of Rs. 854 crores in 1989-90 to Rs. 1336 crores in 1992-93. These Banks also increased their deposits of Rs. 5883 crores in 1989-90 to Rs. 8595 crores in 1992-93. The outstanding of loans stood in Rs. 6833 crores in 1989-90 to Rs. 7247 crores in 1992-93. The overdues of loan of demand have reduced from a level of 17.7% in 1989-90 to 16.2% in 1992-93.

The number of District Central Co-operative Banks stood at 354 with branches net work of 11546 in 1992-93. These Banks able to make their working capital of Rs. 23394 crores, out of which Rs 6446 crores borrowed from the Reserve Bank of India and NABARD in 1992-93. The amount of loans issued of Rs. 13575 crores during 1992-93. The overdues of loan were at the level of Rs. 3684 crores and overdues percentage was 42.9% in 1992-93.

The Primary Agricultural Credit Societies work at the grass-root level. They constitute the major retail outlet of short-term and medium term credit to the agriculture and rural sector, with a membership of more than 86183 thousands, there are about 9000 societies: On an average the number of members has been increased to more than 900. These societies issued loans of Rs. 6401 crores and their deposits amounted to Rs. 1863 crores during 1992-93. Total overdues of loans amounted to Rs. 3189 crores and as percentage of overdues of loans were at the level of 42.0% in 1992-93.

The statistical profile of State Co-operative Banks, District Central Co-operative Banks and Primary Agricultural Credit Societies is indicated below:
TABLE 3:5

Statistical Profile (1992-93)

<table>
<thead>
<tr>
<th>Item</th>
<th>SCBS</th>
<th>DCCBS</th>
<th>PACS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>28</td>
<td>354</td>
<td>83000</td>
</tr>
<tr>
<td>Owned Funds (Rs. cr.)</td>
<td>1338</td>
<td>2307</td>
<td>2006</td>
</tr>
<tr>
<td>Deposits (Rs. cr.)</td>
<td>8595</td>
<td>13302</td>
<td>1863</td>
</tr>
<tr>
<td>Borrowings from</td>
<td>3471</td>
<td>6446</td>
<td>7811</td>
</tr>
<tr>
<td>(a) for short-term agric. purpose</td>
<td>3233</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Working Capital (Rs. Cr.)</td>
<td>14202</td>
<td>23394</td>
<td>-</td>
</tr>
<tr>
<td>Loans Issued (Rs. Cr.)</td>
<td>8260</td>
<td>13575</td>
<td>6401</td>
</tr>
<tr>
<td>Loan Outstanding (Rs. Cr.)</td>
<td>7247</td>
<td>14693</td>
<td>9116</td>
</tr>
<tr>
<td>Loans Overdue (Rs. Cr.)</td>
<td>919</td>
<td>3664</td>
<td>3189</td>
</tr>
<tr>
<td>% of overdue to demand</td>
<td>16.2%</td>
<td>42.9%</td>
<td>42.0%</td>
</tr>
</tbody>
</table>

Source: Ninth Plan in perspective: Role Co-operatives in various segments of co-operative movement, NCUI, New Delhi.

As effective channels for creating a climate for development in the rural areas. The co-operative credit institutions have been recognised. To finance agriculture sector and rural development activities, the co-operative credit organisations disbursed 50% of total institutional credit in 1934-95. But, these credit organisations have remained un-developed due to various factors such as (i) lack of proper and sincere efforts on the part of concerned institutions; (2) Imposition of financial discipline by RBI / NABARD; and (3) Deficiency in the working of the system itself.

To build up efficient financial system and in order to achieve the expectations, it is necessary to identify the problem areas. The problem areas could be indicated as below:

1. Problems of overdues

The co-operative credit institutions suffered for their inoverdues of demand which varying between 40% to 50%. This disturbing growth of overdues increases the level of non-performing assets and affects the capital adequacy norms of the co-operative credit institutions. The credit overdues choked the channel
of flow of funds and in the process re-cycling of credit flow gets hampered. The performance of development efforts gets reduced.

All effort should be taken to stop this pattern of choking credit lines during the Ninth Plan period. It should be considered the writing off as a normal remedy by the co-operative credit institutions and they should show enthusiasm for the recovery of loans by them while disbursing co-operative loans.

Agricultural and Rural Debt Relief (1990) scheme had a weakening effect on rural credit system. This came in utter chaos in the rural credit system. Fifty percent impact of this scheme on the co-operatives was to be met by the Government of India. Win in 1992-93 the impact of the Debt Relief scheme was to be neutralised. But, the burden of Debt Relief scheme on the Central Government finances continued even in 1993-94 and 1994-95 being of the order of Rs. 500 crores in 1993-94 and Rs. 341 crores in 1994-95. To compensate the burden of the state governments, these loans were to be paid to the financial institutions. The absolute volume of loans by the Primary Agricultural Credit Societies in the nominal terms declined as overdues mounted as the following figures indicate in the wake of the introduction of ARDR scheme.

Performance of PACS

<table>
<thead>
<tr>
<th>Years</th>
<th>Loan Issued (Rs. in crore)</th>
<th>Overdues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-90</td>
<td>4197</td>
<td>38.6%</td>
</tr>
<tr>
<td>1989-90</td>
<td>4789</td>
<td>28.9%</td>
</tr>
<tr>
<td>1990-91</td>
<td>4681</td>
<td>45.1%</td>
</tr>
</tbody>
</table>

Source: Ninth Plan in perspective: Role of co-operatives in various segments of co-operative movement, co-operative planning council, NCUI, New Delhi.

2. Strengthening of Primary Agricultural Credit Societies

The super structure of the co-operative credit system is based on the Primary Agricultural Credit Societies. About 36000 out of 88000 Primary Agricultural Credit Societies are said to be running in losses. Many of them are without full time trained and paid secretaries. All effort has to be move to convert
the Primary Agricultural Credit Societies which are associated with losses into profitable institutions in the interest of the co-operative credit institutions, Business Development Plan (BDP) for PACS which aims at developed of selected societies in certain states into viable units have been drown up. For building up better Management information systems and infrastructural facilities for Primary Agricultural Credit Societies for mobilising deposits, a co-operative Development Fund has been formed by the National Bank for Agriculture and Rural Development.

The NABARD has continued its efforts to identify thrust areas and priorities for credit support. Thrust areas identified inter-alia include minor irrigation, plantation and horticulture, post-harvest technology, tissue culture, export-oriented project, agro-processing dry land farming, wast land development, forestry, fisheries and non-farm and other allied activities. For the development of resources of state Co-operative Banks and District Central Co-operative Banks, The National Bank for Agriculture and Rural Development have decided to liberalise the norms for financing individuals by the Banks. The facilities extended for the purpose inter-alia include: (i) Raising of the maximum ceiling loans against gold ornaments/jewellery per individual to Rs. 40,000; (ii) Raising of the ceiling for loans for purchase of consumer durable from Rs. 25,000 to Rs. 30,000; and (iii) Sanction of cash credit facility to business on traders against collateral pledges of hypothecation of stock in trade up to Rs. 2 lakhs.

3. Commercial Orientation, Regular Recycling of Funds, Professionalisation and Accountability

District Central Co-operative Banks and State Co-operative Banks have been advised to prepare institution specific development action plan and the State Action Plans. The main objective of action plans is to analyse in details the strengths and weaknesses and identify un-tapped potential available for development and evolve specific course of action. The essential features of the development action plans would be consolidated into the State Action Plans to be prepared by the State Co-operative Banks which would form the basis for formulating the action points to be incorporated in memorandum of understanding. The State Governments and the state co-operative Banks will be required to enter into memorandum of understanding with the National Bank
for Agriculture and Rural Development for the improvement of the co-operative credit institutions. The state specific development action plans to revamp and improve the viability of the state level apex co-operative banks have been initiated with the National Bank for Agriculture and Rural Development entering into an agreement with the co-operative Banks and the concerned state governments. NABARD has sign that type of agreement with Seventeen State Co-operative Banks at the end of March, 1995. The agreement envisages on the part of these banks a time bound performance on specific actions for turning the co-operative Banks into viable. These action plans inter-alia envisage (a) concerted efforts for accelerating the recovery of over dues; (b) Reduction of transaction cost and cost of management (c) Undertaking human resource development; and (d) Improving the quality of loans.

4. **Measures to rehabilitate weak District Central Co-operative Banks**

The District Contra! Co-operative Banks provide to the needs of the Primary Agricultural Credit Societies and are also involved in mobilisation of deposits from public through their branches net-work. Due to poor recovery of loans, their financial viability has been affected and over a period of time have become financially weak. It has become necessary to recommend on the existing rehabilitation schemes for the weak District Central Co-operative Banks. It may also be necessary in case of weak District Central Co-operative Banks to re-introduce the central sector scheme of assistance.

5. **Discipline by NABARD**

NABARD has imposed some disciplines concerning to credit limits seasonal agricultural credit limits. Some of them may be mentioned (a) level of overdues, (b) Eligibility on the basis of owned funds and audit classification, (c) Seasonality discipline; (d) Minimum level of performance with regard to advances to small farmers.

On the full utilisation of credit for seasonal agriculture operations sanctioned by NABARD these conditions act as constraints. So some conditions or disciplines should be relaxed for smooth credit flow.
Agriculture And Rural Development Banks : Long-term Loans for Financing Farming and Non-Farming Activities.

In the co-operative sector, the Agriculture and Rural Development. Banks (A.R.D.Bs) have over the years appeared as important rural credit institutions. In providing long-term credit to the farming community and other enterpreneours in rural areas ARDBs have performed valueable service. ARDBs have financed for the purpose of minor irrigation, farm mechanisation, horticulture and plantation, dairy, poultry, semi culture etc. They have also diversified their loaning programme to cover activities like small scale industries and rural house building.

Long-term agriculture credit is a mixed one in organisational structure. In some states, the organisational structural is federal and consists of Primary Agriculture and Rural Development Banks and the State Agriculture and Rural Development Banks. In another set of states, the structure is unitary in the sence that only State Co-operative Agriculture and Rural Development Banks exist with their branches. In some state their we can find mixed structure. There we can find that the State Co-operative Agriculture and Rural Development Banks functioning with their branches and through some Primary Agriculture and Rural Development Banks. The membership of ARDBs has gone up to 19.3 millions in 1993-94 from 4.65 millions in 1978-79.

Loan advance for the purpose of Minor irrigation continued to be the single largest activity financed by ARDBs, the range and scope of these loans has widened considerably in recent years in the areas of farm mechanism, animal husbandry and non-farm sector. Loans have been advanced for dairy, fishery, poultry etc. by the ARDBs, under these heads, the advances have increased Rs. 216.4 crores in 1993-94 from Rs. 31. crores in 1978-79. ARDBs have also made begining in financing activities like waste land development, rural godowns, coldstorage, market yards etc. which contribute to the over all development of the rural economy.

It has not been uniformly high in all states while the overall growth of ARDBs loan operations has been encouraging. The growth in loans has been on the lower side in the eastern and north eastern states resulting in regional imbalances.
The overall recovery levels range between 61.2% in 1985-86 and 26.3% in 1989-90 of the total demand of ARDBs. The overall recovery in the decade 1980-81 to 1989-90 was 57.1% though bank-wish it varied considerably between 17.5% in Assam and 72% in Punjab. The recovery position has showed improvement and trend has ranged between 50% to 60%. The poor recovery position can be attributed to defective loaning policies and procedures followed by the banks, inadequate follow-up and supervision over loans granted, natural calamities, absence of required infrastructure and linkages, Government and political interference in recovery efforts etc. With the implementation of development action plans being implemented by the ARDBs through a memorandum of understanding with NABARD, the recovery position standing at the level of 60% in 1994-95 is likely to improve further during the period of Ninth Five Year Plan.

The lending policies of ARDBs are based on the terms laid down by the refinance agencies such as NABARD, National Housing Bank and the provisions of Co-operative Societies Act and Bye-laws based on the Act. For the improvement of the lending capacity of ARDBs it would necessary to give freedom to ARDBs to lay down their own lending policies depending upon the local conditions in the interest of improving their viability and profitability. The freedom in lending implies:

(a) Free hand in choosing the type of lending
(b) Class of borrowers.
(c) Terms of lending which would help them to increase lending both quantitatively and qualitatively.

ARDBs may be allowed to undertake short-term lending for productivity and other purposes so that they can provide a package of credit for agriculture and rural development.

ADDB should be assured of full refinance support to carry out planned term lending programme. Refinance should be provided for a fixed period of 12 years so that ARDBs some manoeuvability in fixing repayment schedule for various loans instead of fixing separate repayment period for each loan.
Previously NABARD was providing facility of interim finance for initial lending. This needs to be restored during Ninth Plan Period as ARDBs do not have their own funds and always face problems. This type of facility will help the Banks to reduce the cost of raising funds and in the process accelerate lending operations. The procedure for releasing refinance may be simplified by switching over to loan system reducing the paper transaction.

100% refinance should be provided by the NABARD without insisting on State and Central Governments support since the State and Central Government find it difficult to release their contribution in time due to resource constraint and inadequate budgetary provision. Without insisting on providing Government guarantee with regard to payment of interest and repayment of principal amount involved NABARD should provide refinance to ARDBs.

Recovery of loans

In respect of ARDB Loans, the recovery percentage of demand has improved from 51% in 1992-93 to 60% in 1994-95. According to national level federation of ARDBs, the recovery level could be improved to 80% by the year 2000 and to the level of 90% by the year 2001-02, However, in order to improve the recovery levels, various steps would have to be taken by the Banks as well as borrowers. These are as follow:

(i) The Banks should assess correctly the various internal factors responsible for the high level of overdues like defective lending policy; defective monitoring system and follow-up procedure etc.

(ii) The Banks should seek support form Government in their efforts to take cohesive action against recalcitrant defaulters.

(iii) The Government should not resort to loan waiver scheme as also loan melas and interest rebate.

(iv) The Banks should tie-up recovery of loans by forging necessary linkage with marketing societies, mandi committees for effecting recovery.
(v) The Bank stuff should be given adequate powers to execute recovery such as issue of arrest warrant against defaulters. In this context it is necessary that bank staff are declared as public servants.

**Operational Efficiency**

The Banks should try to minimise transaction and management costs and should concentrate on remunerative types of farm and non-farm activities. The package of investments in various activities should be arranged as maximise yeilds on investments. Many ARDBs are facing losses. So the Government should come forward to provide one-time assistance to such sick Banks for cleansing their balance sheets.

**Interest Margin for ARDBs**

The ARDB structure would require a minimum margin of 5.5% in their interest structure to make the operations viable according to the views of the national level federation of ARDBs. The federation has issued detailed guidelines to its members Banks in November 1994 for fixing interest rates.

**Impact of new policy regarding de-regulation of Interest rates on profitability of Banks**

A general preposition it could be stated that as the proportion of the loans having higher interest rates increase in the total outstanding, it would help in improving the profitability.

**Professionalisation of Management**

It was stated that the professionalisation of management of ARDBs is yet to take place and the Chief Executives are imposed on the Banks from State Government on deputation resulting in frequent changes, in a seminar on "Future Role of ARDBs" held in Goa in November, 1995. The Banks will have to give training to their personnel and induct management trainees and subject-matter specialists like economists, chartered accountants technical personnel etc during the Ninth Plan period. The Banks should also make efforts to strengthen the management information system by computerising their operations. The practice of deputing Chief Executives from co-operative departments or IAS has to be
dis-banded as they are changed too frequently and many times in the mid-stream. Efforts will have to be made to appoint the Chief Executives from the Bank's cadre etc. At the Goa seminar, the following recommendations were also made:

(i) Most of the ARDBs still continue to provide only term loans and that too for traditional purposes in agriculture only against mortgage of land. Time has come when ARDBs should become resource base institutions by mobilization of deposits and other resources of their own and broaden their operations through improvement in their management skills, strengthen their finances if they have to reach the level of viability and continue to be a major partner in the field of rural financing with liberation of the economy and de-regulation of interest rates structure, opportunities are waiting for them to expand their role and sweep all operations to become viable Banking institutions.

(ii) Control over the management of the Banks exercised by the Registrar has proved to be a serious threat to the elected representatives of members and autonomy of the co-operative Banks. De-regulation and de-control should be equally made applicable to co-operatives. The lead given in this regard by the Andhra Pradesh Government by enacting a new Act providing autonomy to co-operatives is worth emulating.

(iii) Loaning policies and procedures of the Banks should be constantly reviewed with a view to streamline and simplify the process of loan. The endeavour, should be to make it simpler from the borrower's angle and effective from the Banks viewpoint.

(iv) ARDBs should have the freedom to fix their own terms and conditions which would suit the borrowers as also help them to recover the loans and to meet the demands of higher financing agencies.

(v) The importance of recovery in lending institutions like ARDBs needs no over-emphasis. The Banks should upgrade their abilities to appraise projects on loan proposals scientifically. The member have to be educated and impressed upon with the need for prompt repayment. The supervisory staff associated with recoveries could be rewarded in cash and non-cash
forms for good performance. In case of recalcitrant villages or group of villages, banks must stop financing such villages. The Banks should maintain proper registers for farm, non-farm and other sectors separately showing details of current overdues and demand.

(vi) The Banks should increase their own funds comprising share capital and reserves. They should step up the equity linkage with borrowings. The profit earning Banks should allocate substantial portion of their profits to reserves. The interim finance required for initial lending should be availed from NABARD.

(vii) Banks should review at regular intervals investment portfolio and replenish their portfolio with high yielding securities to the extent possible.

To improve the operational efficiency, the ARDBs need to concentrate on remunerative types of farm and non-farm activities. The ARDBs should try to minimise transaction and management costs. The package of investment in various activities should be so arranged to maximise yield of investments. However, many ARDBs are facing losses as in the case of scheduled commercial Banks. For cleansing their balancesheets, the Government should as a result consider providing one time assistance to such sick banks. The credit institutions should keep in mind a target of 4% annual growth for the agriculture sector, 10% growth for the non-farm sector and 15% growth for exports of agriculture commodities while assesing leanding targets for the Ninth Plan. The tentative lending target for the Ninth Plan for loan disbursement has been estimated at Rs. 19,100 crores. The assessment of the target is made by the National level Federation of ARDBs.

Co-operative credit institutions should take lessons from many self help group which are outside of the cooperative structure but they are functioning well. There are many Self-Help Co-operatives dominated by housewives and other women groups need to be encouraged during the Ninth Plan period. In the Ninth Plan period, stress needs to be laid on dispensation of credit to financing of development programmes like tube-wells, irrigation pumps and even agriculture research relating to development of crops like pulses, oilseeds etc. The profit making ARDBs should allocate substantial portion of their
resources to the building up of their reserves and review at regular intervals the investment portfolio.

For strengthening the co-operative credit institutions, the National conference on Co-operative Rural Credit Institutions organised by N.C.U.I and NABARD in February 1996 have made important recommendations. Some of the important recommendations are the following:

(i) There is a strong justification and need for financial support to the co-operative credit institutions for attaining sustainable viability. The extent of the needed financial support should be firmed up by the banks and suitably shared by Government of India and State Government. Necessary provisions in this regard should be made in the Ninth Five Year Plan. Such support should be given as one-time measure to all such units which have prospects of turn-around within a reasonable period.

(ii) The Co-operative Banks should take advantage of the deregulated interest rate and should determine their lending rates keeping in view their financial cost of raising resources and optimum transaction cost. The State Governments should give fully liberty to the Banks in fixing interest rates on both deposits and advances.

(iii) Suitable amendments have to be made in the model deposit scheme as also in the bye-laws of the ARDBs to enable them to raise term deposits from their members as also non-members.

(iv) There is the need for changing the system of providing refinance from subscription to the deventures to loans and advances.

(v) To improve the resource position, the co-operative institutions should (a) create awareness among rural masses through publicity for deposit mobilisation (b) adopt target oriented approach in deposit collection (c) implement attractive deposit schemes (d) evolve deposit insurance schemes within the co-operative structure to instill confidence among the depositors.

(vi) The PACS should diversify their operations into various non-credit activities depending upon the requirements of the rural masses in their
area of operation. The loan business of PACS can be diversified into agriculture and non-priority loans such as jewel loans, consumption loans etc. The ARDBs should diversity into areas like aqua culture, floriculture, water management system, housing finance etc.

(vii) Need for examination of the feasibility of establishing a fund out of which DCCBs can meet the establishment expenses of loss making PACS with a view to preventing the latter from diverting the funds recovered towards meeting establishment cost.

(viii) The State Governments should not resort to announcement of waivers and imposing of bans on recoveries to create conducive environment for recovery of credit.

(ix) The efforts should be made to fully utilise the available facilities in the training institutions. Also training should be tailored to meet the objectives of organisational development and transformation.

(x) Women should be adequately represented in the management of Co-operatives at all levels.

(xi) NABARD need not insist on State Governments guarantee for refinance particularly for financially sound ARDBs and Co-operative Banks.

The above recommendations should be kept in view while formulating policy changes for the co-operative credit institutions for the Ninth Plan Period.

It is necessary to study the role of various national development organisations in the development of co-operative movement in India. So, the role, organisational set up and functions are given in the following paragraphs.

The Department of Co-operation: Registrar of Co-operative Societies

In India the Co-operatives were organised as a reaction to provide relief to agriculturists from their indebtedness. After freedom the Government of India wanted the co-operatives to perform the services such as supply of credit, distribution of inputs, marketing, supply of consumer goods etc. off late such service co-operatives have been converted into multipurpose, multifunctional
integrated co-operatives to undertake value addition through processing.

In all stages the Government acted as an initiator, promotor and protector of the movement through policy, financial outlay and legislation. The institution of Registrar of Co-operatives” has been important since inception of co-operative movement in India.

The role of the Registrar of Co-operative societies in the development of co-operative movement has been examined from time to time by various Expert Committees and working groups. Notable of such committees are:

(i) Imperial Committee on Co-operation popularly known as Maclagan committee on Co-operation (1914).
(ii) Co-operative Planning Committee (1945)
(iii) Royal Commission of Agriculture (1928)
(iv) Committee of Direction popularly known as All India Rural Credit Survey Committee (1954).
(v) Committee on Co-operative Administration (1963)
(vii) Adhanarees waran Committee (1987)

Above mentioned committee mainly considered the qualification of Registrar. The Maclagan Committee commented that “Registrars should not be viewed as officials but as guides, philosophers, and friends to the societies, appointed and paid by the state. “About the duties of Registrar the committee commented “It is the duty of the Registrar to receive and inquire into application for registration, to register the bye-laws of societies and amendments to them, to audit the accounts or cause them to be audited, to make valuation of the assets and liabilities of societies, and prepare a list of overdue loans; to see that the Act, rules and bye-laws are observed, the make special inspections when called upon to do so, to dissolve or cancel societies and to carry out their liquidation.”
All committees had gone into the qualification and tenure of Registrar of Co-operatives as they considered the importance of the position of the Registrar of Co-operative Societies. Registrar of Co-operative Societies is responsible for implementing the co-operative legislation by promoting, supervising, auditing and controlling the functions of co-operatives.

In a state, the co-operative department is headed by the Minister of Co-operation. The Secretary and Commissioner for co-operation is in charge of the department and he is assisted by Additional Secretary, Joint Secretary, some Under Secretary and three or four section officers in the Government secretariat.

The Registrar of Co-operative Societies is the head of the department in the state. The Registrar of Co-operative Societies is a senior IAS officer appointed by the Government. He holds the key position in the state. He is the authority for registering co-operative societies and administering the law governing co-operative societies. The success of the co-operative movement depends upon the role played by him.

The administrative set up of the office of the Registrar of Co-operative Societies differ from state to state. The department gets more prominence or less depending upon the nature and status of the co-operative movement in the state. In a state like Maharashtra, the size of department is very small compared to that of Tamil Nadu. In Maharashtra the functions of the department as a regulating body but in Tamil Nadu the departmental officials manages the co-operative societies as a special officer.

There are three types of powers viz. administrative, financial and statutory of the Registrar of Co-operative Societies. He exercises all the powers which are conferred on him by the state co-operative societies Act. He is assisted by a team of officials in the department at head-quarters as well as in the field of promote, regulate, supervise, audit and control the co-operatives. The Registrar of Co-operative Societies have delegated these powers to his team of officials so that they exercise these powers in their area of operation.
The organisational structure of co-operative societies in a typical state would be shown below.

**Head Quarters**

Registrar of Co-operative Societies

- Additional Registrar (General, Audit, Credit, Project, Consumers, etc.)
- Joint Registrar (Urban Bank, Housing, Marketing etc.)
- Deputy Registrar
- Assistant Registrar

**Field Level**

A. Divisional Level
- Joint Registrar
- Deputy Registrar
- Assistant Registrar
  - Senior Inspector
  - Junior Inspector

B. District Level
- Deputy Registrar
- Assistant Registrar / Co-operative Sub-Registrar
  - Senior Inspector
  - Junior Inspector

C. Taluka Level
- Assistant Registrar / Co-operative Sub-Registrar
  - Senior Inspector
  - Junior Inspector
D. Block Level

Co-operative Inspector / Co-operative Extension Officers to assist the Block Development Officer in extension of Co-operatives in the Block.

The organisational set up is different from state to state. In state like Mahararastra and Karnataaka, there is Joint Registrar at the division level and Deputy Registrar at District level. In states like. Tamil Nadu and Kerola, Joint Registrars are there at District level.

In state like Karnataaka and Tamil Nadu the functions of Audit is separate. There we can see a separate wing called Directorate of Co-operative Audit with an IAS officer holds the charge of Director of Co-operative Audit. In such states the Audit is independent of the department of co-operation. In states Like Kerala and Maharastra it is within the powers of R.C.S. to audit the Co-operative societies.

Co-operative departmental officers are sent on deputation to District Rural Development Area and in Development Blocks as extension Officers. They are expected to undertake extention activities and plan and promote co-operative in new areas. Co-operative department officials are also sent on deputation to departments like Dairy, Industry, Handloom, Khadi and Village Industries, Fishery, Sericulture etc, where the head of departments are given the power of Register to register, amend bye-laws, promote, supervise the co-operatives in those department. The head of departments on whom such powers are confered are known as functional Registrar. They have all powers of R.C.S. of co-operation department and they delegated their powers to their officers to exercise the powers in the area of their jurisdiction.

Credit Co-operatives

Credit organisations are of two kinds viz. Short-Term and Medium term credit-Institutions and Long term credit Institutions. The credit provided by these institutions also have been classified according to the period for which it is given and also purpose for which it is given.

Short term is made available for meeting the production cost of seasonal agricultural operations generally in the begining of the season but utilised as
and when required fertiliser, insecticide and meeting other agricultural expense.

Medium term loans are granted for periods ranging from 3 to 5 years generally for investment purpose like purchasing of cows, bullock, carts, camels, goat, sheep, pigs, poultry unit etc and other purposes of land reclamation sinking of wells, repairing old wells etc. Long-term loans are granted for a period exceeding 5 years for improvement of land, purchasing of tractors, construction of wells, Installation of Pump set etc.

The short term and medium term loans are given by primary agricultural co-operatives. They have federated into District Central Co-operative Banks at the District level and State Co-operative Banks at the State level. The long-term loans are given by Primary Co-operative Agriculture and Rural Development Banks established at the taluka level and federated into State Co-operative Agriculture and Rural Development Banks.

SHORT TERM CREDIT STRUCTURE

A. Primary Agricultural Credit Societies

Previously the area of operation of these societies was one village and now due to the process of amalgamating of merging the unviable co-operatives into viable co-operatives, the area of operation has been extended to a group of villages.

The main function of primary agricultural co-operative societies is to raise resources and lend to members for agricultural production and investment and allied activities. Generally they raise resources from members in the form of share capital, deposits and include their own resources. The State Government also contribute share capital to enable the primary societies to increase its borrowing capacity from DCC Banks. The primary societies borrow form DCC Banks who are their apex financing institutions.

With increased reliance being placed on the co-operatives as an instrument of economic development at the village level, the multipurpose principle has received a new emphasis and has further expanded in the idea of service co-operative which now the national policy.
There were 1.15 lakhs primary agricultural co-operative societies working in the year 1950-51 and their number increased to 2.12 lakhs societies in 1960-61. But their number has come down with reorganisation. In the year 1990-91 merely 88167 co-operative societies were working. Their coverage of members however show a tremendous increase. There were 44 lakhs members of the Primary Agricultural Co-operatives Societies in the year 1950-51 and the number of members became 848 lakhs in the year 1990-91.

The Primary Agricultural Co-operative societies have been classified into LAMPS, FSS and PACS. In the tribal area LAMPS have been organised to give all facilities to tribals under one roof viz. credit, pooling and marketing of minor forest produce, supply of consumer goods both controlled and non-controlled.

The FSS have been organised on the recommendations of National Commission on Agriculture and they provide all service like providing credit hiring out agricultural implements, supply of inputs, marketing of agricultural produce etc. In 1950-51 only Rs. 22 crores were issued as short and medium term loans by the primary co-operatives and in 1990-91 this had increased to Rs. 4834 crores.

The overdue to demand from members have grown from 22% in 1950-51 to 45.50% in 1990-91. Because of these increase in overdue about 24.8% of primary co-operatives have become non viable. The total 88167 Primary Co-operative Societies in 1990-91 only 29095 cooperatives societies earned profit i.e. 33% and 35267 co-operative societies incurred loss i.e. 40% co-operative societies.

With this view and on the recommendation of Agricultural Credit Review Committee, the Government of India had implemented Business Development Plan.

Under Business Development Plan, the DCC Bank officers are to be trained in order to train the secretaries of PACS in preparing BDP. They have to take into the potential available area of operation and formulate plans to increase its business to become viable. The PACS should have Rs. 10 lakhs loan
business in order to become viable on the basis of loan business. However in view of less income due to non recovery of loan and less margin available on crop loan, the PACS could increase its non credit business. To make a PACS viable it is estimated that overall business turnover of it should be Rs. 30 laks.

The National Bank for Agriculture and Rural Development also implemented 15 point programme in June 1986 for development of LAMPS and PACS on selective basis and by the end of 1987, 420 PACs and 158 LAMPS in the 15 pilot project districts were identified and selected for this programme. Under thes programme besides providing additional share capital, meeting 50% of the cost of infrastructure facilities and subsidising the salary of an additional secretary in each society the NABARD announced financial assistance by way of grant and soft loan in the ratio of 30:70 towards the entire project cost of construction of godowns and storage facilities so as to enable to LAMPS to undertake procuring of minor forest produce and marketing of Agricultural Produce.

**Details of working of primary societies 1990-91**

<table>
<thead>
<tr>
<th>PACS</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Village covered by PACS</td>
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<tr>
<td>2.</td>
<td>Population covered per PACS</td>
</tr>
<tr>
<td>3.</td>
<td>Total Number of PACS</td>
</tr>
<tr>
<td>4.</td>
<td>Percentage of viable PACS</td>
</tr>
<tr>
<td>5.</td>
<td>Percentage of Potentially viable PACS</td>
</tr>
<tr>
<td>6.</td>
<td>Percentage of non viable PACS</td>
</tr>
<tr>
<td>7.</td>
<td>Total membership (Million)</td>
</tr>
<tr>
<td>8.</td>
<td>Membership per PACS</td>
</tr>
<tr>
<td>9.</td>
<td>Total share capital</td>
</tr>
<tr>
<td>10.</td>
<td>Share capital per PACS</td>
</tr>
<tr>
<td>11.</td>
<td>Percentage of government participation</td>
</tr>
<tr>
<td>12.</td>
<td>Total deposits</td>
</tr>
<tr>
<td>13.</td>
<td>Deposit per PACS</td>
</tr>
<tr>
<td>14.</td>
<td>Total loans advanced</td>
</tr>
<tr>
<td>15.</td>
<td>Short term loan advanced</td>
</tr>
<tr>
<td>16.</td>
<td>Medium term loan advanced</td>
</tr>
<tr>
<td>17.</td>
<td>Loan advanced per PACS</td>
</tr>
<tr>
<td>18.</td>
<td>Percentage of borrowers</td>
</tr>
<tr>
<td>19.</td>
<td>Total working capital</td>
</tr>
</tbody>
</table>
### 1. Number of LAMPS
- Membership: 39,31,000
- Number of viable LAMPS: 1201
- Percentage of Borrowers: 20.6%
- Percentage of overdue to demand: 66%
- Number of Societies in profit: 13.7%
- Number of Societies in loss: 21.8%

### 2. Number of FSS
- Membership: 6,774,000
- Number of viable FSS: 15%
- Percentage of borrowing members: 30%
- Percentage of overdue to demand: 30.2%
- Percentage of societies in profit: 7.5%


**B. Central Co-operative Banks**

After formation of primary co-operative societies, under the Central Act it was felt the necessity to form a federal body to help the newly organised primary co-operative societies to raise finance from money market and to help the co-operative institutions.

The Madras Central Urban Bank was registered on 19th October 1905 and it was the first Bank of its kind. In 1906, the Bombay Central Co-operative Bank was started. The objectives of both the Banks were to find money to
finance societies in all parts of presidencies. The Banks consisted only of individual members. The constitution was very similar to that of a joint stock Bank. These Banks could lend only to co-operative societies. But they had no legal status. After passing of the co-operative societies Act 11 of 1912, Central Co-operative Banks came into existence and Central co-operative Banks were organised in all districts and at present 353 District Central Banks (DCCB) are functioning in India.

The D.C.C.Bs. are working in the district as the Central financing agency. The area of operation of these Banks are restricted to one district only. All co-operatives should become members of DCC Banks as per the co-operative Acts of all states.

The main objectives of the District Central Co-operative Banks are:

(i) To help the primary agricultural co-operative societies to give credit to agriculturists by raising its own resources and borrow from central refinancing Banks i.e. The National Bank for Agriculture And Rural Development through the State Co-operative Banks.

(ii) To do Banking business by mobilising deposits from individuals through its branches and from co-operatives, public bodies etc.

(iii) To control affiliated societies by careful and regular inspections, monitoring the progress of the affiliated societies etc.

The working capital of central co-operative Banks consists of

(a) Share capital

(b) Reserve funds

(c) Deposits from members and public

(d) Loan from State Co-operative Bank

(e) Loan from Government, other financial institutions like SIDBI etc.

The Central Co-operative Banks are to carry out its functions according to the direction given by the Registrar of co-operative societies and the National Bank for Agriculture And Rural Development from time to time. Periodically, the
administration of Central Co-operative Banks are carried out by the Board of Management. Government nominees are also placed in the Board of Management. The Central Co-operative Banks have been given some concession in maintaining Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) of 25% and 3% respectively. The NABARD encourage to finance to Agriculture by 60% of total finance. The NABARD provides refinance facilities on condition that the DCC Banks recovery should be 60% to be eligible for refinance. Many of the Central Co-operative Banks have become weak and incurred loss because of competition with Commercial Bank and Regional Rural Banks and increased overdues. As on 1986 as many as 66 CCBs overdue was more than 60% and 176 DCCBs were classified as "Weak Banks".

Loan Operations

The District Central Co-operative Banks advances loans to primary co-operatives for issuing to their members for short-term agricultural production loan medium term loan for investment in allied activities. Generally DCCBs do not finance individuals except against their fixed deposits or against jewels. The DCCBs are advance 60% to agriculture and rest 40% to non agriculture of all types of co-operatives by sanctioning cases credit accommodations within the rules and regulations prescribed by NABARD out of their lending resources.

The details of working of DCC Banks in the year 1990-91 is shown below:

<table>
<thead>
<tr>
<th>1. Number of DCC Banks</th>
<th>353</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Total membership</td>
<td>1.30 Million</td>
</tr>
<tr>
<td>3. Membership of Co-operatives</td>
<td>0.26 Million</td>
</tr>
<tr>
<td>4. Total share Capital</td>
<td>Rs. 9,690.5 Million</td>
</tr>
<tr>
<td>5. Government participation in share capital</td>
<td>21.1%</td>
</tr>
<tr>
<td>6. Total deposits</td>
<td>1,11,805.6 Million</td>
</tr>
<tr>
<td>7. Deposits of Co-operatives</td>
<td>38.5%</td>
</tr>
<tr>
<td>8. Total Borrowings</td>
<td>Rs. 54600 Million</td>
</tr>
<tr>
<td>9. Borrowing from Government</td>
<td>2.1% (Rs. 613.2 Million)</td>
</tr>
<tr>
<td>11. Borrowings from State Co-operative Bank</td>
<td>81.3% (Rs. 44392.32)</td>
</tr>
<tr>
<td>10. Borrowings from Commercial Banks</td>
<td>1.1% (Rs. 44392.32)</td>
</tr>
<tr>
<td>12. Total working capital</td>
<td>Rs. 190792.5 Million</td>
</tr>
<tr>
<td>13. Total loan advanced</td>
<td>Rs. 187710.1 Million</td>
</tr>
<tr>
<td>14. Short term loan advanced</td>
<td>Rs. 130766.6 Million (66.7%)</td>
</tr>
<tr>
<td>15. Medium term loan advanced</td>
<td>Rs11161.0 Million(5.9%)</td>
</tr>
<tr>
<td>16. Others</td>
<td>Rs. 45790.0 (24.4%)</td>
</tr>
<tr>
<td>17. Percentage of overdues to demand</td>
<td>36%</td>
</tr>
<tr>
<td>18. Number of Banks in profit</td>
<td>119 (33.7%)</td>
</tr>
<tr>
<td>19. Number of Banks in loss</td>
<td>48 (11.3%)</td>
</tr>
</tbody>
</table>

C. State Co-operative Banks

In 1914 Maclagan Committee was appointed. This Committee recommended among other things formation of apex Co-operative Banks as a financial link between the small scattered primary co-operative societies on the one hand and the money market on the other. These Banks form a key stone of the co-operative movement in the state, it links the movement not only with the commercial money market, but also with the Reserve Bank of India as potential source of credit seasonal and emergent requirements.

The state Co-operative Bank is a federation of the Central co-operative Banks in a state. Now state Co-operative Bank occupies an important position in the entire structure of co-operative of short term credit. It is the Banker's Bank for co-operatives. The fundamental objective of the Bank is to act as a balancing centre and financial agency of the co-operative institution in the state.

According to the opinion of the Reserve Bank of India the State Co-operative Bank is the apex Bank of the movement in a state. It acts as the clearing and balancing centre for the central Banks by transferring surplus funds of one locality to another set up as a channel for the remittance of funds. The State Bank may co-ordinate the working of Central Co-operative and Urban Co-operative Banks in the state in such matters as the borrowing and lending rates for collection of various documents, besides advising, the Banks generally in regard to the efficient conduct of their business.

With some of credit institution of lower levels each state is served by one State Co-operative Bank. Three tier system with State Co-operative Bank (SCB) at the apex level, DCCB at District level and PACS at the village level is functioning in 16 states like Andhra Pradesh, Bihar Gujrat, Haryana, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Maharashtra, Kerala, Karnataka, Punjab, Rajasthan, Orissa, Tamil Nadu, Uttar Pradesh, West Bengal. In these states the State Co-operative Banks have opened branches in the metropolitan cities for mobilising deposits and offices at Regional level for coordinatin and controlling the DCC Banks. In 11 states and union territories viz. Meghalaya, Delhi, Assam, Manipur, Arunachal Pradesh, Pondicherry, Goa, Nagaland, Mizoram, Tripura, Andaman and Nicobar Islands two tier system without DCC Banks at Central level are functioning. In these states the primary societies are
affiliated with the State Co-operative Banks and the Apex Banks have opened branches at the district headquarters or sub-divisional headquarters in order to mobilise deposits and co-ordinate and control the functioning of the Primary Agricultural Credit Societies.

The important sources of working capital of the State Co-operative Banks are:

(i) Share capital
(ii) Reserve Funds
(iii) Deposits from members and non-members
(iv) Borrowings from NABARD and
(v) Borrowings from state.

There are many State Co-operative Banks depend only on the borrowings from NABARD and the State Government because the weak position of lower level co-operatives in the structure i.e., DCC Banks and PACS.

As on 31st March 1993, State Co-operative Banks with 651 branches/offices are working in India.

The details of working of the State Co-operative Banks is given below.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1.</td>
<td>Number of Banks</td>
</tr>
<tr>
<td>2.</td>
<td>Membership</td>
</tr>
<tr>
<td>3.</td>
<td>Membership of co-operatives</td>
</tr>
<tr>
<td>4.</td>
<td>Total paid up capital</td>
</tr>
<tr>
<td>5.</td>
<td>Percentage of Government participation</td>
</tr>
<tr>
<td>6.</td>
<td>Borrowings</td>
</tr>
<tr>
<td>7.</td>
<td>Borrowings from NABARD</td>
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<tr>
<td>8.</td>
<td>Total deposits</td>
</tr>
<tr>
<td>9.</td>
<td>Deposits from co-operatives</td>
</tr>
<tr>
<td>10.</td>
<td>Working capital</td>
</tr>
<tr>
<td>11.</td>
<td>Loan Advanced (Total)</td>
</tr>
<tr>
<td>(a)</td>
<td>Short term Loan Advanced</td>
</tr>
<tr>
<td>(b)</td>
<td>Medium term loan Advanced</td>
</tr>
<tr>
<td>(c)</td>
<td>Others including long-term</td>
</tr>
<tr>
<td>12.</td>
<td>Percentage of overdues to demand (overall)</td>
</tr>
<tr>
<td>(a)</td>
<td>Short term</td>
</tr>
<tr>
<td>(b)</td>
<td>Medium term</td>
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<tr>
<td>13.</td>
<td>Number of Banks in Profit</td>
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<td>28</td>
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<tr>
<td></td>
<td>32480</td>
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<tr>
<td></td>
<td>24.3%</td>
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<tr>
<td></td>
<td>Rs. 2237.6 Million</td>
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<td></td>
<td>15.82</td>
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<td></td>
<td>Rs. 35717.8 Million</td>
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<td>82.10%</td>
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<td>Rs. 67596.7 Million</td>
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<td>Rs. 77.4%</td>
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<td>Rs. 123293.8 Million</td>
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<td>Rs. 115726.1 Million</td>
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<td>Rs. 69470.5 Million</td>
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<td></td>
<td>Rs. 7038.7 Million</td>
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<tr>
<td></td>
<td>Rs. 2024.6 Million</td>
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<tr>
<td></td>
<td>22.7%</td>
</tr>
<tr>
<td>(a)</td>
<td>Short term</td>
</tr>
<tr>
<td>(b)</td>
<td>Medium term</td>
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<tr>
<td></td>
<td>20.8%</td>
</tr>
<tr>
<td></td>
<td>46.3%</td>
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<td>16</td>
</tr>
</tbody>
</table>

Long Term Credit Structure

The short term credit structure advances loans to the farmers to meet their current consumption and production requirements. The Land Mortgage Banks were organised in India to give term loans, for investment in agriculture and allied activities for increasing productivity of lands. In 1915, the need for a separate co-operative credit structure was first anticipated and recommended by the committee headed by Maelagan. The said committee found that the primary agricultural co-operative societies were not expected to provide term loans exceeding 4-5 years and it therefore recommended setting up of a separate institution for long term credit disbursements.

