RURAL DEVELOPMENT
THROUGH COOPERATIVES IN MEGHALAYA

A CASE STUDY OF THE ROLE OF
THE MEGHALAYA COOPERATIVE APEX BANK LTD.

CHAPTER - VIII

FUTURE ROLE OF COOPERATIVES IN
THE NORTH EASTERN REGION AND MEGHALAYA
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NORTH EASTERN REGION AND MEGHALAYA

"Coming together is Beginning,

Keeping together is Progress,

Working together is Success."

COOPERATIVES AND THEIR OUT-REACH IN N.E. REGION

As stated in the previous Chapter, Cooperation and Cooperatives have been formally recognised in India since 1904 with the enactment of Country’s first Cooperative Societies Act in the year 1904. In the North Eastern Region too, Cooperative Movement made a formal entry in 1904 in Assam along with the rest of the Country through the sponsorship of the State Government. In the absence of sustained efforts, lack of committed and dedicated cooperative leadership, communication and transport bottleneck, lack of participation of members in the affairs of the Societies, dependence on Government, the Cooperatives could not make much progress
until 1948 when the Region’s first State Cooperative Bank was established in Assam namely, Assam Cooperative Apex Bank Ltd. as the leader of the cooperative credit movement in the State. Later with the bifurcation of the State of Assam, six new States were created in the N.E. Region during the last almost four decades. These newly created States of the Region also established their own State Cooperative Banks under the provisions of the respective State Cooperative Societies Acts to provide leadership to the Cooperative Credit System in their respective States. The creation of State Cooperative Banks gave a tremendous boost to the Cooperative Movement in the N.E. Region and the Cooperatives started spreading rapidly with the initiative and liberal financial support of the respective State Governments. Today, every nook and corner of the entire North Eastern States are covered by the Primary Agricultural Credit Societies, Consumers Cooperatives, Marketing Cooperatives, Housing Cooperatives, Processing and other type Societies.

**Performance Role of Cooperative Banks vis-à-vis Commercial Banks & RRBs**

The North Eastern Region including Sikkim has eight State Cooperative Banks (SCBs) and three State Coop. Agril &
Rural development Banks (SCARDBs) with 238 Branches and 3776 PACS. At the end of March 2003, the Cooperative Banks of the Region could mobilise deposit resources to the extent of Rs. 1408.00 crores compared to Rs. 19,214.00 crores by 21 Commercial Banks through the network of their 1289 Branches, Rs.2245.00 crores by RRBs with 645 branches. During the same period, the aggregate loans and advances of Cooperative Banks stood at Rs. 688.00 crores as against the Rs.4968.00 crores by Commercial Banks and Rs.767.00 crores by RRBs. Similarly, the average Credit Deposit Ratios of Cooperative Banks, Commercial banks and the RRBS were 46.53%, 34.17% and 25.86% respectively during the same period. In case of recoveries, the average rate of Cooperative Banks was 15.59% compared to 32.88% of Commercial Banks and 49.58% by RRBs.

**Future Role of Cooperatives**

It is observed from the core performance areas of the Banking Sector in the Region that the share of Cooperative Banks in regard to Branch expansion and outreach was around 10.22% as against 59.68% by Commercial Banks and 30.10% by RRBs. In case of resource mobilisation, share of Cooperative
Banks was as low as 7.38% compared to 82.37% by Commercial Banks and 10.26% by RRBs at the end of March 2003.

Thus, the Cooperative Banks have vast scope for increasing branch expansion, outreach, market share in resource mobilisation, lending and recoveries etc. Moreover, the Cooperatives being local area institutions and members driven organisations are in an advantageous and better position compared to Commercial Banks and RRBs to exploit the unexplored potentialities of the Region and mobilise enough resources locally and formulate new and innovative schemes for ensuring economic development of the Region and removing the socio-economic disparities of the rural people who have been working untiringly for generations for realising this dream.

