

## Chapter VII

## A PRIVATE INITIATIVE COOPERATIVE CREDIT SOCIETY

## 7.1 INTRODUCTION

Private initiative cooperative credit societies were formed under Cooperative Societies Act of 1912. Between 1912 and 1940, it is known that, quite a few of such societies came into being. But as educated people interested in the development of such societies were wanting, none except the present one could flourish.

We call an agricultural cooperative credit society a private initiative cooperative credit society if all its share capital comes solely from members other than the Government. Another essential feature of a private initiative cooperative credit society is the liability of the members is unlimited. Clearly, the liability of the members is not limited to the amount of shares they hold. Usually the most important assets of the agricultural members of a cooperative society are their land holdings. When the members know that if the society is managed weakly and incurs losses then their land assets would have to be sold to compensate for the losses incurred. So there is a round the clock agility among members to assure that all businesses transacted by the society and do so on sound lines.

To ensure that all businesses are transacted on sound lines means that all advances are made against securities or surerities.

No tentativeness is allowed by members in respect of the administration of loans. So there is no problem of unrepaid loans. The existence of this problem is a feature of government initiative agricultural cooperative society.

Quite aside from these advantages, this type of societies can convert a huge amount of village hoardings into useable bank savings. Members' persuasion becomes instrumental in breaking back of shyness of farmers to deposit the whole of their excess of income over outlay in the cooperative credit society and earn interest income.

The members are always vigilant not only to make sure that the business are transacted in the soundest possible way but also they would like to see that their Directors are so elected that these businesses and their security are well protected. Appointments and officers of the society must be approved by the members in their general meeting. Members of the staff so elected make up also an important line of defence of the members of this type of cooperative society.

In the annual general meeting of this type of societies all members having any amount of land assets remain present from the beginning to the end of the meeting and check every detail of accounts, record books and bank accounts. Even though this type of society is free to take its loan capital from the Central Cooperative Bank of the district, members are masters of their

business. This type of cooperative credit society is a free cooperative society run democratically by the members and is in no way shadowed by the will of personnel of the Government.

## 7.2 THE BASIC CONSTITUTION

In reality the constitution of a private initiative cooperative credit society is virtually under the provisions of the Act of 1912. The legislation since 1973 prohibited the setting up of any new agricultural cooperative credit society with unlimited liability. In a society registered with unlimited liability it is difficult for the Government to dominate over the members, because in that case the security of the properties of the members will be at stake.

Despite this, the bylaws mention that the Registrar of Cooperative Societies may nominate not more than two members on the Board of Directors of this society. But this provision of the bylaws has never been used by the Government. The main reason is that a private initiative agricultural cooperative credit society is set up under the Act of 1912 as a society with unlimited liability. Under the provisions of this Act the State Government had no power to nominate any member to the management committee of a cooperative society. The provision of nomination was included in the Act of 1940. But the Act of 1940 provided for the co-existence of both unlimited liability as well as limited liability agricultural cooperative societies. As the latter type of cooperatives

were mainly dependent on government funds, the government had the especial need to appoint some of their own men who would act as watchers and guardians of their interests in the society. But in an unlimited liability cooperative society the Government has no right to represent any interest. Even though the vote oriented Government used from time to time their persuasion to convert this Society into a Society with limited liability, the stubbornness of the members got over such persuasion.

The bylaws, as amended in 1962, required that the permission from the Registrar of Cooperative Societies would be necessary if the society sought to increase the number of members from 1000.

The bylaws do not disallow labourers from being members. But they mention categorically that a person seeking membership of the society must apply in a prescribed form to the Board of Governance (or the Committee as it was called in the provisions of the Act of 1912). The Committee had the right either to accept or reject the application. If the application was rejected, the applicant has the right to see that application for membership is considered at the next general meeting of the Society. The real point, therefore, is that it is the members of the society who will decide upon the admission of new members.

Since in the beginning the Society was composed of land owning agriculturists. As the liability of the members is not limited to the shares of the members, it is in the interest of the members that they make sure that the number of non-asset

owning members is kept at minimum. A certain number of labourers are kept as members. But the proportion of their members is never allowed to be so big as to make them too influential in the formulation or execution of policies.

Originally the members of the Society were to be taken from four villages. Later, however, this area was reduced to the set of three villages, namely, Sridharpur, Sarra and Baksa (Tanti Baksa). In order to be a member of this society, it is essential that one is not a member of any other cooperative society with unlimited liability. A member must be at least 18 years old. But if an heir of a dead member of this society is less than 18, he is entitled to be member on application under a guardian.

A cooperative credit society with unlimited liability has, however, a great need of special safeguards. Thus it is imperative for every member of this society to submit returns every year, in terms of the Act and the Rules and under his own signature, the full details of his properties and loans standing in his name. Secondly, he must inform the society of any sale, transfer or mortgaging of any of his properties prior to such transactions. Thirdly, if he wants to apply to any authority other than this society, he must notify the society about the purpose and amount of such loan.

