CHAPTER - VI
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PROBLEMS OF WOMEN CO-OPERATIVE SOCIETIES

6.1 PROBLEMS OF WOMEN CO-OPERATIVE BANKS:

1) **Limitations on Branch Expansion:** The study has revealed that out of the eight sample banks, four banks had applied to RBI for permission for the opening of new branches in the area of their operation. Generally, the RBI gives permission to open the branches to the banks, if they fulfil the conditions of population, priority sector advances, satisfactory recovery and having ‘A’ audit class. However, the proposal is pending with RBI even though the women banks fulfil the criteria. Hence the branch expansion programme of these banks is affected.

2) **Lack of Proper Borrowers:** The women banks have tried to provide maximum services to their members. However, in the case of a few banks, it was found that there was a lack of proper borrowers. The RBI has laid down the condition that loans must be provided either for ‘productive’ purposes or ‘self-employment-oriented’ issues. The banks whose membership is spread over rural areas it is difficult to find out the borrowers for productive investment purposes.

3) **Competition from Nationalised and Other Government Savings Schemes:** This study has indicated that the commercial banks have comparatively dominating position due to their long-standing, low rate of interest, long term credit, larger amount of loan to single party, etc. Further, the commercial banks have no restrictions on the area of operation as they have adequate staff, skilled personnel, provision of all types of banking facilities and wide publicity.
to attract the clients. Due to this the women co-operative banks are finding the problems in the field of credit management. In addition to this, the government savings schemes, viz., Indira Vikas Patra, National Savings Certificates, UTI, Mutual Fund schemes of nationalised banks etc., compete with women co-op banks. Most of the women banks, especially Mysore and Dharwad banks, have this problem due to a more number of nationalised and private banks in city.

4) **Problems of Staff Turnover:** It is observed that, one of the internal problems faced by the women co-operative banks is the problem of staff turnover. This is due to the following reasons:

   i) Marriage
   
   ii) Better prospects
   
   iii) Low salary scales

   After marriage, a lady goes to her husband’s house and hence, she leaves the job. Out of 8 banks, 5 banks, except Malleshavarm, reported that the ladies have left duties, while 4 banks except Mysore and Dharwad, reported that the more staff turn-over was due to better prospects elsewhere where as Shahabazar and Basavangudi bank reported the reason of the low salary scales in the women co-op banks.

5) **Lack of Trained Personnel:** This study has revealed that, by and large, man-power planning is being neglected in all the sample banks. There is no plan indicating the manpower requirements made in advance and no systematic training and development programmes formulated for their staff. Due to the financial burden and lack of interest shown by the management, the
percentage of trained personnel in women banks is very poor. The bank should recognise that man power resource is the most productive and versatile resource.

6) **Lack of Managerial Staff:** It was found that, out of 8 sample banks, 4 banks were facing managerial problems. This is mainly due to limited earnings and low salary. Many women co-operative banks could not obtain competent staff due to the above reasons. The experts are not available in the banks to study the borrowers’ financial position and help in their project reports.

7) **Complicated Loan Procedure:** It was observed that the loan procedure was varying from bank to bank. For example, Basavangudi Women Co-operative bank undertakes two guarantors as well as the signature of their husbands or sons, since there is no property in the name of women, where in other banks two Guarantors are required. It seems 4 persons are compelled to remain present at the execution of loan bond. Due to the above condition the guarantors are not ready to stand as security. Thus, the loans become a problem for the women.

8) **Problems of Overdues:** This study has revealed that, the women banks, especially Basavangudi Women Bank, has been facing the problem of overdues for the last few years, as a result of which the bank has been declared as weak bank and it is under the rehabilitation programme of RBI. In the initial years the bank was not having permanent manager as well as recovery officers. Therefore, the overdues were high. The lady recovery officer cannot be appointed by the women bank. It is also observed that the membership of the women bank means an additional source of loans to men. The few literate
members of Dharwad bank in rural areas are not aware of the loan amount and period of loan; almost all the amount is spent by their husbands.

9) **Lack of sufficient Loan Amount:** It was found that, there is a gap between the credit demands and the credit sanctioned by the banks. It is observed in the survey that on an average 6 per cent of the borrowers are getting insufficient loan amount from their banks. This situation is found in Dharwad, Basavangudi and Shahabazar banks. Because of this situation, the members avail loans from other sources like money-lenders and private agencies.