The Cooperative Banks and the Cooperatives in the Region despite their low profile and non-sophisticated approach have rendered yeoman's services to ameliorate the economic conditions of the common people. With the opening up of the Indian economy from 1991 and the liberalised policies pursued by the Union Government, the relevance and importance of the cooperatives have increased tremendously. New areas and unlimited opportunities are available to the cooperatives under the new economic conditions and the cooperatives have a promising future. Unlike the past, cooperatives are no longer
required to function under the protected environment and depend on the Government. In the changed scenario, the cooperatives need to develop business acumen, enhance operational efficiency, inculcate professionalism in their functional areas, become self-reliant, self-controlled and resource based autonomous organisation and function as socio-economic development institutions sustaining economic viability.

**Inherent problems in Agril & Weaker Section Financing.**

Financing of agriculture and economically deprived people is not an easy task and successive Government particularly after the Independence has made lot of experimentations and innovations in this regard. Induction of Commercial Banks and the Regional Rural Banks has not helped the rural sector significantly. Their performances during the last three decades in agricultural sector have not yielded the desired results, but the ills of rural financing are squarely put on the shoulders of the Cooperatives without taking necessary remedial measures to remove the defects and weaknesses inherent in the agricultural system itself. However, the SCBs of the Region have been continuing to discharge their roles and responsibilities and facing the peril presently. However the
people have reciprocated by reposing their tremendous trust and confidence in them and they have been patronising the Cooperative Banks generously to enable them to continue their services to the majority economically deprived people which the Commercial Banks and RRBs failed to do despite their vast network and mobilisation of huge resources from the Region. By and large, the people of the North East consider the Cooperative Banks and the Cooperatives as their real friends and saviours. The trust of the people and sincerity of the Cooperatives are the main sources of their strength and the Cooperatives have a bright future in the North East and the for their development process.

The comparative financial position and the performance achievements of the SCBs of the Region as on 31-03-2003 are shown in the table below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Total</th>
<th>A.P</th>
<th>Assam</th>
<th>Manipur</th>
<th>Meghalaya</th>
<th>Mizoram</th>
<th>Nagaland</th>
<th>Tripura</th>
<th>Sikkim</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. Of SCBS</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2. No. Of Branches</td>
<td>219</td>
<td>31</td>
<td>68</td>
<td>8</td>
<td>39</td>
<td>10</td>
<td>21</td>
<td>39</td>
<td>3</td>
</tr>
</tbody>
</table>
### Primary Agricultural Credit Societies (PACS) - Lifeline of Rural Credit System

The N.E. Region has about 3776 base level primary credit societies comprising 32 LAMPS in Arunachal Pradesh, 754 GPSS in Assam, 202 PACS in Manipur, 179 Service Cooperatives in Meghalaya, 518 PACS in Mizoram, 1820 LAMPS, etc. in Nagaland and 270 PACS/FSCS in Tripura. These base level Cooperative Societies are the lifeline of the rural credit system of the region. They are functioning as linkages...
between the SCBs and the farmers as well as the rural entrepreneurs and providing multifarious services in their respective service areas, such as, dispensation of credit, supply of consumer goods, procurement and marketing of surplus agril produces, mobilisation of deposits from the members, etc. The base level Cooperatives have inbuilt strengths in the cooperative system such as, members based and members-driven organisations, well demarcated service area, immense scope for deposit mobilisation and lending in the service area, existence of basic infrastructures, like godowns, office-cum-consumer shops, deposit mobilisation counters, etc. The PACS have also certain weaknesses and deficiencies in their working, such as, low memberships, poor resource base, low volume of business, absence of cooperative awareness, lack of committed cooperative leadership, poor participation of members, communication and transport bottleneck, low density of population in hilly areas, lack of diversified business planning and professionalism, lack of proper supervision, etc. These weaknesses and deficiencies can be removed and converted as their strengths if proper planning is made and implemented under a specific time frame. For example, membership coverage can be increased through sustained cooperative awareness campaigns and launching massive cooperative education
programme. Volume of business can be increased significantly by undertaking diversified business activities as required in the area of operation of the PACS; resource can be mobilised from the members and the local public by undertaking deposit business; recoveries can be improved through regular monitoring of loan accounts and maintaining personal contact with the borrowing members; professionalism can be inducted in the functioning of the Cooperatives through proper manpower planning and regular training.