The first Co-operative Land Mortgage Bank was organised at Jhang in Punjab in the year 1920. Two Banks were set up in Madras in 1925. By 1927, 10 such Banks were established. But the first Central Co-operative Land Mortgage Bank was organised in 1920 in Madras. The progress of the land Mortgage Banking system was not upto such expectation. The (1939-1946) review of co-operative movement in India by Reserve Bank of India revealed "The land Mortgage Banking movement has failed in the place of its birth, namely in Punjab. It has either failed or remained in a moribund condition in other provinces. The only province in India which has made a mark in Land Mortgage Banking in Madras."

In 1954, the Rural Credit Survey Committee while reviewing the performance of Land Mortage Banks was critical of their working particularly in regard to the raising of resources, delay in sanction of loan, limited purpose for which loans were sanctioned, methods followed therefore, and the absence of co-ordination among the various agencies concerned with the disbursement of long term credit. In pursuance of the recommendation, the Land Mortgage Banks shifted into Land Development Banks. And lending also changed after establishment of ARDC in 1963 and NABARD in 1982.

The State Land Development Banks now called State Agriculture and Rural Development Banks have been diversified its loan operation and include land reclamation, irrigation scheme like minor irrigation and agricultural implements like tractor, power tiller, biogas, social forestry, non farm activities and rural housing.
From NABARD The State Agriculture and Rural Development Banks get refinance on its schematic landing operations and non-farm sector financing. For rural housing activities the National Housing Bank gives refinance facilities to the state Agriculture And Rural Development Bank.

Organisational Pattern

There are two types of structures exist in different states in the long-term credit structure. In some states viz., Kerala, Tamil Nadu, Assam, Punjab, Rajasthan, Orissa, Karnataka and Haryana federal structure is working with State Co-operative ARDB at state level and Primary Co-operative ARDB at the subdivisional level / Taluka level / Block level in some states viz., Maharashtra, Gujrat, Bihar, Jammu and Kashmir, Tripura, Uttar Pradesh and Pandichery have unitary structure with branches of State Co-operative ARDBs at taluk level. In Andhra Pradesh, the State Co-operative ARDB operates through an integrated credit structure i.e. single window system at the lower level. Two state where we can see the mixed type of federal and unitary structures viz., Himachal Pradesh and West Bengal.

The State Co-operative Banks are looking after the disbursement of long term loan with the help of Land Development Banking section in other states and Union Territories, Like Manipur, Meghalaya, Nagaland, Goa, Arunachal Pradesh, Delhi and Andaman and Nicobar Islands.

Sources of Funds

For sound working of ARDBs, it is necessary of ensure that institutions are properly organised, efficiently managed and financially run. It is necessary that the Government should assist these institutions. The ARDBs raise the fund through.
TABLE 3 : 7

<table>
<thead>
<tr>
<th>Central L.D. Bank or State Co-operative ARDB</th>
<th>Primary PLDB or PCARDB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Share Capital</td>
<td>1. Share Capital</td>
</tr>
<tr>
<td>2. Grants and Subsidies</td>
<td>2. Grants and Subsidies</td>
</tr>
<tr>
<td>3. Interest on loans</td>
<td>3. Interest on loan</td>
</tr>
<tr>
<td>4. Interim finance / loan</td>
<td>4. Loan from the CLDB</td>
</tr>
<tr>
<td>5. Debenture</td>
<td></td>
</tr>
<tr>
<td>6. Refinance / Loan from NABARD</td>
<td></td>
</tr>
<tr>
<td>7. Refinance / Loan from NHB</td>
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</tbody>
</table>

For LD Banks right from their inception debenture constituted the main source of funds. The debentures are secured by mortgages of lands of borrowers and are often guaranteed by the concern State Government. The debentures carry the guarantees of the State Governments both in regard to the repayment of interest and repayment of principal. The debentures are taken by Life Insurance Corporation of India, Commercial Banks, State Co-operative Banks and other Agriculture and Rural Development Banks.

Management

In case of federal structure, the farmer becomes member of Primary Co-operative Agriculture and Rural Development Banks and his loan application is scrutinised by the secretary and the board of directors pass a resolution recommending the sanctioning of the loan and forward to District Branch. The District Branch Manager scrutinises with the help of his officers and sanction if it is within his limit or forward to the head office with his remarks.

In case of unitary structure, the individual farmer becomes a member by filing the loan application and the Branch Manager scrutinises and after his satisfaction sanctions the loan if it is with in his limit. On forwards to the District Branch Manager and the District Branch Manager Sanctions if it is within his powers otherwise forward to the head office. Before forwarding to the head office, it is vested by the department officers and legal assistant about the valuation of the land, title of the land etc.
In case of unitary structure, the Board of Directors are elected by the representatives of Districts. The District level representatives are elected by the members of the branches. In case of federal structure, The Board of Directors of SLDBs are elected by Presidents of PLDBs. The Board of Directors of PLDBs are elected by the members of PLDBs.

According to National policy of ensuring growth with social justice, small farmers are the major beneficiaries at the hand of the Land Development Banks. In 1992-93, 79% of the total investment credit have been given to small farmers.

Problems

The Land Development Banks are facing a severe problem of heavy overdues. The heavy overdues not only erodes its owned funds but also affects its reputation before institutional investors in debentures. It affects the lending eligibility and refinance eligibility from NABARD in addition to lacking up its own funds.

For heavy overdues of the State Co-operative ARDBs and Primary Co-operative ARDBs many primary ARDBs have become weak. It was proposed by the NABARD to rehabilitate PLDBs/ Branches of SLDBs which have overdues exceeding 60% of demand. NABARD has evolved 10 point programme for the rehabilitation programme, in the year 1986-87 372 PLDBs were having overdues about 60%.

The overall percentage of overdues to demand in case of Primary Co-operative ARDBs is as high as 47.6% and in case of State Co-operative LDBs is 52% in the year 1990-91. This high overdues have affected functioning LDBs in many of the co-operatively developed states even.

The details of functioning of State Co-operative ARDBs (SLDB) and PCARDBs (PLDBs) are shown below:
State Co-operative Land / Agriculture and Rural Development Banks 1990-91.

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Number of Banks : 20</td>
</tr>
<tr>
<td>2.</td>
<td>Number of Branches of CLDBs : 1487</td>
</tr>
<tr>
<td>3.</td>
<td>Total operational Units : 2841</td>
</tr>
<tr>
<td>4.</td>
<td>Membership (Million) : 13.92</td>
</tr>
<tr>
<td>5.</td>
<td>Share capital (Million) : Rs. 2892.3</td>
</tr>
<tr>
<td>6.</td>
<td>Percentage of Government participation in share capital : 26.3%</td>
</tr>
<tr>
<td>7.</td>
<td>Deposits : Rs. 393.3 Million</td>
</tr>
<tr>
<td>8.</td>
<td>Reserves : Rs. 3148.0 Million</td>
</tr>
<tr>
<td>9.</td>
<td>Borrowings : Rs. 39188.1 Million</td>
</tr>
<tr>
<td>10.</td>
<td>Working capital : Rs. 54031.8 Million</td>
</tr>
<tr>
<td>11.</td>
<td>Loans advanced (Total) L.T. : Rs. 8148.3 Million</td>
</tr>
<tr>
<td>12.</td>
<td>Percentage of Loans advance to farm sector : 88.9%</td>
</tr>
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</table>

Purpose wise Loan Advanced

<p>| | |</p>
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<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Minor irrigation : 35.5%</td>
</tr>
<tr>
<td>2.</td>
<td>Farm Mechanisation : 24.9%</td>
</tr>
<tr>
<td>3.</td>
<td>Plantation &amp; horticulture : 5.1%</td>
</tr>
<tr>
<td>4.</td>
<td>Animal husbandry, fishery sericulture and rural godown etc. : 17.7%</td>
</tr>
<tr>
<td>5.</td>
<td>Land development : 3%</td>
</tr>
<tr>
<td>6.</td>
<td>Non farm sector : 3.2%</td>
</tr>
<tr>
<td>7.</td>
<td>Rural Housing : 5%</td>
</tr>
<tr>
<td>8.</td>
<td>Percentage of overdues to demand : 52%</td>
</tr>
<tr>
<td>9.</td>
<td>Number of Banks in profit : 6</td>
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</table>
Primary LDBs / Primay Co-operative ARDBs

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Number of Banks</td>
</tr>
<tr>
<td>2.</td>
<td>Number of viable Banks</td>
</tr>
<tr>
<td>3.</td>
<td>Number of Branches / area office</td>
</tr>
<tr>
<td>4.</td>
<td>Membership</td>
</tr>
<tr>
<td>5.</td>
<td>Percentage of Borrowing members</td>
</tr>
<tr>
<td>6.</td>
<td>Percentage of non-borrowing members</td>
</tr>
<tr>
<td>7.</td>
<td>Number of borrowers</td>
</tr>
<tr>
<td>8.</td>
<td>Share capital</td>
</tr>
<tr>
<td>9.</td>
<td>Percentage of Government Participation</td>
</tr>
<tr>
<td>10.</td>
<td>Deposits</td>
</tr>
<tr>
<td>11.</td>
<td>Reserves</td>
</tr>
<tr>
<td>12.</td>
<td>Working capital</td>
</tr>
<tr>
<td>13.</td>
<td>Loan advanced (Total)</td>
</tr>
<tr>
<td>14.</td>
<td>Percentage of overdue to demand</td>
</tr>
<tr>
<td>15.</td>
<td>Number of PLDBs in profit</td>
</tr>
</tbody>
</table>


Reserve Bank of India

The role and functions of the Reserve Bank of India has described in the Reserve Banks of India Act, 1943.

The Reserve Bank of India is expected to perform with regard to rural credit as,...“However, with the economic developments assuming importance, the range of the Bank’s functions steadily widened and the Bank had to perform a variety of developmental and promotional tasks which, in the past, were regarded to being out-side the normal purview of the Central Banking. Few aspects of the working of the Reserve Bank have been so striking, in comparison with other Central Bank generally as its role in the sphere of rural credit. The Bank’s responsibility in this field is relatable to the predominantly agricultural basis of the Indian economy and the urgent need to expand and co-ordinate the credit facilities available to the agricultural sector.”
The functions of RBI are to co-ordinate and maintain operations of the Bank with State Co-operative Banks, other Banks, to give aid and advise the Government of India, State Governments, State Co-operative Banks, other Banks, and organisations engaged in the business of agricultural credit.

In India prior to NABARD, the RBI has been leading to the agriculturists, through apex co-operative credit institutions with whom it used to establish direct relationship. Short, medium and long-term credit limits were sanctioned by the RBI. Purposes for which these limits were sanctioned can be explained briefly; financing of bonafide trade or commercial transactions, financing of agricultural operations, marketing of crops, financing distribution of chemical fertilisers, subscription to the share capital of State Co-operative Banks, Agricultural Credit Societies including F.S.S. and LAMPS, Central Land Development Bank, Primary Urban Co-operative Banks, agricultural allied purposes including animal husbandry, making loans and advances to Central Land Development Banks, purchasing of debentures of Central Land Development Banks to enable the State Co-operative Banks and Regional Rural Banks to pay arrears in respect of accommodation of short-term agricultural purposes which they were unable to repay due to failure of crops on account of drought or other natural calamities, and making loans and advances to the Agricultural Refinance and Development Corporations.

The Reserve Bank of India provided finance for production and marketing activities of more than two board categories of cottage and small industries, weavers co-operative societies.

Agricultural credit Board created with Governor of RBI as its chairman, Dy. Governor as Vice-Chairman and the members include Executive Director in-charge of this department four representative of Central Board of the Bank, three Government of India representatives, six representatives from commercial Banks and two specialist in rural economy.

NABARD

In 1982, the National Bank for Agricultural and Rural Development was started with authorised share capital of Rs. 500 crores and Rs. 100 crores paid up capital.
The aim of the NABARD is to provide “undivided attention, forceful direction and pointed focus to the credit problems arising out of the integrated approach to rural development.”

The preamble of the National Bank for Agriculture and Rural Development Act 1981 observes that the Bank is, "for providing credit for promotion of agriculture, small scale industries, cottage and village industries, handicraft and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas for matters connected therewith with of incidental thereto."

The main objective of the NABARD are: to provide refinance to State Land Development Banks, State Co-operative Banks, Scheduled Central Banks and the Regional Rural Banks for supporting production and investment credit for rural development, to improve credit delivery system by formulating rehabilitation schemes, training of personnel and monitoring system etc., to keep liaison with Government of India, State Government, RBI and other national level institutions directly or indirectly connected with the credit formulation for rural development. NABARD by floating special debentures, in regard to the assistance provided by them under specific agricultural developmental schemes or projects which are provided by the NABARD. In order to enable the co-operatives to maintain strong capital base and to increase their borrowing power long-term loans to State Governments are provided by the RBI for contribution to the share capital of Co-operative Credit societies and Co-operative Banks. Such loans are made available from the National Agricultural credit (Long-term operation), fund maintained by RBI.

The National Federation of the State Co-operative Banks and the National Federation of the State Co-operative Agriculture and Rural Development Banks at the National level are voluntary organisations which co-ordinate short-term, medium-term and long-term credit activities respectively and evolve strategies for the efficient and co-ordinated functioning of the State Co-operative Banks. These Federations play an important role in obtaining various concessions from the Central Government and provide a forum at the highest level for state units which help in evolving uniformity in the states and UTs in respect of legislations, procedures, methodology, practices etc. throughout the country. These efforts
help in strengthening co-operative credit structure enabling to provide cheap and adequate credit. The NCUI is the major spokesman of the Co-operative movement in India. It is responsible to arrange for and support to the programme of co-operative training and education. There are other more than ten national level co-operative federations which has been organised to co-ordinate and provide support at the national level to the activities of the co-operatives in their respective areas.

The Central Government lends a support to the co-operative movement by way of adequate financial provisions under the plans, especially for the weaker sections by way of increase in loans on liberal terms, legislative measure to allow adequate representations organisation of large sized multi-purpose societies in tribal areas.

National Co-operative Development Corporation (NCDC) is a sanctional level organisation set up under the National Co-operative Development Corporation Act, 1962 to plan and promote programmes for the production, processing, marketing, storage and allied activities in respect of agricultural produce, food-stuffs and certain other items based on co-operative principles.

The functions of the NCDC are to plan and promote programmes through co-operative societies, for

"(a) The production, processing, marketing, storage, export and import of agricultural produce, food-stuffs, poultry feed and notified commodities, and

(b) The collection, processing, marketing storage and export of minor forest produce."

In particular and without prejudice to the generality of the foregoing provisions, the corporation may:

(a) Advance loan, grant subsidies to State Governments for financing co-operative societies and for employment of staff for implementing programmes of co-operative development.

(b) Provide funds to State Governments for financing co-operative
societies for the purchase of agricultural produce, foodstuffs and notified commodities on behalf of the Central Government.

(c) Plan and promote programmes through co-operative societies for the supply of seeds, manures, fertilizers, agricultural implements and other articles for the development of agricultural produce.

(d) Provide loans and grants directly to the national level co-operative societies and other co-operatives having objects extended beyond the state.

(e) Provide loans to co-operative societies on the grants of State Governments and

(f) Participate in the share capital of national level co-operatives.

Financial role of the NCDC has assumed significance in promoting co-operative movement in India.

The National Co-operative Development Corporation has observed in this respect, "The co-operatives with requisite risk capital and margin money for raising funds from institutional agencies for investments on plant, machinery and buildings, for processing and storage programmes and for expanding their business operation"35

The State Co-operative Banks, the State Co-operative Agriculture and Rural Development Banks, Regional Rural Banks and Commercial Banks are eligible to have refinance facilities from NABARD in a number of ways and for a number of short, medium and long-term agricultural and non-agricultural activities.

NABARD also provide long-term loans to the State Government out of National Rural Credit (LTO) Fund for contribution to the share capital of co-operative credit institutions. The NABARD also plays an important role in building up the institutions, e.g., It monitors the reorganisation of PACS. Pilot Project has been launched to strengthen the credit delivery system.

To improve operational efficiency of PACS and LAMPS efforts have been made by strengthening infrastructural facilities manpower and financial resources.
The NABARD has a good programme to assist weak Central Co-operative Bank under the Rehabilitation programme. The scheme was started in 1971 which envisaged investigation of overdues, stepping up recovery, nationalisation of loans policy and procedure, mobilising additional resources and stepping up of reserve, etc. The Bank has also taken measures to improve the operational efficiency of SCARDBS by drawing up rehabilitation programmes, providing organisational and managerial improvements, etc. The Banks has constituted committees known as “Committee on Term Lending through Co-operative” (COTELCOOP) and Standing Committee on Co-operative Credit (SCCC) to improve administration of long-term short-term credit structure.

NABARD has the statutory responsibility to inspect State Co-operative Banks, Central Co-operative Banks, State Co-operative Agriculture And Rural Development Banks, Regional Rural Banks and other apex societies to ensure the protection of depositor arid members.

NABARD also recommends to the Reserve Bank of India for the grant of licences to open new SCBs and CCBs and their branches. The NABARD assigns priority to training of personnel involved in the various aspects of banking which are especially meant for rural development.

Research and Development Fund has been instituted by the NABARD to develop new insights into the problem of agriculture and rural development through analytical studies and applied research. The Fund would support innovative approach to such problems, with the backing of technical and economic studies, conducted by approved research institutions, organisations and such other agencies including groups of individuals sponsored by suitable organisations....

New Economic Policies

In the economic policies and structural adjustment processes, India has started a large scale changes. These changes have yet to run their full course. That, these have important and wise-ranging ramification, would be generally accepted. They represent a continuum of the socio-economic principles as have guided the panning process that was ushered since independence. Market, technologies, mangement of economic enterprises will have a much greater
impact on our lives. A large role for initiative of the people with the corresponding reduction in the role of the state are bound to leave their imprint on the co-operative movement.

India with short capital resources need to maximise efficiency in the use of this resource There has also been increasing acceptance of the market forces deciding upon the allocation of resources rather than this being guided by the state. Only then it would be possible to avoid the lopsided growth of the economy. In any event, the question of sustainability of the practice followed especially in terms of the burden cast upon the exchequer and through this on the tax payers is also an extremely important consideration.

Then, the changes in policy have also been dictated by the need to enhance and upgrade the technologies used in production. These have wide ramifications. For one thing the upgraded technologies can produce products and goods required by the consumers through better conversion efficiency in the use of raw materials on other scarce resources like energy water etc. Higher the efficiency in the economic use of natural resources, the lower the adverse impact it has on environment. In the context of all our policies seeking to achieve sustainable development, this aspect has, as crucial a role to play as anything else.

Lastly, the profitability of the economic activities is also an extremely important consideration as only this can ensure that requisite capital formation would take place for investments in expansion of the production capacities.

**Agricultural Policy and Co-operatives**

New economic policy and the GATT Agreement are not going to have the same kind of impact on agricultural sector as they will have on industrial and trade sector because.

(a) Government intervention in agriculture is not as pervasive as in other sectors and

(b) Agriculture production system is essentially in the hands of a large number of individual farmers.
The Impact of new economic policy would be felt in the following areas.

(i) Removal of restrictions on the marketing of commodities within the country and to facilitate adequate scope for exportable commodities.

(ii) The trend towards diversification of agriculture can only be facilitated through improving marketing infrastructure and post-harvest handling of primary products.

(iii) Changes in the fiscal policies and subsidies may have adverse impact on small farmers and marginal farmers.

Role of Co-operatives

The implementation of these changes on the Co-operative Movement can be visualised in four aspects:

1. Farm and producer level
2. Post harvest management
3. Processing and marketing and
4. Exports.

The co-operative will have to play an important role in application of technology, making the credit and inputs available and also providing extension services and for this, the PACS and the entire agriculture credit structure will have to adopt itself to the changes situation so that they can serve the farmers better for increasing the agricultural production.

The co-operative will have to play an important role in supporting production programme, meeting the information needs on technologies, upgrading extension capabilities for modernising agriculture, irrigation management etc.

In the market, intervention operations, co-operatives have been used as purchasing agencies. It is unlikely that its position is going to change in any significant manner. The co-operatives have been playing some role in commercial purchase of agricultural commodities and their sales through consumer co-operatives and ensuring that farmers are not forced to resort to distress sales through credit support on the basis of pledging of produce.
the changed scenario, this will become a major activity where the role of the co-operatives will have to be vastly expanded.

A substantial amount of loss of agricultural produce at farm level as the produce is not handled properly after harvest. The improved technology will have, therefore, to be supplied in the field of postharvest management to avoid such losses. This would include precooling units, transportation of agricultural produce by refrigerated trucks, cold storage both at production and processing centres. The co-operative will be the best suited for organising these activities. A beginning has been made by the co-operatives in some states in this regard and there is a need to increase such co-operatives at identified centres.

Some processing co-operatives have achieved considerable success in sectors like sugar milk and spinning. Farmers can organise themselves into co-operatives which will take up the processing of other commodities including fruits and vegetables for value addition and maximising the returns to producers.

Agro-processing area provides vast scope for promotion of co-operatives particularly with the state support. The existing licensing requirements operating for sugar and industries should be continued with the priority for co-operation section.

The co-operatives can play an important role in supporting the cultivators to produce commodities for exports through providing information on exports, extension support, inputs and other services, establishing infrastructural facilities like cost storage for custom hire services under several schemes being supported by the government.

The agricultural development requires some imports like fertilizer, pesticides etc. and hence co-operatives should be given preference for import of such agricultural requirements. The concept of agricultural business consortium is being tried on a pilot basis. The consortium felt that agricultural co-operatives may take note of this and examine the feasibility of acting as one of the partners in such a venture.
Reformation of Financial Systems

This issue has been examined by an expert committee appointed by the Ministry of Finance, Government of India. This committee is called M. Narasimhan Committee. The committee has made a number of recommendations to make the financial system vibrant and co-operative. The crux of these recommendations is that the financial system should be freed from a number of controls and restrictions implicated on it. The committee has not taken note of the co-operative banking sector that has emerged as a very significant component of nation's financial system. It is well known that the co-operative Banks, Land Development Banks and primary agricultural co-operative societies have made its presence felt even in the remotest village in India.

Urban Co-operative Bank and Credit Societies in urban areas are the shining examples of self-reliant financial institutions. The Narasimhan Committee has not taken note of the contribution of the co-operative banking system. But the committee has dealt in adequate details with the functioning of RRB and other non-banking financial institutions.

The Narasimhan Committee, among others had recommended for formation of private Banks so as to add competitiveness in banking business. It has also emphasised the need for removing right and restrictive controls to which banking institutions are subjected to.

The co-operative Banking sector has also been demanding more than two decades that it should be allowed to function without any restriction and unnecessary control from Reserve Bank of India, Government and NABARD. The co-operative Banking sector has also been demanding the establishment of a National Co-operative Bank so as to bridge the systematic gap. The Agricultural Credit Review committee i.e. Khusro Committee was appointed by the Reserve Bank of India has categorically come out in favour of establishment of a National Co-operative Bank to ensure the efficient functioning of the Co-operative Banking sector in an integrated manner. National co-operative Bank under the Multi State Co-operative Societies Act has already been registered.
Under the new economic policy, the co-operatives have to compete with private sector companies, then they ought to be able to choose and enjoy the same legislature and regulatory environment as their competitors. This is the case in the United States, New Zealand, Denmark and Zimbabwe. Their co-operatives are no less committed to the principles of co-operation than ours; and it could be argued, and they are better able to practice co-operation than we are. Co-operatives be provided with the choice to register as a multi-State Co-operative Company under the companies Act.

It is recently amended it Act in Madhya Pradesh and brought about several positive changes. Some modest improvement have been incorporated in the UP Act. An independent commission is examining the co-operatives Act of Andra Pradesh State.

New Zealand is a typical case where threat of liberalisation, global competition and shrinking world demand was converted into opportunity to make dairy industries low cost efficient and competitive. It used innovative organisational designs and practice. The Government provided a favourable policy and legal support. Strangely, under globalisation process co-operatives were not replaced by private enterprises. On the other hand, all private proprietary enterprises gradually gave way to co-operative companies having full control. However, from proprietary companies, milk producers learned sophisticated business and production methods. They showed their willingness to employ highly paid up grade professional to run their co-operative companies. As farmer owned co-operative companies regained their competitive strengths, they began acquiring established proprietary companies. The growing co-operative sector then started to get considerable protection and Government assistance.

In India, the co-operative companies may not suit as the largest chunk of rural population comprises of small peasant proprietors, landless agricultural labour, artisans, small traders etc. Co-operative have to be competitive and efficient in cost in cost and quality of service.

According to A.M. Khusro, Formerly Member Planning Commission, Government of India "A co-operative apex Bank should be set up a balance the surpluses and deposits of the various present-day co-operative apexes
and to represent the co-operative system in National Councils. In a deregulated and liberalised set up, with allegiance to the market mechanism rather than to officialdom a structural reform of the co-operative system from the base to the top would, probably yeild an entirely different state of co-operative dynamic, resilient, profitable as well as socially oriented.337

According to the opinion of Mr. B.S. Vishanathan, President, N.C.U.I. and Regional Chairman Asia and the Pacific; I.C.A., New Delhi "Co-operative Banks in India have played an unique role in financing farmers and the poor thus contributing significantly in alleviating poverty and in sustained growth of agricultural productivity and production. Their contribution in building up an equitable society is undisputed though they have suffered in the process of serving the cause of socio-economic objective of helping the poor and those with limited means. In the coming years too, co-operative banks are not likely to give up this objective though they will equaliy be concerned to maintain their viability in a competitive economic scenario.

While structural reforms are being initiated to face the emerging challenges, certain systemic gaps in the banking sector are being plugged by setting up a Co-operative Bank at the national level known as Co-operative Bank of India. This new Bank will serve as a balancing centre both in raising resources and in its deployment in the various sectors of co-operative movement in the country. Needed to support and strength in resource augmentation, financial services, business and manpower development and in areas of policy formulation will be provided by the Bank to the constituent at different levels. Resource augmentation and its profitable deployment, apart from improving efficiency and effectiveness of services, will be the key to the success of co-operative Banks in the coming years. By the turn of this century, the Co-operative Banks will be a force to reckon with and they will be less dependent on Government support. Their contribution in bridging the economic disparities in the society will be considerable looking to their objective of service to the common man and helping those who are economically vulnerable. In a free market economy and its globalisation, the trend which is blowing even in Asia-Pacific region including India, the poorer sections of the society will be hard hit in the initial period and their interests have to be protected, not by private sector Bank but
by the Co-operative Banks, particularly when Govt's protective role and intervention declines gradually.\textsuperscript{38}

**Rural Development**

**Concept of Development**

Some countries are more developed than other countries. It is not uncommon to come across references to the less developed countries as compared to developed countries. Development therefore involves making relative comparison.

Development implies on over all positive change in the physical quality of life.

The basic elements of development are following:

1. Removal of equality and poverty.
2. Increase in material welfare of the people.
3. Increase in social well-being such as education, health, housing, welfare etc.
4. An equitable distribution of the gains of development among different groups of people in region or country.
5. An enhancement in technology and the capacity to produce a wider range of goods and services in the economy leading to a better quality of life.
6. Building institutional structures which permits participation in decision making at all levels equalisation of opportunities for development and removal of disparities.

**Characteristics of Under-development**

Most developing countries are characterised by the following conditions.

2. Low levels of income and concentration of incomes in a few hands.
3. Low levels of productivity and backward technology.
4. High levels of unemployment and under-employment.
5. Poor nutrition, health, housing, literacy and welfare status.
6. Preponderance of primary sector and low levels of industrialisation.
7. Lower status of women.

**Theories of Development**

Different theories of development advocate and stress different set of economic and social factor that will lead towards development. Some of the important theories are mentioning below:

**Roslow’s Stages of Growth**

The transaction from under-development to development must proceed along a series of steps according to this American development theorist. Four stages of growth are:

1. Traditional society
2. Pre-conditions for take-off
3. Take-off
4. Age of mass consumption

**The Lewis Theory of Development**

During the 1950s Arther Lewis put forward a different theory of development. According to Lewis under developed countries are characterised by the presence of two section:

(a) A traditional, rural based sector which is of the nature of a subsistence economy i.e. providing for self-consumption within this sector. This sector also has a surplus of labour.

(b) The modern, urban industrial sector where productivity is higher.

According to Arther Lewis labour can be transferred from the rural to urban sector without adversely affecting productivity in rural sector. He envisioned a
dynamic role for the industrial sector which will lead to sustained economic development.

**Gandhian View of Development**

The Gandhian concept of development attaches more importance to the question of relationship between individuals and economic micro-groups. The role of local level decision making through institutions such as panchayats also play a key role in the Gandhian Scheme.

**Marxian Concept of Development**

On the other hand, the Marxist view of development emphasises the role of classes in society. It contends that different classes are opposed to each other. In this system, class analogonisms inhibit overall development of society.

The importance of explaining the fundamental features of the major theories on development has been to emphasise the point that different schools of thought perceive the problem of development differently. Consequently, they also differ as to the paths to be followed. Thus, different theories advocate different paths towards development.

**Concepts of Rural Development**

The primary objectives of rural development are the following:

1. To improve the living standards by providing food, shelter, clothing, employment and education.

2. To increase productivity in rural areas and reduce poverty.

3. To involve people in planning and development through participation in decision making and through decentralisation of administration.

4. To ensure distributive justice and equalisation of opportunities in society.

There is no single universally acceptable approach towards development. That strategies are necessary to progress towards development since it is a long-term process. There are various approaches to the problem of rural development. Various schools of thought perceive the problem of rural
development differently and emphasis different set of factors in their theories.

Rural Development Projects and Programmes.

It is important to distinguish between rural development projects and programmes. Rural development projects are micro level efforts to bring about changes in rural areas. These changes can take many forms ranging from efforts to increase literacy to attempts to increase agricultural productivity.

Rural development programmes involve a number of projects which are aligned to one another so that they affect various facts of rural economic and social life. Therefore, rural development programmes attempt to bring about change in a wider area affecting a greater number of people.

As a result of the problems, planning has assumed greater significance in launching and competing rural development programmes.

Community Development

The Community Development Programme (CPD) initiated in the 1950s intended to involve popular participation in rural development. It laid emphasis on the building of infrastructure in rural areas with the participation of rural communities.

The Community Development Programme sought promote rural development in a phased manner in different parts of the country. A block of villages was identified as the development unit and an infrastructure of technical and administrative staff provided to implement development programme in different sectors. But, the C.D.P. did not lead to a noticeable impact on rural poverty because those who were powerful in those rural communities were able to corner much of the gains made from this programme.

Integrated Rural Development

The term "integrated rural development" has gained widespread acceptance in spite of the fair amount of disagreement among rural development experts in defining the concept. Inspite of disagreement, most schools of thought emphasise certain basic elements of rural development.
An integrated approach towards rural development is essential. The various dimensions of rural life—growth of agriculture and allied activities, rural industrialisation, education, health, public works, poverty alleviation and rural employment programmes—all form a part of an integrated approach to the problem of rural development.

Local Level Participation in Rural Development

Rural development has been given another facet in recent times. Many non-government organisations (NGOs) in many parts of the Third World are now working towards what they call liberation from the developed countries. The following are the main implication of these efforts.

(a) Suppression of elitist elements in rural areas so that the process of development is shaped actively by the poor.

(b) Stressing the importance of self-development rather than foreign aid, and

(c) The use of education as a tool in people’s perception towards change in rural societies. Education is used so that it enable people to organise themselves to change society.

Some of the suggestions given by Prof. B. K. Narayan Swamy will help for resource planning development lending formation of rural credit plans at grass root level.

1. Effective communication.
2. Deposit mobilisation.
3. Scope of the area.
4. Estimation of rural credit need or requirements.
5. Better utilization of rural credit.
6. Decentralised planning.
7. Partial budget technique.
8. Rural credit should be linked with processing, storage and marketing.
9. Limited insurance support.
10. Credit should be provided timely.
11. Banks must identify motivated farmers for giving credit.
12. Farmers who have to be given credit should also be trained.
14. Bank officers must also participate in village meetings.\textsuperscript{39}

\textbf{Co-operation and Community Development.}

Lete Sri V. T. Krishnamachari remarked that "Co-operative is the soul of Community Development."

Co-operation aims at arranging 'better farming, better living and better business.' for the people, and as such its objectives are identical with those of community development. Some of principles of co-operation, namely voluntary association, self-help and mutual help, equality etc. can also be identified with the aim of extension education in community development. Co-operation is thus a means to the same end which community development aims at and is rather an instrument for the effective execution of many of its major programmes.

Late Prof. D.G. Karve beautifully put the position like this : "The essence of community action, as that of co-operatives, is that it is action taken by each for all, all for each. It is the complete multiplicity of thought, interest and action which is the substance both of co-operation and community development as contrasted with mere contractual relationship". He added that "a mere co-operative structure which is not related to a programme of development through an appropriate agency of educative and technical assistance may be too static to be of any use in promoting welfare progress."\textsuperscript{40}

\textbf{Scope of Co-operative action}

The scope of co-operative action can be summed up in the achievement of the triple ideal of "better business, better farming and better living". It can thus play its role in facilitating the advancement of the integrated programme of community development especially:

1. In the field of agriculture, it can help in increasing production by making up deficiencies in local resources. Co-operation can best help the panchayats in preparing the village production plans. It can arrange the supply of agricultural implements, seeds, fertilizers, insecticides and credit at reasonable rates in the village at the proper time.

2. Co-operative farming societies provide a step further in affecting internal
economics and improving farm management. They provide an institutional arrangement for the rational use of land, labour and farming equipment and help in better planning.

3. Where as the service and farming societies cut down costs of production, co-operative marketing societies help the farmers in getting the maximum price for their produce. They help in cutting costs of marketing and provide grading, pooling and processing facilities. They help the farmer by storing his produce and selling it when prices are favourable.

4. Societies may also be organised for effecting permanent improvements on land like irrigation, land reclamation and oil conservation.

5. Co-operatives can also help in organising subsidiary professions such as dairy farming, piggery, poultry, in order to supplement the income of the cultivators and others.

6. Subsidiary occupations in the shape of village and small scale industries on co-operative lines can bring about an industrial revolution on small scale in the rural areas.

7. Members of labour societies can build houses, roads and minor irrigation works for the community in general.

8. Above all, an intensified saving drive which is of utmost importance for the success of plans can be usefully carried out through the co-operative societies. Co-operative societies can also be organised among women for the encouragement of savings and home crafts.41

Co-operatives have been given a special role in the scheme of rural development. They would serve as the chief agency for distribution of credit, inputs, distribution of consumer goods as also for undertaking social activities depending upon their economic resources.

The National Policy on co-operation adopted by the Government also lays down that co-operatives shall be built up as one of the major institutions of decentralised, labour intensive and rural oriented economic development and closely associated with the process of planning for economic development and social change.42
NOTES AND REFERENCES


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20. Ibid, p-76.


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35. NCDC, Objectives Activities, Achievements, NCDC, New Delhi, 1977.

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NCUI, p-261.

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Chapter - IV

Co-operative Banks and Rural Development in West Bengal during Left Front Regime — An Analysis
CHAPTER IV

CO-OPERATIVE BANKS AND RURAL DEVELOPMENT IN WEST BENGAL DURING LEFT FRONT REGIME — AN ANALYSIS

Co-operatives in Rural Development in West Bengal The Historical Perspective

The co-operative movement in West Bengal was started to protect the poor cultivators from the exploitation by village money-lenders and to help in increasing the agricultural production in West Bengal.

In West Bengal, the co-operative movement started in 1904 with the passing of co-operative credit societies Act.¹

In the initiative of the Government, the co-operative credit societies Act of 1904 helped to establish village credit Banks.²

In 1981 the Bengal Provincial Co-operative Bank established and it functioned as the Apex Bank to which all the Central Banks were affiliated. There were only 222 villages and urban societies with membership of 6488 persons and a working capital of Rs. 2,41,887.³

In West Bengal agricultural co-operative movement was started in 1912 on the same pattern of the All-India Co-operative Societies Act of 1912.

The period between 1904 and 1929 may be called as the period of growth expansion and diversification.

The economic depression of the thirties had its effects on the movement in the state.

The Second World War and fo the forties the Bengal Famine further embarrased the movement. And the partition of Bengal brought the misfortune and which a virtual death-blow to the co-operative movement in Bengal. For the partition the number of co-operative societies in West Bengal was reduced.

The period from 1929 to 1947 may be called the period of depression. In that period the co-operative movement was predominantly a credit movement.
The co-operative credit societies failed to protect the cultivators from exploitation of the money lenders.

Now we can discuss about the co-operative movement in West Bengal before the planning era.  

1947 to 1952

This period may be called as the period of rehabilitation of the movement from the shattering effect of the partition of Bengal.

During 1947-51, though the co-operative movement made a great headway in many spheres, the movement was not organised nationally.

After 1951 co-operative movement was strengthened to provide organisational basis for the rapid development of West Bengal.

First Five-Year Plan

The First Five-Year Plan endorsed the recommendation of co-operative planning committee to set a target to cover 50% of India's villages and 30% of rural population in 10 years. There was significant growth in the numbers, resources and scale of operation of agricultural credit societies.

In the period, the All India Rural Credit Survey Committee recommended that

(a) State partnership at all levels on equal terms and privileges,
(b) Integrated schemes of credit and marketing operation,
(c) Expansion of co-operative training and education both amongst officials non-official co-operators.
(d) Nationalisation of Imperial Bank of India towards state association with commercial Banking and giving it a rural bias and,
(e) State participation in the organisation of public warehouse for promotion of storage and warehousing on an all-India scale.

The above recommendations were borne in mind in formulating the co-operative Development schemes in West Bengal under the Second Five Year Plan.
Second Five-Year Plan (1956-61)

The Second Five-Year Plan emphasized that "Economic development along democratic lines offers a vast field for the applications of co-operation in its varying forms."

The state plan laid down the following objectives to be achieved by the co-operative movement by the end of 1960-61 in the state of West Bengal.

Supply of agricultural credit through co-operatives (Rs. in Crores).

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>West Bengal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Short-term</td>
<td>Rs. 150</td>
<td>6</td>
</tr>
<tr>
<td>(b) Medium-term</td>
<td>Rs. 50</td>
<td>2</td>
</tr>
<tr>
<td>(c) Long-term (outstanding)</td>
<td>Rs. 25</td>
<td>1</td>
</tr>
</tbody>
</table>

To achieve these objectives, the plan laid down the following targets:

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>West Bengal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) No of large-size societies</td>
<td>10,400</td>
<td>1,100</td>
</tr>
<tr>
<td>(ii) No of Primary marketing societies</td>
<td>1,800</td>
<td>103</td>
</tr>
<tr>
<td>(iii) No of co-operative sugar factories</td>
<td>35</td>
<td>1</td>
</tr>
<tr>
<td>(iv) Co-operative cotton gives</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>(v) Other co-operative processing units</td>
<td>118</td>
<td>10</td>
</tr>
<tr>
<td>(vi) Godowns of marketing societies</td>
<td>1,500</td>
<td>30</td>
</tr>
<tr>
<td>(vii) Rural godowns</td>
<td>4,000</td>
<td></td>
</tr>
</tbody>
</table>

Source: The West Bengal State co-operative Union "Reorganisation of Rural credit, Cal. p. 27.

During the Second Five-Year Plan the West Bengal State Agricultural Credit (Relief and guarantee) Fund was created to give financial assistance to the co-operative societies affected by natural calamities like flood, drought, famine and the like.

Another fund was created during the second Five-Year Plan under the name, "West Bengal State Co-operative Development Fund."

Third Five-Year Plan (1961-62 to 1965-66)

The Third Five-Year Plan stressed on the importance of vigorous
development of large co-operative sector as an essential prerequisite of a society-based on democracy and socialism. It was stated that, "Co-operation should become progressively principal basis of organisation in branches of economic life notably agriculture, minor irrigation, small industries and processing, marketing, distribution, rural electrification and the provision of essential amenities for local communities."

Fourth Five-Year Plan (1969-74)

In the Fourth Five-Year Plan co-operative Banking and credit societies played a significant role in the rural economy of number of states.

The plan document had accepted the estimate of All India Rural Credit Review Committee (1969) at Rs. 2000 crores of short-term credit needs by 1973-74 and medium-term investment credit at Rs. 500 crores and long-term investment credit of Rs. 1,500 crores during the Plan period.

Short-term and medium-term agricultural credit in West Bengal

During the Fourth Plan the achievement at the final year of the Forth Plan was Rs. 12 crores against the target of Rs. 18 crores per annum. The movement suffered a serious setback during the first 3 years of the plan due to several factors like natural calamities such as flood or drought, disturbance of law and order situation.

During the Fourth Plan period, a sum of Rs. 6.17 lakhs was sanctioned to Jalpaiguri Central Co-operative Bank (in 1970-71) to write off the dues of primary societies affected by flood in October, 1968.

The Government had given Rs. 44 lakhs to the West Bengal State Co-operative Bank during 1972-73 for 11 Central Co-operative Banks to meet the cost off writing of their bad debt, accumulated losses and irrecoverable overdues.

