CHAPTER XIII

SCOPE AND LIMITATIONS
OF
MULTIPURPOSE SOCIETIES

Most of the societies which were organised in the beginning of the present century were single purpose societies. By far the biggest proportion confined itself to the supply of credit. The Depression of thirties, which produced paralysing effects upon the Cooperative Movement, gave rise to the feeling that the main weakness of the movement was its absorption in credit activities to the exclusion of all others which went to make up the economic life of the community. At the same time it was felt that (1) the money lender could not be dispensed with unless all his functions were taken over by one agency; (2) credit, without being linked up with production and marketing, offered a dangerous temptation to the ignorant peasant, and, in many cases, led to his financial deterioration, and (3) there was paucity of trained personnel with requisite knowledge of accounting and business to run a number of separate institutions in the same village. So the idea for a type of society which could be a sort of universal provider and could cater to all the economic needs of the villagers started gaining strength. It came to the forefront in 1937 with the publication of a Bulletin by the Reserve Bank of India on the working of a small Multipurpose Cooperative Union at Kodinar (Baroda State). The bulletin made suggestions about the applicability of its working elsewhere. Since then the opinion has strongly veered round the idea of formation of multipurpose societies in this country and this also has been endorsed by the various Provincial as well as Central Committees including the Planning Commission.

1. Reserve Bank of India, Bulletin No.1 "Report on the Banking Union at Kodinar, Baroda State with suggestions about its applicability elsewhere."
Under the influence of this new trend in the cooperative field this state also took up the organisation of multipurpose societies which were of two types viz; Agricultural multipurpose and non-agricultural multi-purpose. While the former were organised among the agriculturists and were mostly situated in the rural areas, the latter type were organised by the traders and businessmen and were situated in the urban areas.

**Agricultural Multipurpose Societies**

The organisation of these societies was first taken up in 1946 in the pre-partitioned Punjab among the exservicemen, who had been demobilised from the army. On returning from the army to their villages these exservicemen had to experience great difficulties in securing their daily necessities, particularly foodgrains, cloth, sugar and kerosene oil. In order to solve these difficulties a scheme was drawn up to organise cooperative societies among them which were to be known as Exservicemen Multipurpose Societies. The original proposal covered a very large number of activities to be taken up by these societies but subsequently it was decided that these should take up only such functions as are closely linked for example (1) provision of credit for agricultural requirements, (2) supply of seeds, manures and implements (3) sale of consumer goods, (4) marketing of agricultural produce and (5) general measures for thrift and mutual help. In actual practice, however, these societies concentrated their efforts to the supply of consumer goods in short supply as the members were not in need of any finance at that time. The sale of agriculture produce was also not taken up, as the areas where these societies were organised were already deficit in food. The total number of such societies was 25 at the time when the partition of the State took place in August, 1947, but of them only two were left in the East Punjab. After the partition for some time, efforts were continued by the Cooperative Department to organise such societies only among Ex-servicemen. But then the policy was revised, and it was decided to
organise multipurpose societies among other agriculturists as well. As a result of this the number of these societies increased rapidly in the following few years as is evident from the table given below:

Table No. LXXX

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Socs. Cons.</th>
<th>Member of Credit</th>
<th>Member of Share</th>
<th>Average Capital</th>
<th>Deposits</th>
<th>Reserves</th>
<th>Working Loans</th>
<th>Issued</th>
<th>Recov.</th>
<th>At the end of Goods</th>
<th>P&amp;L Acct</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1946-47</td>
<td>2</td>
<td>-</td>
<td>51</td>
<td>25</td>
<td>Rs. 3</td>
<td>Rs. 8</td>
<td>-</td>
<td>Rs. 11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1947-48</td>
<td>12+1</td>
<td>556+37</td>
<td>46</td>
<td>32+2</td>
<td>Rs. 20</td>
<td>-</td>
<td>-</td>
<td>Rs. 52+2</td>
<td>22</td>
<td>18</td>
<td>4</td>
<td>64</td>
</tr>
<tr>
<td>1948-49</td>
<td>111</td>
<td>11</td>
<td>5,124</td>
<td>29</td>
<td>Rs. 3,72</td>
<td>Rs. 36</td>
<td>13</td>
<td>Rs. 4,57</td>
<td>3,89</td>
<td>3,80</td>
<td>17</td>
<td>2,78</td>
</tr>
<tr>
<td>1949-50</td>
<td>287</td>
<td>124</td>
<td>15,550</td>
<td>47</td>
<td>Rs. 9,98</td>
<td>Rs. 6,67</td>
<td>2,16</td>
<td>Rs. 4,37</td>
<td>23,18</td>
<td>17,55</td>
<td>5,80</td>
<td>18,12</td>
</tr>
<tr>
<td>1950-51</td>
<td>380</td>
<td>150</td>
<td>18,238</td>
<td>48</td>
<td>Rs. 14,40</td>
<td>Rs. 9,98</td>
<td>4,37</td>
<td>Rs. 4,73</td>
<td>35,48</td>
<td>5,17</td>
<td>9,45</td>
<td>50,40</td>
</tr>
<tr>
<td>1951-52</td>
<td>369</td>
<td>N.A</td>
<td>18,564</td>
<td>50</td>
<td>Rs. 14,46</td>
<td>Rs. 10,15</td>
<td>4,52</td>
<td>Rs. 4,86</td>
<td>35,99</td>
<td>6,97</td>
<td>5,32</td>
<td>10,18</td>
</tr>
</tbody>
</table>