**Opportunities & Future Strategies.**

A) **Apex Cooperative organisations and their affiliated societies.**

Though each of the states in the north eastern region have created number of apex level Cooperative Institutions as well as their affiliated societies at the grass root level, but actually they remain as mere exercise of structural formation than the functional efficiencies. In majority of the cases, the apex level Cooperative Institutions do not have the required comprehension about their role and responsibilities towards the affiliated societies and it is also true for the affiliated societies. Lack of coordination has made the Cooperative movement direction
less and eventually sick. Therefore, functional coordination between these two layers of the Cooperative Societies needs to be strengthened to make the Cooperative Movement vibrant and self-sustained.

b) **Human Resource Development & Human Resource Management in the Coop. Sector.**

The personnel working in the cooperatives at all levels are mostly first generation workers without exception to the cooperative banking sector. Majority of the personnel do not possess the required professional training and knowledge to run the cooperative enterprises as business organisation. Learning by doing has been the theme of their operation. The end result is reflected in their poor financial health and functioning. Therefore, concerted steps are essential at all levels to enhance the knowledge and skills of the personnel working in the cooperative organisations in the region in a planned manner and continued on a regular basis till the objective is achieved.

c) **Low Membership Coverage & Lack of Participation:**

The cooperatives in the region continue to be government
sponsored events rather than member driven enterprises. It is evident in the functioning of majority of the cooperatives of the region that there is no adequate fellowship of general public in the cooperatives. Given the composition of the population which is tribal in majority of the States of the Region and they are cooperative by nature, the membership coverage of cooperatives at 25% (average) is rather low and there is wide scope for increasing their membership and active participation to the cooperatives.

**d) Land Tenure System /Jhum Cultivation:**

In most of the N E States, by tradition, the community owns the land and the right of individual ownership on the land is not in vogue. This has also led to a menacing practice of jhuming or shifting cultivation and lack of interest of the people to land development. Consequently, the productivity and production of land-based activities suffered a serious set back and in spite of the best potentialities, the Region continuous to remain as food importing States. The situation is such that even the most essential commodities like rice, wheat, fish, eggs, meats, etc. are required to be imported from far off States such as UP, Rajasthan, Tamil Nadu, Andhra Pradesh and Karnataka. The land tenure system of the N E States particularly in the tribal
States/areas need to be streamlined for land development and to safeguard the interest of the farming communities and their farm activities.

E) **Entrepreneurship Development:**

The North Eastern States are categorised as special category states whose development plans are almost entirely financed by the Centre on the basis of 90% grant and 10% loan. They have also preferential treatment in many other aspects. The Region does not have agricultural surplus and suffers from limited capital formation besides poor entrepreneurial skills. Though there is wide scope for development of handloom and handicrafts, yet due to lack of innovations and entrepreneurial skill, the handloom and handicraft products do not get remunerative market and hence the entire sector is in doll drum. There is an urgent need to develop entrepreneurship and entrepreneurial skill in the sector and to increase handloom and handicrafts production, which are in great demand in the market.

f) **Diversification of Economic Activities:**

In a tradition bound social system, diversification is an enigma. The North Eastern economy suffers from this syndrome.
The basic occupation of the people in the region is agriculture and agri-related activities. However the traditional approach to agriculture and conventional methods of cultivation has not resulted in production of marketable surpluses. Therefore, this needs to be looked into in proper perspective and advanced technologies need to be adopted immediately to enhance production and productivity in agriculture and allied agricultural activities so as to sustain this sector.

**g) Coordination among the development agencies:**

The efforts of the state governments in development of the socio-economic conditions of the region is effectively complemented by a number of agencies and organisations, such as, banking network, development organisations, voluntary organisations, NGOs, Religious Leadership, Traditional as well as Formal Leadership. However, there appears to be not enough coordination among their efforts which often lead to a confused approach to the development of the region and at times duplicates the services and multiplying the same, without ensuring any effective end result.

