CHAPTER V

ROLE OF PRIMARY AGRICULTURAL CREDIT SOCIETIES.
In the previous chapter an individual performance of Central Cooperative Banks has been made. But the description of the three-tier credit structure will be incomplete without making an analysis of the role, present as well as potential, of the Primary Agricultural Credit Societies in the State. The present chapter will be, therefore, devoted to the concept, present performance and future role of Primary Agricultural Societies, given their re-organisation to suit the requirements of the State.

The Primary Cooperative Society is the bed-rock on which the whole infrastructure of Cooperatives rests. Such societies are the oldest and predominant type of cooperatives functioning in the rural areas. At the dawn of independence there were a host of single purpose (credit) societies in the State. They were by and large on one village-one society pattern with limited/unlimited liability. The main object of these societies was to relieve farmers from the clutches of money lenders. However, these societies failed to make an appreciable impact on rural economy because of their limited scope. These
societies as a matter of fact, could not meet other requirements of farmers in terms of fertilizers, seeds, implements etc. Consequent upon this, most of these societies became dormant. Some of them had to be merged into a new form to cater to the varied interests of the farmers. The newly evolved societies came to be known as Multi Purpose Cooperative Societies. In this context it is laudable to note that much before the Rural Credit Survey Report saw the light of the day, a well knit chain of such Multi purpose Societies had started functioning in the valley of Kashmir! This advance action was precipitated by the Tribal Aggression on the State to resolve the economic distress and disorder created thereby. Subsequently, during the seventies a good number of societies on village level, termed as sale and service societies, were formed in Kandi and hilly areas to meet the needs of villagers. Recently some societies were formed on block level known as Farmers Service Societies. Besides providing short and medium term credit, these societies supply consumer goods, seeds, fertilizers and other inputs to village community.

All these societies have extended their service to members and non members and accept surplus grains on procurement account on behalf of State Government. However, credit is provided only to members. The new organism of Cooperative Society is a broad based pattern covering under its operation, the entire patwar Halqa spread over several villages. Broad basing implied enrolment of at least one member from each household to provide large share capital and wide coverage to avail of the services that these societies envisaged to provide, as a basic unit of Rural Development. The present Cooperative structure at base level is a mixture of all these types of societies, with massive membership on whose share capital state Government also contributes on matching basis. This is indicating by the following table.

**TABLE 1**

<table>
<thead>
<tr>
<th>Type of society</th>
<th>No. of Members</th>
<th>Share Capital</th>
<th>Working Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pry. Agricultural Societies</td>
<td>1437</td>
<td>381937</td>
<td>14443 188124</td>
</tr>
<tr>
<td>Sale &amp; Service Societies</td>
<td>40</td>
<td>484</td>
<td>1281  61.28</td>
</tr>
<tr>
<td>Farmers Service Society</td>
<td>2</td>
<td>4847</td>
<td>6.60  24.03</td>
</tr>
<tr>
<td>Marketing Societies</td>
<td>80</td>
<td>18338</td>
<td>31.08 1653.91</td>
</tr>
<tr>
<td>Fruit growers Societies</td>
<td>99</td>
<td>9452</td>
<td>10.33 102.92</td>
</tr>
<tr>
<td>Whole sale stores</td>
<td>6</td>
<td>8305</td>
<td>11.94 102.92</td>
</tr>
<tr>
<td>Pry. consumer store</td>
<td>59</td>
<td>11752</td>
<td>10.20 36.53</td>
</tr>
</tbody>
</table>

Source: By courtesy of Registrar, Coop. Societies, J&K.
For purpose of drawing credit, all these primaries are affiliated to concerned central co-operative banks/ Commercial banks and for obtaining agricultural inputs and consumer goods they are linked with the concerned marketing societies at mandi level.