These societies fell into two categories viz; (1) newly organised which generally took the business of supplying controlled and rationed articles only and (2) those old village credit societies which were already performing the function of distributing rationed articles in addition to their normal credit function and were now renamed as multipurpose societies. The new societies were organised in the Ambala Division where the existing credit societies were in a moribund condition and the well-to-do agriculturists in the villages found a good opportunity to participate in them, as the return on the capital invested was ensured. The conversion of old agricultural credit societies into multipurpose was mostly taken up in the Jullundur Division where certain good societies were already dealing in rationed articles. The conversion of these old societies into multipurpose was a formal one as these did not take up any new function. After the decontrols in 1951 most of the newly organised societies which were dealing in controlled goods only, have stopped working while those, which were converted from credit to multipurpose, have returned to their old function of merely supplying credit. This is evident from the facts that the number of such societies has already
decreased and their profits have been turned into losses. Thus the fate of these societies has been similar to those agricultural credit societies which were hastily organised following the First World War. The new multipurpose societies were organised without any systematic plan while no effort was made for the old societies to take up new multifarious functions. The Registrar issued orders that so many multipurpose societies must be organised within a particular year without giving any clear instructions about their organisation and functions. The supervisory staff carried out these orders. The natural result was the failure of ill-planned multipurpose societies after some time. The main defects from which such societies suffered were as follows:

(1) Poor Membership: The societies, which were newly organised, had a very poor membership. For example, three societies visited in the Ambala Division had a membership of only 34, 23 and 17 respectively. They had been formed by a few well-to-do agriculturists in the villages just to take advantage of securing profits by undertaking the distribution of controlled commodities to the public. As soon as the articles dealt with by them were decontrolled and the profit fell due to open competition, these well-to-do lost their interest and these societies came to a standstill position.

(2) Associations rather than Cooperative Societies: Some of the societies were not co-operative. They were simply associations of influential persons who got them registered as co-operative societies just to get some advantages under the guise of cooperation. For instance, in a small grain market in Ludhiana District, there was an agricultural multipurpose society which had, in June 1952, 365 members. Out of which 125 were traders residing in the same market, some were employees and the rest were well-to-do agriculturists residing in the adjoining villages.

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1. The figures of sales do not indicate the true position, because the sales of those societies which are mere trading associations exaggerate the actual figures.
The society was running a commission shop and a consumers' store in that market. But their main aim had been to get licences for dealing in controlled articles and to supply food grains to the Government under the Monopoly Procurement Scheme, which they otherwise could not do and thus to earn a high dividend on the capital invested. Another society in Rohtak District invested Rs. 3,250/- in a motor truck just to secure route permit, while another started a paccar arhat shop by getting a license in the name of co-operative society and another society installed a flour mill. Such examples can be multiplied. All these go to show that in most of the cases, the societies were registered just to get some concessions from the Government and exploit the poor just like other traders' associations. The elimination of unnecessary middle man which was the main purpose of the society was altogether defeated.

(3) Misnamed as multipurpose societies: Most of the newly organised societies in the villages confined their business to the supply of rationed articles only and that also mostly to the non members. Such societies were obviously mis-named as multipurpose societies.