10) **Lack of Adequate Office Premises:** This study indicates that, every urban bank should be suitably located, keeping in view the demands of banking business. The Varde Committee has given stress on the location of the bank. A good building with modern arrangement for business activities, e.g., well ventilated banking hall, safe deposit vault etc., will go a long way to enhance the prestige of the institution and promote confidence in its depositors. Out of the 8, only two banks (Banaglore and Hubli) are having their own building, while the remaining 6 banks are functioning in rented premises which are not suitable for the working of the banks.

11) **Lack of Property on the Name of Female:** It was observed that, though the personal contact and intimate knowledge of members are the best guarantees for the loans, yet as per RBI rules for every loan security of property is essential. In a male-dominated society like ours, there is no property in the name of women and hence the banks are facing the problem of financing women. Generally, the banks finance the women on their personal security with two guarantors;
however, in the case of big amount of loans banks are facing this problem. It was observed that in many cases it is too difficult to get the guarantors as many members are having no immovable property.

Inspite of the above difficulties, the women co-operative banks have good prospects in financing the women. The prospects of women co-operative banks are glamorous because of the following reasons:

1) Present government policy aims at encouraging the women to be self-reliant.
2) So far, the small-scale and cottage industries are not getting much attention by the big banks, and hence much more is still to be done there; this can be done by co-operative banks.
3) Due to the keen competition in the open market for funds, skill to innovate new schemes, propagate them and finance for them is a challenge to women co-operative banks.

About 50 per cent of the population is below the poverty line. Therefore, the women banks can play a crucial role in improving the standards of living of women. It is, thus, clear that women co-operative banks have bright future in the years to come. The demand for new women co-operatives will be ever expanding due to promotion of women development programmes. The banking services will be demanded by women as they consist of fifty percent of the total population.

Though no special provision was made in the Central and State Plans for the development of women banks as they have emerged out of the need. They have created awareness and strength among the female population by providing them credit facilities. There was the
tradition that women could not be members of a bank and they could not avail loan facilities on their own risk. However, this concept has become out-dated with the beginning of women banks in India. The RBI has also taken a note of such banks. The women banks should frame their policies as per the national plans and should help the weaker sections of women.

The urban banks are subject to departmental control and RBI. There the expansion is severely restricted by the constraints of law and administration. Yet the urban co-operative banks in the cities have strongly established themselves as integrated fabric of banking structure. The establishment of women banks in India, especially in Karnataka, has laid the corner stone of economic development of women. However, there are several problems, which need to be tackled in time.

There is no much difference between the problems of women co-operative banks and the problems of general urban banks. However, the style of working etc, found to be different. It is therefore required timely and sympathetic solutions to the problems of women banks and this will take these banks on the map of the whole nation.

If vigorous and planned efforts are made to draw a systematic plan after making a quick survey of potentialities of organizing women bank, in the uncovered areas, then there is a considerable scope for their expansion.

6.2 Problems of Milk Co-operative Societies

12) Lack of Feeding and breeding

It is found that one of the most important factors for the poor performance of milk co-operatives is that they have not realised the
crucial importance of increasing yield per animal by better breeding and feeding practices. A major area of weakness of primary dairy co-operatives is that they function merely as “milk vendors”, purchasing milk from their members and selling to dairy plants in co-operative or public sector. Dairy development is an integrated process, unless co-operatives adopt an integrated approach, success will always elude them.

13) **Un-favourable Pricing Policy**: This study indicates that, dairy co-operatives many times ignore that the loyalty of members is to be ensured through service. The most significant aspect of the service is economic benefit to the members through better payment of milk price. It is the favourable pricing policy to producers adopted by co-operatives in Karnataka that has been largely responsible for large-scale development of dairy co-operatives in Karnataka in recent years.

14) **Lack of Large Pasteurisation Plants**: It is found that one of the essential conditions for the success of milk co-operatives and other animal husbandry activities is that the establishment of such units should be preceded by and based on an investigation into all the factors which have bearing on their viability in operation. However, a number of large pasteurisation plants have been set up in the co-operative sector without even ensuring continuous and adequate supply of milk. This generates a feeling of discontent among the producers as well as the consumers.

15) **Underutilisation of the Dairy Capacity**: Another problem worth noting is under utilisation of the dairy capacity. The extension of the selective package approach towards the streamlining of
and strengthening of milk supply societies in the milk shed areas of the dairy products will go a long way in increasing supply of milk.

16) **Non Revision of Price of Milk**: This study reveals that, as regards the financial viability of milk co-operatives is concerned, during 1999-2000, out of 7,830 milk co-operatives nearly 50 percent worked at profit, 30 percent showed losses while the remaining showed neither profit nor loss. The non-revision of prices of milk by the government, inflation, competition from private milk purchasers and domestic consumers offering better price, etc are found affecting the profitability of the societies.