A member can leave the society by giving to the society one month's notice, if and only if he has cleared all his debts to the society and he no longer stands as a surety to any borrower

of the society. The membership terminates if the committee expects the member and a general meeting approves the expulsion. Emigration from the specified area of operation or debts, bankruptcy or nervous breakdown are also grounds for termination of membership.

The ultimate authority of this type of cooperative society rests with the General Meeting of the members of the Society. The General Meeting of the members elect six of their members to constitute a managing committee for the society. Immediately after this General Meeting, the former Secretary will convene a meeting of the managing committee. This meeting will elect a President, a Vice President and a Secretary. The managing committee is required to meet at least once in a month. There is, however, no ban on any number of meetings of this committee within one month. The presence of at least three members makes up the quorum. Minutes of the proceedings will be written in the Proceedings book and all members present will sign. In their transactions of business the managing committee will not merely follow the Act, Rules and Bylaws but also abide by all the decisions of the General Meeting of the members of the Society.

The general meeting of the members hold the responsibility as the watchdogs of the activities of the managing committee. The annual budget prepared by the managing committee is examined in detail by the General Meeting gives final shape to this budget before approving. The General Meeting will guide and direct the managing committee about what the latter are to do and in what way.

A general meeting must be held once in every year. The maximum allowable gap between two general meetings is 15 months. A General Meeting must also meet with three months of receipt of the audited accounts of the society. The managing committee would be free to convene a General Meeting any number of times in a year, if the committee so require. Proceedings of a General Meeting will be recorded in a Proceedings Book and the President will sign. One fifth of the members make up the quorum for a session of the General Meeting.

In terms of the bylaws of the society amended in 1962 the activities of the society were widened. Certainly for each widening a prior approval of the Registrar of Cooperative Societies of the state was essential. A long list of permissible activities is included in the bylaws as amended in 1962. Marketing of produces of agricultural and a variety of rural enterprises, purchasing of inputs, implements and domestic consumption goods, production of manures and fertilisers are regarded as business in which the society can be engaged. Besides, there is an important provision in bylaws which says that the society can do anything which is necessary or which can be done for the fulfilling the main objective of the society. Obviously, the main object of the society is to provide loans to the members for their agricultural, domestic and entrepreneurial needs.

Accordingly the Society is free to open branches of its Savings Banks outside the villages whose inhabitants above are eligible to be members of this society. The society can receive

deposits and offer interest against them anywhere outside the villages where its members live. But what it cannot do is that it cannot advance loans to any person who lives outside the three villages and, at the same time, who is not a member of the society.

### 7.3 HISTORY OF SRIDHARPUR COOPERATIVE BANK

Sridharpur Cooperative Bank, a Raiffeisen type primary agricultural cooperative credit society of unlimited liability at Sridharpur of Memari Block II in the Burdwan district, was registered under the Cooperative Societies Act No. II of 1912 on the 20th April, 1918. The credit for the establishment of this society solely goes to Mr. Hansaswar Banerjee, Bar-at-Law of Calcutta High Court, who had opportunity to gather knowledge regarding principles and practice of cooperation for setting up in the rural areas for the upliftment of farmers staying rather far from main line of communications who, for generations, had been in the clutches of village money-lenders. Mr. Hansaswar Banerjee, being highly skilled in persuasion, was able to convince the village people of the role of cooperation in the development of rural economy.

The other founder members who took great initiative for the establishment of the credit society were Abhinash Chandra Bhatterjee, Monomohan Mukhopadhyaya, Bimalapada Mukherjee, Sarat Chandra Chakraborty, Nagendranath Banerjee, Tituram Roy, Pramathanath Sarkar, Hrishikesh Ghosh and Narayan Chandra Banerjee. Thus the initial number of members of the society was ten.



The Society is empowered to enlist members only from three villages, namely, Sridharpur, Sarra and Tantibaksa under the Memari Police station of the Burdwan district of West Bengal. According to a survey conducted by the Society in 1985 the total population inhabiting these three villages is 3,500 and the total number of farm families is 711. Of these families, 640 families had members of this society in 1985. The area was at one time under single cropping system. Now the people raise five crops, namely, HYV paddy of pre-monsoon (pre-Kharif), HYV paddy of the monsoon season, HYV paddy of winter season, potatoes and mustards. The supply of cooperative credit from the society and consequent case of use of HYV seeds, fertilisers, pesticides and insecticides has immensely improved the productivity per acre.

The preceding section on the basic constitution is written on the basis of the bylaws adopted in 1962. Such elaborate bylaws were not set up at the time of foundation of the Sridharpur Cooperative Bank. The first bylaws of the society were very simple. In terms of these bylaws, members were not required to buy any share. All what they required to pay was an admission fee at the rate of half a rupee. These bylaws were signed by ten members. Thus the starting capital collected from admission fees amounted to Rs. 5/- only. The first bylaws fixed the number of members to be admitted as fifty. The members decided to borrow the required money from the Burdwan Central Cooperative Bank and divide the same among the intending members. On the 17th May, 1918 the Society borrowed for the first time from the Burdwan Central Cooperative Bank a sum of Rs. 1500

and lent the sum to members who needed loans.