(4) Marketing function not taken up: No efforts were made for the establishment of central Marketing Unions in the marketing centres to which these societies could be affiliated to take up marketing function. Few societies which took up marketing work, were mere associations of few persons, who opened shops just like other dealers in order to get licenses for dealing in food grains, without having any link with the primary societies in the villages.

(5) Functions taken beyond their control: Some of the societies instead of confining their activities to the supply of controlled and few other articles, opened grocery shops. As a result of this the accounts of these shops became complicated which members with very low education could not understand. The control of such societies virtually passed into the hands of a few persons. The other members lost their interest and ultimately each store failed.
(6) **Work taken beyond their jurisdiction:** Certain societies did not confine their membership and working to their own villages and took up profitable business at other place just like ordinary traders without understanding the significance of multipurpose societies.

It will be clear from the above account that these multipurpose societies were neither started on the right lines nor was their working faultless. The lower supervisory staff, who neither cared nor had any capacity to judge as to how and where these societies were to be formed, set to form as many multipurpose societies, as it could under orders of the Registrar. It was thought as if any work could be taken up by the multipurpose society having any type of members, whether in towns or in villages. Their sole purpose was to increase the number of multipurpose societies as desired by the Registrar, and they did so to save their own skin. Thus all these societies were not organised on the proper lines and the principles of co-operation were totally ignored in many cases. Some of them were mere associations of few persons, while in case of others their working was defective. Even if it is admitted that there was no possibility of success of the consumers' stores after the decontrols, the possibility of their working afterwards by properly linking them with some wholesale store or the marketing union could not be ruled out.

**Scope and Their Limitations**

Now let us turn to the main subject as to how these societies should have been formed and what functions should have been taken up by them. The Co-operative Planning Committee (1946) recommended that "the primary credit societies should be reformed and reorganised so as to serve as a centre for the general economic improvement of its members and should in particular:–

(1) **Finance crop production.**

(2) **act.** as agent for the sale of crop to the nearest cooperative marketing organisation;

(3) **supply the farmers' simple needs for crops production like seed, cattle feed, fertilizer and agricultural implements, and also consumers' goods like cloth, kerosene oil, salt and matches on ident basis or on the basis of established needs;**
(4) serve as milk collecting station for the nearest dairy and as a centre for animal first aid and the maintenance of stud bulls;

(5) serve as a centre for maintaining agricultural machinery for the joint use of members and

(6) encourage subsidiary occupations for its members.¹

We shall take these functions one by one, and discuss their scope and limitations and the manner in which these could be performed by a society.

(1) The first function that the society should finance the crop production needs of its members needs no comments as every village multi-purpose society is supposed to take this important function. In fact every new society organised in a village should first take this function only, for a year or so in its initial stages.

(2) The second function is that the society should act as an agent for the sale of crops to the nearest co-operative marketing organisation. This function cannot be taken up by a society, unless and until a co-operative marketing organisation is established in the nearest possible marketing centre to which this society should be affiliated. This marketing organisation should be a union of all the societies around that centre within a radius of 10 to 15 miles and it should arrange for the sale of the produce of the member societies. As to how these unions should perform this function, the details of the working of such unions have already been discussed in Chapter XI on 'Cooperative Marketing'.

(3) The third function is that the society should supply the farmers' simple needs of crop production like seeds, cattle feed, fertilizer and agricultural implements, and also consumers' goods like cloth, kerosene oil, salt and matches on identical basis or on the basis of established needs. The performance of this function presupposes four things: (1) The establishment of a wholesale co-operative store at a convenient place, which can supply the society all its needs at wholesale prices to

¹ Committee Report, P.19.
enable it to compete with the village shop-keeper. (2) The services of an efficient and honest sales man who should be well-versed in accounts also; (3) Sufficient business for economical employment of such a sales man and at the same time for competing with the village trader, and (4) the loyalty of the members specially when the controls have been removed. This last will be assured only if the society competes successfully with the trader in efficiency and economy.