Long-term agricultural credit in West Bengal

During the Fourth Plan, in the long-term credit sector, the year wise target and achievement position are given below:
TABLE 4:1

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>200 lakhs</td>
<td>97.35 lakhs</td>
</tr>
<tr>
<td>1970-71</td>
<td>250 lakhs</td>
<td>124.78 lakhs</td>
</tr>
<tr>
<td>1971-72</td>
<td>250 lakhs</td>
<td>74.32 lakhs</td>
</tr>
<tr>
<td>1972-73</td>
<td>300 lakhs</td>
<td>125.00 lakhs</td>
</tr>
<tr>
<td>1973-74</td>
<td>300 lakhs</td>
<td>200.00 lakhs</td>
</tr>
<tr>
<td></td>
<td>13.00 crores</td>
<td>6.2145 crores</td>
</tr>
</tbody>
</table>

Source: The West Bengal State Co-operative Union, "Reorganisation of Rural Credit in West Bengal, Calcutta p.52.

Fifth Five-Year Plan

In the fifth-five year plan the objective was to strength the co-operatives. And also to make it democratic and viable unit. The Co-operative movement was reorganised to implement the national policies of "growth will social justice". The national and state level co-operative federations were also to be encouraged to serve the co-operative movement at the primary level.10

Sixth Five-Year Plan

In the West Bengal, it was found that objectives of Sixth Plan were not fulfilled and the growth of short-term credit section in providing production credit and that of long-term credit sector in providing the investment credit to the agriculturist has not been significant.11

Seventh Five-Year Plan

The objectives of the Seventh Plan for annual growth in agriculture along with implementation of employment oriented and poverty alleviation programmes would be effectively carried out by the co-operatives.

The achievements are short of expectation in all major items. There was a wide gap between formulation and implementation of objectives of the 7th plan. There were various causes and constraints in implementing the programmes properly.
The co-operative organisations have been recognised as suitable medium through which the concepts of socio-economic development can best be realised by revamping the activities of the co-operatives at the grass root level.¹²

Eight Five-Year Plan (1992-97)

In West Bengal the Eighth Plan has envisaged more stress on credit sector, consumers sector, marketing sector and other allied activities in the interest of the numbers of the co-operatives.¹³ With gradual growth and diversification of the activities of co-operatives, special emphasis has been given to co-operative education and training for HumanResource Development. Stress has been given on co-operative education and training among women so that they can actively participate in the functioning of the co-operatives in larger way and derive economic benefits from them.¹⁴

The Annual Programme for five years of the plan period may be kept as follow:

**TABLE 4:2**

<table>
<thead>
<tr>
<th>Year</th>
<th>Target (Rs. in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>120</td>
</tr>
<tr>
<td>1993-94</td>
<td>130</td>
</tr>
<tr>
<td>1994-95</td>
<td>140</td>
</tr>
<tr>
<td>1995-96</td>
<td>150</td>
</tr>
<tr>
<td>1996-97</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td>700</td>
</tr>
</tbody>
</table>

Agricultural Credit Relief Fund in 8th 5 year Plan Rs. 152.40 lakhs.

A. For short-term credit Rs. 100.00 lakhs

Year wise suggested allocation

**TABLE 4:3**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>8.00</td>
</tr>
<tr>
<td>1993-94</td>
<td>12.00</td>
</tr>
<tr>
<td>1994-95</td>
<td>18.00</td>
</tr>
<tr>
<td>1995-96</td>
<td>26.00</td>
</tr>
<tr>
<td>1996-97</td>
<td>36.00</td>
</tr>
<tr>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>
B. For long-term credit Rs. 52.00 lakhs

**TABLE 4 : 4**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>2.00</td>
</tr>
<tr>
<td>1993-94</td>
<td>10.00</td>
</tr>
<tr>
<td>1994-95</td>
<td>12.00</td>
</tr>
<tr>
<td>1995-96</td>
<td>13.00</td>
</tr>
<tr>
<td>1996-97</td>
<td>15.40</td>
</tr>
<tr>
<td></td>
<td><strong>52.40</strong></td>
</tr>
</tbody>
</table>

**Source:** Co-operation Department, "Eighth Five Year Plan", Government of West Bengal, Writers Building, Calcutta, p.3.

**Ninth Five Year Plan**

The Ninth Five Year Plan outlay for West Bengal has been fixed at Rs. 20,700 crores at current price. This is almost 2.5 times of the plan size for the state in the Eighth plan period.

At constant prices for 1996-97, the plan size will be Rs. 16,900 crores.

The main thrust area for the Ninth Plan would be employment generation through enhancement of production in industry, agriculture and allied sectors.

The targetted annual growth rate of domestic product for the state has been fixed at 8 per cent as against a national average of 7 percent.

In the rural sector, the state has also decided to place emphasis on agricultura, electrification, irrigation and development of roads.¹⁵
### Profile of Co-operative in West Bengal, 1994-95

<table>
<thead>
<tr>
<th>All types</th>
<th>Rs. in crores</th>
<th>Member in lakh</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. of societies</td>
<td>23,712</td>
<td></td>
</tr>
<tr>
<td>2. Membership</td>
<td>6,944</td>
<td></td>
</tr>
<tr>
<td>3. No. of state level Co-operatives</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>4. Agricultural credit co-operatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) NO. of SKUS / FSS / LAMPS</td>
<td>7,509</td>
<td></td>
</tr>
<tr>
<td>(a) SKUS</td>
<td>7432</td>
<td></td>
</tr>
<tr>
<td>(b) F.S.S</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>(b) LAMPS</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>(ii) S.T. &amp; M.T. loans advanced</td>
<td>198.46</td>
<td></td>
</tr>
<tr>
<td>(Production Credit)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) L.T. Loans Advanced</td>
<td>40.16</td>
<td></td>
</tr>
<tr>
<td>(Investment Credit)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Agricultural Marketing and processing Co-operatives

| (i) No of Pry: Mktg. Co-operatives | 280 | |
| (a) Working Mktg. Co-ops. | 269 | |
| (b) Non-working Mktg. Co-ops. | 11 | |
| (ii) No. of Co-op. cold storage | 46 | |
| (iii) No of Processing societies | 40 | |
| (iv) Business Turnover | | |
| (a) State Federation | 13,038 | |
| (b) Pry.Mktg. Societies | 115,64 | |

6. Consumer Co-operatives

| (i) No. of Pry. Consumers stores | 2,220 | |
| (ii) No. of whole sale stores | 29 | |
| (iii) Membership of primaries | 746 | |
| (iv) Sales | | |
| (a) Whole sale societies | 93.34 | |
| (b) Primary Societies | 92.62 | |
| (c) State Federation | 16.51 | |

7. Fishery Co-operatives

| (i) No. of Primary Fishermen's co-ops. | 885 | |
| (ii) Membership at Pry level | 7.5 | |
| (iii) Sale of Fish and fish products | | |
| (a) Primaries | 11.78 | |
| (b) Federation | 10.50 | |
8. Handloom Co-operatives
   (i) No. of Pry. Handloom societies 1,293
   (ii) Membership 1.19
   (iii) Sale of handloom products 207.50

9. Industrial Co-operatives
   (i) No. of societies 1,097
   (ii) Membership 1.30
   (iii) Business operation 186

10. Urban Co-operative Bank & Credit Societies
    (i) Primary Urban Co-op. Bank 49
    (ii) Primary credit societies 95 145
    (iii) Salary earners co-op. credit societies 4,541
    (iv) Membership 2,046
    (v) Loan Advances 28,286

11. Housing Co-operatives
    (i) No. of societies 2,659
    (ii) Membership (000) 89
    (iii) Paid up share capital 3,640


**Co-operative Movement in West Bengal at a glance.**

The Co-operative Movement in West Bengal has undergone many changes being confronted with various constraints. In comparison to overall position of the co-operative in different parts of India, in West Bengal, it has been plagued by serious problems of special nature since independence.

The co-operative was considered to be a potential tool for the economic rehabilitation and upliftment of the people of moderate means and also for supplementing the efforts of State Government, despite enormity of problems faced by the State Government. Therefore co-operative movement started receiving attention from early sixties when the main thrust was given to agriculture and farm activities which involved more than 75% of the total population of West Bengal.

It was found that the objectives of Sixth Five Year Plan were not fulfilled and the growth of short-term credit sector in providing production credit and
that of long-term credit sector in providing the investment credit to the agriculturists has not been significant. And the performance of consumer, marketing and Housing sector was not so satisfactory.

It was found, during the seventh plan period, that the objectives of seventh plan for annual growth in agriculture along with implementation of employment oriented and poverty alleviation programme would be effectively carried out by the co-operative institutions. The achievements are short of expectations in all major items. There was a wide gap between formulation and implementation of objectives of the seventh plan. In implementing the programmes properly there were various causes and constraints.

The co-operative organisations have been recognised as suitable medium through which the concept of socio economic development can best be realised by revamping the activities of co-operatives at the base level. Keeping in view these main objectives, the thrust areas of the Eighth Plan are concentrated on consolidating and strengthening and re-organising the rural credit societies through business development planning so that they are in a position to increase disbursement of credit in a farm, farm-allied and non-farm sectors and mobilise rural savings.

So, the Eighth Five year Plan has envisaged more stress on credit sector, consumer sector, marketing sector and other allied activities in the interest of the members of the co-operatives. With gradual growth and diversification of the activities of co-operatives, special emphasis has been given to co-operative education and training for Human Resource Development. Moreover, stress has been given on the co-operative education and training among women so that they can actively participate in the functioning of the co-operatives in larger way and derive economic benefits from them.

The Ninth Five Year Plan is almost 2.5 times of the plan size for the West Bengal in the Eighth Plan period. The main thrust area for the Eighth Plan period. The main thrust area for the Ninth Plan would be employment generation through enhancement of production in industry, agriculture and allied sectors.
Co-operative Movement in West Bengal

Agricultural Credit Requirements in West Bengal

The credit needs of cultivators fall into three broad categories:

(a) Crop loans or short term loans - Mainly for financing current expenditure in connexion with the raising of crops.

(b) Medium-term-for meeting outlay relating to the replacement and maintenance of wasting assets and capital investment designed to increases the output from land. Such loans are generally repayable within periods ranging from 3 to 5 years. They are sanctioned for such purpose as depending of well, sinking of new well, installation of pamping plants, purchase of agricultural machinery or pair of bullocks etc.

(c) Long-term-for captial investment in agriculture such as sinking of new wells, construction of tube wells, land levelling, bunding, purchase of tractors, power tillers and other costly machinery including oil engines, electrical motors and pump sets, purchase of land acquisition of owership right in land, redemption of old debt etc. Such loans are generally repayable over 5 to 15 years and in exceptional cases, in twenty years.¹⁹

Short Term And Medium Term Agricultural Credit
(Production Credit)

Prospect and potentiality of Agricultural Development

Indian economy is rural oriented with over 70% of the population depending on Agriculture which is largest and most important sector of Indian economy. Similarly, West Bengal is pre-dominently an agricultural state where 80% of the population live in the villages out of which 70% of the population earn their livelihood from the Agriculture.

Agriculture of West Bengal is characterised by certain special features which are listed below.

(a) Over dependence on uncertain rains.

(b) Multiplicity of crops.
(c) Semi-commercialised Farming

(d) Pre-dominance of small & marginal landless farmers.

(e) Large inequalities

(f) Low level of productivity

(g) Gross involvement of rural indebtedness.

(h) Lack of need based production & investment credit.

The crop pattern of Indian Agriculture has undergone a very progressive change with dimension to multiple and high yielding varieties of corps. The net area under these corps is over 143 million hectares constituting about 4.5% of the total geographical area of the country.

The cropping in the state is also dominated by paddy grown under multiple crop production scheme and due to intensive efforts and coverage of major area under the high yielding varieties of paddy. The output of rice has reached its peak in West Bengal and even could occupy the highest place in India.

But the inadequate supply of both need based production and investment credit to Big, Medium, Small and Marginal farmers, as the case may be, have caused deterioration in the crop production resulting in decline of rural economy and employment potential. The provide the required agricultural finance the concept of multi-agency approach has also been put to operation. Its success in yet to be assessed.

The institutional finance through co-operatives has a very important role to play and accordingly the role and promotion of credit structure has become more indispensable to ensure distribution of right and adequate agricultural inputs with necessary farm guidance for intensive and successful method of cultivation.20

Co-operative Credit Structure

Programme concerning agricultural activities are all linked up with credit.

The organisational structure of short-term and medium term credit in West Bengal consists of PACS, FSS and LAMPS at the village level or at grass root
level, Central Co-operative Banks mostly at the District level, except in Cooch-Behar, North 24 Parganas and South 24 Parganas there are State Co-operative Bank at the district level and the West Bengal State Co-operative Bank at the state level or Apex level.

The present position of short-term credit structure in West Bengal is as follows:

1. State Co-operative Bank 1
2. Unit of State Co-operative Bank 3
3. Central Co-operative Banks 17
4. Branches of Central Co-op. Banks 193
5. PACS, FSS and LAMPS 7589

The mounting overdues and imbalance have caused serious set back to the development of the PACS and Central Co-operative Banks.

To credit structure can be strengthen to take the following measures:

1. Revitalisation of primary credit structure
2. Linking of credit with marketing
3. Entrustment of responsibility for supervision to the Central Financing Agency.
4. Improving the arrangement for supervision.
5. Expeditions disposal of arbitration and execution proceedings.
6. Organisation of various collection drive and taking prompt stern action against defaulters etc. are taken with sincerely of purpose.

Performance of Co-operative Credit structure

The two or three tier structure of co-operative credit is mainly responsible for credit support to agriculture and allied activities through the co-operative Institutions spread all over West Bengal.

Assessing the achievement of the Short-term sector it may be stated that
as against the target of Rs. 135 crores to 1993-94, or sum of Rs. 123.14 crores was invested by the Central Co-operative Banks as production credit. The target for 1994-95 was fixed at Rs. 170.00 crores against which an amount of Rs.164.46 crores was achieved.

The programme of investment for the year 1996-97 has been fixed at Rs. 200 crores. Therefore to strengthen the dispensing of the institutional credit major emphasis of the Eighth Five Year Plan has been given on the following items:

(a) Strengthening of infrastructure at different levels.

(b) Credit support to all categories of activities to be undertaken by the PACS at the grass root level.

(c) To ensure greater credit flow for weaker sections.

(d) To rehabilitate the overdues which is primarily responsible for checking flow of credit.

Business Development Planning

As per guidelines and instructions given by the government of India, the West Bengal Government has initiated action for implementating the programme of Business Development Programme through Range office, Central Co-operative Banks and State Co-opertive Bank. The main objective of this programme is to impart training to the Chairman, Secretary and Directors of PACS.

In the wake of the BDP to be implemented through the PACS, the major emphasis is on diversifying the activities of there societies at the grass root level to make them viable to serve the various necessity of rural life. Moreover, the central Co-operative Banks also require revamping in the line of thier individual Development Action Plan chalked out by NABARD for purpose of attaining current and sustainable viability.

Preparation of B.D.P. (Aims and objectives)

The Board of Directors of CCB shall have to prepare B.D.P. for each PACS in order to revitatlize the Co-op. structure from the lowest tier i.e. PACS.
As the B.D.P. aims at achieving viability at the end of a given course of time and reach the benefits of co-operative system and group activity of the rural poor, credit support would be required not only for the PACS, FSS & LAMPS but also for the supporting organisations like wholesale consumer societies.

**Selections of PACS**

A tentative list shall be prepared by the Board of Directors of CCBs for introducing BDP year wise. Supervisor-wise starting from 1991-92 to 1999-2000. The Directors elected from their respective areas should help the Board of select PACS for introducing B.D.P. Then it should be finalised in joint conference of Bank personnel and Departmental officers so that field officers and Inspectors of co-op. societies of the Blocks may indicate the potentiality of the PACS.

**Implementation of BDP**

The B.D.Ps are required to be prepared in formats given by the West Bengal State Co-operative Bank. For preparation of DBPs and DCCB personnel trained for this purpose will help and guide the societies and also take follow-up actions for achieving targets setforth in the BDP. The trained Field officers of CCBs are required to help to prepare BDPs at least 10 PACS each year. So selection of PACS for BDP and preparation of formats are to be done as per direct supervision of the directors of the CCBs. The Board of Directors of CCBs should monitor the entire progress.

The PACS that have already reached Rs. 10 lakhs business level by implementing NCDS project or otherwise should be selected at a later stage.

**Preparation of Perspective Plan**

The Board of the DCCBs have an important role in preparation of year-wise perspective plan. This perspective plan of coverage of PACS has to be prepared by giving year-wise no. of societies and name of CCB officers to remain in charge.

While preparing the annual BDP of a society. Estimates of Business Results have also to be worked out to see how the society gradually improves financially and ultimately becomes viable.
Resources for implementation of BDP

Societies should start deposit mobilisation scheme in consultation and direct supervision of the DCCBs. DCCBs may arrange funds for suitable Bankable Schemes on the basis of BDPs. Societies may also formulate schemes for setting up of Agro-procuring units, if feasible in consultation with Board of DCCBs. All other type of business should be introduced by the societies in consultation with the DCCB personnel and being assured about all type of support by the Board of DCCB.

Monitoring and Evaluation of B.D.P.

DCCB should create a special cell at the District or Range level to monitor and evaluate the implementation of the BDPs. One Senior officer of the CCBs may be selected act as co-ordinating officer. He should not only guide the supervisors of the Bank and PACS personnel but also apprise the Board about the progress of implementation in each society.

Board of CCBs have a vital role

1. In implementing of BDP for each and every primary village co-op. society aiming to increase its low business as well as enlarging profitable non-credit activities and deposit mobilisation.

2. To organise self-help groups of women and other rural poor for economic development.

3. To provide machinery financial assistance to the PACS to meet working capital requirements for operationalising B.D.P. The requirement should include the rural artisan members of primary societies.

Arrangement of Training

To ensure better implementation of BDPs the Manager of PACS and the chairman and other directors of the PACS are required to be trained. The Board of Directors of CCBs should arrange and organise such training locally. Board of Directors of CCBs should also take care of imparting training to the general member of the societies. The Directors of CCBs should attend such training programmes as far as practicable. 22
In West Bengal B.D.P. training is being imparted by N.S.I.C.M., Kalyani (renamed as Netaji Subhas Regional Institute of Co-operative Management).

6. Co-operative Training Centres (renamed as centre for co-operative training) and Institute of Co-operative Management for Agriculture and Rural Development (formerly A.C.S.T.I).

No. of PACS implemented B.D.P. up to 1995-96 in West Bengal 1811.

The following tables are given below to analyse the position of S.T. and M.T. credit structure of West Bengal.

Co-operative Credit Structure (Production Credit)

**TABLE 4 : 5**

State Co-operative Bank (Rs. in lakhs)

(Statistical details Year 1994-95)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No. of State Co-op. Bank</td>
</tr>
<tr>
<td>2.</td>
<td>Membership (i) Co-operatives</td>
</tr>
<tr>
<td></td>
<td>(ii) Individual</td>
</tr>
<tr>
<td>3.</td>
<td>Paid up Share Capital</td>
</tr>
<tr>
<td>4.</td>
<td>Reserves &amp; share capital</td>
</tr>
<tr>
<td>5.</td>
<td>Deposits</td>
</tr>
<tr>
<td>6.</td>
<td>Borrowings</td>
</tr>
<tr>
<td>7.</td>
<td>Working capital</td>
</tr>
<tr>
<td>8.</td>
<td>Loans &amp; Advances</td>
</tr>
<tr>
<td></td>
<td>(a) Loans issued</td>
</tr>
<tr>
<td></td>
<td>(i) S.T. Agril</td>
</tr>
<tr>
<td></td>
<td>(ii) S.T. Non-Agril</td>
</tr>
<tr>
<td></td>
<td>(iii) M.T. Agril</td>
</tr>
<tr>
<td></td>
<td>(iv) M.T. Non-Agril</td>
</tr>
<tr>
<td></td>
<td>(b) Loan Outstanding</td>
</tr>
<tr>
<td></td>
<td>(i) S.T. Agril</td>
</tr>
<tr>
<td></td>
<td>(ii) S.T. Non-Agril</td>
</tr>
<tr>
<td></td>
<td>(iii) M.T. Agril</td>
</tr>
<tr>
<td></td>
<td>(iv) M.T. Non-Agril</td>
</tr>
<tr>
<td>9.</td>
<td>Demand</td>
</tr>
<tr>
<td>10.</td>
<td>Collection</td>
</tr>
<tr>
<td>11.</td>
<td>Overdues</td>
</tr>
<tr>
<td>12.</td>
<td>% of overdue to demand</td>
</tr>
</tbody>
</table>

*Source: Status paper on Co-operative Movement of West Bengal, Principals of ICMS in East Zone States, NCUI, Calcutta, 1996, pp. 55,56*
### TABLE 4:6
Central Co-operative Bank in West Bengal

(Rs. in lakhs)

<table>
<thead>
<tr>
<th></th>
<th>1994-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. of Central Co-op. Banks</td>
<td>17</td>
</tr>
<tr>
<td>2. No. of Units of W.B. State Co-op, Bank</td>
<td>3</td>
</tr>
<tr>
<td>3. No. of Branches of CCBs</td>
<td>193</td>
</tr>
<tr>
<td>4. Membership (000)</td>
<td>13813</td>
</tr>
<tr>
<td>5. Paid up share capital</td>
<td>2731</td>
</tr>
<tr>
<td>6. Reserves</td>
<td>3695</td>
</tr>
<tr>
<td>7. Deposits</td>
<td>48421</td>
</tr>
<tr>
<td>8. Borrowings</td>
<td>8845</td>
</tr>
<tr>
<td>9. Working capital</td>
<td>66780</td>
</tr>
<tr>
<td>10. Loans &amp; Advances</td>
<td>16446</td>
</tr>
<tr>
<td>11. Demand</td>
<td>27159</td>
</tr>
<tr>
<td>12. Collection</td>
<td>20297</td>
</tr>
<tr>
<td>13. Overdues</td>
<td>6862</td>
</tr>
<tr>
<td>14. Amount of profit</td>
<td>389</td>
</tr>
</tbody>
</table>

**Source:** Status paper on Co-operative Movement of West Bengal, Principals of ICMs in East Zone States, NCUI, Calcutta, 1996, p.56.

### TABLE 4:7
Primary Agricultural Credit Societies in West Bengal (PACS)

(Rs. in thousand)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of PACS</td>
<td>7589</td>
</tr>
<tr>
<td>2. Membership (000)</td>
<td>3824</td>
</tr>
<tr>
<td>3. Paid up share capital</td>
<td>5918</td>
</tr>
<tr>
<td>4. Reserves</td>
<td>1000</td>
</tr>
<tr>
<td>5. Deposits</td>
<td>5919</td>
</tr>
<tr>
<td>6. Borrowings</td>
<td>10747</td>
</tr>
<tr>
<td>7. Working capital</td>
<td>30212</td>
</tr>
<tr>
<td>8. Loans and Advances</td>
<td>19846</td>
</tr>
<tr>
<td>9. Loans &amp; Advance outstanding</td>
<td>22400</td>
</tr>
<tr>
<td>10. Demand</td>
<td>29117</td>
</tr>
<tr>
<td>11. Collection</td>
<td>20064</td>
</tr>
<tr>
<td>12. Overdues</td>
<td>9050</td>
</tr>
<tr>
<td>13. % of overdues to demand</td>
<td>30.48</td>
</tr>
<tr>
<td>14. Profit</td>
<td>420</td>
</tr>
</tbody>
</table>

**Source:** Status paper on Co-operative Movement of W.B. principals of ICMS in East Zone State, Calcutta, 1996, p.57.
Development of Tribal Co-operatives

The West Bengal Tribal Development Co-operative Corporation Ltd. has been playing a very significant role in respect of rendering various services to the people consisting of scheduled castes and schedule Tribes and other backward classes through the functioning of 115 LAMPS.

West Bengal Tribal Development Co-operative Corporation

**TABLE 4:8**

<table>
<thead>
<tr>
<th></th>
<th>1994-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No.</td>
</tr>
<tr>
<td>2.</td>
<td>Membership</td>
</tr>
<tr>
<td>3.</td>
<td>Paid up share capital</td>
</tr>
<tr>
<td>4.</td>
<td>Reserves</td>
</tr>
<tr>
<td>5.</td>
<td>Deposits</td>
</tr>
<tr>
<td>6.</td>
<td>Loans &amp; Advances</td>
</tr>
<tr>
<td>7.</td>
<td>Working capital</td>
</tr>
<tr>
<td>8.</td>
<td>Sale of consumer goods</td>
</tr>
<tr>
<td>9.</td>
<td>Net profit</td>
</tr>
</tbody>
</table>


The West Bengal Tribal Development Co-operative Corporation Ltd. has also launched new schemes for development of LAMPS and their members. The corporation has done a tremendous job by providing farm loan, supplying consumer articles, processing and selling minor forest products.

Points for consideration

1. The programme of BDP Planning need be implemented both in wards and deeds through PACS so that the PACS may proceed to attain viability.
2. A very good report and liason should be established between the Department, Bank and PACS to ensure recovery of outstanding loans and overdues.
3. Diversification of service and business and stream lining of operation.
4. Strong Revitalisation scheme for strengthening the base structure of PACS.
5. Implementation of scheme of linking of credit with marketing.
6. Appropriate credit plan and management for distribution and disbursement of need based credit amongst the member of PACS.
7. Introduction and implementation of farm guideline.
8. Availability of the services of the Agricultural University for implementation of production credit and multiple crop pattern.
9. Promotion of good report amongst co-operation Department, Agriculture Department, NABARD and CCB.
10. Devise ways and means to overcome malady of resource constraints.

Ajit Kumar Ganguly, Chairman, Bankura District Central Co-operative Bank Ltd. through his article “Role of co-operatives in Rural Development” mentioned that the District Central Co-operative Banks. The West Bengal State Co-operative Banks and NABARD constructed a MOU for DAP with keeping similarity with the Co-operative movement of this state by which the economical development of agriculturists and other people who are involved in small-scale industries can be developed and for that reason the planning should be submitted to the Central Co-operative Banks by the PACS. Similarly the District Central Co-operative Banks should submit their plans to the West Bengal State Co-operative Bank and to NABARD. This planning is made by the District Central Co-operative Bank in the District level and State Co-operative Bank in the state level. After every three months, there is a meeting held in every District Central Co-operative Bank with the representative of District Central Co-operative Bank, ARCS, State Co-operative Bank, RBI and NABARD and discussion made in target and achievement in every item. For this reason, to some extent, the development of CCB can be shown but the economical development of all classes of people or rural areas can be developed due to unwillingness of taking the plans of PACS. So a plan should be made to perform the following works by the management of PACS with the help of local panchayats.

1. It should be done to give the membership to all the people of the agricultural family.
2. Guarantee of getting loan in time should be given after repayment of the
previous dues and about the getting of regular agricultural loans. All the measures should be taken for repayment of loans for a particular crop.

3. It should be ensured that the agriculturist are getting the fertilizer, seeds, and other agricultural implements such as tractor, powertiller, thresher, sprayer etc. in fair price.

4. CCB will help economically in the non-irrigated area, taking a plan for irrigation with the co-operation of panchayats but without the Government subsidy (through Panchayat, DRDA, or CADP).

5. It should be arranged for the agriculturists temporarily to give 50 to 60 percent advance to keep the crops in the godown of the society to get the reasonable price. For that purpose CCB will financially assist. In case of potato, the arrangement should be done by the CCB for the farmer to get the loans as per requirement in against of Bonds of cold store from the society.

6. An arrangement should be done in the area of the society, for the person, beside agriculturist, such as landless labour, agricultural labour (who are universal member or not), small scale Industrialist, small businessmen and in the employment schemes of the unemployed persons, so that they can get the loans. For that purpose the help should be taken from the livestock Department, Fishery Department, small scale Industry Department and District Rural Development Agency through the panchayats.

7. Though for the purpose an arrangement (DAP) has been done by the District Central Co-operative Bank with the Primary Societies for financial assistance, but to mobilise the local resources, the PACS should initiated to open the Banking business. So that the Rural Banks will invest the excess resources in the local area and the rest amount will be deposited in the nearest Branch of the District Central Co-operative Bank.

8. There are so many Primary Agricultural Co-operative Society has taken a plan to finance a loan for house building in HUDCO scheme for the poor and back ward people in their area. Though there is no profit of Co-operative Society, District Central Co-operative Bank and State Co-operative Bank but to discharge the social duties the every society should take the plan.
TABLE 4:9
Financial Position of The West Bengal State Cooperative Bank Limited
(Balance Sheet figures)

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid up share</th>
<th>Reserve &amp; other Funds</th>
<th>Deposit</th>
<th>Borrowings</th>
<th>Working Capital</th>
<th>Investments in Govt. &amp; Trustee Securities</th>
<th>Loans &amp; Advances</th>
<th>Interest &amp; disc realised</th>
<th>Salaries paid &amp; allowances paid</th>
<th>Interest paid &amp; other expenses</th>
<th>Total Expenditure</th>
<th>Profit &amp; Loss</th>
<th>Accumulated loss</th>
<th>No. of Branch incldg. H.O.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>4.28</td>
<td>8.35</td>
<td>58.97</td>
<td>108.45</td>
<td>13.96</td>
<td>71.95</td>
<td>7.03</td>
<td>0.91</td>
<td>6.29</td>
<td>7.20</td>
<td>(-) 0.08</td>
<td>0.52</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>1981-82</td>
<td>4.94</td>
<td>8.90</td>
<td>6.31</td>
<td>29.06</td>
<td>117.15</td>
<td>16.91</td>
<td>86.81</td>
<td>7.35</td>
<td>1.02</td>
<td>6.47</td>
<td>7.49</td>
<td>(+) 0.07</td>
<td>0.44</td>
<td>33</td>
</tr>
<tr>
<td>1982-83</td>
<td>4.89</td>
<td>9.52</td>
<td>69.89</td>
<td>26.02</td>
<td>119.91</td>
<td>20.90</td>
<td>75.89</td>
<td>8.55</td>
<td>1.15</td>
<td>8.44</td>
<td>9.59</td>
<td>(-) 0.82</td>
<td>1.20</td>
<td>33</td>
</tr>
<tr>
<td>1983-84</td>
<td>5.11</td>
<td>10.52</td>
<td>79.17</td>
<td>20.50</td>
<td>125.41</td>
<td>25.62</td>
<td>73.12</td>
<td>8.91</td>
<td>1.30</td>
<td>8.68</td>
<td>9.98</td>
<td>(+) 0.82</td>
<td>2.12</td>
<td>33</td>
</tr>
<tr>
<td>1984-85</td>
<td>5.04</td>
<td>11.14</td>
<td>93.94</td>
<td>19.22</td>
<td>138.91</td>
<td>27.07</td>
<td>74.79</td>
<td>10.09</td>
<td>1.61</td>
<td>9.85</td>
<td>11.46</td>
<td>(-) 1.11</td>
<td>3.25</td>
<td>34</td>
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<tr>
<td>1985-86</td>
<td>4.96</td>
<td>11.47</td>
<td>111.79</td>
<td>30.23</td>
<td>168.73</td>
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<td>106.08</td>
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<td>12.27</td>
<td>14.02</td>
<td>(-) 1.03</td>
<td>4.28</td>
<td>34</td>
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<tr>
<td>1986-87</td>
<td>4.91</td>
<td>11.79</td>
<td>131.36</td>
<td>30.82</td>
<td>191.23</td>
<td>39.66</td>
<td>120.46</td>
<td>15.48</td>
<td>1.87</td>
<td>13.66</td>
<td>15.53</td>
<td>(+) 0.40</td>
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Source: The West Bengal State Co-operative Bank Ltd. Calcutta- 70069
The Primary Agricultural Co-operative Society can play an important role in economical development in its area if it can take the above plans one by one.\textsuperscript{24}

Loan Advanced by the West Bengal State Co-operative Bank Ltd. during the year 1996-97

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<th>Target</th>
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\textbf{Source}: The West Bengal State Co-operative Bank Ltd. (57 Annual General Meeting)
LOANS AND ADVANCES
(Fig. in crores of Rupees)

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WORKING CAPITAL
(Fig. in crores of Rupees)

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<th>WORKING CAPITAL (crores of Rupees)</th>
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COMPOSITION OF WORKING CAPITAL
28th Feb 1997
(Rs. in crores)

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<th>Component</th>
<th>Amount (Rs.)</th>
<th>Percentage</th>
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<td>73.30%</td>
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<td>Other Items</td>
<td>48.80</td>
<td>5.35%</td>
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<td>Borrowings</td>
<td>145.75</td>
<td>15.97%</td>
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<td>Reserves</td>
<td>38.35</td>
<td>4.20%</td>
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<td>Share Capital</td>
<td>10.73</td>
<td>1.18%</td>
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<td><strong>Total</strong></td>
<td><strong>912.53</strong></td>
<td><strong>100.00%</strong></td>
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</table>
COMPOSITION OF LOANS AND ADVANCES
As On 28th Feb. 1997

(Rs. in Crores)

- Short Term Agriculture: Rs. 143.81, 31.84%
- Transport: Rs. 41.41, 9.17%
- Consortium Finance: Rs. 106.72, 23.63%
- Weavers Finance: Rs. 73.10, 16.18%
- Employees Cooperative: Rs. 20.01, 4.43%
- Cash Credit & Overdraft: Rs. 49.37, 10.93%
- Other Loans: Rs. 17.25, 3.82%
- Total: Rs. 451.67, 100.00%

COMPOSITION OF DEPOSIT
28th Feb. 1997

(Rs. in Crores)

- Fixed Deposit Cooperatives: Rs. 535.07, 79.99%
- Fixed Deposit Individuals: Rs. 42.72, 6.39%
- Savings Deposit Cooperatives: Rs. 12.27, 1.83%
- Savings Deposit Individuals: Rs. 29.61, 4.43%
- Current Deposit Cooperatives: Rs. 26.47, 3.96%
- Current Deposit Individuals: Rs. 6.64, 0.99%
- Other Deposits: Rs. 16.12, 2.41%
- Total: Rs. 668.90, 100.00%
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<th>24 Ps(S)</th>
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<th>Murshidabad</th>
<th>Nadia</th>
<th>Mugbery</th>
<th>Maida</th>
<th>Jalpaiguri</th>
<th>Howrah</th>
<th>Darjeeling</th>
<th>Coochbehar</th>
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<th>Balaghat</th>
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Financing obtained from SCB/NABARD

Financing by CCB/Unit

Rs. in lakhs

Diversified Financing 1996-97
Scheme-wise diversified financing during last three years
(Rs. in lakhs)

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### Table 4:11

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<th>Name of the Bank</th>
<th>No. of branches including H.O.</th>
<th>Deposit</th>
<th>Working Capital</th>
<th>Borrowings</th>
<th>Loans &amp; Advances</th>
<th>Total Income</th>
<th>Total Exp.</th>
<th>Total Profit (+) or Loss (-)</th>
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<td>14.74</td>
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<td>3. Bankura</td>
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<td>4. Birbhum</td>
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<td>17.08 19.10 22.67</td>
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</tr>
<tr>
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<td>7.47 9.18 16.24</td>
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<td>8.12 9.55 13.34</td>
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<td>-0.75 -0.88 3.45</td>
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<td>21.66 27.53 28.99</td>
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<td>2.72 3.02 2.95</td>
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<td>14.07</td>
<td>16.58</td>
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<td>22.84 28.45 37.29</td>
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<td>2.30 2.91 3.65</td>
<td>-0.35 -0.56 +0.20</td>
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<td>12.02</td>
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<td>13.08 16.22 20.13</td>
<td>9.33 1.3 2.97</td>
<td>6.62 8.91 13.50</td>
<td>1.58 1.83 2.60</td>
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<td>13. Nadia</td>
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<td>43.40</td>
<td>56.39</td>
<td>60.98 73.18 74.76</td>
<td>10.32 12.30 12.49</td>
<td>18.81 32.21 13.84</td>
<td>7.44 5.78 9.03</td>
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<td>11.31</td>
<td>14.94</td>
<td>18.97 19.95 20.38</td>
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<td>10.91 11.05 13.60</td>
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<td>16. Tamluk-Ghata</td>
<td>18 18 18</td>
<td>25.17</td>
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<td>42.33</td>
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<td>17. Bidyasagar</td>
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<td>10.68 8.44 15.53</td>
<td>49.76 55.80 62.39</td>
<td>9.57 11.45 12.86</td>
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</tbody>
</table>

Source: The West Bengal State Co-operative Bank Ltd. (57 Annual General Meeting)
Long Term Financing (Investment Credit)

The co-operative credit system comprises of short-term, medium-term and long-term. The short-term capital is used for meeting the seasonal requirements and repayment of loans is generally made out of the sale proceeds of the crops. Medium-term loans are generally advanced for more than 15 months and less than 5 years. The loans repayable in periods exceeding five years are known as long-term credit. Its repaying period is spread from 7 to 15 years.25

The organisational structure of long-term co-operative agricultural sector, unlike the short and medium term credit structure, is not of a uniform pattern all over the country26. A majority of states have the federal set-up with the State Co-operative Agriculture and Rural Development Bank at the state level and affiliated Primary Agriculture and Rural Development Banks at the District or lower levels. In some other states the structure is of a unitary type, the operational units below the State Co-operative Agriculture and Rural Development Bank being its branches. In West Bengal, the Agriculture and Rural Development Banking structure is two-tier federal one consisting of an Apex State Co-operative Agriculture and Rural Development Bank and primary Agriculture and Rural Development Banks at the base located in districts and a few subdivisional headquarters. Only exception we can see for the two districts namely Purulia and Darjeeling District. There we can see the Branches of the West Bengal State Co-operative Agriculture and Rural Development Bank.

Long-term credit sector has been advancing investment credit to the growers under the leadership of West Bengal State Co-operative Agriculture and Rural Development Bank Ltd. The main source of its fund is the floatation of special debentures and Normal Debentures as under the guidance and monitoring by NABARD against State Government guarantee.
The Long-term Credit Structure consists of the following

1. West Bengal State Co-operative Agriculture & Rural Development Bank Ltd. 1
2. Branches of WBSCARDB 2
3. Regional offices of the WBSCARDB 2
4. Primary ARDB 24
5. Branches of ARDB 24
6. Total operational units at Base level 51
7. Average No. of villages per operational unit 760

The performance of WBSCARDB and Primary ARDB is given below in Table No. 4:12 and Table No. 4:13.

TABLE 4:12

<table>
<thead>
<tr>
<th>Statistical details 1994-95</th>
<th>Rs. in lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Bengal State Co-operative Agriculture and Rural Development Bank Ltd.</td>
<td></td>
</tr>
<tr>
<td>1. No.</td>
<td>1</td>
</tr>
<tr>
<td>2. Paid up share capital</td>
<td>Rs. 670.91</td>
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<tr>
<td>3. Owned funds</td>
<td>Rs. 1,181.00</td>
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<tr>
<td>4. Borrowings</td>
<td>Rs. 12,824.00</td>
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<tr>
<td>5. Deposits of Others</td>
<td>Rs. 234.00</td>
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<tr>
<td>6. Working capital</td>
<td>Rs. 14,588.00</td>
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<tr>
<td>7. Loan outstanding</td>
<td>Rs. 13,591.00</td>
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<tr>
<td>8. Investment</td>
<td>Rs. 4,018.27</td>
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<tr>
<td>9. Loan (Cold storage)</td>
<td>Rs. 761.00</td>
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<tr>
<td>10. Loan (Godown NCDC-III)</td>
<td>Rs. 1,010.93</td>
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</table>

### Table 4: 13

<table>
<thead>
<tr>
<th>No.</th>
<th>Primary Co-operative Agriculture and Rural Development Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No.</td>
</tr>
<tr>
<td>2.</td>
<td>Membership</td>
</tr>
<tr>
<td>3.</td>
<td>Paid up Share Capital</td>
</tr>
<tr>
<td>4.</td>
<td>Owned funds</td>
</tr>
<tr>
<td>5.</td>
<td>Deposits</td>
</tr>
<tr>
<td>6.</td>
<td>Borrowings</td>
</tr>
<tr>
<td>7.</td>
<td>Working capital</td>
</tr>
<tr>
<td>8.</td>
<td>Loan Advanced</td>
</tr>
<tr>
<td>9.</td>
<td>Loan Outstanding</td>
</tr>
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</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>24</td>
</tr>
<tr>
<td>2.</td>
<td>1.99</td>
</tr>
<tr>
<td>3.</td>
<td>Rs. 847.00</td>
</tr>
<tr>
<td>4.</td>
<td>Rs. 1,051.00</td>
</tr>
<tr>
<td>5.</td>
<td>Rs. 40.00</td>
</tr>
<tr>
<td>6.</td>
<td>Rs. 10,900.30</td>
</tr>
<tr>
<td>7.</td>
<td>Rs. 6,755.00</td>
</tr>
<tr>
<td>8.</td>
<td>Rs. 1,942.10</td>
</tr>
<tr>
<td>9.</td>
<td>Rs. 4,105.00</td>
</tr>
</tbody>
</table>

**Source:** Status Paper on Co-operative Movement of W.B., Principals of ICMS in East Zone State, Calcutta, 1996, p.61.

**Operational coverage of the WBSCARDB and PARDB.**

The WBSCARDB has been trying to provide long-term finance to the growers for the improvement of their production and economic viability through its 24 primary affiliated units at District and sub-division level and 2 direct branches of Darjeeling and Purulia.

**Activities at a glance**

1. Farm sector comprises of
   (i) Minor irrigation
   (ii) Farm Mechanisation (Tractor, Power Tiller etc)
   (iii) Horticulture
   (iv) Fishery
   (v) Dairy
   (vi) Poultry
   (vii) Piggery
   (viii) Floriculture
   (ix) Betalvine
   (x) Sericulture
   (xi) Other allied activities
2. **Non-Farm Sector consists of the following**
   (i) All types of cottage Industries
   (ii) All types of small scale Industries
   (iii) All types of Agro-Processing Industries
   (iv) Rural Transport (a) Trauck (b) Auto Van.
   (v) Housing Finance
   (vi) Special Project like (a) Construction of cold storage (b) Construction of godown.

3. **Deposit Mobilisation**
4. **Training for co-operative personnel**
5. **Other subsidy oriented Development Programme with DRDA, FFDA, BFFDA, SC/ST Financial and Development Corporation and Development of sericulture etc.**

For achieving the target for lending of LT credit, the following prospective will be taken into consideration:

1. Substantial increase in the flow of credit to weavers' category.
2. Exploring of new potential areas for financing including financing of non-farm projects of village artisans craftsmen and small entrepreneurs.
3. Streamlining the activities and improving the functions of Pry. CARDB for advancing required credit in compact area instead of scattered areas.
4. Easy and smooth flow of schematic credit from the Bank to the ultimate borrowers without insisting on handed security.
5. Strengthening of credit structure by rehabilitating and revitalising the identified weak Banks as per accepted time bound programme.