Therefore, a concerted and coordinated approach is essential which will yield better results both in terms of
utilisation of resources economically as well as fulfilling the objectives more meaningfully and ensuring an all round development of the region.

h)  **Recovery Climate:**

The Banking system in the region in spite of its good network suffers from an acute problem of loan recovery. There is a tendency among the borrowers to default in the banking organisation. As a result, the Cooperative Banking Structure in particular and the banking sector in general are facing acute problem of NPAs. Concerted efforts are required by all concerned, particularly the State Government, the Cooperative Institutions, Higher Financing Agencies, Local Leadership, as well as the borrowers for ensuring recycling of Funds and creating favourable recovery climate in the Region.

i)  **Cooperative Leadership:**

Unlike other parts of the country, there is a serious lack of genuine and committed leadership in the Cooperative Sector. Though, the cooperative movement is about four decades old in the region, it is yet to develop adequate cooperative leadership particularly at the grass root level. This also speaks for the weak health of the grass root level societies in the region. Unless a
new breed of cooperative leadership is developed in the region, sooner than later, the officialisation of the cooperative movement alone cannot carry the movement forward and the cooperative movement in its realistic sense as people’s movement may not exist.

j) Cooperation among Cooperatives of the N E Region.

Cooperatives in the region have an important role and a larger stake in the development of the region. As mentioned earlier, every state in the region has at least 5-6 types apex level cooperative organisations with large number of grass root level societies affiliated to them. With identical prospects for growth and needs of the people, the first and foremost requirement of the cooperatives in the region is to establish effective coordination among the similar and other types of cooperative organisations among all the in states of the region. This will facilitate their strengthening and bargaining power in terms of funds, production, operational aspects, marketing, turnover, exchange of skills, knowledge, know-how etc.

k) Law & Order and General Unrest:

For the last almost three decades, the region has been experiencing considerable amount of insurgency and other
related unrest. This has seriously hampered the general growth and development of the entire region. Cooperatives as peoples organisation offer excellent opportunities in this regard and can help development of the region with the active participation of the people. Therefore, it is extremely necessary to restore peaceful condition and order at all levels in the Region and this will usher a new era to ensure socio-economic development of the Region and the people at large.

**Future of Cooperatives in Meghalaya**

Meghalaya with lush green forests, emerald sylvan beauty, abundant natural and mineral resources, temperate climate and intelligent hospitable English speaking young people has the required potentials and resources for development as a model State in the Country. Vast majority of the Meghalaya's population is tribal (over 85%) and cooperation has been practiced in the tribal society in their day-to-day activities since time immemorial. This being the position, Meghalaya is considered as the fertile land for growth and development of Cooperation and Cooperatives. Truly speaking, almost all the rural house holds of Meghalaya can prosper and become economically affluent millionaires through cooperative efforts in
agriculture, allied agriculture, horticulture, agro-industries, tourism, etc. The Meghalaya has all the potentialities and resources for development of rural cooperatives and realize the dreams of our first Prime Minister Pandit Jawaharlal Nehru to ‘Convulse India as Cooperative Common Wealth’ in Meghalaya.