On the 20th June, 1920 the Society adopted a bylaws saying that each member has to buy a share of the value of Rs. 30 only. The amount could, however, be paid in ten annual instalments. It was provided that no member could buy more than 10 shares.

About 1926 the members and the managing committee felt that it would be healthy for the Society if it could raise reasonable funds locally. The Secretary went from door to door to canvas for savings deposits with the Sridharpur Cooperative Bank (the present Society). Eighty Savings Boxes were distributed. Each box had a key. This key was kept by the Secretary. He opened them in presence of the depositors and gave them proper receipts. The efficiency of the early leaders did a great to build up a confidence base for this Society.

When deposits increased, the use of savings boxes were discontinued. With further increase of deposits, along with savings bank accounts, term deposits were introduced in 1928.

The great depression of the 30's increased the helplessness of the farmers by lowering the prices of agricultural commodities. Naturally loanee members were unable to repay loans. A great shock came to the society. But as a matter of correct action of the Society, a bad debt fund was created in 1935. From this fund the distressed loanee members were saved from debt. Thus the members and the society survived. Contribution towards the bad debt fund from net profit of the society continues to face any financial difficulties even now.

As a result of the endless efforts of the society, saving in the savings bank account of the society became a habit of the members and that of the local people, and within 1938 the loan capital position of the society improved substantially. The off-take of loans from the Burdwan Central Cooperative Bank depended on demand being greater than what the internal resources ~~could~~ satisfy.

The society celebrated its Silver Jubilee in the year 1943. In the same year the Famine of Bengal gave a great setback to the Bengal economy. The direct impact of the famine was to raise the prices of essential commodities and with this rose the miseries of the people. At that time the society was selected as a dealer for selling rice and flour at controlled price. After getting dealership the directors realised the necessity for setting up grocery in the society which, in turn, became a Consumers' Store supplying essential articles to the people at a reasonable price.

The history of Sridharpur Cooperative Bank after 1945 is the history of development, expansion and diversification. The development of the society can be assessed with the help of the statement of year-wise expansion of deposit as shown in table 7.1.

Table 7.1

Deposits kept at the Society by members  
and the public

Year	Amount of Deposit (Rs)
1926-27	200.00
1927-28	1,100.00
1937-38	2,300.00
1947-48	10,900.00
1957-58	45,500.00
1967-68	3,68,000.00
1977-78	17,71,000.00
1987-88	2,10,61,700.00
1990-91	3,21,61,700.00

The table shows that total amount of deposit was only Rs. 200.00 in the year 1926-27 and in the next year (1927-28) it rose to Rs. 1,100.00. After that there has been an upward direction of the volume of deposit accumulation of the society. This is phenomenal in the history of a primary agricultural cooperative credit society in a rural area of West Bengal.

Not only the increase in the volume of deposit but also there has been a steady growth in the volumes of share capital, reserve and other funds, owned capital and working capital of the society. The table (No. 7.2) below provides the data.

Table 7.2  
Volumes of Share Capital, Reserve & Other  
Funds, Owned Capital and Working Capital

(Rs. in 000)

Year	Share Capital	Reserve and other Funds	Owned capital	Working capital
1918-19	.050	NIL	.072	1.100
1927-28	1.300	0.700	2.400	6.200
1937-38	1.900	4.900	7.200	10.300
1947-48	2.600	7.700	11.400	20.200
1957-58	8.700	15.800	28.000	70.000
1967-68	25.200	65.200	101.900	516.200
1977-78	45.300	150.000	237.600	2950.100
1987-88	120.000	3972.100	4093.700	32430.600
1990-91	136.500	7765.700	7902.200	63630.700

The society was selected a dealer of selling controlled cloths under the Cloth Control Order in 1949. The section of selling cloths still remains today. An addition to the activities of the society was made when a grain "gola" (grain warehouse) had been started after amending the bylaws of the society in 1951. The bye-laws require members to purchase a share of the grain gola valuing three maunds (about 120 kg) of paddy. The grain gola gives paddy loan upto six maunds (240 kg nearly) per member in the off season. The grain gola helps the marginal and small farmers and landless labourers by providing paddy loans for consumption purposes at a reasonable rate of interest saving them from the

hands of private hoarders who had been charging a very high rate of interest ranging from 50 per cent upto a maximum of 100 per cent per annum.

Considering the necessity of fertilisers of the farmers the society began selling in 1954 oil cakes and chemical fertilisers of high qualities like uria, phosphate, potash and company mixtures like Sufala, DAP and IFFCO's NPK to the farmers. Also insecticides and pesticides are supplied at a rate lower than the existing market rate. The reason is that the society directly purchases fertilisers and pesticides and insecticides from the inputs-producing industries at whole sale rate.

For grain gola and stock of oil cakes and fertilisers urgency was felt to build a godown. Thus a godown of 5,000 quintals capacity was constructed in 1957 and the second one was built in 1962 with a capacity of 8,000 quintals at Sridharpur. A branch of the society was started at Radhakantapur in 1967 and a godown with a capacity of 16,000 quintals was constructed thereon for fertiliser section. The goodwill of the society crossed the local limit and cultivators from outside the jurisdiction of the society started purchasing fertilisers from this branch.