17) **Lack of Finance**: It is found that, non-availability of finance for fixed investment on reasonable terms is a serious problem confronting the co-operative dairies. They primarily depend upon the district co-operative banks whose interest rates are seen as uneconomic by all. Specifically, the problem of finance has arrested the growth of some women milk societies under study.

18) **Competition from the Private Dairies**: This study found that, there is a keen competition from the private dairies. The private dairies keep their price lower than that offered by milk co-operatives to the village consumers.

19) **Low Participation in Meetings**: It was observed that according to the byelaws of dairy co-operatives, executive committee meetings are required to be held at least three times in a year. When the participation of executive committee members in executive meetings (ECM) is analysed in Biddanhalli Milk Society, we find that out of 183 members, only 36 members (19.67%) participated. Participation is much lower in the case of the landless. Poor
participation of the members in executive committee meetings means that quorum is not present. Therefore the major responsibility of the committee is to facilitate the implementation of decision taken in the general body meeting and formulate strategies for different activities of the co-operatives.

20) **Lack of Infrastructure Facilities**: It is found that the Devallapur Milk Society faced many problems created by the government staff like non-supply of testing material, rejection of good milk, late payments for milk and transport bills, shortage of milk cans, and negative propaganda. Still, this society with two staff members is collecting more milk than all the other 9 societies put together. They have two milk van, a laboratory employee, three dairy boys, one milk inspector and four milk supervisors- all well paid staff members.

21) **Monopoly in Administration**: This study reveals that the secretary is the key person in a dairy co-operatives and manages day-to-day activities like milk collection, testing of milk, payment to members and record keeping. We observed that most of the secretaries have monopolised functioning of dairy co-operatives.

22) **Societies Depends on Non members**: It has been observed that the average per household milk production is comparatively higher in non-member households than in co-operative member households. It is clear that the co-operative societies fully depend on non-members.

23) **Lack of Veterinary Services**: This study found that in Shahabazar, poor animal health services have resulted in comparatively higher death rate of young stock and increased infertility in bovines. Nearly one-fourth of the co-operative villages have not been
visited by a veterinary doctor even once, where as almost an identical proportion of co-operative villages (25%) have been visited by veterinary doctors, ranging from once to five times in a year. And rest of the co-operative villages have availed of the services of veterinary doctors almost once in a month.

24) Increasing Cost of Dairy Management: It is found that the performance of the dairy co-operatives cannot be judged from annual financial statements alone. The share of farmers in total sales realisation has declined, because a significant percentage of milk is purchased from other dairies to maintain the market share. This also indicates increased cost of managing the dairy.

25) Low Wages to the Employees: It was observed that wages to the secretaries of the village co-operative societies are low and hence no honest person would like to work as secretary. Still, secretaries are expected to shoulder many responsibilities. Apparently they work for two hours in the morning and one hour in the evening. But in reality, milk testing, procurement, maintaining records, extension work, preparation of bills, etc is a full day job.

26) Problems Related to Malpractice: The study reveals that, there is malpractice by members. There should be a stand by power system at the Biddanhalli Milk Society. The milco-tester is operated on electricity, when the electricity fails the members tend to add water to the milk as then it is difficult to check the water content etc, in the milk.

27) Lack of Training and Experience: It is found that, the some of sample milk societies have low rates of growth and progress on account of uneducated, untrained and inexperienced employees.
28) **Inadequate, Irregular Fodder and Portable Water Supply**: It is clear that milk collection in flush season is more and less milk is collected in the lean season. But in lean season, in the months March, April, May, June, July and August the milk collection is much lower. This is due to the summer season. In summer season the milch animals cannot get sufficient green fodder and fresh portable water.

6.3 **PROBLEMS OF MULTI-PURPOSE WOMEN CO-OPERATIVE SOCIETIES**

29) **Lack of Inter Departmental Co-ordinations**: What are the reasons for this dismal performance of these co-operative societies? We are not the first ones to ask this questions. A number of meetings and committees have tried to answer this question in Karnataka over the past eight years. In other states, academic studies have also been conducted (Naik and Patnaik 1986, Mahalingam 1992). Most of them, however, have trodden the narrow path of technocratic or bureaucratic thinking: not enough working capital, not enough product pooling, no value addition, not enough diversification, not enough inter-departmental co-ordination and so on.