Development strategies of Meghalaya SCB

As stated in the Chapter-VII, the MCAB as a leader of the Cooperative Credit Structure in the State has been discharging its role quite effectively and it has been playing a pivotal role in strengthening and developing of all the affiliated Cooperative Societies. The Bank has also been successful in nurturing and expanding banking habits to the majority tribal population of Meghalaya and bringing them to the banking fold. The Bank has also consistently maintained highest Credit Deposit Ratio and Credit Deposit Investment Ratio in the State. The MCAB is a customer friendly Bank and it has been working ceaselessly for economic upliftment of the rural people and urban poorer section since its establishment in the year 1971. Key performance statistics of the MCAB as on 31st March 2003 are indicated below:
<table>
<thead>
<tr>
<th>Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of Branches</td>
<td>39 Branches</td>
</tr>
<tr>
<td>2. Total Deposits</td>
<td>Rs. 365.46</td>
</tr>
<tr>
<td>3. Total Advances</td>
<td>Rs. 111.98</td>
</tr>
<tr>
<td>4. C: D Ratio</td>
<td>30.56%</td>
</tr>
<tr>
<td>5. Advance to Priority Sector</td>
<td>Rs. 75.60</td>
</tr>
<tr>
<td>6. % Of Priority Advance to Total</td>
<td>67.51%</td>
</tr>
<tr>
<td>7. Advance to Agriculture Sector</td>
<td>Rs. 26.39</td>
</tr>
<tr>
<td>8. % Of Agril Advance to Total</td>
<td>23.57%</td>
</tr>
<tr>
<td>9. Advance to Weaker Section</td>
<td>Rs. 100.78</td>
</tr>
<tr>
<td>10. % Of Weaker Section Advances to Priority Sector Advances</td>
<td>133.31%</td>
</tr>
<tr>
<td>11. Advance to Women Beneficiaries</td>
<td>Rs. 9.07</td>
</tr>
<tr>
<td>12. Recovery to Demand</td>
<td>42.00%</td>
</tr>
</tbody>
</table>

(Source: SLBC Agenda Notes)

The average cost of funds, transaction cost and Net margin of the MCAB as % to Working Capital at the end of 31st March 2003 are 5.03%, 2.26% and 1.81% respectively as
against the all India percentage of 6.28%, 1.46% and 0.04% in
the 2-tier SCBs and 7.15%, 0.66% and 0.73% in the 3-tier
SCBs respectively. The performances of the MCAB in these
three important parameters particularly in respect of cost of
funds and the net margin have been very remarkable and
compared favourably with the all India position of SCBs both
under 2-tier and 3-tier System. State-wise SCB position of
Management, Cost and funds etc. are given in Annexure XIV, XV,
XVI, XVII and XVIII.

During the course of studies, out of the 39 Branches of
MCAB, one Branch in each of the seven districts of Meghalaya
was visited and their performances with reference to resource
mobilisation, lending operation and credit offtake, profitability
and per employee business position were examined and analysed.
The results of the analytical studies are as follows:

a) The deposits of the Branches have been continuously
increasing and in absolute term, the deposits had increased
to Rs. 4.40 lakhs in case of Umsning, a small village Branch
and Rs. 513.96 lakhs in case of Khliehriat – a semi urban Branch
during the year ended 31st March 2003.

b) The credit and lending offtake of the Branches have
expanded sizably and the actual increase was to the extent of
Rs. 4.01 lakhs in case of Baghmara – a district branch and Rs.
57.45 lakhs in case of Shillong – Meghalaya’s Capital Branch during the year ended 31st March 2003.

c) The Branches have diversified their credit and other business activities and have been able to make substantial increase in their business volumes. The minimum business turnover of small branch (i.e. Aramile Branch) increased to Rs.410.40 lakhs during 2002-03 from Rs.375.80 lakhs in the previous year while maximum turnover of a district Branch (i.e. Jowai Branch) was Rs.8139.26 lakhs compared to its last year’s figure of Rs.7902.84 lakhs.

d) The profitability of most of the Branches increased substantially. The net profit of Nongstoin District Branch increased to Rs. 7.40 lakhs compared to previous year profit of Rs. 6.55 lakhs while in case of Bagmara Branch it substantially increased to Rs. 18.70 lakhs as against last year’s net profit of Rs. 6.21 lakhs.

e) The per employee business of the Bank Branches also increased to Rs. 76.28 lakhs in case of Bagmara Branch and Rs. 104.47 lakhs in case of Shillong Branch compared to average per employee average business of Rs. 81.20 lakhs of the Bank as a whole.

f) Another interesting result came to the fore was that all the Urban and Semi-Urban branches have become profit making
units while the Rural Branches were incurring losses continuously for years together and they were Cross subsidised by the profit making branches and Head office. The Bank as a whole has maintained an excellent track record of profitability.