Purchase of debentures of WBSCARD Bank during 8th Five Year Plan Rs. 288.75 lakhs.
The WBSCARDB raises fund for both farm and Non-Farm Sector and for that purpose it floats debentures of two types viz. Normal Debentures and schematic Debentures known as special Development Debentures.

**Provisions of State Government for financial assistance during 8th Five Year Plan.**

1. Contribution of debentures to be floated by WBSCARDB Rs. 288.75 lakhs.

2. Failed well compensation schemes Rs. 5 lakhs

3. Grant-In-Aid/ subsidies Rs. 25 lakhs
   (a) For Risk Fund Rs. 15 lakhs
   (b) For appointment of supervisors Rs. 5 lakhs
   (c) For new Branches Rs. 5 lakhs

4. For rehabilitation of weak PARDBs Rs. 14 lakhs

5. Loans and grants for constructions of office Building Rs. 16 lakhs

6. Subsidy for delay in organisation and delay in supply of machinery equipments Rs. 10 lakhs.

7. Additional Share capital to WBSCARDB Rs. 50 lakha.

8. Working capital loan to WBSCARDB Rs. 375 lakhs

9. Loan to PACS to meet loss in Advancing of L.T. Loans Rs. 100 lakhs.

**Points For Consideration**

1. Similar to the strategy of PACS, the ARDBs should be brought under the fold of Business Development Planning programme so that their investment and collection programme may be drawn and implemented properly.

2. A broad based acrtion plan need be formulated for financing the urban and rural Housing sector.
3. A firm and effective strategy should be evolved to ensure recovery of dues and overdues in the context of Agricultural Debt Relief measures.

4. A comprehensive investment programme should be taken for investment in non-farm sector as a diversification programme so as to make the ARDB economically more viable.

5. To ensure the rehabilitation of weak ARDBs and Branches, it is very relevant to review the Rehabilitation programme of NABARD.

6. As a strategic measure, effective shift from security oriented to production oriented lending for better services to the priority sector should be followed and ensured.

7. Co-operative Department and Organisations are absolutely lacking in preparing and collecting and preserving the required data to formulate accurate programme for diversification of the activities. For that purpose sound planning is essential. Centralised Data maintenance and computerised compilation at Apex level may be given due consideration.

8. Consultancy service sector should be opened in all ARDBS under the guidance of WBSCARDB and in collaboration with Agriculture University and Agriculture Department so that the growers may re-benefitted in all respects.

9. A Research wing should also be opened to conduct research work, survey work and prepare case studies for assessment of performance of ARDBs and monitoring their activities also for academic and training purposes.

10. A comprehensive training and education programme for the personnel of WBSCARDB and PARDBS for the members should be drawn to impart training MOP, EDP, BDP and Diploma programme etc.
Share Capital of the West Bengal State Co-operative Agriculture And Rural Development Bank Ltd.

The paid up share capital of the West Bengal State Co-operative Agriculture And Rural Development Bank Stood at Rs. 759.60 lakhs as on 31-03-96 as against Rs. 670.91 lakhs as on 31.03-95. The position of share capital for last years 1993-94, 1994-95 and 1995-96 is given below.

**TABLE 4: 14**

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Rs. in lakhs</th>
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</thead>
<tbody>
<tr>
<td>(a) &quot;A&quot; Class</td>
<td>271.39</td>
</tr>
<tr>
<td>(b) &quot;B&quot; Class</td>
<td>353.90</td>
</tr>
<tr>
<td>(c) &quot;C&quot; Class</td>
<td>2.31</td>
</tr>
<tr>
<td>(d) &quot;D&quot; Class</td>
<td>29.23</td>
</tr>
<tr>
<td><strong>Table</strong></td>
<td><strong>656.83</strong></td>
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</table>

### TABLE 4:15

BANKWISE LOAN ISSUED BY THE WBSCARDS LTD. FOR THE YEAR 1993-94, 1994-95 & 1995-96 ARE GIVEN BELOW

<table>
<thead>
<tr>
<th></th>
<th>1993-94 to 31.3.94</th>
<th>1994-95 to 31.3.95</th>
<th>1995-96 to 31.3.96</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Farm in lakhs</td>
<td>Non-Farm in lakhs</td>
<td>Rural Housing in lakhs</td>
</tr>
<tr>
<td>Western Zone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arambagh</td>
<td>103.25</td>
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<td>1.20</td>
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<td>17.85</td>
<td>4.88</td>
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<td>63.94</td>
<td>21.55</td>
<td>3.48</td>
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<td>Bankura</td>
<td>72.21</td>
<td>10.53</td>
<td>1.55</td>
</tr>
<tr>
<td>Contai</td>
<td>202.21</td>
<td>43.99</td>
<td>-</td>
</tr>
<tr>
<td>Ghatal</td>
<td>100.74</td>
<td>8.64</td>
<td>4.15</td>
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<td>Hooghly</td>
<td>52.31</td>
<td>3.21</td>
<td>2.05</td>
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<tr>
<td>Jhargram</td>
<td>89.60</td>
<td>3.40</td>
<td>-</td>
</tr>
<tr>
<td>Katwa-Kalna</td>
<td>95.79</td>
<td>32.15</td>
<td>1.02</td>
</tr>
<tr>
<td>Midnapore</td>
<td>72.76</td>
<td>9.79</td>
<td>-</td>
</tr>
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<td>Purulia</td>
<td>18.51</td>
<td>21.98</td>
<td>0.30</td>
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<td>Rampurhat</td>
<td>94.18</td>
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<td>3.11</td>
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<td>Tamluk</td>
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<td>1154.05</td>
<td>184.25</td>
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<td>Central Zone</td>
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<td></td>
<td></td>
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<td>24 Pgs (S)</td>
<td>34.82</td>
<td>1.41</td>
<td>1.22</td>
</tr>
<tr>
<td>24 Pgs (N)</td>
<td>59.29</td>
<td>-</td>
<td>-</td>
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<td>Howrah</td>
<td>38.90</td>
<td>-</td>
<td>-</td>
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<td>Kandi</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>108.39</td>
<td>12.37</td>
<td>4.65</td>
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<td></td>
<td>421.02</td>
<td>44.51</td>
<td>7.77</td>
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<tr>
<td>North Zone</td>
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<td>3.94</td>
<td>-</td>
</tr>
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<td>D. Dinajpur</td>
<td>60.44</td>
<td>26.26</td>
<td>1.63</td>
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<td>Darjeeling</td>
<td>62.13</td>
<td>17.67</td>
<td>-</td>
</tr>
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<td>Coochbehar</td>
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<td>-</td>
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<td>25.69</td>
<td>-</td>
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<td>Malda</td>
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<tr>
<td></td>
<td>373.14</td>
<td>97.94</td>
<td>1.63</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1948.22</td>
<td>326.70</td>
<td>48.27</td>
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### TABLE 4:16


<table>
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<tr>
<th>FARM SECTOR</th>
<th>Year</th>
<th>M.I.</th>
<th>Farm Mechanisation</th>
<th>Land Degv.</th>
<th>Forestry</th>
<th>Betel Vine</th>
<th>Floriculture &amp; Hort</th>
<th>Plant &amp; Bio Gas</th>
<th>Dairy</th>
<th>Poultry</th>
<th>Piggery &amp; Goatry</th>
<th>Fishery</th>
<th>B.B.C. Others</th>
<th>Normal Total</th>
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<td></td>
<td>1993-94</td>
<td>621.71</td>
<td>637.10</td>
<td>4.38</td>
<td>0.43</td>
<td>229.93</td>
<td>22.13</td>
<td>86.50</td>
<td>0.24</td>
<td>48.95</td>
<td>82.14</td>
<td>11.84</td>
<td>62.45</td>
<td>93.99</td>
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<tr>
<td></td>
<td>1994-95</td>
<td>542.74</td>
<td>591.31</td>
<td>11.90</td>
<td>0.21</td>
<td>324.71</td>
<td>17.91</td>
<td>98.06</td>
<td>—</td>
<td>23.14</td>
<td>82.66</td>
<td>8.23</td>
<td>116.37</td>
<td>130.93</td>
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<tr>
<td></td>
<td>1995-96</td>
<td>616.58</td>
<td>1295.29</td>
<td>23.13</td>
<td>0.51</td>
<td>369.83</td>
<td>11.59</td>
<td>170.23</td>
<td>0.20</td>
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<td>108.11</td>
<td>4.51</td>
<td>121.57</td>
<td>170.89</td>
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<table>
<thead>
<tr>
<th>NON-FARM SECTOR</th>
<th>Year</th>
<th>Small Transport</th>
<th>Oil Mill</th>
<th>Rice Mill</th>
<th>Service Unit</th>
<th>Manfg. Unit</th>
<th>Ice factory</th>
<th>Others</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td>84</td>
<td>198.92</td>
<td>20</td>
<td>17.48</td>
<td>4</td>
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<tr>
<td></td>
<td>1994-95</td>
<td>154</td>
<td>396.44</td>
<td>39</td>
<td>44.03</td>
<td>15</td>
<td>39.56</td>
<td>32</td>
<td>4.89</td>
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<tr>
<td></td>
<td>1995-96</td>
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<td>538.56</td>
<td>44</td>
<td>45.68</td>
<td>18</td>
<td>65.29</td>
<td>44</td>
<td>27.14</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>HOUSING SECTOR</th>
<th>GRAND TOTAL OF INVESTMENT MADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>Rs. 4.827</td>
</tr>
<tr>
<td>1994-95</td>
<td>Rs. 105.16</td>
</tr>
<tr>
<td>1995-96</td>
<td>Rs. 190.57</td>
</tr>
</tbody>
</table>

1993-94 : Rs. 2323.19 Lakhs
1994-95 : Rs. 3132.19 Lakhs
1995-96 : Rs. 4004.12 Lakhs

Composition of loans advanced purposewise
For last 3 Years (upto 1995-96)

- Farm Loan
- Non-Farm Loan

(Fig in Crores of Rupees)
TABLE 4:17

LOAN OUTSTANDING

<table>
<thead>
<tr>
<th></th>
<th>31.03.94</th>
<th>31.03.95</th>
<th>31.03.96</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Long term &amp; Secured Loans (through PARDB):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Under Normal Scheme</td>
<td>277.83</td>
<td>263.81</td>
<td>244.95</td>
</tr>
<tr>
<td>b) Under NABARD Scheme</td>
<td>9209.69</td>
<td>10137.96</td>
<td>11690.96</td>
</tr>
<tr>
<td>c) Under Non-Farm</td>
<td>377.48</td>
<td>900.36</td>
<td>1595.99</td>
</tr>
<tr>
<td>d) Rural Housing</td>
<td>47.97</td>
<td>136.60</td>
<td>308.80</td>
</tr>
<tr>
<td>B) Under NABARD Schemes through Body:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.19</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Corporate (Loans to Minor irrigation Corpn.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C) Loans to employees co-op credit Society</td>
<td>-</td>
<td>-</td>
<td>4.80</td>
</tr>
<tr>
<td>D) Loans through Branches</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Normal Scheme</td>
<td>61.02</td>
<td>67.14</td>
<td>66.16</td>
</tr>
<tr>
<td>b) NABARD Scheme</td>
<td>181.24</td>
<td>186.50</td>
<td>209.33</td>
</tr>
<tr>
<td>c) Non farm</td>
<td>68.40</td>
<td>115.19</td>
<td>147.71</td>
</tr>
<tr>
<td>d) Rural Housing</td>
<td>0.43</td>
<td>11.90</td>
<td>20.35</td>
</tr>
<tr>
<td>E) Loans to Cold storage</td>
<td>762.57</td>
<td>761.06</td>
<td>758.46</td>
</tr>
<tr>
<td>F) Loans to Godown Societies</td>
<td>1057.85</td>
<td>1010.94</td>
<td>964.91</td>
</tr>
<tr>
<td></td>
<td>12047.67</td>
<td>13591.46</td>
<td>16012.42</td>
</tr>
</tbody>
</table>

### TABLE 4:18

**RECOVERY PERFORMANCE AT WBSCARDB LEVEL**

A statement showing the bankwise recovery position at WBSCARDB level as on 30/6/96 is given below:

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Name of the ARJBS</th>
<th>DEMAND</th>
<th>Collection</th>
<th>Percentage of collection for the year 1995-96</th>
<th>Percentage of Collection (94-95)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>BANKURA</td>
<td>233.40</td>
<td>45.30</td>
<td>19.40</td>
<td>38.68</td>
</tr>
<tr>
<td>2.</td>
<td>MIDNAPORE</td>
<td>275.42</td>
<td>128.40</td>
<td>46.11</td>
<td>42.10</td>
</tr>
<tr>
<td>3.</td>
<td>JHARGRAM</td>
<td>111.72</td>
<td>60.89</td>
<td>54.50</td>
<td>33.18</td>
</tr>
<tr>
<td>4.</td>
<td>TAMLUK</td>
<td>226.93</td>
<td>211.75</td>
<td>93.31</td>
<td>66.62</td>
</tr>
<tr>
<td>5.</td>
<td>CONTAI</td>
<td>355.02</td>
<td>306.73</td>
<td>86.39</td>
<td>87.86</td>
</tr>
<tr>
<td>6.</td>
<td>GHATAL</td>
<td>208.20</td>
<td>166.29</td>
<td>79.87</td>
<td>73.18</td>
</tr>
<tr>
<td>7.</td>
<td>BURDWAN</td>
<td>194.18</td>
<td>194.18</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>8.</td>
<td>KATWA-KALNA</td>
<td>158.17</td>
<td>140.04</td>
<td>88.53</td>
<td>94.25</td>
</tr>
<tr>
<td>9.</td>
<td>BIRBUM</td>
<td>113.61</td>
<td>113.61</td>
<td>100.00</td>
<td>96.48</td>
</tr>
<tr>
<td>10.</td>
<td>RAMPURHAT</td>
<td>177.65</td>
<td>126.48</td>
<td>71.19</td>
<td>83.14</td>
</tr>
<tr>
<td>11.</td>
<td>HOOGHLY</td>
<td>98.92</td>
<td>97.91</td>
<td>98.98</td>
<td>87.20</td>
</tr>
<tr>
<td>12.</td>
<td>ARAMBAGH</td>
<td>125.38</td>
<td>113.54</td>
<td>90.55</td>
<td>100.00</td>
</tr>
<tr>
<td>13.</td>
<td>JALPAIGURI</td>
<td>118.50</td>
<td>36.03</td>
<td>30.40</td>
<td>23.05</td>
</tr>
<tr>
<td>14.</td>
<td>ALIPURDUAR</td>
<td>125.73</td>
<td>46.58</td>
<td>37.04</td>
<td>39.79</td>
</tr>
<tr>
<td>15.</td>
<td>COOCHEBEHAR</td>
<td>171.86</td>
<td>4.88</td>
<td>2.83</td>
<td>5.10</td>
</tr>
<tr>
<td>16.</td>
<td>MALDA</td>
<td>155.93</td>
<td>155.41</td>
<td>99.66</td>
<td>85.49</td>
</tr>
<tr>
<td>17.</td>
<td>RAIGANJ</td>
<td>293.64</td>
<td>124.25</td>
<td>42.31</td>
<td>23.59</td>
</tr>
<tr>
<td>18.</td>
<td>DK. DINAJPUR</td>
<td>153.23</td>
<td>77.93</td>
<td>50.85</td>
<td>47.58</td>
</tr>
<tr>
<td>19.</td>
<td>HOWRAH</td>
<td>95.39</td>
<td>65.32</td>
<td>68.47</td>
<td>84.45</td>
</tr>
<tr>
<td>20.</td>
<td>24 PRG'S (SOUTH)</td>
<td>127.50</td>
<td>74.34</td>
<td>58.30</td>
<td>76.15</td>
</tr>
<tr>
<td>21.</td>
<td>NORTH 24 PRGS</td>
<td>249.35</td>
<td>30.42</td>
<td>12.20</td>
<td>19.61</td>
</tr>
<tr>
<td>22.</td>
<td>NADIA</td>
<td>341.66</td>
<td>341.66</td>
<td>100.00</td>
<td>98.90</td>
</tr>
<tr>
<td>23.</td>
<td>MURSHIDABAD</td>
<td>146.73</td>
<td>146.73</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>24.</td>
<td>KANDI</td>
<td>440.18</td>
<td>13.46</td>
<td>3.05</td>
<td>1.07</td>
</tr>
</tbody>
</table>

**TOTAL**

|                  | 4698.30 | 2822.13 | 60.06 | 59.00 |

(Fig in Percentage against Demand both Prin & intt.)

Comparative Position of Loan Recovery at WBSCARDB

- 1991-92: 42.44%
- 1992-93: 54.00%
- 1993-94: 61.22%
- 1994-95: 59.00%
- 1995-96: 60.06%
TABLE 4:19
RECOVERY PERFORMANCE

AT

PARDB LEVEL

_ Total demand of PARDABs/ Brs Level recoverable from the members during the year was .to the tune of Rs. 5596.80 lakhs against
which a sum ofRs. 3341.61 Iakhs was recovered from the members. The percentage of recovery at PARDBs/Brs. level works out 59.71% against
the recovery percentage of 58.08% during the year 1994-95. Compared to the previous years i.e 1994-95 percentage of recovery was increased
-by 3"(o in the. Central Zone during the year 1995-96 and in Western Zone it was increased- only by 1.73%. and in Northern Zone it recorded ·
2.28"(o less· as was in th~ previous year.
A statement showing .the bankwise .position of Demand; Collection & Balance· for. the years 1993-94, 1994-95 & 1995-96 is given
below.
'
~

Rs. in l.tkhs
1993-94

Name of the ·Demand
PARDB/Br

Collec· tion

74.84
35.25
98.91
63.19
200.46
115.37
90.03
44.84
457.70
266.19
231.50
162.32
204.89
126.48
245.27
148.00
KATWA-KALNA 119.33
92.91
BIRBHUM
129.97
92.44
RAMPURHAT 217.10
130.78
HOOGHLY
125.i2
81.09
ARAMBAGH 150.12
97.57
2345.74 . 1456.43
28.26
JALPAIGURI
17.18
AUPURDUAR 47.08
27.20
COOCHBEHAR 109.79
31.44
MALDA
'"144.43
111.46
82.01
53,91
RAJGANJ
OK. DINAJPUR 45.00
34.23
DAR)EELING BR. 68.73
35.34
525.30
310.76
HmVRAH
159.91
83.34
158.95
62.50.
24-PARGS~N)
175,26
24-PARGS S)
63.93
NADIA
431.72 .. 267.07
MURSHIDABAD 200.01
~14.04
40.12 .
KANDI
247.90
1373.75
631.80
Grand Total
4244.79 2398.95

PURULIABr.
BANKURA
MIDNAPORE
JHARGRAM
CONTAl
TAMLUK
GHATAL.
BUROW AN

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~--

Source : Annual Report
Calcutta-17

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1995~96

Balance

39.59
25.72
85.09
45.19
191.51
69.10
78.41
97.27
26.42
37.53
86.32
44.03
52.55
989.31
11.08
19.88
78.85
32.97
28.10
10.77
33.39
214.54
76.57
96.45
111.33
164.65
85.9?
207.78
741.95
1845.84
--------

1994-95 .
%of
Demand Collect- Balance %of·
Demand
collection
tion
collection

41.33. 43.44
47.10 . 84.77
63.89 111.46
73.76
37.70
57.55 219.50
132.21
87.29
49.80.
89.77
42.75
47.02
58.15 544.90
346.90 198.24
70.12 258.58
177.54
8i.04
61.73 232.68
148.43
84.25
60.34 302.11
197.22 104:89
77.86 193.17 137.61
55.56
71.12
15.67 103.07
46.60
60.24 250.39
151.30
99.09
64.80 145.06
79.44
65.62
64.99 167.90
109.78
58.12
62-DB . 2745.96 1741.10 1004.86
60.79
57.34
40.78
16.56
57.77
74.40 . 45.41
28.99
25.69
28.64
94.07
68.38
128.87.
77.17 160.35
31.48
65,89
65.73
28.62
94.51
76.06
88.35
70.34
18.02
60.99
51.41 116.17
55.18
59.16 . 685.20
437.97 247.23
52.12 168.03
76.95 . 91.08
39.32. 191.49
. 77.19 114.29
36.47 182.46
58.20 124,24
61.86 .. 467.67
301.27 166.40
57.41 252.95
155.36
97.59
16.18 . 255.69 . 26.81 288.88
45.99 1518.28
695.78 822.50
56.51 4949.44 2874.85 2074.59

-----

--- ----

48.75
66.17
60.23
47.62.
63.61
68.66
63.79
65.28
71.23 .
70.75
60.42
54,76
65.38
63.40
71.11
61.03 .
27.30
80.36
69.72
79.60
52.50
63.91
45.79
40.31
- 31.89
64.41
61.41
10.48
45.82
58.08

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& Programme of Activities for the year 1997-98, The WBSCARDB Ltd.
·

1995-96

Collection

Balance

%of
collection

34.26
86 ..06
51.80
48.47
144.61
96.14
244.23
155.59
88.64
65.39
29.31
94.70
352.85
567.40
214.55
303.83
108.22
195.61
271.74
195.74
76.00
319.64
110.70
208-94
236.24
161.85
74.39
48.09'
120.62
168.71
278.70
166.90
111.80
95.83
49.09
144.92
201.45
127.14
74.31
3062.23
1994.40 1067.83
63.82
48.99
14.83
. 105.29
65.11
40.18
67.96
90.66
22.70
214.21
159.53
54.68
123.97
97.86
26.11
77.04
46.58
123.62
. 57.63
.136.59
78.96
858.16 .. 528.86 329.30
100.46
172.40
71.94
105.24
192.86
. 87.62
67.77
132.00
199.77
382.85
56.4.57
181.72
97.33
281.09
183.76
241.31
265.72
f4.41
818.35
858.06
1676.41
5596.80
3341.61 2255.19

----

----

60.19
66.48
63.71
69.05
62.19
64.38
72.03
65.37
68.51
72.31
59.89
66.11
63.11
65.13
76:76
61.84
25.04
74.47
78.94
62.32
42.22
61.63
41.73
45.43
33.92
67.81
65.37
9.19
48.82
59.71

......
-..1

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Twenty years of Co-operation Department In West Bengal

During Left Front Reigme in West Bengal The Co-operation Department has been engaged in formulating and implementing different socio-economic projects for various section of people particularly for economically, backward classes. Some of the projects and achievements are given gelow.

**Universal membership**

Under this scheme the initial share capital for enrolment in a co-operative is provided as grant. The number of universal members was 4:16 lakhs in 1975-76. Now, with the implementation of different schemes the number of such members has shot up to about 66 lakhs.

**Issue of short-term loans**

There has been much improvement during the last few years both in investment and recovery. In 1975-76 the total amount invested and realised was 51.05 crore and Rs. 38.80 crore. In 1995-96 the investment and realisation have respectively been Rs. 167.97 crore and Rs. 69.05 crore.

**Long-Term Credit Sector**

A remarkable growth and development has been achievement in long-term credit sector in the last twenty years, 24 Primary Agriculture And Rural Development Banks and two branches of the West Bengal State Co-operative Agriculture And Rural Development Bank Ltd. cater to the investment credit need of the growers in the farm sector as well as non-farm sector. In the year 1975-76, the total amount of investment and recovery was Rs. 8.09 crore and 6.08 crore respectively. In 1995-96 the amount was Rs. 40.2 crore and Rs. 24.12 crore.

**Consumer Sector**

In West Bengal, there is a big network of consumers' co-operative spread for the distribution of consumer articles both among the urban and rural people.

The West Bengal State Consumers' Co-operation Federation Ltd. (CONFED) an apex body 31 whole-sale consumers' co-operative societies are responsible for sale of consumer articles at fair prices. These societies run 18
departmental stores and 76 large-sized retail outlets and 166 small-sized retail outlets. Some of these shops are located in Calcutta but most of them are situated in District and Sub-divisional towns and also in rural areas. In 1975-76 the consumer co-operative societies sold consumer articles worth Rs. 72.8 crore. In 1995-96 the total turn over was to the tune of Rs. 400 crore.32

Marketing and processing sector

The main activities in the marketing sector include the distribution of agricultural inputs and procurement of agricultural produce mainly through Primary Agricultural Co-operative societies, Primary Agricultural Marketing societies, cold storage societies. The main thrust is so far as planning in this sector is concerned has been laid upon the diversification of business to keep the societies viable and setting up of godowns and cold storages to maket and store the agricultural produce and inputs.

Since 1975-76 by enhancing the storage capacity in phases 43 co-operative cold storage having an installed capacity of 1.88 lakhs metric tons have so far been constructed in the state. During this period 3500 godowns with the storage capacity of 5.15 lakhs tons have been constructed.

Co-operative Audit Directorate

With the specific objective of ensuring financial discipline in the Co-operative bodies. The Directorate of Co-operative Audit, West Bengal, was created in 1988 by seperating the audit components from the Co-operation Directorate.

The Audit Directorate with its independent and self-sufficient mode of working has been able to bring about enough improvement in overall situation. The Audit Directorate has completed auditing of 13.966 co-operative societies in 1995-96 and collected Rs. 1,42,56,191,60 as audit fees.34

Women's Co-operative Credit Societies

In 1992-93, one of the remarkable achievement of the Co-operation Department is the forming of Women's Co-operative Credit Societies run exclusively by the women members for their socio-economic uplift. There are 24 such societies have been functioning in 18 districts of West Bengal. The
working capital of such Women's Co-operative is Rs. 211 crore of which Rs. 1.25 crore has been advanced to the women members under different self-employment schemes.\textsuperscript{35}

**Co-operative Training and Education**

In 1947, the first Co-operative Training Centre was set up at Konnagar, and thereafter in Uttarpura in Hoogly district to impart training to the Junior-level officers of the Co-operative Directorate. Then 3 more co-operative Training Centres were founded at Jhargram in Midnapore district, Barsul in Buudwan district and Kalimpong in Darjeeling district. The responsibilities of running all these training centres as well as imparting training to the Auditor of Co-operative societies, Supervisors of District Central Co-operative Banks and Managers of Primary Agricultural Co-operative Societies, Primary Agricultural Marketing societies etc were handed over to the West Bengal State Co-operative Union.\textsuperscript{36}

**Housing Finance**

The West Bengal State Co-operative Agriculture and Rural Development Bank Ltd. has extended its area of operation in the field of financing housing projects in the rural areas. The investment of WBSCARDB in the rural housing project, implemented though its affiliated Primary Agricultural and Rural Development Banks of Rs. 190.57 lakhs during the year 1995-96. And Rs. 223.91 lakhs was invested in the year 1996-97 (upto 30-11-96).

The West Bengal state co-operative Housing Federation is also going to provide soft loan to the Primary Co-operative Housing Societies in the year 1997-98.\textsuperscript{37}

**Unemployed Engineers' Co-operative.**

To solve the problems faced by the unemployed youth who are degree and diploma holders in Engineering, Engineers' Co-operatives have been organised with engineers and technically qualified persons. Also by organising unorganised labours to save them from the economic exploitation of the labour construction co-operatives have been formed.\textsuperscript{38}
Rural Electrification Co-operatives

In West Bengal the State Government has decided to organise the rural consumers of electricity to form one rural co-operative in each district in order to prevent transmission loss by way of theft and lack of proper supervision and ensure effective distribution of electricity to meet ever-increasing consumer demand in rural areas. At present the number of such registered co-operatives is four.39
NOTES AND REFERENCES

1. Roy, D.P. *Reorganisation of Rural Credit*, West Bengal State Co-operative Union, Calcutta, 1982, P-18

2. *Ibid*, p-19


4. *Ibid*, p-20

5. *Ibid*, p-26


8. *Ibid*, p-32


14. *Ibid*, p-4

15. The statement (News paper) dt 6-6-97.

16. The statement (News paper) dt 6-6-97

17. *Ibid*

18. Principals of ICMS in East Zone states *op-cit* pp-47-49


20. Principals of ICMS in East Zone states, *op-cit* pp-50-51


23. Principals of ICMS in East Zone states op-cit PP - 55 - 59


27. Principals of ICMS in East Zone states ,op-cit- PP - 62 - 63


29. I bid P - 133
30. I bid P - 133
31. I bid P - 133
32. I bid PP - 133 - 134
33. I bid P - 134
34. I bid PP - 134 - 135
35. I bid P - 135
36. I bid P - 135
37. I bid P - 135 - 136
38. I bid P - 136
39. I bid P - 136
Chapter -V

Co-operative Banks in the District of Cooch- Behar — A study in the context of purpose and Policies.
CHAPTER V

CO-OPERATIVE BANKS IN THE DISTRICT OF COOCH BEHAR —
A STUDY IN THE CONTEXT OF PURPOSE AND POLICIES.

Co-operative Banks are for the agriculturist, a friend philosopher and a guide.

A Co-operative Bank has been defined as "an agency which is in a position to deal with the small man on his own terms accepting the security he has without drawing on the protection of the rich. That agency must not be channel for pouring charity or subsidising to small man but of the public funds." 1

Devine defines a co-operative Bank as "a mutual society formed, composed and governed by working people themselves for encouraging regular savings and granting small loans on easy terms of interest and repayment" 2

A Co-operative Bank, must be essentially Co-operative in character and must deal in credit which satisfies the requirement of an ideal credit.

A co-operative Bank promotes economic activity and provides banking facilities and services to the rural people. Thrift and savings is the fulcrum of the working of co-operative Banks. Co-operative lending is the means to promote thrift and savings and service, and profit is not the special feature of co-operative Banking.

The significant role of Co-operative Banks in the agriculture economy, imparts a lesson to Commercial Banks and dispels from their minds the age-old inertia and the gloom of conservation by shifting emphasis from credit worthiness of the persons to the credit-workiness of the purpose and from tangible security to the character of the borrower. Character is the key note of their success. The Co-operative Banks teach the agriculturists to borrow at the right time and in right amounts and for right purpose and to repay on right dates; and they along can teach him to save so that he may not have to borrow at all. Their organisation has also led to Mahajans and sahukars to reduce their lending rates. The Co-operative Banks do not hesitate in accepting non-members as their customers and thus, they spread the massage of co-operative principles and extend their benefits to wider sections of the population. Since the agitation of
these Banks is democratic in character, they provide a training ground for many a layman to learn and practice democracy all walk of life.

While Commercial Banks cater to the requirement of the highly organised industries and commercial undertakings and organisations, the Co-operative Banks in India, as else where provide banking facilities to the highly disorganised agricultural sector of the country's economy. The task assumed by the co-operative Banks is thus, the most difficult one. Not withstanding the similarity between the functions, the two differ fundamentally from each other. Commercial credit is motivated by tangible security offered by the borrower and the degree of case and promptitude with which it can be realise; on the other hand, Co-operative credit is guided by the principles of mutual help; and thrift and is accentuated by service rather than profit.

According to Prof. Horace Belshaw, the aims of co-operative credit are:

(i) to promote thrift so as to increase the supply of funds;
(ii) to draw on sources outside the society;
(iii) to promote the effective use of loans and to reduce the risk in granting loans by careful and continuous supervision;
(iv) Consequence, to reduce risk to lenders and to credit co-operative by adequate security;
(v) by this means and by low cost of management to keep the cost of credit as low as possible; and
(vi) to endeavour to make societies as credit worthy that they can obtain sufficient funds to finance other co-operative undertakings.

Co-operative Banking Vs. Commercial Banking

The joint stock companies aim at earning maximum possible profits, 'service' rather than 'profi' is the motto of the Co-operative Banks. The Co-operative Banks are association of persons and do not of capital. The members enjoy the security of rights and status irrespective of the value of shares held by them. The two types of Banks also differ from each other in matters or organisation and constitution. The Co-operative Banks generally
from three their structure and are federal in character. There is no such federation in the Commercial Banking structure. And one of the chief features of Co-operative Banking structure is the participation of the state in financial partnership. No such participation is to be found in Commercial Banks. The affairs of the Co-operative Banks are managed democratically, based on the principle of 'one man one vote'. In Commercial Banks the day-to-day work is carried on by well paid trained professional staff where as in the Co-operative Banks the management is mostly in the hands of honorary persons. And thrift is the self generating force and is looked upon as a measure of success of a Co-operative Banks and a barometer of its members well being, which is not the concern of Commercial Banks.

In case of Co-operative Banks the relation between the depositor and borrowers are personal and human. These banks specialise in personal credit. On the other hand the Commercial Banks are not concerned with the purpose for which the loans taken are used. And, as the Co-operative Agriculture and Rural Development Banks do, the Commercial Banks do not give long-term credit.

The procedure for sanctioning loans is also different in the two types of Banks. In Commercial Banks loans below a certain amount are sanctioned by one man, the branch manager, who is paid professional employee but in Co-operative Banks the managing committee is the supreme authority for sanctioning the loans. Mutually is a special feautre of a Co-operative Bank, where as, in Commercial Banks the collections are affected automatically. In the case of default the Commercial Banks may take resort to legal proceedings but Co-operative Banks may only seek help from the Co-operative department.

Audit and inspection system of Co-operative Banks also differ from those of Commercial Banks. The responsibility for the audit of the accounts is that of the Bank in the latter case, where as in the former, the responsibility is that of the Registrar. The Commercial Banks try to declare very high dividends, where as the Co-operative Banks believe in declaring only limited dividends in accordance with the provisions of the bye-laws, rules and Acts.6
Classification of Co-operative Banks

Co-operative Banks in India can be divided into two distinct categories, viz. primary societies and finance institutions. The primary societies deal with the individuals and do not strictly conform to the standards of a bank. But since they perform the functions of a Bank, i.e. lending money and accepting deposits, they can be regarded as banks in miniature for the villages. The financing institutions are Banks in the true sense of the terms.7

The primary co-operative credit societies working in the village deal with the ultimately borrowers. The Central Co-operative Banks deal with the primary societies since they are their federations. They play the role of balancing centres of co-operative finance, thereby placing the mony at the disposal of the co-operative institutions in the co-operative movement itself. The evolutionary history of the Co-operative Banks in India shows that three types of Banks have been organised so far:

(i) Banks, whose membership is exclusively of individuals;
(ii) Banks, whose membership is confined to societies only, and
(iii) Banks of a mixed type, whose membership comprises individuals as well as societies.

Now there is no central bank which falls under the first category. With the growth of a number of central Banks the problem of finance, supervision, guidance and development along right become more complicated. The necessity for an apex bank, for co-ordinating the controlling the working of central Banks, for forecasting and arranging for their requirements and for a acting as the nerve-centre of the provincial co-operative finance and a link with the money market, was felt. Consequently, an apex co-operative Bank, also known as State Co-operative Bank was established in each state. This bank is the federation of the Central Co-operative Banks.

So far as the structure of the short and medium term co-operative credit is concerned, it is essentially a three - tier structure. In the field of long-term credit and structural organisation of the Co-operative Banks is a two-tier one. At the base, the primary Land Development Banks consisting of individual farmers at
the Taluk, Sub-division and district level and at the top level, the Central Land Development Bank (now-State Co-operative Agriculture and Rural Development Bank) consisting of primary Land Development Banks (now-Primary Co-operative Agriculture and Rural Development Bank) and the individual. 8

Short-Term Credit Structure

(A) Primary Agricultural Co-operative Societies

Primary co-operavive societies are the basic units of the co-operative organisational structure in the village. They come into direct contract with the farmers and are responsible for delivery of ultimate of goods and services. 9 To meet the requirements of agricultural and allied activities, the primary agricultural Co-operative Credit Soceities provide credit to the farmers. In India right from the 19th Century, these types of Co-operative societies have been playing pivotal role in the rural economy. 10

At present the Commercial Banks, Regional Rural Banks and other financial institutions have spread in the rural areas under the garb of multi-agency approach to rural credit system. But the institution of rural credit under co-operative sector has not diminished. Rather these co-operative institutions have strengthened their existence and continuity in much better and modern way by reorganising the primary agricultural credit co-operatives and appointing trained, paid and whole time managers. 11

Previously the area of operation of the Primay Agriculture Co-operative Societies was one village and now due to the process of amalgamating and merging the unviable co-operatives into viable co-operatives, the area of operation has been extended to a group of villages. The individuals are only the members of the society.

The mainfunction of primary agricultural credit society is to raise resources and lend to members for agricultural production and investment in allied activities. They generally raise resources from members in the form of share capital, deposite and include their own resources. The State Government also contribute share capital to enable the primary society to increase sits borrowing capacity
from District Central Co-operative Banks (now in Cooch-Behar from the West Bengal State Co-operative Bank Ltd.- Cooch Behar Unit). The primary society borrow from State Co-operative Bank Cooch-Behar Unit. The Primary Society borrows from S.C. Bank who is their apex financing institutions. During the last years with the availability of easy credit from S.C. Bankers, the primary societies have left their most important functions of 'promotion of th rift'.

The multipurpose principle has received a new emphasis and has further expanded in the idea of service co-operative which now reflects the national policy with increased reliance being placed on the co-operative as an instrument of economic development of the village level. These service societies in addition to credit provide all services to the villagers like supply of inputs marketing of agricultural products, supply of consumer goods both controlled and non-controlled commodities.

The primary Agricultural Co-operative have been classified into Large Sized Multipurpose Co-operatives (LAMPS), Farmers Service Co-operatives (FSS) and Primary Agricultural Credit Societies (PACS).

LAMPS have been organised in tribal areas giving all facilities to tribals under one roof viz, credit, pooling and marketing of minor forest produce, supply of consumer goods both controlled and non-controlled commodities.

FSS have been organised on the recommendations of National Commission on Agriculture and they also provide all services like providing credit, hiring out agricultural implements, supply of inputs, marketing of agricultural produce etc.12

**Business Development Plan (BDP)**

The Government of India has implemented Business Development Plan on the recommendation of Agricultural Credit Review Committee (1989).

The Bank officers are to be trained in order to train the managers of PACS in preparing Business Development Plans. They have to take into the potential available in the area of operation and formulate plans to increase its business to become viable. In order to become viable on the basis of loan business, the PACS should have Rs. 10 Lakhs loan business. However, in view of less income due to non recovery of loan and less margin available on crop loan, the PACS
should increase its non credit business. It is estimated that over all business turnover should be Rs. 30 lakhs to make a PACS viable.

Role of the Board of Directors of CCB/Unit of S.C.B. Preparation and implementation of BDP.

For giving effect to the recommendations of Agricultural Credit Review Committee (ACRC) the Government of India set up Pant Committee to examine into the question of involving system which would help the rural poor and the tribal groups, meaning thereby strengthening and revitalising the grass root co-operative institutions.\textsuperscript{13}

A large number of members of Primary Agricultural Credit Societies (PACS) in the state were inactive. And also a large number of agricultural families were outside the co-operative fold. Therefore it was decided that the PACS in the country would be revitalised not only to expand their business, but also to help the rural poor people by extending all sorts of assistance to them. The Central Co-operative Banks/Units of State Co-op. Bank would play the pivotal role in bringing about the changes in the working system of the primary co-operative organisations on the basis of Action Programme. So the Board of Directors of CCB have to play an important role in setting up and implementing Action Programme regarding BDP.\textsuperscript{14}

Action programme regarding BDP may be in the following manner:

1. Preparation of BDP (Aims of objects)

The Board of Directors of CCB/Unit of S.C.B. shall have to prepare Business Development Programme for each PACS in order to strengthen the Co-operative structure from the lowest tier (i.e. PACS). As BDP aims at achieving viability at the end of giving course of time and reach the benefits of Co-operative system and group activity of the rural poor people.\textsuperscript{15}

2. Selection of PACS.

A list shall be prepared by the Board of Directors of CCBs / Unit of S.C.B. for introducing B.D.P. year wise. Supervisor-wise starting from 1991-92 to 1999-2000. The Directors elected from their respective areas should help the Board of select PACS for introducing B.D.P. And them it should be finalised in
a joint conference of Bank Personnel and Departmental Officers so that field
officers and Inspector of Co-operative Societies of the Blocks may indicate the
potentiality of the PACS.16

3. Implementation of B.D.P.

In formats given by the West Bengal State Co-operative Bank Ltd., the B.D.Ps
are required to be prepared. For preparation of B.D.Ps the CCB/ Unit of SCB
personnel trained for the purpose will help and guide the societies and also
take follow-up actions for achieving targets set forth in the B.D.P. The trained
Field officers of CCB/Unit of S.C.B. are required to help to prepare BDPs at
least 10 PACS each year. Therefore, selection of PACS for BDP and preparation
of formats in this regard are to be done as per direct supervision of the directors
of the CCBs. The Board of Directors of CCB/SCB should monitor the entire
process.17

Role of the Block Inspector of Co-operative Societies in preparation and
implementation of BDP.

The Inspectors of Co-operative Societies who are posted in the Blocks
will be actively associated with the preparation and implementation of Business
Development Plan (BDP) for PACS. The Inspectors of Co-operative Societies
should help the PACS jointly with the supervisors of Central Co-operative Banks/
Units of State Co-operative Bank in collecting data as may be sought for by the
PACS and also in preparation of BDP.

In order to create awareness amongst the members about the Business
Development Plans of their society the members should be associated right
from the preparation of B.D.P. The Inspectors of Co-operative Societies who
are posted in the Blocks may play a vital role in this respect.18

Objects of the Primary Agricultural Credit Societies

1. To help farmers to promote their economic interest by providing credit for
different agricultural and allied operations.

2. To help rural artisans and agricultural labourers to promote their economic
interests by providing credit for purchase for tools, instruments, equipments,
raw materials etc. and carry on small business.
Membership

The condition for admitting a member to a primary society are laid down in the bye-laws of the society. The bye-laws have to be consistent with the provisions of the West Bengal Co-operative Societies Act, 1983 and the West Bengal Co-operative Societies Rules, 1987\(^9\) which lays down the following provisions regarding membership of the society.

Section 69 of the West Bengal Co-operative Societies Act, 1983 lays down the eligibility for membership of co-operative society.\(^\)\(^{20}\)

(a) An individual competent to contract under section 11 of the Indian contract Act, 1872 (9 of 1872)

(b) Any other co-operative society

(c) The State Government

(d) Subject to the approval of the state Government by general on special order, any association or body of persons or any financing Bank.