**Objects.**

As per byelaws the main objects of a primary society are:

a. Provision of credit for short term to members without demanding landed security and simply based on productive efficiency of the farmers and productivity of the land holding.

b. Provision of medium term credit to members for a period of 3 to 5 years for construction, development and maintenance of minor irrigation facilities, purchase of milch cattle and livestock etc.

c. Provision of farm inputs like modern chemicals, fertilizers, pesticides, fungicides, improved implements, better quality seeds with a view of transforming the traditional agriculture to scientific agriculture, and

d. Supply of commodities essential to the life of the community at reasonable price, releasing
the community from the mal-practices of private trade, and

- Marketing of surplus produce of members through the agency of mandi level marketing societies to fetch proper price to the producer.²

Planning from the Grass Roots

It has been rightly said that India lives in villages. About six lac villages are in the country with about 80 percent of our total population.² Out of that 48 percent live below subsistence level and are prone to exploitation by money lenders, big Zamindars, Traders and other anti-social elements. To tackle this problem, planners found the cooperative system of National Reconstruction as the only suitable means to deal with the situation. The National Conference of State Registrars of Cooperatives in 1978, also recommended a close coordination between the cooperative society and the village panchayat.² With a view to formulate plans for rural development in the long run, it is essential that the basic unit of society i.e.

². Byelaws of the Primary Agricultural Cooperative Societies, Published by Mazdoor Coop. Press.
the "individual" should be adopted for allround
development at the society level. This envisages
provision of a package of services enumerated above
under the single roof of the Primary Agricultural
Society. This multipurpose approach has delivered
goods to an appreciable extent in the State of
Jammu and Kashmir too. Accordingly a good number
of such societies was set up to extend these
services to the farmers. The rate of increase in
the number of societies along with their membership
share capital, owned funds and working capital since
1975 is given in the table below—

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Membership</th>
<th>Share-capital</th>
<th>Owned funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975-76</td>
<td>1394</td>
<td>366300</td>
<td>13102</td>
<td>10375</td>
</tr>
<tr>
<td>1976-77</td>
<td>1409</td>
<td>378012</td>
<td>14823</td>
<td>11569</td>
</tr>
<tr>
<td>1977-78</td>
<td>1404</td>
<td>378214</td>
<td>15696</td>
<td>11401</td>
</tr>
<tr>
<td>1978-79</td>
<td>1418</td>
<td>378244</td>
<td>17246</td>
<td>12782</td>
</tr>
<tr>
<td>1979-80</td>
<td>1437</td>
<td>381937</td>
<td>17907</td>
<td>13443</td>
</tr>
</tbody>
</table>

Source: Compiled by the scholar
from Annual Administrative
Report, 1979 and Office records
of the Registrar, Cooperative Societies.
The above table reveals that the number of Primary Societies increased to 1437 in 1979-80 as against 1394 in June 1976 except in the year June 1978 when it decreased from 1409 to 1404. But this decrease was due to the creation of sale and service societies by merger of Primary Societies. Membership and owned funds also showed an increasing trend. But the growth in number of societies together with their numerical strength of membership is subservient on the services they rendered to their members. These services, in turn, are closely inter linked with the Geo-physical conditions of the area of operation. This explains why there are heavy overdues and poor membership in Kandi areas of Doda, Poonoh and Rajouri and in Ladakh as is evident from the following table.

**TABLE 3**

**NUMBER, MEMBERSHIP, TOTAL POPULATION OF PRIMARIES IN KANDI AREAS**

<table>
<thead>
<tr>
<th>Area</th>
<th>No. of Active Societies</th>
<th>Active Membership</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poonoh</td>
<td>55</td>
<td>53</td>
<td>1179</td>
</tr>
<tr>
<td>Rajouri</td>
<td>108</td>
<td>92</td>
<td>23327</td>
</tr>
<tr>
<td>Doda</td>
<td>125</td>
<td>119</td>
<td>36703</td>
</tr>
<tr>
<td>Ladakh</td>
<td>138</td>
<td>121</td>
<td>9866</td>
</tr>
</tbody>
</table>

Sources: - By courtesy of Registrar, Cooperative Societies, J & K.
The coverage by Primaries in Jammu and Kathua districts if taken separately exceeds 90%. It falls to 42 percent when taken for the whole province of Jammu. Similarly in Kashmir coverage is 82 percent. The coverage for Anantnag District alone accounts for 100 percent. The laouna was to be filled up by harnessing the commercial banks to fill the credit gap. But the experience during the past decade has convinced that developed areas have attracted the commercial banks for their operational activities at the cost of under-developed pockets. However, this operational efficiency even in the relatively developed areas has not been one of a convincing nature.