The Mission of the MCAB is to bring cent percent rural dwellers within the ambit of the Cooperative Societies, ensure their economic prosperity and convulse the entire rural Meghalaya as a Cooperative Common Wealth in the Cooperatively least developed N.E. Region. In this respect, the MCAB has been working untiringly for the development of Cooperatives, increasing their diversified business activities and viability, enhancing the recoveries, mobilising resources internally and ensuring quality and efficient management. The major task of the MCAB is to ensure proper functioning of the base level Service Cooperatives and to strengthen them organizationally, financially and operationally as also to discharge the following responsibilities.

a) To increase the flow of credit to agricultural allied agriculture, village and cottage industries and service sector,

b) To ensure timely availability of credit and adequate credit to the credit needy people both in rural and urban areas,
c) To arrange agricultural inputs and farm machinery to increase production and productivity in the primary sector of Meghalaya.

d) To develop processing, marketing and value addition by Cooperative Societies in order to ensure remunerative prices to the growers and farming community,

e) To arrange forward and backward marketing linkages for surplus agricultural produces and finished products,

f) To encourage savings and thrift habits to the farmers and the people living in the rural areas,

g) To formulate new and innovative schemes for generation of self-employments for unemployed youths. In this regard, the MCAB has created two Counseling & Capacity Building Centers in the Bank for providing necessary guidance and disseminating information to the educated youths on various schemes of the Government and the Banks,

h) To ensure re-organisation of the Service Cooperatives and other Sectoral Cooperative Societies under a Master Plan which is over due,

i) To motivate the Marketing and Consumers Cooperative Federation, Housing Financing Society, Meghaloom and State Cooperative Union, etc. to render their assigned roles & responsibilities.
To ensure effective linkages in the Cooperative Sector and cooperation among the Cooperatives.

The MCAB in collaboration with the Manpower Development & Management Institute (MDMI), Shillong and the Institute of Cooperative Management (ICM), Guwahati has launched a massive training and human resource development programmes for the officers and employees of the Cooperative Credit & Banking Institutions in Meghalaya and the North East, which the Cooperative Institutions need to avail fully for their own benefit. The MCAB has given a focused attention to cooperative education and awareness programmes, hold seminars and work-shops regularly for the office-bearers and workers of the Cooperative Societies on Cooperative Leadership, diversified Business activities, professional management, Cooperative Banking products and also to involve the Social Workers, Traditional Leaders and Traditional Institutions in the cooperative movement which is essential for the success of the rural Cooperative Societies.

Truly speaking, the MCAB with its Cooperative Leadership, dynamic Management and dedicated employees have been trying to fulfill the hopes and aspirations of the people of Meghalaya in general and rural masses in particular. The Bank with its excellent track record of three decades of services to the people
has attained the status of a development Bank in the State and it has been playing the role of a ‘Change Agent’ in the development efforts. The Bank has also acquired the necessary strength and capability to discharge its role effectively and fulfill the mission successfully with the catalytic support and assistance of the Cooperative friendly State Government. Thus the hypothesis of the thesis about the potentials and the performance role of the MCAB in the rural development process of Meghalaya through cooperative efforts have been answered.

The Development Active Plan (DAP) of the MCAB for year year 2003-04 and their Projection for 2004-05 is given the Annexure XIX.

**Service Cooperative Societies (SCS)**

As discussed in the earlier Chapter there are 179 Primary Agricultural Cooperative Societies in Meghalaya and they are named as Service Cooperative Societies. The Service Societies are required to provide multipurpose services to the members and the General public in their area of operation. Of the 179 SCS, altogether 36 SCS (i.e. about 20%) were visited and their functioning and operational activities were studied and analysed with reference to their Service area, membership and
membership coverage, own capital, lending operation, agricultural inputs and machinery supply, consumer goods dealing, deposit mobilisation, procurement and marketing of agricultural produces and potentials in the service area of the SCS.

Location of the MCAB Branches and the List of SCS visited with the names of their Chairman and Secretaries etc are given in the Annexure XX and XXI.

In the course of collection of primary data from the Service Societies, discussions were held with the Chairmen, Secretaries and other functionaries of the Societies, cooperative leadership, Village Headmen, NGOs and the Traditional Institutions. Their views and opinions were gathered on the working of the Societies, their ability to provide multipurpose services to the people their roles in uplifting the rural economy etc.