The activities of the society extended to marketing of paddy in 1959. Members receive the benefit of the prices that prevail on the day the society buys their produces. The society sells them when the price reaches the seasonal height. Members receive later the benefit of the difference of the prices minus

a reasonable interest on the payments the society made at the time of buying.

The area, very backward at the time of the foundation of the society, became an area for specialised potato cultivation. The society started in 1972 marketing of potato in order to protect the interest of the members. Initially the stock purchased was stored with a local cold store not belonging to the society. The capacity of the local cold store was so insufficient that the society was unable to store all the purchased stock from members in it. Thus members in a special general meeting decided to construct a cold store. The project of constructing a cold store at Sankarpur was started in 1977. Total cost of construction was Rs. 58 lakhs of which Rs. 50 lakhs was given by the Burdwan Central Cooperative Bank as loan. Total capacity of the store is 9,300 metric tons.

In the cold store preference is given to the members and thereafter to the farmers of the locality to stock their potato. This cold store enables farmers to wait for a better market of their products. Also cash loans are sanctioned to the member farmers against their stocks in the cold store. It is a great wonder that loans taken from the Burdwan Central Cooperative Bank for the construction of cold store was repaid within a period of five years (that is to say, within 1982).

The popularity and good will of the society have crossed the villages of members of the society. New branches of the Bank were opened in the areas where the cooperative movement was weak.

Now the branches of the society are : (1) Radhakantapur (1967), (2) Sankarpur (1977), (3) Bohar (1976), (4) Matiswar (1978), (5) Madhyamgram (1981), (6) Memari (1989). These branches are only for collection of deposits.

The society started pisciculture in a big tank of 14 acres purchased in 1971 at Rs. 33,000.00 for employment generation of the landless members. Also paddy, potato, grams, banana, coconut, chilly, cabbage and some other vegetables are cultivated on the bank of the tank. Water from this tank is supplied for cultivation of potato and HYV paddy to the farmers (both members and non-members) in the surrounding areas of the tank arranging a lift-irrigation system there.

The society gives loans to the people against their utensils pledged at a very low rate of interest (8%) thus saving them from the clutches of the private money lenders who had for a long time been charging an interest so higher that people could not repay loans and thus ultimately bound to sell their utensils to them (money-lenders) at a much lower price. This operation began in 1982.

The village from which the society enlists its members have 900 acres of cultivated lands. Before introducing deep tube wells for irrigation by the society 50 acres of land were irrigated by about sixty five tanks and 138 acres were irrigated by canal water. Thus total irrigated land was only 188 acres which was 20.88 per cent to the total. This is shown in table 7.3.



Table 7.3

Position of Irrigation Before Installation  
of Deep Tube-Wells

Total Cultivated land (Acres)	Sources of Irrigation	Irrigated Land (Acres)	Percentage to total
900.00	Tanks	50.00	5.55
	Canals	138.00	15.33
Total		188.00	20.88

Table 7.3 shows that out of 900 acres of cultivated land 5.55 per cent is irrigated by tanks and 15.33 per cent is irrigated by canals. Thus only 20.88 per cent of total land was irrigated before installation of deep tube-wells.

In 1988-89, twenty-one mini deep tube-wells were installed to provide better irrigation facilities to the farmer members. As a result, out of 900 acres of total cultivated land 700 acres come under one or the other kind of irrigation enabling members to produce HYV paddy especially during summer and winter and potato in the winter. As a result farm labourers are getting employment throughout the year. The table 7.4 shows sources of irrigation, their coverage of total cultivated land and their percentage to total .

Table 7.4

Position of Irrigation After Installation  
of Deep Tube-Wells

Total Cultivated Land (Acres)	Sources of Irrigation	Irrigated land (Acres)	Percentage of Irrigated land to total
900.00	Tanks	50.00	5.55
	Canals	138.00	15.33
	Deep Tube- Wells	512.00	56.88
Total 900.00		700.00	77.76

Originally though evolved as an economic organisation, social purpose and welfare of the weaker sections are closely associated in the cooperative philosophy. The bylaws clearly provide for such contributions. This is why the activities of the society are not confined to economic aspects alone. It is involved in social welfare activities. As regards to its role in relation to the social welfare activities the society has undertaken educational activities first. In the year 1948 the society has established a primary school in its locality. After its establishment the school was taken over by the District School Board. A pucca building was donated by this Society to the primary school in 1983. The local Higher Secondary School, founded by Mr. Abhinash Chandra Chatterjee, a founder member of the society is being periodically helped with money. Four other neighbouring schools were given a total of Rs. 23,500 as donation for construction of

buildings. A book bank for poor and meritorious students has been set up. Best students of the locality and that of the neighbouring areas are regularly awarded for higher education. The total costs to the society for this amount to Rs. 3600/- per annum. An amount of Rs. 50,000 was donated to Memari College for its building construction in 1988-89. Also the society has participated in the Mass Literacy programme in the locality and has donated Rs. 10,000 for teaching aids and used 30 members of its staff in its programme. For education purpose the society has up to the date spent roughly more than Rs. 2,00,000.