30) **Dependence on International Market**: Dependence on international market as a price taker, large financial requirements and price risks may initially cause some set back to co-operatives. This problem can be solved to some extent by promoting Indian Coffee Marketing Co-operative Ltd, as a Federation of Small Co-operatives.
31) **Irregular Meeting**: It is observed that in only three co-operative societies out of 11 Sample Women Co-operatives, meetings are held regularly and on time. In all other cases, meetings are held according to convenience and irregularly. Sometimes meetings are held when the NGO functionaries want them.

32) **Poor Management**: Another problem observed that, co-operatives in the most cases are badly managed. Although there are limited members, they are not actively associated with the functioning. The members are indifferent and office is run by paid employees. The secretary, better off person, decides most of the matters. Thus member participation in management is lacking.

33) **Traditional Problem**: The traditional problems of co-operative, like accounting, individual domination's, overdues and corruption etc are found in even some co-operatives. However, there is significant improvement in this problems due to development of panchayats and increasing awareness of the members.

34) **No Proper Ventilation**: It was found that the mixture of agarbathis is prepared by women and large number of little girls. It was found that quite often, they work in small rooms. Besides, the continuous inhaling of strong scent of agarbathi's all of them including the children are susceptible to cough and lung infections.

35) **No Proper Working Schedule**: It was found that, in most of the co-operative societies, women with small babies, pregnant women and even old women are usually employed. The rates for making covers vary from Rs. 8 to Rs 16 per 1,000; depending on the type and size of the covers. These women make nearly 800 to 1000 covers per day and sometimes more. There is no proper working schedule
36) In brief the women co-operatives are facing the following teething problems in Karnataka

(i) Stiff competition from male entrepreneurs.

(ii) High prices of raw materials required.

(iii) Financial constraints.

(iv) Management constraints.

(v) Technical difficulties.

(vi) Low ability to bear economic risk, social risk, technical and environment risk.

(vii) Discrimination in the selection for entrepreneurial base.

(viii) Low level of favourable family background in the field of family co-operation, education, occupation and entrepreneurial base.

(ix) Inferiority complex among the lower and middle class women community.

(x) Family affairs child and husband cares,

(xi) Unplanned and haphazard growth of women entrepreneurship in the country.

(xii) Lack of entrepreneurship initiative.

(xiii) Lack of specialised entrepreneurial training programmes best suited to the temperament of women entrepreneurs.

(xiv) Lack of infra-structural facilities in urban as well as in rural areas.
(xv) Restrictive policy of state governments and other promotional agencies in granting loans, incentives, concessions and subsidies specifically meant for women entrepreneurs.

(xvi) Late commencement of women entrepreneurship in the country.

37) Lack of Co-ordination among Co-operatives:
The experience of Hemavati handloom co-operatives and coir co-operatives in Bangalore reveals that, the apex organisations are not as effective as Priyadashini Women Beedi Workers Society. Their major failures are the bureaucratic stipulations and non-participatory character. Besides, they are involved in marketing only. Primary societies are not only outside their control, but also dissatisfied with them. The net result is that in many cases, particularly in handloom and coir co-operatives are still controlled by the large producers (exporters) or merchants (raw materials suppliers). Regional clusters of co-operatives do have their own local affinity and character. In Dharwad district cluster of handlooms, the trade union interests are more important than any principles of co-operation. So far no efforts are made to have co-ordination among co-operatives. The only effort is to secure equal wages and bonus.

38) Organisational Problems: Organisational problems presently faced by the co-operatives can be redressed by the creation of regional level horizontally integrated co-operative unions. The proposed regional unions can act as effective intermediaries between the societies and their potential business counterparts. The distance between the apex and the primary society is the major hindrance of the present set-up. In contrast, the Priyadarshani model with decentralisation of activities and
a regional approach will be effective. The training and the management institution have to be effectively utilised for co-operative development.

39) **Growing Liabilities**: During the study period another problem observed was the members use mainly throw shuttle pit loom, spinning wheel and other accessories. All these are traditional. Under the Intensive Woollen Handloom Development project, the societies are supplied with fly shuttle frame looms and other implements. As per the scheme, the societies have also organised training camps for weaver members on the use of this loom. The loan component was Rs 2 lakhs. Unfortunately, the weavers have not adopted the improved loom. The looms are gathering dust in the godowns of the societies. Thus, this has provide them a dead investment. The society’s liability is growing as the loan has to be repaid with interest.