From conditions second and third it is clear that the supply of farmers' farm and home requisites cannot be taken up by all the societies. This work should be entrusted to a society working for two to five societies within a radius of about 3 miles, and depending upon the population of those villages. This society should supply goods to the adjoining villages affiliated to it. The number of goods to be supplied should be restricted to the above mentioned articles and the previous error of making it a grocery shop should be avoided. Otherwise it will lead to the complication of accounts and ultimately the failure of the store. The management of this store should be in the hands of the Managing Committee of the society in that village, but its accounts should be opened to inspection to the members of the societies, which are affiliated to it. It is presumed that the profits of this store will not be much due to the keen competition with the village shop-keeper. But whatever they may be, they should not be distributed and instead should be credited to the reserve fund of the store to strengthen its financial position. The local secretary of the society may be appointed as salesman of the store, who should also be given a little commission on the sales to augment his interest in its affairs. The work of wholesale supply should be arranged through the nearest marketing union to which this multipurpose society will be affiliated. This marketing union may also supply these goods direct to the members, and specially the members of the societies in the adjoining villages. These marketing unions and such multipurpose societies which have got a store under them
should be affiliated to the District Wholesale Purchase and Sale Union. As to what should be the functions of this whole-sale Purchase and Sale Unions, the working of the Poona District Co-operative Purchase and Sale Union, Ltd. is worth quoting:

"The Poona District Cooperative Purchase and Sale Union was organised in 1945 with the sole efforts of two well known economists of India, late Professor V.G.Kale and Professor D.R.Gadgil. This Union is now so well established that its further success is beyond dispute, and it had Rs. 40 lakhs as its own funds at the end of June, 1952. The area of operation of this Union extends over the whole of the Poona District. Its membership consists of societies as well as individuals, but the membership of individuals has now been stopped. At the end of June, 1952, it had 316 members out of which 243 were societies. Its main objects are (1) to arrange for sale of agricultural produce of the members of the affiliated societies, (2) to arrange for farm and farmers' requisites, consumers' goods, industrial goods and other articles of daily necessity of the members, (3) to co-ordinate the activities of various non-credit societies and (4) to act as a central purchasing agency for all the affiliated societies. The Union functions as a wholesale organisation while the retail work is carried on by the co-operative societies. The Union has got four godowns at four railway stations in the District to supply goods to the nearest multipurpose societies having a store under them. Ultimately the work of godowns will be taken by the Taluka Sale and Purchase Unions when they have been established. The Union is also building godowns to take up ware-housing business. At present the Union is supplying various kinds of goods such as cloth, yarn, cement, oil cake, manure, and coconut oil. It has opened an arhat shop at Poona for the sale of members' goods on commission basis".

These details are enough to explain as to how whole sale unions should work in the districts and this institution can serve as a model for the whole of India.

Some critics may object that it will be difficult for the multipurpose society to deal in consumers' goods and to compete with the village trader whose margin of profit is very low and who sells goods even on credit basis. But both these objections can easily be replied. Firstly, the society will have the services of an efficient, honest, and well paid salesman who will be working for 3 to 4 credit societies and will be able to compete successfully with the petty trader in efficiency, while besides that it will have enough business and will be able to work at a low

1. The working of this Union was studied during tour to Bombay State in January, 1953.
margin of profit. Secondly, it will be able to supply credit without delay, when its working is reorganised and it starts working on efficient basis. Such societies have proved successful in Bombay and in the Etawah District of Uttar Pradesh and there can be no reason why they should not succeed in Punjab.

(4) The fourth function is that the society should serve as a milk collecting station for the nearest dairy and as a centre for animal first-aid and the maintenance of stud Bulls. The function of serving as a milk collecting station does not seem feasible at the present stage, unless some milk unions are established in the towns. Even when some milk unions have been formed, it will be advisable to form separate societies among those persons supplying milk to them. Firstly, because all members of the village society may not be interested in it and secondly this work requires very efficient service which can be taken only by those few concerned. The function of serving as a centre for animals first-aid and the maintenance of stud bull is very important. This function, however, can more appropriately be performed by the village Panchayat rather than by a cooperative society because some compulsion will be needed to collect contributions from the members, who are very reluctant to make voluntary contributions. So it is better if these functions are taken up by the Panchayat equipped with necessary powers.

(5) The fifth function expected of a multipurpose co-operative is that it should serve as a centre for maintaining agricultural machinery for the joint use of members. Agricultural machinery, such as tractors, has been purchased by certain societies, but it has been used mostly by a few members and in numerous cases has led to the ejection of the poor tenants from their lands. More details about the use of machinery have been given under the head of co-operative farming. Here it will be sufficient to say that the machinery should not be purchased unless it is to be used by a majority of the members and permission of the Agricultural Department has been obtained.
(6) The sixth function is the encouragement of subsidiary occupations for its members. It is doubtful if such function can be performed by the village multipurpose society, except that it may advance a loan to an individual for this purpose. This will require the organisation of separate industrial societies among persons engaged in a particular industry. The details about their organisation and working have already been discussed in the Chapter IX on 'Industrial Societies'.