In the year 1945 a charitable fund was created for help to the people afflicted by flood, drought, crop failure or other natural calamities. Conventionally the honorary secretary of the society contributes his entire bonus to the charitable fund. Donations are also made to the Chief Minister's Relief Fund.

There was no pucca road from Sridharpur to the nearest high way at Radhakantapur. The society took initiative for developing a two miles' road and covered it with bricks and a link road has been constructed in full to connect Sridharpur with villages in the south-east. A charitable homoeopathic dispensary at Sridharpur has been opened. An arrangement is made with an MBBS doctor who attends the dispensary once in a week for medical check-up of children and members. Other medical facilities such as maternity welfare facilities for pregnant women, administering triple vaccine to the children and their parents are provided

free of charge. The doctor is given monthly remuneration of rupees one thousand from this society.

The society has set an example in the sphere of performing social welfare activities. The statutory bylaws providing for welfare and charitable activities are given successful shape of results as a result of harmonious relations among members, the Board of Directors and the members of the staff. All the welfare programmes are so identified, designed and implemented that nobody is a loser and that everybody living in the villages from which the members are admitted emerges a gainer. The society is able to create a benign atmosphere all around and members legitimately feel that it is their society upon which their development depends.

#### 7.4 EVOLUTION OF MEMBERSHIP

As we know, the present society, namely, Sridharpur Cooperative Bank came into being with only ten enlightened members led by the Barrister Mr Haneswar Banerjee. But in course of time due to untiring efforts and business brains of the founder members on the one hand, and their dynamic leadership on the other, helped the society to occupy a dominant position in the locality. Therefore, within 1927-28 total number of members of the society increased to 93.

The great efficiency with which the early leaders and their associates ran the society attracted more people of the three villages into the membership of the society. At the same time neighbouring villages became interested to transact with

this society. It was difficult for the society to admit members from rather far off villages. Because it was very difficult for them to attend long lasting General Meeting of the Society. The Society, therefore, combined the interests of the members with the general aspirations of the neighbouring villages. It opened branches of its bank in those villages and offered reasonable interest on deposits. Money which was otherwise hoarded earned interest for depositors of those villages and savings thus mobilised were used as loan capital for distribution among loan-seeking members of the society.

A clear picture of the evolution of membership of the society is drawn in table 7.5.

Table 7.5  
Evolution of Membership

Year	Membership
1918-19	10
1927-28	93
1937-38	96
1947-48	133
1957-58	225
1967-68	488
1977-78	535
1987-88	1021
1991-92	1158

Table 7.5 indicates that total number of members was 10 in 1918-19 which rose to 93 in the year 1927-28. Thus within 9 years the number of members of the society increased by more than 9 times i.e. the expansion of the society as regards to membership was very fast in the first 9 years of its establishment. In 1937-38 total membership was 96. This period shows rather a slow expansion of the society in terms of membership. Between the period 1937-38 and 1977-78 there was a gradual rising trend of membership of the society. In 1987-88 and 1991-92, total number of members increased to 1021 and 1158 respectively.

At present (1991-92) the total number of members of the society is 1158 of which scheduled castes (SC), scheduled tribes (ST), general caste (Hindus other than SC & ST) and minority group (Muslims) members are 132, 50, 666 and 310 respectively. In terms of membership coverage the society brings 90 per cent families of Sridharpur, Sarra and Tanti Baksa i.e. 640 out of 711 families under its umbrella. Table 7.6 indicates caste-wise break-up of membership and its percentage to total.

Table 7.6  
Caste-wise Break-up of Membership

Castes	Number of Members	Percentage to total
Scheduled Castes (SC)	132	11.39
Scheduled Tribes (ST)	50	4.31
General Castes (Hindus)	666	57.51
Minority Group (Muslims)	310	26.77
Total	1158	100

The table (7.6) shows that SC and ST together covers 15.70 per cent to total membership. Percentage coverage of general castes and minority group are 57.51 and 26.77 respectively.

On the basis of occupation total number of members in the landless agricultural labour class is 235 and that of the cultivated class it is 923. Occupation-wise division of members and their percentage to total is shown in table 7.7.

Table 7.7  
Occupation-wise Division of Members

Occupation	Membership	Percentage to total
Landless Agl. Labourers	235	20.29
Farmer class	923	79.70
Total	1158	100

923 members in the cultivated class can be further sub divided according to their major sources of earnings in table 7.8.

Table 7.8

Sub division of 923 Farmer Members According to Their Sources of Earnings.

Sources of Earnings	Membership	Percentage to total
Farming	378	40.95
Service	154	16.68
Allied Agl. Activities	357	38.67
Trade and Commerce	34	3.68
Total	923	100

Classification of members according to land holding pattern of the members of the society is made in table 7.9.

