India has accepted the goals of a socialistic pattern of society, cooperative commonwealth and a welfare state as the bases of her socio-economic and political set-up, which presuppose a democratic, decentralised and dynamic structure, aimed at raising the masses from the depths of poverty and misery to a reasonable standard of living and reducing economic and social inequalities. The doctrines of democracy, decentralisation and dynamism can be amply and advantageously applied in the domain of finance. Cooperative banking, besides making such application possible, provides a mechanism for vigorous mobilisation and fuller utilisation of the vast but unexplored financial resources and offers a technique for social and economic reconstruction and development.

Punjab has been a pioneer in the field of Cooperative banking and has got a pride of place because the first cooperative society in India was started here in the year 1891, much before the enactment of the Cooperative Societies Act of 1904, which was meant to accord legal status to the cooperative credit movement.
Punjab is one of the most prosperous states of India and has been regarded as its 'granary' and 'home of small scale industries'. The economic conditions of Punjab and its cooperative movement have drawn pointed attention of some inquisitive minds from time to time as is evident from the two pioneer works of H. Calvert—The Wealth and Welfare of Punjab (1922) and M. Darling—The Punjab Peasant in Prosperity and Debt (1925). Later on Ata Ullah made a study of cooperative movement in Punjab (1932) and G.R. Madan wrote his thesis on —The Cooperative Movement in Punjab (1954). Some other area studies undertaken in India highlight the importance of regional studies in the field of cooperation. Besides these general studies of the cooperative movement, some attempts have also been made exclusively to study cooperative credit,** and the


** Such as 'Cooperative Banking in Madras'—R. Subramaniam, (Thesis of M.Litt. degree—published articles), 'Cooperative Banking in India'—G.M.Laud, and 'Cooperative Banking in India'—B.N. Choubey.
Three Reserve Bank of India (RBI) has also conducted some surveys, the most important and exhaustive being the All-India Rural Credit Survey (1954) (subsequently its follow-up surveys) and the All-India Rural Credit Review (B. Venkatappiah Committee, 1969). Though attempts to study the cooperative movement in Punjab as a whole have been made, no study has been undertaken as yet to give an intensive thought to cooperative banking in the region. The present work is an attempt to give a comprehensive picture of the existing state of cooperative banking (short and medium-term credit) in Punjab. The objectives of the study are: to assess the progress of cooperative banking in the region, to study its organisation, control and management, to analyse its operations in the realm of mobilisation and allocation of resources and to evaluate its position and performance.

During the course of study, the state of Punjab has undergone vital changes. Punjab which was first partitioned on the eve of Indian independence in August, 1947 was again bifurcated on linguistic basis with effect from November 1, 1966. The political boundaries of the erstwhile Punjab state have been redrawn
with the transfer of some of its areas to Himachal Pradesh and the creation of the two states of Punjab and Haryana. The present study is based on the states of Punjab as it stood before its linguistic reorganisation on November 1, 1966, without taking into account the latest political developments. It was considered unnecessary to modify the study at the final stage of drafting—first, because, despite reorganisation, a large number of common links existed between the two states; secondly, the records of the two states were in flux in the process of re-organisation; thirdly, there has been no vital change in the structure or operations of cooperative banking which continue to follow the old pattern; and finally, the basic conclusions of the study remain unaffected by this reorganisation. The study, as originally planned, incorporated different areas of the state like Ludhiana, Jullundur, Hoshiarpur, Sangrur and Patiala etc. (now in Punjab State) and Hisar, Rohtak, Karnal and Ambala etc. (now in Haryana State).

II

The data have been collected from both the primary and secondary sources.
An intensive survey of the cooperative credit institutions of the state was conducted for a period of about eight months from November, 1965 to June, 1966. The survey work started with the preparation of an exhaustive questionnaire, divided into three parts (Appendix II). Part I was meant to derive general information particularly the views and opinions of the prominent cooperators, both official and non-official; Part II was for the central cooperative banks; and Part III dealt with the primary credit cooperatives. The questionnaires were despatched both to the individuals and institutions. The general questionnaire was despatched to the Ministers, Legislators, Secretaries and officials of the Department of cooperation and the remaining two parts were sent to the Punjab State Cooperative Bank, central cooperative banks and the three hundred primary credit societies. With a view to secure cooperation of the institutional respondents, the Registrar of Cooperative Societies, Punjab, was requested to issue a circular to all the central cooperative banks and Assistant Registrars to help the author in the conduct of the survey.
In view of the limited resources, only nine districts were selected for the intensive study in consultation with the Department of cooperation. The selection included some districts considered to be advanced in the field of cooperation (Hoshiarpur, Jullundur and Ludhiana), some falling into the average category (Ambala, Patiala, Karnal and Sangrur), and some considered to be backward (Hissar and Rohtak).