Business Operations

a. Loan Procedure:

The Bye-laws of the Primary Agriculture Societies specify their activities as advancing short term and Medium term loans, and Marketing of Agricultural inputs. Where these primaries deal in consumer goods, such items are sold on cash basis. For crop finance the cash and kind components as fixed by the


7. Ibid.
Field workers at Annual District Level Conference are generally adhered to by them.

The loan sanctioned to a member is related, in each case, to his production needs which are ascertained and recorded in detail in what is known as Normal Credit Requirement Register prepared by the Society every year. Credit limit of each member is fixed in advance of the season which safeguards against lending of excess amounts and also facilitates loans in time. The societies are required to submit loan applications in triplicate for rabi and kharif crops. The societies are also required to submit a statement (to concerned Central Cooperative Bank) showing demand for loans both for weaker sections and other farmers, and latest trial balance. However, enough care needs to be taken to see that loans are utilized for the purpose for which they are granted. The procedure adopted by banks for sanctioning of loans to primaries is as follows:

1. Before the commencement of the season the bank fixes scales of finance for different crops grown in the area on advice of a technical group or a
conference of field workers which is attended by officials of the Departments of Agriculture and Cooperation and representatives of societies.

ii. The societies prepare a credit limit statement which contains the particulars of the lands cultivated by each member, the crops he proposes to grow and the credit eligibility of each member on the basis of the fixed scales of finance. The total of individual eligibility is the requirement of all the members put together.

iii. After due verification by the bank's field staff the loan case is forwarded to the Central Cooperative bank for sanction. With whatever modifications considered necessary by the loan committee, final sanction is sent to the society.

iv. The society sends a drawal application together with the list of members for whom funds are sought. On checking the demands with sanctions communicated as per credit limit statement, the bank permits the drawal.

v. The society has to send later a disbursement statement so that the bank can verify whether loans have been disbursed as per sanction.
vi. In case of disbursement of kind component of loan, the society itself issues fertilizers etc. and debits the loan account of the individuals. The Central Cooperative bank on its part debits the loan account of the society and gives corresponding credit to the Marketing Society.

vii. Promotes are taken by the society from each member to cover the limit sanctioned. Similarly, the concerned central Cooperative Bank obtains a consolidated promote from the society with a fixed due date for the total limit sanctioned to the society in cash/kind.  

b. Advances: -

All the societies follow the above mentioned guidelines while advancing loans and supplying other necessary Agricultural inputs. The yearwise picture of advances, recovery, outstandings and overdues both short and medium term is given in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Advances (Rs. in thousands)</th>
<th>Recovery</th>
<th>Outstanding</th>
<th>Overdue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75</td>
<td>23560</td>
<td>22975</td>
<td>72588</td>
<td>19800</td>
</tr>
<tr>
<td>1975-76</td>
<td>20708</td>
<td>20248</td>
<td>75189</td>
<td>21597</td>
</tr>
<tr>
<td>1976-77</td>
<td>32441</td>
<td>29195</td>
<td>948222</td>
<td>23488</td>
</tr>
<tr>
<td>1977-78</td>
<td>24539</td>
<td>29163</td>
<td>91335</td>
<td>33403</td>
</tr>
<tr>
<td>1978-79</td>
<td>27633</td>
<td>28651</td>
<td>90311</td>
<td>35474</td>
</tr>
</tbody>
</table>

Source: - By courtesy of Registrar, Cooperative Societies, J & K State.
In the table advances show a fluctuating trend. In a growth oriented economy advances of base level societies should have increased constantly. Recovery position is distressing as during the five years period it has increased, only by an amount of Rs. 573,600. The highest recovery is of the amount of 2,919,500 in June, 1977. Overdues and outstandings also show an upward trend. This is due to the fact that arbitration cases filed are pending and officials, in many cases encouraged wilful defaulter.

So far as the supply of consumer goods and agricultural inputs are concerned the performance is encouraging as is evident from the following table.