Table 7.9

Classification of Members According to Land-holding Pattern

Farm Group	Membership	Percentage to total
Landless	235	20.29
Marginal and Small (upto 5 acres)	900	77.72
Medium (Above 5 acres)	23	1.98
Total	1158	100



From table 7.9 it is evident that total number of members is maximum in the group of marginal and small farmers (900) which covers 77.72 per cent to total members. In the group of medium farmers percentage of members to the total is only 1.98; but their participation in the board of directors is the maximum (50 per cent). This is shown in table 7.10. In this table it is also seen that board members in the group of marginal and small farmers is 50 per cent; but there is no member in the board from landless group.

Table 7.10  
Participation of Members in the Board of Directors  
According to Farm Group.

Farm Group	Number of Board members	Percentage to total
Landless	NIL	0.0
Marginal and Small	3	50.00
Medium	3	50.00
Total	6	100

Caste-wise participation of members in the board of directors is shown in table 7.11.

Table 7.11

Caste-wise Participation of Members  
in the Board of Directors

Castes	No. of Board Members	Percentage to total
General Castes (Hindus other than SC & ST)	5	83.33
Scheduled Castes (SC)	0	0.0
Scheduled Tribes (ST)	0	0.0
Minority Group (Muslims)	1	16.66
Total	6	100

Table 7.11 states, more than 80% of the total members in the board are from general castes.

In a society with unlimited liability it is of first importance that directors are men of good assets and good education. So it is natural that they belong to economically, educationally and socially important group. Members belonging to scheduled castes and tribes are men who have no lands or assets. Asset owning members, therefore, are unwilling to bear the risk of electing them as members of the managing committee (Board of Directors). Muslims own good assets but educationally are not as advanced as the caste Hindus in these three villages. If the members increase the number of muslim representatives on the Board of Directors, they have to decrease the number of caste

Hindu representatives on the Board, as the number of Directors is fixed by bylaws to be six. So perfectly proportional communal representation is not possible.

#### 7.5 LOANABLE FUNDS RECEIVED-ANNUALLY

The main sources of funds of Sridharpur Cooperative Bank are : (1) share capital, (2) loans from financial agencies, (3) deposits both from members and non-members, (4) reserve and other funds. According to the bye-laws of the society, maximum amount of loans to be received from financing agencies would be fixed in the annual general meeting of the society and sanctioned by the Registrar of Cooperative Societies.

In table 7.12 the position of total amount of loan issued to members, amount borrowed from the Burdwan Central Cooperative Bank and their percentages to total is shown for a period of ten years starting from 1981-82 to 1990-91.

Table 7.12

Amount of Loan Issued to Members and  
the Amount Taken from Central Cooperative Bank

(Rs. in thousand)

Year	Total Loan Issued	Amount of Loan from Central Cooperative Bank	Percentage of loan from C.C.B. to total loan given to members
1981-82	4976.743	4945.000	99.36
1982-83	7649.659	2575.000	33.66
1983-84	4927.662	2030.000	41.19
1984-85	4861.049	978.000	20.11
1985-86	13750.891	3080.000	22.39
1986-87	9839.011	8481.000	86.17
1987-88	14306.908	5989.000	41.86
1988-89	38883.313	12157.000	31.26
1989-90	26458.753	15004.000	56.70
1990-91	39181.283	22500.000	57.42

For having a clear-cut idea on the position of loan issued to members for the purposes of short-term loan, medium term loan, manure loan, deposit loan, loan for purchasing agricultural implements, potato loan and paddy loan the respective table 7.13, 7.14, 7.15, 7.16, 7.17, 7.18, and 7.19 are shown below:

Table 7.13

Short-term Loan

(Rs in Thousand)

Year	Total Amount of Loan
1981-82	189.694
1982-83	180.500
1983-84	247.650
1984-85	248.800
1985-86	452.030
1986-87	424.664
1987-88	399.770
1988-89	425.500
1989-90	296.267
1990-91	546.850

Table 7.14  
Medium-term Loan

(Rs in thousand)	
Year	Total Amount of Loan
1981-82	228.660
1982-83	196.050
1983-84	355.898
1984-85	348.180
1985-86	410.160
1986-87	393.579
1987-88	379.983
1988-89	390.480
1989-90	281.968
1990-91	506.650

Table 7.15  
Manure Loan

(Rs in thousand)	
Year	Total Amount of Loan
1981-82	419.138
1982-83	506.966
1983-84	732.760
1984-85	684.859
1985-86	641.621
1986-87	751.491
1987-88	672.068
1988-89	668.205
1989-90	615.288
1990-91	574.478

Table 7.16  
Deposit Loan

(Rs in thousand)

Year	Total Amount of Loan
1981-82	NIL
1982-83	NIL
1983-84	206.288
1984-85	340.650
1985-86	771.367
1986-87	545.912
1987-88	732.749
1988-89	1294.648
1989-90	1219.404
1990-91	1707.128

Table 7.17  
Loan for Purchasing Implements

(Rs. in thousand)

Year	Total Amount of Loan
1981-82	154.522
1982-83	51.155
1983-84	206.242
1984-85	315.456
1985-86	830.404
1986-87	932.001
1987-88	631.305
1988-89	827.287
1989-90	110.145
1990-91	238.003