The total number of primary credit societies (including service, thrift and credit)-agricultural and non-agricultural- stood at 22,109 in Punjab at the end of June, 1965. Of these, 12,346 primaries were located in the nine districts selected for intensive study. The survey covered 320 societies i.e. 2.5 per cent of the primaries in the area of study and 1.44 per cent of the total primaries in the state.

A sample of a minimum of twenty societies per district was taken at random without keeping any upper limit. The number of societies visited, therefore, varied from district to district. However, in the selection of societies, care was taken to include all types of societies - good, average and poor. The district-wise break-up of the societies surveyed is as follows:
Efforts were made to contact all the central cooperative banks. The Punjab State Cooperative Bank was frequently visited for collecting the required information.

Among the interviewees were included the officials of the Department of cooperation, the Managing Directors, Directors and Managers of the state cooperative bank and the central cooperative banks. In case of primary credit societies, the President, Vice-President, Treasurer and the Secretary were particularly interviewed.

With a view to understand the internal working of the cooperative banking in the region, the author attended some of the meetings of banks and societies as well as those of Inspectors at the office of the Assistant Registrar and of the Gram-Sevaks at the Block Development level. The author also participated in the deliberations.
Eight of the Punjab Cooperative Banking Conference held at Patiala on 25th and 26th April, 1966 and attended by the officers of the Department of cooperation, the Punjab State Cooperative Bank, the central cooperative banks and the Reserve Bank of India.

Besides the published literature in journals and periodicals, mention may be made of the use of the publications of the Reserve Bank of India particularly the Statistical Statements relating to the Cooperative Movement in India, the All-India Rural Credit Survey Report and the follow-up survey reports, annual reports of the Department of Cooperation, Punjab, from 1906 onwards, the Statistical Abstract of Punjab, Reports of the Annual General Meetings and the Audit Reports of some cooperative banks were also utilised, where available.

Although every effort has been made to make the study comprehensive and representative, the author is well aware of some of the limitations of the study. Besides the usual constraints of illiteracy and ignorance of the people, dispersed rural structure, inaccessibility to distant interior villages, and the characteristic indifference of the rural folk to scientific enquiry, these limitations are: first, the resources
Nine at the disposal of the author were meagre in view of the vast dimensions of the project and the magnitude of the problem. Only researchers know how difficult it is to pursue a field study for a private individual, particularly in the face of limited financial resources and lack of authority. Secondly, the attitude of most of the officers was indifferent and unsympathetic. Thirdly, sometimes the primary data were not completely available as the records of central cooperative banks and primary credit societies were inadequate and incomplete and did not cover all the items of the questionnaire. Also, the secondary data lacked in coverage, uniformity and comparability in certain cases. Fourthly, the villagers in general and the office bearers of primary cooperatives in particular had their own reservations and looked at a stranger asking questions with an eye of suspicion. Moreover, the villagers are generally in the habit of telling things approximately and in round figures. The oral examination was particularly subject to this limitation. Fifthly, since some questionnaire forms were complete in some respects while others in some other respects, the data were grouped into different universes and different samples were taken to substantiate the statements and comments. Sixthly, the
records of most of the societies were found in local scripts (Urdu and Gurmukhi) and it was difficult to decipher them without the help of a person conversant with them and finally, the moves for reorganisation of the state of Punjab had put all the things in a melting pot. The proposed reorganisation had created uncertainties at all levels and influenced the cooperative banking sector also.

The plan of the study, Cooperative Banking in Punjab, includes Introduction (Chapter I), the Origin and Growth (Chapter II), Organisation and Management (Chapter III), the Operations (Chapter IV), the Evaluation (Chapter V) and the Conclusions (Chapter VI).

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