**TABLE 5**

**SALE OF AGRICULTURE INPUTS AND CONSUMER GOODS**

( Rs. in 000 )

<table>
<thead>
<tr>
<th>Year</th>
<th>Agricultural inputs</th>
<th>Sale of consumer goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75</td>
<td>2,4112</td>
<td>4,0312</td>
</tr>
<tr>
<td>1975-76</td>
<td>3,6311</td>
<td>2,4471</td>
</tr>
<tr>
<td>1976-77</td>
<td>3,3614</td>
<td>2,4758</td>
</tr>
<tr>
<td>1977-78</td>
<td>5,7013</td>
<td>3,8557</td>
</tr>
<tr>
<td>1978-79</td>
<td>4,6516</td>
<td>4,3301</td>
</tr>
</tbody>
</table>

Source: - By courtesy of Registrar, Cooperative Societies, J&K.
The table presents a satisfactory position in regard to the services offered by primaries to the village community. The amount involved in the agricultural inputs viz., seeds, fertilizers and implements supplied by the primaries touched a figure of Rs. 46516000 in 1978-79. Similarly the sale of consumer goods (food grains, and other necessities of life) increased from Rs. 40312000 to Rs. 43301000 between the period of 1974-75 to 1978 to 1979. It is a healthy trend for the growth of agricultural sector which needs not only to be maintained but should be enhanced in future.

Among agricultural inputs, distribution of fertilizers is the main item as farmers are becoming fertilizer conscious and use heavy doses of fertilizer. Regarding the sale of various types of fertilizers the performance of societies is very appreciable. The targets fixed have not only been achieved but also exceeded. The off-take figure of fertilizers for last five years is given below in table 6.
TABLE 6

FERTILIZER DISTRIBUTION BY PRIMARY SOCIETIES

(*Fig. in tones*)

<table>
<thead>
<tr>
<th>Year</th>
<th>Urea</th>
<th>D.A.P.</th>
<th>M.O.P.</th>
<th>S.P.</th>
<th>C.A.N.</th>
<th>A.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75</td>
<td>15915</td>
<td>2800</td>
<td>526</td>
<td>49</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>1976-77</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>1977-78</td>
<td>22668</td>
<td>6755</td>
<td>837</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1978-79</td>
<td>25948</td>
<td>7040</td>
<td>787</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1979-80</td>
<td>31382</td>
<td>9000</td>
<td>1832</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>


Financing Weaker Sections

The primaries are also playing an important role in providing credit to the weaker sections of small and marginal farmers. The requirements of weaker sections are two fold viz., production credit to carry on their production activities and consumption credit for their sustenance during the loan period. The need for consumption credit emanates from the fact that their
Consumption requirements always tend to run ahead of their production and must have met from outside. Recently a scheme, of providing credit to backward communities such as scheduled castes and scheduled tribes, Gurgars and Backwardwalls on Differential Rate of Interest, was also adopted. The Reserve Bank of India has advised Central Cooperative Banks to direct 20 percent of their lending under D.R.I. scheme to these sectors of community. Since the introduction of the scheme the primaries have made a good attempt by advancing a total amount of Rs. 14317 and Rs. 6452 respectively. However, here too these primaries suffer from bad recovery and outstanding problem.

**Overdues**

The problems faced by the Central Cooperative Banks, the State Cooperative Bank and the Commercial Banks involved in agricultural lending have their origin in the operational inadequacies of these primary societies. The greatest and baffling of all such problems is that pertaining to the accumulation of overdues that has choked the pipeline of credit. With the

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9. Statistical cell, Registrar Cooperative Societies, J & K.
increase in overdues and consequent failure of the society to achieve at least 50 percent recovery, the ineligibility for further lending has increased. As a result thereof the concerned Central Cooperative Bank has not been able to operate on the limits sanctioned by Reserve Bank of India. Recently the attention of State Chief Minister was drawn to this alarming position of overdues. The Chief Minister was pleased to advise that

"A realistic appraisal of overdues be made and due consideration be given to each individual case. A proper case be framed to justify genuine cases for write off. In case of wilful defaulters coercive action be taken for recovery of dues."