Table 7.18  
Potato Loan

(Rs. in thousand)	
Year	Total Amount of Loan
1981-82	3935.624
1982-83	6555.518
1983-84	3129.279
1984-85	2864.173
1985-86	10598.320
1986-87	6093.288
1987-88	9858.982
1988-89	35219.678
1989-90	23900.339
1990-91	35575.692

Table 7.19  
Paddy Loan

(Rs. in thousand)	
Year	Total Amount of Loan
1981-82	16.917
1982-83	13.104
1983-84	11.244
1984-85	12.624
1985-86	13.707
1986-87	.430
1987-88	10.276
1988-89	10.080
1989-90	6.959
1990-91	4.753

## 7.6 PROJECT TIED LOANS

Sridharpur Cooperative Bank provides loans to members under the heads like (1) short-term loan (2) medium-term loan, (3) manure loan, (4) deposit loan, (5) loan for purchasing agricultural implements, (6) potato loan, (7) paddy loans, etc. A scale of finance fixed by the board of directors of the society and approved by Central Cooperative Bank is followed in time of sanctioning loan to the members.

Short-term loan is provided in the forms of cash and kind. A member is eligible of taking loan in a season upto Rs. 2400.00 in cash and Rs. 10,000.00 in kind. The rate of interest fixed for short-term loan is 9 per cent and that of medium-term loan is at 12 per cent. Maximum-limit of paddy loan for each member who has a share of grain gola is in paddy and 300 kilos with 15 per cent rate of interest. Lending against utensils pledged is provided upto a maximum of 80 per cent of the value of utensils interest rate of which is only 8 per cent.

In addition to social welfare activities the society has been undertaking many projects for furthering its developmental activities. A major portion of total expenditure made on such projects is borne out by the society's own fund. Also, a Central Government-funded agencies help in the form of grants, loan with interest and loan without interest has been received. An account of project tied loans is given in table 7.20.



Table 7.20  
Project Tied loans

(In Rs)

Year	Name of Project	Financing Agency	Grants	Interest free Loans	Loans with Interest
1949-50	Controlled Cloth Section	NCDC	NIL	8,000	NIL
1957-58	Godown	NCDC	3,334	NIL	NIL
1977-78	Cold Store	Central Cooperative Bank	NIL	NIL	22,00,000 (14)
1979-80	Extension of Cold Store	Central Cooperative Bank	NIL	NIL	28,00,000 (14)
1984-85	Godown	NABARD VIA CIDB	NIL	9,00,000	2,06,000 (10.5)
1985-86	Pisciculture	NCDC	6,000	NIL	NIL
1988-89	Land Development (Deep Tube Wells)	NCDC	3,80,000	NIL	NIL

Figures in the brackets indicate rate of interest

## 7.7 RECOVERY OF LOANS

Loan for agricultural purposes is essential mainly for three reasons : Firstly, it helps the farmers to prepare the next crops. Secondly, it improves methods of cultivation and thirdly, it obviates distress sales. Agricultural Credit Cooperative societies at the grass-root level are one of the most important financing agencies for developing agricultural activities. Their functioning will not be interrupted only if the amount of loans disbursed to the members is repaid in time. But recovery position of Cooperative loans in the country as a whole, and particularly in the state of West Bengal, is very bad, which, in turn, is adversely affecting the marketing of agricultural produce, supply of inputs and distribution of consumers goods. The only exception so far is the Sridharpur Cooperative Bank where unrecovered amount of crop loan is almost nil mainly because of an atmosphere developed there due to efficiency of management and guidance of the leadership and awareness of the members regarding the usefulness of cooperatives in the rural economy.

During the period of economic depression of the thirties the recovery position of the society was very bad like that of other societies in the state. In this period prices of agricultural commodities fell sharply which resulted in the non-recovery of loan of the society. The deficit in the ~~loanable~~ funds was made up, as we write before, from the bad debt fund which at the same time relieved the members from the debt. Later, the famine of Bengal (1943) took away the capacity of the members to repay loan.

The directors and leaders of the society were able to overcome the problem by inducing repayment through the creation of a Rebate Fund. This was possible only because of the foresight of the leaders of the society. Since then the loan recovery position of the society is remarkable and is almost nil setting an example in the sphere of rural cooperatives in West Bengal.

Due to innate competence, quickness and firmness of the board of directors, leaders and supervisory staff of the society a congenial atmosphere has been created for voluntary repayment of cooperative loan. The other contributory factors for the success of the society are : (1) Secretary is unanimously selected from the energetic young people and Chairman is elected or selected from the older group who has profound knowledge regarding role and principles of cooperation. As a result of this combination the society has never faced any deficiency in the management. (2) The society fulfils the needs of the members by providing credit, fertilisers, seeds and other inputs, consumer goods and other services. (3) A strict watch is given on the utilisation of credit by the members for which it is granted. (4) The society is able to eliminate resource constraint and thus the amount of loan issued to members is determined following the scales of finance. (5) Yearly normal credit statement for all the members is prepared in advance which enables the society to sanction loan in time. (6) Meeting of the board of directors is held for every month and decision is taken by majority of voting. (7) Important decision is taken after seeking suggestions of the ex-board members. (8) In

the annual general meeting every member has right to make suggestions or condemn its activities. (9) The Society has been generating employment for the educated youths on the one hand and for the uneducated youths on the other on permanent as well as temporary basis.