Managing Committee

The managing committee is constituted by election from members amongst themselves in the annual general or special general meeting, and appointment of members not exceeding three by the Registrar.

Powers of the Managing Committee

The managing committee has the powers as under, as provided under Rules of the West Bengal Co-operative Societies, 1987.\(^{21}\)

The board of Co-operative society shall have full control over the administration and the business of the society and shall exercise all or any of the following powers as may be provided in the bye-laws:

(a) to admit new members;

(b) to fine, suspend, remove or expel members;

(c) to raise funds;
(d) to invest funds;
(e) to allocate duties and define responsibilities of the employees;
(f) to appoint, discharge or to dismiss or to remove employees of the society;
(g) to allocate the duties and define the responsibilities of the officers;
(h) to determine the securities to be furnished by the officers and the other employees;
(i) to compound abandon or suspend the employment of any debt or demand of the society with the prior permission of the Registrar;
(j) to institute, defend or compromise legal proceedings
(k) to dispose of application for shares;
(l) to dispose of applications for loans and to determine the security to be taken;
(m) to appoint committees as may be deemed necessary from time to time and to confer powers and impose duties upon such committee, and
(n) to issue, subject to directions given by the general or meeting from time to time, shares against rebate as declared by the Board.

Duties of the Board

The managing committee is responsible to perform the functions as under
(a) to receive and disburse money,
(b) to maintain true accounts of money received and expanded, and accounts of the assets and liabilities,
(c) to prepare for submission to the annual general meeting -
   (i) an annual report on the working of the society
   (ii) an annual statement of accounts including a balance sheet,
   (iii) a statement of loans and default and appointments as required under clause (f) of sub-section (1) of section - 25
(d) to prepare the statements of accounts required at audit and to place those along with relevant voucher and other connected papers before auditors.

(e) to prepare and to submit all statements and returns in prescribed forms in such other forms as may be required by the Registrar.

(f) to enter accounts of the society regularly in proper books.

(g) to maintain register of members up-to-date

(h) to facilitate the inspection of books by those entitled to inspect them,

(i) to watch that the loans and advances are utilised for the purposes for which those are meant and that those are duly repaid.

(j) to take prompt action for realisation of loans and advances; and

(k) to perform such other duties as may be entrusted by the general meeting.

Duties and Obligations of Co-operative Societies

According to Rule - 67 of the West Bengal Co-operative Societies Rules -1987

(1) Every co-operative society shall maintain in the bye-laws its address indicating the place of business, post office, police station and district which shall be taken to be registered address of the society.

(2) A change of such address may be made by a resolution on the board and such charge shall be reported in form XI to:

   (i) the Registrar;
   (ii) the society to which the society is affiliated;
   (iii) financing bank, if any and
   (iv) the Reserve Bank of India, by a society having banking business. 23

As per Rule - 68 of the West Bengal Co-operative Societies Rules - 1987
the Books and documents which to be kept open for inspection by members -

(1) Under section 40, every co-operative society shall keep open for inspection by its members the following books and documents, namely —

(i) A copy of the Act;

(ii) A copy of the Rules;

(iii) A copy of the bye-laws;

(iv) Register of members and their nominees;

(v) Register of affiliated societies, if any;

(vi) Register of directors;

(vii) Share ledger;

(viii) Ledger of deposits and other borrowings, if any;

(ix) Cash book;

(x) Loan ledger, if any;

(xi) Register containing property and debt statements of member, if any;

(xii) General ledger; if any;

(xiii) Registers showing sales and purchases of goods, if any;

(xiv) Minute books in respect of general meeting and board meetings;

(xv) Latest audited balance sheet.

(2) Certified copies of the books and documents mentioned in sub-Rule (1) shall be supplied to members on payment of fee at the rate of two rupees for each foolscap page typed in double spaces.24
Details of Primary Societies in Cooch Behar District

1. PACS
   - Working: 161
   - Non-working: 43

2. L/S Credit
   - W: 2
   - N.W.: 1

3. L's Marketing
   - W: 7
   - N.W.: 2

4. Student Consumers
   - W: 6
   - N.W.: 16

5. Housing
   - W: 3
   - N.W.: 8

6. Milk
   - W: X
   - N.W.: 8

7. Industrial
   - W: 6
   - N.W.: 13

8. Labour
   - W: 45
   - N.W.: 2

9. Engineers
   - W: 40
   - N.W.: x

10. E.C.S.
    - W: 178
    - N.W.: 6
11. F.C.S. 
   W - 35
   N.W. - 10

12. Transport
   W. - 3
   N.W. - 1

13. T.SS (Weavers)
   W. - 21
   N.W. - 28

14. Cold storage
   W. - 2
   N.W. - X

15. W/S-Consumers
   W - 1
   N.W. - X

16. Mahila Co-op.
   W - 1
   N.W. - X

17. Irrigation
   W. - 1
   N.W. - 3

18. Timber
   W - 1
   N.W. - X

19. ARDB
   W - 1
   N.W. - X

20. CFCS
   W. - 1
   N.W - X

21. Co-operative Union
   W - 1
   N.W. - X
22. Rice Mill
   23. Co-op Medical Store
   25. MPCS
   26. FSCS
   27. CADP
   28. Gramin Bank
   29. S.S. Credit Society
   30. S.S. Marketing

Total working societies - 516
Total Non-working Societies - 150

Source: Office of the Assistant Registrar of Co-operative Societies, Cooch Behar.
Central Co-operative Bank

(Now West Bengal State Co-operative Bank- Cooch Behar Unit)

After passing of the Co-operative Societies Act-11 of 1912, Central Co-operative Banks come into existence in true sense and Central Co-operative Banks were organised in all districts and are functioning in the country.

The District Central Co-operative Bank was working in the district as central financial agency. The area of operation of the Bank was restricted to Cooch Behar range only. All Co-operatives should become member of the D.C.C. Bank.

The major objective of D.C.C. Bank were

(i) To held the primary agricultural Co-operatives to give credit to agriculturists by raising its own resources and borrow from Central refinance bank i.e. National Bank For Agriculture And Rural Development through the West Bengal State Co-operative Bank.

(ii) To do banking business by mobilising deposits from individuals through its branches and from co-operatives, public bodies etc.

(iii) To control affiliated societies by careful and regular inspections, monitoring the progress of the affiliated Societies etc.

The working capital of C.C. B. Consists of :

1. Share Capital
2. Reserve Fund
3. Deposits from members and publics
4. Loan from State Co-operative Bank
5. Loan from Government, other financial institutions.

The Central Co-operative Banks are to carry out its functions according to the directives of NABARD and Registrar of Co-operative Societies (West Bengal) issued from time to time.
The administration of Central Co-operative Banks are carried out by the board of management periodically. The State Government nominees are also placed in the Board. The Central Co-operative Banks have been given some concession in maintaining statutory liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) of 25% and 3% respectively. Further the NABARD insist on financing to Agriculture by 60%. The NABARD gives refinance facilities on the condition that the Banks recovery should be 60% to be eligible for refinance. However with the increased competition will Commercial Banks and RRBS, and increased overdues the Central Co-operative Banks have become weak and incurred loss.26

Loan Operation

The Central Co-operative Bank advances to primary co-operatives for issuing loan to their members for short term agricultural production loan and medium term loan for investment in allied activities. The Central Co-operative Banks generally do not finance individuals except against their fixed deposits or against Jewels. Out of their lendable resources the Banks are to finance 60% to agriculture and remaining 40% to non-agriculture to all types of co-operatives by sanctioning cases credit accommodation with in the rules and regulations prescribed by NABARD.27

The Cooch Behar Central Co-operative Bank Ltd.

(Now - The West Bengal State Co-operative Bank Ltd. - Cooch Behar Unit)

In Cooch-Behar the rural agricultural economy had experienced in emergenc of a new economie class who were known as money lenders.

These money lenders played a vital role as economic institution of the rural agricultural society. The money lender's motive was to earn maximum profit. The role of money lenders in agricultural economy was significant in absence of strong state economic support base. So during the period of Maharaja Nripendra Narayan the money lenders as economic institutions took as active part in building the rural agricultural economy. It may be mentioned that in spite of the feeling of Maharaja Nripendra Narayan in order to make a strong economic base by the expansion of the financial support of the state to
the peasants. During his rule period it was not possible to materialise his motive in this respect. At last in the year 1930, it was finally implemented. For the financial assistance to the farmers or agriculturists 'The Co-operative financing society' was established in that year.28

Usually the money lenders lend money to the distressed agriculturists. In the Cooch-Behar, there were three types of money lending system.

Firstly, General loan, the rate of interest was very high, about 37.50% provided to the agriculturists against the guarantee of land, to be mortgaged to the money lender.

Secondly, Muli of value loans provided to the agriculturists, could be repaid by crops within stipulated time, falling which debtors would have to pay high rate of cultivated goods at per market price.

Thirdly, Bhutali loans, by which the debtor would have to work without any wage in the lands of the money lender, the debtor have to pay high rate of interest.29

So the money lending system caused very hardship. The then Cooch-Behar state Government under the direct patronage of Maharaja Nripendra Narayan took a firm step by enacting laws to protect the interest of the agriculturist. From them, as per provision given, the money lender could not derive an amount more than the limit as laid down by the law. And also the court could not entertain any case of money-lending where interest exceeds the actual amount of loaned.30

In the year 1953, some eminent people of Cooch-Behar district formed Cooch-Behar Central Co-operative Banking Union to facilitate the agricultural finance to the agriculturists of Cooch-Behar district.

Then in the year 1959, by an amendment of bye-law the said institution has been converted into Cooch-Behar Central Co-operative Bank. Them the said District Central Co-operative Bank functioning as an agricultural Co-operative Bank to finance the agricultural need of the farmer of the Cooch-Behar district.
After that, in the year 1973 by the decision of the district committee (Managing Committee) and the decision of the State Co-operative Bank, the Cooch-Behar Central Co-operative Bank had been converted into the West-Bengal State Co-operative bank and from then it is functioning as a unit of the West Bengal State Co-operative Bank till today.

The West Bengal State Co-operative Bank is a federation of the Central Co-operative Banks in the state. The State Co-operative Bank now occupies an important position in the entire structure of Co-operative short term credit. It is the Banker's Bank for co-operatives. The fundamental objective of the Bank is to act as a balancing center and a financial agency of the Co-operative institutions in the state.

Details of Working of the West Bengal State Co-operative Bank Ltd. - Cooch Behar Unit.

**TABEL 5:1**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Total membership</td>
</tr>
<tr>
<td>2.</td>
<td>Membership of co-operatives</td>
</tr>
<tr>
<td>3.</td>
<td>Total Deposits</td>
</tr>
<tr>
<td>4.</td>
<td>Total Borrowings</td>
</tr>
<tr>
<td>5.</td>
<td>Borrowing from NABARD (H.O)</td>
</tr>
<tr>
<td>6.</td>
<td>Total working capital</td>
</tr>
<tr>
<td>7.</td>
<td>Total Loan Advance</td>
</tr>
<tr>
<td>8.</td>
<td>Short - Term Loan Advance</td>
</tr>
<tr>
<td>9.</td>
<td>Medium - Term Advance</td>
</tr>
<tr>
<td>10.</td>
<td>Others</td>
</tr>
<tr>
<td>11.</td>
<td>Borrower Special deposit</td>
</tr>
<tr>
<td>12.</td>
<td>Percentage of over dues to demand</td>
</tr>
<tr>
<td>13.</td>
<td>Profit or loss</td>
</tr>
</tbody>
</table>

**Source**: The West Bengal State Co-operative Bank Ltd. Cooch-Behar Unit.
Statement Showing Demands, Collection Etc. As on 30.06.97

TABLE 5:2

<table>
<thead>
<tr>
<th>Name of the Block</th>
<th>Demand 96-97</th>
<th>Collection 96-97</th>
<th>Demand of 97-98 Total of which O.D. 30.6.97</th>
<th>Inve. stment upto %</th>
<th>Collection 96-97</th>
<th>Collection upto %</th>
<th>Collection 96-97 30.6.97</th>
<th>Collection 96-97 30.6.97</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cooch-Behar - I</td>
<td>99.08</td>
<td>10.13%</td>
<td>100.42</td>
<td>.05</td>
<td>3.74</td>
<td>—</td>
<td>1.65%</td>
<td>1.65%</td>
</tr>
<tr>
<td>2. Cooch-Behar - II</td>
<td>126.89</td>
<td>19.48%</td>
<td>127.49</td>
<td>102.16</td>
<td>1.40</td>
<td>1.34%</td>
<td>3.66%</td>
<td>3.66%</td>
</tr>
<tr>
<td>3. Tufanganj-I</td>
<td>58.29</td>
<td>32.76%</td>
<td>60.67</td>
<td>40.23</td>
<td>.82</td>
<td>1.46</td>
<td>1.35%</td>
<td>2.50%</td>
</tr>
<tr>
<td>4. Tufanganj-II</td>
<td>35.36</td>
<td>66.34%</td>
<td>29.71</td>
<td>10.45</td>
<td>1.21</td>
<td>4.79</td>
<td>4.07%</td>
<td>6.98%</td>
</tr>
<tr>
<td>5. Dinhata-I</td>
<td>97.92</td>
<td>14.47%</td>
<td>98.61</td>
<td>83.74</td>
<td>7.72</td>
<td>8.83</td>
<td>7.82%</td>
<td>4.66%</td>
</tr>
<tr>
<td>6. Dinhata -II</td>
<td>2.62</td>
<td>12.82%</td>
<td>2.12</td>
<td>1.76</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>7. Sitai</td>
<td>48.26</td>
<td>9.02%</td>
<td>48.23</td>
<td>43.90</td>
<td>6.21</td>
<td>4.53</td>
<td>14.36%</td>
<td>7.30%</td>
</tr>
<tr>
<td>8. Mathabhanga-I</td>
<td>146.92</td>
<td>22.76%</td>
<td>146.28</td>
<td>112.97</td>
<td>15.47</td>
<td>23.07</td>
<td>10.57%</td>
<td>5.72%</td>
</tr>
<tr>
<td>9. Mathabhanga-II</td>
<td>80.13</td>
<td>13.61%</td>
<td>84.97</td>
<td>69.31</td>
<td>2.01</td>
<td>2.57</td>
<td>2.36%</td>
<td>2.24%</td>
</tr>
<tr>
<td>10. Sitalkuchi</td>
<td>163.40</td>
<td>16.23%</td>
<td>162.75</td>
<td>136.88</td>
<td>39.95</td>
<td>33.70</td>
<td>24.58%</td>
<td>4.53%</td>
</tr>
<tr>
<td>11. Mekliganj</td>
<td>106.86</td>
<td>15.68%</td>
<td>108.96</td>
<td>89.81</td>
<td>4.77</td>
<td>6.77</td>
<td>4.37%</td>
<td>3.47%</td>
</tr>
</tbody>
</table>

Source: The West Bengal State Co-operative Bank Ltd. - Cooch Behar Unit.

Long -Term Structure

For investment in agriculture and allied areas for increasing productivity of land, the land Mortgage Banks were organised in the country to give term loans.

The need for a separate co-operative credit structure was first anticipated and recommended by the committee head by Maclagan in 1915. The committee observed the primary agricultural societies were not excepted to provide term loans exceeding 4-5 years and it therefore recommended setting up of a separate institution for long term credit disbursements. Floatation of debentures were found to be an excellent method of mobilising resources.

The first Co-operative Land Development Bank was organised at Jhang in Punjab in 1920. Two Banks were set up in Madras in 1925. By 1927, ten
such Banks were established. The first Central Co-operative Land Mortgage Bank was established in 1929 in Madras. However, the progress of Land Mortgage Banking system was not up to the exception. To review of Co-operative Movement in India (1939-1946) by Reserve Bank of India revealed, "The Land Mortgage Banking movement has failed in the place of its birth, namely in Punjab. It has either failed or remained in a moribund condition in other provinces. The only province in India which has made a mark in Land Mortgage Banking in Madras."

The Rural Credit Survey Committee (1954) while reviewing the performance of Land Mortgage Banks was critical of their working particularly in regard to the raising of resources delay in sanction of loan, limited purpose for which loans were sanctioned, method followed therefore, and the absence of co-ordination among the various agencies concerned with the disbursment of long term credit. In pursuance of the recommendation of this, it has sifted from Land Mortgage Banking to Land Development Banking. The focus of the direction of lending also changed after the establishment of ARDC in 1963 and NABARD in 1982.

The loan operation of the State Land Development Banks now called State Agricultural and Rural Development Banks have been diversified and include Land reclamation, irrigation schemes like minor-irrigation, drip etc and agricultural implements like tractor, power tiller, bio-gas, social forestry, non-farm activities and rural housing etc.

The State Agriculture and Rural Development Banks get refinance from NABARD on its schematic lending operations and non-farm financing. The National Housing Bank gives refinance facilities to them for rural housing activities.

**Cooch Behar Co-operative Agriculture and Rural Development Bank Ltd.**

In the year 1959, some eminent people of Cooch-Behar district formed and registered the Cooch-Behar Co-operative Land Mortgage Bank Ltd. to save the agriculturists from the money lenders.

After that, the name has been changed, it was renamed as Cooch-Behar Co-operative Land Development Bank Ltd. The jurisdiction of this bank was
Cooch-Behar District. The purposes of loans were also diversified.

In the year 1993 the Bank was again renamed as Cooch-Behar Co-operative Agriculture and Ruaral Development Bank Ltd. In a annual general meeting on 5th May 1993 according to the memorandam of Co-operation Department bearing no - 423 (24) dt 24-1-93 the Bank was renamed. The Bank is lending the long-term credit to its members.
NOTES AND REFERENCES


2. I bid P-72

3. I bid P-73

4. I bid P-71

5. I bid P-71

6. I bid P-75

7. I bid P-75

8. I bid P-77


10. I bid P-103

11. I bid P-103

12. N.S. Regional Institute of Co-op. Management, op-sit, P-88


14. I bid P-20

15. I bid P-20

16. I bid P-21

17. I bid P-21

18. I bid P-24

20. I bid P-P-47, 48


25. N.S. Institute of Co-op. Management, op cit, P-93

26. I bid P-93, 94

27. I bid P-94


29. I bid PP-154,155

30. I bid P-155.
Chapter - VI

Role of ARDB in Cooch-Behar — A Study Since 1977
CHAPTER VI

ROLE OF A.R.D.B. IN COOCH-BEHAR — A STUDY SINCE-1977

District profile

Cooch-Behar is the north-eastern district of Jalpaiguri Division of West Bengal. In shape it is an irregular triangale.

It geographically forms part of the Himalayan Terai of West Bengal. It lies between the parallels 25°57'40" north latitude in the northern hemisphere. The eastern most extremity of the district is marked by 89°54'35" east longitude and its western most extremity by 80°47'40" east longitude.

The main town bearing the name - Cooch-Behar is situated on the river Torsa at 26°19'86" north latitude and 89°23'53" east longitude.

Area

Cooch-Behar district covers a geographical area of 3345 Sq.Km. excluding enclaves. In the district the total number of mouzas borne on the jurisdiction list was 1165.

Population

As per census of 1991, there are 21,71,145 people have been counted in the district of Cooch-Behar.

Majority of the people, in the district of Cooch-Behar live in villages. According to 1991 census 20,06,934 live in villages and 1,64,211 live in urban areas. The rural population accounts for about 92.44% of the total population of the Cooch-Behar district.

In Cooch-Behar district scheduled castes number 11,23,719 while scheduled Tribes population was recorded as 13,275. Thus the scheduled castes population account for 51.75% and Scheduled Tribes 0.61% of the total population.
There are 3,19,642 Agricultural families and 1,72,764 families belonging to Agricultural Labourers in the district.

Forest

Area under forest - 5,645,71 Hactares.

Area covered by Social Forestry - 657,00 Hactares.

Rainfall (mm)

(a) Normal Rainfall (Annual) 3292 mm  
(b) Actual Average Rainfall 3362 mm (1990) 3226 mm (1991) 3267 mm (1992) 3327 mm (1993)

Climate and Rainfall

Roughly speaking there are two well defined seasons in Cooch-Behar namely Winter and Summer. Winter sets in fairly in November and Summer in April, the months of March and October constitute the fog ends of the two seasons. The rate of rainfall from 1987 to 1996 is as follows:

TABLE 6 : 1

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>8</td>
<td>0</td>
<td>24</td>
<td>3.2</td>
<td>Nil</td>
<td>35.6</td>
<td>0.8</td>
<td>32</td>
<td>45</td>
<td>3.2</td>
<td>16.5</td>
</tr>
<tr>
<td>February</td>
<td>20</td>
<td>31.1</td>
<td>65</td>
<td>16.8</td>
<td>104.8</td>
<td>13</td>
<td>8.2</td>
<td>41.9</td>
<td>48.1</td>
<td>24.5</td>
<td>1.2</td>
</tr>
<tr>
<td>March</td>
<td>39</td>
<td>101.6</td>
<td>41.2</td>
<td>1.4</td>
<td>40.2</td>
<td>37</td>
<td>0.5</td>
<td>52.2</td>
<td>39.8</td>
<td>8</td>
<td>Nil</td>
</tr>
<tr>
<td>April</td>
<td>156</td>
<td>118</td>
<td>164</td>
<td>29.7</td>
<td>175.6</td>
<td>77.7</td>
<td>116.3</td>
<td>255.1</td>
<td>161.7</td>
<td>53.6</td>
<td>86.5</td>
</tr>
<tr>
<td>May</td>
<td>420</td>
<td>222.4</td>
<td>329.8</td>
<td>781.3</td>
<td>395.8</td>
<td>171.8</td>
<td>276.8</td>
<td>421.4</td>
<td>531.0</td>
<td>342.9</td>
<td>708.8</td>
</tr>
<tr>
<td>June</td>
<td>834</td>
<td>927.2</td>
<td>631</td>
<td>692.4</td>
<td>555</td>
<td>1107.3</td>
<td>605.8</td>
<td>657.8</td>
<td>358.7</td>
<td>964.5</td>
<td>356.6</td>
</tr>
<tr>
<td>July</td>
<td>748</td>
<td>1053.4</td>
<td>1326.6</td>
<td>970.08</td>
<td>562.8</td>
<td>631.1</td>
<td>1029.3</td>
<td>1576.2</td>
<td>548.6</td>
<td>788.4</td>
<td>1128.8</td>
</tr>
<tr>
<td>August</td>
<td>580</td>
<td>990.8</td>
<td>1865.4</td>
<td>273.8</td>
<td>868.8</td>
<td>438.3</td>
<td>366.8</td>
<td>419.8</td>
<td>422.6</td>
<td>941.1</td>
<td>656.8</td>
</tr>
<tr>
<td>September</td>
<td>592</td>
<td>454</td>
<td>863.6</td>
<td>653.8</td>
<td>438.2</td>
<td>604.1</td>
<td>222.3</td>
<td>262.6</td>
<td>243.0</td>
<td>41.21</td>
<td>288.8</td>
</tr>
<tr>
<td>October</td>
<td>191</td>
<td>256.7</td>
<td>40</td>
<td>117.4</td>
<td>221.6</td>
<td>38.7</td>
<td>59.2</td>
<td>Nil</td>
<td>67.1</td>
<td>113.7</td>
<td>103.6</td>
</tr>
<tr>
<td>November</td>
<td>10</td>
<td>10</td>
<td>13.6</td>
<td>30.8</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>51.5</td>
<td>Nil</td>
</tr>
<tr>
<td>December</td>
<td>3</td>
<td>0</td>
<td>0.2</td>
<td>10.5</td>
<td>Nil</td>
<td>21.6</td>
<td>1.5</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Source: District Plan: Cooch-Behar [Annual Action Plan], 1997 - 98
Infrastructural Facilities

<table>
<thead>
<tr>
<th>Total Road Length</th>
<th>1803.56 km</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Metalled</td>
<td>1032.97 km</td>
</tr>
<tr>
<td>(b) Unmetalled</td>
<td>770.62 km</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Railway Length</th>
<th>122.00 km</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Broad Guage</td>
<td>53.00 km</td>
</tr>
<tr>
<td>(b) Metre guage</td>
<td>69.00 km</td>
</tr>
</tbody>
</table>

No. of Air Service (Vayudut) presently suspended

No. of Ferry service 4
No. of villages electrified 1053
(as on 31 - 12 - 92)
No. of Power Sub-station

| (a) 66 kv  | 1 |
| (b) 33 kv  | 4 |
Nos. of Bank Branches 115
Nos. of Post Office 373
Nos. of Post Office with Telegraph Facility 24
No. of Telephone exchange 10

STD facilities - In five sub-divisions, Cooch- Behar Sadar, Dinhata, Tufanganj, Mathabhanga & Mekliganj.

Nos. of Registered SSI Units 3653

Source: "District Credit Plan, Lead Bank Cell, Regional Office Central Bank of India, DPS India Pvt. Ltd., Siliguri, 1995."
Rivers

The main rivers of the district area Tista, Dharla, Mansai, Torsa, kaljani, Raidak, Sankas and Gadadhar, Among other small Rivers, Sutunga, Maldah or Khotamara, Giridari Gilandi, Dudua, Mujanai, Dolong etc. may be mentioned.\(^7\)

Irrigation

In true sense, the Cooch-Behar district does not experience drought situation. The district being criss-crossed with rivers having shallow bed sometimes spill their Banks after heavy precipitation in the catchment area. But soon after the rains stop the fall in water level in the rivers is as sharp as that of rise in water.\(^8\)

Main Crops

The principal crops of the Cooch-Behar district are Aus Paddy and Jute in Pre-Kharif season, Aman Paddy during Kharif season and in the Rabi season, Tobacco, Oil-seeds, Palses like lentil and Khesari and Wheat are grown. The district is the major tobacco growing area of the state. It has the potentiality of growing one of the best quality cigar wrapper and filler tobacco but for want of nearby market the extension of area for this crop is not possible. During recent years the district has made remarkable progress in the cultivation of Winter vegetable, specially cauliflower and cabbage. The produce of which has captured the markets in Assam and Meghalaya. Along with this the Boro cultivation has also aroused tremendous interest in the minds of the cultivators. This is reflected in ever increasing demands for Minor Irrigation.

Animal Husbandary

The live stock population of Cooch-Behar District is as follows:

<table>
<thead>
<tr>
<th>Animal</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle</td>
<td>10,67,048</td>
</tr>
<tr>
<td>Buffalo</td>
<td>10,242</td>
</tr>
<tr>
<td>Sheep</td>
<td>8,553</td>
</tr>
<tr>
<td>Goats</td>
<td>3,95,259</td>
</tr>
<tr>
<td>Horse &amp; Pones</td>
<td>91</td>
</tr>
<tr>
<td>Pigs</td>
<td>4,745</td>
</tr>
<tr>
<td>Poultry</td>
<td>95,421</td>
</tr>
</tbody>
</table>

Source: Annual Action Plan, DRDA, Cooch-Behar, 1995 - 96
Fisheries

Cooch-Behar district is rich inland fisheries resources like, tank, beels and closed canals. The existing available total water area is 6000 ha (approximately). More than 50% of this water area mainly beel fisheries are now being utilised as capture fishery. Production of table fish is only 25% of the total early requirement which results in high market price of fish in this district.

Through implementation of different fishery development schemes in this district, in recent years, all out attempts have been made to boost up fish production. Initial requirement for scientific fish culture depends upon availability of quality fish seed. This problem has been sorted out through Induced Breeding and Bundh Cum Portable Hatchery operation. A yearly target of 20 crores fish seed (Spawa) production has been achieved.

The scope for re-excavation and development of big water beels has been widened with the establishment of Fish Farmer's Development Agency in this district.

The subsidy under FFDA scheme is being devetailed with the subsidy under IRDP and the special component plan.

At the district headquarters there is Central Fishermen's Co-operative Society and 64 nos of Registered Primary Fishermen's Co-operative Societies in different blocks out of which 47 nos have been declared as potentially viable. Fishermen's Co-operative Societies by the Assistant Registrar of Cooperative Societies, Cooch-Behar. These Primary Fishermen's Co-operative Societies are getting long-term lease of Jalkars from Land Reforms Department and are eligible to come under the fish Farmer's Development Agency Programme. Fisheries Development with the help of schedule caste and Schedule Tribes Welfare Department is helping the poor fisherman members of Fishermen's Co-operative Societies through supply of nets and boats and found for raising share capital of the Fishermen's Society to increase their borrowing capacity to take up scientific Fish Culture.

A programme by the Fishery Department has been taken up to render short cause fishery training to the interested fishermen and fish farmers @ 100 nos of beneficiaries from selected blocks in a year. And also the same type of
training programme is undertaken with the fund of D.R.D.A. and F.F.D.A. under TRYSEM.

The Central Fishermen's Co-operative Society has taken up the responsibility of supplying all required fish culture inputs at reasonable price and fish production groups are arranging supply of quality fish seed to the interested fish farmers at a very reasonable price throughout the year.10

Sericulture

In Cooch-Behar district sericulture is completely a non-traditional trade. It has vast potentiality for development. Climatic condition of Cooch-Behar district is congenial for development of this industry. It can generate large number of employment at its various stages of processing like silkworms rearing, reeling and weaving. This programme is deverted with the ongoing programme of Sericulture Department under which planting materials are supplied free of costs by said Department.11

Industry

In the Cooch-Behar district, there is no any large or medium scale Industry and the district has been declared as a Backward District in 'A' Category so far as Central subsidy is concerned. The industrial advancement of the district is the small scale sector is also very slow. This is mainly due to the locational disadvantages and dearth of other infrastructural facilities and in inputs. Abundant local skill is observed in a few traders only examply Paati, Bamboo Craft including Bamboo matting, Pottery, Dhokra and Fatia, Handloom, Bidi making Carpentry, Bakery etc. Some other skills are developing such as Tailoring, ready made garments machine wool knitting, repairing of machineries including cycle, pumpset, radio and television etc. The areas of trades where local skill are existing one unfortunately not having wider scope for expansion. In some areas skill development towards, design, modernisation towards, modern trends may be attempted to. But for the wider segment of the society, the target groups of the IRD. Project, identifying suitable other industrial and allied avocations and training towards adoption of such avocations is a crying need of the moment.
Training is being imparted for skill development so after completion of the training programme the trained youths can immediately be assisted to get themselves self-employed. At present the training is being imparted in a limited number of avocations exemplify, tailoring, wool knitting, bamboo craft, carpentry, pati, shoe and chappal making, cycle repairing, pumpset repairing etc. But a number of other avocation could also be opened so that there is wider scope for finding diverse avocations trades to eliminate the possibility of over population in a particulars trade business or industry.\(^12\)

**An overview of Flow of Ground Level Credit in Cooch-Behar District**

**TABLE 6:2**

(Rs. in Laksh)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Crop Loan</td>
<td>529.70</td>
<td>656.61</td>
<td>767.69</td>
<td>820.00</td>
</tr>
<tr>
<td>CB</td>
<td>74.28</td>
<td>88.28</td>
<td>121.73</td>
<td>105.00</td>
</tr>
<tr>
<td>CCB/SCB</td>
<td>424.40</td>
<td>518.40</td>
<td>641.00</td>
<td>615.00</td>
</tr>
<tr>
<td>LDB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RRB</td>
<td>31.02</td>
<td>49.93</td>
<td>104.96</td>
<td>100.00</td>
</tr>
<tr>
<td>Other Agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02. Term Loan (MT + LT) (Agri+Allied)</td>
<td>208.53</td>
<td>284.47</td>
<td>428.11</td>
<td>550.92</td>
</tr>
<tr>
<td>CB</td>
<td>142.56</td>
<td>220.88</td>
<td>247.77</td>
<td>357.93</td>
</tr>
<tr>
<td>CCB/SCB</td>
<td></td>
<td></td>
<td>3.31</td>
<td>8.77</td>
</tr>
<tr>
<td>LDB</td>
<td>22.93</td>
<td>3.90</td>
<td>35.66</td>
<td>13.97</td>
</tr>
<tr>
<td>RRB</td>
<td>37.04</td>
<td>59.69</td>
<td>141.37</td>
<td>170.25</td>
</tr>
<tr>
<td>Other Agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03. NFS</td>
<td>196.07</td>
<td>145.73</td>
<td>455.32</td>
<td>400.00</td>
</tr>
<tr>
<td>CB</td>
<td>151.39</td>
<td>88.24</td>
<td>272.81</td>
<td>255.00</td>
</tr>
<tr>
<td>CCB/SCB</td>
<td>5.10</td>
<td></td>
<td>73.00</td>
<td>50.00</td>
</tr>
<tr>
<td>LDB</td>
<td></td>
<td>0.57</td>
<td>5.00</td>
<td>10.00</td>
</tr>
<tr>
<td>RRB</td>
<td>10.02</td>
<td>56.92</td>
<td>54.51</td>
<td>45.00</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>29.56</td>
<td></td>
<td>50.00</td>
<td>40.00</td>
</tr>
<tr>
<td>04. OPS</td>
<td>305.53</td>
<td>169.77</td>
<td>356.82</td>
<td>450.00</td>
</tr>
<tr>
<td>CB</td>
<td>228.54</td>
<td>109.75</td>
<td>294.96</td>
<td>300.00</td>
</tr>
<tr>
<td>CCB/SCB</td>
<td></td>
<td></td>
<td></td>
<td>10.00</td>
</tr>
<tr>
<td>LDB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RRB</td>
<td>65.56</td>
<td>60.02</td>
<td>61.08</td>
<td>140.00</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>11.43</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td>1239.83</td>
<td>1256.58</td>
<td>2007.94</td>
<td>2220.92</td>
</tr>
<tr>
<td>NABARD Refinance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ST</td>
<td>445.00</td>
<td>467.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LT</td>
<td>280.67</td>
<td>317.48</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Potential Linked Credit Plan (PLP), 1995-96, Cooch-Behar District, NABARD, Calcutta
The major constraints in the smooth flow of credit generally relate to infrastructural bottleneck and lack of desired extension work. The insatisfactory recovery position in the district has consequential effect of less recycling of funds. The inputs required to sustain the level of credit projected in this document are briefly narrated as under.

1. **Minor Irrigation**

   (i) The district is having adequate potential in the form of untapped ground water resources. The ground water development thus calls for availability of base map demarcating the area feasible construction of dugwells as well as shallow tube wells.

   (ii) Pace of electrification is slow in this district.  

2. **Dairy Development**

   (i) Availability of quality dairy animals and quality feeds of reasonable cost have to be ensured.

   (ii) Adequate health cover for the livestock may be ensured.

   (iii) Action has to be initiated for establishing chilling plants / opening milk routes.

3. **Farm Mechanisation**

   Use of tractors and power tillers may be popularised consequent upon the increase in irrigation and cropping intensity and high rise in the cost of ploughing animals.

4. **Sericulture**

   (i) One grainage centre is required to be set up immediately in the district to meet the requirement of increased cultivation.

   (ii) More 'base Centres' / 'Nucleous Farms' are required to be opened in the district to popularise the programme.

5. **Bio-Gas**

   (i) Trained masons are not available in all the block of the district.
(ii) The progress of Bio-gas component under IREP is very slow and needs to be accelerated by DIC.\(^{17}\)

6. Non-Farm

(i) The development of Industrial Estates near district head quarters needs to be completed of the earliest.

(ii) 'Common Facility Centre' should be set up in areas having concentration of traditional artisan activities.

(iii) More EDP programme may be organised in the district.

(iv) Handloom development centre with quality dying units are required to be set up in Cooch-Behar and Dinhata Blocks of the district.\(^{18}\)

7. Fishery

(i) Extension work for introduction of improved techniques needs to be introduced in the district.

(ii) Arrangement for easy availability of fish seeds should be made for increase in fish production in the district.\(^{19}\)

8. Forestry

A scheme on Kadam Plantation has been introduced in this district for production of Bio-mass for meeting the requirement of ply-wood and match industry by raising fast growing 'Kadam' trees. The scheme is to be implemented on the field with the help of M/S, WIMCO.

The progress of the scheme, is very negligible so far, should be accelerated by UBKGB and LDB.\(^{20}\)

9. Bullock and Bullock Cart

Most of the villages do not have all weather metalled roads in the Cooch-Behar district causing problems for transportation of inputs and farm out puts to the villagers. The achievements under this sector during the year 1993 - 94 was low, as such, special attention is required to be given by DRDA authorities and bankers.\(^{21}\)
10. **Crop Loan**

Paddy is the major crop in the Cooch-Behar district and grown as Kharif as well as Rabi Crop. The other important crops in the district are Wheat, Jute and Tobacco. The area covered under the Aus, Aman and Boro variety of paddy as well as under Jute and Tobacco has gone down considerably in the recent years over the area covered under these crops for the year 1991 - 92. Special emphasis is required to given by Department of Agriculture so as to not only restore the previous covered area under cultivation of Paddy, Wheat etc. but to considerably increase the same.

The overall recovery position in the Cooch-Behar district was far from satisfactory. Close co-ordination between Bank, Panchayat and Government functionaries are necessary to yield fruitful results in the recovery drives. The credit deposit ratio of the district as on 31 - 3 - 94 was at 66.6% which was not indicative of the higher disbursal of ground level credit rather it was the result of decline in the recovery rate.

Formation of Farmer's Club by Commercial Banks, involvement of voluntary agencies would definitely activate the process of improvement in recovery climate.22

**Administrative Division**

The Cooch-Behar district comprises 5 sub-divisions namely (i) Cooch-Behar Sadar, (2) Tufanganj, (3) Dinhata, (4) Mathabhanga and (5) Mekliganj with their headquarter at the towns of their respective name. Cooch-Behar town is the district head quarter.

There are six Municipalities in the district, the names of which are given below:

1. Cooch-Behar
2. Dinhata
3. Tufanganj
4. Mathabhanga
5. Mekliganj
6. Haldibari
There are 12 Blocks in the district with 128 grampanchayats. The names of the Blocks and number of grampanchayats in each block are given below:

**TABLE 6:3**

<table>
<thead>
<tr>
<th>Name of the Sub-division</th>
<th>Name of Blocks in the Sub-divisions</th>
<th>No. of Gram panchayats in the Block</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sadar Sub-division</td>
<td>(i) Cooch-Behar - I</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>(ii) Cooch-Behar - II</td>
<td>13</td>
</tr>
<tr>
<td>(2) Dinhata Sub-division</td>
<td>(i) Dinhata - I</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>(ii) Dinhata - II</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>(iii) Sitai</td>
<td>5</td>
</tr>
<tr>
<td>(3) Tufanganj Sub-Division</td>
<td>(i) Tufanganj - I</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>(ii) Tufanganj - II</td>
<td>11</td>
</tr>
<tr>
<td>(4) Mathabhanga Sub-division</td>
<td>(i) Mathabhanga - I</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>(ii) Mathabhanga - II</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>(iii) Sitalkuchi</td>
<td>8</td>
</tr>
<tr>
<td>(5) Mekhliganj Sub-division</td>
<td>(i) Mekhliganj</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>(ii) Haldibari</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total - 5</strong></td>
<td><strong>12</strong></td>
<td><strong>128</strong></td>
</tr>
</tbody>
</table>


**Financial Institutions**

1. Central Bank of India
2. State Bank of India.
3. Allahabad Bank
4. Bank of Barada
5. Bank of India
6. United Bank of India
8. Uttar Banga Khetriya Gramin Bank
9. West Bengal Financial Corporation
10. The West Bengal State Co-operative Bank Ltd., and
11. Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd.
MAP OF THE COOCH BEHAR DISTRICT
Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd.

The Agricultural and Rural Development Banks are catering to the need to investment finance for agriculture and allied activities and nonfarm sector activities in rural areas. The Agricultural and Rural Development Banks as they exist today have a history of nearly eight decades. With their modest beginning land Mortgage Banks established mainly to rescue the farmers from the clutches of the money lenders, these Banks have graduated to Land Development Banks catering to the investment credit needs of farmers for agricultural development and later majored in agriculture and rural development Banks financing for investment credit not only for agriculture and allied activities but also for nonfarm sector activities in rural areas. These Banks have also started financing for construction or repairs of dwelling units. Agriculture and Rural Development Banks having taken roots in the rural areas are now poised to cater to all types of credit needs of the rural people including consumption loans. In the grass root level the ARDBs provide a strong institutional net work for rural upliftment contributing substantially for rural capital formation.23

The Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. has played a pioneering role over the 39 years in increasing agricultural production in the Cooch-Behar district through accelerated capital formation in Agriculture. The said Bank specialise in term lending to meet exclusively investment credit needs of rural people for Agriculture and other developmental activities.

The registered office of the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. is situated in Cooch-Behar Town and Post office Cooch-Behar in the District of Cooch-Behar.24

Objects

(1) The objects of the Cooch-Behar Agriculture and Rural Development Bank Ltd. are —
(a) To promote economic interests of members and to create funds to be lent to its members on security of mortgage of immovable properties in particular
agricultural lands, of its members or of individual members of member societies, for -

(i) Redemption of mortgage on lands and liquidation of prior debts;

(ii) Improvement of land and methods of cultivation

(iii) Purchase of land in cases where such purchase will enable the "raiyat" to round of his holding and to cultivate more economically.

(iv) Providing for irrigation facilities to the agricultural lands of the members.

(v) Improvement and development of agriculture, horticulture, pisciculture dairy etc.

(b) To encourage in the members the spirit and practice of self help, thrift and mutual aid,

(c) To purchase, take on lease or in exchange or otherwise acquire lands, buildings or any movable or immovable property necessary for its business,

(d) To provide for loans or advances to the staff of the Bank.

(e) Generally to do all such things as are incidental and conductive to the attainment of all or any of the the above mentioned objects.

2. In furtherance of the above objects the Bank may become a member of the West Bengal State Co-operative Agriculture and Rural Development Bank Ltd, an apex society registered under the provisions of the Act & the Rules.

3. No transaction of any kind shall be undertaken in pursuance of any of the objects specified under sub-clause (a) of clause (1) which is not economically profitable to the borrowing member.²⁵

Area of Operation

The area of operation of the bank is the whole of the district of Cooch-Behar.²⁶

Membership

1. The membership of the Bank shall be of three classes, viz., A, B, & C.

   (a) "A" class membership shall be open to the State Government only.
(b) "B" class membership shall be open to individuals above the age of 18 years, of good character and residing and owning agricultural land or landed property in the registered area of its operation and competent to contract under section II of the Indian Contract Act, 1872.