The Departmental machinery appears to be out of gear as no attempt of recovery from wilful defaulters has been made. It seems that the services are afraid of political reprisals if application of coercive measures is adhered to. As that would result in resentment of the vocal section of electorate who get the wind not to repay Cooperative Debts. Against

10. Personal discussion with Registrar, Cooperative Societies, J & K Govt.
this background, it would be in the interest of the authorities to pay heed to the call of the World Bank to the irresponsible policy of Maharashtra and Tamil Nadu Governments in writing off total overdues in sudden blast of sympathy for the farmers. Maharashtra Government alone wrote off as much as Rs. sixty crores of cooperative loans with a stroke of pen.\textsuperscript{12} Despite the Reserve Bank of India's instructions not to follow Maharashtra and Tamil Nadu, some officials of our State have advised many defaulters (Bakayadars) in Tehsil Riasi to delay repayment of loan. "In Tehsil Riasi there are about twenty persons who have cornered at least Rs. 10 lakhs of cooperative money". Such departmental officials should be suitably dealt with.

\textbf{Reorganisation Programme:}

In order to improve the adverse position of overdues, as also to change the loss incurring societies into profit earning ones, Reserve Bank of India recommended a programme of Reorganisation since 1969 when it said, "the functioning of strong and viable units at primary level is an urgent need as much for the sound working


\textsuperscript{13} Ibid.
and health of the entire Cooperative Credit structure, as for the successful implementation of Agricultural Programmes. It is, therefore, important to complete within the first two years of the Fourth Plan, the present programme of reorganisation, so that only viable or potentially viable primary Agricultural Credit Societies remain in existence as at the end of 1970-71.  

The viability of any society is judged if it fulfils following conditions.

a. Sufficient loan business to employ a full time paid secretary.

b. Having a regular office in its area of operation and

c. Contribute to the Reserve Fund on the required scales.

However, viability norms vary from place to place depending on geo-economic conditions of the State. These norms changed from time to time. In this direction the department of Cooperatives in Jammu and Kashmir conducted a survey of about 600 societies in 1965 which showed that even according to low norms

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fixed for viability viz., loan business of Rs. 35,000 in Kashmir Province and Rs. 50,000 in Jammu Province, only 97 societies in Kashmir and none in Jammu were viable.¹⁵

These norms were changed by the Cooperative Conference held in 1966. The Conference recommended viability criteria of primaries in Jammu and Kashmir as a loan business of Rs. 25,000 and sale of consumer goods of Rs. 25,000 which provide a margin of 2.25 percent on credit and 3 percent on consumer goods.¹⁶

As a follow up measure the National Conference on the role of Cooperatives in 1978 has revealed that the State of Jammu and Kashmir has failed in its attempt to bring out the programme of reorganisation. Thus commenting on the performance of different States the Conference said that "Reorganisation has been completed in Haryana, Rajasthan and in plains of Uttar Pradesh and Assam. Substantial progress has been made in the matter of reorganisation in Karnataka, West Bengal, Meghalaya, Orissa, Andhra Pradesh and Tamil Nadu ...... the work is yet to be taken up in Bihar, Maharastrra, Gujarat, Jammu and Kashmir and Punjab".¹⁷

¹⁵. The office records of Registrar Cooperative Societies, J & K Government.
On the recommendation of the above said Committee, Reserve Bank of India laid down revised norms for determining viability of an agricultural credit society. For Jammu and Kashmir State the norm was as under:

a. Society should have a minimum loan business of Rs. 2.00 lakhs.

b. Society should have a gross cropped area of 2000 hectares unirrigated or 800 hectares irrigated.

It is unfortunate to note that these norms though accepted by the Cooperative Department were never implemented. Several paper exercises at reduction of number of societies and their amalgamation to form viable societies were confined to office records and not planted on the field. It is in the wake of grant of loan by European Economic Community (EEC) of Rs. 40 crores and World Bank Loan of Rs. 1.25 billions for supporting the funds of Cooperatives and giving them the additional storage facilities, that the Central Government has recently asked the State Government to hasten recon organisers of primaries.

18. N.C.U.I. Viability of Primary Agricultural Credit Societies in Hill Areas - Problems and Prospects, p.11
Accordingly the State Department of Cooperation has initiated concerted action since 24th April, 1981. The norms of viability being intact, norms accepted for potentiality of a society have been set as:

a. a loan business of Rs. 0.75 lakhs,
b. consumer and fertilizer business to the extent of Rs. 0.50 lakhs,
c. 2000 hectares of unirrigated or 800 hectares of irrigated cropped area in the area of operation and

d. should cover 75 percent population with a borrowing membership of 50% of the total membership.