The results of the analytical studies and the opinion gathered from discussions are briefly mentioned below:

I. **Area of Operation**

The area of operation of the Service Cooperatives varies from 3 villages to 116 villages. This means that the Service
areas of some Societies are too small or too large while in case of majority Societies, the area of operation from 10 to 25 villages. Meghalaya being a hilly State and the villages are sparsely populated with an average population of 400 persons per village and it is difficult for a Service Cooperative Society to maintain regular contact with the large number of villages and their members.

2. **Membership & Membership coverage**

   The average membership of the Service Cooperatives is 512 of which about 60% are borrowing members and the remaining are non-borrowers and inactive members. As stated above, the average population per village is around 400 persons and the average membership coverage is about 25%, vast majority of the village population are yet to be brought under the cooperative fold. In Meghalaya, over 85% of the people in the State and almost 100% of the villagers are tribal population. Cooperation is in the lifeblood of the tribal people and they carry on most of their economic and social activities jointly with cooperative spirit. This being the position, Meghalaya is considered as the fertile land for enhancing Cooperative membership and Cooperative Coverage.
3. **Management**

The Service Cooperatives, by and large, are managed by elected Managing Committees with whole time trained Secretaries who look after their day-to-day functioning. There was not a single instance of supersession of Managing Committee by the RCS and the Societies were enjoying full autonomy and freedom in their working. Meghalaya is perhaps the only State in the Country, which does not interfere in the functioning of the Cooperatives. However, taking advantage of the liberal policies of the State Government, few Societies had developed vested interest. They do not hold Annual General Meetings as per provisions of the State Cooperative Societies Act and Rules and the same Managing Committees have been continuing years after years violating the provisions.

4. **Share Capital and Reserves**

The own Capital of the Societies comprising Paid-up Share Capital & Reserves of the Service Cooperatives was Rs. 1.66 lakhs on an average per Society. Considering the present membership coverage and volume of business of the Societies, their own capital is not too small and there is enormous scope
for increasing the Capital base by increasing the membership by
the Societies.

5. **Borrowings**

The main source of funds of the service Cooperative is
borrowings from the MCAB. The Service Cooperatives borrow
funds from MCAB for financing their farmer-members for
cultivation of agricultural crops as well as for allied agricultural
purposes. However, the repayment record of the Societies to
MCAB was not found satisfactory and this was due to poor
recoveries of the Societies from their members whose
agricultural crops and production suffer from low productivity
and natural calamities like frequent floods, hailstorms, draught,
etc. almost regularly.

6. **Lending & other Business activities.**

Most of the service Cooperatives deals in credit
dispensation activity only and few of them undertake marketing,
consumer good dealing and deposit mobilisation. The average
volume of credit of a Service Cooperative was Rs.1.88 lakhs
annually and their average loan outstanding with the MCAB was
around Rs. 6.96 Lakhs. Again, the average consumer goods
dealing and marketing business of each Society was Rs.4.49 lakhs and the average deposits mobilised by SCS was Rs.6.96 lakhs each.

7. Profit & Loss Position

Of the 179 SCS in the State as many as 169 SCS were found viable. Again, of the 36 SCS visited, 20 SCS were found running on profits as on 31 March 2003 and their net profits were in the range of Rs.2000/- to Rs. 83000/- on an average, while the remaining societies had incurred losses, but their losses were marginal and can be turned around if little care is taken.