(c) "C" class membership is open to irrigation co-operative societies and other co-operative societies registered under the Act and Rules and the objects of which include provisions for execution of irrigation projects and other projects for improvement of agriculture, horticulture, pisciculture, dairy etc.

2. Every person or co-operative society desires of becoming a member shall submit an application to the Chief Executive of the Bank in such as the managing committee may prescribe. The application shall state the number of shares the applicant proposes to subscribe.

Provided that the State Government shall not required to submit any such application.

3. The managing committee may, after due consideration sanction or for due reasons refuse an application for membership. The managing committee shall have the right to reduce or refuse the number of shares the applicant has proposed to subscribe.

4. Every application for admission as a member of the Bank shall be disposed of by the Bank within one month from the date of receipt of the application and the decision of the Bank on the application shall be communicated to the applicant within fifteen days from the date of decision.

Provided that if the decision of the Bank is not communicated to the applicant within a period of forty five days from the date of the receipt of the application, the bank shall be deemed to have made a decision on the date of expiry of such period, refusing admission to the applicant.

5. Every individual or co-operative society admitted to membership shall -

(a) Pay admission fee at the rate of follows:

(i) An individual i.e. a "B" class member Rs. 2/-
(ii) A co-operative society i.e., a "C" class member Rs.10/-.
Provided that no admission fee shall have to be paid by the State Government;

(b) Hold at least one share; and

(c) Name of place to be registered as his or its address, as the case may be, and such address shall for purpose be deemed to be his residence or its place of business, as the case may be:

Provided that this sub-clause shall not apply to Stage Government, 27

Liability

The liability of a member for the debts of the Bank shall be limited to the extent of the nominal value of the share or shares held by him. 28

Funds

Subject to the provisions of the Act, the Rules and the bye-laws the funds of the Bank may be raised by

(a) (i) Issuing shares;

(ii) Taking loans from the financing Bank;

Provided that no other loan should be taken or deposit received without encurrence of the financing bank and without the sanction of the Registrar or the trustee,

(iii) Taking admission and other fees from members;

(iv) Obtaining grants, donations and subsidies from Government and other sources.

(v) Taking security deposits from employees or others.

(b) Also be constituted out of net profits or income from properties, investments and other sources. 29

Share Capital

1. The nominal share capital of the Bank shall be 50.00 lakhs dividend into -

(a) 20,000 "A" class shares of Rs. 100/- each to be allotted to State Government only;
(b) 100,000 "B" class share of Rs. 25/- each to be allotted to "B" class members i.e. individuals; and

(c) 5,000 "C" class shares of Rs. 100/- each to be allotted to "C" class members, i.e, co-operative societies only,

2. The Bank shall retire "A" class shares at such time and in such manner as may be agreed upon by the bank and the State Government.

3. No member other than the State Government and a Co-operative Society shall hold more than one seventh of the share capital of the Bank or Rs.5000/- (Rupees Five thousand) only which ever is less.39

Purpose of Loans

1. Loans may, subject to the provisions of bye law 28, be granted for all or any of the following purpose or any other purpose that the managing committee may, from time to time, decide with the approval of the financing Bank and the Registrar of co-operative societies as the case may be:

A. Productive purpose

(i) Construction or repair of wells, tubewells, tanks and other works (including subsequent addition and alteration thereto) for storage supply or distribution of water for the purpose of agriculture including irrigation or for the use of men and cattle employed in agriculture,

(ii) Preparation of agriculture or waste land to make it accessible to irrigation facilities.,

(iii) Construction or repair of drainage, reclamation of agricultural lands from rivers or tanks or otherwise, steps for protection of agricultural lands from floods, erosion or damage.

(iv) Promotion of horticulture.

(v) Purchase of oil engines, pumping sets, electrical motors, Tractors or any kind of agricultural machinery for agricultural or irrigation purposes.
(vi) Construction of permanent farm-houses, cattle sheds or sheds for storing or processing agricultural produce at any stage.

(vii) Purchase of machinery for crashing sugarcane, or for manufacturing "gur" "Khandesari" or sugar.

(viii) Purchase of agricultural land for the purpose of consolidation of existing agricultural holdings.

(ix) Such other purpose, as the State Government, may, from time to time, by notification in the official gazette, declare to be productive purposes.

B. Other purposes

1. (i) Piggery,

   (ii) Dairy development.

   (iii) Deposit with the State Electricity Board for high and low tension lines for engineering electrical motors including construction of field channels and pump houses.

   (iv) Fencing around agricultural lands

   (v) Fishery,

   (vi) Orchard plantation (including beetlevines).

2. (i) Subject to the provisions of the Act and the Rules, the Bank may issue loan by GEHAN.

   (ii) For every loan by GEHAN the member shall make a declaration in the prescribed form creating a special charge in favour of the Bank on the land and other immovable or movable property or interest therein specified in the declaration.

   (iii) The managing committee shall fix the maximum limit of loan by GEHAN that may be granted to a member together with interest on such amount of loan on such terms and conditions as may be fixed by the Bank.
Managing Committee

1. Subject to the provisions contained in the Act, the Rules and the bye-laws and to the direction given by the general meeting. The executive management of this bank shall vest in the managing committee which shall consist of twelve directors elected by the members of the Bank and such other directors as may be nominated by the State Government in terms of section 28 of the Act.

Provided that out of twelve elected directors 11 (Eleven) shall be elected from amongst "B" class members as per provision in clause (2) below and 1 (one) from "C" class members and such election will be held on separate electorate basis,

Provided further that only delegates of each class of members shall be eligible for election or directors.

2. For the purpose of election of members to the managing committee, the delegates of "B" class members shall be divided into following groups and the number of members to be elected to represent each such group shall be decided by the managing committee before each annual general meeting according to the number of delegates subject to a minimum of one director from each groups:

<table>
<thead>
<tr>
<th>Groups</th>
<th>Consisting of delegates of</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Sadar Sub-Division</td>
</tr>
<tr>
<td>B</td>
<td>Dinhata Sub-Division</td>
</tr>
<tr>
<td>C</td>
<td>Mathabhanga Sub-Division</td>
</tr>
<tr>
<td>D</td>
<td>Mekhliganj Sub-Division</td>
</tr>
<tr>
<td>E</td>
<td>Tufanganj Sub-Division</td>
</tr>
</tbody>
</table>

Provided that such representatives shall be elected by only that particular group of delegates to which the representative vacating the office belonged.

3. The election of the members of the managing committee and its necessary office-bearers shall be held and conducted in the manner specified in rule 29.

4. The managing committee so constituted shall, subject to the provisions of the Act, the Rules and bye-laws, within a period not exceeding thirty days after the general meetings, elect chairman, vice-chairman and a pannel of chairman
not exceeding three for presiding over the meetings of the Bank in absence of
the Chairman and vice-chairman and other necessary office bearers from amongst
themselves.

5. Any casual vacancy in the office of the Chairman or the Secretary or any
member of the managing committee shall be filled up, by election or by co-
option as required, by the remaining directors within a month from the date of
such vacancy in case of failure to do so by the managing committee the vacancy
may be filled up by appointment by the Registrar, and the Chairman or the
director so elected, co-opted, or appointed shall retire at the next general meeting,
and the vacancy thus caused shall be filled up at such meeting by election of a
director for the remainder of the term of office of the director in whose place the
vacancy originally occurred;

Provided that such co-option shall be made from amongst the delegates
of the group to which the representative vacanting the office belonged;

Provided further that in case such vacancy be not filled up by election or
coopption or appointment as aforesaid, anything done or suffered or any action
taken by the managing committee during the continuance of such vacancy shall
not be invalidated by reason only of such vacancy having not been filled up and
such vacancy shall be filled up at the next general meeting.

6. The business of the Bank shall be carried on and managed by the
managing committee who may pay all expenses incurred in getting up and
registering the Bank and may exercise all such powers of the Bank as are not
required to be exercised by the Bank in general meeting.

7. Subjects to the provisions of the Act, the Rules and By-laws and also the
regulations, if any, maid in general meeting and in force for the time being the
committee shall enter into all such agreements, make all such agreements take
all such proceedings and do all such acts and things may be necessary and
proper for the due management of the affairs of the Bank and for carrying out
the objects for which it has been established and for securing and furthering its
interest in every way.

8. No person who has been or but for voluntary resignation could have been,
member of the managing committee of the Bank for consecutive three terms
or three years, which ever is less, shall be eligible for being a member of the
managing committee through re-election or by appointment or co-option within
a period of two years from the date of his retirement or voluntary resignation, as
the case may be;

Provided that noting in this clause shall apply in the case of a nominee of
the State Government or an additional director appointed by the Registrar of
the managing committee of the Bank.

9. No member of the managing committee of the Bank shall receive any
emoluments or allowances other than travelling allowance or honourarium without
specified sanction of the Registrar and the general body of the members given
at a general meeting.

10. No member of the Bank shall be eligible for being chosen as, or for being,
a member of the managing committee, if such member —

(a) has been adjudged by a competent court to be insolvent or of
unsound mind;

(b) is concerned or participates in the profits of any contract with the
bank.

(c) has been punished with imprisonment for an offence involving moral
purpitude;

(d) holds any office or place of profit under the Bank;

(e) has been a member of the Bank for less than twelve months
immediately proceeding the date of such election or appointment or
co-option.

(f) has interest in any business of the kind carried on by the Bank.

(g) who has taken loan from the Bank or is otherwise in debted to the
Bank has defaulted in payment of any instalment of the loan or the
debt, as the case may be, and the amount in default or any part
thereof has remained unpaid on the expiry of ninety days and from
the date of such default.
Provided that the aforesaid loan shall cease to exist immediately after the
amount in default is paid in full.

11. A member of the managing committee including the chairman, vice-
chairman shall cease to hold office if he becomes subject to any of the
disqualifications mentioned in clause (10) above, and if in spite of such cessation
of membership, any person refuses to vacate his office, the Registrar, shall, by
an order in writing, remove him from such office, and any such refusal shall be
deemed to be a contravention of the provisions of the Act.

12. (a) Where a primary co-operative society, which is a "C" class member of
the Bank has taken a loan from this Bank or is otherwise indebted to it, defaults
in repayment of such loan or instalments of such loan or debt, as the case may
be, within the date fixed for such repayment or payment, where such date is
extended, within the extended date and the amount in default or any part thereof
remains unpaid on the expiry of ninety days on and from the date of such
default, the member of the managing committee of the Bank representing such
defaulting primary society, if any, shall immediately cease to be a member of
the managing committee of the Bank and shall be deemed to have vacated his
office, and from the date of such cessation shall not attend any meeting of the
managing committee of the Bank or otherwise participate in the management
of the affairs of the Bank.

(b) A member of such defaulting primary society referred to in clause (a) shall
be disqualified for being member, through election, or by appointment or co-
option, of the managing committee of the Bank as representative of such
defaulting primary society, till the amount in default referred to in clause (a) is
paid in full. 32

Powers of Managing Committee

Without restricting the general powers conferred by the bye-laws the
following powers and authorities are expressly conferred upon the managing
committee, namely:

(a) to admit new members;
(b) to fine, suspend, remove or expel a member;
(c) to raise funds;
(d) to invest funds;

(e) to appoint, discharge or to dismiss or to remove salaried or non-salaried officers and other employees of the Bank, to define the duties and responsibilities of the officers or other employees subject to the provision of rule 53, or to determine the securities to be furnished by the officers and other employees:

Provided that no officer or employee of the bank can be dismissed or removed from service except after an enquiry in which he has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges, and where it is proposed, after such enquiry to dismiss or remove him, until he has given a reasonable opportunity of making representations on the penalty proposed;

(f) to compound or abandon or delay the enforcement of any delay the enforcement of any debt or demand of the Bank with the prior permission of the Registrar, or to institute, defend or compromise legal proceeding;

(g) to dispose of application for shares;

(h) to dispose of application for loans and to determine the security to be furnished by the intending borrower;

(i) to appoint sub-committee as may be deemed necessary from time to time and to confer such powers and impose such duties upon such sub-committee as may be deemed power;

(j) to frame regulations as may be deemed necessary from time to time for the conduct of affairs of the Bank.  

Duties of the Managing Committee

The Managing Committee shall observe, in all their transactions, the provisions of the Act, Rules and Bye-laws and shall cause to perform the following duties, namely -

(a) to receive and disburse money;
(b) to specify which of the officers or employees shall keep books accounts, keep other books and registers, shall prepare returns and statements and shall keep cash;

(c) to enter the accounts of the Bank in proper books timely and regularly;

(d) to maintain true accounts of money received and expended, and accounts of the assets and liabilities;

(e) to prepare for submission to the annual general meeting -
   (i) an annual report on the working of the Bank;
   (ii) an annual statements of accounts which shall include trading account, profit and loss account, balance sheet and profit and loss appropriation account;
   (iii) budget estimate and programme of activities;
   (iv) a statement of loans and defaults as required under sub-clause (f) of bye-law no - 33 (1).

(f) to prepare statements of accounts required at audit and to place them along with relevant vouchers and other connected papers before the auditors.

(g) to maintain register of members and other books and Registers up-to-date.

(h) to prepare and submit all statements and returns, required by the Registrar in such form as he may direct;

(i) to facilitate the inspection of books by those entitled to inspect them;

(j) to convene special general meetings, when necessary, and general meetings on requisition;

(k) to convene annual general meeting in due time,

(l) to take steps for election of delegates

(m) to watch that the loans and advances are applied for the purpose for which they are made and that they are punctually repaid;
(n) to examine and take prompt action in cases of all areas and defaults in repayment of loans and advances;

(o) to remove and rectify all defects and irregularities pointed out at audits and inspectings; and

(p) to perform such other duties as may be entrusted by the general meetings.\(^{34}\)

**Executive Officer (or manager) or Secretary**

The managing committee shall appoint a proper person to be the secretary for the proper conducted of the affairs of the Bank;

Provided that when an Executive Officer (or a Manager) is deputed by the Government, he shall, subject to the general control of the managing committee, exercise all powers and perform all duties of the secretary and no separate secretary need be appointed;

Provided further that the Executive Officer shall exercise all such powers as may be conferred upon him and perform all such duties as may be imposed by the Act, and the Rules.\(^{35}\)

**Powers and Duties of the Executive Officer or Secretary**

Subject to the general direction of the managing committee, the Executive Officer or the Secretary, as the case may be, shall, in the conduct of the business of the Bank -

1. Exercise the following powers, namely:

(a) *Control* the officers and employees of the Bank;

(b) Institute, defend and conduct legal proceedings in Law Courts and other places and enter into compromise or arbitration with creditors and debtors of the Bank;

(c) Investigate questions of title, making valuation of properties proposed to be mortgaged by the intending borrowers and enter into compositions of debts on behalf of the member with his creditors;
(d) Call the general meetings and meetings of the managing committee and attend such meetings; and

2. Perform the following duties, namely:

(a) Receive all moneys on behalf of the Bank and issue receipts other than receipts likely to create fresh obligations on the part of Bank, in effectual discharge of the moneys stated to have been received therein;

(b) Operate accounts of the Bank lying with other banks singly upto such limit with such other officer of the Bank beyond that limit as the Managing Committee directs;

(c) Draw, accept, endorse or negotiable all bills of exchange promotes, debentures, securities and other documents standing in the name of, or held by the Bank.

Provided that at the branches of the Bank, where there is no executive officer duties as per sub-clause (b) and (c) will be performed by such other officer or officers as may be authorised by the Managing Committee;

(d) pay all costs of managements and working expenses out of funds of the Bank, i.e., salaries of the staff, travelling and other contingent expenses to be incurred in the working of the Bank;

(e) Deposit all moneys received on behalf of the Bank and securities and other effects as prescribed under rule 97.

(f) Maintain proper and accurate records and accounts of the working of the Bank.

(g) Remain always present at all meetings and produce all relevant papers required at the meetings and sign, along with the chairman, the minutes of such meetings.

(h) Place, from time to time, before the chairman or such other authority as the managing committee may direct, statement of receipts and disbursements and such other statements as may be directed by the
chairman or the Managing Committee, for inspection, examination or approval, as the case may be; and

(i) All other duties that may, from time to time, be imposed by the chairman or the managing committee; and

(j) Do all acts conductive to the proper management of the Bank.

Cooch-Behar Cooperative Agriculture and Rural Development Bank Ltd. at a Glance

Business Operation

TABLE - 6 : 4

<table>
<thead>
<tr>
<th></th>
<th>COB. ARDB level</th>
<th>WBSCARDB Level (ARDB A/C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loan Outstanding (as on 31-03-96)</td>
<td>84.62</td>
<td>139.31</td>
</tr>
<tr>
<td>2. Imbalance</td>
<td>54.69</td>
<td>-</td>
</tr>
<tr>
<td>3. Demand (1996-97)</td>
<td>83.46</td>
<td>187.15</td>
</tr>
<tr>
<td>Out of which Principal</td>
<td>43.83</td>
<td>Principal 110.75</td>
</tr>
<tr>
<td>Interest</td>
<td>39.63</td>
<td>Interest 76.40</td>
</tr>
<tr>
<td>4. Recovery (1996-97)</td>
<td>14.91</td>
<td>0.12</td>
</tr>
<tr>
<td>Principal</td>
<td>8.16</td>
<td>Principal 0.00</td>
</tr>
<tr>
<td>Interest</td>
<td>6.75</td>
<td>Interest 0.12</td>
</tr>
<tr>
<td>5. Percentage of Recovery to Demand</td>
<td>18.62%</td>
<td>0.06%</td>
</tr>
<tr>
<td>6. Overdues</td>
<td>65.15</td>
<td>187.04</td>
</tr>
<tr>
<td>7. Loan Issue</td>
<td>0.54</td>
<td>1.90</td>
</tr>
<tr>
<td>8. Transaction Cost (1995-1996)</td>
<td>27.20</td>
<td>-</td>
</tr>
<tr>
<td>9. Earning by Interest (1995-96)</td>
<td>2.66</td>
<td>-</td>
</tr>
<tr>
<td>10. Annual shortfall in Remittance (1996-97)</td>
<td>13.10</td>
<td>-</td>
</tr>
<tr>
<td>11. Aggregate shortfall in Remittance (30-6-1997)</td>
<td>94.77</td>
<td>-</td>
</tr>
<tr>
<td>COB. ARDB level</td>
<td>WBSCARDB Level</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>(ARDB A/C)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Audit position : 1992 - 93
13. MOU Position : -
14. Refinance Eligibility : 26.61
   *Farm Sector (1997-1998)*
15. Share Capital : 23.47
   of which Govt. : 9.23

**Financial Result**

**TABLE - 6 : 5**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Yeild on Asset (% to W.F.)</td>
<td>3.67</td>
</tr>
<tr>
<td>2. Cost of Fund (% to W.F.)</td>
<td>3.40</td>
</tr>
<tr>
<td>3. Financial Margin (% to W.F.)</td>
<td>0.27</td>
</tr>
<tr>
<td>4. Transaction Cost (% to W.F)</td>
<td>16.60</td>
</tr>
<tr>
<td>5. Net Margin (% to W.F.)</td>
<td>-16.33</td>
</tr>
<tr>
<td></td>
<td>-151.57 (Accumulated Loss)</td>
</tr>
<tr>
<td>7. No. of Employees</td>
<td>39</td>
</tr>
<tr>
<td>8. Per Employee Productivity</td>
<td>Rs. 2.17 Lac</td>
</tr>
<tr>
<td>9. Break-even Level (W.F.)</td>
<td>Rs. 10074 Lac</td>
</tr>
<tr>
<td>10. Working Fund (1995-96)</td>
<td>Rs. 163.85 Lac</td>
</tr>
</tbody>
</table>

**Source**: The West Bengal State Co-operative Agriculture And Rural Development Bank Ltd. 25D, Shakespeare Sarani, Calcutta - 700017.
**Investment of Cooch Behar Co-operative Agriculture and Rural Development Bank Ltd.**

*(FROM THE YEAR - 1974 - 75)*

**TABLE 6 : 6**

(Rs. in Lakh)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>INVESTMENT 1974 - 75 AND ONWARDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974 - 75</td>
<td>7.59</td>
</tr>
<tr>
<td>1975 - 76</td>
<td>24.49</td>
</tr>
<tr>
<td>1976 - 77</td>
<td>28.28</td>
</tr>
<tr>
<td>1977 - 78</td>
<td>85.72</td>
</tr>
<tr>
<td>1978 - 79</td>
<td>58.71</td>
</tr>
<tr>
<td>1979 - 80</td>
<td>30.70</td>
</tr>
<tr>
<td>1980 - 81</td>
<td>5.69</td>
</tr>
<tr>
<td>1981 - 82</td>
<td>5.11</td>
</tr>
<tr>
<td>1982 - 83</td>
<td>0.19</td>
</tr>
<tr>
<td>1983 - 84</td>
<td>4.00</td>
</tr>
<tr>
<td>1984 - 85</td>
<td>1.43</td>
</tr>
<tr>
<td>1985 - 86</td>
<td>0.10</td>
</tr>
<tr>
<td>1986 - 87</td>
<td>1.72</td>
</tr>
<tr>
<td>1987 - 88</td>
<td>2.39</td>
</tr>
<tr>
<td>1988 - 89</td>
<td>6.45</td>
</tr>
<tr>
<td>1989 - 90</td>
<td>1.73</td>
</tr>
<tr>
<td>1990 - 91</td>
<td>1.12</td>
</tr>
<tr>
<td>1991 - 92</td>
<td>15.49</td>
</tr>
<tr>
<td>1992 - 93</td>
<td>22.77</td>
</tr>
<tr>
<td>1993 - 94</td>
<td>4.49</td>
</tr>
<tr>
<td>1994 - 95</td>
<td>8.11</td>
</tr>
<tr>
<td>1995 - 96</td>
<td>4.55</td>
</tr>
<tr>
<td>1996 - 97</td>
<td>.54</td>
</tr>
<tr>
<td>1997 - 98</td>
<td>.22</td>
</tr>
</tbody>
</table>

*Source: Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd., Cooch-Behar.*
Collection of the CoochBehar Co-operative Agriculture and Rural Development Bank Ltd.

(FROM THE YEAR - 1974 - 75)

TABLE 6:7

(Rs. in Lakh)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>COLLECTION 1974 - 75 AND ONWARDS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974 - 75</td>
<td>2.74</td>
<td>66.50%</td>
</tr>
<tr>
<td>1975 - 76</td>
<td>5.39</td>
<td>92.66%</td>
</tr>
<tr>
<td>1976 - 77</td>
<td>11.23</td>
<td>85.53%</td>
</tr>
<tr>
<td>1977 - 78</td>
<td>15.38</td>
<td>56.40%</td>
</tr>
<tr>
<td>1978 - 79</td>
<td>22.96</td>
<td>51.86%</td>
</tr>
<tr>
<td>1979 - 80</td>
<td>23.90</td>
<td>36.68%</td>
</tr>
<tr>
<td>1980 - 81</td>
<td>19.68</td>
<td>19.67%</td>
</tr>
<tr>
<td>1981 - 82</td>
<td>21.02</td>
<td>14.13%</td>
</tr>
<tr>
<td>1982 - 83</td>
<td>25.68</td>
<td>13.13%</td>
</tr>
<tr>
<td>1983 - 84</td>
<td>21.99</td>
<td>14.24%</td>
</tr>
<tr>
<td>1984 - 85</td>
<td>17.57</td>
<td>10.02%</td>
</tr>
<tr>
<td>1985 - 86</td>
<td>13.37</td>
<td>6.52%</td>
</tr>
<tr>
<td>1986 - 87</td>
<td>16.67</td>
<td>6.04%</td>
</tr>
<tr>
<td>1987 - 88</td>
<td>22.42</td>
<td>9.16%</td>
</tr>
<tr>
<td>1988 - 89</td>
<td>24.78</td>
<td>9.96%</td>
</tr>
<tr>
<td>1989 - 90</td>
<td>11.02</td>
<td>3.58%</td>
</tr>
<tr>
<td>1990 - 91</td>
<td>8.13</td>
<td>6.96%</td>
</tr>
<tr>
<td>1991 - 92</td>
<td>19.35</td>
<td>18.80%</td>
</tr>
<tr>
<td>1992 - 93</td>
<td>19.40</td>
<td>17.82%</td>
</tr>
<tr>
<td>1993 - 94</td>
<td>31.45</td>
<td>29.30%</td>
</tr>
<tr>
<td>1994 - 95</td>
<td>25.69</td>
<td>27.90%</td>
</tr>
<tr>
<td>1995 - 96</td>
<td>22.72</td>
<td>25.03%</td>
</tr>
<tr>
<td>1996 - 97</td>
<td>15.56</td>
<td>18.64%</td>
</tr>
</tbody>
</table>

Source: Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd., Cooch-Behar.
Purpose Wise Investment of Cooch Behar Co-operative Agriculture and Rural Development Bank Ltd.

(FROM THE YEAR 1987-88)

TABLE 6 : 8

<table>
<thead>
<tr>
<th>Year</th>
<th>M.I.</th>
<th>Fishery</th>
<th>F.M.E.C.</th>
<th>Dairy</th>
<th>Non-Farm</th>
<th>Rural Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>18</td>
<td>1.52</td>
<td>11</td>
<td>0.75</td>
<td>7</td>
<td>0.12</td>
<td>36</td>
</tr>
<tr>
<td>1988-89</td>
<td>53</td>
<td>4.13</td>
<td>15</td>
<td>1.32</td>
<td>1</td>
<td>0.90</td>
<td>70</td>
</tr>
<tr>
<td>1989-90</td>
<td>14</td>
<td>1.20</td>
<td>6</td>
<td>0.52</td>
<td>-</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>1990-91</td>
<td>5</td>
<td>.72</td>
<td>2</td>
<td>0.40</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>1991-92</td>
<td>40</td>
<td>1.67</td>
<td>4</td>
<td>0.35</td>
<td>23</td>
<td>13.20</td>
<td>69</td>
</tr>
<tr>
<td>1992-93</td>
<td>105</td>
<td>12.41</td>
<td>5</td>
<td>0.63</td>
<td>19</td>
<td>9.70</td>
<td>174</td>
</tr>
<tr>
<td>1993-94</td>
<td>27</td>
<td>3.01</td>
<td>1</td>
<td>0.91</td>
<td>-</td>
<td>-</td>
<td>67</td>
</tr>
<tr>
<td>1994-95</td>
<td>53</td>
<td>4.76</td>
<td>5</td>
<td>0.45</td>
<td>4</td>
<td>2.00</td>
<td>67</td>
</tr>
<tr>
<td>1995-96</td>
<td>31</td>
<td>3.11</td>
<td>1</td>
<td>0.18</td>
<td>1</td>
<td>.60</td>
<td>35</td>
</tr>
<tr>
<td>1996-97</td>
<td>1</td>
<td>.15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>1997-98</td>
<td>1</td>
<td>.12</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd., Cooch-Behar.

Status Report on Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd.

The Cooch Behar Co-operative Agriculture and Rural Development Bank Ltd. was established in 1959 to serve the entire district of Cooch-Behar.

Upto the year 1976-77 the Bank worked more or less satisfactorily. From 1977-78 the situation started deteriorating as both the recovery of loans and issue of loans had gradually come down in the successive year.

Issue of Loans

Loan issued during the last 7 /8 years were as under.
TABLE 6:9

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand Principal + Interest</th>
<th>Recovery Principal + Interest</th>
<th>% of Recovery to Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>Rs. 0.71 lakh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>Rs. 15.49 lakh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992-93</td>
<td>Rs. 22.93 lakh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993-94</td>
<td>Rs. 4.48 lakh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994-95</td>
<td>Rs. Nil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>Rs. 4.55 lakh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996-97</td>
<td>Rs. 1.90 lakh</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


As a result of gradual deterioration of functioning the Bank virtually stopped issuing loans in the field during the last 7/8 years excepting in the years in 1991-92 and 1992-93.

Recovery and Remittance

The deadlock situation in terms of loan issue is the inevitable outcome of poor recovery performance. During the last 6 years the bank achieves the following recovery of loan.

Recovery of Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd.

TABLE 6:10

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand Principal + Interest</th>
<th>Recovery Principal + Interest</th>
<th>% of Recovery to Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-92</td>
<td>102.91</td>
<td>19.34</td>
<td>18.79</td>
</tr>
<tr>
<td>1993-94</td>
<td>109.79</td>
<td>31.44</td>
<td>28.64</td>
</tr>
<tr>
<td>1994-95</td>
<td>94.07</td>
<td>25.69</td>
<td>27.30</td>
</tr>
<tr>
<td>1995-96</td>
<td>90.66</td>
<td>22.70</td>
<td>25.30</td>
</tr>
<tr>
<td>1996-97</td>
<td>83.46</td>
<td>14.91 (As on 15-6-97)</td>
<td>18.62</td>
</tr>
</tbody>
</table>

The above recovery level need be viewed against the establishment cost of the Bank as recovery from interest demand is the only source of revenue earning of the organisation. The total annual transaction cost of 1995-1996 comes to about Rs. 27.20 lakhs. The Bank has 39 employees. The earning from interest recovery was Rs. 2.66 lakhs in the year 1995-96. The earning or account of interest in the previous years were Rs. 2.55 lakhs in 1991-92, Rs. 4.08 lakhs in 1993-94 and Rs. 3.15 lakhs in 1994-95. Therefore, the Bank had diverted collection money to meet upto cost of establishment including the cost of 39 staffs. So they failed to remit the collection money to the Apex Bank, i.e. to the West Bengal State C0-operative Agriculture and Rural Development Bank Ltd., The aggregate shortfall in remittance amounted to Rs. 94.77 lakhs as on 30-06-1997:

The position of remittance during last 6 years was as below:

**TABLE 6:11**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Remittable Amount (on the basis of actual Collection)</td>
<td>15.87</td>
<td>17.15</td>
<td>27.36</td>
<td>22.54</td>
<td>20.4</td>
<td>13.22</td>
</tr>
<tr>
<td>B. Amount remitted</td>
<td>2.91</td>
<td>7.23</td>
<td>5.54</td>
<td>8.18</td>
<td>4.88</td>
<td>0.12</td>
</tr>
</tbody>
</table>

**Source**: West Bengal State Co-operative Agriculture and Rural Development Bank Ltd., Calcutta-17.

In view of the low level remittance of the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. could not meet up the demand of the Apex Bank i.e. The West Bengal State Co-operative Agriculture and Rural Development Bank Ltd.

The position of the West Bengal State Co-operative Agriculture and Rural Development Bank Ltd's demand, collection and percentage of collection of
the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. is given below:

Recovery - WBSCARDB Level

**TABLE 6:12**

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand</th>
<th>Recovery</th>
<th>% of recovery to demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-1987</td>
<td>295.27</td>
<td>8.57</td>
<td>2.90</td>
</tr>
<tr>
<td>1987-1988</td>
<td>329.91</td>
<td>11.58</td>
<td>3.51</td>
</tr>
<tr>
<td>1989-1990</td>
<td>267.39</td>
<td>2.29</td>
<td>0.65</td>
</tr>
<tr>
<td>1990-1991</td>
<td>390.95</td>
<td>0.06</td>
<td>0.01</td>
</tr>
<tr>
<td>1991-1992</td>
<td>412.57</td>
<td>293.15</td>
<td>71.05</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(including ARDR)</td>
<td></td>
</tr>
<tr>
<td>1992-1993</td>
<td>134.71</td>
<td>7.23</td>
<td>5.37</td>
</tr>
<tr>
<td>1993-1994</td>
<td>147.05</td>
<td>5.54</td>
<td>3.76</td>
</tr>
<tr>
<td>1994-1995</td>
<td>160.54</td>
<td>8.18</td>
<td>5.09</td>
</tr>
<tr>
<td>1995-1996</td>
<td>171.86</td>
<td>4.88</td>
<td>2.83</td>
</tr>
<tr>
<td>1996-1997</td>
<td>187.15</td>
<td>0.12</td>
<td>0.06</td>
</tr>
</tbody>
</table>

**Source:** West Bengal State Co-operative Agriculture and Rural Development Bank Ltd., Calcutta-17.

**Profit / Loss Position**

For low level of recovery of loans and high establishment casts, the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. suffered losses since long time. The accounts of the Bank have been audited upto 1992-93, where the accumulated losses were Rs. 89.61 lakhs.

According to the tentative statements of accounts prepared by the Bank the position of business results as on 31-3-1994 and 31-3-1995 are as under:

**TABLE 6:13**

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual loss</th>
<th>Accumulated loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>11.53</td>
<td>101.14</td>
</tr>
<tr>
<td>1994-95</td>
<td>23.60</td>
<td>124.74</td>
</tr>
</tbody>
</table>

**Source:** West Bengal State Co-operative Agriculture and Rural Development Bank Ltd., Calcutta-17.
The quantum of losses are increasing every year for yet another factor i.e. imbalance between the loan outstanding at the West Bengal State Co-operative Bank Ltd. (i.e. Apex Bank) level and that at the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. level. As on 31-03-96, the loan outstanding of the Apex Bank from Cooch-Behar ARDB was Rs. 189.31 lakhs and the same at the ARDB level was Rs. 84.62 lakhs. The quantum of imbalance on 31.03.96 was thus Rs. 54.69 lakhs, which had been Rs. 50.90 lakhs on 31.03.1995.

The three disturbing beatures of the Balance sheet of Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. are as below as on 31.3.1995.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>IMBALACE</td>
</tr>
<tr>
<td></td>
<td>Rs. 50.90 lakhs</td>
</tr>
<tr>
<td>2.</td>
<td>ACCUMULATED LOSSES</td>
</tr>
<tr>
<td></td>
<td>Rs. 124.74 lakhs</td>
</tr>
<tr>
<td>3.</td>
<td>BAD &amp; DOUBTFUL DEBT NOT PROVED FOR</td>
</tr>
<tr>
<td></td>
<td>Rs. 32.83 lakhs</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rs. 208.47 lakhs</td>
</tr>
</tbody>
</table>


The Bank requires assistance from outside by Rs. 208.47 lakhs to cleanse the Balance Sheet and to eligible for more time to try afresh to bring back normal health. 

The main problems of the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. are low level business, low recovery, higher transaction cost and limited resources. So to improve the situation all related concerned should be involved to find out a suitable mechanism to help Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. to turn around as a sound organisation for dispensation a rural credit in the long-term sector in its area of operatin.
NOTES AND REFERENCE


2. Ibid, p-1

3. Ibid, pp-1,2.


6. Ibid, p-2


10. Ibid, pp-5,6.

11. Ibid, pp-6,7.

12. Ibid, pp-7,8.


15. Ibid, p-3.


17. Ibid, p-4,


21. Ibid, p-5,

22. Ibid, pp-5,6


Chapter VII

Concluding Observations: An Appraisal of the Working of the Cooch-Behar ARDB — Some Policy Suggestions
CHAPTER VII


According to the opinion of the Co-operative Planning Council, National Co-operative Union of India, the Central Government is providing budgetary support to the public sector Banks. In the Union Budget for 1993-94, a sum of Rs. 5700 crores was provided as capital contribution to the public sector Banks to help them to make necessary provisions against bad and doubtful losses and also to meet the new capital adequacy norms. In the year 1994-95 Union Budget, a sum of Rs. 5600 crores was provided as additional capital contribution in the form of Government Bonds for these Banks. As against these measures for the Public Sector Banks, the co-operative banking system has received step motherly treatment at the hands of the Central government.

The committee headed by Narasimhan appointed by the Ministry of Finance to examine the economic reforms in the financial sector, has made no attempt to examine the functioning of the co-operative Banking systems which has emerged as a very significant component of the National financial system. The Co-operative Banking system comprising State Co-operative Banks Central Co-operative Banks. Agricultural and Rural Development Banks and Primary Agricultural Co-operative societies have made their presences felt in the remotest villages in India. The expert committee has not taken note of contribution of the Co-operative Banking system. The Agricultural Credit Review Committee, headed by Prof. A. N: Khusro recommended to establish a National Co-operative Bank of India to ensure efficient functioning of co-operative sector. The National Co-operative Union of India has already taken necessary steps with regard to incorporation of the National Co-operative bank. Due to certain formalities by the Reserve bank of India and the Government of India. This lacuna in this regard needs to be removed at the earliest. This will be in tune with the emphasis being laid on the revitalisation of the co-operative Banking system.

The co-operative sector is over regulated and over-administered by the State Governments which is violative of the autonomy and democracy of the
co-operatives. The co-operatives being autonomous organisations need to be governed by the elected Boards of Management. National Co-operative Union of India is struggling hard to rectify the above abnormality in the tune with the provisions contained in the Model Co-operative Societies Act. The normal of this abnormality will facilitate the healthy development of co-operative movement.

The Bureau of Industrial and Financial Reconstruction (B.I.F.R.) is looking after the rehabilitation programme of sick units in the public and private sectors. But there is no agency to look after sick co-operative units. There is an urgent need to establish organisations on the pattern of BIFR for suggesting rehabilitation programme for sick co-operatives.

It is evident that the co-operative organisations will have much opportunities in the promotion of agro-processing and cottage and rural industries which will emerge as principal source of income for the weaker sections of society including small farmers, artisans, landless agricultural labours and share croppers.

In the Congress of the International Co-operative Alliance held in Manchester U.K. the principles of co-operation were discussed. The co-operative principles have ben changed at this congress. Under this revised principles, education occupies a pride place. And co-operatives have to be considered as a process of education and training in the community as a whole.

A new rural Infrastructural Development Fund has been established in NABARD during the year 1995-96. The said fund will provide loans to the State Governments and state-owned corporations for the completion of the on-going projects relating to medium and minor irrigation, soil conservation, water shed management and other forms of rural infrastructure. By submitting suitable projects related to co-operative activities, the the cooperative sector should take advantage of this fund.

The national economy is already oriented towards market economy and steps are being taken to integrate the national economy globally. The function of the co-operatives should be re-oriented to face competition with the private and multinational companies.
The Government should take measures to empower the co-operatives to promote efficient functioning in the present situation. Some of them are as follows:

1. The Government should frame a policy to recognise co-operation as a sector as it was done in the case of public and private sectors.

2. In the present economic reforms, a lot of freedom has been given to private sector but the co-operative sector still continue to be over-regulated and over-administered. So the same amount of de-regulation should be extended to co-operative sector.

3. The Government should continue to extend effective support to co-operative sector so that its benefit, flow directly the producer and general masses.

4. Co-operatives should be given priority and preference in the field of agro-business, agro-industries and exports.

5. Co-operative bank of India which has been incorporated should be allowed to function so as to bridge the systemic gap within the co-operative sector.

6. Emphasis should be given for resource mobilisation.

7. Another important matter is the structural re-adjustment and thus reorganisation has become the most important aspect of market oriented economy.

There is a potential opportunity for co-operatives and Panchayats to join hands for common goal and mutual benefit. The finances being provided to the panchayats through the 10th Finance Commission and the State Finance Commissions will help in financing such joint co-operative development activities during the Ninth Five Year Plan Period.

It is hoped that the National Policy Parameters having a bearing on the growth and functioning of the co-operative movement will find an eminent place in the Ninth Five Year Plan.

Some state governments have enacted co-operative laws which grant substantial decision making autonomy to the member-owned co-operatives.
Andhra Pradesh Govt. has enacted such laws. This new Act of Andhra Pradesh Government has conferred autonomy only on the self-reliant co-operatives which do not avail any aid from the Govt. assistance. For the weaker section, the weaker co-operatives can not succeed without the support of the Governmental assistance. This Act of Andhra Pradesh Government falls short of the recommendations made in the Report of the Committee on Model co-operative Act set by the Planning Commission in the year 1990. The various State Governments should take early steps to incorporate the main provision originated from the recommendations of this committee. Such type of step would give a robust boost to the functioning of the co-operative movement in India.

In India Co-operative Movement is facing serious challenges both from external and internal environment. Externally in the wake of economic policy of liberalisation, the economy is open to foreign multi-nationals, possessing enormous capital resources with the benefit of low rate of interest, highest managerial skill, advance technology and world wide marketing net work and they are eager to capture the market. In such competitive situation, co-operatives in India are not in a position to compete with them unless Government extend adequate protection to co-operative institutions.

In the wake of liberalisation of economy and emphasis on operation of market forces, co-operative institutions would like to concentrate on such areas where they have got competitive advantage as compared to others. This will call for greater attention towards enhancing professional competence of the co-operative institutions, emphasis on total quality management, well designed programmes for improving operational efficiency and well concerted efforts for reducing the operational cost and improving the quality of services rendered by the co-operative institutions.

Central Government is committed to support the Co-operative movement considering that as an instrument for empowerment of rural poor and on effective tool for ensuring growth with justice, its concern for the backward regions of the country, the neglected sectors of rural economy and special need of the weaker sections of our society such as the small and marginal farmers, scheduled castes, scheduled tribes and women.
The Ninth Five Year Plan have affirmed the crucial role of co-operative institutions in accelerating the pace of economic growth and promised to create climate conducive for the improvement of the co-operative movement.

The Agriculture and Co-operation Ministry of India had constituted a High level committee under the chairmanship of famous co-operator, Shri R.N. Mirdhaji, Member of Parliament to Study the problems of co-operative institutions. Government of India also making a National Co-operative Policy.

Co-operative is a self dependent movement. In the interest of healthy development of co-operative movement, the Government should help the democratic and autonomous functioning of the co-operative institutions.

On the lines of the recommendations of the Ch. Brahm Prakash and Mirdha Committees, the Central Government is taking steps to bring amendments to the Multi-state Co-operative Societies Act.

Problems of co-operative credit institutions can be successfully tackled with the joint efforts of Central Government, State Governments, Reserve Bank of India and National Bank for Agriculture and Rural Development.

The Government of India is also considering a proposal to create National Agricultural Credit Relief of Fund to assist farmers whose debt burden had accumulated due to successive occurrence of natural calamities by providing loan assistance. The proposed out lay for this scheme in Ninth Five Year Plan is Rs. 200 crores.

Another scheme is under consideration of the Government of India for the revitalisation of the co-operative credit structure particularly at grass root level, that is Primary Agricultural Credit Society by providing financial assistance. Its main components are as follows :

1. Provision of separate line of credit to select PACS for implementation of Business Development Plans.
2. Assistance to states for the introduction of deposit guarantee of PACS.
3. Assistance to state for rectification of imbalances in the co-operative credit structure, and
(4) Provision of incentives to PACS for promotion of self-help groups.