The norms should be so as to generate annual growth rate of 15 percent and over a period of 5 years it should have a loan business of at least Rs. 1.50 lakhs.

For implementing the programme, committees at Block / District and Divisional levels have now been appointed. These will be headed by concerned Assistant Registrars, Deputy Registrars and Joint Registrars respectively. Six months deadline has been fixed for completion of reorganisation process. In view of their past experience, much cannot be expected from the same set of officials who have not been able

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20. Ibid, p. 43.
21. Ibid.
to do anything for the past 12 years. Hence they cannot be expected to perform miracles within six months.

Reorganisation in Hilly Areas

A separate scheme of reorganisation has been launched for hilly areas on the following lines:

1. Every reorganised society should have its head quarters at a growth centre and include in its area of operation villages that are traditionally linked with that centre and will be within a radius of 8 to 10 kilometers.

2. The society may have one or more gram Panchayats as its area of operation.

3. The reorganised society should have a gross cropped area of 800 hectares or 400 hectares in its area of operation depending upon the means of communications and transport facilities.\(^{22}\)

However, the implementation of these norms seems a difficult proposition in view of the peculiar topography of the State. Even then the State is advised to draw benefit from the experience of

\(^{22}\) Ibid. p. 43.
Himachal Pradesh which appointed a study team under the Chairmanship of Agricultural Production Commissioner for purpose of reorganisation of Primary Agricultural Credit Societies. It follows therefore, that the Government of Himachal Pradesh was not only very keen but also serious in according right type of priority to the task of reorganisation. The same enthusiasm should emerge in Jammu and Kashmir for this huge problem. More quantification of loan business and coverage is not enough. What is needed is a perfect institutional planning based on requirements of primary membership. Proper planning will ensure systematic building up of a primary level institutions and thereby enabling smooth flow of advantage of Cooperative organisation to ultimate beneficiary.

Management

In the organisational set up of Cooperative society, the General body assumes supreme position. Its functions, inter-alia, are to:

1. Elect a Managing Committee;
2. Adopt Annual Activity Report;
3. Distribute profits, if any,

5. Rectification of audit observations,
6. Consideration of inspection notes of officers and
7. Incurring expenditure within the sanctioned budget.

As per election rules of Cooperative Societies, elections are due after every two years, it is surprising to find that election to primaries were held after a lapse of more than one decade in 1977. Elections became due again in 1979 but were not held owing to unsavoury political atmosphere. It has generally been observed that elections to Managing Committee assume great importance. Under the multiparty set up, each party fights cooperative elections as a prestige issue. Recognising cooperatives as a source of power, every party that comes into power tries to instal its own party men in the cooperative management. Existence of politicians in cooperative societies is a debatable question. A politician with integrity can prove an asset and more effective in pleading the cause of the society he represents.

Generally speaking, the management of the base level cooperative societies has not been up to the mark because of the following reasons:

i. Postponement of election contrary to cooperative societies Act on Pol. considerations

24. Office records of Registrar Cooperative Societies.
ii. Political bias of the members propped up on administrative support,

iii. Below-the-standard literacy of basic members and Managing Committee members,

iv. Lack of internal control and huge embezzlements,

v. Equation of supervisory staff with the salesman-cum-Accountant of the society,

vi. Introduction of trade unionism in cooperative movement at all ranks including societies and officers,

vii. Lack of common cadre Accountants/Secretaries in all primaries and

viii. Lack of cooperative education among members.

Poor control and negligence of Managing Committee has adversely affected the working of primaries. This is evident from the Reserve Bank of India Study Team which has found that "In large number of societies, funds are reported to have been misappropriated by their staff and members of the Managing Committee. The misappropriation is reported to be sizeable in the District of Doda, Udhampur, Rajouri and Poonch. The misappropriation of funds is to the tune of Rs. 12 lakhs in Doda and Rs. 7 lakhs in Rajouri ending June, 1977. This is done by not disbursing loans to members, not accounting for or passing on the entire amount recovered from borrowers to the bank". 25

The findings of the study team are further confirmed when the Department of Cooperation assessed fertilizer business. It reported misappropriation on fertilizer account alone to the tune of Re. 1 crore. The position has improved as fertilizers are issued on cash basis.