8. Views & Opinions of the Office- bearers of SCS.

a) The SCS despite their inherent weaknesses and limitations have been able to live up to the expectations of the people with the active support and leadership extended by the MCAB.

b) The SCS being local area institutions have the required capacity and locational advantage to serve the villages and the rural masses.
c) The area of operation of the SCS need re-demarcation in a realistic manner in order to have manageable member of villages as the service area of each Service Society.

d) The SCS should function as Mini Banks, become resource based organisations and provide all types of services as required by the people under single window system;

e) The SCS should be managed by qualified and competent staff and have adequate numbers capable of handling all the activities of the Societies.

f) The MCAB need to extend expert advice and guidance to the Societies on regular basis till they attain the required expertise of handling banking business.

g) The RCS through his district level officials need to exercise proper supervision over the SCS and enforce compliance of provisions of Cooperative Societies Act & Rules and Byelaws.

h) The Cooperation Dept. need to launch massive Cooperative education and awareness programmes with the help of MCAB and NABARD.

i) NPAs of Societies need to be redeemed by the State Govt. and favourable climate should be created for effective recovery of current dues. Repayment capability of the farmers will be increased by establishing effective marketing linkages.
within and outside the State to ensure remunerative prices for their produces.

The comparative position of business and other important data of the SCS in the State for the last two years ending 31 March 2003 are shown below:

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Particulars (all SCS)</th>
<th>2001-2002</th>
<th>2002-2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Membership Call SCS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>Total</td>
<td>1,01,932 Nos.</td>
<td>1,02,316 Nos.</td>
</tr>
<tr>
<td>(b)</td>
<td>Of which Scheduled Caste</td>
<td>520 Nos.</td>
<td>532 Nos.</td>
</tr>
<tr>
<td>(c)</td>
<td>Of which Scheduled Tribes</td>
<td>91,738 Nos.</td>
<td>92,084 Nos.</td>
</tr>
<tr>
<td>(d)</td>
<td>Of which others</td>
<td>9,674 Nos.</td>
<td>9,700 Nos.</td>
</tr>
<tr>
<td>(e)</td>
<td>Of which women</td>
<td>36,713 Nos.</td>
<td>36,915 Nos.</td>
</tr>
<tr>
<td>2</td>
<td>Paid-up Share Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>Total (Rs. In lakhs)</td>
<td>Rs. 185.38</td>
<td>Rs. 191.56</td>
</tr>
<tr>
<td>(b)</td>
<td>Of which contributed by Govt. (Rs. In lakhs)</td>
<td>Rs. 95.87</td>
<td>Rs. 95.87</td>
</tr>
<tr>
<td>3</td>
<td>Reserve Fund (Rs. In lakhs)</td>
<td>Rs. 9.99</td>
<td>Rs. 10.19</td>
</tr>
<tr>
<td>4</td>
<td>Borrowing from MCAB (Rs. In lakhs)</td>
<td>Rs. 489.52</td>
<td>Rs. 482.87</td>
</tr>
<tr>
<td>5</td>
<td>Deposits mobilized (Rs. In lakhs)</td>
<td></td>
<td>Rs. 71.63</td>
</tr>
<tr>
<td>6</td>
<td>Loan Outstanding (Rs. In lakhs)</td>
<td>Rs. 450.24</td>
<td>Rs. 444.65</td>
</tr>
<tr>
<td>7</td>
<td>Volume of other business:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Viability of SCS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>Total borrowing members</td>
<td>58,724 Nos.</td>
<td>60983 Nos.</td>
</tr>
<tr>
<td>(b)</td>
<td>Of above S C Borrowers</td>
<td>299 Nos.</td>
<td>311 Nos.</td>
</tr>
<tr>
<td>(c)</td>
<td>Of above S T Borrowers</td>
<td>52,852 Nos.</td>
<td>54,885 Nos.</td>
</tr>
</tbody>
</table>
From the foregoing analysis and performance data of SCS, the views and opinions of office bearers of Societies, village Leadership and traditional leaders, it has become clear that the Service Cooperatives have attained maturity and they have been playing predominant role in the upliftment of the rural economy of Meghalaya and rural masses in general and the members of the Societies in particular. Moreover, the Service Cooperatives have all the features and qualities to serve as the development organisations in the rural areas. Thus, the hypothesis about the potentials of the Service Cooperatives to serve as nucleus of all rural developmental activities in the State of Meghalaya is answered.
Blue Vanda Orchid In Meghalaya

Paphiopedilum insigne Orchid In Meghalaya
Elephant Falls at Upper Shillong

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