(7) Of late, the functions pertaining to better sanitation, better living, adult education, etc., for the general uplift of people in the villages have been advocated by the Reserve Bank of India, for a cooperative society in its various reviews. But it appears to be hardly practicable for the multipurpose society to take such functions unless sufficient funds are made available to it for this purpose. On the other side functions such as framing programmes of production for the village, securing minimum standards of cultivation with a view to increase production and to promote the cultivation of high yielding food crops visualised by the Planning Commission to be taken up by the panchayats should be taken up by these societies. Moreover, in the interest of efficiency it will be better if only the economic functions are taken up by the cooperative society while the social activities are left for the village panchayats. Wherever considered necessary a separate joint committee of the two may be formed for a particular purpose. For example for adult education a joint committee of the two can work more successfully.

To sum up, all the multipurpose societies should undertake the credit, marketing and improvement of crop practices functions while some of them should also take up the supply of consumers' goods. As regards other economic functions such as the maintenance of machinery for common

2. For more details see chapter XV.
3. To distinguish between the two types of societies i.e., (1) taking the functions of credit and marketing and the other undertaking credit, marketing and supply of consumers' goods it would be better to give them different names. The former may be named as 'Integrated Societies' and the latter as 'Multipurpose Societies'.
use or construction of tubewells for irrigation purposes etc., the society should take these functions only if more than 50% of the members are directly interested in it. Otherwise a separate society should be organised for such purposes. To talk about the undertaking all these functions by a multipurpose society is one thing but to do it successfully is quite another. Only those who know the capacity and psychology of the people in the villages can realise the limitations involved therein. Some of the critics even go further by opposing the very idea of forming multi-purpose societies. They advance various reasons in support of this. For example, according to them (1) multiplicity of functions with financial responsibility creates the danger that the failure in one line might affect other lines too. (2) unlimited liability which is essential for securing deposits and credit on moderate lines and ensuring effective mutual supervision by members, cannot be fitted easily with its non-credit functions (3) It is also doubtful whether suitable men would be available to run comprehensive multipurpose societies when there is at present a dearth of men to manage even simple credit societies. (4) The multipurpose society operating over a group of villages would not ensure the close mutual knowledge so essential for the success of cooperative idea. Some of these arguments, however, appear to be quite hollow.

Under the procedure explained above the financial risks involved will not be much. The limited liability is not a great hinderance in attracting deposits. There is no dearth of obtaining suitable men for running these societies, but the difficulty is with their finances. When the business of such societies increases they will be able to earn good profits and employ efficient persons. The operation of society over more than one village will not arise, because the store business will be taken up only by one society. As for the capability of one society to undertake so many functions, we have pointed out its scope and limitations. Even the Co-operative Planning Committee has remarked: 1

"The business of the society may include all the objects mentioned above or as many of them as may be deemed advisable. It is not expected that every society should, immediately on its registration, take up all the items of works mentioned above; but its aim should be gradually to under take all these activities as it gains experience and strength."

But in any future organisation of multipurpose societies the mistakes committed in the past must be avoided to enable them to stand on firm edifice. In particular the following considerations must be kept in view:

(1) Their organisation should be confined only to villages but their membership be increased as far as possible. If any society is to be formed in a marketing place, it must be a Union of the primary societies.

(2) These societies must limit the sphere of their activities to those which are for the common benefit of the people and do not lead to their exploitation. For instance, the buying of a tractor or other machinery or starting a consumer store by few persons in a village to exploit others, should be avoided. Such functions should not be taken up unless more than 50 percent of the families residing in the village become its member. This step will check them from being mere associations for the exploitation of others.

(3) The new organised societies should first take up the functions of credit and marketing and after sometime when they have gained some experience may be entrusted with other duties.