#### 7.8 AN ESTIMATE OF ANNUAL PROFIT

Sridharpur Cooperative Bank, diversifying its multipurpose activities and making a huge profit, is maintaining its unique status as the only society of Raiffeisen type in west Bengal. So far our knowledge goes, we cannot cite an example of a rural cooperative credit society other than this one at Sridharpur, is making profit without any break since its inception. The success achieved by the society is phenomenal and largely due to the dedication of the early leaders and later members are Directors at various stages of its development activities.

The society's yearly turnover since inception is displayed in table 7.21.

Table 7.21  
Yearly Turnover

(Rs in thousand)

Year	Turnover
1918-19	Not Available
1927-28	Not Available
1937-38	Not Available
1947-48	Not Available
1957-58	219.000
1967-68	2997.700
1977-78	14072.500
1987-88	987027.600
1988-89	1147788.500
1989-90	1236373.400
1990-91	1559276.300

The society's position as regards owned capital, gross profit and net profit for a period of eleven years starting from 1979-80 to 1989-90 is depicted in table 7.22

Table 7.22  
Position of Owned Capital, Gross Profit &  
Net Profit

(Rs in thousand)			
Year	Owned Capital	Gross Profit	Net Profit
1979-80	288.500	602.000	31.000
1980-81	294.200	125.000	31.00
1981-82	383.200	424.000	62.000
1982-83	466.600	647.000	64.000
1983-84	539.700	424.000	427.00
1984-85	718.300	1570.000	378.000
1985-86	2161.300	2550.000	819.000
1986-87	2871.700	2705.000	1117.000
1987-88	4093.700	3287.000	1644.000
1988-89	5735.100	3260.000	937.000
1989-90	6666.000	3750.000	1212.000

Table 7.22 indicates a consistent growth in the volumes of owned capital, gross profit and the net profit of the society in eleven years.

A separate account of net profit of cold store, store section and grain gola (dharma gola) is shown in table 7.23, 7.24 and 7.25 respectively.

Table 7.23 shows that the society earns huge net profit from cold store section. Table 7.24 represents that store section supplying essential goods and agricultural inputs is running at a loss since 1981-82. Table 7.25 shows that the dharma gola section is making profit excepting in 1982-83, 1984-85 and 1988-89.

Table 7.23

Section : Cold Storage

Period : 1979-80 to 1990-91

Year	Net profit (Rs)/Net Loss (Rs)	
	(+)	(-)
1979-80	(+) 51,955.00	
1980-81	Not Available	
1981-82	(+) 1,13,648.00	
1982-83	(+) 8,25,168.00	
1983-84	(+) 6,06,862.00	
1984-85	(+) 5,04,113.00	
1985-86	(+) 12,17,526.00	
1986-87	(+) 9,26,184.00	
1987-88	(+) 11,14,386.00	
1988-89	(+) 4,10,000.00	
1989-90	(+) 11,40,544.00	
1990-91	(+) 4,49,296.00	

Table 7.24

Section : Store [Grocery, Clothing, Coal Dust,  
Fertiliser, Ration Shop, Insecticides  
and Pesticides]

Period : 1974-75 to 1990-91

Year	Net Profit (Rs)/Net Loss (Rs) (+) (-)
1974-75	(+) 16,743.14
1975-76	(+) 23,531.41
1976-77	(+) 25,043.10
1977-78	(+) 36,214.28
1978-79	(-) 13,666.14
1979-80	(+) 5,592.33
1980-81	Not Available
1981-82	(-) 18,647.85
1982-83	(-) 2,387.10
1983-84	(-) 58,069.00
1984-85	(-) 43,734.95
1985-86	(-) 87,716.27
1986-87	(-) 5,102.00
1987-88	(-) 49,237.67
1988-89	(-) 7,623.70
1989-90	(-) 1,30,480.52
1990-91	(-) 2,03,753.04



Table 7.25

Section : Dharma gola

Period : 1976-77 to 1990-91

Year	Net Profit (Rs)/Net Loss (Rs)	
	(+)	(-)
1976-77	(*)	2,604.49
1977-78	(+)	11,024.54
1978-79	(+)	7,953.60
1979-80	(+)	7,953.60
1980-81	Not Available	
1981-82	(+)	14,591.13
1982-83	(-)	103.38
1983-84	(+)	55,676.58
1984-85	(-)	4,942.77
1985-86	(+)	871.33
1986-87	(+)	32,589.34
1987-88	(+)	52,030.08
1988-89	(-)	17,379.32
1989-90	(+)	9,490.26
1990-91	(+)	9,490.26

It turns that losses incurred in selling of useful consumption and production articles are abundantly compensated for by other activities. This means the Society exhibits a strong determination to avoid making profits on sale of essential articles. Yet, the Society never compromises on its responsibility of fulfilling its dual objectives of earning overall profits and of expanding the amount of its owned capital.