The total outlay suggested for the scheme is Rs. 320 crores for Ninth Five Year Plan.

Unless co-operative institutions improve their credibility in discharging their social obligations, there will hardly be any justification of claim preference over private and public sector institutions.

Some of the leading private sector corporations have promised to spend 1% of their profit towards promotion of rural development in India. Major profitable co-operative institutions should also come forward and earmark at least 1% of their profit for accelerating the pace of rural development.

The strategy of rural development as envisaged in our approach to the Ninth Five Year Plan, has emphasised the importance of integration of rural development programmes with other sectoral programmes. In this context, co-operative organisations will also like to have closer interaction with other institutions like Panchayati Raj institutions, research institutions, extension agencies and KVKS so that the benefit of different development programmes can be properly directed towards the targeted groups.

Considering the overwhelming importance of agricultural development for our rural economy, co-operatives are expected to pay special attention towards the new dimensions of agricultural development so that we can achieve the targeted rate of growth of our agricultural production.

It may be noted that the National Co-operative Union of India has appointed a Co-operative Planning Council with Prof. Y. K. Alagh as its Chairman. It will be considered that the various recommendations made by this council for effecting improvement in the functioning of co-operative sector during the Ninth Five Year Plan.

**Twenty Years of Co-operation Department in West Bengal**

During Left Front Regime in West Bengal the Co-operation Department has been engaged in formulating and implementing different socio-economic projects for various section of people particularly for economically backward classes.
Some of the projects and achievements are given below:

**Universal Membership**

Under this scheme the initial share capital for enrolment in a co-operative is provided as grant. The number of universal members was 4.61 lakhs in 1975-76. Now, with the implementation of different schemes the number of such members has shot up to about 66 lakhs.

**Issue of short-term loans**

There has been much improvement during the last few years both in investment and recovery. In 1975-76, the total amount invested and realised was 51.05 crore and Rs. 38.80 crore. In 1995-96 the investment and realisation have respectively been Rs. 167.97 crore and Rs. 69.05 crore.

**Long-term Credit Sector**

A remarkable growth and development has been achievement in long-term credit sector in the last twenty years, 24 Primary Agriculture and Rural Development Bank and 2 branches of the West Bengal State Co-operative Agriculture and Rural Development Bank Ltd. cater to the investment credit need of the growers in the farm sector as well as non-farm sector. In the year 1975-76, the total amount of investment and recovery was Rs. 8.09 crore and 6.08 crore respectively. In 1995-96 the amount was Rs. 40.2 crore and Rs. 24.12 crore.

**Consumer Sector**

In West Bengal, there is a big network of consumers' co-operative spread for the distribution of consumer articles both among the urban and rural people.

The West Bengal State Consumer's co-operative Federation Ltd. (CONFED) an apex body, 31 whole-sale consumer's co-operative societies are responsible for sale of consumer articles at fair price. These societies run 18 departmental stores and 76 large-sized retail outlets and 166 small sized retail outlets. Some of these shops are located in Calcutta but most of them are situated in District and Sub-divisional towns and also in rural areas. In 1975-76 the consumer co-operative societies sold consumer articles worth Rs. 72.8 crore. In 1995-96, total turn over was to the tune of Rs. 400 crore.
Marketing and Processing Sector

The main activities in the marketing sector include the distribution of agricultural inputs and procurement of agricultural produce mainly through Primary Agricultural Co-operative Societies, Primary Agricultural Marketing Societies, Cold Storage Societies. The main thrust is so far as planning in this sector in concerned has been laid upon the diversification of business to keep the societies viable and setting up of godowns and cold storages to market and store the agricultural produce and inputs.

Since 1975-76 by enhancing the storage capacity in phases 43 co-operative cold storage having an installed capacity of 1.88 lakhs metric tons have so far been constructed in the state. During this period 3500 godowns with the storage capacity of 5.15 lakhs tons have been constructed.

Co-operative Audit Directorate

With the specific objective of ensuring financial discipline in the co-operative bodies, the Directorate of Co-operative Audit, West Bengal, was created in 1988 by separating the audit components from the co-operation Directorate.

The Audit Directorate with its independent and self-sufficient mode of working has been able to bring about enough improvement in over all situation. The Audit Directorate has completed auditing of 13,966 co-operative societies in 1995-96 and collected Rs. 1425619160 as audit fees.

Womens Cooperative Credit Societies

In 1992-93, one of the remarkable achievements of the co-operation Department is the forming of women's co-operative credit societies run exclusively by the women members for their socio-economic up lift. There are 24 such societies have been functioning in 18 districts of West Bengal. The working capital of such women's co-operative is Rs. 211 crore of which Rs. 1.25 crore has been advanced to the women members under different self-employment schemes.

Cooperative Training and Education

In 1947, the first co-operative training centre was set up at Konnagar and
thereafter in Uttapara in Hoogly District to impart training to the Junior-level officers of the co-operative Directorate. Then 3 more Co-operative Training Centres were founded at Jhargram in Midnapore District, Barsul in Burdwan District and Kalimpong in Darjeeling District. The responsibilities of running all these training centres as well as imparting training to the Auditor of Co-operative Societies, Supervisors of District Central Co-operative Banks and Managers of Primary Agricultural Co-operative Societies, Primary Agricultural Marketing Societies etc. were handed over to the West Bengal State Co-operative Union.

**Housing Finance**

The West Bengal State Co-operative Agriculture and Rural Development Bank Ltd. has extended its area of operation in the field of financing housing projects in the rural areas. The investment of WBSCARDB in rural housing project, implemented through its affiliated Primary Agricultural and Rural Development Banks of Rs. 190.57 lakhs during the year 1995-96. And Rs. 223.91 lakhs was invested in the year 1996-97 (up to 30-11-96).

The West Bengal State Co-operative Housing Federation is also going to provide soft loan to the Primary Co-operative Housing Societies in the year 1997-98.

**Unemployed Engineers' Cooperative**

To solve to problems faced by the unemployed youth who are degree and diploma holders in Engineering, Engineer's Co-operatives have been organised with engineers and technically qualified persons. Also by organising unorganised labours to save them from the economic exploitation of the labour construction co-operatives have been formed.

**Rural Electrification Co-operatives**

In West Bengal the State Government has decided to organise the rural consumers of electricity to form one rural co-operative in each district in order to prevent transmission loss by way of theft and lack of proper supervision and ensure effective distribution of electricity to meet ever-increasing consumer demand in rural areas. At present the number of such registered co-operatives is four.
MOU on DAP between CCARDB and WBSCARDB

The Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. has been suffering financially for a long period. It is a 'loss making' Bank. It is seen that the Bank mainly suffers from its low volume of business and high transaction cost. As a result of this the capital of the Bank has eroded. In order to receive its financial position and to make it a viable unit certain measures have been taken in the shape of Development Action Plan under the guidelines of NABARD. On the basis of the guide lines of the NABARD, a Development Action Plan was prepared with some financial provisions and projection of programmes with a time frame. Accordingly a Memorandum of Understanding in between the West Bengal State Co-operative Bank Ltd. and Cooch Behar Co-operative Agriculture and Rural Development Bank Ltd. was executed on 30th December, 1995. On the D.A.P. certain financial measures were suggested in the said DAP. All the concerned financial agencies were supposed to provide continued financial assistance to the Bank to improve its financial position with ultimate objective to make this bank a viable unit. The main objective of making this Bank as a viable unit is to ensure the credit flow to the rural people to improve their economic condition.

In order to implement the Development Action Plan a time bound programme has been worked out in the following manner

(Rs. In crore)

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>ACTUAL</th>
<th>PROJECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Aggregate share</td>
<td>0.23</td>
<td>0.24</td>
</tr>
<tr>
<td>Capital of which</td>
<td></td>
<td></td>
</tr>
<tr>
<td>government</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td></td>
<td>(4.3)</td>
<td>(-)</td>
</tr>
<tr>
<td>2. Reserves &amp; others</td>
<td>0.26</td>
<td>0.32</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(23.1)</td>
<td>(12.5)</td>
</tr>
<tr>
<td>3. Borrowing outstanding</td>
<td>1.17</td>
<td>1.22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4.3)</td>
<td>(11.5)</td>
</tr>
<tr>
<td>4. Loan issued</td>
<td>0.22</td>
<td>0.04</td>
</tr>
<tr>
<td>PARTICULARS</td>
<td>ACTUAL</td>
<td>PROJECTIONS</td>
</tr>
<tr>
<td>------------</td>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>Loan &amp; Advance Outstanding</td>
<td>0.96</td>
<td>0.91</td>
</tr>
<tr>
<td>(other investment)</td>
<td>(-15.49)</td>
<td>(-16.59)</td>
</tr>
<tr>
<td>Investment</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>(other investment)</td>
<td>-</td>
<td>(60)</td>
</tr>
<tr>
<td>Percentage of Recovery</td>
<td>-</td>
<td>28.64</td>
</tr>
<tr>
<td>to Demand</td>
<td>2.21</td>
<td>2.44</td>
</tr>
<tr>
<td>Average Cost of Funds per Rs. 100/-</td>
<td>3.99</td>
<td>4.02</td>
</tr>
<tr>
<td>Average yield on Assets per Rs. 100/-</td>
<td>5.06</td>
<td>5.17</td>
</tr>
<tr>
<td>Average Gross Margin per Rs. 100/-</td>
<td>1.07</td>
<td>1.15</td>
</tr>
<tr>
<td>Transaction cost as percentage of Working Fund</td>
<td>8.88</td>
<td>5.96</td>
</tr>
<tr>
<td>Average net Margin (\frac{(10+12) - (11+13)]}{(10+12))</td>
<td>(-7.81)</td>
<td>(-4.81)</td>
</tr>
<tr>
<td>Annual Profit Loss Position</td>
<td>(-0.30)</td>
<td>(-0.18)</td>
</tr>
<tr>
<td>Accumulated Profit / Loss</td>
<td>(-0.83)</td>
<td>(-1.01)</td>
</tr>
<tr>
<td>Bearing Level</td>
<td>16.80</td>
<td>12.30</td>
</tr>
<tr>
<td>Miscellaneous income% of WF</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Risk cost as percentage of WF</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Per Employee Productivity</td>
<td>0.02</td>
<td>0.02</td>
</tr>
</tbody>
</table>

N. B. Figures in the Brakets indicates the growth rates.

Source: Development Action Plan and Memorandum Of Understanding, there on betroen CoochBehar Co-operative Agriculture and Rural Development Bank Ltd. & The West Bengal State Co-operative Agriculture and Rural Development Bank Ltd.
The programme as drawn up is found to be beneficial to the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. to reach available position. The programme could not be implemented because the financial assistance as assured as per Memorandum of Understanding on Development Action Plan could not be made available. If the programme could be implemented in practice financial position would be much better.

**New Economic Policy (NEP) and Challenges Before ARDBs**

**Recommendations**

1. Under new economic policy the role of ARDBS should be clearly defined by the Government of Indian and National bank. So that they can effectively meet their responsibilities in the economic development and for that purpose they should be provided the necessary assistance.

2. Through appropriate training programmes, members should be educated to reorient their attitudes by ARDBs to ensure their active participation in developing the Banks as business organisations.

3. According to the recommendation by Choudhury Braham Prakash Committee, Government of India should prevail on State Governments to adopt the model Co-operative Societies Act to minimise state control and management of ARDBs to democratically elected Boards.

4. To curtail the impact of market rates of interest on loans which ARDBs will be required to charge under New Economic Policy, particularly on the weaker sections of the people, they should evolve a profit sharing scheme with members. They can consider to offer interest rebate from their income on timely repayment of loan instalments.

5. If ARDBs are directed to finance activities at rates of interest lower than the market rates. National Bank should provide concessional refinance to enable them to maintain their normal margins on such loans.

6. ARDBs may insist to invest in commercial farms involving higher outlay and loan components in view of the greater spread available to them on loans of over Rs. 2 lakhs.
7. The present Fixed Deposit Scheme for ARDBs is very much restricted, they should be allowed to accept such deposits on their own terms similar to those of non-banking financial institutions and co-operative Banks. They should be allowed to extend these deposits to finance members to meet all their credit needs without restriction, on their own terms to enable them to cross-subsidise operations. The Banks were advised to canvas for deposits. Government of India may consider to extend income tax concessions on these deposits as they are to be used for rural lending exclusively.

In West Bengal long term investment credit is routed through 24 Primary co-operative Agriculture and Rural Development Banks and 2 branches of the West Bengal State Co-operative Agriculture and Rural Development Bank Ltd. making a total 26 operational units. At present all the units excepting Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. and Kandi Co-operative Agriculture and Rural Development Bank Ltd. are functioning properly and improved their position considerably particularly after the implementation of the Agricultural and Rural Debt Relief Scheme. But the two named ARDBs could not come up to the level of performance.

The main problems of the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd are low level business. Low recovery higher transaction cost and limited resources. So to improve the situation all related concerned should be involved to find out a suitable mechanism to help the Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd. to turn around as a strong organisation for dispensation a rural credit in the long-term sector in its area of operation.

So the State Government, NABARD, West Bengal State Co-operative Agriculture and Rural Development Bank, Cooch-Behar Co-operative Union should come forward in order to solve the problems. The following specific action are required to be taken independently by the respective agencies as indicated below:

(A) State Government

1. The Cooch-Behar ARDB requires assistance from Government by Rs. 208.47 Lakhs to cleanse the Balance sheet and to be eligible for more time to try a fresh to bring back normal health.
2. To settle all the pending interest subsidy claims as early as possible in respect of COB. ARDB and ensure that benefits are passed on to the Bank.

3. A soft loan assistance to be provided to the Cooch-Behar ARDB under such terms and conditions and such interest at the State Government may deem fit keeping in view the weak financial position of the Bank.

4. After firming up a rehabilitation package, to make a request to NABARD seeking relaxation in eligibility norms in respect of COB. ARDB. So as to enable eligible for share capital contribution from the NRC (LTO) Fund.

5. To restore contribution of the State Government to the 'Risk Fund' of the COB. ARDB as was being done earlier for others.

6. To consider the issue of adopting the practice of assessing the crop yields on a scientific manner based on crop cutting experiments in the event of natural calamities so as to declare 'Annawari' and suspend the dues recoverable by the Government which would definitely pave the way for the Bank for availing of the facility of postponement of current demand from NABARD.

7. State Government is to issue an order in the line that the staff of the COB. ARDB, if found excess initially may be placed to other ARDBs for a stipulated period of 5 years and once the units are viable they may again be sent back to their original ARDB.

8. State Government should provide suitable government officer as the Chief Executive Officer of the COB. ARDB immediately.

(B) The West Bengal State Co-operative Agriculture and Rural Development Bank Ltd

1. The WBSCARDB should restore the refinance line to the Cooch-Behar ARDB for continuance of flow of ground level credit.

2. The WBSCARDB should reimburse quickly in disbursement certificate's submitted by the Cooch-Behar ARDB.

3. The WBSCARDB is to provide permit the deposit mobilisation.

4. The WBSCARDB should also consider delegating adequate sanctioning powers to its branch (at Siliguri) functioning new Cooch-Behar ARDB so as to
enable the said ARDB to avoid incurring an additional transaction cost in sending the loan case papers to the Head Office of the WBSCARDB (in Calcutta) for sanction.

5. Till achievement of investment during the specified time (i.e. 5 years) the establishment cost to be borne by the WBSCARDB, the said amount may be treated as soft loan which to be repaid latter on in the manner as may be decided upon.

6. The WBSCARDB should periodically inspect the Bank and suggest corrective measure for smooth functioning of COB. ARDB.

(C) The Cooch-Behar Co-operative Agriculture and Rural Development Bank Ltd

1. The Cooch-Behar A.R.D.B. should improve its system of internal checks and control substantially in keeping with the emerging situation.

2. The Cooch-Behar ARDB should fix specific targets for recovery closely monitor the same on a fortnightly or monthly basis.

3. A realistic lending programme should be worked out by the Cooch-Behar ARDB on the consideration of past trends and new potentials. One such a realistic loaning programme is worked out the loan disbursement may be phased out during the year.

4. The total interest payable by the Cooch-Behar ARDB to the WBSCARDB should be paid off in full if possible.

5. A realistic cash flow and outflow statement for the year 1998-1999 and 1999-2000 should be prepared by the Cooch-Behar ARDB so as to reveal the extent to which it will be able to liquidate its principal dues to the WBSCARDB as a consequence of which its balance would get reduced.

6. The Cooch-Behar ARDB should immediately carry-out a case by case analysis of overdues and adopt a strategic action plan including that of identification of wilful and non-wilful defaulters.

7. The management of the Cooch-Behar ARDB should fix individual accountability for the supervisors by allotting them with fixed target and monitoring
their performance closely at regular intervals. The accountability of the supervisors may include over aspects also apart from recovery.

8. The service of technical officer of the cell of WBSCARDDB should be obtained by the Cooch Behar ARDB in formulation of the schemes both for farm and non-farm sector.

9. The Cooch Behar ARDB should have functional coordination with the PACS in its area of operation to enable its barrowing members to meet their short-term credit need.

10. The Cooch Behar ARDB should compile the Annexures III, IV, & V of Development Action Plan within the prescribed time limits and for this purpose the bank may identify the personnel from within and set up a DAP cell.

11. The Cooch Behar ARDB should hold its District level Monitoring and Review Committee meeting regularly.

(D) National Bank for Agriculture and Rural Development

NABARD should consider the relaxation in eligibility norms to enable the Cooch Behar ARDB to become eligible for share capital contribution from the M.R.C. (L.T.O) fund maintained by National Bank for Agriculture and Rural Development.

(E) Cooch Behar Co-operative Union

Through appropriate training programmes, members should be educated to reorient their attitudes to ensure their active participation in developing the Cooch Behar ARDB.

The following programmes should be taken for achieving the viability of the Cooch Behar ARDB.
### TABLE 7: 2

#### Proposed Investment Programme

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Outstanding</th>
<th>New Investment</th>
<th>Total Demand Pr. Portion</th>
<th>Recovery 90%</th>
<th>100% Total</th>
<th>COB.ARDB'S Portion @30%</th>
<th>WBSCARDB'S Portion</th>
<th>Balance Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-1999</td>
<td>64.33</td>
<td>200.00</td>
<td>264.33</td>
<td>29.37</td>
<td>37.00</td>
<td>26.43</td>
<td>37.00</td>
<td>63.43</td>
</tr>
<tr>
<td>1999-2000</td>
<td>237.90</td>
<td>300.00</td>
<td>537.90</td>
<td>59.95</td>
<td>75.30</td>
<td>53.79</td>
<td>75.30</td>
<td>129.09</td>
</tr>
<tr>
<td>2000-2001</td>
<td>484.11</td>
<td>400.00</td>
<td>884.11</td>
<td>98.23</td>
<td>123.77</td>
<td>88.41</td>
<td>123.77</td>
<td>212.18</td>
</tr>
<tr>
<td>2001-2002</td>
<td>798.70</td>
<td>500.00</td>
<td>1298.70</td>
<td>143.97</td>
<td>181.40</td>
<td>129.57</td>
<td>181.40</td>
<td>310.97</td>
</tr>
<tr>
<td>2002-2003</td>
<td>1166.13</td>
<td>600.00</td>
<td>1766.13</td>
<td>196.23</td>
<td>247.25</td>
<td>176.60</td>
<td>247.25</td>
<td>423.85</td>
</tr>
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</table>

#### Proposed Deposit Mobilisation Programme

<table>
<thead>
<tr>
<th>Year</th>
<th>Opening</th>
<th>New Deposit SB- A/C</th>
<th>Gross Collection T.D. A/C</th>
<th>Minideposit Total</th>
<th>Withdraw (40%) Total</th>
<th>Income from Investment (20%)</th>
<th>Payable to Depositor @10% Net Income</th>
<th>Remittance to be made Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-1999</td>
<td>-</td>
<td>1.00</td>
<td>0.75</td>
<td>1.00</td>
<td>2.75</td>
<td>1.10</td>
<td>0.33</td>
<td>0.16</td>
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<td>1999-2000</td>
<td>1.65</td>
<td>2.00</td>
<td>1.25</td>
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<td>6.40</td>
<td>2.56</td>
<td>0.77</td>
<td>0.39</td>
</tr>
<tr>
<td>2000-2001</td>
<td>3.84</td>
<td>2.50</td>
<td>1.50</td>
<td>2.00</td>
<td>9.84</td>
<td>3.74</td>
<td>1.18</td>
<td>0.59</td>
</tr>
<tr>
<td>2001-2002</td>
<td>5.90</td>
<td>3.00</td>
<td>2.00</td>
<td>2.50</td>
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<tr>
<td>2002-2003</td>
<td>8.04</td>
<td>3.50</td>
<td>2.50</td>
<td>3.00</td>
<td>17.04</td>
<td>6.82</td>
<td>2.04</td>
<td>1.02</td>
</tr>
</tbody>
</table>

#### Expected Income and Expenditure showing Remittance to the WBSCARDB on Expected Recovery and Deposit Mobilisation

<table>
<thead>
<tr>
<th>Year</th>
<th>Expected Recovery</th>
<th>WBSCARDB'S Portion</th>
<th>COB. ARDB'S Portion</th>
<th>Income from Deposit</th>
<th>Misc. Income</th>
<th>Total Establishment Cost</th>
<th>(-) deficit Surplus</th>
<th>Expected Remittance</th>
<th>Remittance to be made Surplus</th>
<th>Shortfall/ Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-1999</td>
<td>65.43</td>
<td>52.33</td>
<td>11.10</td>
<td>0.17</td>
<td>1.00</td>
<td>12.27</td>
<td>29.00</td>
<td>(-) 16.73</td>
<td>35.60</td>
<td>(-) 16.73</td>
</tr>
<tr>
<td>1999-2000</td>
<td>129.09</td>
<td>106.50</td>
<td>22.59</td>
<td>0.39</td>
<td>1.50</td>
<td>24.48</td>
<td>30.00</td>
<td>(-) 5.52</td>
<td>100.98</td>
<td>(-) 5.52</td>
</tr>
<tr>
<td>2000-2001</td>
<td>212.18</td>
<td>175.05</td>
<td>37.13</td>
<td>0.59</td>
<td>2.00</td>
<td>39.72</td>
<td>31.00</td>
<td>(+) 8.72</td>
<td>175.05</td>
<td>(+) 8.72</td>
</tr>
<tr>
<td>2001-2002</td>
<td>310.97</td>
<td>256.55</td>
<td>54.42</td>
<td>0.80</td>
<td>2.50</td>
<td>57.72</td>
<td>32.00</td>
<td>(+) 25.72</td>
<td>256.55</td>
<td>(+) 25.72</td>
</tr>
<tr>
<td>2002-2003</td>
<td>423.85</td>
<td>349.68</td>
<td>74.17</td>
<td>1.02</td>
<td>3.00</td>
<td>78.19</td>
<td>33.00</td>
<td>(+) 45.19</td>
<td>349.68</td>
<td>(+) 45.19</td>
</tr>
</tbody>
</table>

[Prepared on the basis of informations and data available from the following sources:
(1) Schemes Submitted by the Bank
(2) Schemes Submitted by the Unions.]
Thus viewed, the role of the co-operatives in the general national rural economy can be properly understood.

Co-operatives have to play the role of a catalyst in bringing about social change and economic development. The foregoing discussion has conclusively proved that special attention needs to be paid in this direction. The Cooch Behar ARDB provides an excellent example in this regard. It has become all the more important in the context rural development and expansion of the base for more job-opportunities. The district of Cooch-Behar, because of locational disadvantage, low rate of economic development, lack of adequate infrastructural and other facilities and consequently low capacity to absorb the unemployed youth demands greater care and attention from the policy-planners both at the State and Central levels. In this respect, the Cooch-Behar ARDB, if revitalised properly, can play a very constructive role in bringing about a 'social revolution' in the truest sense of the term.
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Appendix - I
APPENDIX -I

A Draft Action Plan for Actualisation of Cooperative Identity Statement
SH. B.D. SHARMA

Chief Executive, National Co-operative Union of India, New Delhi-16

Introduction

In accordance with the decision of the Governing Council of NCUI the statement on the Cooperative Identity and Re-formulated Principles of Cooperation were sent to all Member Organisations with the request to incorporate the same in their bye-laws so that the cooperative values and revised cooperative principles are reflected in the business policy/day to day functioning of cooperatives. National Cooperative Union of India also urged upon the National Governments to incorporate the cooperative values and revised principles within the legal framework so that cooperatives could function "as independent, member controlled organisations and on equal terms with other forms of cooperative enterprises." The Governing Council of NCUI also decided to place a draft Action Plan for actualisation of cooperative identity statement in the 13th Indian Cooperative Congress in order to facilitate wider deliberations. Accordingly, an attempt is made in this paper to present a draft Plan which is aimed at establishing the cooperative identity in the emerging environment. Part-I of this paper is the ICA Statement on Cooperative Identity along with the background paper on various interpretations. Part-II of the paper presents the draft Action Plan for actualisation of cooperative identity statement.
PART - I

THE INTERNATIONAL COOPERATIVE ALLIANCE STATEMENT ON THE COOPERATIVE IDENTITY

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and earning for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1st Principle: Voluntary and Open Membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving selected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following
purposes: developing their cooperative possibly by setting up reserves, part of which at least would be indivisible: benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the Cooperative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives, work for the sustainable development of their communities through policies approved by their member.
PART - II

ACTION PLAN

I. At Government Level

1. Amendment of Cooperative Laws in the following directions:
   (a) Incorporation of Statement of Cooperative Identity adopted by International Cooperative Alliance in the Cooperative Law.
   (b) Removal of restrictive provisions from Cooperative Laws for ensuring autonomous and independent functioning of cooperatives.
   (c) Implementation of steps for development of cooperatives from the stage of instrumentality of the state to the stage of member owned, member used and member controlled economic enterprises.
   (d) Transfer of powers and responsibility regarding administration and management of cooperatives from the State Department of Cooperation to cooperatives and their federations.

2. State Support to Cooperatives:
   (a) State support to cooperatives be so designed that it facilitates development of cooperatives as autonomous and independent member user owned and controlled enterprises.
   (b) The cooperatives having equity participation by Govt. should be allowed to redeem/ refund the share capital to the Govt. As a policy, the Govt. should help cooperatives to prepare and implement a time bound programme for redemption of equity of the Govt.
   (c) The National Policy on Cooperatives, which is in the offing, should specifically mention that state support to cooperatives shall be without any strings. It has to be based on a memorandum of understanding between the Govt. and the concerned cooperatives as mutually agreed by them.
   (d) The para statal bodies namely NCDC, NABARD etc. created to support cooperatives should not insist on Govt. guarantee for providing financial assistance to cooperatives.
(e) The Govt. Should not involve itself in any way in the recruitment, appointments and formulation of service conditions of managerial personnel of cooperatives.

(f) Support of cooperatives to implement some of the economic programmes of the Govt. should be elicited on the basis of mutually agreed terms and conditions, but not through a directive. If cooperatives suffer loss on account of implementaion of such programmes, Govt. should be obliged to meet these losses.

(g) Cooperatives to be eligible for Govt. support and concessions should fulfill the following criteria:

(i) They should be registered under Cooperative Law based on common economic needs of the members.

(ii) Their bye-laws and business policies should incorporate the cooperative values and principles of cooperation in the statement of cooperative identity adopted by the ICA.

(iii) They must have business dealings with at least 75% of their members.

II At Cooperatives' Level:

(a) As recommended by Choudhary Brahm Perkash Committee the cooperatives should not accept equity contribution from the Govt. The cooperatives having Govt. equity should prepare and implement a time bound programme for its redemption/ refund.

(b) With a view to making membership open, voluntary and broad based cooperatives at grass- root level (village level) may motivate the poor, e.g. artisans, labourers, women to become the members of cooperatives. In the initial stages cooperatives may organise self help groups of such sections of the people and eventually integrate them into their membership.

(c) In order to enhance the involvement of women in cooperatives, concept of joint membership (wife & husband) should be implemented.

(d) Each cooperative society should lay down responsibility norms for members. New members should sign a pledge to fulfill these responsibility/ obligation norms
at the time of their admission. Fulfillment of responsibility/obligation norms should from main/substantive agenda for deliberations at the General Body Meetings. Those members who have been failing to fulfill the norms continuously for three years may be delisted from membership of cooperative.

(e) All the cooperative organisations should initiate a thorough analysis of their membership. Inactive/sleeping members may be delisted.

(f) With a view to ensuring effective implementation of principle of "democratic member control" the following steps may be taken:

(i) Criteria for quorum for General Body needs rethinking. For a General Body Meeting, presence of at least 50% membership should be quorum.

(ii) The Board of Directors/Managing Committee must be accountable to the members. The General Body, therefore, should be empowered to review the performance of the Board and if dissatisfied with its performance, it should have right to replace it even in middle of its (Board's) tenure through elections.

(iii) Every cooperative society should formulate some system for eliciting members' feedback/suggestions about the working of the society.

(g) The cooperative societies should develop an effective information system for the members, board members and opinion makers. Within the organisation, management information systems should be evolved and the executive management should continue to constantly pass on the information to the board members. For members of the cooperative societies, member information bulletin should be issued on a continuous basis. The federal cooperatives should bring out regular publication providing information relating to the business trends and policies and the steps taken by the federation for the benefit of the members.

(h) In order to ensure effectiveness of the education and training programmes for cooperatives, there is a need for strengthening resource base of cooperative unions. The present system of contribution to Cooperative Education Fund is required to be further revamped. Apart from contribution to Cooperative Education Fund, every cooperative society should set up apart a specified amount in its
budget for conducting in-house education and training activities for the benefit of its members and elected representatives. It would be necessary that the cooperative society should have a long-term perspective for HRD at its level.

(i) There is no contradiction between professionalisation of management and preservance and protection of cooperative identity. If the managerial personnel of cooperative is efficient and professional, achievement of organisational mission of cooperatives can be facilitated effectively. What is important is clarity about the role perception and freedom of operations at the level of professional managers in cooperatives. Every cooperative organisation should, therefore, formulate its personnel management policies keeping in view this perspective in mind.

(j) As one of the principles of cooperation is cooperative among cooperatives, it is necessary to ensure the maintenance of organisational discipline within the structure of cooperative movement. The federal cooperatives should essentially function through their constituent units and in no case compete with them.

(k) As recommended by the Ch. Brahm Perkash Committee, the federal cooperatives should undertake the following functions:

(i) Safeguard the observance of the cooperative principles.
(ii) Undertake research and evaluation and assist in preparation of perspective development plans of member cooperatives.
(iii) Promote harmonious relations between member cooperatives.
(iv) Help member cooperatives in the settlement of disputes among themselves and between a cooperative and its members.
(v) Represent the interests if member cooperatives and lobby for policies and legislation favourable to cooperatives.
(vi) Undertake business services on behalf of its members.
(vii) Evolve viability norms for member cooperatives.
(viii) Provide legal aid and advice.
(ix) Provide any other services, at the behest of member cooperatives.
Since cooperatives are community based organisations, they have to evolve such policies as will ensure the development of communities economically, socially and culturally. The common community related issues need to be taken up by cooperatives such as environment free business practices and activities, health caring, schools, drinking water facilities, gender integration, child and women welfare, welfare of the aged, development of youth etc. With the entrustment of various development programmes to village panchayats, there is a need for effective coordination between the cooperatives and village panchayats at the grass-root level.

APPENDIX- II

Extract form Draft Model

CO- OPERATIVE ACT, 19........

Chapter- I

INTRODUCTION

1. Preamble

In order to facilitate the voluntary formation and democratic functioning of cooperatives as people's institutions based on self help and mutual aid and to enable people to promote their economic and social betterment, the legislature of the state of....... in the.........year of the Republic of India to hereby enact as follows:-

2. State Policy of Cooperatives

It shall be the policy of the state to promote cooperatives which are instruments of equity, social justice and economic development in fulfilment of the Directive Principles of the State Policy as enshrined in the Indian Constitution.

The state shall not interfere in the management and operation of cooperatives. Towards this end, the state shall recognise co- cooperatives as democratic institutions owned, managed and controlled by members for their economic and social betterment, operating their business based on mutual aid and co- operative principles.

3. Co- operative Principles

The following shall constitute the co- operative principles:

(i) Membership of co- operative shall be voluntarily and available without artificial restriction or any social political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

(ii) Co- cooperatives are democratic organisation. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary co-operatives shall enjoy equal rights of voting (one member, one vote) and participation in decisions effecting their co-operatives. In other than primary co-operatives, the administration shall be conducted on a democratic basis in a suitable form.
(iii) Share capital shall only receive strictly limited rate of interest, if any.

(iv) The economic results, arising out of the operations of a co-operative belong to the members of that co-operative and shall be distributed in such manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

(a) by provision for development of the business of the co-operative;

(b) by provision of common services; or

(c) by distribution among the members in proportion to their transactions with the co-operative

(v) All Co-operatives shall make provision for the education of their members, officers and employees and of the general public, in the principles and techniques of co-operative, both economic and democratic.

(vi) All co-operatives, in order to best serve the interest of their members, and their communities, shall actively co-operative in every practical way with other co-operatives at local, national and international levels having as their aim the achievement of unity of action by co-operators throughout the world.

4. Short titles, extent and commencement

(1) This Act may be called the ............. Co-operatives 'Act 19..........

(2) It extends to the whole of the State of .............

(3) It shall come into force on such date as the government may notify in the ............. gazette.

5. Definitions

In this Act, unless the context otherwise requires--

(a) "area of operation" means the area from which the membership is drawn.

(b) "board of directors" means the governing body of a society by whatever name called;

(c) "byelaws" means the registered bylaws for the time being in force;

(d) "chief executive" means an individual who, subject to the superintendence, control and direction of the board of directors, has been entrusted by the board, with the management of the affairs of the co-operative;
(e) "cooperative" means an organisation registered or deemed to be registered under this Act;

(g) "federal cooperative" means a cooperative whose membership is available only to cooperatives;

(h) "general body" in relation to primary cooperative means all the members of that cooperative and in relation to a federation, means all the delegates of the member cooperatives;

(i) "general meeting" means a meeting of the general body of a cooperative;

(j) "member" means a person admitted as such to a cooperative;

(k) "officer" means a person elected or appointed by a cooperative to any office of such cooperative;

(l) "patronage refund" means annual refund to members in proportion to their transactions with the cooperative during the year;

(m) "registrar" means the registrar of cooperatives appointed under section 16 and includes any other persons on whom all or any of the powers of the registrar under this Act are conferred;

(n) "state" means the state of...

(o) "primary cooperative" means a cooperative whose membership is available only to individuals;
Chapter II
Incorporation

6. Organisations which may be registered

1) Only such an organisation may be registered as a cooperative under this Act which provide in its byelaws for the social and economic betterment of its members through self help and mutual aid in accordance with the cooperative principles.

2) A cooperative shall be registered with limited liability.

7. Application for registration

(1) An application for registration shall be submitted to the registrar by hand or by registered post.

(2) Every such application shall be accompanied by

a. two copies of the proposed byelaws of the cooperative as adopted by the promoting members

b. a list of names of members with their addresses, occupation and equity participation.

c. the list of members of the first board elected by the promoting members.

d. a true copy of the minutes of the meeting at which the byelaws were adopted, duly signed by the chairperson.

(3) Every such application shall be signed by at least 10 individuals from different families, in the case of a proposed primary cooperative and by authorised representatives of at least 2 primary cooperatives, in the case of a proposed federal cooperative.

(4) The registrar shall register the cooperative and also its byelaws and communicate by registered post the certificate of registration and a copy of the registered byelaws, within sixty days form the date of submission of application, to the chairperson.

(5) The registrar, if the conditions laid down in sub-section (3) are not fulfilled, shall communicate by registered post the order of refusal together with the reasons therefore, within sixty days from the date of submission of application, to such of the applicants as specified in the application.

(6) In case no refusal is communicated within 60 days, the cooperative shall be deemed to be registered.
(7) Where a cooperative is registered, the registrar shall issue a certificate of registration signed and sealed by him which shall be conclusive evidence that the cooperative mentioned therein, is a cooperative duly registered under this Act.

(8) Where an order of refusal is received by the applicants under sub-clause (5), they may appeal against this order to the cooperative tribunal. The decision of the tribunal shall be final in this regard.

8. Cooperative to be a body corporate

(1) The registration of a cooperative shall render it a body corporate by the name under which it is registered having perpetual succession and a common seal. The cooperative shall be entitled to acquire, hold and dispose of property, to enter into contracts on its behalf, to institute and defend suits and other legal proceedings and to do all other things necessary to achieve its objectives.

(2) All transactions entered into in good faith prior to registration, in furtherance of the purposes of the cooperative, shall be deemed to be transactions of the cooperative after registration.

9. Display of name

(1) Every cooperative shall display its name and the address of its registered office and the words 'Registered under ...................... Cooperatives' Act 19 .............. ' in legible character in a conspicuous position.

a. at every office or place at which it carries on business;

b. in all notices and other official publications;

c. on all its contracts, business letters, orders for goods, invoices, statements of account, receipts and letters of credit; and

d. on all bills of exchange, promissory notes, endorsements, cheques and orders for money it signs or that are signed on its behalf.

(2) The name of every cooperative shall contain the words 'cooperative' and 'limited' or their equivalent in the official language of the state.

10. Appointment of Registrar

(1) The state government may appoint a registrar and such other officers as it thinks necessary for the registration of cooperatives under this Act and for such other functions as specified under this Act.
(2) Only such persons may be appointed as registrar to have:

a. served as a senior officer of the government for at least 3 years in the cooperative department; or

b. served as chief executive for at least 3 years in any cooperative; or

c. held a senior officer or faculty position for at least 3 years in any cooperative promotional body or academic institution dealing with cooperation.

(3) The term of office of a registrar shall be at least three years.
Chapter- III

BYELAWS

11. Byelaws

1) Except on such specific matters which the Act has provided for and which the byelaws may further regulate on but not contravene, the functioning of every cooperative shall be regulated by its byelaws.

2) The byelaws of a cooperative may provide for the following matters:

a. the name, address and area of operation of the cooperative
b. the objective of the cooperative explicitly stated as a common central need of the members
c. the cooperative principles stated in this Act, according to which the cooperative shall conduct its affairs
d. the services to be provided to its members
e. eligibility for obtaining membership
f. procedure for obtaining membership
g. conditions for continuing as member
h. the time limit before which a potential member must seek and obtain membership in order to continue to use the services of the cooperatives
i. procedure for withdrawal/ transfer of membership
j. procedure for termination and cessation of membership
k. rights of members
l. fixation of minimum performance required annually of each member vis-á-vis use of services, financial commitment and participation in meetings, in order to be eligible to exercise the rights of membership including the right of vote.
m. the consequences of default in payment of any sum due by a member
n. the nature and amount of capital, if any, of the cooperative
o. the maximum capital to which a single member can subscribe
p. the nature and extent of the liability of the members for the debts contracted by
the cooperative.
q. the sources and types of funds to be raised by the cooperative
r. the purposes for which the funds may be applied
s. the extent and conditions under which deposits, loans, debentures and other
funds may be mobilised.
t. the conditions and purposes for which state aid and aid from other financial
institutions may be sought and obtained
u. the manner of disposal of surplus.
v. the constitution of various funds, reserves and their purpose
w. the manner of convening general and other special meetings and quorum thereof
x. the frequency of general meetings.
y. the role of the general body and subjects which shall be dealt with by the general
body'
z. the manner of making or amending byelaws
aa. the procedure for conducting elections
bb. the procedure for conducting election in case the cooperative fails to do so.
c. the size and constitution of the board of directors
dd. eligibility for becoming director
e. conditions for retaining directorship
ff. the terms of office of the directors, chairperson and office bearers
gg. the procedure for removal of directors and for filling of vacancies
hh. the manner of convening board meetings and quorum
ii. the frequency of board meetings
jj. powers and functions of the board
kk. powers and functions of office bearers including chairperson

ll. powers and functions of the chief executive

mm. penalties for acting against the interests of members and for non-fulfilment of duties by members, directors and staff

nn. the appointment and role of auditors and procedure for conduct of audit where the cooperative fail to make necessary arrangements and time limit for audit compliance.

oo. the authorisation of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the cooperative

pp. the terms on which a cooperative may deal with non members

qq. the terms on which a cooperative may associate with other cooperatives

rr. the terms on which a cooperative may deal with organisations other than cooperatives

ss. the rights, if any, which the cooperative may confer on any cooperative or other federations and the circumstances under which these rights may be exercised by the federation/s

tt. the manner of disposal of funds if under liquidation

uu. the accounting year for the cooperative

vv. transfer of shares and interest in the name of a nominee in case of death of a member

ww. the manner of dissolution of the cooperative

xx. restriction, if any, on service to non- members

yy. organise self- help groups of people living in its area and to conduct education and training programmes.

12. Amendment of byelaws

1) A cooperative may amend any of its byelaws by a resolution passed at a general meeting by a majority of the total membership with right of vote or of two thirds of members present and voting whichever is less;
Provided no such resolution shall be passed by the general body unless at least twenty clear days of written notice of the resolution and of the general meeting has been given along with a copy of the proposed amendment to each member of the cooperative.

2) An application for the registration of the amendment shall be forwarded by registered post to the registrar within a period of thirty days from the date of the resolution.

3) Every application forwarded to the registrar shall be signed by the chairperson and two members of the committees and shall be accompanied by the following particulars.
   a. a copy of the resolution adopting the amendment
   b. the date of the general meeting at which the amendment as approved.
   c. the date of the notice issued for the general meeting
   d. the total numbers of members on the roll of the co-operative having the right of vote on the date of such general meetings.
   e. the number of member having the right of vote present at such general meeting; and
   f. the number of members who voted for the resolution.

4) The registrar, if the proposed amendment is in consonance with the provisions of the Act, shall register the amendment within a period of sixty days from the date of receipt of the application.

5) The registrar shall forward to the cooperative within a period of 15 days after registration, a copy of the registered amendment together with a certificate signed and sealed by him, and such certificate shall be conclusive proof that the amendment has been duly registered.

6) The registrar, if the proposed amendment is not in consonance with the provisions of the Act, shall communicate by registered post the order or refusal together with the reasons therefor to the cooperative within the period specified in sub-section(4); Provided that no order refusing to register the amendment shall be passed except after giving the cooperative an opportunity of making its representation.