(4) Societies should not go beyond their capacity to handle some activities. For instance, the opening of grocery shops is to be avoided, as it leads to complication of accounts, which all members can not understand easily. Dr. Hough has rightly observed,\(^1\)

"One caution to be observed in the taking on by a multipurpose society of added functions is, to be sure that enthusiasm does not outturn the members' growth in ability to handle new lines of business. If the failure of the cooperative credit societies left many members sceptical of the Cooperative Movement, the failure of a multipurpose society must have an even more disillusioning effect upon the standing of the Movement, in the eyes of all concerned."

\(^1\) The Co-operative Movement in India, p. 215.
societies should be cancelled. Care should be taken in future that societies are organised only when they are genuinely co-operative. The registration of associations under the Co-operative Societies Act not only leads to the wastage of public money and labour of the staff, but it also leads to the exploitation of the poor.

**Non-Agricultural Multipurpose Societies.**

An attempt to organise non-agricultural multipurpose societies among the traders and businessmen in the urban areas, was made, just after the partition of the State and two such societies came into existence up to the end of 1948. Vigorous campaign to organise them was carried out by the Department in the next two years, as a result of which their number rapidly increased from 2 in 1948 to 35 in 1950, as is clear from the table given below:-

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Membership</th>
<th>Share Capital</th>
<th>Loans from Central Banks</th>
<th>Working Capital</th>
<th>Total Turnover</th>
<th>Profit &amp; Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-48</td>
<td>2</td>
<td>-</td>
<td>1,62</td>
<td>74</td>
<td>2,79</td>
<td>10,2</td>
<td>-2</td>
</tr>
<tr>
<td>1948-49</td>
<td>54</td>
<td>1,301</td>
<td>4,71</td>
<td>3,71</td>
<td>9,93</td>
<td>43,58</td>
<td>13</td>
</tr>
<tr>
<td>1949-50</td>
<td>25</td>
<td>2,711</td>
<td>4,61</td>
<td>3,02</td>
<td>10,16</td>
<td>35,47</td>
<td>8</td>
</tr>
<tr>
<td>1950-51</td>
<td>79</td>
<td>3,273</td>
<td>3,34</td>
<td>1,96</td>
<td>8,30</td>
<td>27,60</td>
<td>-14</td>
</tr>
<tr>
<td>1951-52</td>
<td>63</td>
<td>2,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

As regards the objects and functions of these societies, the Registrar himself was not clear. He generally issued orders for organising a certain number of societies within a year which were complied with, by the departmental staff. The latter could make little difference between a real co-operative society and a mere trading association. They also registered the associations of traders as co-operative societies who took up different businesses according to their own profession. As the departmental reports indicate, different societies were pursuing different

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objects. Some were dealing in supply stores, printing presses, house building etc. One society ran a kiln, another a flour mill and the third a touring cinema. The commodities handled by these societies were mainly iron and steel, paper, fodder, and salt, besides certain controlled articles. So it is clear that there was no precise idea about the scope of these societies, because different societies followed different professions according to the convenience and choice of their members.

It must be pointed out that these societies were not only new to this State but a mystery to the whole co-operative world. The registrar himself remarked, ¹ "The idea of a multipurpose society in an urban area seems to be foreign to co-operators in other States." In reality these were not co-operative societies but mere associations of businessmen. The reasons for their registration as co-operative societies were three fold viz; (1) The Government had announced that preference would be given to the cooperative societies in the distribution of controlled articles and the quota of iron and steel which afforded an opportunity to the businessmen to take advantage of. (2) As the Registrar was keen to increase the number of multipurpose societies, due to pressure from the Central Government as well as from the Reserve Bank, he exerted pressure on the field staff to register a specified number of multipurpose societies within prescribed periods. (3) Certain central banks were suffering from a plethora of funds and were pressing the field staff to find avenues for investment of their surplus funds. All these factors led to the formation of these urban multipurpose societies. The business men and traders who are very shrewd, took advantage of the situation and readily offered for registering themselves into co-operative societies, when approached by the Co-operative Department. Although in the beginning the initiative was generally taken by the Department, later on the business men themselves approached the Department with a view to get various types of concessions under the name of co-operation, their main aims were either

(1) to get loans from the central banks, (2) to obtain licenses from the Government to deal in controlled articles, or (3) to have quotas of iron and steel and (4) to save themselves from the income-tax. So far as the restriction on the distribution of profits was concerned they used all types of underhand means. Sometimes when they could not secure a minimum number of 10 members to register themselves into a co-operative society, they included the name of their family members or near relatives to achieve this object.