Trade Unionism

As in other spheres, trade unionism has also found its way in all the ranks of cooperatives. There are unions of Cooperative salesmen, accountants, Supervisors, Sub-auditors, Auditors and Assistant Registrars as well as of Joint Registrars and Deputy Registrars. These unions have been responsible in bringing about deterioration not only in management, supervision and control but also in all other concerned activities and operational functions. The trade unionism has hampered the movement as a whole to the neglect of their legitimate duty. From minutes of Gazetted Employees Association it appears that the entire energies of the officers are wasted in matters of litigation in civil courts against so-called supercessions, seniorities etc.\textsuperscript{25} Cooperative movement

\textsuperscript{25} Minutes of J & K Cooperative Gazetted Employees Association dated 10 June, 1981.
is not a factory where trade union practices could be allowed. Unfortunately the State Government has not taken any notice of trade union activities in a people's movement meant for economic development of the country.

**Member Education**

The panacea for all diseases of the cooperative movement in the State is the cooperative member education. An enlightened membership can alone exercise control on overdues, check the Government intervention and ensure proper functioning of the societies. Commenting on the importance of member education Mr. H. Eldin has said "If we had the occasion to start our movement a fresh, and if we were given the choice between two possibilities that of starting with little capital but with enlightened membership and that of starting with big capital but with ill-informed members, our experience would incline us to choose the first course".

Seized with the importance of Cooperative Education a number of developmental agencies like National Cooperative Union and the State Cooperative Union
launched a vigorous campaign to propagate the ideals of cooperation in the State. Through these programmes an effort was made to educate members about the philosophy of cooperation and methodology to run the cooperatives as business units without much dependence on departmental guidance. The member education programme run by the National Cooperative Union of India and the State Union needs immediate evaluation. As there has been no apparent impact on the programme in official view, it requires an overhaul without delay.

In addition to primary societies including Farmers service societies and sale and service societies, there are presently 99 fruit growers marketing societies of primary nature. These societies are under the administrative control of Directorate of Horticulture (Planning and Marketing) which is a new Department created a few years back. So sufficient data could not be had from the Department about the working and performance of these societies.
Suggestions: -

Keeping in view the role assigned to Cooperative banking in the development of rural economy, it is important to strengthen the primaries structurally and operationally. The following suggestions, therefore, need careful consideration: -

1. Departmental audit should be transferred to Accountant General along with costs of audit to compensate that agency,

2. Arbitration cases be referred to concerned Panchayats where societies are located to facilitate disposal of such cases. Official delays can thus be minimised as also local pressure be brought on the defaulters to effect recovery.

3. Member education programmes should be accelerated to educate basic members and managing committee members about the principles and methodology of cooperation.

4. Transfer of supervision to concerned banks has been a sad experience. Prior to such transfer overdues did not exceed to 20 percent. But after transfer
they have rocketed to 60 to 65 percent. Reasons for bad supervision through concerned bank's staff are:

a. Nominated management of banks has not shown administrative aptitude to get work done from subordinates,

b. Persons on the management who command political influence and are dependent on popular vote, don't want to displease executives who can be of help to them for getting votes during election, and

c. Defective recruitment to supervisory staff wing by the banks, which is done on party considerations, overriding the principles of efficiency and merits of the job.

Accordingly, it is proposed to rectify the mistake by transferring supervision back to the department. The suggestion is radical, but considering the Registrar's official status, his powers and administrative get-up coupled with the status that the supervisor enjoys as a servant of the State go a long way to boost up morale of the Executives, which is sine qua non, for efficient functioning by the Executives in whatever field posted. This is, however, a suggestion which needs thoughtful consideration in the interest of
revamping the cooperative movement in a society which is far behind the stage where absolute democratic system could be allowed to function. This is presently most essential because our economy is yet a developing stage and controlled democracy suits out society at this stage.

5. To salvage the cooperative movement the Government should declare cooperative services as essential service and ban trade unionism in cooperatives, as these units are essentially linked up with the public distribution scheme launched by the Centre last year, which must be made to succeed to save the common man from black marketeers.

As the loans of developmental nature, are advanced by the Jammu and Kashmir Central Cooperative Land Development Bank, the Chapter that follows will deal exclusively with its performance in the agricultural development of the State.