7) Where no order of refusal is communicated under sub-section (6) within the period specified in that sub-section, it shall be deemed that the registrar has registered the amendment on the last date of the period specified in that sub-section.
13. Change of liability transfer of assets and liabilities, division, amalgamation of a cooperative

1) A cooperative may, by a resolution of its general body, decide to change the extend of its limited liability.

2) A cooperative may by a resolution of its general body, decide to transfer its assets and liabilities, in whole or in part, to any other cooperative which agrees to such transfer by a resolution of its general body.

3) A cooperative may, by a resolution of its general body, divide itself into two or more cooperatives.

4) Any two or more cooperatives may, by a resolution of their respective general bodies, decide to amalgamate themselves and form a new cooperative.

5) Every resolution of a cooperative under this section shall be passed at its general meeting by a majority of total members with right of vote or two thirds of members present and voting whichever is less and such resolution shall contain all particulars of the liability, transfer, division, amalgamation as the case may be.

6) Where a cooperative has passed a resolution under this section, it shall give notice there of together with a copy of the resolution to all its members, federal cooperatives to which it is affiliated and creditors who may give their consent, otherwise, notwithstanding any byelaws or contract to the contrary, any member, federal cooperative or creditor shall, during a period of one month form the date of service of the notice have the option of withdrawing their shares, deposits, loans, or services as the case may be.

7) Any member, federal cooperative or credit who or which does not exercise within the specified period the right under sub-section (6) shall be deemed to have assented to the resolution.

8) A resolution passed by a cooperative under this section shall not take effect until:

(a) all the members, federal cooperatives and creditors have assented or are deemed to have assented to the resolution under sub-section (6) or sub-section (7) or

(b) all claims of the members, federal cooperatives and creditors who have exercised the option referred to under sub-section (7) within the period specified there in have been met in full or otherwise satisfied; and

(b) in the case of change of liability, amendment of the byelaws of the cooperative concerned is registered or deemed to have been registered; or
(ii) in the case of division or amalgamation, the certificate or registration of the cooperative, or the cooperatives, as the case may be, is issued or deemed to have been issued.

9) When a resolution passed by a cooperative under sub-section (2) takes effect the resolution shall be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance,

10) The registration of a cooperative shall stand cancelled and the cooperative shall be deemed to have been dissolved and shall cease to exist as corporate body:
   a. when the whole of the assets and liabilities of such cooperative are transferred to another cooperative; or
   b. when such cooperative divides itself into two or more cooperatives.

11) Where two or more cooperatives are amalgamated into a new cooperative, the registration of the cooperatives so amalgamated shall stand cancelled and they shall be deemed to have been dissolved and shall cease to exist as corporate bodies.

14. Promotion of subsidiary organisation

1) Any cooperative may, by a resolution passed at general meeting by a majority of members present and voting, promote one or more subsidiary organisations for the furtherance of its stated objectives, and such organisation or organisations may be registered under any law for the time being in force, as agreed to by the general body.

2) The annual reports and accounts of any such subsidiary organisation shall be placed before the general meeting of the promoting cooperative each year.

3) Any subsidiary organisation created under sub-section (1) shall exist only as long as general body of the cooperative deems its existence necessary.

15. Partnership of cooperatives

Any two or more cooperatives may, by resolutions passed at general meetings by a majority of members present and voting in each such cooperative, enter into a contract of partnership for carrying out any specific business permissible under the byelaws on such terms and conditions as may be mutually agreed upon.

Where such partnership requires the creation of a new organisation, the participating cooperatives shall be its members.
Chapter- IV
FEDERATIONS

16. Cooperative Federations/ Unions

1. Federl Cooperative organisations/ cooperative unions consisting of primary and/or secondary cooperatives as members my be established and shall be eligible for registration under this Act.

a. safegurad the observance of the cooperative principles

b. promote and organise cooperatives and for this purpose, frame model byelaws and guidelines for framing various regulations and policies for consideration by cooperatives

c. provide cooperative training, education and information, and propagate cooperative principles

d. undertake research and evaluation and assist in preparation of perspective development plans of member cooperatives

e. promote harmonious relatins between member cooperatives

f. help member cooperatives in the settlement of disputes among themselves and between a cooperative and its members

 g. represent the interests of member cooperatives and lobby for policies and legislation favourable to cooperatives

h. undertake business services on behalf of its members

i. provide cooperative and management development services to member cooperatives including participation in board meetings where invited

j. to prepare a panel of auditors and ensure timely conduct of annual audit in member cooperatives

k. ensure timely conduct of elections in member cooperatives

l. assist member cooperatives in regular conduct of general meetings

m. evolve viability norms for member cooperatives

o. provide legal aid and advice
p. assist member cooperatives in organising self-help groups of people living in its area.

q. provide any other services, at the behest of member cooperatives.

3. a. A federal cooperative may request the board of directors of a member cooperative to

convene a general body meeting of its members and shall request the board to do so where at least 10% of the members of the member cooperative have requested the federation to do so.

b. The board of directors of the member cooperative shall convene such meeting within 30 days of receipt of the requisition. The requisition shall contain the items to be included in the agenda and these shall be dealt with at the general meeting.

c. Where a member cooperative fails to convene a general meeting within 30 days of receipt of a requisition to do so by a federal cooperative, the board of directors of the federal cooperative may themselves call such meeting for dealing with such items as included in the requisition.

4. a. General body of a federal cooperative shall consist of the delegates from the member cooperatives.

b. The chairperson of a cooperative shall ordinarily be the delegate to the next tier of cooperative provided, however, that if the chairperson is unable to so represent for any reason, he may nominate the chief executive or any other member of the board to be the delegate.

c. The delegate shall continue to represent his/her cooperative in the federal cooperative as long as he/she remains in office in the member cooperative.

5. A cooperative union may

i) create and maintain the cooperative education fund

ii) represent the interests and welfare of all types of cooperatives at district and state level

iii) promote new forms of cooperative enterprise

iv) undertake experimental projects towards the application of cooperative ideology

v) liaise on behalf of and amongst cooperatives

vi) serve as a data bank on cooperation.
Chapter- V

MANAGEMENT OF FUNDS

17. Mobilisation of Funds

A cooperative may mobilise equity capital, deposits, debentures, loans and other contributions from its members to such extent and under such conditions as may be specified in the byelaws.

18. Restriction on borrowings

1. A cooperative may mobilise debentures, deposits, raise loans and receive grants from external sources to such extent and under such conditions as may be specified in the byelaws. Deposits and loans raised from external sources, however, shall at no time exceed ten times the sum of member funds and organisational reserves less accumulated deficit if any.

2. A cooperative may accept funds from the government or other financing institution for the fulfilment of its objectives on such terms and conditions as are mutually contracted upon and such conditions may include the right of the government or other financier to nominate one expert on the board of directors.

19. Restriction on holding of equity.

1. No member in a primary cooperative shall, at any time, hold more than one tenth of the paid up equity capital.

2. No cooperative shall accept funds from the government by way of equity.

20. Deposition of surplus

1. In any year a cooperative shall, out of the surplus arising from transactions with members in that year, make deferred payment to members as patronage rebate, an amount more than 20% but less than 50% of such surplus and make interest payment on share capital at a rate not exceeding the prevailing rate of interest available to depositors in cooperative bank.

2. The balance surplus accruing from members and the entire surplus accruing from transactions with others, shall be utilised in the following manner:

a. Not less than 25% shall be transferred to a statutory reserve fund.

b. Not less than 20% shall be transferred to a reserve for meeting unforeseen losses.
c. Where the cooperative is a member of the cooperative union, upto 3% may be transferred to a cooperative education fund with the cooperative union.

d. Bonus shall be paid to employees in accordance with the decision of the general body.

e. Not less than 20% shall be transferred to an equity redemption fund by such cooperatives as already have government equity participation.

f. Not less than 5% may be transferred towards a common good fund whose purpose is approved by the general body.

g. Not more than 5% may be paid as contribution for any purpose connected with the development of the cooperative movement.

h. The balance shall be transferred to such other funds and reserves as created by the general body.

i. Surplus accruing as a result of servicing persons other than members shall not be divisible amongst members and may be utilized towards equity participation of potential members.

21. Liability for deficit

Where a cooperative has an operational deficit in any given year the board of directors shall place before the general body the amount of and reasons for the deficit.

22. Reserve and other funds

1. A cooperative may create statutory and non- statutory reserves and other funds for the promotion of the objects of the cooperative

2. Reserves and other funds shall be used for the purpose for which they were created when necessary but otherwise may be used in the business of the cooperative.

23. Investment of funds outside the business

Such of its funds as are not needed for use by a cooperative may be invested or deposited outside its business.

a. in any federal cooperative of which it is a member

b. in a local cooperative or nationalised bank

c. in the equities of any other cooperative

d. any of the securities specified in section 20 of the Indian Trust Act, 1882
e. in the local postal savings bank.

24. **Restriction on contribution**

No cooperative shall make a contribution either in money or in kind, either directly or indirectly to an organisation that has an object for furtherance of the interests of a political party, or of any religious faith.

**Chapter-VI**

**MANAGEMENT**

25. **Membership**

1. Any person, who needs the services of the cooperative, accepts the responsibilities of membership and fulfils such other conditions as may be specified in the byelaws of the cooperative, and is competent to contract may be admitted as a member.

2. Membership shall be available as provided for in the cooperative principles without any discrimination on grounds of sex.

3. Every cooperative shall organise, cooperative educational course for all persons seeking membership and for existing members and shall provide funds each year for cooperative education and training of its members, staff and directors and to organise into self-help groups people living in its area to promote collective action for their economic development.

4. Admission of members may be made only by an elected board of directors or by the general body where such a board does not exist.

5. In addition to such disqualifications as may be contained in the byelaws of a cooperative, the following restrictions shall apply for obtaining and retaining membership in a cooperative:

a. Ineligibility of the person to obtain retain membership where the person's business is in conflict or competition with such business of the cooperative as specified in the byelaws.

b. Ineligibility of the person to retain membership where the person has not used for 2 consecutive years, the services of the co-operative to the minimum level specified in the byelaws and such non-performance has not been condoned by the general body.
c. ineligibility of the person to retain membership where the person has not attended 3 consecutive general meetings of the cooperative and such absence has not received the consent of the general body.

d. ineligibility of a person to retain membership where the person is in default regarding any payment to be made the cooperative, exceeding an amount and for a period specified in the byelaws.

No cooperative shall, without sufficient cause, refuse admission to any person duly qualified for membership under the byelaws. Where admission is so refused, the decision with the reasons shall be communicated by registered post to such person within fifteen days of the date of the decision, or within thirty days from the date of application for membership, whichever is earlier;

Provided that if no decision is communicated within thirty days of applying for membership, then the person shall be deemed to have been admitted as a member of the cooperative on the thirtyfirst day.

Where a person has been refused membership by the board of directors, an appeal shall lie to the general body against the decision of the board. Any applicant aggrieved by the decision of the general body may apply to the cooperative tribunal for review of the decision.

26. Termination of membership

1. The board of directors may, by a resolution passed by a majority of the total number of members of the board having the right to vote and not less than two third of the members present and voting, terminate the membership of a person in the cooperative for acts/missions which are detrimetal to the proper working of the cooperative, provided that the membership shall not be so terminated without giving the person a reasonable opportunity of making representation in this regard.

2. Where membership of a person has been terminated by the board of directors an appeal shall lie to the general body and the decision of the general body shall be final.

3. No person whose membership has been terminated shall be eligible for re-admission as a member of the cooperative for a period of one year from the date of such termination.
27. Restriction on services to non-members

A cooperative's services shall ordinarily be available only to members unless otherwise provided in the byelaws.

28. General body

1. Subject to the provisions of this Act and the byelaws, the ultimate authority of a cooperative shall vest in its general body.

2. Where a cooperative so desires, its byelaws may provide for a representative general body drawn from the members, to be constituted in such a manner and with such functions as specified in the byelaws, any reference in this Act to the general body shall apply to the representative general body where this exists.

Provided, however, that the representative general body shall not have the right to amend the byelaws of the cooperative except those in relation to which the byelaws have delegated the power of amendment to the representative general body.

3. Subject to the other provisions of this Act, and of the byelaws the following matters shall be dealt with by the general body:

a. election of directors of the board
b. removal of directors of the board and filling up of vacancies
c. consideration of the annual report presented by the board
d. appointment and removal of statutory auditors and internal auditors
e. consideration of the auditor's report and audited statement of accounts
f. consideration of audit compliance report
g. report on action taken on inquiry report under section 39, if any
h. disposal of net surplus
i. review of operational deficit, if any
j. approval of the long term perspective plan and the mutual operational plan
k. approval of the annual budget
l. creation of specific reserves and other funds
m. review if actual utilisation of reserve and other funds
n. report on membership of the cooperative in other cooperatives
o. partnership with other cooperatives
p. review of annual report and accounts of any subsidiary organisation
q. appeal of a person whose application for membership has been rejected or whose membership has been terminated by the board of directors
r. list of employees recruited who are relatives of directors or of the chief executive
s. amendment of byelaws
t. formulation of code of conduct for the directors and officers.
u. note of admission and termination of members
v. dissolution of the cooperative
w. such other functions specified in the byelaws.

29. Board of directors

1. The general body of a cooperative shall constitute a board of directors in accordance with the byelaws.

2. The size of the board shall be in accordance with the byelaws. Chief executive shall be an ex-officio member of the board.

3. In addition to such criteria as may be specified in the byelaws, a person shall be ineligible for being chosen as a director, if he/she
   a. has at any time lost the right to vote as a member as specified in the byelaws
   b. loses the right to continue as member as specified in section 25 (5) and the byelaws
   c. incurs any other disqualification specified in the byelaws.

4. In addition to such criteria as may be specified in the byelaws, a person shall cease to be a director if he/she incurs any of the disqualifications specified in subsection (3) and/or
   a. absents himself/herself from three consecutive board meetings.
   b. absents himself/herself from any general body meeting and such absence does not receive consent from the general body.
   c. is penalised under this Act.
5. In addition to such criteria as may be specified in the byelaws, all the directors of
the board shall incur disqualification for a period of three years for being chosen as
directors and shall be ineligible to continue as directors of any cooperative, if during
their term as directors of a co-operative.

a. they did not conduct elections within the time specified in byelaws and before
the expiry of their term

b. they did not conduct their annual general body meeting within 4 months of closure
of the cooperative’s accounting year or a requisitioned meeting of the general
body.

c. they did not place the audited accounts along with the reports of the auditors
before the general body.

6. With the exception of the first 3 years after the registration of a cooperative, in
order to be eligible for being chosen as a director of the board, a member.

a. shall have been a voting member of the cooperative for at least 2 years
immediately preceding the year of election

b. shall have attended the two general body meetings of the cooperative immediately
preceding the elections.

30. Powers and functions of the board of directors

The board shall, in accordance with the byelaws, be the authority to

a. admit and terminate membership

b. elect the chairperson and other office bearers

c. remove from office the chairperson and other office bearers

d. appoint and remove the chief executive

e. fix staff strength

f. frame policies concerning

i) organisation and provision of services to members

ii) qualifications, recruitment, service conditions and other staff related matters

iii) mode of custody and investment of funds
iv) manner of keeping accounts
v) mobilisation, utilisation and investment of various funds
vi) monitoring and management information systems including statutory returns to be filed
vii) such other subjects and matters necessary for the effective performance of the cooperative
g. place the annual report, annual financial statements, plan and budget for the approval of the general body
h. consider audit and compliance reports and place these before the general body
i. review membership in other cooperatives
j. undertake such other functions as delegated by the general body.

2. The chairperson shall be elected by the board of directors from among the elected members and shall, in accordance with the byelaws.
   a. preside at meetings of the board and the general body
   b. have a second vote in the event of equality of votes on any matter being decided upon by the board except in matter of elections
   c. exercise such other powers as delegated by the board specified in the policies framed or resolutions adopted by the board.

31. Term of office

The term of office of the directors of the board or, where the byelaws provide for retirement of directors by rotation, the term of office of the individual directors shall be for such period as specified in the byelaws but not exceed three years from the date of assumption of office.

Provided, however, that the term of office can be terminated by the general body at its meeting by a majority of members with right of vote or two thirds of members present and voting.

Provided further that the first board shall not exceed 12 months from the date of registration of the cooperative.
32. Elections

1. The conduct of elections to the board of directors of a cooperative shall be the responsibility of the incumbent board.

2. Elections shall be conducted in the manner specified in the byelaws before the term of office of the outgoing directors comes to an end.

3. Where a board does not take necessary steps to conduct elections before the expiry of the term of the directors, or, where there are no directors remaining on the board, a minimum of 5% of total members of the cooperative may jointly convene a general meeting of the members, for the purpose of appointing an ad-hoc board of directors for the specific purpose of conducting elections.

4. The term of the ad-hoc board so appointed shall not exceed three months.

5. The election of the directors shall take place at the general body meeting.

6. The directors shall hold office for the period for which they were elected and the newly elected directors shall assume office at the end of this period.

7. The directors shall, if the byelaws permit, be eligible for reelection.

8. It shall be the duty of the federal cooperative to inform the registrar if any member cooperative fails to conduct elections in accordance with the byelaws.

9. Where the number of nominees exceeds the number of directors to be elected, the election of directors shall be by secret ballot.

10. Where there is a vacancy on the board of directors and where there is a quorum of directors, the remaining directors may exercise all the powers of the board or may fill the vacancy for the remainder of its term from eligible persons, through co-option, if the period remaining is over 6 months.

11. Where there is a vacancy on the board and where here is not quorum of directors, the remaining directors shall call a general meeting for the purpose of electing members to fill any vacancies for the remaining period.

12. Where a cooperative fails to conduct elections to the board of directors when due, and the federal cooperative/union has not initiated the election process, the registrar shall cause the election to be conducted on the expiry of 90 days from the date of the election falling due. The cost of conducting such elections shall be borne by the cooperative.
33. Meetings.

1. The byelaws of a cooperative shall specify the frequency of and manner in which board and general body meetings shall be held, such however, that not less than 4 board meetings and 1 general body meeting shall be required to be held in a year.

2. The board shall convene a special meeting within 30 days of receipt of a requisition to this effect from at least one-tenth of members of the co-operative or as provided in the bye-laws and any such requisition shall contain the proposed agenda and the reasons why the meeting is felt necessary.

3. Where a cooperative fails to convene the annual general meeting within due time and the concerned federation has also failed to convene the meeting, the registrar shall on the expiry of 90 days convene the annual general meeting.

34. Staff

1. All staff of the cooperative including the chief executive shall be recruited, appointed, removed and guided in accordance with such personnel policies and service conditions as framed by the board and approved by the general body.

2. The chief executive shall perform such functions as specified in the byelaws and policies and shall:
   a. have general control over the day to day operations of the cooperative
   b. be the person to sue or be sued on behalf of the cooperative
   c. on behalf of the cooperative, have powers to endorse, sign, negotiate cheques and other negotiable instruments and operate the bank accounts of the cooperative with such other person as the board may desire.
   d. be responsible for staff recruitment, discipline, performance and development.
   e. on behalf of the cooperative, be the person to enter into agreements or contracts
   f. arrange to maintain proper records and accounts of the cooperative
   g. present the draft annual report and financial statements for the approval of the board, within 30 days of closure of the financial year
   h. convene in consultation with the chairperson, the board and general body meetings in accordance with the byelaws and record he proceedings thereof.
   i. assist the board in the formulation of policies and plans.
j. be accountable to the board

k. furnish to the board information necessary for monitoring the performance of the cooperative

l. perform any other function as specified in the byelaw or as decided by a resolution of the board and general body.

3. An officer of the government shall not either during the course of his/ her service with the government or for a period of three years thereafter, serve in any capacity with any cooperative.

**GENERAL INFORMATION**  
*(GLIMPSES OF INDIAN ECONOMY)*

### Population

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
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<tbody>
<tr>
<td>Population of India</td>
<td>437.60 Million</td>
<td>406.33 Million</td>
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<tr>
<td>% of SC Population</td>
<td>15.8%</td>
<td>15.8%</td>
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<tr>
<td>% of ST Population</td>
<td>7.8%</td>
<td>7.8%</td>
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<tr>
<td>% of Rural Population</td>
<td>89.2%</td>
<td>89.2%</td>
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<tr>
<td>% of Urban Population</td>
<td>10.8%</td>
<td>10.8%</td>
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<tr>
<td>Total Area</td>
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<td>328.73 Million hec.</td>
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<tr>
<td>Cultivated Area</td>
<td>185.0 Million hec.</td>
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<tr>
<td>Irrigated Area</td>
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<td>78.9 Million hec.</td>
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<tr>
<td>(a) Major &amp; Medium irrigated area</td>
<td>33.0 Million hec.</td>
<td>33.0 Million hec.</td>
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<td>(b) Minor irrigated area</td>
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### Population by Age Group

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<td>5-14</td>
<td>23.15%</td>
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<td>15-59</td>
<td>57.50%</td>
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<td>60+</td>
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### Villages

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<tr>
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<td>5,57,149</td>
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### Distribution of Villages According to Population

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<th>Population Range</th>
<th>Villages</th>
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<td>Less than 1000</td>
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<td>1000 to 1999</td>
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</tr>
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<td>2000 to 4999</td>
<td>46,893</td>
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<td>5,000 to 9999</td>
<td>7,202</td>
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<td>10,000 above</td>
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### Literacy Rate

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<th>Year</th>
<th>Female</th>
<th>Persons</th>
<th>Males</th>
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<tbody>
<tr>
<td>1951</td>
<td>8.86</td>
<td>18.53</td>
<td>39.42</td>
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<td>1961</td>
<td>15.34</td>
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<td>1971</td>
<td>34.45</td>
<td>45.05</td>
<td>63.86</td>
</tr>
<tr>
<td>1981</td>
<td>43.56</td>
<td>56.37</td>
<td>74.6</td>
</tr>
<tr>
<td>1991</td>
<td>52.11</td>
<td>63.86</td>
<td>82.7</td>
</tr>
</tbody>
</table>

*Census 1991*
# Indian Cooperative Movement at a Glance (1990-91)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Societies (Million)</td>
<td>0.342</td>
</tr>
<tr>
<td>Membership (Million)</td>
<td>164</td>
</tr>
<tr>
<td>Share Capital</td>
<td>Rs. 53251.3</td>
</tr>
<tr>
<td>Working Capital</td>
<td>Rs. 716724.1</td>
</tr>
<tr>
<td>Households covered</td>
<td>65%</td>
</tr>
<tr>
<td>Villages covered by Coops</td>
<td>100%</td>
</tr>
<tr>
<td>No. of National Coop. Organisations/federations</td>
<td>20</td>
</tr>
<tr>
<td>No. of State level Coop. Organisations/federations</td>
<td>260</td>
</tr>
<tr>
<td>No. of District Cooperative Organisations/Federations</td>
<td>2267</td>
</tr>
<tr>
<td>Production Credit Advanced</td>
<td></td>
</tr>
<tr>
<td>Short-term (ST)</td>
<td>Rs. 39318.2</td>
</tr>
<tr>
<td>Medium-term (MT)</td>
<td>Rs. 7470.3</td>
</tr>
<tr>
<td>Total (ST+MT)</td>
<td>Rs. 467885</td>
</tr>
<tr>
<td>Investment Credit Advanced</td>
<td></td>
</tr>
<tr>
<td>Long-term (LT)</td>
<td>Rs. 8148.23</td>
</tr>
<tr>
<td>Total (ST+MT+LT)</td>
<td>Rs. 54936.83</td>
</tr>
</tbody>
</table>

*1 Million = 10 lakh

---

**Growth of Cooperative Movement (Number and Membership)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>60-61</td>
<td>351.9</td>
<td>332.5</td>
</tr>
<tr>
<td>65-66</td>
<td>515.0</td>
<td>346.2</td>
</tr>
<tr>
<td>73-74</td>
<td>770.7</td>
<td>333.6</td>
</tr>
<tr>
<td>77-78</td>
<td>931.1</td>
<td>300.4</td>
</tr>
<tr>
<td>84-85</td>
<td>1420.6</td>
<td>315.7</td>
</tr>
<tr>
<td>88-89</td>
<td>1566.5</td>
<td>338.8</td>
</tr>
<tr>
<td>89-90</td>
<td>1583.8</td>
<td>353.5</td>
</tr>
<tr>
<td>90-91</td>
<td>1644.2</td>
<td>342.7</td>
</tr>
</tbody>
</table>

**Growth in Working Capital of Cooperatives**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs. in billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>60-61</td>
<td>121.1</td>
</tr>
<tr>
<td>65-66</td>
<td>28.0</td>
</tr>
<tr>
<td>73-74</td>
<td>96.5</td>
</tr>
<tr>
<td>77-78</td>
<td>168.9</td>
</tr>
<tr>
<td>84-85</td>
<td>377.7</td>
</tr>
<tr>
<td>88-89</td>
<td>621.4</td>
</tr>
<tr>
<td>89-90</td>
<td>709.2</td>
</tr>
<tr>
<td>90-91</td>
<td>767.2</td>
</tr>
</tbody>
</table>

*1 Million = 10 lakh
Central Cooperative Banks (Production Credit)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value (Rs. in Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Banks</td>
<td>353</td>
</tr>
<tr>
<td>Total Membership (Million)</td>
<td>1.30</td>
</tr>
<tr>
<td>Membership of Coops. (Million)</td>
<td>0.26</td>
</tr>
<tr>
<td>Total Share Capital</td>
<td>Rs. 9690.5</td>
</tr>
<tr>
<td>Govt. participation in share capital</td>
<td>21.1%</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>Rs. 111805.6</td>
</tr>
<tr>
<td>Deposits of Coops</td>
<td>38.5%</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>Rs. 54603.1</td>
</tr>
<tr>
<td>Borrowings from Govt.</td>
<td>2.1% (Rs. 1164.6)</td>
</tr>
<tr>
<td>Borrowings from Commercial Banks</td>
<td>1.1% (Rs. 613.2)</td>
</tr>
<tr>
<td>Borrowings from SCB (%)</td>
<td>81.3%</td>
</tr>
<tr>
<td>Total Working Capital</td>
<td>Rs. 190792.5</td>
</tr>
<tr>
<td>Total Loans Advanced</td>
<td>Rs. 187710.1</td>
</tr>
<tr>
<td>Short-term loans (ST)</td>
<td>Rs. 130766.6 (69.7%)</td>
</tr>
<tr>
<td>Medium-term loans (MT)</td>
<td>Rs. 11161.0 (5.9%)</td>
</tr>
<tr>
<td>Others</td>
<td>Rs. 45790.0 (24.4%)</td>
</tr>
<tr>
<td>Percentage of Overdues to demand</td>
<td>36%</td>
</tr>
<tr>
<td>No. of Banks in Profit</td>
<td>(119) 33.7%</td>
</tr>
<tr>
<td>No. of Banks in Loss</td>
<td>(48) 13.6%</td>
</tr>
<tr>
<td>Total number of employees</td>
<td>96267</td>
</tr>
</tbody>
</table>

[Chart showing deposits of Central Cooperative Banks]

- Coops Deposits
  - 60-61: 453
  - 77-78: 5109
  - 84-85: 20481
  - 85-86: 19873
  - 86-87: 23673
  - 87-88: 28536
  - 88-89: 32269
  - 89-90: 38896
  - 90-91: 43066

- Total Deposits
  - 60-61: 1120
  - 77-78: 13795
  - 84-85: 4622
  - 85-86: 51036
  - 86-87: 60516
  - 87-88: 7390
  - 88-89: 96648
  - 89-90: 99709
  - 90-91: 111805

- % Coops. Deposits
  - 60-61: 40
  - 77-78: 37
  - 84-85: 47
  - 85-86: 39
  - 86-87: 39
  - 87-88: 33
  - 88-89: 39
  - 89-90: 39

- Percentage of Overdues to Demand of Central Coop. Banks

  - 1964-65: 30%
  - 1965-66: 45%
  - 1966-67: 51%
  - 1967-68: 63%
  - 1968-69: 73%
  - 1969-70: 88%
  - 1970-71: 100%
State Cooperative Banks (Production Credit)

- No. of Banks : 28
- Membership (Total) : 82,480
- Membership of Coops : 24.3%
- Total Share Capital : Rs. 22,376
- Percentage of Govt. participation : 15.82%
- Borrowings (Total) : Rs. 35,717.8
- Borrowings of NABARD (%) : 82.10%
- Deposits : Rs. 6,756.7
- Deposits from Coops. (%) : 77.4%
- Working Capital : Rs. 12,393.8
- Loans advanced (Total) : Rs. 115,726.1
  (a) Short-term Loans advanced (ST) : Rs. 69,470.5
  (b) Medium-term Loans advanced (MT) : Rs. 70,387
  (c) Others including Long-term (LT) : Rs. 20,246.6
- Percentage of overdues to demand
  (a) Gross (Total) : 22.7%
  (b) Short-term (ST) : 20.8%
  (c) Medium-term (MT) : 46.3%

Purpose-wise distribution of ST & MT Loans
(a) % of ST loans for Agrl. purpose : 43.5%
(b) % of MT loans for Agrl. purpose : 42.9%
- % of overdues to demand (Total) : 22.7%
- % of overdues of demand (ST) : 20.8%
- % of overdues of demand (MT) : 46.3%
- No. of Banks in Profit : 16
- Number of Employees : 13,659

Role of NABARD in Total Borrowings of State Cooperative Banks

Overdues position of State Cooperative Banks over the years
Structure of Investment Credit
State Cooperative Land/Agricultural & Rural Development Banks

<table>
<thead>
<tr>
<th>(Investment Credit)</th>
<th>Two Tier (Value Rs. in Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- No. of Banks</td>
<td>20</td>
</tr>
<tr>
<td>- No. of Branches of CLDBs</td>
<td>1487</td>
</tr>
<tr>
<td>- Total operational units</td>
<td>2841</td>
</tr>
<tr>
<td>- Membership (Million)</td>
<td>13.92</td>
</tr>
<tr>
<td>- Share Capital</td>
<td>Rs. 2892.3</td>
</tr>
<tr>
<td>- Percentage of Govt. participation in share capital</td>
<td>26.3%</td>
</tr>
<tr>
<td>- Deposits</td>
<td>Rs. 393.3</td>
</tr>
<tr>
<td>- Reserves</td>
<td>Rs. 3148.0</td>
</tr>
<tr>
<td>- Borrowings</td>
<td>Rs. 39188.1</td>
</tr>
<tr>
<td>- Working Capital</td>
<td>Rs. 54031.8</td>
</tr>
<tr>
<td>- Loans Advanced (Total) Long-term</td>
<td>Rs. 8148.3</td>
</tr>
<tr>
<td>- % of loans advanced for farm sector</td>
<td>88.9%</td>
</tr>
</tbody>
</table>

Purpose-wise loans advanced (Value Rs. in Million)

- Minor irrigation: 35.5% (Rs. 2895.9)
- Farm mechanisation: 24.9% (Rs. 2032.7)
- Plantation and Horticulture: 5.1% (Rs. 412.7)
- Diversified purpose (Animal Husbandry, Fishery, Sericulture and Rural Godown): 17.7% (Rs. 1443.8)
- Land Development: 3% (Rs. 248.6)
- Non-farm sector: 3.2% (Rs. 265.2)
- Rural Housing: 5% (Rs. 397.7)
- Waste land & Dry land development: Rs. 18.5
- Percentage of overdues to demand: 52%
- No. of Banks in profit: 6
- No. of employees: 19677
- % of trained employees: 71%
Primary Land/Agricultural Cooperative Development Banks

(Investment Credit) (Value Rs. in Million)

- No. of Banks: 709
- No. of viable banks: 77.2%
- No. of branches/area offices: 675
- Membership: 5.62 Million
- % of borrowing members: 56.8%
- % of Non-borrowing members: 30.5%
- No. of borrowers: 516000
  (a) % of SC borrowers: 24.4%
  (b) % of ST borrowers: 3.5%
- Share Capital: Rs. 1766.0
- % of Govt. participation: 16.2%
- Deposits: Rs. 158.0
- Reserves: Rs. 536.5
- Working Capital: Rs. 22776.6
- Loans Advanced (Total) LT: Rs. 3754.6

Purpose-wise distribution of loans by PLDBs

(Value Rs. in Million)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Value Rs. in Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Farm sector</td>
<td>73.8%</td>
</tr>
<tr>
<td>(b) Non-farm sector</td>
<td>2.0%</td>
</tr>
<tr>
<td>(c) Rural Housing</td>
<td>2.4%</td>
</tr>
<tr>
<td>% of Overdues to demand:</td>
<td>47.6%</td>
</tr>
<tr>
<td>No. of PLDBs in profit</td>
<td>25%</td>
</tr>
<tr>
<td>No. of employees</td>
<td>12598</td>
</tr>
<tr>
<td>% of trained employees</td>
<td>49%</td>
</tr>
</tbody>
</table>

LOANS ADVANCED BY PRIMARY AGRL./LAND DEVELOPMENT BANKS OVER THE YEARS

OVEDUES POSITION OF PLDBs OVER THE YEARS

% of Oved./Demand

| OVerDUES(PLDB) | 1415 | 1525 | 1964 | 2308 | 2667 | 3261 | 3157 |
| DEMAND(PLDB)  | 3082 | 3461 | 3693 | 4788 | 4432 | 6326 | 6627 |
Primary Coop. Banks including Urban Banks 

<table>
<thead>
<tr>
<th>(Value Rs. in Million)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>1414</td>
</tr>
<tr>
<td>Membership ('000)</td>
<td>19653</td>
</tr>
<tr>
<td>Paid up Capital</td>
<td>Rs. 3908.8</td>
</tr>
<tr>
<td>Govt. Participation</td>
<td>Rs. 21.9</td>
</tr>
<tr>
<td>Deposits</td>
<td>Rs. 84144.5</td>
</tr>
<tr>
<td>Working Capital</td>
<td>Rs. 111975.6</td>
</tr>
<tr>
<td>Number of Borrowers (%)</td>
<td>31%</td>
</tr>
<tr>
<td>Total Loans Advanced</td>
<td>Rs. 67226.5</td>
</tr>
<tr>
<td>Short-term (ST)</td>
<td>Rs. 43529.1</td>
</tr>
<tr>
<td>Medium-term (MT)</td>
<td>Rs. 23697.4</td>
</tr>
<tr>
<td>% of Overdues to Demand</td>
<td>11.8%</td>
</tr>
<tr>
<td>Number of Societies in Profit (%)</td>
<td>80%</td>
</tr>
</tbody>
</table>

Non-Agricultural Credit Coops 

Primary Non-Agricultural Credit Societies 
(including Employees Credit and Urban Banks) 

<table>
<thead>
<tr>
<th>(Value Rs. in Million)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Societies/Banks</td>
<td>32099</td>
</tr>
<tr>
<td>Membership (Million)</td>
<td>15.3</td>
</tr>
<tr>
<td>Share Capital</td>
<td>Rs. 6548.7</td>
</tr>
<tr>
<td>Govt. participation in share capital</td>
<td>0.8%</td>
</tr>
<tr>
<td>Reserves</td>
<td>Rs. 1970.9</td>
</tr>
<tr>
<td>Deposits</td>
<td>Rs. 11850.9</td>
</tr>
<tr>
<td>Working Capital</td>
<td>Rs. 31977.7</td>
</tr>
<tr>
<td>Number of Borrowers (%)</td>
<td>45%</td>
</tr>
<tr>
<td>Total Loans Advanced</td>
<td>Rs. 20018.5</td>
</tr>
<tr>
<td>Loans advanced for non-agr. purpose (%)</td>
<td>56.3%</td>
</tr>
<tr>
<td>Short-term (ST)</td>
<td>Rs. 9669.8</td>
</tr>
<tr>
<td>Medium-term (MT)</td>
<td>Rs. 10348.7</td>
</tr>
<tr>
<td>% of overdues to demand</td>
<td>14%</td>
</tr>
<tr>
<td>No. of societies in profit (%)</td>
<td>53.5%</td>
</tr>
</tbody>
</table>
NATIONAL COOPERATIVE UNION OF INDIA
(Apex organisation of the Indian Cooperative Movement)

Education
- State Cooperative Unions (27)
- District Cooperative Unions (324)
- Primary Cooperatives:
  (Credit+Non-Credit 0.333 Million)

Training
- National Council for Cooperative Training
- V.M. National Institute of Cooperative Management
- Cooperative Training Colleges (19)
- Junior Cooperative Training Centres (95)

Main Functions
National Cooperative Union of India
- Promoting and strengthening the cooperatives
- Cooperative education and training.
- Inter-national cooperative relations.
- Publicity, publications & public relations.

National Council for Cooperative Training
- Formulate policies and plans relating to cooperative training.
- Facilitate planning and designing of training programmes for CTCs.
- Academic Guidance to Junior Training Centres.

Vaikunth Mehta National Institute of Cooperative Management
- Caters to management development training needs of senior key personnel in cooperative sector.
- Research and consultancy.
- Publications.

Cooperative Training Colleges
- Caters to the management/development training needs of middle level cooperative personnel.

State Cooperative Unions
- Cooperative education and training.
- Promote inter-cooperative relationship.
- Publicity and Publications.

Junior Training Centres
- Arrange training of junior level cooperative personnel.

District Cooperative Unions
- Guide and assist in organising cooperatives.
- Undertake education and training activities.

AGRICULTURAL CREDIT COOPERATIVES
Production Credit

National Federation of State Cooperative Banks
- State Cooperative Banks (28)
- Distt. Cooperative Banks (351)

Farmers Service Cooperative Societies
Primary Agricultural Cooperative Societies
Large Sized Multi Purpose Cooperatives

Members: 84.77 Million

Main Functions
1. Primary Agricultural Cooperative Society/LAMPS/FSS
   - Production Credit to members
   - Agricultural Inputs Implement
   - Storage and Marketing of Agricultural Produce
   - Consumer goods and essential commodities to members
   - Non-Farm Credit

2. District Cooperative Bank
   - Credit to Primary Societies
   - Working Capital to Agro-processing units
   - Banking Facilities to Public

3. State Cooperative Bank
   - Coordinate Credit Policies
   - Credit to District Cooperative Banks
   - Working Capital to Apex Societies
   - Training, Supervision and Guidance in Agricultural Credit

4. National Federation of State Cooperative Banks
   - Research, Publications and Consultancy on Cooperative Credit.
   - Liaison with Government RBI, NABARD and other National Organisations on matters relating to Agricultural Credit.
   - Promote and Project the interests of the members banks in spheres of their activities.
   - Provide a common forum to the member banks to deal with their problems.
**Agricultural Credit Cooperatives**

**Investment Credit**

- National Cooperative Agriculture and Rural Development Banks’ Federation
- State Land Development Banks (20)
- Regional/Divisional/District Offices (321)
- Primary Land Development Banks (709), Branches of State Land Development Banks (1487) & Branches of PLDBs (646)
- Membership (13.92 Million)

**Main Functions**

- Coordinate Long Term Credit Policies
- Float Debentures
- Credit to PLDBS
- Supervise Guide Primary Land Development Banks
- Liaison with Government, NABARD, SBI, LIC and other institutions.

**District/Regional/divisional Offices**

- Assist and guide the Field Units for implementing loaning policies and procedures.
- Inspection of units, verification of credit utilisation.
- Coordinate with other development agencies.

**Primary Land Development Bank**

- Investment Credit to members
- Credit for non-farm activities

- National Cooperative Agriculture and Rural Development Banks’ Federation
- Publications, Guidance, Consultancy on investment credit.
- Liaison with Govt., Planning Commission, RBI, NABARD, Commercial Banks, Cooperative Bank, State Bank of India, LIC and other concerned on matters related to long-term credit.

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**Non-Agricultural Credit Cooperatives**

**Urban Credit Cooperatives**

- National Federation of Urban Cooperative Banks and Credit Societies
- State Federation of Urban Cooperative Banks and Credit Societies (11)
- Primary Cooperative Banks (1414)
- Primary Non-agricultural Credit Societies (32099)
- Members (34.9 Million)

**Main Functions**

1. National Federation of Urban Cooperative Banks and Credit Societies
   - Promote interest of member banks
   - Promote urban credit movement and undertake research studies
   - Publications relating to urban credit movement
   - Liaison with Govt. of India, State Govt., RBI, NABARD, SBI and other concerned institutions at national and international levels

2. Primary Urban Cooperative Bank
   - Raise deposits from members and non-members
   - Advances to members.
   - Collections of bills, hundies etc.
   - Arrange safe custody of valuable documents
   - Provide other banking facilities

3. Salary Earners’ Cooperative Societies
   - Encourage thrift, self help and cooperation among members
   - Attract deposits from members and non-members
   - Lend money to members

---

**Source:**

1. National Bank for Agriculture & Rural Development (NABARD),
2. Reports of Registrars of Cooperative Societies.
3. Statements from Institutes of Cooperative Management
4. Agricultural Statistics at a Glance Government of India
5. Annual Report of NCDC
6. Annual Report of Ministry of Labour
Appendix - IV
APPENDIX-IV

Statistical Profile of Co-operatives In the Indian Economy

A. Agricultural Credit Disbursed : 58.97%
Fertilizer Distributed : 30.50%
Production of Fertilizer : 21.9%
Other Agricultural Inputs : Rs. 196 crores
Sugar Produced : 59.7%
Spindleedge Coverage : 12%
Yarn Production (Million kg) : 16.4%
Cotton Ginning and Processing units : 12%
Cotton Yarn Exported : 8%
Hand looms In Co-operatives : 55%
Wheat Procurement : 36%
Jute Procurement : 21%
Fishermen In Co-operatives : 21%
Powerlooms In Co-operatives : 5%
Rural Fair Pice Shops : 26%
Oil Marketed (Branded pkts) : 50%

B. Number of Co-operatives : 0.411 Million
Membership : 198 Million
Share Capital : Rs. 93502 Million
Working Capital : Rs. 1313844 Million
Household covered : 67%
Village covered : 99.5%
No of National Co-op Federations : 21
No of State level Co-op Federations : 284
No of District Co-op Federations : 2331

Source: Ninth plan In Par;ective: Role of Co-operatives In various segments of Co-operative Movement,
Co-operative planning council N.N.D.C. New Delhi.