40) **Loss of Interest on Free Working Capital Loan**: It is apparent that the project designers have not considered the adaptability of the weavers to the new loom, new raw material (mill spun yarn called shady wool) and the problems faced by the society in encouraging the use of mill spun yarn. The moment the societies use mill spun yarn, the loose loom lost the crucial patronage of the Khadi Board. The Board gives interest free working capital loan as well as rebate on sale. The loss of these two benefits would threaten the very existence of the societies. Hence, the societies cannot afford to encourage mill spun yarn. Even the weavers are not well disposed as they would have to depend on an unknown source of raw materials, if it is not supplied by the society.

41) **Improper Utilisation of Government Schemes**: The Government finance for acquisition of fixed assets usually consists
of two parts, subsidy and loan. The loan part is repayable with interest. This scheme was supposed to bring a revolutionary change in the kambli handloom industry. But it is so ill conceived and shoddily implemented that it put the entire structure in jeopardy. The apex society is on its death bed. What is shocking, as pointed out in the audit reports of the apex society, is that no accounting records are available about the project. This is an example of how a government scheme turns out to be a destroyer of the very movement, it is supposed to boost.

42) **Wool is not easily Available** : The weavers could not use the improved loom to weave the yarn spun by them, as the yarns do not withstand the pressure of the fly shuttle frame looms. However, the yarn spun with an improved variety of wool would withstand the pressure of the new loom. But this wool is not easily available in required quantity. Karnataka ranks 4th in sheep population and the second place in wool production in the country. Sheep breeding farms, sheep breeders associations, etc., exist but the wool is not available.

43) **Members Participation in Decision Making** : It was observed that, unfortunately, the number of members participation was not satisfactory. Only 30% of the members were actively participating in management. However, the rest were also optimistic and had full faith in other members and management. Thus, decision making becomes the voice of a few dominating members rather than participatory. In the case of Hemavati Society, Dharwad district Society, Priyadarshani Society and Amababhavani Society members have participatory role in attending meetings, and decision making.
44) **No Proper Link with Material Supplier**: It was found that, one of the important tasks of managements is to maintain the link of the co-operative societies with the market and with the raw material supply source. Hemavati Handloom Co-operative Society and Renuka Co-operative Society completely lack the link in this respect. Management could hardly keep track of the market. It will lead to slow turnover and slow cash flow.

45) **Competition From The Private Sector**: It was observed that, competition from the private sector can become another problem. The widespread apprehensive is that, in future, competition is likely to arise as development in the co-operative field are such, specifically, departmental stores are getting more and more technology based (computerised) and necessitating sizeable investment.

46) **Non Availability of Finance**: This study has revealed that, non-availability of finance for fixed investment on reasonable terms is a serious problem confronting the multipurpose co-operative societies. They primarily depend upon the district co-operative banks, whose interest rates are seen as uneconomic by all. Specifically, the problem of finance has affected the growth of some women multipurpose co-operative societies under study.

47) **Poor Salesmanship**: This study reveals that, among the 36 respondents who were regular consumers, 37.14% expressed their dissatisfaction with customers section, ready made garments and cloth section, especially its arrangement and poor salesmanship.

48) **Higher Price**: It was found that, one fourth of the consumer respondents, opined that price of the food grains are higher compare to the market.
49) **Inadequate Business Area**: This study has observed that, seven out of 36 buyers reported that, inconvenient placement of racks, delay in billing, inadequate counter, and poor service.

50) **Assignment of Job**: It was found that, 8% of employee respondents were totally dissatisfied. They mention that jobs are not assigned according to their liking and interest, and also stated that their superiors trouble them, frequently assigning unwanted and unproductive work.

51) **Pay Packages**: A majority (29 out of 54) respondents were dissatisfied with the pay packages offered by the societies. According to them, inspite of heavy work load, and being skilled and experienced, they are not getting payment at par with employee in other sectors.

52) **Promotion Policy**: It was found that, 90% of the respondent employees were dissatisfied with promotion policy. Most of them stated that even after putting 10 to 15 years of service with full honesty, integrity, devotion, there is no opportunity for promotion. Even in some cases, promotions are not made on the basis of merit, skill education etc. this appears to be serious matter.

53) **Lack of Understanding**: It was observed that, 39 respondents said that, they are not happy with their superiors due to their partiality, lack of understanding and knowledge. This indicates that many managers are unable to anticipate how changes will affect their employees and how to get work done from them.
54) **Lack of Co-ordination**: It was found that, 18 out of 54 employees reported lack of proper co-ordination and co-operation, inadequate working place, duties other than regular duties, and delay in decision from managements, inadequate welfare facilities, etc.