To make these remarks clear, it may be appropriate to explain the working of two societies visited during the tour. For example, there was a society of 33 retail cloth dealers in Hoshiarpur District which took up the whole-sale business to supply cloth to its members. Its objects appeared to be to have finances from the central bank, to get the quota of rationed cloth easily and to save themselves from Income Tax. There was another society of 23 members in Ambala District, of whom some were lawyers and one of them was the manager of the local central co-operative bank. It started a printing press. This society had been formed with the idea of getting finances from the central bank and to secure certain orders in printing work from Government Offices in preference to others. Similar may be the position of other societies. This undoubtedly makes clear that these were mere associations of traders and shop-keepers.

Besides that these societies also suffered from some other defects. They were:- (1) Most of the societies were only pursuing a single object and were mismained as multipurpose one. (2) The maximum credit limit of these societies was fixed very high and consequently heavy advances were made to them by the central banks. This fact is evident from the foregoing table. (For instance in 1950, out of their total working capital of Rs. 10 lakhs, Rs. 4 lakhs were loans from central banks). (3) The energies of the field staff were wasted in their organisation, supervision and audit. The accounts of these societies were complicated as they were
handling large business and so much time was wasted in their audit and supervision. On the other hand, the supervision of agricultural societies was neglected and no attention was paid to rehabilitate bad societies among them at this opportune time of high prices. (4) In some societies managers of the central co-operative themselves or their relatives were members of these societies and these got heavy advances from these institutions. (5) In certain cases undue pressure was put upon the co-operative field staff by the political leaders to get their societies registered just to entitle themselves for getting certain concessions from the Government. (6) On one side public money was wasted, in their organisation and undue concessions given to them, while on the other, the Government had to suffer a loss for non-realisation of income-tax from them.

**Their Future:** It will be observed from the table that the number of these societies has already decreased, because some of the societies which were dealing in controlled articles, have stopped working after the decontrols. All the remaining societies will also have to be brought under voluntary liquidation. It, however, needs pointing out that no undue pressure should be put upon the members for the return of the central bank’s loans immediately, as is being done at present by the department. These loans have been invested in long term investments such as machinery etc. thus making it impossible for them to repay without heavy losses. The responsibility for the registration of these societies lies both on the departmental staff as well as their members. The fault is particularly of the former who registered them without proper enquiries. In view of this, if any harshness is used, it will bring bad name to the Department besides undue losses to the members. All members are literate and it will be better to recover the amount by persuasion and then to cancel their registrations. No such society should be registered in future. No doubt, there still exists great enthusiasm among many political leaders who pose themselves to be good co-operators, and propagate
that every thing can be done through the cooperative societies without knowing their scope and limitations. But in reality it is due to their vested interests in some sort of business where they want to avail certain undue concessions in the guise of Co-operation. The registering authority should therefore be very careful and should see that no society is registered which is not really co-operative in true sense of the terms.

Conclusion: To sum up we may say that two types of multipurpose societies were organised in this State, i.e. agricultural multipurpose and non-agricultural multipurpose. The agricultural multipurpose societies, mostly organised in the rural areas, could have done great service to the agriculturists but they failed to do so because of many defects, in their working via; their poor membership, absence of marketing unions to arrange for the sale of members' produce and supply of consumers' goods on wholesale prices, and undertaking functions beyond their control, while some of them were mere associations. The future of such societies can be assured if they work on systematic and business lines. All the multipurpose societies should take up the functions of finance, marketing, and improvement of crop practices while a part of them i.e. one for 2 to 5 villages should take up the supply business. For the performance of these functions they should be affiliated to central institution i.e. for credit with central banks and for marketing with supply and marketing unions. Other functions such as purchase of machinery for common use and supply of milk may be taken up if more than 50 percent of the members are interested, otherwise separate societies should be organised. The functions such as maintenance of stud bulls, to serve as a centre for animal first aid and taking up of social activities, should better be entrusted to the village panchayats. In their organisation, in future, all mistakes committed in the past should be avoided, in particular these should be organised in the villages only, and work for the
benefit of poor instead of exploiting them. The non-agricultural multi-purpose societies were mere associations of businessmen. They were registered on the one hand by the Cooperative Department just to increase their numerical strength and on the other by certain influential persons to get certain concessions. These societies should be cancelled to avoid undue loss of public money while great care should be taken about the registration of such societies in future.